



# 中國通海國際金融有限公司

## CHINA TONGHAI INTERNATIONAL FINANCIAL LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code : 952

# 2021

## Interim Report

Your  
Growth  
Partner



This report is printed on environmentally friendly paper

# Contents

<b>2</b>	Condensed Consolidated Statement of Profit or Loss
<b>3</b>	Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
<b>4</b>	Condensed Consolidated Statement of Financial Position
<b>5</b>	Condensed Consolidated Cash Flow Statement
<b>7</b>	Condensed Consolidated Statement of Changes in Equity
<b>9</b>	Notes to the Condensed Consolidated Interim Financial Statements
<b>45</b>	Management Discussion and Analysis
<b>53</b>	Additional Information
<b>71</b>	Corporate Information
<b>72</b>	Definitions

## Condensed Consolidated Statement of Profit or Loss

	Notes	Six months ended 30 June 2021 HK\$'000 (Unaudited)	Six months ended 30 June 2020 HK\$'000 (Unaudited)
Fee and commission income	5	120,611	119,835
Interest income	5		
— Calculated using the effective interest method		213,720	201,396
— Calculated using other method		97,214	128,711
Net investment gain/(loss)	5	71,413	(177,669)
<b>Total revenue</b>	5	<b>502,958</b>	272,273
Other income/(loss)	6	1,544	4,410
Direct cost		(72,352)	(86,019)
Staff cost	7	(98,601)	(123,737)
Depreciation and amortisation	7	(23,537)	(23,094)
Expected Credit Loss ("E.C.L.") provisions		(234,444)	(121,255)
Finance cost			
— Interest on borrowings		(31,811)	(59,337)
— Interest on lease liabilities		(1,525)	(2,151)
Other operating expenses	8	(25,717)	(25,630)
Share of results of an associate		(170)	(32)
Share of results of joint ventures		(428)	498
<b>Profit/(loss) before tax</b>	7	<b>15,917</b>	(164,074)
Tax (expense)/credit	9	(2,016)	2,455
<b>Profit/(loss) attributable to equity holders of the Company</b>		<b>13,901</b>	(161,619)
		<b>HK cent(s)</b>	HK cent(s)
<b>Earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company</b>			
— Basic and diluted	10	0.226	(2.630)
<b>Dividend per share</b>	11	Nil	Nil

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Six months ended 30 June 2021 HK\$'000 (Unaudited)	Six months ended 30 June 2020 HK\$'000 (Unaudited)
<b>Profit/(loss) attributable to equity holders of the Company</b>	<b>13,901</b>	(161,619)
<b>Other comprehensive income, including reclassification adjustments</b>		
Item that may be reclassified subsequently to profit or loss		
— Exchange gain/(loss) on translation of financial statements of foreign operations	546	(649)
<b>Other comprehensive income, including reclassification adjustments and net of tax</b>	<b>546</b>	(649)
<b>Total comprehensive income attributable to equity holders of the Company</b>	<b>14,447</b>	(162,268)

# Condensed Consolidated Statement of Financial Position

		As at 30 June 2021			As at 31 December 2020		
Notes	Current HK\$'000 (Unaudited)	Non-current HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)	Current HK\$'000 (Audited)	Non-current HK\$'000 (Audited)	Total HK\$'000 (Audited)	
<b>ASSETS</b>							
	328,184	—	328,184	214,461	—	214,461	
	1,320,904	—	1,320,904	1,448,532	—	1,448,532	
	1,091,668	105,671	1,197,339	1,956,168	113,039	2,069,207	
	700,692	8,050	708,742	117,494	8,050	125,544	
	37,151	—	37,151	94,899	—	94,899	
	1,565,083	—	1,565,083	1,371,861	—	1,371,861	
	194,408	—	194,408	189,448	—	189,448	
	3,246,680	83,828	3,330,508	3,190,070	148,830	3,338,900	
	4,027	—	4,027	163,849	—	163,849	
	552,794	—	552,794	545,225	—	545,225	
	73,231	—	73,231	118,614	—	118,614	
	—	1,734	1,734	—	1,904	1,904	
	—	39,224	39,224	—	39,118	39,118	
	—	20,292	20,292	—	17,782	17,782	
	—	21,959	21,959	—	24,068	24,068	
	—	—	—	—	9,600	9,600	
	—	89,661	89,661	—	99,120	99,120	
	—	86,146	86,146	—	64,790	64,790	
<b>TOTAL ASSETS</b>	<b>9,114,822</b>	<b>456,565</b>	<b>9,571,387</b>	<b>9,410,621</b>	<b>526,301</b>	<b>9,936,922</b>	
<b>LIABILITIES AND EQUITY</b>							
<b>Liabilities</b>							
	1,721,310	—	1,721,310	1,954,531	—	1,954,531	
	—	—	—	1,965	—	1,965	
	1,782,521	—	1,782,521	1,872,838	—	1,872,838	
	10,726	—	10,726	5,864	—	5,864	
	34,365	29,056	63,421	35,196	44,814	80,010	
	88,525	—	88,525	110,094	—	110,094	
	30,205	—	30,205	20,403	—	20,403	
<b>TOTAL LIABILITIES</b>	<b>3,667,652</b>	<b>29,056</b>	<b>3,696,708</b>	<b>4,000,891</b>	<b>44,814</b>	<b>4,045,705</b>	
<b>Equity</b>							
	—	—	20,657	—	—	20,657	
	—	—	5,854,022	—	—	5,870,560	
<b>TOTAL EQUITY</b>			<b>5,874,679</b>			<b>5,891,217</b>	
<b>TOTAL LIABILITIES AND EQUITY</b>			<b>9,571,387</b>			<b>9,936,922</b>	
<i>Net current assets</i>			<b>5,447,170</b>			<b>5,409,730</b>	

## Condensed Consolidated Cash Flow Statement

	Six months ended 30 June 2021 HK\$'000 (Unaudited)	Six months ended 30 June 2020 HK\$'000 (Unaudited)
<b>Cash flows from operating activities</b>		
Profit/(loss) before tax	15,917	(164,074)
Adjustments for:		
Amortisation of other intangible assets	1,290	909
Changes in net asset value attributable to other holders of consolidated investment funds	2,558	(2,379)
Depreciation of property and equipment	22,247	22,185
Dividend income	(10,355)	(5,431)
Finance cost	33,336	61,488
Net charge of E.C.L. provisions	234,444	121,255
Interest income	(310,934)	(330,107)
Net realised and unrealised (gain)/loss on financial assets measured at fair value through profit or loss	(61,058)	183,100
Share of results of an associate	170	32
Share of results of joint ventures	428	(498)
Operating loss before working capital changes	(71,957)	(113,520)
Increase in other assets	(1,161)	(523)
Decrease in accounts receivable, prepayments, deposits and other receivables	38,568	67,417
(Increase)/decrease in loans to margin clients	(129,435)	234,676
Decrease/(increase) in financial assets held for trading and market making activities	969,228	(220,682)
(Increase)/decrease in financial assets not held for trading and market making activities	(680,655)	35,362
Decrease/(increase) in derivative financial instruments	14,054	(15,000)
Decrease in advances to customers for merger and acquisition activities	—	55,000
Increase in other loans	(64,238)	(128,080)
Decrease in reverse repurchase agreements	160,213	—
Decrease/(increase) in bank balances held on behalf of clients	127,628	(182,609)
(Decrease)/increase in accounts payable, contract liabilities, accruals and other payables	(252,486)	141,376
Cash generated from/(used in) operations	109,759	(126,583)
Dividend received	10,355	5,431
Interest received	184,167	275,081
Income tax paid, net	(13,570)	(40,760)
<i>Net cash generated from operating activities</i>	<b>290,711</b>	113,169

	<b>Six months ended 30 June 2021 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2020 HK\$'000 (Unaudited)
<b>Cash flows from investing activities</b>		
Purchases of other intangible assets	(530)	(48)
Purchases of property and equipment	(1,456)	(5,807)
<i>Net cash used in investing activities</i>	<b>(1,986)</b>	(5,855)
<b>Cash flows from financing activities</b>		
Capital element of lease rentals paid	(18,250)	(17,158)
Interest element of lease rentals paid	(1,525)	(2,151)
Interest paid for obligations under repurchase agreements	(24)	—
Interest paid for bank and other borrowings	(38,921)	(55,705)
Net (repayment of)/ proceeds from bank and other borrowings	(83,183)	77,898
Payments on redemption of shares by other holders of a consolidated investment fund	—	(8,441)
Net repayment of obligations under repurchase agreements	(1,965)	—
Dividend paid	(30,985)	—
<i>Net cash used in financing activities</i>	<b>(174,853)</b>	(5,557)
<b>Net increase in cash and cash equivalents</b>	<b>113,872</b>	101,757
Cash and cash equivalents at the beginning of the period	214,461	182,449
Effect of foreign exchange rate changes, on cash held	(149)	98
<b>Cash and cash equivalents at the end of the period</b>	<b>328,184</b>	284,304

## Condensed Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company										
	Share capital	Share premium	Capital		Exchange reserve	Investment revaluation reserve	Property revaluation reserve	Shareholder's contribution	Shares held for Award Scheme	Retained profits	Total
			redemption reserve	Contributed surplus							
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
<b>At 1 January 2021</b>	20,657	117,070	1,019	5,352,580	(393)	(16,089)	5,255	1,811	(22,798)	432,105	5,891,217
Dividend approved in respect of previous financial year	—	—	—	—	—	—	—	—	—	(30,985)	(30,985)
<b>Transactions with equity holders</b>	—	—	—	—	—	—	—	—	—	(30,985)	(30,985)
Profit for the period	—	—	—	—	—	—	—	—	—	13,901	13,901
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	—
— Exchange gain on translation of financial statements of foreign operations	—	—	—	—	546	—	—	—	—	—	546
<b>Total comprehensive income for the period</b>	—	—	—	—	546	—	—	—	—	13,901	14,447
<b>At 30 June 2021</b>	20,657	117,070	1,019	5,352,580	153	(16,089)	5,255	1,811	(22,798)	415,021	5,874,679

Attributable to equity holders of the Company

	Share capital	Share premium	Capital redemption reserve	Contributed surplus	Exchange reserve	Investment revaluation reserve	Property revaluation reserve	Shareholder's contribution	Shares held for Share Award Scheme	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>At 1 January 2020</b>	20,657	117,070	1,019	5,352,580	(2,829)	(18,066)	5,255	1,811	(22,798)	328,855	5,783,554
Loss for the period	—	—	—	—	—	—	—	—	—	(161,619)	(161,619)
Other comprehensive income											
— Exchange loss on translation of financial statements of foreign operations	—	—	—	—	(649)	—	—	—	—	—	(649)
<b>Total comprehensive income for the period</b>	—	—	—	—	(649)	—	—	—	—	(161,619)	(162,268)
<b>At 30 June 2020</b>	20,657	117,070	1,019	5,352,580	(3,478)	(18,066)	5,255	1,811	(22,798)	167,236	5,621,286

# Notes to the Condensed Consolidated Interim Financial Statements

## 1. GENERAL INFORMATION

China Tonghai International Financial Limited (the “Company”) is a limited liability company incorporated and domiciled in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and, its principal place of business is 18th and 19th Floors, China Building, 29 Queen’s Road Central, Hong Kong. The Company’s shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company and its subsidiaries (together the “Group”) are principally engaged in the following activities:

- corporate finance advisory and general advisory services
- fund management, discretionary portfolio management and portfolio management advisory services
- discretionary and non-discretionary dealing services for securities, futures and options, securities placing and underwriting services, margin financing, insurance broking and wealth management services
- money lending services
- financial media services
- investing and trading of various investment products

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2021 (the “Interim Financial Statements”) were authorised for issue by the board of directors of the Company (the “Board”) on 26 August 2021. The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2020.

## 2. BASIS OF PREPARATION

The Interim Financial Statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and complies with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with applicable requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange.

## 3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies and methods of computation that have been used in the preparation of the Interim Financial Statements are consistent with those applied in the preparation of the Group’s annual financial statements for the year ended 31 December 2020, except for the adoption of new or amended Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations.

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group. The adoption of these new or amended HKFRSs does not have significant impact on the Group’s Interim Financial Statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 4. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major service lines.

The Group has identified the following reportable segments:

- (a) the corporate finance segment engages in securities placing and underwriting services, corporate finance advisory and general advisory services;
- (b) the asset management segment engages in fund management, discretionary portfolio management and portfolio management advisory services;
- (c) the brokerage segment engages in discretionary and non-discretionary dealing services for securities, futures and options, margin financing, insurance broking and wealth management services;
- (d) the interest income segment engages in money lending services and interest income arising from debt instruments measured at amortised cost;
- (e) the investments segment engages in investing and trading of various investment products; and
- (f) the others segment represents financial media services and other insignificant operating segments.

## 4. SEGMENT INFORMATION (CONTINUED)

Six months ended 30 June 2021 (Unaudited)

	Corporate finance HK\$'000	Asset management HK\$'000	Brokerage HK\$'000	Interest income HK\$'000	Investments HK\$'000	Others HK\$'000	Total HK\$'000
<b>Reportable segment revenue</b>							
Fee and commission income	20,462	14,673	80,411	—	—	5,065	120,611
Interest income	—	—	82,785	204,276	23,873	—	310,934
Net investment gain/(loss)	—	—	(9,543)	—	80,956	—	71,413
<b>Segment revenue from external customers</b>	20,462	14,673	153,653	204,276	104,829	5,065	502,958
Inter-segment revenue	1,050	2,617	261	—	—	916	4,844
<b>Reportable segment revenue</b>	21,512	17,290	153,914	204,276	104,829	5,981	507,802
<b>Fee and commission income by timing of revenue recognition:</b>							
Point in time	6,441	7,220	80,411	—	—	1,431	95,503
Over time	14,021	7,453	—	—	—	3,634	25,108
<b>Fee and commission income</b>	20,462	14,673	80,411	—	—	5,065	120,611
<b>Reportable segment result</b>	5,289	2,433	14,302	(71,963)	72,419	(3,011)	19,469

## 4. SEGMENT INFORMATION (CONTINUED)

Six months ended 30 June 2020 (Unaudited)

	Corporate finance HK\$'000	Asset management HK\$'000	Brokerage HK\$'000 (restated)	Interest income HK\$'000 (restated)	Investments HK\$'000 (restated)	Others HK\$'000	Total HK\$'000
<b>Reportable segment revenue</b>							
Fee and commission income	8,279	21,546	85,844	—	—	4,166	119,835
Interest income	—	—	96,746	192,054	41,307	—	330,107
Net investment loss	—	—	(74,903)	—	(102,766)	—	(177,669)
<b>Segment revenue from external customers</b>	8,279	21,546	107,687	192,054	(61,459)	4,166	272,273
Inter-segment revenue	800	1,471	2	—	—	508	2,781
<b>Reportable segment revenue</b>	9,079	23,017	107,689	192,054	(61,459)	4,674	275,054
<b>Fee and commission income by timing of revenue recognition:</b>							
Point in time	6,388	13,677	85,844	—	—	1,176	107,085
Over time	1,891	7,869	—	—	—	2,990	12,750
<b>Fee and commission income</b>	8,279	21,546	85,844	—	—	4,166	119,835
<b>Reportable segment result</b>	(7,613)	4,998	(99,245)	24,031	(82,998)	(791)	(161,618)

#### 4. SEGMENT INFORMATION (CONTINUED)

The total of the Group's reportable segment result is reconciled to the Group's profit/(loss) before tax as follows:

	<b>Six months ended 30 June 2021 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2020 HK\$'000 (Unaudited)
Reportable segment result	<b>19,469</b>	(161,618)
Share of results of an associate	<b>(170)</b>	(32)
Share of results of joint ventures	<b>(428)</b>	498
Unallocated corporate expenses	<b>(2,954)</b>	(2,922)
Profit/(loss) before tax	<b>15,917</b>	(164,074)

## 5. REVENUE

	Six months ended 30 June 2021 HK\$'000 (Unaudited)	Six months ended 30 June 2020 HK\$'000 (Unaudited)
<b>Corporate finance business</b>		
<i>Fee and commission income:</i>		
— Placing and underwriting commission income	6,441	6,388
— Financial and compliance advisory services fee income	14,021	1,891
	<b>20,462</b>	8,279
<b>Asset management business</b>		
<i>Fee and commission income:</i>		
— Management fee income	7,453	7,869
— Performance fee income	7,220	13,677
	<b>14,673</b>	21,546
<b>Brokerage business</b>		
<i>Fee and commission income:</i>		
— Commission on dealings in securities		
— Hong Kong securities	37,088	28,851
— Other than Hong Kong securities	4,241	3,496
— Commission on dealings in futures and options contracts	27,775	43,916
— Handling, custodian and other service fee income	11,307	9,581
	<b>80,411</b>	85,844
<b>Interest income business</b>		
<i>Interest income calculated using the effective interest method:</i>		
— Interest income from other loans	179,963	172,272
— Interest income from cash clients receivables	1,458	853
— Interest income from trust bank deposits	1,611	7,833
— Interest income from initial public offering loans	1,342	541
— Interest income from house money bank deposits and others	29,346	19,897
<i>Interest income calculated using other method:</i>		
— Interest income from loans to margin clients	73,329	87,404
— Interest income from bonds measured at fair value through profit or loss and others	23,885	41,307
	<b>310,934</b>	330,107
<b>Investments and others business</b>		
<i>Fee and commission income:</i>		
— Financial media service fee income	5,065	4,166
<i>Net investment gain/(loss):</i>		
— Net realised and unrealised gain/(loss) on financial assets measured at fair value through profit or loss	61,058	(183,100)
— Dividend income from financial assets measured at fair value through profit or loss	10,355	5,431
	<b>76,478</b>	(173,503)
<b>Total revenue</b>	<b>502,958</b>	272,273

## 6. OTHER INCOME/(LOSS)

	<b>Six months ended 30 June 2021 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2020 HK\$'000 (Unaudited)
Changes in net asset value attributable to other holders of consolidated investment funds	<b>(2,558)</b>	2,379
Exchange gain/(loss), net	<b>2,786</b>	(936)
Government subsidies	<b>467</b>	2,209
Sundry income	<b>849</b>	758
	<b>1,544</b>	4,410

## 7. PROFIT/(LOSS) BEFORE TAX

	<b>Six months ended 30 June 2021 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2020 HK\$'000 (Unaudited)
Profit/(loss) before tax is arrived at after charging:		
Staff cost		
— Fees, salaries, allowances, bonuses and benefits in kind	<b>92,541</b>	119,603
— Employee sales commission	<b>2,949</b>	1,640
— Retirement benefits scheme contributions	<b>2,846</b>	2,291
— Other staff benefits	<b>265</b>	203
	<b>98,601</b>	123,737
Depreciation and amortisation		
— Other intangible assets	<b>1,290</b>	909
— Property and equipment	<b>22,247</b>	22,185
	<b>23,537</b>	23,094

## 8. OTHER OPERATING EXPENSES

	Six months ended 30 June 2021 HK\$'000 (Unaudited)	Six months ended 30 June 2020 HK\$'000 (Unaudited)
Advertising and promotion expenses	4,376	2,694
Auditors' remuneration	1,757	1,952
Bank charges	1,033	1,063
Entertainments	561	524
General office expenses	2,698	2,412
Insurance	1,418	1,675
Legal and professional fee	5,430	6,446
Repairs and maintenance	2,394	1,485
Short-term leases, rates and building management fee	3,468	4,122
Staff recruitment cost	236	788
Travelling and transportation expenses	549	760
Others	1,797	1,709
	<b>25,717</b>	25,630

## 9. TAX EXPENSE/(CREDIT)

The provision for Hong Kong profits tax is calculated at 16.5% (2020: 16.5%) of the estimated assessable profits for the six months ended 30 June 2021, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rate regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong profits tax for this subsidiary was calculated at the same basis in 2020.

Tax for subsidiaries operating in other jurisdictions is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

	Six months ended 30 June 2021 HK\$'000 (Unaudited)	Six months ended 30 June 2020 HK\$'000 (Unaudited)
Current tax — Hong Kong profits tax		
— Current period	23,372	21,478
Deferred tax	(21,356)	(23,933)
Total tax expense/(credit)	2,016	(2,455)

## 10. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share attributable to equity holders of the Company is based on the followings:

### Earnings/(loss)

	<b>Six months ended 30 June 2021 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2020 HK\$'000 (Unaudited)
For purpose of basic and diluted earnings/(loss) per share	<b>13,901</b>	(161,619)

### Weighted average number of ordinary shares in issue less shares held for Share Award Scheme

	<b>Six months ended 30 June 2021 (Unaudited)</b>	Six months ended 30 June 2020 (Unaudited)
For purpose of basic and diluted earnings/(loss) per share	<b>6,145,877,218</b>	6,145,877,218

## 10. EARNINGS/(LOSS) PER SHARE (CONTINUED)

Earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company

	Six months ended 30 June 2021 HK cents (Unaudited)	Six months ended 30 June 2020 HK cents (Unaudited)
Basic and diluted	0.226	(2.630)

## 11. DIVIDENDS

The Board resolved not to declare the payment of an interim dividend for the six months ended 30 June 2021 (30 June 2020: Nil).

## 12. FINANCIAL ASSETS HELD FOR TRADING AND MARKET MAKING ACTIVITIES

	Notes	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
<b>Financial assets held for trading and market making activities measured at fair value through profit or loss</b>			
Listed debt securities		—	11,358
Listed equity securities		520,506	726,267
Unlisted debt securities	(a)	29,314	699,754
Unlisted equity securities	(b)	426,690	427,722
Unlisted mutual funds	(c)	9,900	9,238
Private equity funds	(d)	210,929	194,868
		<b>1,197,339</b>	2,069,207
Analysis of the net amount into current and non-current portions:			
Current		1,091,668	1,956,168
Non-current		105,671	113,039
		<b>1,197,339</b>	2,069,207

## 12. FINANCIAL ASSETS HELD FOR TRADING AND MARKET MAKING ACTIVITIES (CONTINUED)

Notes:

- (a) As at 31 December 2020, unlisted debt securities of HK\$667,350,000 were issued by a fellow subsidiary. The unlisted debt securities were matured in April 2021.
- (b) The Group had entered into agreements for subscription of shares in two private entities in December 2017. Under the agreements, the Group subscribed 3,529,411 ordinary shares and 4,000,000 ordinary shares of the respective entities for a total consideration of approximately US\$60,000,000. Upon the completion of these shares subscriptions in January 2018, the Group's interests in each of these private entities are less than 1% respectively. One of the private entities was listed during the year ended 31 December 2019 and our interest was disposed during the six months ended 30 June 2021. As at 30 June 2021, the fair value of the unlisted private entity was HK\$403,863,000 (31 December 2020: HK\$403,177,000).
- (c) Pursuant to the subscription agreement, the Group's interest in the unlisted mutual funds are in the form of redeemable shares, which is puttable at the holder's option and entitles the Group to a proportionate stake in the fund's net assets. The mutual funds are managed by an investment manager who is empowered to manage its daily operations and apply various investment strategies to accomplish its investment objectives.

The Group served as an investment manager for the above mutual funds and generated management and performance fee income from managing assets on behalf of investors.

- (d) The Group had committed to invest US\$20 million in Oceanwide Pioneer Limited Partnership (the "Fund"), representing 25%\* (31 December 2020: 25%\*) of the aggregated capital committed by all partners in the Fund as at 30 June 2021. Following the acceptance of the subscription agreement by the general partner, the Group was admitted as a limited partner. As at 30 June 2021, the fair value of the Fund was HK\$105,671,000 (31 December 2020: HK\$113,039,000).

The Fund is a close-ended private equity fund structured as a Cayman Islands exempted limited partnership with an investment objective to achieve long-term capital appreciation through equity and equity-related investments in selected good-quality enterprises and projects as pioneers in the relevant industries. Under the subscription agreement, the limited partners do not have the power to participate in the financial and operating policy decisions of the Fund, whilst the general partner has the rights and power to administer the affairs of the Fund and include all powers statutory and otherwise, which may be possessed under the laws of Cayman Islands. Though the Group had served as an investment manager and generated management fee income from managing assets on behalf of investors, as the Group as an investment manager can be terminated without cause by the general partner, and the Group did not have any control or significant influence over the general partner, the Group did not consolidate or account for the Fund as an associate despite its equity interest of 25%\* (31 December 2020: 25%\*).

\* rounded to the nearest one percent

### 13. FINANCIAL ASSETS NOT HELD FOR TRADING AND MARKET MAKING ACTIVITIES

	Notes	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
<b>Financial assets measured at amortised cost</b>			
Unlisted debt securities	(a)	832,773	127,805
Less: E.C.L. provisions		(132,081)	(10,311)
		<b>700,692</b>	117,494
<b>Financial assets measured at fair value through other comprehensive income</b>			
Unlisted equity securities		8,050	8,050
		<b>708,742</b>	125,544
Analysis of the net amount into current and non-current portions:			
Current		700,692	117,494
Non-current		8,050	8,050
		<b>708,742</b>	125,544

Notes:

- (a) Unlisted debt securities of HK\$829,214,000 (31 December 2020: HK\$99,178,000) were issued by a fellow subsidiary.

## 14. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
<b>Financial assets measured at fair value through profit or loss</b>		
Total return swap	37,151	31,739
Unlisted option	—	63,160
	<b>37,151</b>	<b>94,899</b>

Note:

As at 30 June 2021, the derivative of HK\$37,151,000 (31 December 2020: HK\$31,739,000) was entered into with a fellow subsidiary in June 2019.

## 15. LOANS TO MARGIN CLIENTS

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Loans to margin clients		
— Measured at fair value through profit or loss	1,565,083	1,371,861

Note:

Margin clients are required to pledge securities collateral to the Group in order to obtain the credit facilities for securities trading. The amount of credit facilities granted to them is determined based on a comprehensive analysis including but not limited to loan-to-market and loan-to-marginable value ratios ("lending ratios"), concentration risk, illiquid collaterals and overall availability of funds. The Group exercises continuous monitoring on outstanding margin loans to see if the actual lending ratios have exceeded the pre-determined levels as a credit risk control mechanism. Any excess in the lending ratios will trigger a margin call which the clients have to make good the shortfall. As at 30 June 2021, the market value of securities pledged by margin clients to the Group as collateral was HK\$8,967,191,000 (31 December 2020: HK\$8,701,907,000) and the Group is permitted to sell collaterals provided by clients if they fail to fulfil in margin calls. Loans to margin clients are repayable on demand and bear interest at commercial rates (normally at Hong Kong Dollar Prime Rate plus a spread).

## 16. ADVANCES TO CUSTOMERS FOR MERGER AND ACQUISITION ACTIVITIES

	<b>As at 30 June 2021 HK\$'000 (Unaudited)</b>	As at 31 December 2020 HK\$'000 (Audited)
Financial assets measured at amortised cost	<b>207,275</b>	202,177
Less: E.C.L. provisions	<b>(12,867)</b>	(12,729)
	<b>194,408</b>	189,448

## 17. OTHER LOANS

	Notes	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Other loans			
— Unsecured	(a)	<b>3,687,440</b>	3,295,230
— Secured	(a), (b)	<b>217,602</b>	562,285
		<b>3,905,042</b>	3,857,515
Less: E.C.L. provisions		<b>(574,534)</b>	(518,615)
		<b>3,330,508</b>	3,338,900
Analysis of the net amount into current and non-current portions:			
Current		<b>3,246,680</b>	3,190,070
Non-current		<b>83,828</b>	148,830
		<b>3,330,508</b>	3,338,900

### Notes:

- (a) The loans bear interest at fixed rates ranging from 6% to 15% (31 December 2020: 6.5% to 15%) per annum. HK\$2,276,911,000 (31 December 2020: HK\$1,890,260,000) of the carrying amounts of the loans are from fellow subsidiaries.
- (b) As at 30 June 2021 and 31 December 2020, the collaterals held by the Group for the secured loans mainly included shares of listed companies, shares and assets of private companies.

## 18. REVERSE REPURCHASE AGREEMENTS

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Analysed by collateral type:		
Bonds	4,089	164,762
Less: E.C.L. provisions	(62)	(913)
	<b>4,027</b>	<b>163,849</b>

Reverse repurchase agreements are transactions in which the external investors sell a security to the Group and simultaneously agree to repurchase it (or an asset that is substantially the same) at the agreed date and price. The repurchase prices are fixed and the Group is not exposed to substantially all the credit risks, market risks and rewards of those securities bought. These securities are not recognised in consolidated financial statements but regarded as “collateral” because the external investors retain substantially all the risks and rewards of these securities.

As at 30 June 2021, the fair value of the collaterals was HK\$10,582,000 (31 December 2020: HK\$245,386,000).

## 19. ACCOUNTS RECEIVABLE

	Notes	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
<i>Accounts receivable from dealings in securities, futures and options contracts</i>			
— Brokers and clearing houses	(a)	511,919	513,742
— Cash clients	(a)	34,869	15,580
— Clients for subscription of securities	(a)	3,882	7,515
Less: E.C.L. provisions		(9,465)	(8,794)
		<b>541,205</b>	528,043
<i>Accounts receivable from asset management, corporate finance and other businesses</i>			
— Clients	(a)	20,956	27,120
Less: E.C.L. provisions		(9,367)	(9,938)
		<b>11,589</b>	17,182
Net accounts receivable	(b)	<b>552,794</b>	545,225

Notes:

- (a) Amounts due from brokers, clearing houses and cash clients for the dealings in securities are required to be settled on the settlement dates of their respective transactions (normally two or three business days after the respective trade dates) and the amounts due from clients for subscription of securities are required to be settled upon the allotment of the securities subscribed. Amounts due from brokers and clearing houses for the dealings in futures and options contracts are repayable on demand (except for the required margin deposits for the trading of futures and options contracts). There are no credit terms granted to clients for its asset management, corporate finance and other businesses. The amounts due from cash clients after the settlement dates bear interest at commercial rates (normally at Hong Kong Dollar Prime Rate plus a spread) and the amounts due from clients for subscription of securities as at 30 June 2021 bear interest at a fixed rate of 3.5% (31 December 2020: 4.5%) per annum.

## 19. ACCOUNTS RECEIVABLE (CONTINUED)

Notes: (Continued)

(b) Ageing analysis of accounts receivable based on due date and net of E.C.L. provisions is as follows:

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Current (not past due)	6,268	10,426
1–30 days	526,004	533,043
31–90 days	17,989	951
Over 90 days	2,533	805
Net accounts receivable	<b>552,794</b>	545,225

## 20. OTHER ASSETS

Other assets mainly comprise long-term deposits for property and equipment, rental deposits and deposits with the Stock Exchange and clearing houses.

## 21. PROPERTY AND EQUIPMENT AND INVESTMENT PROPERTY

	Property and equipment								
	Land and Buildings	Right-of-use assets	Leasehold improvements	Furniture, fixtures and equipment		Motor vehicle	Sub-total	Investment property	Total
				HK\$'000 (Unaudited)	HK\$'000 (Unaudited)				
<b>Six months ended 30 June 2021</b>									
Opening net carrying amount	—	75,263	7,298	16,187	372	99,120	9,600	108,720	
Additions	—	1,661	149	1,307	—	3,117	—	3,117	
Transfer (Note)	9,600	—	—	—	—	9,600	(9,600)	—	
Depreciation	(133)	(17,780)	(1,485)	(2,789)	(60)	(22,247)	—	(22,247)	
Translation differences	—	43	2	26	—	71	—	71	
Closing net carrying amount	9,467	59,187	5,964	14,731	312	89,661	—	89,661	
<b>Six months ended 30 June 2020</b>									
Opening net carrying amount	—	87,393	7,187	15,395	493	110,468	11,700	122,168	
Additions	—	24,241	695	2,325	—	27,261	—	27,261	
Depreciation	—	(17,676)	(1,622)	(2,827)	(60)	(22,185)	—	(22,185)	
Translation differences	—	(88)	(12)	(16)	—	(116)	—	(116)	
Closing net carrying amount	—	93,870	6,248	14,877	433	115,428	11,700	127,128	

Note: Investment property with a carrying amount of HK\$9,600,000 was transferred to land and buildings during the six months ended 30 June 2021.

## 22. ACCOUNTS PAYABLE

	Notes	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
<i>Accounts payable from dealings in securities, futures and options contracts</i>			
— Brokers and clearing houses	(a)	9,486	41,465
— Cash and margin clients	(a)	1,688,218	1,907,475
<i>Accounts payable from other businesses</i>			
— Clients		23,606	5,591
	(b)	<b>1,721,310</b>	1,954,531

Notes:

- (a) Accounts payable to brokers, clearing houses and cash clients are repayable on demand up to the settlement dates of their respective transactions (normally two or three business days after the respective trade dates) except for the required margin deposits received from clients for their trading of futures and options contracts. Accounts payable to margin clients are repayable on demand.
- (b) No ageing analysis in respect of accounts payable is disclosed as, in the opinion of the Board, the ageing analysis does not give additional value in view of the business nature.

## 23. BANK AND OTHER BORROWINGS

	Notes	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Bank loans			
— Secured	(a), (b)	<b>1,468,506</b>	1,417,683
— Unsecured	(c)	—	85,091
Private notes			
— Secured	(d)	<b>232,299</b>	—
— Unsecured	(e)	<b>81,716</b>	370,064
		<b>1,782,521</b>	1,872,838

Notes:

- (a) Bank loans of HK\$1,030,394,000 (31 December 2020: HK\$808,419,000) were guaranteed by the Company and secured by securities collateral pledged to the Group by margin clients and listed equity securities of the Group with market value of HK\$2,318,083,000 (31 December 2020: HK\$1,793,551,000) and HK\$67,717,000 (31 December 2020: HK\$302,215,000) respectively, and bear interest at floating rates ranging from 1.56% to 2.30% (31 December 2020: 1.60% to 2.25%) per annum. Specific written authorisations have been obtained by the Group from the margin clients for such use over the clients' securities.

## 23. BANK AND OTHER BORROWINGS (CONTINUED)

Notes: (Continued)

- (b) Bank loans of HK\$438,112,000 (31 December 2020: HK\$609,264,000) were borrowed from a bank in which the ultimate controlling shareholder of the Company is also a director of its parent company, and were secured by corporate bonds, private equity fund and bank deposits held by the Group with total carrying amounts of HK\$859,520,000 as at 30 June 2021 (31 December 2020: corporate bonds, listed equity securities, private equity fund and bank deposits held by the Group with total carrying amounts of HK\$1,106,507,000), certain Company's listed shares held by the immediate controlling shareholder of the Company and certain fellow subsidiary's listed shares held by its immediate controlling shareholder. These bank loans were also guaranteed by the ultimate controlling shareholder and a wholly-owned subsidiary of the Company and bear interest at floating rates of 4.08% (31 December 2020: 4.08%) per annum.
- (c) As at 31 December 2020, bank loans of HK\$85,091,000 were unsecured and unguaranteed. These bank loans bear interest at floating rates ranging from 2.23% to 2.76% per annum.
- (d) The notes of HK\$232,299,000 (31 December 2020: nil) were secured by listed equity securities of the Group with market value of HK\$191,302,000 (31 December 2020: nil) and bear interest at a fixed rate of 5.00% per annum.
- (e) The notes of HK\$81,716,000 (31 December 2020: HK\$370,064,000) bear interest at fixed rates ranging from 7.50% to 9.50% (31 December 2020: 5.00% to 9.50%) per annum.

## 24. SHARE CAPITAL

	Number of ordinary shares of HK one third of one cent each (Unaudited)	HK\$'000 (Unaudited)
<i>Authorised</i>		
<b>At 1 January 2020, 31 December 2020, 1 January 2021 and 30 June 2021</b>	30,000,000,000	100,000
<i>Issued and fully paid</i>		
<b>At 1 January 2020, 31 December 2020, 1 January 2021 and 30 June 2021</b>	6,197,049,220	20,657

All issued shares rank pari passu in all respects including all rights as to dividends, voting and return of capital.

## 25. CAPITAL COMMITMENTS

At the reporting date, the Group had the following capital commitments which were contracted, but not provided for:

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Capital contributions payable to a private equity fund	18	18
Property and equipment	666	300
	<b>684</b>	318

## 26. RELATED PARTY TRANSACTIONS

	Six months ended 30 June 2021 HK\$'000 (Unaudited)	Six months ended 30 June 2020 HK\$'000 (Unaudited)
<b>Part I. Continuing connected transactions with China Oceanwide Group, Oceanwide Holdings Group and Tohigh Group (notes (a), (c))</b>		
Income from service transactions provided to:		
China Oceanwide Group		
— Interest income from financial assistance	27,853	24,344
Oceanwide Holdings Group		
— Asset management fee income	329	357
— Interest income from financial assistance	81,984	69,974
— Performance fee income	6,814	4,410
Tohigh Group		
— Advisory fee income	979	—
— Asset management fee income	3,217	3,823
— Handling fee income	—	60
— Income from derivative financial instruments	1,794	1,524
— Interest income from financial assistance	56,484	45,203
— Interest income from margin financing	1,463	1,275
— Performance fee income	—	2,878
	<b>180,917</b>	<b>153,848</b>
Expenses for service transactions provided by:		
Oceanwide Holdings Group		
— Advisory fee expenses	185	137
— Interest expense	2,517	2,335
— Rebate of asset management fee income	248	247
— Research fee expense	105	43
Tohigh Group		
— Advertising and marketing expenses	2,900	450
— Advisory fee expenses	1,566	1,860
— Interest expense	80	—
	<b>7,601</b>	<b>5,072</b>

## 26. RELATED PARTY TRANSACTIONS (CONTINUED)

	Six months ended 30 June 2021 HK\$'000 (Unaudited)	Six months ended 30 June 2020 HK\$'000 (Unaudited)
<b>Part II. Continuing connected transactions from brokerage and interest income business (notes (b), (c))</b>		
Directors of the Company		
— Commission income from securities and futures dealings	107	48
— Interest income from margin financing	972	810
Close family members of directors of the Company		
— Commission income from securities and futures dealings	11	14
— Interest income from margin financing	—	1
Directors of subsidiaries and their close family members and company owned by a director of subsidiary		
— Commission income from securities and futures dealings	27	32
— Interest income from margin financing	104	125
	<b>1,221</b>	1,030

## 26. RELATED PARTY TRANSACTIONS (CONTINUED)

	Six months ended 30 June 2021 HK\$'000 (Unaudited)	Six months ended 30 June 2020 HK\$'000 (Unaudited)
<b>Part III. Other related party transactions (note (c))</b>		
Related company — Company in which Mr. LU Zhiqiang, the ultimate controlling shareholder of the Company, is also a director of its parent company		
— Interest income	162	1,470
Director of the Company		
— Asset management fee income	33	26
Associate		
— Advertising Income	5	—
	<b>200</b>	1,496
Related company — Company in which Mr. LU Zhiqiang, the ultimate controlling shareholder of the Company, is also a director of its parent company		
— Custodian fee	105	112
— Interest expense	11,802	24,202
Intermediate holding company		
— Rental expense	247	—
Fellow subsidiaries		
— Insurance expense	724	—
— Rental expense	131	—
Director of the Company		
— Interest expense	12	—
— Motor vehicle expenses	—	126
Close family members of a director of the Company		
— Interest expense	3	—
Directors of subsidiaries		
— Interest expense	73	—
Associate		
— Articles fee	37	—
— Consultancy fee	600	600
— Repair and maintenance	100	—
	<b>13,834</b>	25,040

## 26. RELATED PARTY TRANSACTIONS (CONTINUED)

Notes:

- (a) The income and expense arising from connected transactions with China Oceanwide Group\*, Oceanwide Holdings Group\* and Tohigh Group\* were charged based on the respective framework services agreement. Details of the annual caps of these income and expense and the maximum daily outstanding balances were set out in the Company's circulars dated 24 September 2019 and 28 January 2021. These transactions have been approved in the special general meeting held on 11 October 2019 and 26 February 2021.

\* China Oceanwide Group includes China Oceanwide Holdings Limited and its subsidiaries. Oceanwide Holdings Group includes Oceanwide Holdings Co., Ltd and its subsidiaries, which excludes China Oceanwide Group and the Group. Tohigh Group includes Tohigh Holdings Co., Ltd and its subsidiaries, which excludes China Oceanwide Group, Oceanwide Holdings Group and the Group. The definitions of China Oceanwide Group, Oceanwide Holdings Group and Tohigh Group were set out in the Company's circulars dated 24 September 2019 and 28 January 2021.

- (b) The income from connected transactions with directors of the Company and the subsidiaries and their close family members was based on the pricing stated in the letters stipulating the applicable service fees and interest rate for dealing services. Details of the annual caps of the connected dealings services and connected margin loans were set out in the Company's circulars dated 20 February 2019. These transactions have been approved in the special general meeting held on 8 March 2019.
- (c) The transactions are also related party transactions under HKAS 24 (Revised) — Related Party Disclosures.

### Compensation of key management personnel

Included in staff cost are key management personnel compensation and comprises the following categories:

	Six months ended 30 June 2021 HK\$'000 (Unaudited)	Six months ended 30 June 2020 HK\$'000 (Unaudited)
Short-term employee benefits	12,208	19,513
Post-employment benefits	27	27
	<b>12,235</b>	19,540

## 27. FAIR VALUE MEASUREMENT

For financial reporting purpose, fair value measurements are categorised into three levels based on the degree to which the inputs to the fair value measurement are observable and the significance of the inputs to the fair value measurement in its entirety. The fair value hierarchy has the following levels:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets and liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group uses its own internal expertise or engages third party qualified valuers to perform the valuation. Valuation is prepared at each interim and annual reporting date, and is reviewed and approved by the chief financial officer. Discussion of the results with the chief financial officer and the audit committee is held twice a year, to coincide with the reporting dates.

## 27. FAIR VALUE MEASUREMENT (CONTINUED)

### (a) Fair value of financial instruments measured at fair value

The following table presents financial instruments measured at fair value on a recurring basis in the condensed consolidated statement of financial position according to the fair value hierarchy:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>At 30 June 2021 (Unaudited)</b>				
Financial assets held for trading and market making activities				
— Listed equity securities (note (i))	520,330	176	—	520,506
— Unlisted debt securities (note (vi))	—	—	29,314	29,314
— Unlisted equity securities (note (iii))	—	—	426,690	426,690
— Unlisted mutual funds (note (v))	—	9,900	—	9,900
— Private equity funds (note (iv))	—	—	210,929	210,929
Derivative financial instruments (note (viii))	—	37,151	—	37,151
Loans to margin clients (note (vii))	—	1,565,083	—	1,565,083
Financial assets not held for trading and market marking activities				
— Unlisted equity securities (note (ix))	—	—	8,050	8,050
	<b>520,330</b>	<b>1,612,310</b>	<b>674,983</b>	<b>2,807,623</b>
Financial liabilities measured at fair value through profit or loss				
— Accruals and other payables (note (x))	—	35,785	—	35,785
<b>At 31 December 2020 (Audited)</b>				
Financial assets held for trading and market making activities				
— Listed debt securities (note (i))	—	11,358	—	11,358
— Listed equity securities (note (i))	726,088	179	—	726,267
— Unlisted debt securities (notes (ii), (vi))	—	667,350	32,404	699,754
— Unlisted equity securities (note (iii))	—	—	427,722	427,722
— Unlisted mutual funds (note (v))	—	9,238	—	9,238
— Private equity funds (note (iv))	—	—	194,868	194,868
Derivative financial instruments (note (viii))	—	94,899	—	94,899
Loans to margin clients (note (vii))	—	1,371,861	—	1,371,861
Financial assets not held for trading and market marking activities				
— Unlisted equity securities (note (ix))	—	—	8,050	8,050
	<b>726,088</b>	<b>2,154,885</b>	<b>663,044</b>	<b>3,544,017</b>
Financial liabilities measured at fair value through profit or loss				
— Accruals and other payables (note (x))	—	33,251	—	33,251

## 27. FAIR VALUE MEASUREMENT (CONTINUED)

### (a) Fair value of financial instruments measured at fair value (Continued)

There were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 during the six months ended 30 June 2021 and 2020. The Group's policy is to recognise transfers between levels of fair value hierarchy at the date of the event or change in circumstances that caused the transfer.

Notes:

- (i) The fair value of the listed debt and equity securities has been determined by reference to their quoted bid prices at the reporting date and has been translated using the spot foreign currency rates at the end of the reporting period where appropriate.
- (ii) As at 31 December 2020, the fair value of the unlisted debt securities in Level 2 was estimated based on discounted cash flow analysis with discounted rate determined by reference to the listed bonds with similar credit terms and rating. The discount rate used to discount the future payments of the bond, depends on the risk free rate plus credit spread of the issuer which links to its sector and credit rating.
- (iii) The fair value of unlisted equity securities in Level 3 of HK\$403,863,000 (31 December 2020: HK\$403,177,000) and HK\$22,827,000 (31 December 2020: HK\$24,545,000) have been determined by option pricing model under equity allocation approach and recent transaction with liquidity discount of 5%, respectively. The option pricing model under equity allocation approach is based on main inputs, such as 100% equity value of target company through a backsolve analysis, exercise values, expected volatility of 42.7% (31 December 2020: 42.7%), risk free rate of 0.4% (31 December 2020: 0.4%) and expected time to expiration.
- (iv) The fair value of the private equity funds of HK\$105,671,000 (31 December 2020: HK\$113,039,000) and HK\$105,258,000 (31 December 2020: HK\$81,829,000) have been determined with reference to the unadjusted net asset value of the fund and recent transaction with liquidity discount of 5% respectively.
- (v) The fair values of the unlisted mutual funds have been determined with reference to the net asset value of the funds. The underlying investments held by the funds are all listed with unadjusted quoted prices in active markets, with immaterial assets and liabilities with unobservable prices.
- (vi) The fair value of the unlisted debt securities in Level 3 of HK\$9,735,000 (31 December 2020: HK\$9,735,000) and HK\$19,579,000 (31 December 2020: HK\$22,669,000) have been determined by discounted cash flow and binomial model, respectively. The discounted cash flow is based on significant unobservable input, i.e. recovery rate of 50.1% (31 December 2020: 50.1%), as key parameter. The binomial model is based on significant unobservable input, i.e. discount rate of 23.56% (31 December 2020: 16.7%), as key parameter.

Generally, a change in the recovery rate is accompanied by a directionally similarly change to the fair value measurement whilst a change in the discount rate is accompanied by a directionally opposite change to the fair value assessment.

- (vii) The fair value of the margin loans has been determined with reference to the market value of securities pledged by margin clients at the reporting date.

## 27. FAIR VALUE MEASUREMENT (CONTINUED)

### (a) Fair value of financial instruments measured at fair value (Continued)

Notes: (Continued)

- (viii) As at 30 June 2021 and 31 December 2020, the total return swap derivative is derived from model using the stock price and historical volatility observable from market. As at 31 December 2020, the unlisted option is valued using black-scholes option with observable market input.
- (ix) The fair values of the unlisted equity securities of HK\$1,366,000 and HK\$6,684,000 (31 December 2020: HK\$1,366,000 and HK\$6,684,000) have been determined by using the net asset value and discounted cash flow valuation technique respectively.

The discounted cash flow valuations are based on the following significant unobservable inputs:

<b>Significant unobservable inputs</b>	<b>As at 30 June 2021 (Unaudited)</b>	<b>As at 31 December 2020 (Audited)</b>
Discount for lack of marketability	25%	25%
Discount for lack of control	10%	10%
Weighted average cost of capital	12%	12%
Long-term revenue growth rate	2%	2%

Generally, a change in the discount for lack of marketability and control and weighted average cost of capital is accompanied by a directionally opposite change to the fair value measurement whilst a change in the long-term revenue growth rate is accompanied by a directionally similar change to the fair value measurement.

- (x) The financial liabilities represent net asset value attributable to third party interest of the funds. The fair value has been determined by reference to the net asset value of the funds. The underlying investments held by the funds are all listed with unadjusted quoted prices in active markets, with immaterial assets and liabilities with unobservable prices.

## 27. FAIR VALUE MEASUREMENT (CONTINUED)

### (a) Fair value of financial instruments measured at fair value (Continued)

Notes: (Continued)

- (xi) The movement of the financial instruments measured at fair value based on significant unobservable inputs (i.e. Level 3) is as follows:

	Six months ended 30 June 2021 HK\$'000 (Unaudited)	Six months ended 30 June 2020 HK\$'000 (Unaudited)
<b>Financial assets held for trading and market making activities</b>		
At the beginning of the period	654,994	459,257
Purchases	16,829	40,000
Settlement	(392)	—
Net loss recognised in profit or loss	(4,498)	(60,190)
At the end of the period	<b>666,933</b>	439,067
<b>Financial assets not held for trading and market making activities</b>		
At the beginning of the period and the end of the period	<b>8,050</b>	6,073
<b>Derivative financial instruments</b>		
At the beginning of the period	—	17,119
Purchases	—	15,000
Net gain recognised in profit or loss	—	74,490
At the end of the period	—	106,609
Total unrealised (loss)/gain recognised in profit or loss for assets held at the end of the reporting period	<b>(4,858)</b>	14,300

## 27. FAIR VALUE MEASUREMENT (CONTINUED)

### (b) Fair value of financial instruments measured at amortised cost

The carrying amounts of the Group's financial assets and financial liabilities measured at amortised cost were not materially different from their fair values as at 30 June 2021 and 31 December 2020.

### (c) Fair value of investment property measured at fair value

As at 31 December 2020, investment property represented commercial office premises in Hong Kong and are categorised within Level 2 of fair value hierarchy. There have been no transfers between Level 1 and Level 2, or transfers into or out of Level 3 during the six months ended 30 June 2020. The Group's policy is to recognise transfers between levels of fair value hierarchy at the date of the event or change in circumstances that caused the transfer. As at 30 June 2020, the Board considered no material changes in the fair value of the investment property during the period under review. The fair value of the investment property as at 31 December 2020 has been arrived at on the basis of valuation carried out by independent valuers, who holds recognised and relevant professional qualifications and has recent experience in the location and category of the investment property being valued. The fair value has been determined using market comparable approach by reference to transaction price of comparable properties on a price per saleable area basis using market data which is publicly available.

## 28. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

On 24 August 2021, the Company entered into a debt settlement agreement with Oceanwide Holdings Co., Ltd ("Oceanwide Holdings") and China Oceanwide Holdings Limited ("China Oceanwide"), pursuant to which Oceanwide Holdings has conditionally agreed to transfer the shares of a company incorporated in the PRC to the Group to settle the aggregate amount of the principal of the debts owed to the Group by Oceanwide Holdings Group and China Oceanwide Group ("Debts"). Any outstanding interest of the Debts accrued up to the date of completion of the transfer of shares will be settled in cash. The arrangement to settle the debt owed by Oceanwide Holdings Group and China Oceanwide Group are not inter-conditional and will complete independently of each other. Details of the transaction were set out in the Company's announcement dated on 24 August 2021, which the details were disclosed on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

# Management Discussion and Analysis

## MACRO ENVIRONMENT

Supportive government policies and joint efforts by central banks around the world have effectively restoring a large part of the global economy. Certain major stock indices have even surpassed the pre-pandemic level. Companies are busy forming new business plans to cope with the “new normal”. That said, the situation remains fragile. Economic recovery to this point has been uneven and incomplete, with sectors hardest hit by the pandemic continuing to be relatively weak. Despite the expansion of vaccine programs and ongoing economic policy support, many uncertainties are still in play and it will likely be some time before we see a sustainable economic activity and market confidence.

## HONG KONG STOCK MARKET

Despite the challenges in both regional and global economies, the capital market in Hong Kong was an exception. The average daily turnover in Hong Kong securities market amounted to HK\$188.2 billion in the first half of 2021, increased by 60% year-on-year. Hong Kong’s IPO market remained buoyant in the first half of 2021, welcoming a total of 46 new issuers, with notable listings such as Kuaishou Technology (1024.HK) and JD Logistics (2618.HK), and a range of innovative new biotechnology companies. Total funds raised by these IPOs stood at HK\$211.7 billion, an increase of 128% year over year, making Hong Kong the third largest IPO market in the first half of 2021.

## RESULTS AND OVERVIEW

For the six months ended 30 June 2021, the Group recorded net profit of HK\$13.9 million (interim 2020: net loss of HK\$161.6 million). The Group’s reported revenue increased by approximately 85% to HK\$503 million in interim 2021 (interim 2020: HK\$272 million). The significant increase in revenue mainly arose from net investment gain of HK\$71 million in interim 2021 as opposed to a loss of HK\$178 million in interim 2020. As disclosed in the notes of revenue in the financial statements, there are five main business streams of our Group. Excluding the revenue stream of investment and others business of HK\$76 million (interim 2020: loss of HK\$174 million), income from other four business streams in interim 2021 would be HK\$427 million, which is similar to HK\$446 million in interim 2020 calculated on the same basis.

## BUSINESS REVIEW

Our Hong Kong securities commission income benefitted from the increase in turnover in the Hong Kong securities market and increased by about 28% over the same period last year, but our market share in the secondary stock market of Hong Kong decreased slightly year-on-year. However, our overall brokerage business revenue declined compared with interim 2020 owing to a significant drop in commission on dealings in futures and options contracts as we tightened our internal credit control for the trading of these products. In interim 2021, the Group signed 7 financial advisor/independent financial advisor mandates, 1 compliance advisor mandate and were underwriters in 7 initial public offerings and other fund raising exercises. As at 30 June 2021, our assets under management (“AUM”) reached US\$376 million, representing an increase of 45% from the same period in 2020 and an increase of 9% from the end of 2020, mainly due to the Group’s new asset management products introduced after interim 2020. Total loans amounted to HK\$5,090 million, representing an increase of 4% from HK\$4,900 million as at 31 December 2020.

## FINANCIAL REVIEW

As revenue from investments and others business is subject to market volatility, here is an analysis of our other four businesses for readers to comprehend our financial performance:

Revenue	Interim 2021		Interim 2020		Change
	HK\$ million	Proportion	HK\$ million	Proportion	
Corporate finance business	21	5%	8	2%	163%
Asset management business	15	3%	22	5%	(32%)
Brokerage business	80	19%	86	19%	(7%)
Interest income business	311	73%	330	74%	(6%)
Total revenue (excluding revenue from investments and others business)	427	100%	446	100%	(4%)

From the above table, revenue from corporate finance business increased while revenue from the other three businesses dropped. Therefore, the proportion of revenue from corporate finance business increased from 2% in interim 2020 to 5% in interim 2021. The proportion of revenue from asset management business and interest income business decreased from 5% and 74% in interim 2020 to 3% and 73% in interim 2021, respectively. The proportion of revenue from brokerage business remained unchanged at around 19%.

## Corporate Finance Business

The Group's corporate finance business comprises sponsorship for listing, financial advisory, financing consultation service, equity capital market and debt capital market. Revenue from corporate finance business has increased roughly 147% from HK\$8.3 million in interim 2020 to HK\$20.5 million in interim 2021. It was mainly due to higher sponsorship fee recorded in interim 2021 compared to interim 2020.

## Asset Management Business

Revenue from asset management business has dropped 32% from HK\$21.6 million in interim 2020 to HK\$14.7 million in interim 2021. Out of which, management fee income has dropped 5% from HK\$7.9 million in interim 2020 to HK\$7.5 million in interim 2021; performance fee income has dropped 47% from HK\$13.7 million in interim 2020 to HK\$7.2 million in interim 2021 due to significant drop in performance fee from discretionary accounts.

## Brokerage Business

Revenue from brokerage business has slightly decreased by approximately 6% from HK\$85.8 million in interim 2020 to HK\$80.4 million in interim 2021, mainly due to the decrease in the commission income from global futures product. Commission income from dealing in Hong Kong securities increased by 28% from HK\$28.9 million in interim 2020 to HK\$37.1 million in interim 2021, thanks to the overall increased secondary market turnover in Hong Kong securities market year-on-year. Handling, custodian and other service fee income have also increased by 18% from HK\$9.6 million in interim 2020 to HK\$11.3 million in interim 2021, mainly due to more one-off charges on different projects.

## Interest Income Business

Interest income recorded for interim 2021 was HK\$311 million, a drop of roughly 6% as compared to HK\$330 million for interim 2020. The interest income from loans to margin clients has dropped by 16% from HK\$87.4 million in interim 2020 to HK\$73.3 million in interim 2021 mainly due to a drop in average outstanding margin loan to clients. The interest income from bonds measured at fair value through profit or loss has dropped by 42% from HK\$41.3 million in interim 2020 to HK\$23.9 million in interim 2021.

## Investments and Others Business

Income from investments and others business has recorded HK\$76 million gain in interim 2021 as compared to HK\$174 million loss in interim 2020. It mainly comprised of gain on investments of approximately HK\$71 million (interim 2020: HK\$108 million loss), offset by fair value losses of loans to margin clients of approximately HK\$10 million (interim 2020: HK\$75 million loss).

## Expenses

Direct cost has dropped by 16% from HK\$86 million in interim 2020 to HK\$72 million in interim 2021. The trend is similar to the decrease in income from our brokerage business, especially with global futures product. Staff cost has decreased by 20% from HK\$124 million in interim 2020 to HK\$99 million in interim 2021, which was mainly due to the decrease in bonus accruals as compared to the corresponding periods.

Impairment loss (E.C.L. provisions) mainly made on amortised loans and bonds has increased about 93% from HK\$121 million in interim 2020 to HK\$234 million in interim 2021. Due to the factual information about our parent company, we have applied a much higher provision rate compared to interim 2020 to our loans and bonds made under continuing connected transactions ("CCT"). Most of the impairment loss in interim 2021 comes from CCT loans and bonds.

Finance cost has decreased by approximately 46% from HK\$61.5 million in interim 2020 to HK\$33.3 million in interim 2021, which arises from three main reasons: i) reduction of non-bank borrowings as we have paid off significantly some of the outstanding notes, which typically carries a much higher interest rate than bank borrowings; ii) we have repaid significantly the loan from China Minsheng Bank Corporation Ltd. Hong Kong Branch from HK\$820 million in interim 2020 to HK\$430 million in interim 2021; and iii) the continuing drop of short tenor HIBOR rate where most of our interest expenses from margin loans from banks are based on.

## PROSPECTS

Although the world is recovering from COVID-19, the rest of 2021 is still presented with a lot of uncertainties and challenges, including the recent slump in the Hang Seng Index and the events in Afghanistan. Against this backdrop, we will maintain a cautious approach in our business, focusing our resources on developing our brokerage, corporate finance and asset management businesses, and improve our system efficiency and service quality. We will continue to broaden our range of products for distribution, including third party funds, E.L.N., insurance products, and structured notes, as well as arranging private equity investments. We shall closely monitor our credit exposure in non-margin loan to clients and has commenced to reduce our financing continuing connected transactions.

In addition, we will maintain a relatively higher liquidity level and reduce our overall leverage. We will put more time and resources to monitor our cash flow.

## CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flow as well as through the utilisation of banking facilities and short-term loans and notes from independent third parties. From time to time, the Company may raise capital by issuing new shares or issuing debt instruments. The Group's cash on hand as at 30 June 2021 stood at around HK\$328 million (31 December 2020: HK\$214 million).

As at 30 June 2021, the Group's total borrowings was HK\$1,783 million, showing a drop of 5% from HK\$1,875 million as at 31 December 2020. Borrowings mainly consisted of three components.

- The first component was bank borrowings of around HK\$1,469 million (31 December 2020: HK\$1,503 million), of which the Group had available aggregate banking facilities of around HK\$2,620 million (31 December 2020: HK\$3,849 million), and most were secured by the legal charge on certain securities owned by the margin clients of the Group.
- The second component was borrowings from non-bank entities of HK\$314 million as at 30 June 2021 (31 December 2020: HK\$370 million).
- The third component was borrowing from REPO arrangement which was Nil as at 30 June 2021 (31 December 2020: HK\$2 million)

As at 30 June 2021, the Group's gearing ratio (leverage) was 30% (31 December 2020: 32%), being calculated as total borrowings divided by net assets. The management has applied prudent risk and credit management on our borrowings. In addition, the Group is required to strictly follow regulatory re-pledging ratios and prudent bank borrowing benchmarks that govern the extent of bank borrowings in our SFC licensed subsidiary.

## MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

For the current interim period, the Group had not made any material acquisitions and disposals of subsidiaries and associated companies. As at the end of the current interim period, the Group did not hold any significant investments.

## CHARGES ON THE GROUP'S ASSETS

As at 30 June 2021, assets of HK\$1,119 million (31 December 2020: HK\$1,409 million) were charged to banks and other lenders for facilities.

## EMPLOYEES AND REMUNERATION POLICIES

On 30 June 2021, the Group had 239 full time employees (31 December 2020: 249) in Hong Kong and 35 full time employees (31 December 2020: 33) in Mainland China. In addition, the Group has 86 self-employed sales representatives (31 December 2020: 76). Competitive total remuneration packages are offered to employees by reference to industry remuneration research reports, prevailing market practices and standards and individual merit. Salaries are reviewed annually, and bonuses are paid with reference to individual performance appraisals, prevailing market conditions and the Group's financial performance. Other benefits offered by the Group include a mandatory provident fund scheme and medical and health insurance.

## RISK MANAGEMENT

The Group's business is closely related to the economy and market fluctuation of Hong Kong and China, and indirectly affected by other overseas financial markets. To cope with the unpredictable market fluctuation and minimise risks, the Group takes preventive measures and establishes a risk management system with defined segregation of duties between business departments on the front line and internal control units such as the Internal Audit Department, Risk Management Department and Compliance Department. The Risk Management Department of the Group is responsible for overseeing all risk management functions. These functions include risk identification, risk limits setting, measurement and monitoring of risk limits, analysis of risk scenarios, and producing timely reports to the senior management. The Risk Management team also performs pre- and post-risk assessments on both asset and liability items.

## Credit Risk

Credit risk is the risk in respect of loss arising from incompetence of a borrower, counterparty or issuer of financial instruments to meet its obligation, or potential deterioration of credit ratings. The Group has Credit Risk Approving Policy and Post Lending Monitoring Policy in place to dictate procedures and approving authorities required for all credit applications relating to increases in credit risk. The credit risks of the Group mainly arise from five business areas: corporate finance business, asset management business, brokerage business, interest income business and propriety investment business. The Group's senior management and other executives have also set up different Business Assessment Committees to review and approve credit risky products/transactions for different business lines. Advance IT systems are also utilised by the Group to conduct daily monitoring on credit and concentration risk limits.

## Market Risk

Market risk refers to potential losses due to market price movement of investment positions held, which includes interest rates risk, equity prices risk and foreign exchange rates risk. Risk Management Department is responsible for setting up market risk limits and investment guidelines for the Group's various business functions and their investment activities. Investments with potential market risks are, where appropriate, assessed and approved by the Risk Management Department. Daily monitoring and assessments of market risks positions are conducted timely, and significant risks shall be reported to senior management to ensure the overall market risks of the Group is controlled within an acceptable level. The Group continues to modify the market risk models through periodic back-testing and stress scenarios tests.

## Liquidity Risk

Liquidity risk refers to the risk that the Group might face in obtaining sufficient capital and funds in a timely manner to meet its payment obligations and capital requirements for normal business activities. The Treasury Department is responsible for management and allocation of funds for the Group. The Finance Department has a monitoring system to ensure compliance to relevant rules, including Financial Resources Rules (FRR) and financial covenants of lending banks. In addition, the Group has maintained good relationships with banks to secure stable channels for short-term financing such as borrowings and repurchases. The Group may also raise short-term or long-term working capital through public and private offerings of corporate bonds. The Group has also established a liquidity system to ensure it has sufficient liquid assets to meet any emergency liquidity needs.

## **Operational Risk**

Operational risk is the risk of financial loss arising mainly from negligence or omission of internal procedural management, information system failures or personnel misconduct of staff. The Group actively schedules briefing sessions to improve risk awareness amongst employees, and instructs all departments to establish internal procedural and control guidelines. There is an Operational Risk Events Reporting procedure to ensure that all risk events are timely reported to the Risk, Compliance and IT departments for immediate implementation of remedial action.

## **Regulatory Compliance Risk**

As a financial group operating regulated businesses, we endeavour to meet the stringent and evolving regulatory requirements, including but not limited to those related to investor interest protection and market integrity and stability maintenance. Our compliance team working closely together with internal and external professionals has continually reviewed our internal control processes to reduce the regulatory risks that can impact the Group's operation.

### INTERIM DIVIDEND

The Board of the Company has resolved not to declare an interim dividend in respect of the six months ended 30 June 2021 (2020: Nil).

### DIRECTORS' INTERESTS

As at 30 June 2021, the interests and short positions of the Directors in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

#### l) Long Position in the Shares

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of Shares held</b>	<b>Approximate% of shareholding in the Shares in issue (Note 1)</b>
Mr. Kenneth LAM Kin Hing	Beneficial owner	113,072,833	1.82%

## II) Long positions in the shares of associated corporations of the Company

### (a) *Oceanwide Holdings*

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of shares in Oceanwide Holdings</b>	<b>Approximate % of shareholding in Oceanwide Holdings</b> (Note 2)
Mr. HAN Xiaosheng	Beneficial owner	3,500,000	0.06%
Mr. ZHANG Xifang	Beneficial owner	276,000	0.005%
Mr. LIU Hongwei	Beneficial owner	30,000	0.0005%
Mr. LIU Bing	Beneficial owner	90,000	0.001%
Mr. ZHAO Yingwei	Beneficial owner	200,000	0.003%
Mr. ZHAO Xiaoxia	Beneficial owner	183,500	0.003%

### (b) *China Oceanwide*

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of shares in China Oceanwide</b>	<b>Approximate % of shareholding in China Oceanwide</b> (Note 2)
Mr. LIU Jipeng	Beneficial owner	9,212,000	0.05%

## III) Interest in the debentures of an associated corporation of the Company

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Nature of interest</b>	<b>Amount of debenture</b>
Mr. Kenneth LAM Kin Hing	Oceanwide Holdings International Development III Co., Ltd.	Personal interest	US\$20,200,000 (Note 3)

Notes:

1. The approximate percentage shown was the number of Shares the relevant Director was interested in expressed as a percentage of the number of issued Shares as at 30 June 2021.

2. The approximate percentage shown was the number of shares the relevant Director was interested in expressed as a percentage of the total number of issued shares of the relevant entity as at 30 June 2021.
3. Mr. Kenneth LAM Kin Hing has an interest in (i) US\$5,000,000 of the US\$215,000,000 12% guaranteed senior notes due 2021; and (ii) US\$15,200,000 of the US\$146,045,000 14.5% private notes due 2024, both issued by Oceanwide Holdings International Development III Co., Ltd.

Save as disclosed above, as at 30 June 2021, none of the Directors or their respective associates had or were deemed under the SFO to have any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company under section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND OTHER PERSON'S INTERESTS

As at 30 June 2021, so far as were known to the Directors, the following persons (other than the Directors) who had interests or short positions in the Shares, underlying Shares and debentures of the Company as recorded in the register kept by the Company under section 336 of the SFO, or as otherwise notified to the Company, as being directly or indirectly interested or deemed to be interested in 5% or more of the Shares in issue, were as follows:

### Long Position in the Shares

Name of holder of Shares/ underlying Shares	Capacity	Number of Shares and underlying Shares held	Approximate % of total interests in the Shares in issue (Note 11)
Mr. LU Zhiqiang ("Mr. LU")	Interest of controlled corporations	4,493,764,732 (Note 1)	72.51%
Tohigh Holdings Co., Ltd.* (通海控股有限公司)	Interest of controlled corporations	4,493,764,732 (Note 2)	72.51%
Oceanwide Group Co., Ltd.* (泛海集團有限公司)	Interest of controlled corporations	4,493,764,732 (Note 3)	72.51%

Name of holder of Shares/ underlying Shares	Capacity	Number of Shares and underlying Shares held	Approximate % of total interests in the Shares in issue (Note 11)
China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司)	Interest of controlled corporations	4,493,764,732 (Note 4)	72.51%
Oceanwide Holdings	Interest of controlled corporations	4,493,764,732 (Note 5)	72.51%
China Oceanwide Group Limited	Interest of controlled corporations	4,493,764,732 (Note 5)	72.51%
Oceanwide Holdings IF	Beneficial owner	4,493,764,732 (Note 5)	72.51%
Haitong Securities Co., Ltd.	Interest of controlled corporations	4,100,000,000 (Note 6)	66.16%
Haitong International Holdings Limited	Interest of controlled corporations	4,100,000,000 (Note 7)	66.16%
Haitong International Securities Group Limited	Interest of controlled corporations	4,100,000,000 (Note 8)	66.16%
Haitong International Investment Solutions Limited	Security interest in Shares	4,100,000,000 (Note 9)	66.16%

Notes:

- Mr. LU held more than one-third of the voting power at general meetings of Tohigh Holdings Co., Ltd.\* (通海控股有限公司). By virtue of the SFO, Mr. LU is deemed to be interested in all the Shares in which Tohigh Holdings Co., Ltd.\* (通海控股有限公司) is interested.
- Tohigh Holdings Co., Ltd.\* (通海控股有限公司) held the entire issued share capital of Oceanwide Group Co., Ltd.\* (泛海集團有限公司). By virtue of the SFO, Tohigh Holdings Co., Ltd.\* (通海控股有限公司) is deemed to be interested in all the Shares held by Oceanwide Group Co., Ltd.\* (泛海集團有限公司).
- Oceanwide Group Co., Ltd.\* (泛海集團有限公司) held 98% interest in the issued share capital of China Oceanwide Holdings Group Co., Ltd.\* (中國泛海控股集團有限公司). By virtue of the SFO, Oceanwide Group Co., Ltd.\* (泛海集團有限公司) is deemed to be interested in all the Shares held by China Oceanwide Holdings Group Co., Ltd.\* (中國泛海控股集團有限公司).
- China Oceanwide Holdings Group Co., Ltd.\* (中國泛海控股集團有限公司) directly and indirectly held 67.48% interest in the issued share capital of Oceanwide Holdings. By virtue of the SFO, China Oceanwide Holdings Group Co., Ltd.\* (中國泛海控股集團有限公司) is deemed to be interested in all the Shares held by Oceanwide Holdings.

5. Oceanwide Holdings IF is a wholly-owned subsidiary of China Oceanwide Group Limited, which in turn is a wholly-owned subsidiary of Oceanwide Holdings. The Company was informed by Oceanwide Holdings IF that, as at 30 June 2021, a total of 1,490,000 Shares were sold in the open market, as a result of which the number of Shares it held was reduced from 4,495,254,732 to 4,493,764,732. By virtue of the SFO, China Oceanwide Group Limited and Oceanwide Holdings are deemed to be interested in 4,493,764,732 Shares.
6. Haitong Securities Co., Ltd held 100% interest in the issued share capital of Haitong International Holdings Limited. By virtue of the SFO, Haitong Securities Co., Ltd is deemed to be interested in all the Shares held by Haitong International Holdings Limited.
7. Haitong International Holdings Limited indirectly held 63.08% interest in the issued share capital of Haitong International Securities Group Limited. By virtue of the SFO, Haitong International Holdings Limited is deemed to be interested in all the Shares held by Haitong International Securities Group Limited.
8. Haitong International Investment Solutions Limited is an indirect subsidiary of Haitong International Securities Group Limited. By virtue of the SFO, Haitong International Securities Group Limited is deemed to be interested in all the Shares held by Haitong International Investments Solutions Limited.
9. According to the announcement of Oceanwide Holdings dated 5 December 2018, Oceanwide Holdings IF issued to Haitong International Investment Solutions Limited the short term notes in the principal amount up to HK\$1,100,000,000 pursuant to which Oceanwide Holdings IF has pledged 4,100,000,000 Shares (representing 66.16% of the issued share capital of the Company as at 30 June 2021) to Haitong International Investment Solutions Limited.
10. The following entities, namely Tisé Media Fund LP and China Alliance Properties Limited (and its associates), disclosed to the Company that they were, directly or indirectly interested or deemed to be interested in 5% or more of the Shares on 28 August 2015 pursuant to the subscription agreement entered among the Company, CMBC International Holdings Limited ("CMBCI"), and the co-investors, namely New Hope Global Holding Co., Limited, United Energy International Trading Limited, Mind Power Investments Limited, China P&I Services (Hong Kong) Limited, China Alliance Properties Limited, Good First International Holding Limited, Divine Unity Limited, Tisé Media Fund LP, Novel Well Limited, Ristora Investments Limited and Insight Multi-Strategy Funds SPC for the account of Insight Phoenix Fund III SP (together the "Co-Investors") on 28 August 2015 which CMBCI and the Co-Investors had conditionally agreed to subscribe for an aggregate of 23,054,875,391 shares of the Company at the subscription price of HK\$0.565 per subscription share (the "First Subscription Agreement").  
  
As disclosed in the announcement of the Company dated 1 March 2016, the First Subscription Agreement ceased to be effective as of 28 February 2016 as certain conditions precedent under the First Subscription Agreement remained outstanding as at the long stop date. Accordingly, as at the 30 June 2021, as far as the Directors were aware, CMBCI and the Co-Investors had ceased to have any interests in the Shares.
11. The approximate percentage shown was the number of Shares the relevant company/person was interested in expressed as a percentage of the number of issued Shares as at 30 June 2021.

Save as disclosed above, as at 30 June 2021, the Company had not been notified by any other person (other than the Directors) who had interests or short positions in the Shares or underlying Shares which were required to be recorded in the register maintained by the Company under section 336 of the SFO.

## SHARE AWARD SCHEME

A Restricted Share Award Scheme (“Share Award Scheme”) was adopted by the Company on 19 August 2010. The purpose of the Share Award Scheme is to recognise and motivate the contribution of certain employees and/or consultants and to provide incentives and help the Group in retaining its existing employees or consultants and recruiting additional employees or consultants and to provide them with a direct economic interest in attaining the long-term business objectives of the Company.

Pursuant to the rules of Share Award Scheme, the Board may, from time to time, at its absolute discretion select the employees and consultants (excluding any excluded participant) as they deem appropriate for participation in the Share Award Scheme and determines the number of awarded shares (“Awarded Shares”) to be granted. Existing Shares would be purchased by the trustee from the market out of cash contributed by the Group and be held in trust for the relevant selected participants. The Awarded Shares will be vested only after satisfactory completion of time-based targets or time-and-performance-based targets.

The Share Award Scheme is subject to the administration of the Board in accordance with the rules of Share Award Scheme. The aggregate number of awarded shares granted by the Board throughout the duration of the Share Award Scheme should not be in excess of 10% of the issued share capital of the Company as at the date of its adoption. Unless terminated earlier by the Board, the Share Award Scheme shall be valid and effective for a term of 10 years from the date of its adoption. However, the Board has the right to renew the Share Award Scheme up to three times and each time for another 5-year terms. The Share Award Scheme had been renewed for five years from 19 August 2020 to 18 August 2025 (the “Renewal”), Further details of the Share Award Scheme and the Renewal were set out in the announcements of the Company dated 19 August 2010 and 18 August 2020 respectively.

As at 30 June 2021, a total of 51,172,002 Awarded Shares are now held by the trustee under the Restricted Shares Award Scheme Trust which is available for allocation. No Awarded Share has been granted during the six months ended 30 June 2021. The Share Award Scheme should be retained until expiry of trust period or until informed by the Company.

## SHARE OPTION SCHEME

The Company adopted an employee share option scheme on 23 September 2020 (the “Share Option Scheme”). A summary of the principal terms of the Share Option Scheme is given below:

- I) Purpose : The purpose of the Share Option Scheme is to provide incentives or rewards to eligible participants for their contribution or would-be contribution to the Group to obtain an equity interest in the Company and to attract potential candidates to serve the Group for the benefit of the development of the Group.
  
- II) Participants : Eligible participants of the Share Option Scheme include all directors (whether executive or non-executive and whether independent or not), any employee (whether full-time or part-time), any consultant or adviser of or to the Company or the Group (whether on an employment or contractual or honorary basis and whether paid or unpaid), shareholders of the Company and any member of the Group, who, in the absolute opinion of the Board, have contributed or will contribute to the Company or the Group.
  
- III) Total number of shares available for issue under the scheme and percentage of issued share capital as at 26 August 2021 : The number of shares available for issue under the Share Option Scheme was 619,704,922 shares representing 10% of the issued share capital as at 26 August 2021.
  
- IV) Maximum entitlement of each participant : The maximum number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme to each participant in any 12-month period up to and including the date of grant of the options shall not exceed 1% of the total number of Shares in issue unless it is approved by Shareholders in general meeting of the Company, at which such Participant and his close associates (or his associates if the Participant is a connected person) shall abstain from voting.

Any share options propose to grant to a substantial Shareholder or an independent non-executive Director of the Company or to any of their respective associates, in the 12-month period up to and including the date of the grant representing in aggregate over 0.1% of the Shares in issue and having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, are subject to approval by Shareholders in general meeting of the Company.

- V) The period within which the shares must be taken up under an option : The period within which the options must be exercised will be specified by the Company at the time of grant. This period shall not more than 10 years from the relevant date of grant of the options.
- VI) The minimum period for which an option must be held before it can be exercised : The Company may specify any minimum period(s) for which an option must be held before it can be exercised at the time of grant of the options. The Share Option Scheme does not contain any such minimum period.
- VII) The amount payable upon acceptance of the option : HK\$10.0 is payable by each eligible participant as consideration for the grant of an option on acceptance of options within 21 days from the date of offer of the options.
- VIII) The basis of determining the subscription price : The subscription price must be at least the higher of:
- (i) the closing price of Share as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a business day;
  - (ii) the average closing prices of the Shares as stated in the daily quotation sheet of the Stock Exchange for the five business days immediately preceding the date of offer; and
  - (iii) the nominal value of a Share.
- IX) The remaining life of the scheme : The Share Option Scheme shall be valid and effective until the close of business of the Company on the date which falls 10 years after the adoption date.

No share option has been granted since the adoption of the Share Option Scheme. Therefore, there was no share option outstanding as at 30 June 2021 and no share option lapsed or was exercised or cancelled during the six months ended 30 June 2021.

Save as disclosed above, at no time during the six months ended 30 June 2021 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any other body corporate.

## DISCLOSURE PURSUANT TO RULE 13.15 OF THE LISTING RULES

As at 30 June 2021, the following advances (loans and notes) were outstanding:

Items	Transactions	Amortised cost		Fair value	
		Principal amounts	Carrying amounts (Note 1)	Principal amounts	Carrying amounts (Note 2)

The following term loans were provided or extended by China Tonghai Finance Limited ("China Tonghai Finance", an indirect wholly-owned subsidiary of the Company) to China Oceanwide:

1	on 31 March 2021, China Tonghai Finance extended a term loan in an amount of HK\$3 million with an interest rate of 12% per annum and with a maturity date of 31 March 2022.	HK\$3 million	HK\$3 million (Note 1a)	—	—
2	on 31 March 2021, China Tonghai Finance extended a term loan in an amount of HK\$5 million with an interest rate of 12% per annum and with a maturity date of 31 March 2022.	HK\$5 million	HK\$5 million (Note 1a)	—	—
3	on 31 March 2021, China Tonghai Finance extended a term loan in an amount of HK\$8 million with an interest rate of 12% per annum and with a maturity date of 31 March 2022.	HK\$8 million	HK\$8 million (Note 1a)	—	—

Items	Transactions	Amortised cost		Fair value	
		Principal amounts	Carrying amounts (Note 1)	Principal amounts	Carrying amounts (Note 2)
4	on 31 March 2021, China Tonghai Finance extended a term loan of HK\$28 million with an interest rate of 12% per annum and with a maturity date of 31 March 2022.	HK\$28 million	HK\$27 million (Note 1a)	—	—
5	on 21 December 2020, China Tonghai Finance extended a term loan in the amount of HK\$280 million with an interest rate of 12% per annum and with a maturity date of 31 December 2021.	HK\$280 million	HK\$273 million (Note 1a)	—	—
6	on 31 December 2020, China Tonghai Finance extended a term loan of HK\$156 million with an interest rate of 12% per annum and with a maturity date of 31 December 2021.	HK\$156 million	HK\$146 million (Note 1a)	—	—

The following term loans and margin facility were provided or extended to China Oceanwide International Investment Company Limited ("COII") or Minyun Limited ("Minyun"), indirect subsidiaries of Tohigh Holdings Co., Ltd.\* (通海控股有限公司):

1	on 3 December 2019, China Tonghai Finance provided a term loan of HK\$64.5 million to Minyun with an interest rate of 7.875% per annum and with a maturity date of 31 January 2022.	HK\$64.5 million	HK\$63 million (Note 1a)	—	—
---	---	------------------	-----------------------------	---	---

Items	Transactions	Amortised cost		Fair value	
		Principal amounts	Carrying amounts (Note 1)	Principal amounts	Carrying amounts (Note 2)
2	an outstanding margin facility of HK\$5 million provided by China Tonghai Securities Limited (“China Tonghai Securities”, an indirect wholly-owned subsidiary of the Company) to Minyun pursuant to the terms of facility agreement dated 3 March 2020 at a compound monthly interest rate of 1% above prime rate. The facility is secured by the Collateral which shall be charged to or held by China Tonghai Securities for its benefit as a first priority fixed continuing security for the payment and/or discharge to China Tonghai Securities of all and any of the Minyun’s liabilities to China Tonghai Securities pursuant to the terms of the facility.	—	—	HK\$5 million	HK\$4.6 million (Note 2a)
3	an outstanding margin facility of HK\$38 million provided by China Tonghai Securities to COII pursuant to the terms of facility agreement dated 3 March 2020 at interest rate of 3% above prime rate per annum payable by COII annually. The facility is secured by the Collateral which shall be charged to or held by China Tonghai Securities for its benefit as a first priority fixed continuing security for the payment and/or discharge to China Tonghai Securities of all and any of the COII’s liabilities to China Tonghai Securities pursuant to the terms of the facility.	—	—	HK\$38 million	HK\$33 million (Note 2a)

Items	Transactions	Amortised cost		Fair value	
		Principal amounts	Carrying amounts (Note 1)	Principal amounts	Carrying amounts (Note 2)
4	on 31 March 2021, China Tonghai Finance extended a term loan of HK\$3 million with an interest rate of 12% per annum to COII and with maturity date of 31 March 2022.	HK\$3 million	HK\$3 million (Note 1a)	—	—
5	on 30 June 2021, China Tonghai Finance extended the consolidated term loans in an aggregate amount of approximately HK\$141,240,822 with an interest rate of 12% per annum to COII and with a maturity date of 30 June 2022.	HK\$141 million	HK\$145 million (Note 1a)	—	—
6	on 30 June 2021, China Tonghai Finance extended a term loan of HK\$12 million with an interest rate of 12% per annum to COII and with a maturity date of 30 June 2022.	HK\$12 million	HK\$12 million (Note 1a)	—	—
7	on 7 December 2020, China Tonghai Finance provided a term loan of HK\$10 million with an interest rate of 12% per annum to COII and with maturity date of 31 December 2021.	HK\$10 million	HK\$9 million (Note 1a)	—	—
8	on 30 December 2020, China Tonghai Finance extended a term loan of HK\$45 million with an interest rate of 12% per annum to COII and with maturity date of 31 December 2021.	HK\$45 million	HK\$41 million (Note 1a)	—	—

Items	Transactions	Amortised cost		Fair value	
		Principal amounts	Carrying amounts (Note 1)	Principal amounts	Carrying amounts (Note 2)
9	on 30 December 2020, China Tonghai Finance extended a term loan of HK\$12.5 million with an interest rate of 12% per annum to COII and with maturity date of 31 December 2021.	HK\$12.5 million	HK\$11 million (Note 1a)	—	—
10	on 28 January 2021, China Tonghai Finance extended a term loan in the aggregate amount of HK\$678 million with an adjusted interest rate of 10.5% per annum to COII and with a maturity date of 28 January 2022.	HK\$678 million	HK\$664 million (Note 1a)	—	—
11	On 1 March 2021, China Tonghai Finance provided a term loan of HK\$200 million with an interest rate of 10.5% per annum to COII and with maturity date of 31 March 2022.	HK\$200 million	HK\$195 million (Note 1a)	—	—

The following term loan and unsecured private notes were provided or extended to Oceanwide Holdings International Development III Co., Ltd. (the "Issuer/OHIDIII", a subsidiary of Oceanwide Holdings):

1	on 1 April 2021, China Tonghai Finance extended the consolidated term loans in the aggregate amount of HK\$391 million with an interest rate of 12% per annum and with a maturity date of 31 March 2022.	HK\$391 million	HK\$385 Million (Note 1a)	—	—
---	--	-----------------	------------------------------	---	---

Items	Transactions	Amortised cost		Fair value	
		Principal amounts	Carrying amounts (Note 1)	Principal amounts	Carrying amounts (Note 2)
2	on 16 April 2021, China Tonghai Capital (Holdings) Limited (“China Tonghai Capital Holdings”, a wholly-owned subsidiary of the Company) and China Tonghai Securities subscribed unlisted senior notes issued by the Issuer in the subscription amount of US\$91 million (equivalent to approximately HK\$709.8 million) with coupon interest rate of 11.8% per annum, payable semi-annually and with a maturity date of 13 April 2022.	HK\$709.8 million	HK\$611.5 million (Note 1b)	—	—
3	on 2 June 2021, China Tonghai Capital Holdings subscribed an unsecured private notes issued by the Issuer in the subscription amount of US\$12 million (equivalent to approximately HK\$93.6 million) with coupon interest rate of 11.8% per annum and with a maturity date of 1 June 2022.	HK\$93.6 million	HK\$89.2 million (Note 1b)	—	—
4	on 30 June 2021, China Tonghai Finance extended a term loan of HK\$45 million with an interest rate of 11% per annum and with a maturity date of 30 June 2022.	HK\$45 million	HK\$46 million (Note 1a)	—	—
5	on 30 June 2021, China Tonghai Finance extended a term loan of HK\$27.5 million with an interest rate of 12% per annum and with a maturity date of 30 June 2022.	HK\$27.5 million	HK\$28.4 million (Note 1a)	—	—

Items	Transactions	Amortised cost		Fair value	
		Principal amounts	Carrying amounts (Note 1)	Principal amounts	Carrying amounts (Note 2)
6	on 31 December 2020, China Tonghai Finance extended a term loan of HK\$27.5 million with an interest rate of 12% per annum and with maturity date of 31 December 2021.	HK\$27.5 million	HK\$25 million (Note 1a)	—	—
7	on 4 March 2021, China Tonghai Finance provided a term loan of HK\$180 million with an interest rate of 12% per annum and with maturity date of 31 March 2022.	HK\$180 million	HK\$177.8 million (Note 1a)	—	—
8	on 22 March 2021, China Tonghai Finance agreed to provide a term loan of HK\$20 million with an interest rate of 12% per annum and with maturity date of 31 March 2022.	HK\$10 million	HK\$9.8 million (Note 1a)	—	—
	<b>Total</b>	<b>HK\$3,130.4 million</b>	<b>HK\$2,977.7 million</b>	<b>HK\$43 million</b>	<b>HK\$37.6 million</b>

Notes:

- 1a. As at 30 June 2021, approximately HK\$2,277 million forms part of the HK\$3,247 million total for current portion of other loans (note 17) in the consolidated statement of financial position.
- 1b. As at 30 June 2021, HK\$700.7 million forms part of the HK\$700.7 million total for current portion of financial assets not held for trading and market making activities (note 13) in the consolidated statement of financial position.
- 2a. As at 30 June 2021, HK\$37.6 million forms part of the HK\$1,565.1 million total for current portion of loans to margin clients (note 15) in the consolidated statement of financial position.

## DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

1. On 10 July 2020, the Company as borrower entered into a deed of amendment and restatement with a licensed bank in Hong Kong as lender (the “July Banking Facility Arrangement”) to extend the banking facility with the principal amount of HK\$750,000,000 (the “Extended July Banking Facility”) for one year. As at 30 June 2021, the principal amount of banking facility was HK\$430,000,000. Pursuant to the July Banking Facility Arrangement, Oceanwide Holdings IF and Oceanwide Holdings International Co., Ltd., being the immediate controlling shareholders of the Company and China Oceanwide, charged 395,254,732 Shares and 3,095,818,070 shares of China Oceanwide respectively, which represents 6.38% of the total issued Shares and 19.18% of total issued shares of China Oceanwide (as of the date of this report), respectively, in favour of the licensed bank.

Pursuant to the July Banking Facility Arrangement, Mr. LU and his parties acting in concert, shall at all times directly or indirectly beneficially own not less than 60% of the issued Shares. Upon the breach of this condition, the Extended July Banking Facility will immediately and automatically be cancelled and all outstanding principal, together with accrued interest, and all other amounts accrued under the Extended July Banking Facility, become immediately due and payable.

2. On 1 December 2020, an indirect wholly-owned subsidiary of the Company as borrower entered into and accepted a supplemental facility letter with a licensed bank in Hong Kong to extend the revolving loan facility in the principal amount of up to HK\$200 million (the “Extended December Banking Facility”) up to and including 31 July 2021 or such later date as the said licensed bank may agree. Pursuant to the Extended December Banking Facility, Mr. LU and his parties acting in concert, shall at all times maintain directly or indirectly not less than 50% of the shareholdings of the borrower and shall maintain the absolute management control over the borrower and the Company. It will be an event of default upon the breach of this condition and in such event, the bank may declare that any outstanding amount due and owing under the Extended December Banking Facility shall become immediately due and payable by the borrower.

## UPDATES ON DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Changes of information of the Directors since the date of 2020 Annual Report which is required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules are set out below:

<b>Name of Director</b>	<b>Details of Change</b>
Mr. FANG Zhou	Appointed as president and vice chairman of Oceanwide Holdings in July and August 2021, respectively and ceased to be executive vice president of Oceanwide Holdings in May 2021
Mr. ZHANG Xifang	Ceased to be vice chairman and president of Oceanwide Holdings, in July 2021
Mr. LIU Jipeng	Appointed as an independent director of CECEP Solar Energy Co., Ltd.* (中節能太陽能股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 000591), in May 2021

Save as disclosed above, there is no other information required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any listed securities of the Company.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code. The code of conduct is also updated from time to time in order to keep abreast with the latest changes in the Listing Rules. It has also been extended to specific employees of the Company who are likely to be in possession of unpublished price sensitive information in respect of their dealings in the securities of the Company.

In response to specific enquiry, all of the Directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the six months ended 30 June 2021.

## CORPORATE GOVERNANCE PRACTICES

The Board considers that the Company has applied the principles and complied with the code provisions set out in Appendix 14 of the Listing Rules, titled “Corporate Governance Code and Corporate Governance Report”, throughout the six months ended 30 June 2021 and subsequent period up to the date of the report, save for the deviations from code provision A.5.1 which stipulates that a Nomination Committee should be established. In view of the stage of business growth, the existing size of the Board and business operations of the Group, it is considered more beneficial and effective to have the relevant function performed by the Board itself rather than through the establishment of such committee.

## AUDIT COMMITTEE REVIEW

The audit committee of the Company comprises five independent non-executive Directors. The audit committee has reviewed the unaudited condensed consolidated financial results of the Company for the six months ended 30 June 2021 and discussed with the management of the Company the accounting principles and practices adopted by the Group, internal control and financial reporting matters.

On behalf of the Board

**China Tonghai International Financial Limited**

**HAN Xiaosheng**

*Chairman*

Hong Kong, 26 August 2021

### BOARD OF DIRECTORS

Mr. HAN Xiaosheng (*Chairman*)  
Mr. FANG Zhou (*Deputy Chairman*)  
Mr. ZHANG Xifang  
Mr. LIU Hongwei  
Mr. Kenneth LAM Kin Hing (*Chief Executive Officer*)  
Mr. LIU Bing<sup>^</sup>  
Mr. ZHAO Yingwei<sup>^</sup>  
Mr. ZHAO Xiaoxia<sup>^</sup>  
Mr. Roy LO Wa Kei<sup>#</sup>  
Mr. KONG Aiguo<sup>#</sup>  
Mr. LIU Jipeng<sup>#</sup>  
Mr. HE Xuehui<sup>#</sup>  
Mr. HUANG Yajun<sup>#</sup>

<sup>^</sup> *Non-executive Director*

<sup>#</sup> *Independent Non-executive Director*

### EXECUTIVE COMMITTEE

*Chairman:* Mr. FANG Zhou  
*Vice-Chairman:* Mr. Kenneth LAM Kin Hing  
*Members:* Mr. HAN Xiaosheng  
Mr. ZHANG Xifang  
Mr. LIU Hongwei

### AUDIT COMMITTEE

*Chairman:* Mr. Roy LO Wa Kei  
*Members:* Mr. KONG Aiguo  
Mr. LIU Jipeng  
Mr. HE Xuehui  
Mr. HUANG Yajun

### REMUNERATION COMMITTEE

*Chairman:* Mr. KONG Aiguo  
*Members:* Mr. LIU Jipeng  
Mr. HE Xuehui  
Mr. HUANG Yajun

### COMPANY SECRETARY

Ms. Hortense CHEUNG Ho Sze

### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18th and 19th Floors  
China Building  
29 Queen's Road Central  
Hong Kong

### AUDITOR

KPMG

*Certified Public Accountants and Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance*

### HONG KONG LEGAL ADVISER

Howse Williams

### BERMUDA LEGAL ADVISER

Conyers Dill & Pearman

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited  
Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
China Minsheng Banking Corp., Ltd.  
Hong Kong Branch  
Chong Hing Bank Limited  
Dah Sing Bank, Limited  
Fubon Bank (Hong Kong) Limited  
Shanghai Commercial Bank Limited  
Standard Chartered Bank (Hong Kong) Limited  
The Bank of East Asia, Limited  
Nanyang Commercial Bank, Limited

### STOCK CODE

952

### WEBSITE OF TONGHAI FINANCIAL GROUP

[www.tonghaifinancial.com](http://www.tonghaifinancial.com)

### INVESTOR RELATIONS

Tel: (852) 2217-2888

Fax: (852) 3905-8731

Email: [ir@tonghaifinancial.com](mailto:ir@tonghaifinancial.com)

## Definitions

“Board”	means	the board of Directors
“China Oceanwide”	means	China Oceanwide Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 715)
“Company”	means	China Tonghai International Financial Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (Stock code: 952)
“Director(s)”	means	the director(s) of the Company
“Group”	means	the Company and its subsidiaries
“HK\$”	means	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	means	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	means	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	means	the Model Code for Securities Transactions by Directors of Listed Issuers under Appendix 10 of the Listing Rules
“Oceanwide Holdings”	means	Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司), a joint stock company incorporated in the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 000046)
“Oceanwide Holdings IF”	means	Oceanwide Holdings International Financial Development Co., Ltd., a company incorporated in the British Virgin Islands with limited liability
“PRC”	means	the People’s Republic of China, which for the purpose of this interim report, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SFO”	means	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	means	ordinary share(s) of Hong Kong one third of one cent each in the share capital of the Company
“Shareholder(s)”	means	the holder(s) of the Shares
“Stock Exchange”	means	The Stock Exchange of Hong Kong Limited
“%”	means	per cent.

*For the purpose of this interim report, unless otherwise specified or the context requires otherwise, “\*” denotes an English translations of a Chinese name and is for identification purposes only. In the event of any inconsistency, the Chinese names shall prevail.*