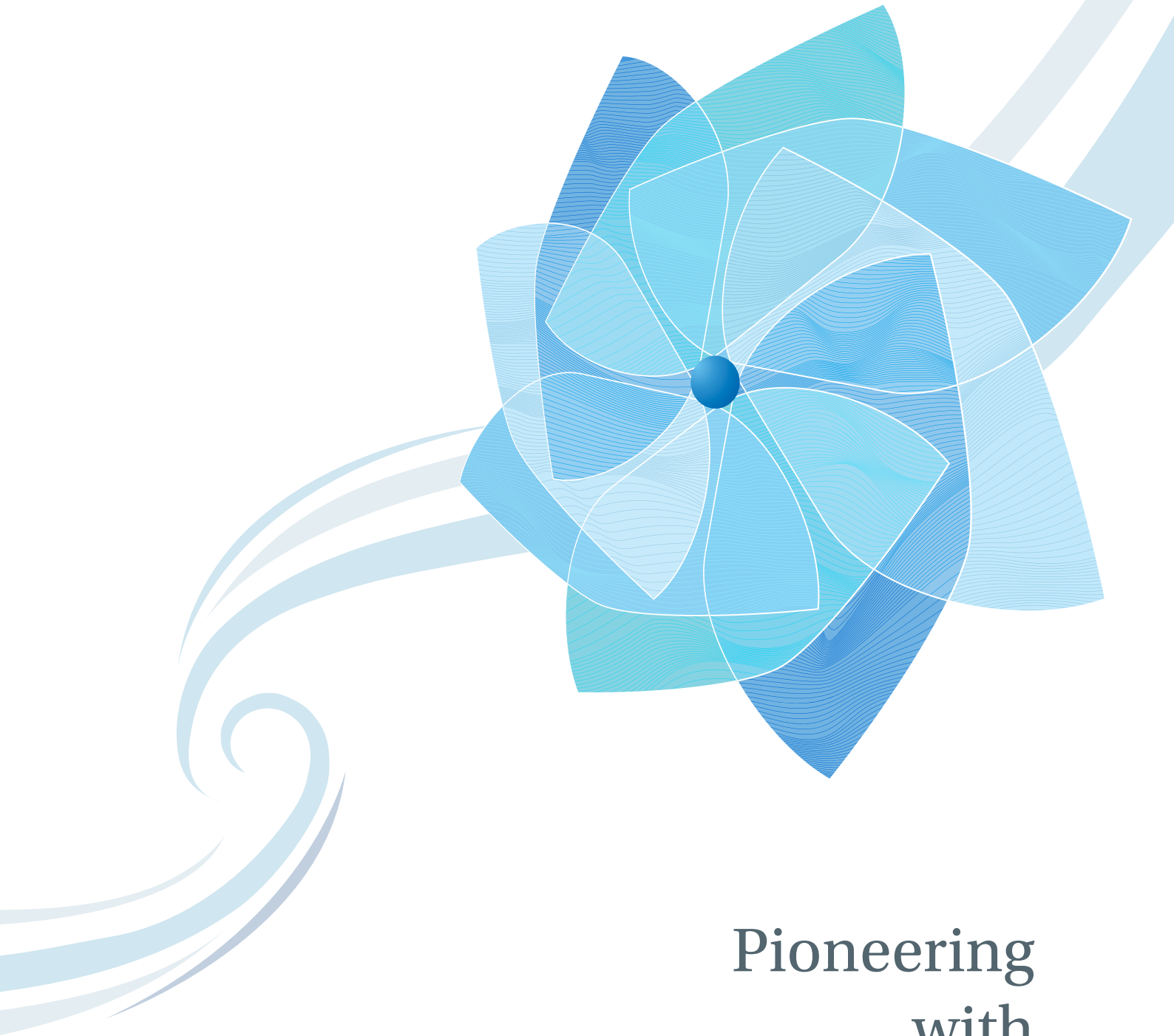




Stock Code : 665.HK



Pioneering with Convergence

Interim Report 2022

Pioneering with Convergence

The sun makes the wind blow. As long as the sun shines, there will be winds on the earth. With just a few blades, a wind turbine requires a minimum wind speed to start generating a steady stream of energy.

The cover design chosen for this report depicts a wind turbine, its blades represent each core business segment of Haitong International that collaborate effectively together on the same concentric axis of the Group's strategy, the convergence created will generate power to support its long-term stable and sustainable development.

Wind energy is an important source of clean energy. The design concept is in line with Haitong International's ESG and sustainable financing commitment, and its determination to become an international leading green investment bank.



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Financial Highlights

Results

	Six months ended 30.6.2022	30.6.2021	Percentage change Increase/(Decrease)
Revenue (HK\$'000)			
– Commission and fee income	774,632	1,657,635	(53)
– Interest income	627,278	989,352	(37)
– Net trading and investment income	(1,283,150)	1,187,766	N/A
Net (Loss)/Profit Attributable to Shareholders (HK\$'000)	(1,681,222)	1,080,525	N/A
Per share			
Basic (Loss)/Earnings Per Share (HK Cents)	(25.82)	16.71	N/A
Diluted (Loss)/Earnings Per Share (HK Cents)	(25.82)	16.63	N/A

Financial Position

	30.6.2022	31.12.2021	Percentage change Increase/(Decrease)
Shareholders' Funds (HK\$'000)	25,654,425	27,526,445	(7)
Total Assets (HK\$'000)	102,279,270	104,991,595	(3)
Number of Shares in Issue (Note)	6,641,563,594	6,037,785,086	10
NAV Per Share (HK\$)	3.86	4.56	(15)

Note:

A bonus issue was made on the basis of one bonus share for every ten existing shares in issue held by the qualifying shareholders during the period. Hence, the total number of shares of the Company was increased to 6,641,563,594 as at 30 June 2022.

Management Discussion and Analysis

In the first half of 2022, Hong Kong's stock and bond markets experienced significant volatility due to the Federal Reserve's significant interest rate hike, the Russia-Ukraine conflict, and the recurrent impact of the fifth wave of COVID-19 in Hong Kong. The Hang Seng Index dropped more than 6,800 points from peak to trough and fell by 1,537 points, or 6.6% cumulatively, during the period. ICE BofA Asian Dollar High Yield Corporate China Issuer Index fell 37.8% from the beginning of 2022. The primary market for equities and bonds also contracted sharply as a result of the high volatility in the secondary market, and the total fundraising amount in Hong Kong's IPO market dropped 90.7% year-on-year, reflecting a gloomy market sentiment.

Under the fluctuating market, Haitong International adheres to its commitment on "reducing risk by lowering leverage" and continued to implement the strategic transformation in building a solid fee based business, striving to maintain stability, and staying competitive of its core businesses in the marketplace. In the first half of 2022, Haitong International reported a fee and interest income of HK\$1,402 million. As a result of the Group's effective cost structure optimisation, the total cost declined by 32% to HK\$1,506 million compared with the same period of last year. A net loss of HK\$1,681 million was mainly a result of the volatile capital market, which led to lower fee income and losses in trading and investment businesses, including losses recorded in the Group's equity investments, debt investments and fund-of-funds investments managed by third-party managers.

During the period under review, Haitong International continued to reduce the scale of risk assets proactively and improve asset structure, and the Group successfully mitigated its exposure to market risks. The total assets of Haitong International stood at HK\$102.3 billion, while the net asset was HK\$25.7 billion as of 30 June 2022. The leverage ratio remained at an industry-low of 3.50 times.

In the midst of a challenging global economic and market environment, Haitong International maintains its risk appetite of "stable to prudent" and continues to strengthen its risk management capabilities in accordance with the Group's risk management framework. The Group is also at its best standing in recent years in terms of the three indicators of risk, capital, and liquidity. In the first half of 2022, the Group maintained a standing of "BBB" credit rating from Standard & Poor's and a "Baa2" credit rating from Moody's with a stable outlook.

A well-built investment banking ecosystem to fully realise synergies of "One Haitong"

During the first half of 2022, Haitong International's investment banking team further improved the investment banking ecosystem, diversified its product offerings, and enhanced cross-departmental and cross-regional synergies, to further leverage the synergy of the "One Haitong" business. Despite the significant contraction of the IPO market in Hong Kong, the Group completed 11 equity financing projects (including IPOs, secondary placings, and rights issues) in Hong Kong during the period, ranked No. 3 among all financial institutions in terms of the number of projects. In the overseas markets, Haitong International's United States office completed its first SPAC IPO at the beginning of the year, becoming the first Chinese investment bank to participate in fundraising projects through its business entity in the United States. The investment banking team also worked closely with Haitong Securities, the parent company of Haitong International, to actively explore business opportunities in the issuance of global depositary receipts ("GDRs") and connect schemes.

Management Discussion and Analysis

According to Bloomberg's Asia (ex-Japan) G3 High Yield Bond League Table, Haitong International has completed a total of 97 bond issuances as of 30 June 2022, ranked No. 4 among international financial institutions in terms of the number of issuances. The debt capital markets team has also upheld the ESG and sustainable finance principles by completing 14 green and sustainable bond issuances during the period, raising over US\$6 billion in total. The team has further developed its financial advisory business in response to growing market demand, and completed 11 debt restructuring projects in the first half of 2022, ranked top in Bloomberg's APAC Liability Management Bonds League Table.

In view of the rapidly changing capital markets in the first half of 2022, Haitong International's mergers and acquisitions team actively participated in cross-border mergers and acquisitions and financing deals, leveraging the Group's global presence and strengthening cross-region collaborations in the investment banking business. The team offered financial advisory services for a number of mergers and acquisitions projects in Europe and participated in several SPAC projects in the United States. During the reporting period, the loan capital markets team completed three financing projects, with total fundraising amount reaching US\$400 million. In addition, the team has achieved internal synergy through working with the investment banking team in unlocking new business opportunities.

Bolster capabilities for local and cross-border transactions

In the first half of 2022, under the impact of complex and volatile macroeconomic, geopolitical and market environments, the average daily turnover of the Hong Kong equity market fell by 27.1% year-on-year. With the spirit of "customers first", Haitong International continued to deliver efficient and professional trading, research and sales services to global institutional clients. The global markets segment generated HK\$243 million in commission and fee income for the first half of 2022, a decline of 3% year-on-year. The decline in trading volume of the cash equities business was much less than the turnover drop of the Hong Kong stock market, resulting in a bigger market share in both the Hong Kong stock market and China stock connect.

Haitong International's equity research team has continuously consolidated its competitive edge in China research while enhancing its cross-border research capabilities. The team has also recruited a number of seasoned analysts with substantial research experience in overseas markets to deepen exchanges between the Chinese market with those of Europe, the United States and Southeast Asia markets. As of the end of June 2022, the team grew its coverage of international stocks by 20% compared with the beginning of the year.

In the first half of 2022, the fixed income sales and trading team boosted the trading volume of bonds significantly on the premise of strictly applying risk management measures and effectively reducing the usage of its own capital. The Group committed more resources to the prime brokerage business and launched the cross-border total return swap ("TRS") business during the period, with the aim of better supporting the cross-border investment needs of institutional clients participating in connect schemes.

Upgraded private wealth management platform and service model

The wealth management segment reported a revenue of HK\$452 million for the first half of 2022, a decrease of 46% year-on-year. This drop was partly a result of lower market turnover in the Hong Kong stock market, and the high base of last year's segment revenue which consisted of private wealth management and retail business in the first quarter, as the Group has officially upgraded its wealth management business to private wealth management since last April.

During the period under review, Haitong International has continued to improve the business model of its private wealth management business. Through strengthening its collaboration with the investment banking, asset management, and equity sales and trading teams, the private wealth management team provides more diversified wealth management and investment solutions for the Group's high-net-worth and ultra-high-net-worth clients, such as new SPAC funds and discretionary accounts. To meet the needs of entrepreneurial clients, the private wealth management team has made significant progress in developing employee stock option plans ("ESOP") and service platforms. In the meantime, this segment achieved effective control of credit risk by onboarding a group of premium clients and offering high-quality margin financing services.

The private wealth management team at Haitong International's Singapore office shrewdly adjusted its business strategies during the period and accelerated its global family office business. The team has finalised cooperation agreements with a number of well-known local asset managers and formally launched external asset management ("EAM") services in Singapore to meet the global asset allocation needs of high-net-worth clients.

Further development of the distinctive asset management platform

Haitong International's asset management team collaborates with investment banking, trading, private wealth management, equity sales and trading, and other relevant teams, to boost its research and investment capabilities to develop a distinctive investment platform that can adapt to changing market conditions, meet customer needs, and commit to ESG investment. As of June 2022, the management fee income remained stable with assets under management ("AUM") at HK\$51.5 billion.

As the downward pressure on the global economy continues to increase during the first half of 2022, the asset management team remained focused to hone its investment and research capabilities, actively calibrate fund investment strategies, and persistently provide customers with superior investment management services. With the strategy of uniting all business segments, the team successfully launched the Haitong Spark Global Multi-Asset Fund S.P., which was customised for the Group's high-net-worth clients. It has also set up a tailor-made SPAC fund in conjunction with the SPAC business in Hong Kong equity markets for external investors in the first half of 2022, further consolidating the service cycle of the investment banking business.

The asset management team at Haitong International has consistently produced exceptional and steady long-term returns for the funds it manages. During the period, our asset management team received a number of industry honours, including Best ESG Manager, Best 10 Year Performance Awards — Equity Fund (Hong Kong) from the Lipper Fund Awards Hong Kong, The Asset and Insights & Mandate Professional Investment, among others.

Management Discussion and Analysis

Continual implementation of sustainable finance and ESG practices

In recognition of its exceptional achievements in sustainable finance and ESG practices, Haitong International has been included into the FTSE4Good Index by global index provider FTSE Russell of the London Stock Exchange. Additionally, the Group reaffirmed its A rating for ESG performance from MSCI, placing it at the forefront of ESG practices among global investment banks.

In terms of green financing, Haitong International maintained its market-leading position by underwriting 14 green and sustainable bonds that raised a total of US\$6 billion.

Haitong International has also taken significant steps to fulfil its corporate social responsibilities by fully supporting the fight against the epidemic since the fifth wave of COVID-19 outbreak in Hong Kong at the beginning of the year. The Group has frequently donated anti-epidemic supplies to front-line healthcare workers, affected grassroots communities, and the general public through NGOs and social groups. At the same time, the Group has implemented a variety of measures to assist employees and their families, such as offering care subsidies, free anti-epidemic supplies, and flexible work arrangements, among other measures.

Prospect

Looking ahead to the second half of 2022, global economic growth will slow down further, inflation will remain high, and the risk of stagflation cannot be ruled out. The Federal Reserve and other major central banks are expected to continue to prioritise inflation control and accelerate the tightening of monetary policy through interest rate hikes and tapering. This will force the majority of emerging economies to raise interest rates to curb inflation and prevent capital outflows. Furthermore, uncontrollable factors such as recurrent COVID-19 outbreaks, energy crisis, climate change risks, and geopolitical conflicts may further stimulate inflation and slow economic growth, endangering the stability of global financial markets. It is expected that Hong Kong and overseas financial markets will continue to face greater downside pressure and the risk of sharp fluctuations in asset prices should not be underestimated.

Based on the fundamental judgement that “the adjustment of market risks not yet eliminated”, Haitong International will continue to adhere to its commitment to “reducing risk by lowering leverage”, further reduce the scale of risk assets and improve asset structure, and respond to market changes and challenges with a prudent mindset and a stable business model. The Group will remain focused on transforming its fee based business, and pursue the steady and sustainable growth of its core businesses of investment banking, asset management, private wealth management, and global markets. Haitong International will also continue to expand its global footprint, strengthen cross-border and cross-department synergies, unite all business segments to act as a whole, and to become a leading global investment bank.

Financial Review

Analysis of Financial Statements

In the first half of 2022, the world's economy faced substantial pressure from the Russia-Ukraine conflict and record-high inflation. In response, most major central banks raised interest rates to curb inflation, negatively impacting the real economy. The Federal Reserve increased the federal funds rate by 150 basis points during the first half of 2022 as the inflation rate climbed to its highest level in 40 years. This had created a substantial impact on the financial markets, with major financial indices slumping.

In Hong Kong, the fifth wave of COVID-19 disrupted business operations and weighed on consumer sentiment, creating a prolonged effect on the local economy. The city's real GDP contracted by 3.9% and 1.3% year-on-year in the first and second quarters of 2022. The Hang Seng index closed at 21,859 points at the end of the first half of 2022, a 6.6% decline from the beginning of the year, with market turnover dropping by 27.1% year-on-year. The total fund raised from IPO activities dropped 90.7% year-on-year for the first half of 2022. As a result of the more frequent trading suspension of publicly-listed Chinese real estate developers, the increase in the default of corporate bonds issued by these companies, and weak property sales in China, the ICE BofA Asian Dollar High Yield Corporate China Issuer Index fell 37.8% from the beginning of 2022.

The Group, as a well-rounded financial institution and a key player in the Hong Kong financial sector, is inevitably affected by the performance of the city's market and its economy. The Group's investment returns from bonds, equities and fund of funds managed by the third party managers were affected by unfavorable market movements. In addition, the Group's fee and commission income were inevitably affected by the drop in market turnover and slowing capital market activities. The Group imposed strict cost control measures amid the uncertain market conditions, which led to significant savings from managing its finance costs and various major cost items.

Financial Review

The Group's financial results for the 6 months ended 30 June 2022 are summarised as follows:

	2022	2021	
	Jan to Jun	Jan to Jun	
	HK\$'000	HK\$'000	+/-%
Commission and fee income	774,632	1,657,635	-53
Interest income	627,278	989,352	-37
Net trading and investment income	(1,283,150)	1,187,766	N/A
Revenue	118,760	3,834,753	-97
Other income and gains or losses	(28,653)	(91,305)	-69
Total revenue	90,107	3,743,448	-98
Total costs	1,505,717	2,222,784	-32
(Loss)/Profit before impairment charges and tax	(1,415,610)	1,520,664	N/A
(Loss)/Profit for the period attributable to the owners of the Company	(1,681,222)	1,080,525	N/A
Key metrics:			
— Basic (loss)/earnings per share (HK cents)	(25.82)	16.71	N/A
— Diluted (loss)/earnings per share (HK cents)	(25.82)	16.63	N/A
— Core revenue ¹ to total cost ratio (%)	93	119	-26

Note 1: The Group defines core revenue as the aggregate of commission and fee income, and interest income.

- Commission and fee income amounted to HK\$775 million, representing a 53% decline year-on-year. The drop was mainly attributed to the substantial decrease in capital market activities in Hong Kong during the first half of 2022. Asset management fee income remained stable compared to the same period a year earlier, while performance fee income contracted significantly. The brokerage commission was down, yet the commission from institutional client trading remained stable year-on-year. That partly offset the slowdown in brokerage commission from wealth management, which came as a result of the high base effect of retail business, which ceased operation in April 2021.
- Interest income was HK\$627 million for the first half of 2022, down 37% from HK\$989 million year-on-year, corresponding to the decrease in interest-bearing assets and average interest rates.
- Net trading and investment income reported a net loss of HK\$1,283 million, mainly dragged down by the investment losses from bonds, equities and fund-of-funds due to fluctuations in the stock and bond markets in China and Hong Kong.
- Total costs fell 32% year-on-year to HK\$1,506 million. The Group achieved cost savings on the majority of expenditures through effective cost control measures and a decrease in financial-performance-linked costs, such as bonuses and incentives.
- Finance costs of HK\$471 million were down 24% compared with the first half of 2021, as average funding liabilities decreased during the reporting period. Despite the interest hike in the first half of 2022, the increase in funding cost is less than that an increase in benchmark market interest rates.
- Impairment charges were HK\$244 million, a year-on-year increase of 7% but a decrease of 58% as compared between the first half of 2022 and the second half of 2021. The Group increased impairment provision for stage 1 unimpaired margin loan credit exposures when compared with the same period last year to reflect changes in the macro-economic environment and relevant economic indicators, such as the unemployment rate.

Financial Review

Summary of balance sheet of the Group as at 30 June 2022 and 31 December 2021 is as follows:

	30 June 2022 HK\$'000	31 December 2021 HK\$'000	+/-%
Assets:			
— Current assets	85,537,739	92,601,905	-8
— Non-current assets	16,741,531	12,389,690	+35
Total assets	102,279,270	104,991,595	-3
Liabilities:			
— Current liabilities	62,286,892	63,000,629	-1
— Non-current liabilities	14,337,953	14,464,521	-1
Total liabilities	76,624,845	77,465,150	-1
Net assets	25,654,425	27,526,445	-7
Key metrics:			
— Net current assets	23,250,847	29,601,276	-21
— Funding liabilities ²	51,196,841	46,811,954	+9
— Net assets value per share (HK\$)	3.86	4.56	-15
— Debt-to-equity ratio ³ (Times)	2.00	1.70	+18
— Gearing ratio ⁴ (Times)	3.50	3.33	+5

Note 2: The Group defines funding liabilities as the aggregated amount of repurchase agreements, bank borrowings, and debt securities in issue.

Note 3: Debt-to-equity ratio equals funding liabilities divided by total shareholders' equity (or net assets).

Note 4: Gearing ratio equals total assets excluding accounts payable to clients and accounts receivables from clients for subscription of new shares in IPO divided by shareholders' equity.

- Total assets as of 30 June 2022 of HK\$102.3 billion were 3%, or HK\$2.7 billion, lower than at 31 December 2021, as financial assets held for trading and market making, bank balances (including cash and cash equivalents, and cash held on behalf of customers) and accounts receivable all declined, while investment securities measured at fair value increased as compared with previous year end.
- Total liabilities as of 30 June 2022 of HK\$76.6 billion were 1%, or HK\$840 million, lower than at 31 December 2021, arising from a fall in financial liabilities held for trading and market making and financial products issued at fair value.
- Funding liabilities as of 30 June 2022 of HK\$51.2 billion were 9%, or HK\$4.4 billion, higher than at 31 December 2021, driven by an increase in both bank loans and repurchase agreements, to fund new investments. Details of these investment securities are further elaborated in the sections below.
- Gearing ratio increased to 3.50 times as of 30 June 2022, and remained stable as compared with that of 31 December 2021.

Overview of Financial Performance

Revenue

Commission and fee income

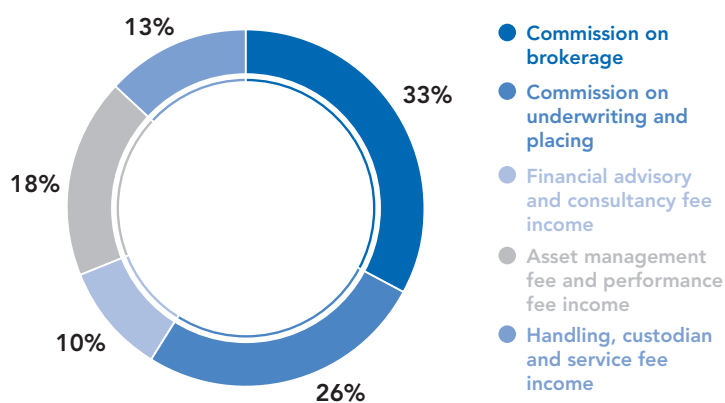
Commission and fee income decreased 53% year-on-year to HK\$775 million, mainly due to unfavourable market conditions, which were evidenced by the drop in market turnover and IPO fundraising amount that led to lower commission income from brokerage, and underwriting and placing commission; asset management and performance fee income were also adversely affected, with only incremental performance fee income recognised during the current reporting period.

The table below presents fee income by types:

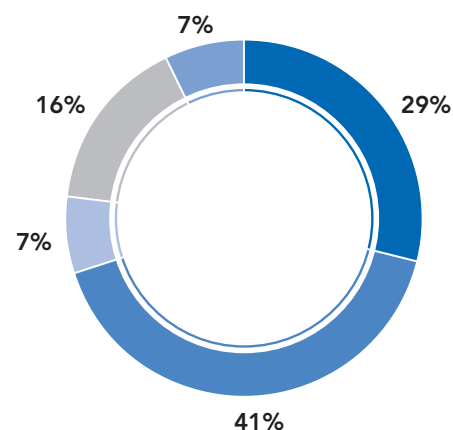
	2022 Jan to Jun HK\$'000	2021 Jan to Jun HK\$'000	+/-%
Commission on brokerage	252,763	475,239	-47
Commission on underwriting and placing	197,786	687,668	-71
Financial advisory and consultancy fee income	79,228	110,462	-28
Asset management fee and performance fee income	141,254	271,054	-48
Handling, custodian and service fee income	103,601	113,212	-8
Commission and fee income	774,632	1,657,635	-53

The chart below shows the composition of the Group's commission and fee income for the first half of 2022 and the first half of 2021:

Composition of commission and fee income in first half of 2022



Composition of commission and fee income in first half of 2021



Financial Review

Commission on brokerage was HK\$253 million, which included commission income from dealing in securities, futures, and over-the-counter products (primarily bonds and financial products) generated by the global markets and wealth management segments. The breakdown of commission on brokerage attributable to each of the abovementioned segments is as follows:

	2022 Jan to Jun HK\$'000	2021 Jan to Jun HK\$'000	+/-%
Wealth management segment	66,532	281,846	-76
Global markets segment	186,231	193,393	-4
Commission on brokerage	252,763	475,239	-47

During the current interim period, commission on brokerage attributable to the global markets segment remained stable year-on-year, accounted for 74% of total commission on brokerage (up from 41% in the first half of 2021). Market share in the Hong Kong stock market and China Connect both grew, while the commission rate remained stable. Lower commission on brokerage attributable to the wealth management segment was caused by the high base effect of the retail business, which ceased operations in April 2021.

Commission and fee income attributable to the corporate finance segment is comprised of commission on underwriting and placing, and fee income from financial advisory and consultancy services. The income decreased year-on-year due to a downturn in capital markets activities during the first half of 2022 and the timing of the recognition of corporate finance-related fee income. The Group ranks top among financial institutions by the number of IPO deals to be listed in Hong Kong, laying the groundwork for a rebound in fee income in the second half of 2022.

Asset management fee and performance fee income were HK\$141 million, a 48% decrease compared with the first half of 2021. Asset management fee income remained stable during the current reporting period, though minimal performance fee income was recognised, as returns of most of the funds and discretionary accounts managed by the Group did not surpass their respective high water marks as of 30 June 2022.

Interest income

Interest income of HK\$627 million was down 37% from HK\$989 million for the same period last year. The decline was mainly attributable to a lower interest income from margin financing and investment securities measured at amortised cost.

Interest income from margin lending fell 40% year-on-year to HK\$272 million, accounted for 43% (6 months ended 30 June 2021: 46%) of the Group's total interest income. The balance of margin financing as of 30 June 2022 was HK\$10.8 billion, down from HK\$11.9 billion as of 30 June 2021. The average interest rate also declined year-on-year as the Group focused on attracting high-quality collateral by offering lower interest rates.

Interest income from investment securities measured at amortised cost was HK\$163 million, a 49% contraction compared with the same period last year. Investment securities measured at amortised cost decreased from HK\$7.8 billion as of 30 June 2021 to HK\$7.1 billion as of 31 December 2021, and further decreased to HK\$4.7 billion as of 30 June 2022. This is due to the Group focusing on margin financing business and certain investment securities maturing and being repaid during the current interim period.

Net trading and investment income

Net trading and investment income was a net loss of HK\$1,283 million. The breakdown of net trading and investment income is as follows:

	2022 Jan to Jun HK\$'000	2021 Jan to Jun HK\$'000	+/-%
Net (loss)/gain from financial assets held for trading and market making activities	(68,577)	198,667	N/A
Net trading income on financial products	381,470	320,138	+19
Net (loss)/gain from investments	(1,596,043)	668,961	N/A
	(1,283,150)	1,187,766	N/A

Net trading and investment income mainly consists of net trading income on financial products and net loss from investments. Net trading income on financial products represents the interest spread charged to product holders on the leverage provided, while the relevant gains or losses on referenced assets belong to the holders. Net loss from investments during the current interim period was mainly attributable to investment losses from the Group's investments in equities (including listed equities and equity funds), bonds (including bond investments and bond funds), and fund-of-funds. Further details of the net loss from investments are elaborated in the analysis of the investment segment's performance below.

Total Costs

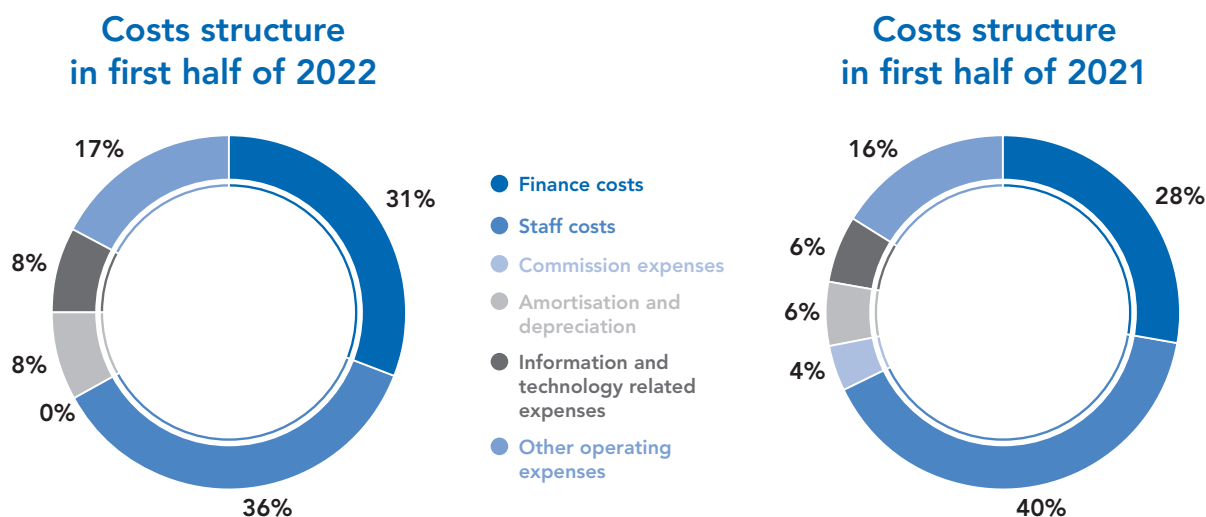
Total costs mainly include staff costs, finance costs, and operating expenses for regular business activities. Total costs for the first half of 2022 were HK\$1,506 million, a 32% drop from HK\$2,223 million for the same period last year. During the current interim period, in light of the uncertain market environment, the Group exercised strict cost control measures and deployed resources to support business developments that are vital for positioning the Group to capture business opportunities when the market rebounds.

The table below presents total costs by type:

	2022 Jan to Jun HK\$'000	2021 Jan to Jun HK\$'000	+/-%
Finance costs	471,143	616,231	-24
Staff costs	545,943	891,533	-39
Commission expenses	3,173	92,722	-97
Operating expenses:			
— Amortisation and depreciation	117,234	141,521	-17
— Information technology related expenses	112,052	130,112	-14
— Other operating expenses	256,172	350,665	-27
Total costs	1,505,717	2,222,784	-32

Financial Review

The chart below shows the Group's costs structure for the first half of 2022 and the first half of 2021:



Finance costs

Finance costs were HK\$471 million, down 24% from the same period last year. Total funding liabilities decreased from HK\$59.1 billion as of 30 June 2021 to HK\$51.2 billion as of 30 June 2022. The Group strived to develop various financing sources against the backdrop of interest rate hiking cycle. The increase in average financing cost was lower than that of the benchmark interest rates (such as the one-month Hong Kong Interbank Offer Rate ("HIBOR")).

Finance costs from bank borrowings (comprised of bank loans and overdrafts) were HK\$212 million for the first half of 2022, 34% lower than HK\$321 million for the same period last year. The decline was driven by the shrinking in the average size of bank borrowings (including the amount drawn under bilateral facilities and syndicated facilities). The Group's cost of funding for bank borrowings was mainly determined by the margin on top of HIBOR, and the Group managed to reduce the spread in the current reporting period.

Finance costs of non-convertible bonds and notes amounted to HK\$237 million for the first half of 2022, a 6% slide from HK\$252 million for the same period last year, mainly due to lower average interest rates as the Group managed to issue medium-term notes at lower interest rates during the second half of 2021. The Group issued a US\$300 million bond in May 2021 at a fixed interest rate of 2.125%, the lowest among all USD-denominated bonds issued so far. As of 30 June 2022, the balance of non-convertible bonds and notes and convertible bonds totaled HK\$20.5 billion, similar to that of HK\$20.1 billion as of 30 June 2021.

The table below presents finance costs by type:

	2022	2021	
	Jan to Jun	Jan to Jun	
	HK\$'000	HK\$'000	+/-%
Finance costs for funding liabilities:			
— bank loans and overdrafts	212,190	321,300	-34
— convertible bonds	—	1,072	-100
— non-convertible bonds	208,434	186,482	+12
— non-convertible notes	28,172	65,139	-57
— repurchase agreements and others	17,367	36,293	-52
	466,163	610,286	-24
Interest on lease liabilities ⁵	4,980	5,945	-16
Finance costs	471,143	616,231	-24

Note 5: Interest on lease liabilities arise from the leasing transactions that are accounted for as right-of-use assets in accordance with HKFRS 16 "Leases".

Staff costs

Staff costs were determined by various factors, including headcount, segmental financial performances, business activities, the structure of compensation schemes that align with the industry, as well as the Group's overall financial performance. The decrease in staff costs is mainly due to a decline in bonuses and incentives provisions. For the first half of 2022, total staff costs were HK\$546 million, 39% lower than that of the first half of 2021, though basic salaries remained stable. As of 30 June 2022, the Group's total number of employees was 1,118, down 9% from 1,225 employees as of December 2021.

Operating expenses

Amortisation and depreciation decreased by 17% from the first half of 2021 due to lower depreciation of right-to-use assets on the office leases as the Group consolidated office spaces for higher efficiency, and certain information technology related hardware and software were fully depreciated in 2021.

Though information technology related expenses recorded a decrease, the Group placed a strong emphasis on investment in information technology. This was to ensure all businesses and functions operate without being disrupted during the fifth wave of COVID-19 and level up the Group's infrastructure and systems to provide high-quality and digitised services to clients. Aggregated information technology related expenses (including relevant staff costs, and amortisation and depreciation on software and equipment) accounted for 17% (six months ended 30 June 2021: 14%) of total operating expenses of the Group for the first half of 2022.

Other operating expenses mainly include costs and expenditures for regular business operations and general administrative matters. The Group implemented cost control measures, monitored and enhanced operational efficiencies while effectively allocating resources to support business development. Other operating expenses for the first half of 2022 were HK\$256 million, 27% lower than the same period last year, mainly driven by the lower general administrative expenses as cost control measures reduced indirect business development spending.

Financial Review

Impairment Charges

Impairment charges included provision for credit losses on advances to customers, investment securities measured at amortised cost, and accounts receivables and others under the impairment framework and methodology established by the Group in accordance to HKFRS 9 "Financial Instruments". The Group has maintained a transparent impairment provisioning policy when reviewing its credit exposures, aiming at recognising impairment provision on risk assets in the most cautious way and prior to substantial credit deterioration of these assets.

The table below presents impairment charges (net of reversal):

	2022 Jan to Jun HK\$'000	2021 Jul to Dec HK\$'000	2022 Jan to Jun compared with 2021 Jul to Dec +/-%	2021 Jan to Jun HK\$'000	2022 Jan to Jun compared with 2021 Jan to Jun +/-%
Impairment charge (net of reversal):					
— margin financing	175,007	308,264	-43	254,007	-31
— non-margin financing	68,605	265,635	-74	(27,385)	N/A
	243,612	573,899	-58	226,622	+7

Impairment charges increased by 7% year-on-year but fell 58% when compared to the second half of 2021. Impairment charges made for the first half of 2022 were mainly on margin financing.

The impairment on margin financing divided into stages is as below:

	2022 Jan to Jun HK\$'000	2021 Jan to Jun HK\$'000	+/-%
Impairment charge (net of reversal) on margin financing:			
— Stage 1	32,409	17,103	+89
— Stage 2	5,954	47,097	-87
— Stage 3	136,644	189,807	-28
	175,007	254,007	-31

During the first half of 2022, the Group made an individual impairment charges of HK\$137 million under Stage 3 impairment against several independent margin clients with net carrying amount of HK\$280 million as at 30 June 2022 due to decrease in the market value of the listed shares pledged to the Group during the current interim period. When assessing credit exposures to margin clients, the Group takes into account the fair value of listed securities pledged as collateral and outstanding balance of the credit exposures, other credit enhancements, and other factors such as executable settlement plan that may impact the recoverable amounts.

The stage 1 impairment charge on margin financing increased by 89% year-on-year during the current interim period, reflecting higher credit risk on unimpaired exposures on the back of the deteriorating economic outlook and increasing volatility in the financial markets.

Impairment of non-margin financing relates to the impairment loss on a loan to a customer for its acquisition in the overseas. The loan and related impairment are detailed in note 18 of the unaudited condensed consolidated financial statements.

Analysis by Business Segments

The table below presents the Group's business segments results:

	2022 Jan to Jun HK\$'000	2021 Jan to Jun HK\$'000	+/-%
Wealth management:			
— Segment revenue	451,858	842,740	-46
— Segment profit before tax	59,596	169,156	-65
— Segment margin (%)	13	20	-7
Corporate finance:			
— Segment revenue	287,342	799,667	-64
— Segment profit before tax	55,947	441,492	-87
— Segment margin (%)	19	55	-36
Asset management:			
— Segment revenue	141,254	271,054	-48
— Segment profit before tax	79,376	152,232	-48
— Segment margin (%)	56	56	-
Global markets:			
— Segment revenue	586,452	831,172	-29
— Segment profit before tax	143,895	155,628	-8
— Segment margin (%)	25	19	+6
Investment:			
— Segment revenue	(1,348,146)	1,090,120	N/A
— Segment (loss)/profit before tax	(1,998,036)	375,534	N/A
— Segment margin (%)	N/A	34	N/A
Total:			
— Segment revenue	118,760	3,834,753	-97
— Segment (loss)/profit before tax	(1,659,222)	1,294,042	N/A
— Segment margin (%)	N/A	34	N/A

Segment revenue primarily reflects the results of the respective segments from their business activities and returns from assets held by the respective segments. Segment profit (or loss) before tax also includes segment expenses incurred for revenue generating business activities, as well as allocation of the Group's overall costs.

Financial Review

Wealth management segment

During the first half of 2022, this segment continued to position itself as a well-rounded and well-recognised private wealth manager for entrepreneurs. It has also expanded the client base and raised brand awareness, with the aim of boosting fee income and interest income and becoming a stable revenue source for the Group in the face of market uncertainties.

During the current interim period, this segment launched new offerings, such as external asset management services ("EAM"), to acquire top-tier client assets and enrich over-the-counter product offerings. Leveraging the Group's leading position in the investment banking sphere, this segment also partnered with the investment banking team to attract new entrepreneurial clients. To enhance the client experience, the private wealth management team jointly organised an investment strategy forum with the asset management team and published reports relating to hot themes in the market.

The private wealth management team also completed phase one of the deployment of a new wealth management system in collaboration with Avaloq, a leading wealth management system provider, to offer high-net-worth and entrepreneurial clients access to brand-new private wealth management experience.

The table below presents the wealth management segment operating results:

	2022 Jan to Jun HK\$'000	2021 Jan to Jun HK\$'000	+/-%
Commission and fee income	113,855	337,798	-66
Interest income	338,003	504,942	-33
Segment revenue	451,858	842,740	-46
Other income and gains or losses	3,408	(2,572)	N/A
Segment expenses	455,266 (221,118)	840,168 (426,385)	-46 -48
Profit before impairment charges and tax	234,148	413,783	-43
Impairment charges, net of reversal	(174,552)	(244,627)	-29
Segment profit before tax	59,596	169,156	-65
Segment margin (%)	13	20	-7

Revenue from this segment comprises commission and fee income (mainly including the brokerage commission, and handling fee, custodian fee, and service fee income), as well as interest income from margin financing and bank deposits on client money. Commission and fee income decreased by 66% year-on-year to HK\$114 million for the first half of 2022, and interest income declined by 33% year-on-year to HK\$338 million for the current interim period.

The contraction in commission income was due to a 27.1% year-on-year drop in overall market turnover and the retail business' high base effect, which ceased operation in April 2021.

Interest income from this segment came mainly from margin financing and bank deposits of balances in clients' accounts. Interest from margin financing amounted to HK\$272 million, a decrease of 40% year-on-year. The decline was mainly attributable to the drop in average margin loan balances, which were impacted by slowing overall market trading activities in Hong Kong since the second half of 2021, as well as the difference in trading behaviour between private wealth management clients and legacy clients from the retail business. The margin financing balance as of 31 December 2020 was HK\$12,327 million and fell to HK\$11,894 million as of 30 June 2021. It further decreased to HK\$9,160 million as of 31 December 2021. Margin financing balance as of 30 June 2022 was HK\$10,832 million. The average interest rate charged to margin financing customers decreased from the same period a year earlier as the Group focused on attracting high-quality collateral by offering lower interest rates.

Segment expenses were HK\$221 million, a decline of 48% year-on-year. Commission expenses decreased by 97% year-on-year as the previous interim period included commission expenses to account executives from January to March 2021. Finance costs and other types of costs decreased due to lower average margin financing balances and also a decrease in the accrued bonuses and incentives that are closely linked to the financial performance of this segment.

Impairment charges recognised in this segment were mainly credit exposures from margin clients that this segment entails. Further details on the Group's policy for impairment provisioning are stated in the above section.

Corporate finance segment

The Group's investment banking activities were substantially affected by the slowdown in IPO fundraising during the first half of 2022. The ECM team completed 11 equity financing underwriting projects (including IPOs, secondary placings, and rights issues), ranked no. 3 among all financial institutions in terms of the number of projects. Leveraging on the Group's global network, the ECM team completed its first SPAC IPO listing in the United States. While underwriting and placing commission attributable to ECM was significantly reduced, the Group is confident that a rebound in fee income will materialise in the second half of 2022, as the Group has the largest IPO pipelines among peers.

DCM activities were also affected during the current interim period. The increase in USD interest rates and the monetary easing in the Mainland China resulted in an inverted spread between domestic and overseas issuances. The defaults of Chinese-issued USD high-yield bonds, in particular those issued by real estate developers, had a significant impact on the market demand for such bonds, and the total issuance of such bonds in the first half of 2022 fell 86% year-on-year consequently. During the current interim period, the Group completed 97 bond issuance projects and expanded its capability as a financial advisor on debt restructuring, with the DCM team completing 11 debt restructuring projects. The DCM team also completed 14 green and sustainable bond issuances during the current reporting period, with a total financing amount exceeding US\$6 billion.

To expand fee income sources, the merger and acquisitions team completed two projects and is in the process of executing a number of projects with an expected transaction amount of over US\$12.5 billion. The loan capital markets team also completed a number of projects, set up a financial institution group, and successfully completed a structured finance project that amounted to US\$250 million. The Loan Capital Markets ("LCM") team, through participating in the early stages of equity financing projects, created synergies with other teams within the segment and provided an array of investment banking services. Financial advisory and consultancy fees generated from the LCM team have tripled from the same period last year.

Financial Review

The table below presents corporate finance segment operating results:

	2022 Jan to Jun HK\$'000	2021 Jan to Jun HK\$'000	+/-%
Commission and fee income	277,014	798,130	-65
Interest income	10,328	1,537	+>100
Segment revenue	287,342	799,667	-64
Other income and gains or losses	218	710	-69
	287,560	800,377	-64
Segment expenses	(230,242)	(358,723)	-36
Profit before impairment charges and tax	57,318	441,654	-87
Impairment charges, net of reversal	(1,371)	(162)	+>100
Segment profit before tax	55,947	441,492	-87
Segment margin (%)	19	55	-36

Commission and fee income from this segment consists of underwriting and placing commission, and financial advisory and sponsor fees.

The below table presents commission and fee income of this segment:

	2022 Jan to Jun HK\$'000	2021 Jan to Jun HK\$'000	+/-%
Underwriting and placing commission:			
— Debt capital markets ("DCM")	155,989	218,646	-29
— Equity capital markets ("ECM")	41,797	469,022	-91
Financial advisory and consultancy fee income	79,228	110,462	-28
	277,014	798,130	-65

As mentioned above, underwriting and placing commission attributable to ECM was significantly affected by the overall slump in IPO fundraising amount in the market and the smaller number of deals the Group participated in during the interim period. It was also impacted by the timing of recognition of fee income, as certain fee income recognised in 2021 was related to deals completed in 2020. Underwriting and placing commission attributable to DCM decreased by 29% year-on-year. Financial advisory and consultancy fee income attributable to the merger and acquisitions team and loan capital markets team amounted to HK\$50 million, a two-fold increase from the same period last year. Fee income generated by these two teams accounted for 63% of the total financial advisory and consultancy fee income.

Segment expenses were HK\$230 million for the current reporting period, a drop of 36% year-on-year, due to lower accruals of bonuses and incentives that were partially offset by the increase in basic salaries.

Asset Management Segment

During the first half of 2022, the asset management team launched new products such as Haitong Spark Global Multi-Asset Fund S.P. and SPAC investment fund to meet the investment demand of high-net-worth clients, and also promoted cross-selling activities with the private wealth management segment. The asset management team also reviewed funds under its management and redeployed resources for new investment funds. This segment has also expanded its investment research capabilities and jointly organised an investment strategy forum with the private wealth management team.

The table below presents the asset management segment operating results:

	2022	2021	
	Jan to Jun	Jan to Jun	
	HK\$'000	HK\$'000	+/-%
Commission and fee income	141,254	271,054	-48
Other income and gains or losses	(1)	–	N/A
	141,253	271,054	-48
Segment expenses	(61,877)	(118,822)	-48
Segment profit before tax	79,376	152,232	-48
Segment margin (%)	56	56	–

Commission and fee income from this segment composed of asset management fee income and performance fee income from the numerous funds managed by the team. Asset management fee income remained stable year-on-year while minimal performance fee was recognised during the current interim period, as the returns of most of the funds and discretionary accounts managed by the Group did not surpass their respective high water marks as of 30 June 2022. Assets under management (“AUM”) of this team was HK\$51.5 billion (as of December 2021: HK\$54.0 billion) as of 30 June 2022.

Segment expenses mainly comprised staff costs and operating expenses, which decreased by 48% year-on-year, due to a decrease in segment direct expenses and accruals of bonuses and incentives.

Financial Review

Global Markets segment

Global market segment comprises of four businesses: cash equities sales and trading, fixed income sales and trading, prime brokerage and equity research.

Despite the drop in market turnover, the cash equities sales and trading team and the equity research team combined to provide one-stop services to institutional customers while expanding the Group's market shares in both the Hong Kong stock market and the China-Hong Kong Stock Connect. That resulted in a significantly smaller decrease in fee and commission income compared with the drop in overall market turnover. During the current interim period, the fixed income sales and trading team completed its transformation, and upgraded its fixed income business to sales and trading of fixed income securities and fixed income products in both primary and secondary markets. Prime brokerage business led in the development of new products, such as cross-border (Northbound) total return swaps that was aimed at satisfying institutional clients' investment needs; the team also worked closely with Haitong Securities Co., Limited (ultimate parent company) to develop cross-border (Southbound) total return swaps to satisfy the investment demand from Mainland clients. These will help to solidify the Group's leading position in assisting institutional clients investing in China. During the current interim period, the equity research team recruited a number of award-winning research analysts and expanded the cross-region research capabilities, enhancing communication and collaboration between stock markets in the mainland of China, Japan, and India.

The table below presents the global markets segment operating results:

	2022 Jan to Jun HK\$'000	2021 Jan to Jun HK\$'000	+/-%
Commission and fee income	242,509	250,653	-3
Interest income	31,050	61,714	-50
Net trading income:			
— Net (loss)/gain from financial assets held for trading and market making activities	(68,577)	198,667	N/A
— Net trading income on financial products	381,470	320,138	+19
Segment revenue	586,452	831,172	-29
Other income and gains or losses	(18,015)	(46,819)	-62
	568,437	784,353	-28
Segment expenses	(424,555)	(622,381)	-32
Profit before impairment charges and tax	143,882	161,972	-11
Impairment charges, net of reversal	13	(6,344)	N/A
Segment profit before tax	143,895	155,628	-8
Segment margin (%)	25	19	+6

This segment generates revenues from various sources. Commission and fee income from this segment were HK\$243 million for the first half of 2022, a decline of 3% year-on-year. The contraction in cash equities trading volume is significantly less than the drop in market turnover, and this segment achieved a higher market share in the Hong Kong stock market and the China-Hong Kong Stock Connect. The decrease in interest income was mainly because margin financing attributable to this segment was fully repaid during the second half of 2021.

Net trading income of this segment consists of mainly net trading income on financial products, which represents the interest spread charged to product holders on the leverage provided, while the relevant gains or losses on referenced assets belong to the holders.

Segment expenses amounted to HK\$425 million, representing a 32% year-on-year decrease, mainly due to a decrease in information technology expenses and professional fees as well as accruals of bonuses and incentives, while basic salaries remained stable.

Investment segment

Investment segment holds investments of various financial instruments, primarily equities (including listed equities and equity funds), bonds (including bond investments and bond funds), fund-of-funds, and private equities.

The table below presents investment segment operating results:

	2022 Jan to Jun HK\$'000	2021 Jan to Jun HK\$'000	+/-%
Interest income	247,897	421,159	-41
Net (loss)/gain from investments	(1,596,043)	668,961	N/A
Segment revenue	(1,348,146)	1,090,120	N/A
Other income and gains or losses	(14,263)	(42,624)	-67
	(1,362,409)	1,047,496	N/A
Segment expenses	(567,925)	(696,473)	-18
(Loss)/profit before impairment charges and tax	(1,930,334)	351,023	N/A
Impairment charges, net of reversal	(67,702)	24,511	N/A
Segment (loss)/profit before tax	(1,998,036)	375,534	N/A
Segment margin (%)	N/A	34	N/A

This segment's revenue was mainly driven by fair value changes and disposal gain or loss of the investment securities held. During the current interim period, the loss is mainly attributable to equities (including listed equities and equity funds), bonds (including bond investments and bond funds) and fund-of-funds managed by the third party managers. During the prior year, the Group reduced its investment in bonds and therefore the net investment loss for the first half of 2022 attributable to bonds are less than the second half of 2021, while the Group sustained a larger portion of investment loss from equities and fund-of-funds amid of volatile stock market during the first half of 2022. The investment return from private equities is in a breakeven position for the first half of 2022.

Segment expenses mainly include finance costs, staff costs, and direct operating expenses. The decrease in segment expenses was mainly due to the drop in finance costs borne by this segment, which aligns with the cutback in the Group's finance costs.

Financial Review

Assets and Liabilities

Total assets as of 30 June 2022 amounted to HK\$102.3 billion, a decline of 3%, or HK\$2.7 billion, from HK\$105.0 billion as of 31 December 2021; and total liabilities as of 30 June 2022 amounted to HK\$76.6 billion, a drop of 1%, or HK\$840 million, from HK\$77.5 billion as of 31 December 2021.

During the current interim period, investment securities at fair value (both at fair value through profit or loss and fair value through other comprehensive income) rose due to increased allocation to private equities and exchange-traded funds. In addition, the Group's investments include investment properties held by consolidated investment funds. The increase mentioned above was partly offset by the decrease in investment securities at amortised cost, down from HK\$7.1 billion as of 31 December 2021 to HK\$4.7 billion as of 30 June 2022.

In order to fund the investment opportunities, the Group's funding liabilities increased from HK\$46.8 billion as of 31 December 2021 to HK\$51.2 billion as of 30 June 2022. The Group's funding structure was equally proportioned between bank borrowings and debt securities in issue.

Assets

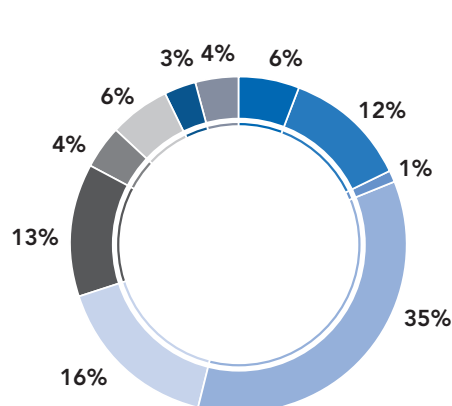
The table below presents details of total assets:

	30 June 2022 HK\$'000	31 December 2021 HK\$'000	+/-%
Cash and cash equivalents	6,386,907	7,106,485	-10
Cash held on behalf of customers	11,747,059	12,820,396	-8
Financial assets held for trading and market making activities	1,410,039	3,265,941	-57
Investment securities	35,243,625	35,206,503	-
Assets acquired for financial products issued	16,345,984	17,553,645	-7
Derivative financial instruments	144,778	106,239	+36
Advances to customers	13,679,207	12,087,797	+13
Cash collateral on securities borrowed and reverse repurchase agreements	4,304,334	4,799,467	-10
Receivable from clients for subscription of new shares in IPO	1,665	-	N/A
Accounts receivables	5,818,985	8,027,400	-28
Other assets	180,177	199,664	-10
Investment properties held by consolidated investment funds	3,130,516	-	N/A
Other operating assets ⁶	3,885,994	3,818,058	+2
Total assets	102,279,270	104,991,595	-3

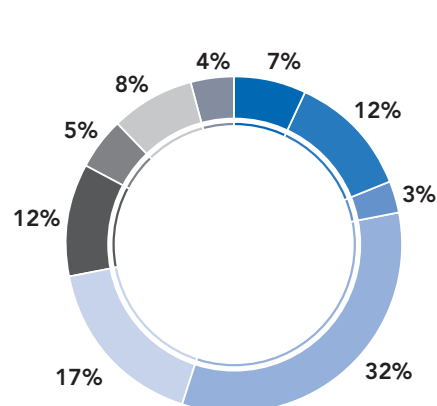
Note 6: Other operating assets are comprised of tax recoverable, prepayments, deposits and other receivables, goodwill and other intangible assets, property and equipment, and deferred tax assets.

The chart below presents the Group's composition of assets as of 30 June 2022 and December 2021:

Composition of total assets as of 30 June 2022



Composition of total assets as of 31 December 2021



- Cash and cash equivalents
- Cash held on behalf of customers
- Financial assets held for trading and market making activities
- Investment securities
- Assets acquired for financial products issued
- Advances to customers
- Cash collateral on securities borrowed and reverse repurchase agreements
- Accounts receivables
- Investment properties held by consolidated investment funds
- Other operating assets

Financial assets held for trading and market making activities, investment securities, and derivative financial instruments

As of 30 June 2022, financial assets held by the Group (including financial assets held for trading and market making activities, investment securities, and derivative financial instruments) were HK\$36.8 billion, decreased by 5% from HK\$38.6 billion as at 31 December 2021.

Financial assets held for trading and market making activities mainly consisted of equities and fixed income securities, which was reduced by HK\$1.9 billion or 57% from 31 December 2021 to HK\$1.4 billion as at 30 June 2022.

Investment securities at fair value (measured at fair value through profit or loss and fair value through other comprehensive income) were HK\$30.6 billion as of June 2022, increased by HK\$2.4 billion or 9% from December 2021. During the current interim period, the Group reduced investment in bond funds while the Group increased investments in private equities and investment properties (while such investment was held through consolidated investment funds) with the view of establishing an investment portfolio that can enhance resiliency against market movements. During the current interim period, the Group increased investments exchange traded funds with the view of realise investment gain when the market rebounds. As of June 2022, the Group held highly liquid investments of HK\$5.3 billion (as of December 2021: HK\$5.2 billion) being preferred class of several investment funds carrying a fixed rate of return.

Investment securities at amortised cost reduced from HK\$7.1 billion as at 31 December 2021 to HK\$4.7 billion as at 30 June 2022, representing a decrease of HK\$2.4 billion or 34%, which was due to certain investment securities was matured and repaid during the current interim period.

Financial Review

The table below presents details of financial assets held by the Group:

	30 June 2022 HK\$'000	31 December 2021 HK\$'000	+/-%
Financial assets held for trading and market making activities	1,410,039	3,265,941	-57
Investment securities measured at fair value	30,554,106	28,152,171	+9
Investment securities measured at amortised cost	4,689,519	7,054,332	-34
Derivative financial instruments	144,778	106,239	+36
Financial assets held by business segments for revenue and returns	36,798,442	38,578,683	-5
Proportion to total assets (%)	36	37	-1

Assets acquired for financial products issued

Assets acquired for financial products issued was HK\$16.3 billion, accounting for 16% of total assets as at 30 June 2022. The balance decreased by 7% from 31 December 2021, which was mainly due to a number of bond linked notes and fund linked notes were matured during the current interim period without renewal, and also fair value changes of the underlying instruments while such fair value changes are borne by relevant noteholders.

Advances to customers

Advances to customers (net of impairment allowance) were HK\$13.7 billion as at 30 June 2022, increased by 13% from HK\$12.1 billion as of December 2021. The Group's advances to customers primarily consisted of margin financing of HK\$10.8 billion as at 30 June 2022, being 79% of advances to customers (as of 2021: HK\$9.2 billion, 76% of advances to customers). The remaining part was term financing, which remained stable between balances as at 30 June 2022 and 31 December 2021. Increase in advances to customers in margin financing was due to the wealth management segment's effort in obtaining margin loans with high quality stock collaterals during the current interim periods with a lower interest rate.

Investment properties held by consolidated investment funds

As at 30 June 2022, investments held by the Group include investment properties held by consolidated investment funds with carrying value of HK\$3.1 billion as at 30 June 2022.

Liabilities

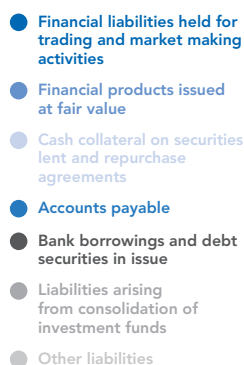
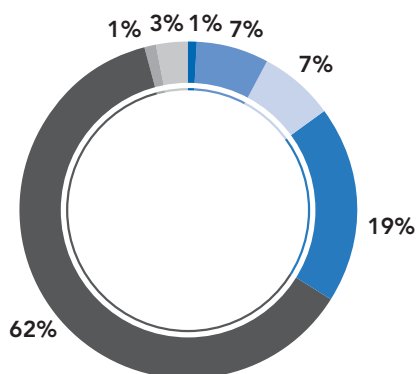
The table below presents details of total liabilities:

	30 June 2022 HK\$'000	31 December 2021 HK\$'000	+/-%
Financial liabilities held for trading and market making activities	675,439	2,385,995	-72
Financial products issued at fair value	5,628,514	7,769,780	-28
Derivative financial instruments	24,485	320,368	-92
Cash collateral on securities lent and repurchase agreements	5,604,088	3,077,400	+82
Accounts payable	14,299,009	15,725,062	-9
Bank borrowings and debt securities in issue	47,753,022	44,817,991	+7
Liabilities arising from consolidation of investment funds	540,774	975,190	-45
Other liabilities ⁷	2,099,514	2,393,364	-12
Total liabilities	76,624,845	77,465,150	-1

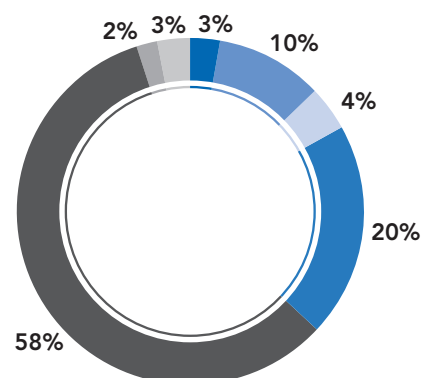
Note 7: Other operating liabilities are comprised of tax payable, other payables, accruals and other liabilities, and deferred tax liabilities.

The chart below presents the breakdown of the Group's total liabilities as of 30 June 2022 and 31 December 2021:

Composition of total liabilities as of 30 June 2022



Composition of total liabilities as of 31 December 2021



Financial Review

Financial liabilities held for trading and market making activities, and derivative financial instruments

As of 30 June 2022, financial liabilities held for trading and market making activities were HK\$675 million and derivative financial liabilities were HK\$24 million, aggregating to HK\$699 million as of 30 June 2022, representing a decrease of 74% as compared with the balance of HK\$2.7 billion as of 31 December 2021.

Financial products issued at fair value

Financial products issued at fair value were HK\$5.6 billion as of 30 June 2022, a decrease of HK\$2.1 billion or 28% from 31 December 2021, mainly due to a number of bond-linked notes and fund-linked notes maturing during the current interim period without renewal, and also to fair value changes of the underlying instruments which was being borne by relevant noteholders.

Funding liabilities

The Group defines its funding liabilities as an aggregate of bank borrowings, debt securities in issue, and repurchase agreements. Funding liabilities are maintained for the purposes to acquire assets, to conduct business activities for revenues and returns, as well as to support the Group's overall operations. The below table presents the components of the Group's funding liabilities:

	30 June 2022 HK\$'000	31 December 2021 HK\$'000	+/-%
Repurchase agreements	3,443,819	1,993,963	+73
Secured bank borrowings	339,617	78,290	+>100
Unsecured bank borrowings	26,885,133	23,925,963	+12
Non-convertible bonds	14,080,914	13,983,988	+1
Non-convertible notes	6,447,358	6,829,750	-6
Total funding liabilities	51,196,841	46,811,954	+9
Proportion of liabilities (%)	67	60	+7

For details on finance costs, please refer to the section above.

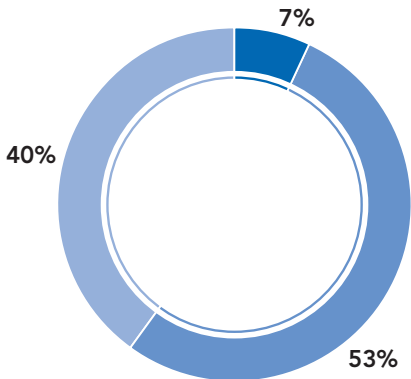
Bank borrowings are mainly comprised of bilateral bank loans and syndicated loans. These loans are subject to floating rates with a spread over HIBOR. As of 30 June 2022, total bank borrowings were HK\$27.2 billion, an increase of 13%, or HK\$3.2 billion, from 31 December 2021. It is the Group's practice to maintain sufficient bilateral and syndicated facilities to ensure the Group is able to seize business opportunities as soon as they arise.

Debt securities in issue include non-convertible bonds and medium-term notes with fixed interest rates dependent on the level of market interest rates at the time of issuance. The balances remained at a stable level as of 30 June 2022 and 31 December 2021, with a total amount of HK\$20.5 billion and HK\$20.8 billion, respectively.

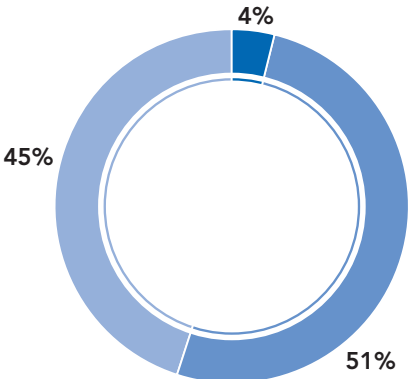
Repurchase agreements as of 30 June 2022 were HK\$3.4 billion, up from HK\$2.0 billion as of 31 December 2021. The increase in repurchase agreements was a result of the Group’s initiatives to lower its funding costs through using shares pledged by margin financing customers and fixed income securities pledged by counterparties in reverse repurchase agreements. As of 30 June 2022, equity repurchase agreements and bond repurchase agreements amounted to HK\$1.78 billion and HK\$1.66 billion respectively (31 December 2021: HK\$1.07 billion and HK\$923 million respectively).

When comparing 30 June 2022 and 31 December 2021, the Group’s funding structure was equally proportioned between bank borrowings and debt securities in issue. The chart below shows the Group’s funding structure as of 30 June 2022 and 31 December 2021:

Funding structure as of 30 June 2022



Funding structure as of 31 December 2021



- Repurchase agreements
- Bank borrowings
- Debt securities in issue

Financial Review

Capital Structure and Regulatory Capital

As at 30 June 2022, total issued share capital of the Group was HK\$664.156 million (as at 31 December 2021: HK\$603.778 million), comprising of 6,641,563,594 shares of HK\$0.10 each (as at 31 December 2021: 6,037,785,086 shares of HK\$0.10 each).

The table below presents details of share capital and issued shares:

	30 June 2022 HK\$'000	31 December 2021 HK\$'000	+/-%
Issued share capital	664,156	603,778	+10
Number of issued shares	6,641,563,594	6,037,785,086	+10

Increase in issued share capital during the current interim period was due to new shares issued as a result of issue of bonus shares on the basis of one bonus share for every ten existing shares held by the shareholders of the Company. The bonus shares were issued on 23 June 2022. Details of the movement of share capital during the current interim period are disclosed in note 30 of the unaudited condensed consolidated financial statements.

The Group has a number of regulated entities that are subject to the regulatory capital requirements set by respective regulatory bodies globally, including the Hong Kong Securities and Futures Commission, the Monetary Authority of Singapore, the United Kingdom Financial Conduct Authority, the United State Financial Industry Regulated Authority, and the Australian Securities & Investments Commission. All these regulated entities complied with the applicable regulatory capital requirements. In addition, as part of the regulatory capital contingency planning, the Group revisits regulatory capital of these regulated entities regularly to ensure the regulatory capital of each entity is in excess of applicable regulatory requirement at a certain level to absorb losses that may arise from any potential unforeseen circumstances.

Impact on New Accounting Standards and Adoption of Accounting Policies

The Group is required to adopt a number of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants from 1 January 2022. The amendments to HKFRSs did not result in material impact to the Group’s financial positions. Further details of the principal accounting policies are detailed in note 3 of the unaudited condensed consolidated financial statements.

Treasury Policies

The Group manages liquidity and cash through diversified sources of funding, including business generated cash flows, bank borrowings, funds raised from the capital markets, and transactional financing. The Group regularly monitors financial assets and liabilities through various aspects, including but not limited to their compositions, maturities, rate of returns, extent of exposures, and currencies, to ensure sufficient cash holdings and various types of funding are readily available to support the strategic focus while maintained within the risk appetite of the Group.

Long term banking relationships with numerous commercial banks are well maintained to ensure sufficient banking facilities are in place to support the Group's funding needs. These banking facilities are mostly renewable annually and on floating interest rates basis. Subject to market conditions, the Group also taps on capital markets in various currencies. In the first half of 2022, the Group successfully renewed US\$5 billion Medium Term Note Programme and made drawdowns of HK\$3,725 million and US\$80 million.

The Group's risk management strategies require actively managing a firm level liquidity base and interest rate profile by obtaining funding from diversified term structures and sources. Numerous liquidity stress tests with supervisory indicators are established and performed regularly to envision the Group's liquidity adequacy under different stress scenarios and conditions. The Group also actively monitors its foreign currencies position, hedging the net exposures with FX derivatives when necessary.

Liquidity and Financial Resources

The financial position of the Group has remained sound and healthy with overall liquidity being managed at a relatively secured level throughout the current interim period.

As of 30 June 2022, the Group's cash and cash equivalent amounted to HK\$6,387 million. To ensure the Group's capability to finance recurring working capital requirements and meet funding needs as they arise, the Group maintained un-utilised banking facilities of HK\$26,034 million as at 30 June 2022 and adequate issuance limit in the Medium Term Note Programme.

Human Resources Policy

As at 30 June 2022, the Group employed a total of 1,118 permanent employees (31 December 2021: 1,225).

The Group determines employees' remuneration based on various factors, including job nature, labour market trends and practices, external economic environment, as well as employee's experiences, qualifications, and capabilities. The Group's remuneration framework has a strong linkage between pay and performance. Base salaries, discretionary incentives and bonuses are reviewed on an annual basis by making references to the prevailing practices of the labour market, business strategic focus, financial results of business segments and the Group as a whole, and employees' performances and their fulfillment of compliance requirements. Annual reviews are conducted to reward employees for their contributions over the year, and to retain and inspire talents and professionals to continue in creating values for the Group. Share options and share awards are also granted to employees in recognising their contributions. Other benefits offered by the Group include employer voluntary contributions to the mandatory provident fund scheme, various group insurance schemes, and medical check-up plans.

Financial Review

The Group views employees as an invaluable asset and is committed to promote continuous learning and developing environment. The Group provides a comprehensive range of staff training and development programs, including extensive professional training for licensed persons; training sponsorship scheme to encourage staffs to seek self-development through attending job-related external training courses; financial assistance provision to acquire professional qualification; and offering various compliance training courses. The Group's Management Trainee Development Program is instrumental to fuel the appetite of talent needs in supporting the sustainable growth of businesses not only locally but globally.

In hope to mitigate the impact on the labour market during the time of the pandemic, the Group has offered various support to employees globally. The Group has also introduced additional job opportunities, so as to assist fresh graduates in Hong Kong to enter the job market during this uncertain time. This summer, the Group also launched the Summer Internship Program giving undergraduates (especially penultimate-year students) exposures in the financial industries.

Material acquisitions and disposals

For the 6 months ended 30 June 2022, the Group had no material acquisition and disposal of subsidiaries, associated companies and joint ventures.

Significant investments held

The Group did not hold any significant investment with value greater than 5% of its total assets as at 30 June 2022.

Charges on group's assets

No asset of the Group was subject to any charge as at 30 June 2022 and 31 December 2021, respectively (except for "collateral" relating to repurchase agreements as set out in note 27 to the unaudited condensed consolidated financial statements).

Capital commitments, other commitments and contingent liabilities

Details of commitments and contingencies of the Group are set out in note 32 to the unaudited condensed consolidated financial statements.

Report on Review of Condensed Consolidated Financial Statements

Deloitte.

TO THE BOARD OF DIRECTORS OF
HAITONG INTERNATIONAL SECURITIES GROUP LIMITED

德勤

Introduction

We have reviewed the condensed consolidated financial statements of Haitong International Securities Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 34 to 94, which comprise the condensed consolidated statement of financial position as of 30 June 2022 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
24 August 2022

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2022

	NOTES	Six months ended	
		30.6.2022 HK\$'000 (unaudited)	30.6.2021 HK\$'000 (unaudited)
Revenue			
Commission and fee income	6	774,632	1,657,635
Interest income	6	627,278	989,352
Net trading and investment income	6	(1,283,150)	1,187,766
		118,760	3,834,753
Other income and gains or losses	6	(28,653)	(91,305)
		90,107	3,743,448
Staff costs	7	(545,943)	(891,533)
Commission expenses		(3,173)	(92,722)
Amortisation and depreciation		(117,234)	(141,521)
Operating expenses		(368,224)	(480,777)
Finance costs	9	(471,143)	(616,231)
		(1,505,717)	(2,222,784)
(Loss)/Profit before impairment charges and tax		(1,415,610)	1,520,664
Impairment charges, net of reversal	8	(243,612)	(226,622)
(Loss)/Profit before tax		(1,659,222)	1,294,042
Income tax expense	10	(22,000)	(213,517)
(Loss)/Profit for the period attributable to owners of the Company		(1,681,222)	1,080,525
(Loss)/Earnings per share attributable to owners of the Company	11		
– Basic (HK cents per share)		(25.82)	16.71
– Diluted (HK cents per share)		(25.82)	16.63

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022

	Six months ended	
	30.6.2022 HK\$'000 (unaudited)	30.6.2021 HK\$'000 (unaudited)
(Loss)/Profit for the period attributable to owners of the Company	(1,681,222)	1,080,525
Other comprehensive (expenses) income:		
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Fair value changes on investments in equity instruments at fair value through other comprehensive income	(234,733)	(7,456)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Fair value changes on investments in debt instruments at fair value through other comprehensive income		
– Net fair value changes during the period	–	(2,151)
– Reclassification adjustment to profit or loss on disposal	–	16,569
Exchange differences on translating foreign operations	41,064	10,395
Other comprehensive (expenses)/income for the period	(193,669)	17,357
Total comprehensive (expenses)/income for the period attributable to owners of the Company	(1,874,891)	1,097,882

Condensed Consolidated Statement of Financial Position

At 30 June 2022

	NOTES	30.6.2022 (unaudited)			31.12.2021 (audited)		
		Current HK\$'000	Non- current HK\$'000	Total HK\$'000	Current HK\$'000	Non- current HK\$'000	Total HK\$'000
ASSETS							
Cash and cash equivalents		6,386,907	–	6,386,907	7,106,485	–	7,106,485
Cash held on behalf of customers	13	11,747,059	–	11,747,059	12,820,396	–	12,820,396
Financial assets held for trading and market making activities	14	1,410,039	–	1,410,039	3,265,941	–	3,265,941
Investment securities	15	24,693,340	10,550,285	35,243,625	25,843,187	9,363,316	35,206,503
Assets acquired for financial products issued	16	16,331,572	14,412	16,345,984	16,888,862	664,783	17,553,645
Derivative financial instruments	17	144,778	–	144,778	106,239	–	106,239
Advances to customers	18	12,352,612	1,326,595	13,679,207	11,461,781	626,016	12,087,797
Cash collateral on securities borrowed and reverse repurchase agreements	19	4,304,334	–	4,304,334	4,799,467	–	4,799,467
Receivable from clients for subscription of new shares in IPO	20	1,665	–	1,665	–	–	–
Accounts receivable	20	5,818,985	–	5,818,985	8,027,400	–	8,027,400
Tax recoverable		683,816	–	683,816	525,662	–	525,662
Prepayments, deposits and other receivables	21	1,662,632	31,887	1,694,519	1,756,485	39,406	1,795,891
Goodwill and other intangible assets	24	–	437,119	437,119	–	451,260	451,260
Other assets		–	180,177	180,177	–	199,664	199,664
Investment properties held by consolidated investment funds	25	–	3,130,516	3,130,516	–	–	–
Property and equipment	26	–	876,346	876,346	–	855,159	855,159
Deferred tax assets		–	194,194	194,194	–	190,086	190,086
Total assets		85,537,739	16,741,531	102,279,270	92,601,905	12,389,690	104,991,595

	NOTES	30.6.2022 (unaudited)			31.12.2021 (audited)		
		Current	Non-current	Total	Current	Non-current	Total
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
LIABILITIES AND EQUITY							
Liabilities							
Financial liabilities held for trading and market making activities	14	675,439	–	675,439	2,385,995	–	2,385,995
Financial products issued at fair value	16	5,614,067	14,447	5,628,514	7,500,248	269,532	7,769,780
Derivative financial instruments	17	24,485	–	24,485	320,368	–	320,368
Cash collateral on securities lent and repurchase agreements	27	5,604,088	–	5,604,088	3,077,400	–	3,077,400
Accounts payable	28	14,299,009	–	14,299,009	15,725,062	–	15,725,062
Bank borrowings and debt securities in issue	29	33,672,108	14,080,914	47,753,022	30,834,003	13,983,988	44,817,991
Liabilities arising from consolidation of investment funds	23	540,774	–	540,774	975,190	–	975,190
Tax payable		563,987	–	563,987	691,798	–	691,798
Other payables, accruals and other liabilities		1,292,935	220,556	1,513,491	1,490,565	188,822	1,679,387
Deferred tax liabilities		–	22,036	22,036	–	22,179	22,179
Total liabilities		62,286,892	14,337,953	76,624,845	63,000,629	14,464,521	77,465,150
Equity							
Share capital	30			664,156			603,778
Reserves				24,990,269			26,922,667
Total shareholders' equity				25,654,425			27,526,445
Total liabilities and shareholders' equity				102,279,270			104,991,595
Net current assets				23,250,847			29,601,276

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

Attributable to owners of the Company

	Share capital	Share premium account ¹	Share option reserve ¹	Share award reserve ¹	Shares held for employee share award scheme ¹	Capital redemption reserve ¹	Contributed surplus ¹	Capital reserve ¹	Investments revaluation reserve ¹	Exchange reserve ¹	Convertible bond reserve ¹	Proposed dividend	Retained profits ¹	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2022 (audited)	603,778	19,360,033	23,128	31,031	(269,732)	5,102	21	40,383	(104,639)	(103,322)	-	-	7,940,662	27,526,445
Loss for the period	-	-	-	-	-	-	-	-	-	-	-	-	(1,681,222)	(1,681,222)
Other comprehensive (expense) income for the period	-	-	-	-	-	-	-	-	(234,733)	41,064	-	-	-	(193,669)
Total comprehensive (expense) income	-	-	-	-	-	-	-	-	(234,733)	41,064	-	-	(1,681,222)	(1,874,891)
Recognition of equity-settled share-based payment (note 31)	-	-	892	19,649	-	-	-	-	-	-	-	-	-	20,541
Vesting of shares for the share award scheme	-	134	-	(16,191)	16,057	-	-	-	-	-	-	-	-	-
Purchases of shares held under the share award scheme	-	-	-	-	(17,670)	-	-	-	-	-	-	-	-	(17,670)
Share issued under bonus shares	60,378	(60,378)	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment of bonus issue	-	(2,355)	2,355	-	-	-	-	-	-	-	-	-	-	-
Share options lapsed	-	522	(522)	-	-	-	-	-	-	-	-	-	-	-
Share awards lapsed	-	20	-	(20)	-	-	-	-	-	-	-	-	-	-
At 30 June 2022 (unaudited)	664,156	19,297,976	25,853	34,469	(271,345)	5,102	21	40,383	(339,372)	(62,258)	-	-	6,259,440	25,654,425
At 1 January 2021 (audited)	603,603	19,312,407	50,428	35,431	(389,986)	5,102	21	40,383	(93,937)	(135,806)	6,411	706,216	8,176,896	28,317,169
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	1,080,525	1,080,525
Other comprehensive income for the period	-	-	-	-	-	-	-	-	6,962	10,395	-	-	-	17,357
Total comprehensive income	-	-	-	-	-	-	-	-	6,962	10,395	-	-	1,080,525	1,097,882
Recognition of equity-settled share-based payment (note 31)	-	-	-	79,037	-	-	-	-	-	-	-	-	-	79,037
Vesting of shares for the share award scheme	-	14,528	-	(98,330)	83,802	-	-	-	-	-	-	-	-	-
Shares issued under share option scheme (note 31)	135	2,605	(409)	-	-	-	-	-	-	-	-	-	-	2,331
2020 second interim dividend declared and settled in cash (note 12)	-	-	-	-	-	-	-	-	-	-	-	(706,216)	(70)	(706,286)
Share options lapsed	-	23,118	(23,118)	-	-	-	-	-	-	-	-	-	-	-
Share awards lapsed	-	655	-	(655)	-	-	-	-	-	-	-	-	-	-
Proposed 2021 interim dividend (note 12)	-	-	-	-	-	-	-	-	-	-	-	543,365	(543,365)	-
At 30 June 2021 (unaudited)	603,738	19,353,313	26,901	15,483	(306,184)	5,102	21	40,383	(86,975)	(125,411)	6,411	543,365	8,713,986	28,790,133

¹ These reserve accounts represent the unaudited consolidated reserves other than share capital and proposed dividend of approximately HK\$24,990 million (31 December 2021: approximately HK\$26,923 million) in the unaudited condensed consolidated statement of financial position.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Six months ended	
	30.6.2022 HK\$'000 (unaudited)	30.6.2021 HK\$'000 (unaudited)
OPERATING ACTIVITIES		
Operating cash flows before movements in working capital	(1,543,251)	833,749
Decrease in other assets	19,487	17,537
Increase in investment properties held by consolidated investment funds	(3,130,516)	–
(Increase) decrease in advances to customers	(1,812,967)	413,814
Increase in receivable from clients for subscription of new shares in IPO	(1,665)	(5,872,296)
Decrease (increase) in accounts receivable	2,208,547	(1,446,760)
Decrease (increase) in prepayments, deposits and other receivable	158,209	(258,717)
Decrease in financial assets held for trading and market making activities	1,855,902	4,635,224
(Increase) decrease in investment securities	(117,550)	5,060,529
Decrease in asset acquired for financial products issued	1,207,661	4,942,920
Decrease in cash held on behalf of customers	1,073,426	850,055
(Decrease) increase in accounts payable	(1,426,053)	652,793
Increase (decrease) in cash collateral on securities lent and repurchase agreements	2,526,688	(1,233,745)
Decrease in cash collateral on securities borrowed and reverse repurchase agreements	494,821	3,213,798
Decrease in financial liabilities held for trading and market making activities	(1,710,556)	(3,090,320)
Decrease in liabilities arising from consolidation of investment funds (Note 2)	(434,416)	(22,873)
Decrease in financial products issued at fair value	(2,141,266)	(2,792,858)
Change in derivative financial instruments (net)	(334,422)	293,205
Decrease in other payables, accruals and other liabilities	(188,198)	(193,870)
Cash (used in) from operations	(3,296,119)	6,002,185
Interest received	543,655	986,215
Dividend received	109,257	534,350
Interest paid	(473,044)	(600,225)
Tax paid	(312,216)	(47,532)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(3,428,467)	6,874,993

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	NOTES	Six months ended	
		30.6.2022 HK\$'000 (unaudited)	30.6.2021 HK\$'000 (unaudited)
INVESTING ACTIVITIES			
Proceeds from disposal of property and equipment		22	–
Purchase of intangible assets		(3,978)	(4,073)
Purchases of property and equipment		(13,910)	(12,693)
NET CASH USED IN INVESTING ACTIVITIES		(17,866)	(16,766)
FINANCING ACTIVITIES			
Proceeds from issuance of non-convertible notes		4,344,007	6,411,347
Proceeds from issuance of non-convertible bonds		–	2,327,933
Issuance cost of non-convertible bonds paid		–	(6,586)
Repayment of non-convertible notes		(4,751,908)	(6,560,235)
Proceeds from share issued upon exercise of share options	31	–	2,331
Net proceeds (repayment) for bank borrowings raised		3,220,497	(6,943,893)
Repayment of lease liabilities		(68,171)	(68,257)
Dividends paid to shareholders	12	–	(706,286)
Purchase of shares held under share award scheme	31	(17,670)	–
NET CASH FROM (USE IN) FINANCING ACTIVITIES		2,726,755	(5,543,646)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(719,578)	1,314,581
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		7,106,485	4,334,925
CASH AND CASH EQUIVALENTS AT END OF PERIOD		6,386,907	5,649,506
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents (Note 1)		6,386,907	5,649,506

Notes:

- For the purpose of the condensed consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, which are repayable on demand and form an integral part of the Group's cash management.

The IFRS Interpretations Committee ("IFRIC") published an agenda decision on "Demand Deposits with Restrictions on Use arising from a Contract with a Third Party" in relation to the statement of cash flows on 28 April 2022. IFRIC concluded that restrictions on the use of a demand deposit arising from a contract with a third party do not result in the deposit no longer being cash, unless those restrictions change the nature of the deposit in a way that it would no longer meet the definition of "cash and cash equivalent" in International Accounting Standard 7 (which is equivalent to Hong Kong Accounting Standard 7 "Statement of Cash Flows"). When relevant, the entity presents this as an additional line item within the cash and cash equivalents note. The deposit should be classified as a current asset, unless restrictions over its exchange or use to settle a liability apply for at least 12 months from the reporting date.

The directors of the Company considered that the above agenda decision will be relevant to "cash held on behalf of customers" of the Group but a more detailed analysis is required to determine the necessity for presenting "cash held on behalf of customers" as an additional line item within "cash and cash equivalents". The directors of the Company also considered that application of above agenda would have no impact on the Group's financial performance and position for the current period and prior period and/or the disclosures set out in these unaudited condensed consolidated financial statements.

- Liabilities arising from consolidation of investment funds represent interest held by third-parties in investments funds while such funds are consolidated in the Group's financial positions and financial performance as a result of assessment of criteria (as detailed in note 23). Change in such interests as disclosed in the unaudited condensed consolidated statement of cash flows is an accounting technical adjustment and increase or decrease in such liability has no impact to the Group's cash flow management and financial position.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

1. General Information

Haitong International Securities Group Limited (the “Company”) is a limited liability company incorporated in Bermuda and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The principal place of business of the Company is located at 22nd Floor, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong. The Company is a holding company and the business segments of the Company and its subsidiaries (collectively referred as the “Group”) include wealth management, corporate finance, asset management, global markets and investment. Details of the business segments of the Group are disclosed in note 5.

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

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

2. Basis of Preparation

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

3. Principal Accounting Policies

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

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those followed in the preparation of the Group’s audited consolidated financial statements for the year ended 31 December 2021.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

3. Principal Accounting Policies (continued)

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

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2022 for the preparation of the Group's unaudited condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing the unaudited condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements for the year ended 31 December 2021, except for key sources of estimation uncertainty regarding the fair value of investment properties (held by consolidated investment funds) that were acquired during the six months ended 30 June 2022.

Fair values of investment properties held by consolidated funds

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. The determination of the fair value involves certain assumptions of market conditions which are set out in note 25.

The Group's investment properties held by consolidated investment funds amounted to HK\$3,130,516,000 as at 30 June 2022. Fair value gains arising from those investment properties of HK\$500,000,000 were recognised in the unaudited condensed consolidated statement of profit or loss for the period ended 30 June 2022.

5. Segment Information

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

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

During the year ended 31 December 2021, the Group has redefined its key business activities of global markets segment, aiming at providing equity sales and trading, fixed income sales and trading, prime brokerage and equity research services to institutional clients globally and facilitating client transactions across different asset classes in financial markets worldwide, the "Institutional Clients" segment has been renamed as "Global Markets" segment. The Group has also reclassified interest income from financial assets at amortised cost (including investment securities at amortised cost and term financing) held by corporate finance segment and global markets segment to investment segment to better reflect the management view that these assets form part of the investment portfolio held by the Group.

Comparative information on segment revenue and segment expenses (as a result of reclassification of segment revenue) has been restated to conform the current period's presentation.

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

- (a) the wealth management segment provides financial advisory services and customised investment solutions to satisfy the specific financial needs of high net worth clients. This segment offers a broad range of products and services including securities, futures and options contracts, over-the-counter products, funds, discretionary account management services, securities custodian services, and securities margin financing;
- (b) the corporate finance segment engages in provision of sponsoring and underwriting services to corporate clients for their fund raising activities in equity and debt capital markets, and also engages in provision of financial advisory service for corporate actions such as mergers and acquisitions. In addition, this segment also provides financing solutions to the corporate clients and distributes these financing assets in secondary market;
- (c) the asset management segment engages in provision of investment management services on diversified and comprehensive investment products including public funds, private funds and mandatory provident funds to individual, corporate and institutional clients;

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

5. Segment Information (continued)

- (d) the global markets segment provides a vast range of financial services to a diverse group of institutional clients, such as investment funds, sovereign funds, insurance companies and financial institutions, globally. This segment offers sales and trading of both equity and fixed income products, prime brokerage and risk management solutions, and research advisory. This segment is supported by the award-winning equity research team that specialises in listed equities in Asian financial markets; and
- (e) the investment segment invests in various instruments and holds majority of investment securities (measured at amortised cost and at fair value) of the Group. Investments held by this segment include primarily investment funds, listed and unlisted debt and equities, alternative investments (such as real estate investments through investment funds) and private equities. This segment aims at acquiring investments that generates a reasonable yield while maintaining a robust risk management mechanism.

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

For the six months ended 30 June 2022

	Wealth management HK\$'000	Corporate finance HK\$'000	Asset management HK\$'000	Global markets HK\$'000	Investment HK\$'000	Consolidated HK\$'000
Segment revenue:						
Commission and fee income	113,855	277,014	141,254	242,509	-	774,632
Interest income	338,003	10,328	-	31,050	247,897	627,278
Net trading and investment income	-	-	-	312,893	(1,596,043)	(1,283,150)
Segment revenue	451,858	287,342	141,254	586,452	(1,348,146)	118,760
Other income and gains (losses)	3,408	218	(1)	(18,015)	(14,263) ¹	(28,653)
Segment expenses	455,266 (221,118)	287,560 (230,242)	141,253 (61,877)	568,437 (424,555)	(1,362,409) (567,925)	90,107 (1,505,717)
Profit (loss) before impairment charges and tax	234,148	57,318	79,376	143,882	(1,930,334)	(1,415,610)
Impairment charges, net of reversal	(174,552)	(1,371)	-	13	(67,702)	(243,612)
Profit (loss) before tax	59,596	55,947	79,376	143,895	(1,998,036)	(1,659,222)
Income tax expense						(22,000)
Loss for the period						(1,681,222)
Amortisation and depreciation	(41,390)	(14,589)	(4,616)	(48,526)	(8,113)	(117,234)
Finance costs	(51,564)	(2,264)	-	(35,626)	(381,689)	(471,143)

5. Segment Information (continued)

For the six months ended 30 June 2021 (restated)

	Wealth management HK\$'000	Corporate finance HK\$'000	Asset management HK\$'000	Global markets HK\$'000	Investment HK\$'000	Consolidated HK\$'000
Segment revenue:						
Commission and fee income	337,798	798,130	271,054	250,653	–	1,657,635
Interest income	504,942	1,537	–	61,714	421,159	989,352
Net trading and investment income	–	–	–	518,805	668,961	1,187,766
Segment revenue	842,740	799,667	271,054	831,172	1,090,120	3,834,753
Other income and gains (losses)	(2,572)	710	–	(46,819)	(42,624) ¹	(91,305)
Segment expenses	840,168 (426,385)	800,377 (358,723)	271,054 (118,822)	784,353 (622,381)	1,047,496 (696,473)	3,743,448 (2,222,784)
Profit before impairment charges and tax	413,783	441,654	152,232	161,972	351,023	1,520,664
Impairment charges, net of reversal	(244,627)	(162)	–	(6,344)	24,511	(226,622)
Profit before tax	169,156	441,492	152,232	155,628	375,534	1,294,042
Income tax expense						(213,517)
Profit for the period						1,080,525
Amortisation and depreciation	(42,845)	(19,827)	(4,808)	(68,328)	(5,713)	(141,521)
Finance costs	(83,533)	(1,241)	–	(73,571)	(457,886)	(616,231)

¹ This includes net gain (loss) of consolidated investment funds attributable to third-party unit/shareholders.

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For the six months ended 30 June 2022

6. Revenue and Other Income and Gains or Losses

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

	Six months ended	
	30.6.2022	30.6.2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue		
Commission and fee income (note (i)):		
Commission on brokerage (note (ii))	252,763	475,239
Commission on underwriting and placing	197,786	687,668
Financial advisory and consultancy fee income	79,228	110,462
Asset management fee and performance fee income	141,254	271,054
Handling, custodian and service fee income (note (ii))	103,601	113,212
	774,632	1,657,635
Interest income:		
Interest income from advances to customers		
– margin financing	272,499	454,779
– term financing	119,497	141,778
Interest income from investment securities measured at amortised cost	163,457	319,570
Interest income from reverse repurchase agreements	30,261	29,346
Interest income from bank deposits and others	41,564	43,879
	627,278	989,352
Net trading and investment income (note (iii)):		
Net (loss) gain from financial assets held for trading and market making activities	(68,577)	198,667
Net trading income on financial products	381,470	320,138
Net (loss) gain from investments (note (v))	(1,596,043)	668,961
	(1,283,150)	1,187,766
	118,760	3,834,753
Other income and gains or losses		
Others (note (iv))	(28,653)	(91,305)

6. Revenue and Other Income and Gains or Losses (continued)

Notes:

- (i) Commission and fee income is the only revenue arising from HKFRS 15, while interest income and net trading and investment income are under the scope of HKFRS 9. Included in revenue, revenue arising from contract with customers recognised at a point in time and over time were HK\$605,402,000 (six months ended 30 June 2021: HK\$1,324,517,000) and HK\$169,230,000 (six months ended 30 June 2021: HK\$333,118,000) respectively.
- (ii) Amounts of commission on brokerage of HK\$186,231,000 (six months ended 30 June 2021: HK\$193,393,000) and handling, custodian and service fee income of HK\$56,278,000 (six months ended 30 June 2021: HK\$57,260,000) have been included in global markets segment and each of the remaining amounts of these revenue categories have been included in wealth management segment.
- (iii) Net loss from investments of HK\$1,596,043,000 (six months ended 30 June 2021: net gain of HK\$668,961,000) has been included in investment segment. Net loss from financial assets held for trading and market making activities of HK\$68,577,000 (six months ended 30 June 2021: net gain of HK\$198,667,000) and net trading income on financial products of HK\$381,470,000 (six months ended 30 June 2021: net trading income of HK\$320,138,000) have been included in global markets segment.
- (iv) Included in other income and gains or losses is the net gain on remeasurement of the liability in relation to the share of consolidated investment funds attributable to third-party unit/shareholders of HK\$160 million (six months ended 30 June 2021: net loss of HK\$44 million).

Foreign exchange loss (net) of HK\$195 million (six months ended 30 June 2021: foreign exchange loss (net) of HK\$57 million) was also included in the other income and gains or losses. This amount relates to gain or loss arising from translation of foreign currency denominated assets and liabilities (other than financial assets/liabilities measured at fair value through profit or loss) into Hong Kong dollar, while the gain or loss arising from translation of financial assets/liabilities at fair value through profit or loss is recognised within net trading and investment income.

Details of the Group's interest in consolidated investment funds are disclosed in note 23 to the unaudited condensed consolidated financial statements.

- (v) For the purpose of the disclosure on net (loss) gain from investments, investments include investment securities measured at fair value (note 15) and investment properties held by consolidated investment funds (note 25). Included in net (loss) gain from investments is a revaluation gain of HK\$500 million in relation to investment properties held by consolidated investment funds. This revaluation gain has been included in investment segment.

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7. Staff Costs

	Six months ended	
	30.06.2022	30.06.2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Salaries, incentives, bonuses and allowances	518,560	863,958
Pension scheme contributions (net)	27,383	27,575
	545,943	891,533

8. Impairment Charges, Net of Reversal

	Six months ended	
	30.06.2022	30.06.2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net impairment charges (reversal of impairment charges) on:		
Advances to customers (note 18)		
– margin financing	175,007	254,007
– term financing	46,552	(2,969)
Investment securities measured at amortised cost	(4,904)	(21,561)
Accounts receivable and others	26,957	(2,855)
	243,612	226,622

9. Finance Costs

	Six months ended	
	30.06.2022 HK\$'000 (unaudited)	30.06.2021 HK\$'000 (unaudited)
Bank loans and overdrafts	212,190	321,300
Debt securities in issue:		
– Convertible bonds	–	1,072
– Non-convertible bonds	208,434	186,482
– Non-convertible notes	28,172	65,139
Interest on lease liabilities	4,980	5,945
Repurchase agreements and others	17,367	36,293
	471,143	616,231

Details of the Group's bank borrowings and debt securities in issue are disclosed in note 29.

10. Income Tax Expense

	Six months ended	
	30.6.2022 HK\$'000 (unaudited)	30.6.2021 HK\$'000 (unaudited)
Current taxation:		
– Hong Kong	23,122	221,353
– Other jurisdictions	3,130	2,790
	26,252	224,143
Deferred tax:		
– Current period	(4,252)	(10,626)
	22,000	213,517

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

11. (Loss)/Earnings Per Share

Basic (loss)/earnings per share

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

	Six months ended	
	30.6.2022 (unaudited)	30.6.2021 (unaudited) (restated)
(Loss)/Earnings		
(Loss)/Profit for the period attributable to owners of the Company (HK\$'000)	(1,681,222)	1,080,525
Number of shares		
Weighted average number of ordinary shares in issue less shares held for the share award scheme (in thousands) (note (b))	6,511,463	6,468,109
Basic (loss)/earnings per share (HK cents per share)	(25.82)	16.71

Diluted (loss)/earnings per share

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

	Six months ended	
	30.6.2022 (unaudited)	30.6.2021 (unaudited) (restated)
(Loss)/Earnings		
(Loss)/Profit for the period attributable to owners of the Company (HK\$'000)	(1,681,222)	1,080,525
Effect of dilutive potential ordinary shares		
– Interest on convertible bonds (net of tax) (HK\$'000) (note (c))	–	895
(Loss)/Earnings for the purpose of diluted earnings per share (HK\$'000)	(1,681,222)	1,081,420
Number of shares		
Weighted average number of ordinary shares in issue less shares held for the share award scheme (in thousands) (note (b))	6,511,463	6,468,109
Effect of dilutive potential ordinary shares:		
– Convertible bonds (in thousands) (note (c))	–	25,021
– Share options (in thousands) (note (d))	–	2,614
– Share awards (in thousands) (note (d))	–	6,231
Weighted average number of ordinary shares for the purpose of diluted earnings per share (in thousands)	6,511,463	6,501,975
Diluted (loss)/earnings per share (HK cents per share)	(25.82)	16.63

11. (Loss)/Earnings Per Share (continued)

Diluted (loss)/earnings per share (continued)

Notes:

- (a) On 23 June 2022, 603,778,508 shares were issued as bonus share on the basis one bonus share for every ten existing shares held by the shareholders of the Company. The effect of the bonus share has been included within the calculation of basic and diluted loss per share for the current 6-month period. Basic and diluted earnings per share for the 6 months ended 30 June 2021 have been restated to take into account the effects of the bonus issue.
- (b) As at 30 June 2022, the trustee of the share award scheme held 137,590,910 ordinary shares of the Company (30 June 2021: 133,276,362 shares) for the share award scheme, which was adopted by the Board on 19 December 2014, through purchases in the open market at a total cost, including related transaction costs, of approximately HK\$271 million (30 June 2021: HK\$306 million).

Detail of the share award scheme and the movement of award shares of the Company have been disclosed in note 31 and should be read in conjunction with the relevant announcements of the share award scheme made by the Company.

- (c) Convertible bonds issued on 25 October 2016 that were outstanding and convertible into ordinary shares of the Company at a conversion price of HK\$5.06 immediate before redemption had been redeemed in full during the year ended 31 December 2021. In the calculation of the diluted earnings per share, the convertible bonds were assumed to have been converted into ordinary shares. The weighted average number of ordinary shares outstanding was increased by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of outstanding convertible bonds into ordinary shares was made from the date of the first issue with the adjustment if there is any conversion of the convertible bonds into ordinary shares during the period. The net profit was adjusted to eliminate the relevant interest expense less the tax effect. No such adjustment was made for the diluted loss per share for the six months ended 30 June 2022.
- (d) The computation of diluted loss per share for the six months ended 30 June 2022 does not assume the exercise of the Company's outstanding share options and share awards as their assumed exercise would result in a decrease in loss per share. The computation of diluted (loss)/earnings per share assumed the exercise of the Company's outstanding share options and share awards with the exercise price lower than the average market price during the six months ended 30 June 2021 and with the adjustment for the share options lapsed or exercised during the period.

12. Dividends

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

At a meeting of the Board held on 25 August 2021, the Board declared an interim dividend of HK9 cents per share in cash for the six months ended 30 June 2021 to shareholders whose names appear on the register of members of the Company on 13 September 2021. The interim dividend was paid on 24 September 2021, with an approximate total of HK\$543,401,000 cash dividend paid to the shareholders.

At a meeting of the Board held on 28 March 2022, the Board resolved not to declare a second interim dividend for the year ended 31 December 2021. In addition, the Board proposed a bonus issue of shares on the basis of one bonus share for every ten existing shares held by qualifying shareholders whose names appear on the register of members of the Company on 14 June 2022. The proposed bonus share was approved by the shareholders at the annual general meeting of the Company on 2 June 2022 and subsequently the bonus shares were issued on 23 June 2022.

At a meeting of the Board held on 24 August 2022, the Board resolved not declare an interim dividend for the 6 months ended 30 June 2022.

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13. Cash Held on Behalf of Customers

The Group maintains segregated accounts with authorised institutions to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as cash held on behalf of customers under the current assets section of the unaudited condensed consolidated statement of financial position and recognised the corresponding accounts payable (note 28) to respective clients on the grounds that it is liable for any loss or misappropriation of clients' monies. The cash held on behalf of customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance ("HKSF").

14. Financial Assets/Liabilities Held for Trading and Market Making Activities

	30.6.2022 HK\$'000 (unaudited)	31.12.2021 HK\$'000 (audited)
Financial assets held for trading and market making activities – at fair value		
Listed equity investments	97,874	559,957
Exchange traded funds	33,705	19,642
Listed debt investments	1,186,104	2,588,564
Unlisted debt investments	92,356	97,778
	1,410,039	3,265,941
Financial liabilities held for trading and market making activities – at fair value		
Listed equity investments (note (i))	13,637	64,644
Listed debt investments (note (i))	661,802	2,321,351
	675,439	2,385,995

Details of disclosure for fair value measurement are set out in note 34.

Note:

(i) Balance represents the fair value of equity and debt securities from short selling activities.

15. Investment Securities

	30.6.2022 HK\$'000 (unaudited)	31.12.2021 HK\$'000 (audited)
Investment securities measured at:		
– Fair value through profit or loss	29,661,110	28,093,118
– Fair value through other comprehensive income	892,996	59,053
– Amortised cost (note (v))	4,689,519	7,054,332
	35,243,625	35,206,503
Less: Non-current portion (note (iv))	(10,550,285)	(9,363,316)
Current portion	24,693,340	25,843,187

Details of disclosure for fair value measurements are set out in note 34.

	30.6.2022 HK\$'000 (unaudited)	31.12.2021 HK\$'000 (audited)
Investment securities measured at fair value through profit or loss		
Listed equity investments	2,158,875	2,096,922
Exchange traded funds	–	49,680
Listed debt investments	192,773	–
Unlisted equity investments	8,230	7,845
Unlisted debt investments	480,262	421,078
Unlisted investment funds (notes (ii) and (iii))	8,481,424	9,962,740
Consolidated investment funds (note (i))	18,339,546	15,554,853
	29,661,110	28,093,118
Less: Non-current portion (note (iv))	(9,500,723)	(7,705,205)
Current portion	20,160,387	20,387,913
Investment securities measured at fair value through other comprehensive income		
Listed equity investments	82,801	59,053
Consolidated investment funds (note (i))	810,195	–
	892,996	59,053
Less: Non-current portion (note (iv))	(892,996)	(59,053)
Current portion	–	–

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15. Investment Securities (continued)

	30.6.2022 HK\$'000 (unaudited)	31.12.2021 HK\$'000 (audited)
Investment securities measured at amortised cost (note (v))		
Unlisted debt investments	4,692,774	7,062,491
Less: Impairment allowance	(3,255)	(8,159)
	4,689,519	7,054,332
Less: Non-current portion (note (iv))	(156,566)	(1,599,058)
Current portion	4,532,953	5,455,274

Notes:

- (i) Investment securities at fair value through profit or loss and investment securities at fair value through other comprehensive income include certain investments held by funds that are consolidated into the unaudited condensed consolidated financial statements of the Group (note 23).

As at 30 June 2022 and 31 December 2021, the amount includes the investments held by consolidated bond funds, equity funds, private equity funds and limited partnership funds. Details of the breakdown of investments held by consolidated investment funds and fair value measurement are set out in "financial risk management"(note 34) of the unaudited condensed consolidated financial statements.

Included in the consolidated investment funds of HK\$19,150 million (31 December 2021: HK\$15,555 million) are amounts related to interests held by third-party unit/shareholders of HK\$541 million (31 December 2021: HK\$975 million), which are presented separately in the unaudited condensed consolidated statement of financial position. These interests are beneficially held by third-party unit/shareholders and the gains or losses arising from these third party interests have no impact to the net assets, net profit and leverage ratio of the Group. Instead, these interests are consolidated as a result of assessment of criteria under note 23.

- (ii) The Group invested in investment funds. These investment funds invest in mainly stocks, bonds and funds, with the primary objectives to provide the investors with capital appreciation, investment income and for selling in the near future for profit.

There is no unfilled capital commitment to these investment funds. The current carrying amount of HK\$8,481 million (31 December 2021: HK\$9,963 million) in the unaudited condensed consolidated statement of financial position represents the Group's maximum exposure.

- (iii) The Group held certain unlisted investment funds amounted to HK\$2,078 million (31 December 2021: HK\$2,197 million) and these investment funds shall be classified as "investments accounted for using the equity method" given the Group held over 30% (31 December 2021: over 30%) of the non-participating shares of these funds and also the Group held 50% of the management shares in these unlisted investment funds, and management shareholders are empowered to make all the key financing and operating decisions in these investment funds and require unanimous consent of the parties sharing control. The directors of the Company considered that these investment funds shall be measured at fair value through profit or loss instead of applying the equity method as the principal activity of the subsidiary holding these funds is investment holding, and therefore qualified as "venture capital organisation" (for details please refer accounting policy as disclosed in 2021 annual financial statements). There is no unfilled capital commitment on these unlisted investment funds as at 30 June 2022 and 31 December 2021 and the fair values represent the maximum exposure on respective reporting dates.

15. Investment Securities (continued)

Notes: (continued)

- (iv) As at 30 June 2022 and 31 December 2021, included in the non-current portion are listed equity investments, unlisted equity investments, unlisted debt investments, unlisted investment funds and unlisted consolidated investment funds that the directors of the Company expect to realise not within twelve months after each reporting period.
- (v) Included in investment securities at amortised cost are HK\$4,693 million (31 December 2021: HK\$7,062 million) of investment securities that are secured.

The majority of these investment securities at amortised cost are secured and/or guaranteed with contractual maturity within 1 year from the reporting date. These investment securities are monitored by the Investment Committee of the Group based on the latest status of these securities, and the latest announced or available information about the issuers and the underlying collateral held.

As at 30 June 2022, there were five past due investment securities (31 December 2021: four).

An investment security with the gross carrying amount of HK\$63 million (31 December 2021: HK\$62 million) with collaterals being properties matured in June 2021 and the issuer is in the process of repayment of principal and accrued interest, but pending for realisation of the issuer's assets (other than those pledged to the Group).

As at 30 June 2022, there was a past due investment security with gross carrying amount of HK\$1,257 million (31 December 2021: HK\$1,249 million) that relates to a property development project overseas by a Hong Kong listed company and the relevant property development project was pledged to the Group. In assessing the impairment provision, the Group evaluated the fair value of collaterals held. Based on the valuation performed by an independent professional valuer under the market approach with reference to recent transaction prices of lands comparable in the nearby development with the major fair value adjustments on the location, the value is higher than the outstanding gross carrying amount. The investment security matured in November 2021. The directors of the Company considered no provision shall be made against this security as at 30 June 2022 and 31 December 2021.

As at 30 June 2022, there were two past due investment securities with gross carrying amount of HK\$1,781 million (31 December 2021: HK\$2,565 million) with the same guarantor and the collateral being listed shares of two Hong Kong listed companies. Both investment securities matured in June 2021. During the year ended 31 December 2021, the guarantor provided additional collaterals being a property development project in the United States as a credit enhancement. Based on the valuation performed by an independent professional valuer under the market approach with reference to recent transaction prices of lands comparable in the nearby development with the major fair value adjustments on the location, the value is higher than the outstanding gross carrying amount. During the current period, the above-mentioned investment security with gross carrying amount of HK\$784 million was assigned to a third party. The directors of the Company considered no provision shall be made against these securities as at 30 June 2022 and 31 December 2021.

Another investment security with the gross carrying amount of HK\$205 million (31 December 2021: HK\$516 million) with collateral being listed equities matured in April 2022, thus classified as past due during the current period. In assessing the impairment, the management considered the collateral value and no impairment was made during the current period and prior period.

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16. Assets Acquired for Financial Products Issued/Financial Products Issued at Fair Value

	30.6.2022 HK\$'000 (unaudited)	31.12.2021 HK\$'000 (audited)
Assets – acquired for financial products issued		
Listed equity investments, at fair value (note (ii))	821,877	1,038,015
Listed debt investments, at fair value (note (ii))	5,641,771	6,586,246
Unlisted equity investments, at fair value (notes (i) & (ii))	172,746	297,346
Unlisted partnership investments, at fair value (notes (i) & (ii))	26,855	47,190
Unlisted debt investments, at fair value (note (ii))	4,529,678	3,972,539
Unlisted investment funds, at fair value (notes (i) & (ii))	894,818	1,624,813
Unlisted financial products, at fair value (note (ii) & (iv))	4,258,239	3,987,496
	16,345,984	17,553,645
Less: Non-current portion	(14,412)	(664,783)
Current portion	16,331,572	16,888,862
Liabilities – financial products issued at fair value		
Unlisted issued financial products, at fair value (note (iii))	5,628,514	7,769,780
Less: Non-current portion	(14,447)	(269,532)
Current portion	5,614,067	7,500,248

Details of disclosure for fair value measurements are set out in note 34.

Notes:

- (i) As at 30 June 2022 and 31 December 2021, included in assets acquired for financial products issued are the unlisted equity investments, unlisted partnership investments and unlisted investment funds.

There is no unfilled capital commitment to these unlisted equity investments, unlisted partnership investments and unlisted investment funds. Their total current carrying amount of HK\$1,094 million (31 December 2021: HK\$1,969 million) in the unaudited condensed consolidated statement of financial position represents the Group's maximum exposure.

- (ii) These financial assets are primarily acquired by the Group which driven by the financial products issued at fair value and become their underlying investments and hedging items for the risk of economic exposure on these issued financial products as set out in note (iii) below.

As a result, the overall net variable return of these assets and respective liabilities is not significant to the Group.

- (iii) As at 30 June 2022 and 31 December 2021, financial products issued at fair value are generally issued in the form of notes and swaps of which payouts are linked to the values/returns of certain underlying investments related to listed/unlisted equity investments, listed/unlisted debt investments, unlisted investment funds, unlisted financial products, unlisted partnership investments and consolidated investment funds held by the Group.

The risk of economic exposure on these financial products is primarily hedged using financial assets as detailed in note (ii) above.

- (iv) Unlisted financial products are financial instruments, mostly in the form of total return swap with referenced assets being listed equity instruments, listed debts investments and unlisted debts investments entered by the Group to hedge the financial products issued.

17. Derivative Financial Instruments

	30.6.2022 HK\$'000 (unaudited)	31.12.2021 HK\$'000 (audited)
Assets		
Swaps	37,177	57,302
Forward foreign currency exchange contracts	96,193	19,077
Listed futures/options/warrants	9,228	27,195
Unlisted options	2,180	2,665
	144,778	106,239
Liabilities		
Swaps	1,326	1,875
Forward foreign currency exchange contracts	6,325	15,984
Listed futures/options/warrants	9,495	79,918
Callable bull/bear contracts	5,662	216,577
Unlisted options	1,677	6,014
	24,485	320,368

18. Advances to Customers

	30.6.2022 HK\$'000 (unaudited)	31.12.2021 HK\$'000 (audited)
Advances to customers:		
– Margin financing	10,831,927	9,160,201
– Term financing	2,847,280	2,927,596
	13,679,207	12,087,797
Less: Non-current portion	(1,326,595)	(626,016)
Current portion	12,352,612	11,461,781

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18. Advances to Customers (continued)

Margin financing

	30.6.2022 HK\$'000 (unaudited)	31.12.2021 HK\$'000 (audited)
Margin financing	11,725,676	9,925,118
Less: Impairment allowance	(893,749)	(764,917)
	10,831,927	9,160,201

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

The loans to margin clients are interest bearing and secured by the underlying pledged securities. As at 30 June 2022, margin financing of HK\$10,832 million (31 December 2021: HK\$9,160 million) were secured by securities pledged by the customers to the Group as collateral with undiscounted market value of HK\$41,757 million (31 December 2021: HK\$46,997 million). In determining the allowances for credit impaired loans to margin clients for the current period, the management of the Group also takes into account shortfall by comparing the fair value of securities pledged as collateral and the outstanding balance of loan to margin clients, taking into account factors including subsequent settlements, executable settlement plans and restructuring arrangements, and other types of credit enhancements in assessing the expected credit loss.

During the current period, additional individual impairment of HK\$137 million was made against several independent margin customers with net carrying amount of HK\$280 million as at 30 June 2022 due to the decrease in the market value of the listed shares pledged to the Group as at 30 June 2022.

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

18. Advances to Customers (continued)

Term financing

	30.6.2022	31.12.2021
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Term financing	3,120,929	3,374,834
Less: Impairment allowance	(273,649)	(447,238)
	2,847,280	2,927,596
Less: Non-current portion	(1,326,595)	(626,016)
Current portion	1,520,685	2,301,580

Included in term financing are HK\$3,121 million (31 December 2021: HK\$3,375 million) of advances that are secured.

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

Collateral held includes equity instruments (listed or unlisted), investment portfolios held by the borrowers, etc. In addition, majority of these advances are also guaranteed by other parties including holding companies or related companies of the borrower, beneficial owner of the borrower, etc. Regular reviews on these term financings are conducted by the Risk Management Department and the Investment Committee of the Group based on the latest status of these term financing and the latest announced or available information about the borrowers and the underlying collateral held. Apart from collateral monitoring, the Group seeks to maintain effective control over its term financing in order to minimise credit risk by reviewing the borrowers' and/or guarantors' financial positions.

As at 30 June 2022, there were three past due term financings (31 December 2021: four).

As at 30 June 2022 and 31 December 2021, there was a past due term financing with a gross and carrying amount of HK\$197 million and HK\$118 million (31 December 2021: HK\$197 million and HK\$118 million) respectively that was advanced to an external party for its property development project in the PRC with the due date in July 2021. In assessing the impairment, the management considered a number of factors including creditworthiness and status of the borrower, recoverable amount of the collateral (at its force sale value), the credit protection structure and the status of enforcement proceedings in the PRC. In the opinion of the directors of the Company, the impairment provision for the current period and prior period are appropriate.

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For the six months ended 30 June 2022

18. Advances to Customers (continued)

Term financing (continued)

As at 30 June 2022, there was another past due term financing with gross and carrying amounts of EUR37 million (31 December 2021: EUR37 million) (equivalent to approximately HK\$307 million (31 December 2021: HK\$330 million)) and EUR14 million (31 December 2021: EUR22 million) (equivalent to approximately HK\$118 million (31 December 2021: HK\$198 million)) respectively that was advanced to a company listed in PRC and HK for its acquisition in the overseas. The loan matured and the principal and the accrued interest were not repaid as at 30 June 2022 and 31 December 2021. In assessing impairment, the management considered a number of factors including the financial status of the borrower, fair value of the collateral pledged, and the status of enforcement proceedings in the PRC. In the opinion of the directors, the impairment provision for the current period and prior period are appropriate.

A financing with the gross carrying amount of HK\$157 million (31 December 2021: HK\$156 million) with collaterals being listed equities and properties matured in October 2020 (and therefore classified as past due) and the borrower is in the process of repayment of principal and accrued interest, but pending for realisation of the borrower's assets (other than those pledged to the Group). In assessing the impairment, the management considered the collateral value and no impairment was made during the current period and prior period.

As at 31 December 2021, included in the term financing was a financing with gross amount of HK\$220 million with collaterals being unlisted shares of entities holding a property development project in the PRC is fully impaired. In assessing the impairment as at 31 December 2021, the management considered a number of factors including independent valuation of the property development projects, creditworthiness and status of the borrower, and the status of enforcement proceedings in the PRC. During the current 6-month period, the above-mentioned financing was fully written off.

19. Cash Collateral on Securities Borrowed and Reverse Repurchase Agreements

	30.6.2022 HK\$'000 (unaudited)	31.12.2021 HK\$'000 (audited)
Cash collateral on securities borrowed	283,287	53,679
Reverse repurchases agreements	4,021,047	4,745,788
	4,304,334	4,799,467
Reverse repurchases agreements:		
Analysed by collateral type:		
Equities	2,336	7,570
Bonds	4,018,753	4,738,272
	4,021,089	4,745,842
Less: Impairment allowance	(42)	(54)
	4,021,047	4,745,788
Analysed by market:		
Inter-bank market	4,021,047	4,745,788
Analysed for reporting purposes:		
Current	4,021,047	4,745,788

Cash collateral paid under securities borrowing agreements is repayable upon expiry of relevant securities borrowing agreements and the relevant stocks borrowed are returned to the lender. 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 the unaudited condensed 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 2022, the fair value of the collateral in respect of reverse repurchase agreements was HK\$4,545 million (31 December 2021: HK\$7,643 million).

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20. Receivable from Clients for Subscription of New Shares in IPO and Accounts Receivable

	30.6.2022 HK\$'000 (unaudited)	31.12.2021 HK\$'000 (audited)
Receivable from clients for subscription of new shares in IPO (note (i))	1,665	–
Accounts receivable	5,818,985	8,027,400
	5,820,650	8,027,400
Accounts receivable from:		
– Clients	1,823,502	1,834,709
– Brokers, dealers and clearing houses	3,913,437	6,075,851
– Others (note (ii))	82,046	116,840
	5,818,985	8,027,400

Notes:

- (i) Receivable from clients arising from financing of IPO subscriptions are required to settle their securities trading balances on the allotment date determined under the relevant market practices or exchange rules.
- (ii) The amount represents the fees receivable from corporate finance, wealth management and asset management businesses.

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

	30.6.2022 HK\$'000 (unaudited)	31.12.2021 HK\$'000 (audited)
Between 0 and 3 months	5,781,652	7,998,983
Between 4 and 6 months	12,262	11,884
Between 7 and 12 months	14,487	4,035
Over 1 year	10,584	12,498
	5,818,985	8,027,400

20. Receivable from Clients for Subscription of New Shares in IPO and Accounts Receivable (continued)

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

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

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

21. Prepayments, Deposits and Other Receivables

	30.6.2022 HK\$'000 (unaudited)	31.12.2021 HK\$'000 (audited)
Prepayments, deposits and other receivables (note)	1,694,519	1,795,891
Less: Non-current portion	(31,887)	(39,406)
Current portion	1,662,632	1,756,485

Note: Included in the amount of prepayments, deposits and other receivables are the interest receivable of HK\$920 million (31 December 2021: HK\$836 million) from bank deposits, financing to customers, and debt securities held which are receivable within one year.

During the year ended 31 December 2020, as part of the recovery procedure against a credit exposure in relation to a financing, guarantor of the borrower transferred shares of an unlisted entity incorporated in Canada at the consideration of US\$20 million as a partial settlement of the relevant exposure. During the year ended 31 December 2021, management intended to dispose such unlisted shares by way of direct disposal of such shares and/or assets held by such unlisted entity to recover the carrying amount of the unlisted shares held. A letter of intention was entered between a third party purchaser and a subsidiary of the Company in December 2021 in respect of the disposal of part of the assets held by that entity.

Consequently, as at 30 June 2022 and 31 December 2021, the Group's interest in the aforementioned entity is classified as an asset held-for-sale amounted to HK\$316 million and HK\$320 million.

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22. Interests in Unconsolidated Investments

The Group invested in certain investment funds, partnerships and private equity investments (collectively referred to as the "Investments" for the purpose of notes 22 and 23) with primary objectives for capital appreciation, investment gains and selling in the near future for profit. Pursuant to subscription agreements or equivalent documents, the beneficial interests held by the Group in these Investments are in the form of interests which primarily provide the Group with the share of returns from the Investments but not any decision making power nor any voting right to involve in and control the daily operation.

These Investments are set up and managed by respective investment manager or general partner who has the power and authority to manage and make decisions for the Investments, or through participations in decision making process of the underlying investee companies.

Among the Investments held by the Group where the Group is directly or indirectly involve as investment manager, the Group determines whether the group is an agent to the Investments, the Group would assess:

- the scope of its decision-making authority over the investee;
- substantive removal rights held by other parties may remove the Group as a fund manager; and
- the investment interests held together with its remuneration from servicing and managing these investment funds create significant exposure to variability of returns in these Investments.

In the opinion of the directors of the Company, the variable returns that the Group is exposed to with respect to the Investments are not significant and the Group is primarily acting as an agent and subject to substantive removal rights held by other parties who may remove the Group as an investment manager. Therefore, the Group did not consolidate these Investments.

The Group classified its interests in Investments as investment securities and assets acquired for financial products issued in notes 15 and 16.

23. Interest in Consolidated Investments

The Group had consolidated certain Investments in accordance with the criteria set out in note 22. Especially for those investment funds where the Group is involved as an investment manager and also as an investor, the Group assesses whether the Group is acting as an agent/principal in these Investment which in turn includes an assessment of whether: (i) the Group has the decision-making authority to direct the relevant activities of the Investments, (ii) there are any other external holders in these Investments which have power to remove or control over the party having the ability to direct the relevant activities of the Investments based on the facts and circumstances and (iii) the combination of the remuneration to which the Group is entitled and the Group's exposure to variability of returns from other interest that it holds in the Investments is of such significance that it indicates the Group is a principal.

Third-party interests in consolidated Investments consist of third-party unit/shareholders' interests in consolidated Investments which are reflected as a liability since they can be put back to the Group for cash. The realisation of net assets attributable to third-party unit/shareholders' interests in consolidated Investments cannot be predicted with accuracy since these represent the interests of third-party unit/shareholders in consolidated Investments that are subject to the actions of third-party unit/shareholders.

For the period ended 30 June 2022, investment returns of the Group related to interests held by third party unit/shareholders of gain of HK\$160 million (six months ended 2021: loss of HK\$44 million) in consolidated Investments are included in other income and gains or losses in the unaudited condensed consolidated statement of profit or loss and the interests attributable to third-party unit holders/shareholders amounted to HK\$541 million (31 December 2021: HK\$975 million) as at 30 June 2022. Such amount is recognised as "liabilities arising from consolidation of investment funds" in the unaudited condensed consolidated statement of financial position.

24. Goodwill and other Intangible Assets

	30.6.2022 HK\$'000 (unaudited)	31.12.2021 HK\$'000 (audited)
Goodwill	380,099	380,099
Other intangible assets	57,020	71,161
	437,119	451,260

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25. Investment Properties held by Consolidated Investment Funds

Property interests held by the Group for earning rental income or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

During the current interim period, a consolidated investment fund held by the Group acquired an investment property at a cost of HK\$2.6 billion from a seller who is in financial difficulty. The consideration for the acquisition of the property was partially settled in cash considerations of HK\$1,781 million and the remaining amount of HK\$852 million was settled by the assignment of an unlisted debt investment presented in "investment securities" of note 15 of the unaudited condensed consolidated statement of financial position and its accrued interest receivable. Gains or losses arising from changes in the fair value of the investment property are included in profit or loss.

The fair value of these investment properties as at 30 June 2022 was arrived at on the basis of a valuation carried out on that date by an independent qualified professional valuer not connected to the Group. In estimating the fair value of the properties, the highest and best use of the properties is their current use. A revaluation gain of HK\$500 million was recognised in net (loss) gain from investments as disclosed in note 6 of the unaudited condensed consolidated statement of profit or loss.

The fair value of properties, which are all classified as level 3 fair value hierarchy, was determined based on market approach, by comparing recent arms-length sales of similar property interests located in the surrounding area.

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

Investment properties held by the Group (through consolidated funds)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
At 30 June 2022				
Residential property units in Hong Kong	Level 3	Direct comparison method based on market observable transactions of the similar location and adjusted to reflect the conditions of the subject properties.	Level adjustment on individual floors of the property.	The higher level, the higher the fair value
		The key input is level adjustment.		

26. Property and Equipment

30 June 2022 (unaudited)

	Leasehold land and buildings HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Computer hardware and equipment HK\$'000	Total HK\$'000
At 1 January 2022					
Cost	1,153,840	196,877	98,804	610,451	2,059,972
Accumulated depreciation	(433,887)	(141,923)	(75,667)	(553,336)	(1,204,813)
Net carrying values	719,953	54,954	23,137	57,115	855,159
At 1 January 2022, net of accumulated depreciation	719,953	54,954	23,137	57,115	855,159
Additions – right-of-use assets under HKFRS 16	106,414	–	–	–	106,414
Additions – others	–	3,315	909	9,686	13,910
Disposal	(23)	–	–	–	(23)
Depreciation	(73,235)	(9,310)	(3,064)	(13,505)	(99,114)
At 30 June 2022, net of accumulated depreciation	753,109	48,959	20,982	53,296	876,346
At 30 June 2022					
Cost	1,260,231	200,192	99,713	620,137	2,180,273
Accumulated depreciation	(507,122)	(151,233)	(78,731)	(566,841)	(1,303,927)
Net carrying values	753,109	48,959	20,982	53,296	876,346

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26. Property and Equipment (continued)

30 June 2021 (unaudited)

	Leasehold land and buildings HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Computer hardware and equipment HK\$'000	Total HK\$'000
At 1 January 2021					
Cost	963,851	146,113	92,067	576,973	1,779,004
Accumulated depreciation	(254,145)	(116,859)	(69,533)	(526,259)	(966,796)
Net carrying values	709,706	29,254	22,534	50,714	812,208
At 1 January 2021, net of accumulated depreciation	709,706	29,254	22,534	50,714	812,208
Transfer from investment property	70,078	–	–	–	70,078
Additions – right-of-use assets under HKFRS 16	51,534	–	–	–	51,534
Additions – others	–	4,215	1,058	7,420	12,693
Disposal	(24)	–	–	–	(24)
Depreciation	(85,876)	(11,939)	(3,159)	(15,276)	(116,250)
At 30 June 2021, net of accumulated depreciation	745,418	21,530	20,433	42,858	830,239
At 30 June 2021					
Cost	1,085,439	150,328	93,125	584,393	1,913,285
Accumulated depreciation	(340,021)	(128,798)	(72,692)	(541,535)	(1,083,046)
Net carrying values	745,418	21,530	20,433	42,858	830,239

27. Cash Collateral on Securities Lent and Repurchase Agreements

	30.6.2022 HK\$'000 (unaudited)	31.12.2021 HK\$'000 (audited)
Cash collateral on securities lent	2,160,269	1,083,437
Repurchase agreements	3,443,819	1,993,963
	5,604,088	3,077,400
Repurchase agreements:		
Analysed by collateral type:		
Equities	1,780,000	1,070,947
Bonds	1,663,819	923,016
	3,443,819	1,993,963
Analysed by market:		
Inter-bank market	3,443,819	1,993,963
Analysed for reporting purposes:		
Current	3,443,819	1,993,963

Cash collateral received under securities lending agreement are repayable upon expiry of relevant securities lending agreements and the relevant stocks lent are returned by the borrower. Repurchase agreements are transactions in which the Group sells a security and simultaneously agrees to repurchase it (or an asset that is substantially the same) at the agreed date and price. The repurchase prices are fixed and the Group is still exposed to substantially all the credit risks, market risks and rewards of those securities sold. These securities are not derecognised from the unaudited condensed consolidated financial statements but regarded as "collateral" for the liabilities because the Group retains substantially all the risks and rewards of these securities.

As at 30 June 2022, the Group entered into repurchase agreements with financial institutions to sell equities and bonds recognised as financial assets at FVTPL with carrying amount of HK\$3,895 million (31 December 2021: HK\$2,610 million), which are subject to the simultaneous agreements to repurchase these investments at the agreed date and price.

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28. Accounts Payable

	30.6.2022 HK\$'000 (unaudited)	31.12.2021 HK\$'000 (audited)
Accounts payable to:		
– Clients	12,377,964	13,410,306
– Brokers, dealers and clearing houses	1,828,215	2,029,906
– Others	92,830	284,850
	14,299,009	15,725,062

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

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

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

Except for the accounts payable to clients which bear interest at 0.001% as at 30 June 2022 (31 December 2021: 0.001%), all the accounts payable are non-interest bearing.

Accounts payable to clients include those payables placed in segregated accounts with authorised institutions of HK\$11,747,059,000 (31 December 2021: HK\$12,820,396,000), HKFE Clearing Corporation Limited, the SEHK Options Clearing House Limited and other futures dealers totalling HK\$150,249,000 (31 December 2021: HK\$226,187,000).

29. Bank Borrowings and Debt Securities in Issue

	30.6.2022 HK\$'000 (unaudited)	31.12.2021 HK\$'000 (audited)
Debt securities in issue		
Non-current		
Non-convertible bonds (note (a))	14,080,914	13,983,988
Current		
Non-convertible notes (note (b))	6,447,358	6,829,750
Total debt securities in issue	20,528,272	20,813,738
Bank borrowings		
Secured borrowing		
– Bank loans (notes (c), (d) and (e))	339,617	78,290
Unsecured borrowing		
– Bank loans (notes (d), (e) and (f))	26,885,133	23,925,963
Total bank borrowings	27,224,750	24,004,253
Total bank borrowings and debt securities in issue	47,753,022	44,817,991

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29. Bank Borrowings and Debt Securities in Issue (continued)

Notes:

- (a) On 19 July 2019, the Company issued unsecured and unguaranteed bonds in principal amount of US\$700 million at a discount of 99.808% which is listed on The Stock Exchange of Hong Kong Limited. The bond carries a fixed interest rate of 3.375% with a maturity period of 5 years. The principal will be fully repayable on the maturity date at 19 July 2024. Please refer to the Company's announcements on 10 July 2019 and 19 July 2019 for details of the bonds.

On 18 November 2019, the Company issued unsecured and unguaranteed bonds in principal amount of US\$400 million at a discount of 99.415% which is listed on The Stock Exchange of Hong Kong Limited. The bond carries a fixed interest rate of 3.125% with a maturity period of 5.5 years. The principal will be fully repayable on the maturity date at 18 May 2025. Please refer to the Company's announcements on 7 November 2019 and 18 November 2019 for details of the bonds.

On 2 July 2020, the Company issued unsecured and unguaranteed bonds in principal amount of US\$400 million at a discount of 99.873% which is listed on The Stock Exchange of Hong Kong Limited. The bond carries a fixed interest rate of 2.125% with a maturity period of 3 years. The principal will be fully repayable on the maturity date at 2 July 2023. Please refer to the Company's announcements on 19 June 2020 and 2 July 2020 for details of the bonds.

On 20 May 2021, the Company issued unsecured and unguaranteed bonds in principal amount of US\$300 million at a discount of 99.934% which is listed on The Stock Exchange of Hong Kong Limited. The bond carries a fixed interest rate of 2.125% with a maturity period of 5 years. The principal will be fully repayable on the maturity date at 20 May 2026. Please refer to the Company's announcements on 12 May 2021, 20 May 2021 and 21 May 2021 for details of the bonds.

- (b) During the six months ended 30 June 2022, the Company has issued medium term notes under the Company's Medium Term Note Programme (the "MTN Programme") in principal amount totalling HK\$4,349 million with a maturity period of 1 year and repaid several medium term notes of principal amount totalling HK\$4,751 million. As at 30 June 2022, the outstanding balances of HK\$6,447 million (31 December 2021: HK\$6,830 million) represent the unsecured and unguaranteed non-convertible notes.
- (c) As at 30 June 2022, bank loans of HK\$340 million (31 December 2021: HK\$78 million) were secured by the listed shares (held by the Group as security for advances to customers in margin financing with the customers' consent) of HK\$1,770 million (31 December 2021: HK\$2,437 million) at fair value held by the Group.
- (d) The majority of the Group's bank borrowings bear interest at variable interest rates based on Hong Kong Interbank Offered Rate ("HIBOR").
- (e) Bank loans are repayable on demand or within 1 year on repayment schedule.
- (f) Bank loans are classified as current liabilities for the purpose of presentation in these unaudited condensed consolidated financial statements as the bank loans are drawn under revolving credit facilities (including syndicated loan facilities) with repayment dates being less than 12 months from 30 June 2022, but subject to the roll-over at the discretion of the Group as stipulated in the respective facilities agreements.

As at 30 June 2022, HK\$13,800 million (31 December 2021: HK\$10,800 million) bank loans were drawn under revolving credit facilities with respective original tenor of more than 12 months, while they are classified current liabilities for the purpose of disclosure in these unaudited condensed consolidated financial statements.

During the current interim period, in respect of bank loans with carrying amount of HK\$13,800 million as at 30 June 2022, the Group did not comply with a financial condition which is related to maintenance of the ratio of net profit before finance costs, income tax expense, and amortisation and depreciation to finance costs at an agreed level. On discovery of such potential non-compliance during the first half of 2022, the directors of the Company informed the lenders and applied for the waiver of strict compliance of aforementioned condition and such waiver was obtained in August 2022. Moreover, in any event, should the lenders call for immediate repayment of the loans, the directors of the Company believe that adequate alternative sources of finance of the Group and financial support from the ultimate holding company are available to ensure that there is no impact to the continuing operations of the Group.

30. Share Capital

	30.6.2022 HK\$'000 (unaudited)	31.12.2021 HK\$'000 (audited)
Authorised: 20,000,000,000 (31 December 2021: 20,000,000,000) ordinary shares of HK\$0.10 each	2,000,000	2,000,000
Issued and fully paid: 6,641,563,594 (31 December 2021: 6,037,785,086) ordinary shares of HK\$0.10 each	664,156	603,778

The movements in issued share capital were as follows:

	Number of shares in issue	Issued share capital HK\$'000
As at 1 January 2021	6,036,035,086	603,603
New shares issued under exercise of share options	1,350,000	135
As at 30 June 2021	6,037,385,086	603,738
New shares issued under exercise of share options	400,000	40
As at 31 December 2021 and 1 January 2022	6,037,785,086	603,778
New shares issued upon bonus issue (note 11(a))	603,778,508	60,378
As at 30 June 2022	6,641,563,594	664,156

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31. Share Option/Award Scheme

2015 Share Option Scheme

On 8 June 2015, the shareholders of the Company approved the adoption of a share option scheme (the "2015 Share Option Scheme"). The 2015 Share Option Scheme was also approved by the shareholders of Haitong Securities Co., Ltd., the holding company of Haitong International Holdings Limited, the controlling shareholder of the Company, and Listing Committee of The Stock Exchange of Hong Kong Limited on 8 June 2015 respectively and 12 June 2015 respectively.

Details of the share option scheme of the Company has been disclosed in the Group's annual financial statements for the year ended 31 December 2021 and should be read in conjunction with the relevant announcements of the share options made by the Company.

On 21 July 2021, the Company granted 10,645,000 share options at the exercise price of HK\$2.398 per share to its directors and employees under the 2015 Share Option Scheme with a total of 9,845,000 share options being accepted. The exercise period of the share options is from 17 February 2022 to 20 July 2026. All the share options granted have a vesting period of 6 months from the date of acceptance. The closing price of the Company's shares on the date of grant was HK\$2.18 per share.

The estimated fair values of the options granted under 2015 Share Option Scheme on the grant date on 21 July 2021 is approximately HK\$3.6 million, which was calculated using the Binomial Option Pricing model with the key inputs into the model as disclosed below.

	2021
Weighted average share price at the date of grant	HK\$2.18
Initial exercise price	HK\$2.398
Expected volatility	37.533%
Expected option life	5 years
Risk-free rate	0.495%
Expected dividend yield	7.514%
Early exercise multiples	
– directors	1.68
– employees	1.91

Expected volatility was determined using the historical volatility of the Company's share price over the previous 5 years at the grant date.

For the six months ended 30 June 2022, the Group recognised an equity-settled share-based compensation expense of HK\$892,000 for the share options issued on 21 July 2021 in the unaudited condensed consolidated statement of profit or loss.

31. Share Option/Award Scheme (continued)

2015 Share Option Scheme (continued)

The following table discloses movements of share options granted to the directors and employees of the Group.

	2022		2021	
	Weighted average exercise price HK\$ per share	Number of options '000	Weighted average exercise price HK\$ per share	Number of options '000
At 1 January	2.86	40,551	3.369	62,102
Granted and accepted during the period/year	–	–	2.398	9,845
Adjusted during the period/year (note)	2.59	3,998	–	–
Exercised during the period/year	–	–	1.727	(1,750)
Forfeited during the period/year	3.14	(732)	3.84	(29,646)
At 30 June 2022/31 December 2021	2.59	43,817	2.86	40,551

The exercise prices and exercise periods of the share options outstanding as at respective reporting dates are as follows:

30 June 2022 Number of options '000	Exercise price HK\$ per share (note)	Exercise period
6,924	4.547	7 June 2018 – 9 November 2022
12,139	2.635	28 May 2019 – 31 October 2023
6,891	2.322	27 December 2019 – 30 May 2024
7,859	1.570	25 December 2020 – 28 May 2025
10,004	2.180	17 February 2022 – 20 July 2026
43,817		

31 December 2021 Number of options '000	Exercise price HK\$ per share (note)	Exercise period
6,546	5.002	7 June 2018 – 9 November 2022
11,125	2.898	28 May 2019 – 31 October 2023
6,340	2.554	27 December 2019 – 30 May 2024
7,345	1.727	25 December 2020 – 28 May 2025
9,195	2.398	17 February 2022 – 20 July 2026
40,551		

Note: The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, scrip dividend, or bonus shares, or other similar changes in the Company's share capital.

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For the six months ended 30 June 2022

31. Share Option/Award Scheme (continued)

2015 Share Option Scheme (continued)

As at 30 June 2022, the Company had 43,817,278 (31 December 2021: 40,551,041) share options outstanding under the 2015 Share Option Scheme, which represented approximately 0.66% (2021: 0.67%) of the Company's shares in issue as at that date.

The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 43,817,278 (2021: 40,551,041) additional ordinary shares of the Company and additional share capital of HK\$4,382,000 (2021: HK\$4,055,000) and share premium of HK\$109,236,000 (2021: HK\$111,855,000) (before issue expenses).

Share award scheme

On 19 December 2014, the Board adopted a 10-year share award scheme (the "Scheme") to incentivise selected employees for their contributions to the Group and to attract suitable personnel for further development of the Group.

Details of the awarded shares granted and unvested as at 30 June 2022 are set out below.

Date of awarded shares granted	Number of awarded shares granted	Number of awarded shares vested	Number of awarded shares lapsed (note (f))	Number of awarded shares unvested	Vesting dates	Fair value as at grant date
25 March 2019	6,848,366	5,678,547	1,169,819	–	note (a)	21,024,000
29 October 2019	8,175,000	6,635,000	1,540,000	–	note (b)	18,557,000
25 March 2020	14,294,205	8,092,251	2,541,023	3,660,931	note (c)	28,731,000
25 March 2021	29,000,000	29,000,000	–	–	note (d)	69,890,000
31 August 2021	36,788,082	15,800,639	187,600	20,799,843	note (e)	82,773,000

For the shares granted, the fair value of the shares were measured at the market price of the Company's shares. For the six months ended 30 June 2022, the Group has recognised an equity-settled share-based compensation expense of HK\$19,649,000 (six months ended 30 June 2021: HK\$79,037,000) for the Scheme in unaudited condensed consolidated statement of profit or loss.

As at 30 June 2022, the Company did not have any awarded shares granted on 25 March 2019 which were outstanding under the Scheme. During the current six-month period, there was no awarded shares granted on 25 March 2019 was lapsed (six months ended 30 June 2021: 248,307 awarded shares were lapsed) and 1,620,854 (six months ended 30 June 2021: 1,933,971) awarded shares granted on 25 March 2019 were vested.

As at 30 June 2022, the Company did not have any awarded shares granted on 29 October 2019 which were outstanding under the Scheme. During the current six-month period, there was no awarded shares granted on 29 October 2019 was lapsed (six months ended 30 June 2021: 335,000 awarded shares were lapsed) and 1,635,000 (six months ended 30 June 2021: 2,385,000) awarded shares granted on 29 October 2019 were vested.

31. Share Option/Award Scheme (continued)

Share award scheme (continued)

As at 30 June 2022, the Company had 3,660,931 (31 December 2021: 7,506,259) awarded shares granted on 25 March 2020 which were outstanding under the Scheme. During the current six-month period, 112,105 (six months ended 30 June 2021: 838,471) and 3,733,223 (six months ended 30 June 2021: 4,359,028) awarded shares granted on 25 March 2020 were lapsed and vested respectively.

As at 30 June 2022 and 31 December 2021, the Company had no awarded shares granted on 25 March 2021 which were outstanding under the Scheme.

As at 30 June 2022, the Company had 20,799,843 (31 December 2021: 20,799,843) awarded shares granted on 31 August 2021 which were outstanding under the Scheme. During the current six-month period, no awarded shares granted on 31 August 2021 were lapsed or vested.

Notes:

- (a) Pursuant to the agreed terms, the vesting date of one-third of the award shares granted on 25 March 2019 was on 23 March 2020 while the vesting date of another one-third of award shares granted on 25 March 2019 would be on 23 March 2021 and the vesting date for the remaining would be on 23 March 2022.
- (b) Pursuant to the agreed terms, the vesting date of one-third of the award shares granted on 29 October 2019 was on 2 January 2020 while the vesting date of another one-third of award shares granted on 29 October 2019 would be on 2 January 2021 and the vesting date for the remaining would be on 2 January 2022.
- (c) Pursuant to the agreed terms, the vesting date of one-third of the award shares granted on 25 March 2020 was on 24 March 2021 while the vesting date of another one-third of award shares granted on 25 March 2020 would be on 24 March 2022 and the vesting date for the remaining would be on 24 March 2023.
- (d) Pursuant to the agreed terms, the vesting date of all the award shares granted on 25 Mar 2021 was on 30 April 2021.
- (e) Pursuant to the agreed terms, the vesting date of one-third of the award shares granted on 31 August 2021 was on 30 September 2021 while the vesting date of another one-third of award shares granted on 31 August 2021 would be on 30 September 2022 and the vesting date for the remaining would be on 30 September 2023.
- (f) Awarded Shares would lapse prior to their vesting date as a result of staff separations. Pursuant to the agreement, the lapsed shares would be held by the trustee which is subject to the approval from Administration Committee for re-selection of employees. The lapsed Awarded Shares were transferred out from share award reserve to share premium as disclosed in the unaudited condensed consolidated statement of changes in equity.

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For the six months ended 30 June 2022

31. Share Option/Award Scheme (continued)

Share award scheme (continued)

Movements of shares held under the Scheme during the period/year are as follows:

	2022		2021	
	HK\$'000	Number of shares	HK\$'000	Number of shares
At 1 January	269,732	117,409,723	389,986	172,705,979
Purchased during the period/year	17,670	14,662,000	–	–
Shares issued under bonus shares	–	12,508,264	–	–
Vested and transferred out during the period/year	(16,057)	(6,989,077)	(120,254)	(55,296,256)
At 30 June 2022/31 December 2021	271,345	137,590,910	269,732	117,409,723

32. Commitments and Contingencies

(a) Capital commitments

The Group had the following commitments as at period/year end.

	30.6.2022 HK\$'000 (unaudited)	31.12.2021 HK\$'000 (audited)
Contracted, but not provided for:		
Computer equipment	4,002	8,962
Others	212	319
	4,214	9,281

(b) Contingent liabilities

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

33. Related Party Transactions

In addition to the transactions and balances detailed elsewhere in these unaudited condensed consolidated interim financial statements, the Group had the following material transactions with related parties during the period:

- (a) On 21 April 2021, the Company entered into a master services agreement with HSCL, the ultimate holding company of the Company, for a term of 3 years from 1 July 2021 to 30 June 2024. Pursuant to the master service agreement, the Company and HSCL have each agreed to provide services to companies of the Group or HSCL and its subsidiaries. Services covered under the services agreement include broking transactions; investment management and advisory services; business and/or operational support, referral, global research and/or other miscellaneous services transactions; corporate finance advisory and services; fund investment, financial assistance and securities lending transactions; principal-to-principal transactions; and underwriting services.
 - (i) Income and expenses from brokerage and related services amounted to HK\$1,074,000 and HK\$561,000 (six months ended 30 June 2021: income and expenses of HK\$6,129,000 and HK\$398,000) respectively for the current interim period in accordance with terms of the master services agreement.
 - (ii) Income from investment management and advisory services amounted to HK\$3,888,000 (six months ended 30 June 2021: HK\$5,165,000) for provision of investment management service and investment advisory service to HSCL and its subsidiaries and expenses related to referral fee amounted to HK\$109,000 (six months ended 30 June 2021: HK\$32,000) was paid to HSCL. The fee is charged in accordance with the relevant investment management agreement or investment advisory agreement or relevant agreement.
 - (iii) During the year ended 31 December 2019, a subsidiary of the Company has entered into a framework collaboration agreement with Haitong Bank, S.A. ("Haitong Bank", a subsidiary of Haitong International Holdings Limited, the immediate holding company of the Company), pursuant to which Haitong Bank and this subsidiary would provide equity trading service and research service to each other's external clients, depending the domicile of the clients within or outside the European Union. During the current period, income received from Haitong Bank in connection to such services amounted to EUR52,000 (equivalent to HK\$433,000) (six months ended 30 June 2021: EUR428,000 (equivalent to HK\$4,062,000)) and expenses paid by this subsidiary in connection to such services amounted to EUR359,000 (equivalent to HK\$3,037,000) (six months ended 30 June 2021: EUR2,445,000 (equivalent to HK\$23,357,000)). The relevant income and expense are based on the agreement entered between this subsidiary and Haitong Bank, while such agreement was terminated during the current period.
 - (iv) During the six months ended 30 June 2021, Haitong Bank provided financial advisory services for the Group's financing activities, the Group paid financial advisory fee of US\$2.5 million (equivalent to HK\$19.40 million) to Haitong Bank where such amount constitutes part of the effective interest expense of the Group under the applicable accounting standard. During the current period, amortisation of the financial advisory fee paid amounted to HK\$7,554,000 (six months ended 30 June 2021: HK\$10,015,000), which was recognised in the unaudited condensed consolidated statement of profit or loss as part of the interest expense.

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33. Related Party Transactions (continued)

(a) (continued)

- (v) During the current period, the Group provided underwriting services to subsidiaries of HSCL for their corporate finance activities. The relevant underwriting commission recognised during the current period amounted to HK\$1,830,000 (six months ended 30 June 2021: HK\$1,565,000). The commission income was recognised in accordance with relevant agreements entered between the Group and the subsidiaries of HSCL.
- (vi) During the year ended 31 December 2020, the Company entered intercompany unsecured loan arrangements (chargeable at US Dollar LIBOR + 1.25%) with Haitong International Holdings Limited (the immediate holding company). As at 30 June 2022, there is no outstanding principal amount of unsecured loan due from Haitong International Holdings Limited and it was repaid during the prior year. Interest income amounted to US\$598,000 (equivalent to HK\$4,641,000) was recognised in the unaudited condensed consolidated statement of profit or loss for the six months ended 30 June 2021.
- (vii) During the current period, a subsidiary of the Company entered total return swap contracts with HSCL and a subsidiary of Haitong International Holdings Limited, with referenced assets being listed equity securities. Under the total return swap contracts entered, the abovementioned subsidiary is entitled to receive commission on the trades executed in relation to the purchase of referenced assets, and also an interest based the notional amount as indicated in the respective swap contracts at HIBOR plus a spread. Income from brokerage and related services amounted to HK\$598,000 and net trading investment and investment income of HK\$184,585,000 are recognised in the unaudited condensed consolidated statement in relation to these swap contracts.

(b) Compensation of key management personnel of the Group:

	Six months ended	
	30.6.2022	30.6.2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Salaries, incentives, bonuses and allowances	13,973	14,133
Pension scheme contributions (net)	631	635
Total compensation paid to key management personnel	14,604	14,768

34. Financial Risk Management

Financial risk factors

The Group's activities expose it to a variety of financial risks: interest rate risk (including cash flow interest rate risk and fair value interest rate risk), currency risk, credit risk, liquidity risk, and price risk.

The unaudited condensed consolidated interim financial statements do not include all financial risk management information and disclosures related to the unaudited condensed consolidated financial statements, and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2021.

There has been no change in the risk management policies during the current six-month period.

Financial assets and financial liabilities that are not measured at fair value

As at 30 June 2022 and 31 December 2021, the fair values of the Group's financial assets and liabilities not measured at fair value are not materially different from their carrying amount, except as detailed in the following table:

	30.6.2022		31.12.2021	
	Carrying amount HK\$'000 (unaudited)	Fair value HK\$'000 (unaudited)	Carrying amount HK\$'000 (audited)	Fair value HK\$'000 (audited)
Non-convertible bonds (note ii)	14,080,914	13,649,367	13,983,988	14,281,306
Non-convertible notes (note i)	6,447,358	6,390,251	6,829,750	6,827,502

Notes:

- (i) The fair values are based on discounted cash flows. The future cash flows are estimated based on applying the interest yield curves of different types of bonds as the key parameter. The most significant input is the discount rates of the instruments.
- (ii) The fair values are based on the quoted prices provided by brokers/financial institution.

These non-convertible bonds and non-convertible notes are classified under Level 2 in the fair value hierarchy.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

34. Financial Risk Management (continued)

Financial assets and financial liabilities that are measured at fair value on a recurring basis

Valuation control framework

Fair values are subject to a control framework established by the Risk Management Department and the Finance Department of the Group to ensure that they are determined and/or validated independently from front-line business units acquiring/incurred these financial assets or financial liabilities.

For all financial assets and financial liabilities where fair values are determined by reference to externally quoted prices or observable pricing inputs to models, independent price determination and/or verification is adopted. In circumstances where direct observation of a traded price is not possible, the Group will seek alternative market information to validate the fair value of relevant financial asset or financial liability, with greater weight given to information that is considered to be more relevant and reliable.

For fair values determined using a valuation model, the control framework may include, as applicable, development or validation independently of (i) the logic within valuation models; (ii) the inputs to those models; (iii) any adjustments required outside the valuation models; and (iv) where possible, model outputs. Valuation models are subject to independent assessment before being adopted and will re-assess on a regular basis.

Independent determination and/or verification on the fair values adopted and independent assessment on the valuation models are responsible by the Risk Management Department while the Finance Department is responsible for establishing the accounting policies governing valuation, and is responsible for ensuring compliance with relevant accounting standards.

Definition of fair value measurement

For financial reporting process, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 fair value measurements are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

34. Financial Risk Management (continued)

Financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Fair value hierarchy and valuation technique of financial assets and financial liabilities other than financial assets and financial liabilities relating to financial product issuance

An analysis of the fair value and the valuation techniques of financial assets/liabilities held for trading and market making activities, investment securities at fair value (through profit or loss, or through other comprehensive income) and derivative financial instruments are as follows:

Assets – at 30 June 2022 (unaudited)

	Level 1 HK\$'000 (Note 1)	Level 2 HK\$'000 (Note 2)	Level 3 HK\$'000 (Note 3)	Total HK\$'000
Financial assets held for trading and market making activities				
– Listed equity investments	97,874	–	–	97,874
– Exchange traded funds	33,705	–	–	33,705
– Listed debt investments	–	776,684	409,420	1,186,104
– Unlisted debt investments	–	75,438	16,918	92,356
	131,579	852,122	426,338	1,410,039
Investment securities at fair value (through profit or loss and through other comprehensive income)				
– Listed equity investments	2,241,676	–	–	2,241,676
– Listed debt investments	–	192,773	–	192,773
– Unlisted equity investments	–	8,230	–	8,230
– Unlisted debt investments	–	480,262	–	480,262
– Unlisted investment funds	–	8,217,416	264,008	8,481,424
– Consolidated investment funds (Note 4)	2,381,721	9,454,084	7,313,936	19,149,741
	4,623,397	18,352,765	7,577,944	30,554,106
Derivative financial assets				
– Swaps	–	37,177	–	37,177
– Forward foreign currency exchange contracts	–	96,193	–	96,193
– Listed futures/options/warrants	116	9,112	–	9,228
– Unlisted options	–	2,180	–	2,180
	116	144,662	–	144,778
Total	4,755,092	19,349,549	8,004,282	32,108,923

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34. Financial Risk Management (continued)

Financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Fair value hierarchy and valuation technique of financial assets and financial liabilities other than financial assets and financial liabilities relating to financial product issuance (continued)

Assets – at 31 December 2021 (audited)

	Level 1 HK\$'000 (Note 1)	Level 2 HK\$'000 (Note 2)	Level 3 HK\$'000 (Note 3)	Total HK\$'000
Financial assets held for trading and market making activities				
– Listed equity investments	559,957	–	–	559,957
– Exchange traded funds	19,642	–	–	19,642
– Listed debt investments	–	1,686,781	901,783	2,588,564
– Unlisted debt investments	–	80,467	17,311	97,778
	579,599	1,767,248	919,094	3,265,941
Investment securities at fair value (through profit or loss and through other comprehensive income)				
– Listed equity investments	2,155,975	–	–	2,155,975
– Exchange traded funds	49,680	–	–	49,680
– Unlisted equity investments	–	7,845	–	7,845
– Unlisted debt investments	–	403,280	17,798	421,078
– Unlisted investment funds	–	9,962,740	–	9,962,740
– Consolidated investment funds (Note 4)	2,636,000	9,168,894	3,749,959	15,554,853
	4,841,655	19,542,759	3,767,757	28,152,171
Derivative financial assets				
– Swaps	–	57,302	–	57,302
– Forward foreign currency exchange contracts	–	19,077	–	19,077
– Listed futures/options/warrants	–	27,195	–	27,195
– Unlisted options	–	2,665	–	2,665
	–	106,239	–	106,239
Total	5,421,254	21,416,246	4,686,851	31,524,351

34. Financial Risk Management (continued)

Financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Fair value hierarchy and valuation technique of financial assets and financial liabilities other than financial assets and financial liabilities relating to financial product issuance (continued)

Liabilities – at 30 June 2022 (unaudited)

	Level 1 HK\$'000 (Note 1)	Level 2 HK\$'000 (Note 2)	Level 3 HK\$'000 (Note 3)	Total HK\$'000
Financial liabilities held for trading and market making activities				
– Listed equity investments	13,637	–	–	13,637
– Listed debt investments	–	661,802	–	661,802
	13,637	661,802	–	675,439
Derivative financial liabilities				
– Swaps	–	1,326	–	1,326
– Forward foreign currency exchange contracts	–	6,325	–	6,325
– Listed futures/options/warrants	–	9,495	–	9,495
– Callable bull/bear contracts	–	5,662	–	5,662
– Unlisted options	–	1,677	–	1,677
	–	24,485	–	24,485
Total	13,637	686,287	–	699,924

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34. Financial Risk Management (continued)

Financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Fair value hierarchy and valuation technique of financial assets and financial liabilities other than financial assets and financial liabilities relating to financial product issuance (continued)

Liabilities – at 31 December 2021 (audited)

	Level 1 HK\$'000 (Note 1)	Level 2 HK\$'000 (Note 2)	Level 3 HK\$'000 (Note 3)	Total HK\$'000
Financial liabilities held for trading and market making activities				
– Listed equity investments	64,644	–	–	64,644
– Listed debt investments	–	2,321,351	–	2,321,351
	64,644	2,321,351	–	2,385,995
Derivative financial liabilities				
– Swaps	–	1,875	–	1,875
– Forward foreign currency exchange contracts	–	15,984	–	15,984
– Listed futures/options/warrants	–	79,918	–	79,918
– Callable bull/bear contracts	–	216,577	–	216,577
– Unlisted options	–	6,014	–	6,014
	–	320,368	–	320,368
Total	64,644	2,641,719	–	2,706,363

Notes:

- (1) The fair values of financial instruments traded in active markets are based on quote prices at the end of reporting period.
- (2) The fair values of listed debt investments and unlisted debt investments are determined with reference to market observable broker/financial institution quotes. The fair values of unlisted equity investments are determined with reference to the recent transaction price of the investments. The fair value of unlisted investment funds are determined based on the fair value of the underlying investment portfolio, which is comprised of (i) listed equity investments of which their price are quoted in active market and/or (ii) unlisted debt investments of which the fair value are determined based on quoted price provided by brokers/financial institution. The fair value of derivative financial instruments are determined based on discounted cash flow model applying various market observable financial parameters, including interest rates, forward exchange rate, credit spread, yield spread, etc.

If one or more of these significant inputs in valuation are not based on observable market data, the financial instrument is included in Level 3.
- (3) The fair values are determined by using valuation techniques with one or more of the significant inputs not based on observable market data. Information on Level 3 fair value measurements are further detailed below.
- (4) As at 30 June 2022, the investments held by consolidated investment funds as disclosed in note 15(i) are HK\$19.1 billion (31 December 2021: HK\$15.6 billion), which include (i) listed equity investments of HK\$2,382 million (31 December 2021: HK\$2,636 million) classified as level 1, (ii) listed and unlisted debt investments of HK\$3,745 million (31 December 2021: HK\$7,448 million), unlisted equity investments of HK\$291 million (31 December 2021: HK\$401 million), unlisted fund investments of HK\$4,455 million (31 December 2021: HK\$780 million) and unlisted partnership investments of HK\$963 million (31 December 2021: HK\$540 million) collectively classified as level 2, (iii) unlisted equity investments of HK\$2,108 million (31 December 2021: HK\$369 million), unlisted debt investments of HK\$1,939 million (31 December 2021: HK\$717 million), unlisted fund investments of HK\$100 million (31 December 2021: HK\$99 million) and unlisted partnership investments of HK\$3,167 million (31 December 2021: HK\$2,565 million) collectively classified as level 3, with the total amounts of level 1, 2 and 3 investments being HK\$2,382 million, HK\$9,454 million and HK\$7,314 million (31 December 2021: HK\$2,636 million, HK\$9,169 million and HK\$3,750 million) respectively.

34. Financial Risk Management (continued)

Financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Fair value hierarchy and valuation technique of financial assets and financial liabilities relating to financial product issuance

Apart from financial assets and financial liabilities as detailed above, the Group allows its customers to get access to various asset classes or markets, including private equity, listed equity in restricted markets and debt or fund investments by issuing structured notes or entering into International Swaps and Derivatives Association, Inc. ("ISDA") master netting agreements or similar agreements with clients to cater to their investment needs and provide tailored financing solution, collectively "client and relevant hedging positions".

The outstanding balance of HK\$5,629 million (31 December 2021: HK\$7,770 million) represented unlisted financial products issued to clients with underlying investments linked to various equity investments, debt investments and fund investments. The Group hedges by acquiring equivalent underlying assets or entering similar transactions with counterparties. The outstanding balance of the long hedging position is HK\$16,346 million (31 December 2021: HK\$17,554 million).

The variable return of these groups of financial assets and liabilities in a net basis is not significant. Management is of the view that aggregate market risk of the exposures is insignificant as the carrying value of the issued notes/products makes reference to the valuation of the hedging instruments. As such detailed basis of valuation and methodology may not be relevant.

A detailed analysis of fair value of client and relevant hedging positions as at the end of the reporting periods is as follows:

As at 30 June 2022 (unaudited)

	Level 1 HK\$'000 (Note 1)	Level 2 HK\$'000 (Note 2)	Level 3 HK\$'000 (Note 3)	Total HK\$'000
Assets acquired for financial products issued at fair value				
– Listed equity investments	821,877	–	–	821,877
– Listed debt investments	–	2,274,840	3,366,931	5,641,771
– Unlisted equity investments	–	3,071	169,675	172,746
– Unlisted partnership investments	–	26,855	–	26,855
– Unlisted debt investments	–	4,529,678	–	4,529,678
– Unlisted investment funds	–	648,279	246,539	894,818
– Unlisted financial products	–	3,474,704	783,535	4,258,239
	821,877	10,957,427	4,566,680	16,345,984
Financial products issued at fair value				
– Unlisted issued financial products	–	5,070,832	557,682	5,628,514
Net position as of 30 June 2022	821,877	5,886,595	4,008,998	10,717,470

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For the six months ended 30 June 2022

34. Financial Risk Management (continued)

Financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Fair value hierarchy and valuation technique of financial assets and financial liabilities relating to financial product issuance (continued)

As at 31 December 2021 (audited)

	Level 1 HK\$'000 (Note 1)	Level 2 HK\$'000 (Note 2)	Level 3 HK\$'000 (Note 3)	Total HK\$'000
Assets acquired for financial products issued at fair value				
– Listed equity investments	1,038,015	–	–	1,038,015
– Listed debt investments	–	2,879,991	3,706,255	6,586,246
– Unlisted equity investments	–	128,725	168,621	297,346
– Unlisted partnership investments	–	47,190	–	47,190
– Unlisted debt investments	–	3,972,539	–	3,972,539
– Unlisted investment funds	–	1,622,324	2,489	1,624,813
– Unlisted financial products	–	3,444,316	543,180	3,987,496
	1,038,015	12,095,085	4,420,545	17,553,645
Financial products issued at fair value				
– Unlisted issued financial products	–	7,224,646	545,134	7,769,780
Net position as of 31 December 2021	1,038,015	4,870,439	3,875,411	9,783,865

Notes:

- (1) The fair values of financial instruments traded in active markets are based on quoted market prices at the end of the reporting period.
- (2) The fair values of listed debt investments and unlisted debt investments are determined with reference to market observable broker/financial institution quotes. The fair values of unlisted equity investments are determined with reference to the recent transaction price of the investments. The fair value of unlisted partnership investments and unlisted investment funds are determined based on the fair value of the underlying investment portfolio, which is comprised of (i) listed equity investments of which their price are quoted in active market and/or (ii) unlisted debt investments of which the fair value are determined based on quoted price provided by brokers/financial institution. The fair value of unlisted financial products are determined based on discounted cash flow model applying various market observable financial parameters, including interest rates, forward exchange rate, credit spread, yield spread, etc. The Group managed relevant assets and liabilities on a pair basis and as such relevant liabilities are valued with directly reference to its hedging assets.
- (3) The fair values are determined by using valuation techniques with one or more of the significant inputs not based on observable market data. Information on Level 3 fair value measurements are further detailed below.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of that date of the event or change in circumstances that caused the transfer.

34. Financial Risk Management (continued)

Information about Level 3 fair value measurements

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurement in Level 3 of the fair value hierarchy:

30 June 2022 (unaudited)

	Financial assets measured at fair value		Financial liabilities measured at FVTPL
	Financial assets held for trading and market making activities/ investment securities at fair value HK\$'000	Assets acquired for financial products issued HK\$'000	Financial products issued at fair value HK\$'000
Opening balance	4,686,851	4,420,545	(545,134)
Addition (note i)	1,927,600	–	–
Transfer into Level 3 (note ii)	2,597,268	477,561	(82,310)
Disposal	(76,460)	(300,515)	2,192
Total (losses) gains in profit or loss (note iv)	(1,130,977)	(30,911)	67,570
Closing balance	8,004,282	4,566,680	(557,682)

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For the six months ended 30 June 2022

34. Financial Risk Management (continued)

Information about Level 3 fair value measurements (continued)

31 December 2021 (audited)

	Financial assets measured at fair value		Financial liabilities measured at FVTPL
	Financial assets held for trading and market making activities/ investment securities at FVTPL HK\$'000	Assets acquired for financial products issued HK\$'000	Financial products issued at fair value HK\$'000
Opening balance	2,217,201	3,149,108	(751,924)
Addition (note i)	1,148,661	77,592	(38,795)
Transfer into Level 3 (note ii)	775,919	2,517,156	(811,837)
Transfer into Level 2 (note iii)	(225,232)	(396,464)	396,464
Disposal	(1,379)	(67,113)	–
Total gains (losses) in profit or loss (note iv)	771,681	(859,734)	660,958
Closing balance	4,686,851	4,420,545	(545,134)

34. Financial Risk Management (continued)

Information about Level 3 fair value measurements (continued)

Notes:

- (i) For the period ended 30 June 2022, addition represents additional capital call to private equity funds of HK\$63 million (2021: HK\$206 million), purchase of investment funds of HK\$43 million (2021: Nil) and purchase of unlisted equity of HK\$1,822 million (2021: Nil). For the year ended 31 December 2021, addition also includes purchase of debt investments amounting to HK\$1,020 million and issuance of unlisted financial products of HK\$39 million where the fair value is determined based on significant unobservable inputs in particular the discount rate specific to the issuer of the debt investment.
- (ii) For the period ended 30 June 2022, private equity funds amounted to HK\$482 million, unlisted investment funds of HK\$899 million and unlisted equity of HK\$206 million (2021: a private equity fund amounted to HK\$37 million) were transferred from Level 2 to Level 3 category. The reason for the transfer is due to the fair value being determined with reference to the recent transaction price and therefore classified as Level 2 investments, and as of the reporting date were based on significant unobservable inputs applied (including the net asset value of the unlisted equity investments) in valuing these investments.

For the period ended 30 June 2022, unlisted debt investments amounted to HK\$1,488 million (2021: HK\$3,027 million) were transferred from Level 2 to Level 3 category. The reasons for the transfer is due to the fair value being determined with reference to the recent transaction price or market observable broker/financial institution quotes and therefore classified as Level 2 investments, and as of the reporting dates were based on significant unobservable inputs applied (including the credit assessment of the issuer) in valuing these investments.

For the period ended 30 June 2022, financial products issued of HK\$82 million (2021: HK\$812 million) were transferred into level 3 category with reference to the transfer of the underlying investments.

- (iii) For the year ended 31 December 2021, the fair value of an equity investment of HK\$70 million was determined with reference to market price with liquidity adjustment was transferred from Level 3 to Level 2 category as the investment was listed during 2021. The listed equity investment is subject to a lock up period and its fair value is determined with reference to the quoted market price of the share with an adjustment to discount the lack of marketability.

Another debt investment of HK\$155 million where the fair value is determined based on observable broker/financial institutions quotes and therefore transferred from Level 3 to Level 2 categories.

Regarding assets acquired for financial products issued, the fair value of an equity investment of HK\$363 million and a partnership investment of HK\$33 million was determined with reference to market price with liquidity adjustment were transferred from Level 3 to Level 2 category as the investments were listed during 2021. The listed equity investment is subject to a lock up period and its fair value is determined with reference to the quoted market price of the share with an adjustment to discount the lack of marketability. Similarly, the corresponding financial products issued at fair value with the same underlying were also transferred from Level 3 to Level 2.

- (iv) Of the total gains or losses for the period included in profit or loss, losses of HK\$924 million (2021: gains of HK\$734 million) relates to financial assets held for trading and market making activities, investment securities at FVTPL, assets acquired for financial products issued and financial products issued at fair value held at the end of the current reporting period. The fair value gains or losses are included in "Net trading and investment income" line item in the unaudited condensed consolidated statement of profit or loss.

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For the six months ended 30 June 2022

34. Financial Risk Management (continued)

Information about Level 3 fair value measurements (continued)

For financial assets and liabilities with Level 3 fair value measurements, fair value is determined by using valuation techniques such as discounted cash flow models, and generally based on parameters with significant unobservable inputs. The following table presents the related valuation techniques and inputs of the major financial assets (or financial products issued with underlying investments being such financial assets) and financial liabilities with Level 3 fair value measurements.

	Fair value as at		Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)			
Financial assets other than financial assets relating to financial product issuance					
Debt investments	2,365,358	1,653,318	Discounted cash flow models	Discount rate taking into account the credit risk of the issuer	The higher the discount rate, the lower the fair value
Unlisted equity investments	2,107,892	369,042	Market approach	Pricing multiples of market comparable companies used to determine the estimated equity value of the project company: – Price to sales multiple	The higher the pricing multiples, the higher the fair value
				Discount rate for lack of marketability	The higher the discount rate, the lower the fair value
Unlisted partnerships investments/ Unlisted investment funds	3,531,032	2,664,491	Net asset value of the unlisted investments which are the deemed resale price of investments provided by the external counterparties	Net assets value	The higher the net assets value, the higher the fair value
	8,004,282	4,686,851			

34. Financial Risk Management (continued)

Information about Level 3 fair value measurements (continued)

	Fair value as at		Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)			
Financial assets and financial liabilities relating to product issuance					
<i>Asset acquired for financial products issued</i>					
Debt investments/Unlisted financial products	4,150,466	4,249,435	Discounted cash flow models	Discount rate taking into account the credit risk of the issuer	The higher the discount rate, the lower the fair value
Unlisted equity investments	169,675	168,621	Net asset value of the unlisted equity investments which are the deemed resale price of investments provided by the external counterparties	Net asset value	The higher the net assets value, the higher the fair value
Unlisted partnership investments/ Unlisted investment fund	246,539	2,489	Net asset value of the unlisted investments which are the deemed resale price of investments provided by the external counterparties	Net asset value	The higher the net assets value, the higher the fair value
	4,566,680	4,420,545			
<i>Financial products issued at fair value</i>					
Unlisted financial products	557,682	545,134	The return of the financial products issued is linked to equity investments, partnership investments, or investment fund which are valued with directly reference to its hedge assets	Net asset value of its hedging assets	The higher of the net assets value, the higher the fair value

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For the six months ended 30 June 2022

35. Transfer of Financial Assets

The Group enters into transactions in the normal course of business by which it transfers recognised financial assets or transfer rights and obligations relating to financial assets to third parties. In some cases where the transfers qualify for derecognition, the transfer may give rise to full or partial derecognition of the financial assets concerned. In other cases where the Group retained substantially all the risks and rewards of the financial assets concerned after the transfer, the Group continued to recognise the transferred assets.

Financial assets sold under repurchase agreements

Transferred financial assets that do not qualify for derecognition include bonds and equities held by counterparties as collateral under repurchase agreements, and the Group has determined that the Group retains substantially all the risks and rewards of these bonds and equities and therefore has not derecognised them.

Details of carrying amount and fair value of transferred assets, and the assessment performed by the Group in respect of whether bonds and equities sold under repurchase agreements shall be derecognised are disclosed in note 27 of the unaudited condensed consolidated financial statements.

36. Approval of the Interim Financial Statements

These unaudited condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors on 24 August 2022.

Other Information

Dividend

The board of directors of the Company (the "Board") did not recommend the payment of an interim dividend for the 6 months ended 30 June 2022 (2021: HK9 cents per share).

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2022, the interests and short positions of the directors of the Company (the "Director(s)") in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 (the "Model Code") to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

The Company

Name of Directors	Class of shares	Number of shares held			Number of underlying shares held under equity derivatives	Total	Approximate percentage of the Company's total issued share capital*
		Personal interests	Family interests	Corporate interests			
LIN Yong	Ordinary shares/share options	10,471,986 (Note 2)	–	–	5,843,049 (Note 1)	16,315,035	0.25%
LI Jianguo	Ordinary shares/share options	2,630,685 (Note 3)	–	–	1,268,473 (Note 1)	3,899,158	0.06%
POON Mo Yiu	Ordinary shares/share options	3,854,172 (Note 4)	–	–	2,314,986 (Note 1)	6,169,158	0.09%
SUN Jianfeng	Ordinary shares/share options	3,292,313 (Note 5)	–	–	3,858,437 (Note 1)	7,150,750	0.11%
SUN Tong	Ordinary shares/share options	2,915,655 (Note 6)	–	–	3,527,681 (Note 1)	6,443,336	0.10%
CHENG Chi Ming Brian	Share options	–	–	–	1,213,473 (Note 1)	1,213,473	0.02%
ZHANG Xinjun	Ordinary shares/share options	956,762 (Note 7)	–	–	2,427,177 (Note 1)	3,383,939	0.05%
WAN Kam To	Share options	–	–	–	826,134 (Note 1)	826,134	0.01%
LIU Swee Long Michael	Share options	–	–	–	165,000 (Note 1)	165,000	0.00%
ZHANG Huaqiao	Share options	–	–	–	165,000 (Note 1)	165,000	0.00%

* The total number of issued shares of the Company was 6,641,563,594 as at 30 June 2022.

Other Information

Notes:

- On 23 June 2022, the number of outstanding share options and the exercise price were adjusted in the following manner consequent to the issuance of bonus shares on the same day:

Name of Directors	Date of grant of share options	Number of outstanding share options before the issuance of bonus shares	Exercise price per share option before the issuance of bonus shares	Adjusted number of outstanding share options after the issuance of bonus shares	Adjusted exercise price per share option after the issuance of bonus shares
LIN Yong	10 November 2017	805,672	5.002	886,240	4.547
	1 November 2018	1,804,127	2.898	1,984,539	2.635
	31 May 2019	902,064	2.554	992,270	2.322
	29 May 2020	900,000	1.727	990,000	1.570
	21 July 2021	900,000	2.398	990,000	2.180
LI Jianguo	10 November 2017	302,127	5.002	332,339	4.547
	1 November 2018	300,689	2.898	330,757	2.635
	31 May 2019	150,343	2.554	165,377	2.322
	29 May 2020	200,000	1.727	220,000	1.570
	21 July 2021	200,000	2.398	220,000	2.180
POON Mo Yiu	10 November 2017	302,127	5.002	332,339	4.547
	1 November 2018	701,604	2.898	771,764	2.635
	31 May 2019	350,802	2.554	385,883	2.322
	29 May 2020	350,000	1.727	385,000	1.570
	21 July 2021	400,000	2.398	440,000	2.180
SUN Jianfeng	10 November 2017	503,545	5.002	553,899	4.547
	1 November 2018	1,202,751	2.898	1,323,026	2.635
	31 May 2019	601,375	2.554	661,512	2.322
	29 May 2020	600,000	1.727	660,000	1.570
	21 July 2021	600,000	2.398	660,000	2.180
SUN Tong	10 November 2017	503,545	5.002	553,899	4.547
	1 November 2018	1,002,293	2.898	1,102,522	2.635
	31 May 2019	501,146	2.554	551,260	2.322
	29 May 2020	600,000	1.727	660,000	1.570
	21 July 2021	600,000	2.398	660,000	2.180
CHENG Chi Ming Brian	10 November 2017	302,127	5.002	332,339	4.547
	1 November 2018	300,689	2.898	330,757	2.635
	31 May 2019	150,343	2.554	165,377	2.322
	29 May 2020	150,000	1.727	165,000	1.570
	21 July 2021	200,000	2.398	220,000	2.180

Name of Directors	Date of grant of share options	Number of outstanding share options before the issuance of bonus shares	Exercise price per share option before the issuance of bonus shares	Adjusted number of outstanding share options after the issuance of bonus shares	Adjusted exercise price per share option after the issuance of bonus shares
ZHANG Xinjun	10 November 2017	503,545	5.002	553,899	4.547
	1 November 2018	1,002,293	2.898	1,102,522	2.635
	31 May 2019	300,688	2.554	330,756	2.322
	29 May 2020	200,000	1.727	220,000	1.570
	21 July 2021	200,000	2.398	220,000	2.180
WAN Kam To	1 November 2018	300,689	2.898	330,757	2.635
	31 May 2019	150,343	2.554	165,377	2.322
	29 May 2020	150,000	1.727	165,000	1.570
	21 July 2021	150,000	2.398	165,000	2.180
LIU Swee Long Michael	21 July 2021	150,000	2.398	165,000	2.180
ZHANG Huaqiao	21 July 2021	150,000	2.398	165,000	2.180

2. Those shares are held by Mr. LIN Yong as beneficial owner, included 1,109,120 unvested awarded shares granted by the Company pursuant to the share award scheme as at 30 June 2022 and a total of 647,929 awarded shares which were vested in tranches on 23 March 2022 and 24 March 2022 pursuant to the share award scheme during the 6 months ended 30 June 2022.
3. Those shares are held by Mr. LI Jianguo as beneficial owner.
4. Those shares are held by Mr. POON Mo Yiu as beneficial owner, included 436,717 unvested awarded shares granted by the Company pursuant to the share award scheme as at 30 June 2022 and a total of 231,692 awarded shares which were vested in tranches on 23 March 2022 and 24 March 2022 pursuant to the share award scheme during the 6 months ended 30 June 2022.
5. Those shares are held by Mr. SUN Jianfeng as beneficial owner, included 506,037 unvested awarded shares granted by the Company pursuant to the share award scheme as at 30 June 2022 and a total of 281,560 awarded shares which were vested in tranches on 23 March 2022 and 24 March 2022 pursuant to the share award scheme during the 6 months ended 30 June 2022.
6. Those shares are held by Mr. SUN Tong as beneficial owner, included 506,037 unvested awarded shares granted by the Company pursuant to the share award scheme as at 30 June 2022 and a total of 256,568 awarded shares which were vested in tranches on 23 March 2022 and 24 March 2022 pursuant to the share award scheme during the 6 months ended 30 June 2022.
7. Those shares are held by Mr. ZHANG Xinjun as beneficial owner.

Other Information

All the interests disclosed above represent long positions in the shares and underlying shares of the Company.

Save as disclosed above, as at 30 June 2022, none of the Directors or their associates had registered any other interests or short positions 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) that was required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed under the sections headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above and "Share Option Scheme" below, at no time during the 6 months ended 30 June 2022 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Shared-based Compensation Schemes

The Company operates two equity-settled share-based compensation schemes including a share option scheme (the "Share Option Scheme") and a share award scheme (the "Share Award Scheme") for the purpose of assisting in recruiting, retaining and motivating key staff members. Eligible participants of the schemes include the Directors, including independent non-executive Directors, and other employees of the Group.

Share Option Scheme

On 8 June 2015, the shareholders of the Company approved the adoption of a new share option scheme (the "2015 Share Option Scheme") to attract, retain and motivate talented employees to strive towards long term performance targets set by the Group with an opportunity to obtain an equity interest in the Company, thus linking their interest with the interest of the Group and thereby providing them with an added incentive to work better for the interest of the Group. The 2015 Share Option Scheme shall be valid and effective for a period of 10 years commencing from 8 June 2015 and will expire on 7 June 2025.

Movements of the share options under the 2015 Share Option Scheme during the 6 months ended 30 June 2022 are listed below:

Name or category of participants	Number of share options						Price of Company's shares***				
	At 1 January 2022	Granted during the period	Adjusted during the period	Exercised during the period	Lapsed during the period	At 30 June 2022	Date of grant of share options*	Exercise period of share options	Exercise price of share options**	At immediately preceding the grant date of share options	At immediately preceding the exercise date of share options
									HK\$ per share	HK\$ per share	HK\$ per share
Directors											
LIN Yong	805,672	–	80,568 (Note 1)	–	–	886,240	10 November 2017	7 June 2018– 9 November 2022	4.547 (Note 1)	4.58	N/A
	1,804,127	–	180,412 (Note 1)	–	–	1,984,539	1 November 2018	28 May 2019– 31 October 2023	2.635 (Note 1)	2.56	N/A
	902,064	–	90,206 (Note 1)	–	–	992,270	31 May 2019	27 December 2019– 30 May 2024	2.322 (Note 1)	2.39	N/A
	900,000	–	90,000 (Note 1)	–	–	990,000	29 May 2020	25 December 2020– 28 May 2025	1.570 (Note 1)	1.55	N/A
	900,000	–	90,000 (Note 1)	–	–	990,000	21 July 2021	17 February 2022– 20 July 2026	2.180 (Note 1)	2.16	N/A
LI Jianguo	302,127	–	30,212 (Note 1)	–	–	332,339	10 November 2017	7 June 2018– 9 November 2022	4.547 (Note 1)	4.58	N/A
	300,689	–	30,068 (Note 1)	–	–	330,757	1 November 2018	28 May 2019– 31 October 2023	2.635 (Note 1)	2.56	N/A
	150,343	–	15,034 (Note 1)	–	–	165,377	31 May 2019	27 December 2019– 30 May 2024	2.322 (Note 1)	2.39	N/A
	200,000	–	20,000 (Note 1)	–	–	220,000	29 May 2020	25 December 2020– 28 May 2025	1.570 (Note 1)	1.55	N/A
	200,000	–	20,000 (Note 1)	–	–	220,000	21 July 2021	17 February 2022– 20 July 2026	2.180 (Note 1)	2.16	N/A
POON Mo Yiu	302,127	–	30,212 (Note 1)	–	–	332,339	10 November 2017	7 June 2018– 9 November 2022	4.547 (Note 1)	4.58	N/A
	701,604	–	70,160 (Note 1)	–	–	771,764	1 November 2018	28 May 2019– 31 October 2023	2.635 (Note 1)	2.56	N/A
	350,802	–	35,081 (Note 1)	–	–	385,883	31 May 2019	27 December 2019– 30 May 2024	2.322 (Note 1)	2.39	N/A
	350,000	–	35,000 (Note 1)	–	–	385,000	29 May 2020	25 December 2020– 28 May 2025	1.570 (Note 1)	1.55	N/A
	400,000	–	40,000 (Note 1)	–	–	440,000	21 July 2021	17 February 2022– 20 July 2026	2.180 (Note 1)	2.16	N/A

Other Information

Name or category of participants	Number of share options						Price of Company's shares***				
	At 1 January 2022	Granted during the period	Adjusted during the period	Exercised during the period	Lapsed during the period	At 30 June 2022	Date of grant of share options*	Exercise period of share options	Exercise price of share options**	At immediately preceding the grant date of share options	At immediately preceding the exercise date of share options
									HK\$ per share	HK\$ per share	HK\$ per share
Directors											
SUN Jianfeng	503,545	–	50,354 (Note 1)	–	–	553,899	10 November 2017	7 June 2018– 9 November 2022	4,547 (Note 1)	4.58	N/A
	1,202,751	–	120,275 (Note 1)	–	–	1,323,026	1 November 2018	28 May 2019– 31 October 2023	2,635 (Note 1)	2.56	N/A
	601,375	–	60,137 (Note 1)	–	–	661,512	31 May 2019	27 December 2019– 30 May 2024	2,322 (Note 1)	2.39	N/A
	600,000	–	60,000 (Note 1)	–	–	660,000	29 May 2020	25 December 2020– 28 May 2025	1,570 (Note 1)	1.55	N/A
	600,000	–	60,000 (Note 1)	–	–	660,000	21 July 2021	17 February 2022– 20 July 2026	2,180 (Note 1)	2.16	N/A
SUN Tong	503,545	–	50,354 (Note 1)	–	–	553,899	10 November 2017	7 June 2018– 9 November 2022	4,547 (Note 1)	4.58	N/A
	1,002,293	–	100,229 (Note 1)	–	–	1,102,522	1 November 2018	28 May 2019– 31 October 2023	2,635 (Note 1)	2.56	N/A
	501,146	–	50,114 (Note 1)	–	–	551,260	31 May 2019	27 December 2019– 30 May 2024	2,322 (Note 1)	2.39	N/A
	600,000	–	60,000 (Note 1)	–	–	660,000	29 May 2020	25 December 2020– 28 May 2025	1,570 (Note 1)	1.55	N/A
	600,000	–	60,000 (Note 1)	–	–	660,000	21 July 2021	17 February 2022– 20 July 2026	2,180 (Note 1)	2.16	N/A
CHENG Chi Ming Brian	302,127	–	30,212 (Note 1)	–	–	332,339	10 November 2017	7 June 2018– 9 November 2022	4,547 (Note 1)	4.58	N/A
	300,689	–	30,068 (Note 1)	–	–	330,757	1 November 2018	28 May 2019– 31 October 2023	2,635 (Note 1)	2.56	N/A
	150,343	–	15,034 (Note 1)	–	–	165,377	31 May 2019	27 December 2019– 30 May 2024	2,322 (Note 1)	2.39	N/A
	150,000	–	15,000 (Note 1)	–	–	165,000	29 May 2020	25 December 2020 – 28 May 2025	1,570 (Note 1)	1.55	N/A
	200,000	–	20,000 (Note 1)	–	–	220,000	21 July 2021	17 February 2022– 20 July 2026	2,180 (Note 1)	2.16	N/A

Name or category of participants	Number of share options						Price of Company's shares***					
	At 1 January 2022	Granted during the period	Adjusted during the period	Exercised during the period	Lapsed during the period	At 30 June 2022	Date of grant of share options*	Exercise period of share options	Exercise price of share options**	At immediately preceding the grant date of share options	At immediately preceding the exercise date of share options	
									HK\$ per share	HK\$ per share	HK\$ per share	
Directors												
ZHANG Xinjun	503,545	–	50,354 (Note 1)	–	–	553,899	10 November 2017	7 June 2018– 9 November 2022	4.547 (Note 1)	4.58	N/A	
	1,002,293	–	100,229 (Note 1)	–	–	1,102,522	1 November 2018	28 May 2019– 31 October 2023	2.635 (Note 1)	2.56	N/A	
	300,688	–	30,068 (Note 1)	–	–	330,756	31 May 2019	27 December 2019– 30 May 2024	2.322 (Note 1)	2.39	N/A	
	200,000	–	20,000 (Note 1)	–	–	220,000	29 May 2020	25 December 2020– 28 May 2025	1.570 (Note 1)	1.55	N/A	
	200,000	–	20,000 (Note 1)	–	–	220,000	21 July 2021	17 February 2022– 20 July 2026	2.180 (Note 1)	2.16	N/A	
WAN Kam To	300,689	–	30,068 (Note 1)	–	–	330,757	1 November 2018	28 May 2019– 31 October 2023	2.635 (Note 1)	2.56	N/A	
	150,343	–	15,034 (Note 1)	–	–	165,377	31 May 2019	27 December 2019– 30 May 2024	2.322 (Note 1)	2.39	N/A	
	150,000	–	15,000 (Note 1)	–	–	165,000	29 May 2020	25 December 2020– 28 May 2025	1.570 (Note 1)	1.55	N/A	
	150,000	–	15,000 (Note 1)	–	–	165,000	21 July 2021	17 February 2022– 20 July 2026	2.180 (Note 1)	2.16	N/A	
LIU Swee Long Michael	150,000	–	15,000 (Note 1)	–	–	165,000	21 July 2021	17 February 2022– 20 July 2026	2.180 (Note 1)	2.16	N/A	
ZHANG Huaqiao	150,000	–	15,000 (Note 1)	–	–	165,000	21 July 2021	17 February 2022– 20 July 2026	2.180 (Note 1)	2.16	N/A	
In aggregate	19,644,927	–	1,964,483	–	–	21,609,410						

Other Information

Name or category of participants	Number of share options						Price of Company's shares***				
	At 1 January 2022	Granted during the period	Adjusted during the period	Exercised during the period	Lapsed during the period	At 30 June 2022	Date of grant of share options*	Exercise period of share options	Exercise price of share options** HK\$ per share	At immediately preceding the grant date of share options HK\$ per share	At immediately preceding the exercise date of share options HK\$ per share
Continuous contract employees											
	3,323,396	–	307,165 (Note 1)	–	(251,772) (Note 2)	3,378,789	10 November 2017	7 June 2018– 9 November 2022	4,547 (Note 1)	4.58	N/A
	4,510,316	–	442,015 (Note 1)	–	(90,206) (Note 2)	4,862,125	1 November 2018	28 May 2019– 31 October 2023	2,635 (Note 1)	2.56	N/A
	3,232,402	–	315,725 (Note 1)	–	(75,173) (Note 2)	3,472,954	31 May 2019	27 December 2019– 30 May 2024	2,322 (Note 1)	2.39	N/A
	4,195,000	–	409,500 (Note 1)	–	(210,000) (Note 2)	4,394,500	29 May 2020	25 December 2020– 28 May 2025	1,570 (Note 1)	1.55	N/A
	5,645,000	–	559,500 (Note 1)	–	(105,000) (Note 2)	6,099,500	21 July 2021	17 February 2022– 20 July 2026	2,180 (Note 1)	2.16	N/A
In aggregate	20,906,114	–	2,033,905	–	(732,151)	22,207,868					
	40,551,041	–	3,998,388	–	(732,151)	43,817,278					

* The vesting period of the share options is from the date of the grant until the commencement of the exercise period. All share options referred to above are subject to a 6-month vesting period.

** The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

*** The price of the Company's shares disclosed at immediately preceding the grant date of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of the grant of the share options. The price of the Company's shares disclosed at immediately preceding the exercise date of the share options is the weighted average of the Stock Exchange closing prices over all the exercises of share options within the disclosure category.

Notes:

1. The exercise price and the number of share options were adjusted with effect from 23 June 2022 consequent to the issuance of bonus shares on the same day.
2. These share options were lapsed during the 6 months ended 30 June 2022 as a result of staff resignation.

Share Award Scheme

On 19 December 2014, the Company adopted the Share Award Scheme under which the shares of the Company (the "Awarded Shares") may be awarded to selected participants (including, without limitation, any executive Directors, non-executive Directors or independent non-executive Directors) of any members of the Group pursuant to the terms of the Share Award Scheme and the Trust Deed of the Share Award Scheme. The Share Award Scheme became effective on the adoption date and, unless otherwise terminated or amended, will remain in force for 10 years from that date, i.e. 18 December 2024.

Details of the Awarded Shares granted, vested, lapsed and unvested during the 6 months ended 30 June 2022 are set out below:

Date of awards	Number of Awarded Shares unvested as at 31 December 2021	Number of Awarded Shares granted during the period	Awarded Shares vested during the period		Number of Awarded Shares lapsed during the period	Awarded Shares unvested as at 30 June 2022	
			Number	Vesting date		Number	Vesting date
4 April 2019	1,620,854	–	1,620,854	23 March 2022	–	–	–
4 November 2019	1,635,000	–	1,635,000	2 January 2022	–	–	–
24 April 2020	7,506,259	–	3,733,223	24 March 2022	112,105	3,660,931	24 March 2023
7 September 2021	20,799,843	–	–	–	–	20,799,843	Note

Note: The unvested Awarded Shares outstanding as at 30 June 2022 are due vested in two batches on 30 September 2022 and 30 September 2023 respectively.

Other Information

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2022, the interests and short positions of those persons (other than the Directors) in the shares and underlying shares of the Company as required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or to the best of Directors' knowledge, were as follows:

Name of substantial shareholders	Number of shares held and nature of interests		Number of underlying shares held under equity derivatives	Total	Approximate percentage of the Company's total issued share capital*
	Direct	Deemed			
Haitong Securities Co., Ltd. ("HSCL")	–	4,367,697,113	–	4,367,697,113	65.76%
Haitong International Holdings Limited ("HTIH")	4,367,697,113	–	–	4,367,697,113	65.76%

* The total number of issued shares of the Company was 6,641,563,594 as at 30 June 2022.

Note: HSCL held the entire issued share capital of HTIH. By virtue of the provisions of the SFO, HSCL is deemed to be interested in the shares in which HTIH is interested.

All the interests disclosed above represent long positions in the shares and underlying shares of the Company.

Save as disclosed above, as at 30 June 2022, no person, other than the Directors, whose interests are set out in the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Purchase, Sale or Redemption of the Listed Securities of the Company

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the 6 months ended 30 June 2022 other than as an agent for clients of the Company or its subsidiaries.

Compliance with Corporate Governance

The Board is committed to maintaining a high standard of corporate governance practices within the Group. Throughout the 6 months ended 30 June 2022, the Company has fully complied with the code provisions set out in the Corporate Governance Code as contained in Appendix 14 of the Listing Rules.

Compliance with Model Code

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct for securities transactions by the Directors. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the 6 months ended 30 June 2022.

Audit Committee

The audit committee of the Company (the "Audit Committee") has met with the external auditors of the Group, Messrs. Deloitte Touche Tohmatsu, to review the accounting principles and practices adopted by the Group and the unaudited consolidated results for the 6 months ended 30 June 2022 of the Group. The Audit Committee currently comprises 3 non-executive Directors and among whom 2, including the chairman of the Audit Committee (the "Chairman"), are independent non-executive Directors. The Chairman has the appropriate financial-related professional qualification and experience.

Disclosure Pursuant to Rule 13.21 of the Listing Rules

On 6 March 2020, the Company (as borrower) entered into a facility agreement (the "Facility Agreement") with certain financial institutions (as lenders) in respect of a revolving credit facility in an aggregate amount of HK\$12,000,000,000 for a term of up to 36 months.

Pursuant to the terms of the Facility Agreement, if, inter alia, either of the following events of default occurs, all or any part of the facilities may be immediately cancelled and all or any part of the loans together with accrued interest and any other amounts accrued or outstanding under the facilities may become immediately due and payable or payable on demand:

- (1) HSCL ceases to be the largest shareholder of the Company; or
- (2) HSCL does not or ceases to have management control of the Company which means, as between HSCL and the Company, that (i) a majority of incumbent Directors are nominees of HSCL and (ii) HSCL has control over the management strategies and policies of the Company.

Announcement regarding the entering into of Facility Agreement was made on 6 March 2020.

Disclosure of the Information of the Board Pursuant to Rule 13.51B(1) of the Listing Rules

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information of the Board required to be disclosed in this report are as follows:

Mr. LIN Yong

Mr. LIN Yong has been appointed as a member of the Board of Governors of Chu Hai College of Higher Education with effect from 6 June 2022.

Corporate Information

General Information

Board of Directors

Executive Directors

LIN Yong *Deputy Chairman and
Chief Executive Officer*

LI Jianguo *Deputy Chairman*

POON Mo Yiu

SUN Jianfeng

SUN Tong

Non-executive Directors

LI Jun *Chairman*

CHENG Chi Ming Brian

ZHANG Xinjun

Independent Non-executive Directors

WAN Kam To

LIU Swee Long Michael

ZHANG Huaqiao

LEE Man Yuen Margaret

Company Secretary

LUK Wai Yin

External Auditors

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

Place of Incorporation

Bermuda

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Place of Business

22nd Floor, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Principal Share Registrar and Transfer Office

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Website

www.htisec.com