



海通证券股份有限公司

HAITONG SECURITIES CO., LTD.*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock Code: 6837

2022

INTERIM REPORT

*For identification purpose only

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IMPORTANT NOTICE

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

The Report was considered and approved at the 32nd meeting of the seventh session of the Board and the 18th meeting of the seventh session of the Supervisory Committee. All the Directors and Supervisors of the Company attended the Board meeting. And none of the Directors or Supervisors has any objection to the Report.

The 2022 interim condensed financial information of the Group was prepared in accordance with IFRSs and has not been audited. PricewaterhouseCoopers has reviewed and issued a review report on such interim financial information in accordance with International Standard on Review Engagements 2410.

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

The Company had no profit distribution proposal or proposal on transfer of capital reserve fund to share capital for the first half of 2022.

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

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

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



Section I DEFINITIONS AND MATERIAL RISK WARNINGS

I. DEFINITIONS

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

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

Section I DEFINITIONS AND MATERIAL RISK WARNINGS

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

Section I DEFINITIONS AND MATERIAL RISK WARNINGS

“NSSF”	the National Council for Social Security Fund of the PRC
“QFII”	Qualified Foreign Institutional Investor
“Reporting Period”	from 1 January 2022 to 30 June 2022
“RMB” or “Renminbi”	the lawful currency of the PRC
“RQFII”	Renminbi Qualified Foreign Institutional Investor
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Shanghai Guosheng Group”	Shanghai Guosheng (Group) Co., Ltd. (上海國盛(集團)有限公司)
“CSRC Shanghai Bureau”	Shanghai Bureau of the China Securities Regulatory Commission
“Shanghai Zechun”	Shanghai Zechun Investment & Development Co., Ltd.
“Shanghai Weitai Properties”	Shanghai Weitai Properties Management Co., Ltd. (上海惟泰置業管理有限公司)
“SSE”	the Shanghai Stock Exchange
“SSE Listing Rules”	the Shanghai Stock Exchange Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“SZSE”	the Shenzhen Stock Exchange
“US\$”, “USD” or “U.S. dollars”	the lawful currency of the United States of America
“WIND”	Wind Information Co., Ltd.

Section I DEFINITIONS AND MATERIAL RISK WARNINGS

II. MATERIAL RISK WARNINGS

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

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

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

Section II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

I. CORPORATE INFORMATION

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

Business scope of the Company

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

Registered Capital and Net Capital of the Company

Unit: Yuan Currency: RMB

	As at the end of the Reporting Period	As at the end of last year
Registered capital	13,064,200,000.00	13,064,200,000.00
Net capital	90,947,668,475.75	85,222,467,669.07

Qualification for each individual business of the Company

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

Section II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

10. Qualification for National Association of Financial Market Institutional Investors (August 2007)
11. Qualification for overseas securities investment management business as a qualified domestic institutional investor (Zheng Jian Xu Ke [2008] No. 146)
12. A-grade clearing participant qualification of China Securities Depository and Clearing Corporation Limited (Zhong Guo Jie Suan Han Zi [2008] No. 22)
13. Qualification for provision of intermediary introduction business for the futures companies (Hu Zheng Jian Ji Gou Zi [2010] No. 122)
14. Qualification for direct investment business trials (Ji Gou Bu Bu Han [2008] No. 421)
15. Qualification for implementation of the broker system (Hu Zheng Jian Ji Gou Zi [2009] No. 302)
16. Qualification for providing trading units for insurance agency investors (Bao Jian Zi Jin Shen Zheng [2009] No. 1)
17. Qualification for margin financing and securities lending business (Zheng Jian Xu Ke [2010] No. 315)
18. Qualification for engaging in stock index futures hedging business through proprietary trading of the company (Hu Zheng Jian Ji Gou Zi [2010] No. 372)
19. Qualification for fund evaluation business (Zhong Zheng Xie Fa [2010] No. 070)
20. Qualification for securities house assigned by NSSF (August 2011)
21. Qualification for engaging of stock index futures through asset management (Hu Zheng Jian Ji Gou Zi [2011] No. 237)
22. Stock repurchase transaction business trials (Ji Gou Bu Bu Han [2011] No. 512) (Shang Zheng Jiao Zi [2011] No. 37)
23. Qualification for issuance of overseas listed foreign shares (Zheng Jian Xu Ke [2011] No. 1821) (H Share)
24. Trial business of bond collateralised repurchase with quotes (Ji Gou Bu Bu Han [2011] No. 585)
25. Partnership independent custody business trials (Ji Gou Bu Bu Han [2012] No. 686)
26. Over-the-counter (the "OTC") transaction business (Zhong Zheng Xie Han [2012] No. 825)
27. Pilot qualification of engaging in margin and securities refinancing business (Zhong Zheng Jin Han [2012] No. 113)
28. Pilot qualification of underwriting of private debts for SMEs (Zhong Zheng Xie Han [2012] No. 561)
29. Qualification for foreign exchange operation in the securities business (SC201307)
30. NEEQ recommendation business and brokerage business (Gu Zhuan Xi Tong Han [2013] No. 61)
31. Qualification for agency sale of financial products (Hu Zheng Jian Ji Gou Zi [2013] No.180)
32. Equity income swaps business and OTC option trading business (Zhong Zheng Xie Han [2013] No. 996)
33. Pilot qualification of conducting capital consumption payment services for client securities (Ji Gou Bu Bu Han [2013] No. 741)
34. Qualification of the 11th batch of insurance agency for 2013 (Hu Bao Jian Xu Ke [2013] No. 204)
35. Qualification for agency distributing precious metal spot contract such as gold and proprietary trading for gold spot contract (Ji Gou Bu Bu Han [2013] No. 959)
36. Custody qualification of security investment funds (Zheng Jian Xu Ke [2013] No. 1643)

Section II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

37. Qualification for agency business of securities pledge registration (February 2014)
38. Internet securities business trials (Zhong Zheng Xie Han [2014] No. 358)
39. Membership qualification on the gold exchange (Certificate No. T004)
40. Business pilot of financing-oriented option exercise with respect to share incentive schemes of listed companies (Shenzhen Han [2014] No. 321)
41. Qualification for the stock options market making business (Zheng Jian Xu Ke [2015] No. 153)
42. Principal market maker in SSE 50 ETF options contracts (Shang Zheng Han [2015] No. 214)
43. Business qualification for options settlement (Zhong Guo Jie Suan Han Zi [2015] No. 20)
44. Futures membership certificate (Certificate number: NO. G02008)
45. Certificate of Membership of the Asset Management Association of China (Certificate number: 00000147)
46. Qualification for offshore proprietary business (Ji Gou Bu Han [2015] No. 1204)
47. No comment letter on innovative program of one-way video account opening (Zhong Guo Jie Suan Ban Zi [2015] No. 461)
48. Qualification for inter-bank gold price asking transactions (Shang Jin Jiao Fa [2015] No. 120)
49. Qualification for carrying on main underwriting business of debt financial instruments for non-financial enterprises (August 2016)
50. Qualification for note dealing (November 2016)
51. Qualification for relevant business on tools mitigating credit risk (January 2017)
52. Qualification for secondary dealers for OTC options business (Zhong Zheng Xie Fa [2018] No. 386)
53. Qualification for credit derivatives business (Ji Gou Bu Han [2019] No. 469)
54. Qualification for recording military confidential business consultancy services in a secured and confidential condition (October 2019)
55. Stock index and options market making business (Ji Gou Bu Han [2019] No. 3073)
56. Qualification for interest rate swap real-time undertaking business (The announcement of China Foreign Exchange Trade System)
57. Qualified establishment of a credit-protected bond pledge-type repurchase business (Zhong Guo Jie Suan Han Zi [2021] No. 201)
58. CSI 1000 Index Options Prime Market Maker (July 2022)
59. Commodity Swap Business Primary Trader (July 2022)

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

Section II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

II. CONTACT PERSON AND CONTACT METHODS

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

III. CHANGES OF BASIC CORPORATE INFORMATION

Registered address	No. 689 Guangdong Road, Shanghai, the PRC
Historical change of the registered address	200 Middle Jiangxi Road, Shanghai, the PRC (1988) 480 Middle Sichuan Road, Shanghai, the PRC (1990) 30 Beihaining Road, Shanghai, the PRC (1994) 218 Tangshan Road, Shanghai, the PRC (1998) 98 Huaihai Middle Road, Shanghai, the PRC (2001) Haitong Securities Building, No. 689 Guangdong Road, Shanghai, the PRC (2012)
Business address	No. 689 Guangdong Road, Shanghai, the PRC
Postal code of business address	200001
Internet website	http://www.htsec.com
Email	haitong@htsec.com
Search index for changes in registration during the Reporting Period	http://www.sse.com.cn
Principal place of business in Hong Kong	15/F, One Island South, 2 Heung Yip Road, Wong Chuk Hang, Hong Kong
Unified social credit code in the business license	9131000013220921X6

IV. INFORMATION DISCLOSURE AND CHANGES IN PLACE FOR INSPECTION

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

Section II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

V. BRIEF INFORMATION ON THE SHARES OF THE COMPANY

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

VI. OTHER RELEVANT INFORMATION

✓Not applicable

VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

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

(I) Major accounting data and financial indicators

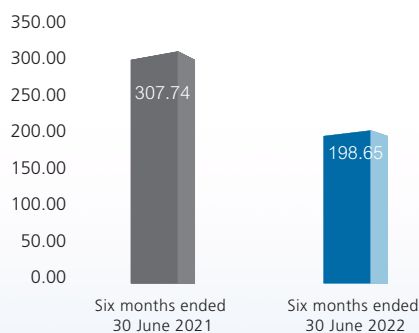
Items	Six months ended 30 June 2022	Six months ended 30 June 2021	As compared to the corresponding period of last year
Results of operations (RMB'000)			<i>Change</i>
Total revenue, gains and other income	19,864,831	30,773,720	-35.45%
Profit before income tax	5,886,065	11,660,950	-49.52%
Profit for the period	4,757,725	8,170,195	-41.77%
– attributable to owners of the Company			
Net cash from operating activities	10,928,558	22,661,526	-51.77%
Other comprehensive income/(loss)	58,198	(346,786)	N/A
Earnings per share (RMB/share)			<i>Change</i>
Basic earnings per share	0.36	0.63	-42.86%
Diluted earnings per share	0.36	0.63	-42.86%
Profitability indicators			<i>Change</i>
Weighted average returns on net assets (%)	2.88	5.10	-2.22 percentage points

Section II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

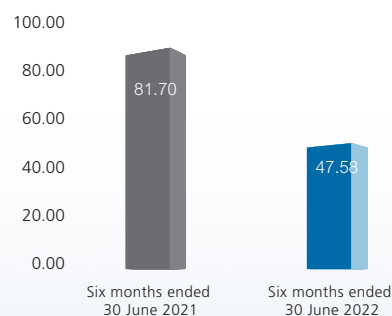
Items	As at 30 June 2022	As at 31 December 2021	As compared to the end of the last period
Indices of size (RMB'000)			
Total assets	749,565,861	744,925,149	Change 0.62%
Total liabilities	572,083,286	567,170,363	0.87%
Accounts payable to brokerage clients	129,589,378	123,202,200	5.18%
Equity attributable to owners of the Company	163,080,741	163,137,964	-0.04%
Total share capital ('000 shares)	13,064,200	13,064,200	0.00%
Net assets per share attributable to owners of the Company (RMB/share)			
	12.48	12.49	Change -0.08%
Gearing ratio (%)⁽¹⁾	71.37	71.41	decrease by 0.04 percentage points

Note 1: $\text{Gearing ratio} = (\text{total liabilities} - \text{accounts payable to brokerage clients}) / (\text{total assets} - \text{accounts payable to brokerage clients})$

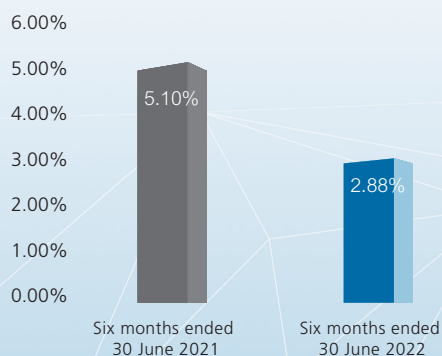
Total revenue, gains and other income
(RMB in 100 million)



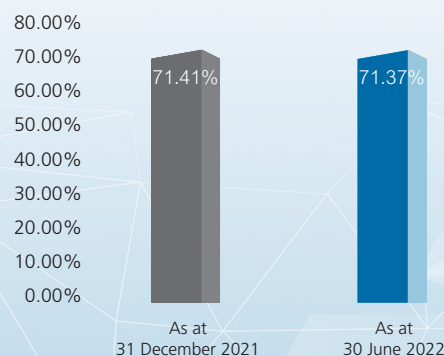
**Profit for the period –
attributable to owners of the Company**
(RMB in 100 million)



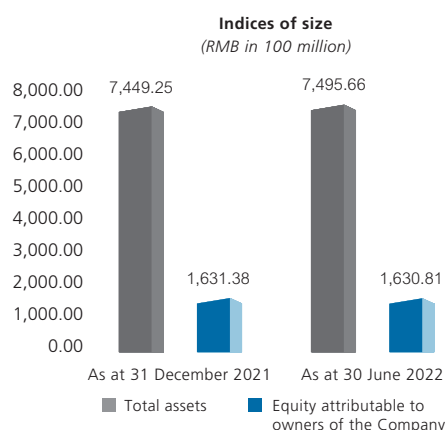
Weighted average returns on net assets



Gearing ratio



Section II COMPANY PROFILE AND KEY FINANCIAL INDICATORS



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

The net profit of the Group for the periods from January to June 2022 and from January to June 2021 and the net assets of the Group as at 30 June 2022 and 31 December 2021 as stated in the consolidated financial statements of the Group prepared in accordance with PRC GAAP are consistent with those prepared in accordance with IFRS.

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

As at 30 June 2022, the net capital of the Company as calculated in accordance with PRC GAAP was RMB90,948 million, representing an increase of RMB5,726 million as compared to the end of last year (RMB85,222 million). During the Reporting Period, all risk control indicators including net capital of the Company met the regulatory requirements.

Items	As at 30 June 2022	As at 31 December 2021
Net capital (RMB)	90,947,668,475.75	85,222,467,669.07
Net assets (RMB)	144,484,498,519.25	144,509,229,830.85
Risk coverage ratio (%)	203.98	200.25
Capital leverage ratio (%)	21.35	22.28
Liquidity coverage ratio (%)	244.45	259.39
Net stable funding rate (%)	162.18	157.72
Net capital/net assets (%)	62.95	58.97
Net capital/liabilities (%)	37.16	34.48
Net assets/liabilities (%)	59.04	58.47
Proprietary equity securities and securities derivatives/net capital (%)	17.15	24.03
Proprietary non-equity securities and securities derivatives/net capital (%)	178.64	201.85

Section III REPORT OF THE BOARD OF DIRECTORS

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

For details of the industry in which the Company operates for the Reporting Period, please see “III. Management Discussion and Analysis” in this section.

The Group’s principal business lines comprise wealth management, investment banking, asset management, trading and institutional client services, financial leasing, etc. For details of the business activities of the Group, please see “III. Management Discussion and Analysis” in this section.

During the Reporting Period, the Group recorded revenue of RMB19,865 million, net profits attributable to shareholders of the parent company of RMB4,758 million, total assets of RMB749,566 million, and net assets attributable to shareholders of the parent company of RMB163,081 million, and the Group has been in a leading position in the industry for years in terms of the key financial indicators.

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

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

1. Solid capital strength

The Company rapidly enhanced and maintained its solid capital strength through several rounds of strategic equity and bond financing, including A-share and H-share listing and secondary offering. In the first half of 2022, the Company seized market opportunities and completed several rounds of debt financing. The Company completed a series of domestic financing activities, raising over RMB30.0 billion through the issuance of corporate bonds, subordinated bonds and beneficiary certificates and enhancing the liquidity management capability and the risk prevention and control capability of the Company. Besides, the Company also actively expanded overseas financing channels to ensure the healthy and orderly development of overseas business. Adequate capital has laid a solid foundation for the Company to carry out business transformation and upgrading, satisfy domestic and overseas customers’ diversified needs for financial services and continuously improve its capability to serve the real economy.

Section III REPORT OF THE BOARD OF DIRECTORS

2. Outstanding comprehensive financial service platform

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

3. Extensive branch network and strong customer base

The Group's branch network covered six international financial centers in New York, London, Hong Kong, Shanghai, Singapore and Tokyo. As at the end of the Reporting Period, the Group had 338 securities and futures branches (including 301 securities branches and 37 futures branches) spanning across 30 provinces, municipalities and autonomous regions in the PRC. The Group also established branches, offices or subsidiaries in 15 countries and regions in five continents (Asia, Europe, North America, South America and Oceania). With a nationwide branch network and a strategic international presence, the Group has built a large and stable customer base. As at the end of the Reporting Period, the Group had over 20 million domestic and overseas customers.

Section III REPORT OF THE BOARD OF DIRECTORS

4. Industry-leading international cross-border service platform

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

Haitong International continued to reinforce its leading position among Hong Kong's investment banks. For equity financing, Haitong International took the lead in IPO and equity financing business among all investment banks in Hong Kong in terms of the number of bonds underwritten, and continued to boost its project execution capabilities and brand influence in overseas markets. For global debt financing business, Haitong International became a leader among global financial institutions in terms of the number of bond issuance. At the same time, Haitong International strove to implement the Environmental, Social and Governance ("ESG") concept and became a leading Chinese financial institution in the field of issuance of green and sustainable development bonds. In addition, Haitong International has become a comprehensive trading, research and sales platform serving global institutional customers. For asset management business, Haitong International took the initiative to optimize the AUM and product structure and focused on building a distinctive investment and research platform, with the AUM remaining stable. For wealth management business, Haitong International continued to develop tailored wealth management models for entrepreneur customers, kept upgrading its products and services, and expanded into global family office business.

Haitong Bank is an important part of the Group for deepening the Group's globalization strategy and an important platform for the Group to implement the "Belt and Road" initiative. Haitong Bank specializes in local market in the European Union and South America with over 20 years' experience. With full banking licenses, Haitong Bank is committed to developing the cross-border business cooperation between China and Europe as well as China and Latin America while supporting its extensive coverage of local business, with a focus on three key business areas including corporate banking, investment banking and asset management. In 2022, the registration of the Paris Office of Haitong Bank was completed, marking another important step forward in the Group's globalization strategy.

In respect of cross-border business in the free trade zone, Shanghai FTZ branch, as one of the first securities institutions participating in the FTU (自貿區分賬核算單元) system of the free trade zone, has become the first PRC securities firm successfully implementing the cross-border financing project under FT (自由貿易賬戶). In the first half of 2022, Shanghai FTZ branch continuously promoted the development of FTU and the coordination of the cross-border business activities of the Group while properly implementing measures in relation to the prevention and control of the COVID-19 pandemic.

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

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

Upholding the operational philosophy of “pragmatic, pioneering, steady and excellent” and the risk management philosophy of “prudence and even conservativeness,” the Company has successfully gone through multiple market and business cycles, regulatory reforms and industry transformations in over 30 years of operations. The Company has substantially established a group-wide risk management system to implement the requirements for overall risk management and to effectively manage, among others, market risk, credit risk, liquidity risk and operational risk. The Company established and improved the compliance management system and organizational system in accordance with the regulatory requirements, continuously strengthened the performance of compliance review, compliance monitoring and compliance inspection functions to ensure and facilitate the Company’s continued compliance and steady development. Meanwhile, the Company has always adhered to the work principle of taking risk prevention as its first priority, and strictly adopted relevant measures to control the risks of money laundering and terrorist financing in accordance with anti-money laundering laws and regulations.

6. Technology-leading digital transformation at an accelerated phase

The Company has adhered to the development strategy of “leading by technology,” and its investment in science and technology has continued to rank top in the industry. It has become one of the trailblazers and pioneers in the industry’s digital transformation, and the first securities company in the industry with the international authoritative certification in four areas including operation and maintenance service system, information security system, software research and development system and software testing system. Centered on the Company’s “14th Five-Year” plan for science and technology development, the construction of “Digital Haitong 2.0” has been accelerated. Firstly, the digital transformation of wealth management gained strong supports. Our self-developed one-stop online financial platform “e-Haitong Cai (e海通財)” APP and PC software achieved a total installation of over 42 million and the monthly average number of platform active users of nearly 5.5 million, thus remaining in the top ranking. Secondly, the service system for institutional clients has continuously improved. Our one-stop OTC derivatives business platform “e-Haitong Yan (e海通衍)” integrated management, valuation, trading, clearing, reporting and other functions and connected with various derivatives business chains within the Company, offering diversified and professional derivatives business services for customers; our integrated intelligent trading platform “ShareEBook (e海方舟)” integrated the functions of high-speed trading and high-speed market information in a bid to provide customized services for professional investors. In the first half of 2022, the shares and mutual funds trading volume exceeded RMB1.07 trillion, representing a year-on-year increase of 17%. Thirdly, the middle and back-end management have been fully empowered. We were the first in the industry to explore the management of seals for branches through the Internet of Things, with aims to optimize the business handling procedures and effectively prevent operational risks; the intelligent risk early warning, risk data mart and risk control indicator management of our comprehensive risk management

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platform have continuously optimized to effectively enhance the coverage and depth of risk management and control. Fourthly, the construction of the data middle-end platform has continuously deepened. Our data asset management and service system “e-Haitong Zhishu (e海智數)” was officially launched, and the classification and hierarchical lists for nearly 1,200 brokerage business data have been established. Our industry-specific data classification and hierarchical management system has been gradually established. Fifthly, the technology innovation capability has continuously enhanced. It has led the industry in a number of technological innovations and obtained a total of 11 national patents and 55 software copyrights, and successively won several fintech awards, including the Top 10 Excellent Topic Achievements by Shanghai SASAC, the first, second and third prize of the Excellent Topic by The Financial Science and Technology Research and Development Centre of the Securities and Futures Industry (Shenzhen) and the first, second and third prize of the Excellent Topic by The Financial Science and Technology Research and Development Centre of the Securities and Futures Industry (Shanghai).

III. MANAGEMENT DISCUSSION AND ANALYSIS

(I) Overall operations

In the first half of 2022, the Company focused on the central theme of serving national strategy and real economy, through enhanced interaction of the business units of the Company including investment, financing, sponsorship and research as well as the wealth management business, further improved the client-centric business system, maintained positive business development momentum, and achieved steady growth in financial indicators, laying a solid foundation for achieving the operating targets for the whole year.

The Company vigorously promoted the transformation of the wealth management business, improved its organizational structure and system, optimized its multi-level financial product sales system and sped up in promoting the development of branches. The Company's investment banking business maintained the essential roles in the industry chain and key positions in the value chain, and ranked top in the industry in term of the number of IPO projects, the underwritten amount and the number of applications. The Group's asset management business continued to improve its active management capability and the assets under management (AUM) further increased. The Company continuously consolidated the advantage of its internationalization strategy. Haitong International maintained its leading position in the Hong Kong market. Haitong Bank achieved progress in both cross-border business and local business and actively implemented China's “Belt and Road” Initiative by providing cross-border financial services support.

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(II) Analysis of principal operations

1. *Wealth management business*

Market conditions:

In the first half of 2022, the trading volume of domestic stock markets remained active despite the continuous market volatility. According to the data from WIND, the average daily turnover of stocks and funds in the SSE and SZSE in the first half of 2022 amounted to RMB1.06 trillion, representing a year-on-year increase of 8.5%. With the in-depth institutionalization and productization characterizing the capital market, breadth and depth of the demand of enterprises, institutions and high-net-worth customers for financial services further expanded, making higher requirements on specialization and resource integration ability of securities companies. Under the background of the overall market adjustment, the product sales market was under pressures. According to the Asset Management Association of China and as at the end of June 2022, the size of equity public funds in the entire market reached RMB7.89 trillion, representing a decrease of 8.6% from the end of last year. According to the data from WIND, in the first half of 2022, the size of new funds issued was approximately 685.0 billion units, representing a year-on-year decrease of approximately 58%.

In the first half of 2022, the market size of the margin financing and securities lending business decreased due to the effects of market conditions. As at the end of June 2022, the balance of margin financing and securities lending was RMB1.60 trillion, representing a decrease of 12.5% from the end of last year; of which, the balance of margin financing was RMB1.51 trillion, representing a decrease of 11.8% from the end of last year, and the balance of securities lending was RMB93.562 billion, representing a decrease of 22.1% from the end of last year. During the Reporting Period, the business environment of the stock pledging business was further standardized and the market size decreased mildly.

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Operating measures and performance:

The Company adhered to the customer-centric approach, enhanced three core capabilities on wealth management, namely “trading services, investment advisory capability and asset allocation-based product sales”, through the adjustment of organizational structures and further optimized the establishment of the hierarchical and classified customer service system. During the Reporting Period, the Company achieved high-quality growth of customer base, and further consolidated the foundation of its wealth management business. The sales amount and the existing size of the financial products of the Company increased steadily. The Company continued to leverage upon fintech to improve the service quality and expand the service scope, and created a more inclusive and accessible wealth management platform through online to offline approach. As at the end of June 2022, the number of customers of wealth management of the Company (excluding cancelled accounts) amounted to 14,837.5 thousand, representing an increase of 4.0% as compared to that of the end of last year. As at the end of the period, the total assets of customers amounted to RMB2.66 trillion.

Changes in trading volume of the Company in the first half of 2022

	The Reporting Period	The corresponding period of last year
Trading volume of stocks <i>(RMB100 million)</i>	70,940	76,297
Trading volume of funds <i>(RMB100 million)</i> ¹	10,227	14,166
Total <i>(RMB100 million)</i>	81,167	90,462

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

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(1) *Retail brokerage business*

In the first half of 2022, the Company deeply explored customer demands and built a customer-centric, wealth management transformation-oriented, multi-level customer service system focusing on information, products, investment research, investment advisory and vehicle, to improve the service quality. It developed “e-Haitong Ju (e海通聚)”, the trading service brand, provided one-stop solutions to meet diversified trading demands of customers and focused on providing customized trading systems and services for quantitative private equity customers and providing comprehensive trading services for corporate customers. It officially launched “Ying Investment Advisory (盈投顧)”, the featured service brand, and introduced six services for allocation strategy, thematic investment, fixed investment with funds and trading with medium and low risks with the full coverage of investment research and service on stocks, bonds, funds and ETFs, achieving comprehensive upgrading in various dimensions such as the content system, brand, professionalism, experience and promotion channels. It promoted innovation pilots on branches in Shanghai and Suzhou to establish innovative branches with featured business properties. It set up the leading group on the protection of investors’ interests, strengthened the primary responsibilities and undertakings on investor protection, adhered to the “client-centered” philosophy and implemented investor education in various dimensions to build a comprehensive system on the protection of investors’ interests.

The wealth management team of Haitong International firmly followed the transformation orientation of the private wealth management business, strengthened the coordination of investment banking, asset management and research and other business teams and provided more diversified wealth management and investment choices for high-net-worth and ultra-high-net-worth customer groups of the Group. In the first half of 2022, the employee stock option plan (“**ESOP**”) business was officially launched. It cooperated with the family office and trust businesses and actively introduced entrepreneur customers.

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(2) *Internet finance*

Based on the brands of “e-Haitong Cai” (e海通財) and “ShareEBoook” (e海方舟), the Company continuously improved the construction of the hierarchical trading terminal for retail, wealth, institutions and quantitative trading clients. The number of monthly active users of “e-Haitong Cai APP” reached 5.30 million, continuously ranking among the top five in the industry. The average monthly trading assets and the average number of monthly active users of “ShareEBoook” increased by over 40% and 30% year-on-year, respectively. In the first half of 2022, the trading volume of stocks and funds increased by 17% year-on-year. With the focus on “Universal Membership (通享會員)”, the Company developed a hierarchical online customer service system and continuously optimized intelligent fixed investment and other featured instruments. Focusing on the wealth management account, live broadcasting and other content services, it provided customers with companion services in cooperation with internal and external institutions.

(3) *Sales of financial products*

With completing the scale of effective products as the core target, the Company steadily promoted the sales of the key products through enhancing the organization of sales, formulating sales policies, specifying sales functions and optimizing systems and platforms. In the first half of 2022, the average daily scale of the Company’s financial products achieved a year-on-year increase of 9.7% despite the overall downturn of the market; in particular, the average daily scale of products (other than money market funds) recorded a year-on-year increase of 27.2%; and the average daily scale of publicly offered products achieved a year-on-year increase of 12.1%. The Company continuously expanded the fixed investment business with an increase of nearly 15,000 new effective fixed investment customers and nearly RMB400 million of new customer assets. Furthermore, the Company focused on promoting the products offered by public funds under broker settlement mode (券結模式) and leading privately offered quantitative funds, to continuously enhance customer recognition of the financial products of the Company and the Company’s brand influence.

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(4) Financing business

In the first half of 2022, the margin financing and securities lending business of the Company continued to be oriented by incremental expansion and structural optimization. By improving the quality of management and control on credit investigation and extension, collateral, concentration and other business, enhancing the capability on the collection of securities sources, actively exploring innovation strategies and strengthening the capability on serving high-net-worth customers, the overall market share of the business steadily increased. For the stock pledged repurchase and trading business, the Company undertook the responsibility of serving the real economy, maintained a stable scale and continuously improved the structure, improving the comprehensive risk management and control capability. As at the end of the Reporting Period, the size of the Company's financing business was RMB94.567 billion, representing a decrease of RMB10.807 billion as compared with the end of last year, of which the size of margin financing and securities lending business was RMB65.708 billion, decreasing by RMB8.218 billion as compared with the end of last year; the size of stock pledge business was RMB28.709 billion, decreasing by RMB2.515 billion as compared with the end of last year.

Changes in the scale of financing business of the Company as at the end of June 2022

	The end of the Reporting Period	The end of last year
Balance of margin financing and securities lending business (RMB100 million)	657.08	739.26
Balance of stock pledge business (RMB100 million) ²	287.09	312.24
Balance of stock repo transaction (RMB100 million)	1.50	2.24
Total (RMB100 million)	945.67	1,053.74

² It does not include stock pledged repo business operated through off-balance sheet asset management activities, the scale of such business as at the end of the Reporting Period was RMB4,517 million

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2. *Investment banking business*

Market conditions:

In the first half of 2022, with the continuous advancing of the registration system reform, the financing efficiency in the capital market was further improved and plays the role in serving the real economy. In the first half of 2022, there was a total of 384 equity financing projects in the entire market and the total amount of fund raised was RMB737.8 billion. IPO programs remained normal with a slower pace. A total of 171 companies were listed in the first half of 2022, and the total amount of fund raised was RMB311.9 billion. Among them, 54 companies were listed on the STAR Market and RMB115.5 billion was raised, accounting for 37% of the total scale. In terms of re-financing, 134 companies conducted placement and raised RMB192.9 billion in the first half of 2022. The public offering on the BSE remained normal in the first half of 2022; 19 companies were newly listed and completed equity financing with an amount of RMB2.862 billion.

In the first half of 2022, the overall size of bond issuance in PRC slowed down compared with previous years, with total amount of bond issuance of RMB31.37 trillion, representing a year-on-year increase of 6%. Interest rate bonds issuance reached RMB11.50 trillion, representing a year-on-year increase of 24%, among which the treasury bond issuance increased by 21% year on year, the local government bonds issuance increased by 57% year on year and the policy bank bonds issuance decreased by 8% year on year. The credit bonds issuance was RMB9.04 trillion, representing a year-on-year decrease of 3%.

Operating measures and performance:

(1) Equity financing

In the domestic equity financing, the Company continued to consolidate its advantages in the industry and maintained a high ranking in the industry. In the first half of 2022, the Company completed 14 IPOs with the fund raised amounting to RMB24.7 billion, ranking the third and fourth in the market, respectively. It completed 9 IPOs on the STAR Market with the fund raised amounting to RMB21.3 billion, ranking the second in the market. The Company overcame adverse impacts of the pandemic and boosted efforts in promoting projects. It made applications for 39 IPOs in the first half of 2022, hitting a new high in history. As at the end of the Reporting Period, it had 68 IPOs under review or to be launched, which was at the forefront in the market. The Company continuously advanced businesses on the BSE and actively expanded business for “specialized and sophisticated” (“專精特新”) enterprises with 3 projects under review and 5 projects in reserve. Capital market teams further strengthened pricing and price consultation capabilities and demonstrated sales strength in various large projects. The Company deeply advanced towards

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business practice with the integration of “investment, financing, sponsorship and research”. In the first half of 2022, more than 100 high-net-worth customers with a planned net value of over RMB660 million were brought to the Company through the strategic placement under the employee plans in the IPO of issuers. It coordinated the custody of approximately 2.6 billion original shares of original shareholder customers with an issuing market value of approximately RMB90.4 billion through IPOs.

Domestic equity financing project issuance and project reserves

		The Reporting Period	The corresponding period of last year
IPO	Underwritten amount (RMB100 million)	246.6	165.3
	Number of underwritten transactions	14	22
Refinancing offering	Underwritten amount (RMB100 million)	71.9	237.4
	Number of underwritten transactions	5	13
Number of projects under CSRC review and pending for listing	IPO	68	53
	Refinancing offering	13	22

Source: WIND, CSRC, SSE and SZSE

Regarding overseas equity financing business, Haitong International maintained its leading position in the market. The investment banking team adhered to the plan on transformation 3.0, enhanced the pre-intervention and implementation capabilities on projects on the basis of further exploring in industries with traditional product advantages, strengthening linkage and developing new products, and actively improved the proportion of influential projects. As at the end of the Reporting Period, Haitong International completed a total of 11 equity financing projects in the Hong Kong capital market, ranking the third among Chinese investment banks in Hong Kong. In May 2022, leveraging on its extensive experience in the capital market, in-depth market foundations and outstanding investment banking business capability, Haitong International stood out in fierce competitions and was awarded the prize for the “Best Equity Financing Institution” in Hong Kong by the FinanceAsia, an international authoritative financial media.

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(2) Bond financing

In the first half of 2022, the Company completed the issuance of 573 bonds with an underwritten amount of RMB191.8 billion. Among them, the amount of enterprises bonds underwritten was RMB15.9 billion, ranking the second in the market. According to the results of the evaluation of corporate bond prime underwriters and credit rating agencies for 2021 published by the National Development and Reform Commission (NDRC), the Company was recognized as A Class for the seventh consecutive time. With innovation driving the business development, the Company successfully issued the first blue bond on the SZSE, the first corporate bond on scientific and technological innovation in the financial leasing industry in the market and the first corporate bond with the logo of “affordable housing for leasing” in the market.

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

		The Reporting Period	The corresponding period of last year
Enterprise bonds	Underwritten amount (RMB100 million)	159.40	260.05
	Number of underwritten transactions	28	32
Corporate bonds	Underwritten amount (RMB100 million)	619.89	767.04
	Number of underwritten transactions	161	173
Others	Underwritten amount (RMB100 million)	1,138.40	1,398.10
	Number of underwritten transactions	384	382

Note: Others include non-policy related financial bonds, short-term commercial papers, mid-term notes, placement instruments, asset-backed securities, convertible bonds, exchangeable bonds and local government bonds.

Source: WIND

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Regarding overseas bond financing business, Haitong International maintained its leading position in the bond capital market in Hong Kong. As at the end of June 2022, Haitong International ranked the fourth in the China Risk G3 + CNY bond issuance market in terms of the number of issuance. It vigorously practiced ESG and the concept of sustainable finance and completed the underwriting of 14 green bonds and sustainable bonds with the fundraising amount of USD6 billion. Haitong International was included in the FTSE4Good Index Series due to its outstanding ESG performance and ranked top 5 in terms of governance scorings in the global financial industry.

3. *Asset management business*

Market conditions:

In the era after the implementation of new regulations on asset management, all asset management institutions have gradually completed de-channeling, net worth management and other requirements, facilitating securities companies to enter the new stage for the transformation of asset management towards public fund businesses. In order to speed up in promoting the high-quality development of the public fund industry, the CSRC released the Measures for the Supervision and Administration of Mutual Fund Managers 《公開募集證券投資基金管理人監督管理辦法》 on 20 May 2022, which adjusted and optimized the system on public fund licenses, appropriately relaxed the restrictions on the number of public fund licenses under the same subject and supported asset management subsidiaries, insurance and asset management companies, wealth management subsidiaries of banks and other professional asset management institutions to apply for public fund licenses in accordance with laws and conduct the public fund management business.

The overall performance of the asset management industry was unsatisfactory in the first half of 2022 due to the fluctuations in the capital market. According to the Asset Management Association of China, as at the end of June 2022, the AUM of the publicly offered funds was RMB26.79 trillion, representing an increase of 4.79% as compared to the beginning of the Reporting Period. The AUM of the private asset management business of the securities companies and their subsidiaries was RMB7.68 trillion, representing a decrease of 6.74% as compared to the beginning of the Reporting Period.

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Operating measures and performance:

The Company implemented the requirements of the Opinions on Speeding up in Promoting the High-quality Development of the Public Fund Industry released by the CSRC, actively planned the transformation of the asset management business and developed in the public fund market to continuously enhance the active management capability and advance the high-quality development of the asset management business. As at the end of the Reporting Period, the total AUM of the whole Group was RMB2.1 trillion, representing an increase of 10.5% from the beginning of the Reporting Period.

(1) HT Asset Management

In the first half of 2022 and on the one hand, HT Asset Management actively planned the transformation of the asset management business and developed in the public fund market. On the other hand, it continuously improved the active management capability, developed product portfolios and investment strategies and established privately placed product systems with different risk appetites to satisfy customized demands of customers for comprehensive financial services and explore featured and differentiated development paths and plans in the process of development. In the first half of 2022, HT Asset Management continuously carried out marketing in publicly offered assets with fixed income, publicly offered equities, privately placed assets with fixed income, and privately placed FOFs with remarkable net subscriptions. As at the end of the Reporting Period, the AUM of HT Asset Management amounted to RMB96.287 billion, of which, the AUM of the actively managed business was RMB95.071 billion, expanding the proportion to 98.74%. HT Asset Management actively promoted the transformation of large-scale collective products participating in public funds. As at the end of the Reporting Period, among all of its 17 products, 15 have been granted the approval from the CSRC and 2 are under review. In the first half of 2022, the investment performance of collective products under the management of HT Asset Management ranked top 23.23% among the same type of products in the market, which was outstanding in general.

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Changes in AUM and net income of HT Asset Management

	The Reporting Period		The corresponding period of last year	
	AUM (RMB100 million)	Net income (RMB10 thousand)	AUM (RMB100 million)	Net income (RMB10 thousand)
Collective asset management	353	15,162	616	75,852
Targeted asset management	261	2,573	920	9,796
Specialized asset management	349	544	346	752
Total	963	18,279	1,882	86,400

(2) *Fund management company*

As at the end of the Reporting Period, the AUM of HFT Investment amounted to RMB399.3 billion, decreasing by 4.0% as compared to the beginning of the Reporting Period; among which the AUM of public funds amounted to RMB147.3 billion. The AUM of pension funds business amounted to RMB216.7 billion, representing an increase of 7.4% as compared to the beginning of the Reporting Period; and the AUM of occupational annuity amounted to RMB71.9 billion, representing an increase of 19.7% as compared to the beginning of the Reporting Period. The size of HFT CSI short-term financing ETF increased to RMB14.8 billion from RMB6.5 billion at the beginning of the year, making it the biggest product in terms of the market size in the bond ETF market in China.

In the first half of 2022, Fullgoal Fund adhered to the high-quality development concept and maintained a sound business development trend. As at the end of the Reporting Period, the total AUM of Fullgoal Fund exceeded RMB1.4 trillion, hitting a record high, among which, the AUM of public funds amounted to RMB932.9 billion. Both of the pension funds business and the special account business maintained steady growth with the AUM hitting a new high. It continuously advanced product innovation with sufficient innovation reserves.

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(3) Private equity investment funds

For private equity investment funds, it actively promoted the fund raising and establishment, successfully completed the filing of the Yangtze River Delta G60 Sci-tech Innovation Corridor Fund (長三角G60科創走廊基金) and HF Semiconductor Special Fund (海富半導體專項基金) and put them into operation. It advanced the contribution to the SME Development Fund (中小企業發展基金), Jilin Haichuang Changxin Fund (吉林海創長新基金) and Haitong Linyi Equity Investment Fund (海通臨沂股權投資基金). As at the end of the Reporting Period, the AUM of private equity investment funds was RMB26.8 billion and new paid-up funds reached RMB2.74 billion. It completed 20 investment projects with an investment of RMB780 million. The Company has 16 newly listed projects (including those approved) and 27 projects under approval and achieved investment exit revenue of RMB1.88 billion in total.

Changes in the scale of private equity business

	As at the end of the Reporting Period	As at the end of last year
Number of funds managed	52	49
AUM balance (RMB100 million)	268	271
Accumulated number of investment projects	16	42
Accumulated amount of investment projects (RMB100 million)	6.4	28
Number of exited projects (including partial exit)	39	67

(4) Overseas asset management

The asset management team of Haitong International coordinated with the investment banking, private wealth management and other business teams of Haitong International in building a featured investment platform with the investment research strength of purchasers and the practice of the ESG investment concept and organizing an investment research team with market experience and forward-looking horizon to continuously optimize the asset management business structure, improve the asset quality, enhance the core competitiveness and persistently conduct investment management. During the Reporting Period, Haitong International won many awards in the industry from the Insights & Mandate 《投資洞見與委託》, Refinitiv Lipper Fund Awards 《路孚特理柏基金香港年獎》 and the Bloomberg Offshore China Fund Awards 2021 《彭博2021年度離岸中資基金大獎》.

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4. *Trading and institutional client services business*

Market conditions:

In the first half of 2022, the A-share market plunged first and recovered later and achieved a “V-shaped” performance after recovering from the bottom. The CSI 300 Index dropped by 9.22% and the ChiNext Index decreased by 15.41%. In the fixed income market, the interest rate fluctuated at a low level and the credit spread continuously narrowed. ChinaBond Total Net Price Index declined by 0.08%, of which, ChinaBond Treasury Bond Total Net Price Index rose by 0.02%, and ChinaBond Corporate Bond Total Net Price Index jumped by 0.16%.

Operating measures and performance:

(1) *Trading business*

In the first half of 2022, the domestic equity investment trading business of the Company constantly expanded the category of services and consolidated the service capability. The stock index and options market making business was awarded the silver prize for Outstanding Stock Index and Options Market Maker in 2021 by the China Financial Futures Exchange, ranking the first in Shanghai in terms of the scoring in evaluation. The cross-border revenue swap business achieved substantial breakthroughs and connected the trading channels of Haitong International with an accumulated new nominal principal of tens of billions of yuan in the revenue swap business. It actively developed innovative ESG products on carbon peaking and carbon neutrality and successfully issued structural income certifications linked with carbon neutrality ETFs. It completed the development and release of the CSI Haitong Securities Dynamic Allocation Index on Major Asset Categories (中證海通證券大類資產動態配置指數) and provided a performance benchmark and investment subject characterized by low fluctuations. It adhered to technology empowerment and has preliminarily established a one-stop platform for OTC derivatives business with the integration of management, valuation, trading, clearing and reporting as well as the client end of “e-Haitong Yan (e海通衍)” system. The OTC equity derivatives business returned to the pool of white-list of certain counterparties with more diversified trading varieties and more optimized structures.

For the fixed income business, the Company fully displayed its professional advantages, accurately followed the trends of the fixed income market, enhanced the building of the trading capability and constantly improved the credit research and risk pricing capabilities, obtaining satisfactory investment returns. It steadily advanced the FICC innovation business and expanded the coverage of the commodity quantitative investment business to varieties with outstanding liquidity on the four major futures exchanges in China. The Company achieved breakthroughs for the OTC derivatives business and successfully launched OTC options linked with gold, bond index revenue swap and income certifications as well as cross-border bond revenue swaps.

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Haitong International continuously improved its global market trading capability and has developed a comprehensive trading, research and sales platform towards global institutional customers, which provides comprehensive product solutions and facilitates overseas institutional investors to seize investment opportunities in China. The cash stock business maintained stable development with an increasingly diversified customer structure. The top 10 institutional clients covered international long-term investors, hedge funds and Chinese funds, showing the influence and sales ability of Haitong International's various products among institutional clients.

(2) *Institutional client business*

The Company strived to build a strong professional institutional sales service team and sped up in improving comprehensive service capability towards institutional customers through adjustments to organizational structures. The Company is committed to building up a leading research brand in the industry to boost the development of its institutional brokerage business, and support the expansion of investment banking business and retail customer service by means of research. It innovated working methods with customers as the orientation, improved the quality and efficiency of online services and solved emergency demands of customers through the establishment of the white-list emergency response channel, further consolidating and displaying its brand advantages. In the first half of 2022, the Company issued a total of 2,922 reports, held 391 teleconferences and organized more than 9,500 roadshows, anti-roadshows and visits for institutional clients. Connecting domestic and overseas research platforms and covering more than 1,500 stocks in Greater China, Japan, the United States, India, Korea and other regions, equity research team of Haitong International provided clients with professional, in-depth and timely research and consulting services with an international vision and constantly consolidated its research capability and quality.

The Company continued to maintain its leading market position in serving QFII/RQFII institutional clients, with a total of 147 clients and a total trading volume of RMB84.6 billion. The Company continued to focus on cooperation with leading fund companies, optimized the custody and outsourcing operation process, and strived to study and explore the product lines and achieved good operational results in building series of products under the asset management brand, cooperating with public funds under broker settlement mode, researches on ETF funds and selecting private funds. In the first half of 2022, the Company had 1,268 new custody and outsourcing products and the total scale of the Company's custody and outsourcing amounted to RMB586 billion, with total trading volume of the prime brokerage system reaching RMB535.7 billion.

Section III REPORT OF THE BOARD OF DIRECTORS

5. *Financial leasing business*

Market conditions:

With intensified regulatory efforts on the financial leasing industry from regulatory authorities in recent years, the financial leasing industry has entered the crucial period with unified regulation, unified registration, accelerated clearing, transformation and optimization. During the Reporting Period, the number of market players in the financial leasing industry and the balance of financial leasing contracts decreased. China's financial leasing industry faced certain challenges in the short term, but it is still under the sound development stage with strong vitality in the mid-to-long term. On the one hand, financial leasing, characterized by "financing + assets-leasing" and close integration with the real economy, will effectively display the advantages in the integration of industry and finance and facilitate the high-quality economic development. On the other hand, with the release of the regulatory provisions of the China Banking and Insurance Regulatory Commission (CBIRC) and local financial regulatory departments and the implementation of specific regulatory measures on the financial leasing industry, the environment of the industry was significantly purified with remarkable effects in reducing the quantity and improving the quality. Various shell financial leasing enterprises without contact information were cleared and large financial leasing companies focusing on principal businesses with sound governance and strong strength showed outstanding advantages, further increasing the concentration in the industry.

Operating measures and performance:

In the first half of 2022, Haitong UT actively responded to the impacts of the pandemic, strengthened the assumption of responsibilities, accurately coordinated the prevention and control of the pandemic and the operation and development, closely followed the orientation of national strategies and policies and practically developed its leasing business. It made full use of fintech means and vigorously guaranteed uninterrupted business operation of the Company, contributing financial strength to winning the battle of the prevention and control of the pandemic and facilitating the stable development of real economies, continuously promoting the high-quality development of the Company and achieving increase in size and revenue. In the first half of 2022, the average yield rate of interest-bearing assets of Haitong UT was 6.88%. As at the end of the Reporting Period, the total assets of Haitong UT amounted to RMB116,192 million, representing an increase of 1.3% from the end of last year; non-performing asset ratio amounted to 1.07% and provision coverage ratio for non-performing asset amounted to 257.49%.

Material movements of the operations of the Company during the Reporting Period and events that materially impacted or are expected to materially impacted the operations of the Company during the Reporting Period

✓ Not applicable

Section III REPORT OF THE BOARD OF DIRECTORS

IV. OPERATIONS DURING THE REPORTING PERIOD

As at 30 June 2022, the total assets of the Group amounted to RMB749,566 million, and the net assets attributable to the parent company amounted to RMB163,081 million. For the six months ended 30 June 2022, the Group recorded revenue of RMB19,865 million, and net profits attributable to the parent company of RMB4,758 million; the weighted average return on net assets was 2.88%. In particular, its subsidiaries recorded revenue of RMB8,290 million, accounting for 41% of the total revenue of the Group; and its overseas operations recorded revenue of RMB4,743 million, accounting for 24% of the total revenue of the Group.

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

1 Composition of revenue

Unit: '000 Currency: RMB

Items	Six months ended 30 June 2022	Six months ended 30 June 2021	Increase/decrease	
	Amount	Amount	Amount	Percentage
Commission and fee income	7,699,311	9,131,298	-1,431,987	-15.68%
Interest income	8,258,455	7,499,427	759,028	10.12%
Finance lease interest income	1,280,942	1,771,581	-490,639	-27.69%
Investment income and gains (net)	692,435	6,789,175	-6,096,740	-89.80%
Other income and gains	1,933,688	5,582,239	-3,648,551	-65.36%
Total revenue, gains and other income	19,864,831	30,773,720	-10,908,889	-35.45%

In the first half of 2022, the total revenue, other income and other gains realized by the Group amounted to RMB19,865 million, representing a decrease of RMB10,909 million or 35.45% as compared to the corresponding period of last year, mainly due to the decrease of investment income and gains and sales revenue of a subsidiary.

Section III REPORT OF THE BOARD OF DIRECTORS

a. Commission and fee income

Unit: '000 Currency: RMB

Items	Six months ended 30 June 2022	Six months ended 30 June 2021	Amount change	Percentage change
Securities, futures and options dealing and broking fee income	3,984,888	4,528,298	-543,410	-12.00%
Underwriting and sponsor fees	2,347,204	2,392,905	-45,701	-1.91%
Asset management fee income (including fund management income)	1,108,055	1,845,893	-737,838	-39.97%
Financial advisory and consultancy fee income	203,137	291,438	-88,301	-30.30%
Others	56,027	72,764	-16,737	-23.00%
Total commission and fee income	7,699,311	9,131,298	-1,431,987	-15.68%

The commission and fee income amounted to RMB7,699 million, representing a decrease of RMB1,432 million or 15.68% as compared to the corresponding period of last year, mainly due to the decrease of asset management fee income and securities, futures and options dealing and broking fee income.

b. Interest income

The interest income amounted to RMB8,258 million, representing an increase of RMB759 million or 10.12% as compared to the corresponding period of last year, mainly due to the increase of interest income from receivables arising from sale and leaseback arrangements.

Section III REPORT OF THE BOARD OF DIRECTORS

c. Investment income and gains (net)

The investment income and gains (net) amounted to RMB692 million, representing a decrease of RMB6,097 million or 89.80% as compared to the corresponding period of last year, mainly due to the decrease of financial instrument investment income.

Statement of the Principal Businesses of the Group

Principal businesses by segment

Unit: '000 Currency: RMB

Segment	Segment revenue	Segment expense	Segment profit margin	Segment revenue movement as compared to the corresponding period of last year	Segment expense movement as compared to the corresponding period of last year	Segment profit margin movement as compared to the corresponding period of last year
Wealth management business	7,769,418	4,310,696	44.52%	-8.07%	-16.89%	increase by 5.89 percentage points
Investment banking business	2,620,583	1,623,972	38.03%	-17.08%	6.25%	decrease by 13.61 percentage points
Asset management business	1,420,611	745,375	47.53%	-36.01%	-28.51%	decrease by 5.50 percentage points
Trading and institutional client services	3,351,145	3,672,666	-9.59%	-61.49%	-18.40%	decrease by 57.87 percentage points
Financial leasing business	4,192,674	3,376,929	19.46%	-1.43%	-2.42%	increase by 0.82 percentage points
Others	510,400	552,720	-8.29%	-87.20%	-86.24%	decrease by 7.50 percentage points

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Principal businesses by region

Unit: '000 Currency: RMB

By region	Segment	Segment	Segment	Segment	Segment	Segment
	revenue	expense	profit margin	revenue	expense	profit margin
				movement as	movement as	movement as
				compared to	compared to	compared to
				the	the	the
				corresponding	corresponding	corresponding
				period of	period of	period of
				last year	last year	last year
Domestic business	15,121,969	8,851,409	41.47%	-33.32%	-34.99%	increase by 1.50 percentage points
Overseas business	4,742,862	5,430,949	-14.51%	-41.42%	-11.30%	decrease by 38.88 percentage points
Sub-total	19,864,831	14,282,358	28.10%	-35.45%	-27.64%	decrease by 7.76 percentage points

In the first half of 2022, the Group's wealth management segment revenue amounted to RMB7,769 million, representing a decrease of RMB682 million or 8.07% compared to RMB8,451 million of the corresponding period of last year, mainly due to the Group's vigorous promotion of the transformation of the wealth management business, concentration on client, and promotion of the development of branches and financial product sales system. Investment banking segment revenue amounted to RMB2,621 million, representing a decrease of RMB539 million or 17.08% as compared to RMB3,160 million of the corresponding period of last year, mainly due to the decrease of underwriting income. Asset management segment revenue amounted to RMB1,421 million, representing a decrease of RMB799 million or 36.01% as compared to RMB2,220 million of the corresponding period of last year, mainly due to the decrease of management fee income. Trading and institutional client services segment revenue amounted to RMB3,351 million, representing a decrease of RMB5,351 million or 61.49% as compared to RMB8,702 million of the corresponding period of last year, mainly due to the fluctuation of the capital market. Financial leasing segment revenue amounted to RMB4,193 million, representing a decrease of RMB61 million or 1.43% as compared to RMB4,254 million of the corresponding period of last year, mainly due to the Group's close following the orientation of national strategies and policies, adherence to improve regional layout and boosted supports to green leasing to constantly optimize the asset structure. Other segment revenue amounted to RMB510 million, representing a decrease of RMB3,476 million or 87.20% as compared to RMB3,986 million of the corresponding period of last year. The Group makes progress while ensuring stability, enhances the value chain of services, actively serves the real economy, enhances the interaction between "investment, financing, sponsorship and research" and wealth management, promotes all kinds of reforms, orderly promotes business development, effectively controls costs and promotes the decrease of cost and the increase of efficiency.

Section III REPORT OF THE BOARD OF DIRECTORS

2 Composition of expenses

	Six months ended 30 June 2022	Six months ended 30 June 2021	Unit: '000 Currency: RMB Increase/decrease	
			Amount	Percentage
Total expenses				
Depreciation and amortization	754,583	792,437	-37,854	-4.78%
Staff costs	3,488,369	4,299,089	-810,720	-18.86%
Commission and fee expenses	1,558,630	1,966,121	-407,491	-20.73%
Interest expenses	6,451,309	5,909,050	542,259	9.18%
Impairment losses under expected credit loss	178,663	1,024,765	-846,102	-82.57%
Impairment losses of other assets	25,911	44,083	-18,172	-41.22%
Other expenses	1,824,893	5,701,970	-3,877,077	-68.00%
Total	14,282,358	19,737,515	-5,455,157	-27.64%

In the first half of 2022, the total expenses of the Group amounted to RMB14,282 million, representing a decrease of RMB5,455 million or 27.64% as compared to the same period of last year, mainly due to the decrease of the cost of sales of a subsidiary.

In the first half of 2022, the Group recorded net profits attributable to owners of the Company of RMB4,758 million, representing a decrease of 41.77% as compared to the corresponding period of last year. The Group recorded basic earnings per share of RMB0.36, representing a decrease of 42.86% as compared to the corresponding period of last year; the weighted average return on net assets amounted to 2.88%, representing a decrease of 2.22 percentage points as compared to the corresponding period of last year.

Section III REPORT OF THE BOARD OF DIRECTORS

3 Public welfare contributions

In the first half of 2022, the Group contributed a total of RMB10,176 thousand in public welfare areas including environmental protection, disaster relief donations, education subsidies and charitable donations.

Breakdown of public welfare contributions for the first half of 2022

Unit: '000 Currency: RMB

Items	Amount during the Reporting Period
Charitable donations	10,176
Total	10,176

4 Cash flows

For the first half of 2022, the Group's net increase in cash and cash equivalents amounted to RMB16,185 million, in which:

Net cash from operating activities was RMB10,929 million which was mainly due to cash inflow of RMB18,450 million caused by decrease in financial assets at fair value through profit or loss and derivative financial assets, cash inflow of RMB7,662 million caused by decrease in other loans and receivables and cash outflow of RMB10,344 million caused by decrease in financial assets sold under repurchase agreements.

Net cash used in investing activities was RMB2,446 million which was mainly due to cash outflow of RMB14,360 million caused by purchase of debt instruments at fair value through other comprehensive income and cash inflow of RMB9,636 million caused by proceeds from disposal of debt instruments at fair value through other comprehensive income.

Net cash from financing activities was RMB7,702 million which was mainly due to cash inflow of RMB56,851 million caused by proceeds from issuance of short-term bonds and non-convertible bonds, cash inflow of RMB43,467 million caused by borrowings raised and cash outflow of RMB87,530 million caused by repayment of borrowings, short-term bonds, non-convertible bonds and others.

5 Others

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

Section III REPORT OF THE BOARD OF DIRECTORS

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

1 Analysis on major items of consolidated statement of financial position

	As at		As at	Unit: '000 Currency: RMB		
	30 June	Composition		31 December	Increase/decrease	
	2022		2021	Composition	Amount	Percentage
Non-current assets	165,319,184		157,943,199		7,375,985	4.67%
Including: Finance lease receivables	7,958,405	1.06%	11,270,189	1.51%	-3,311,784	-29.39%
Receivables arising from sale and leaseback arrangements	39,404,886	5.26%	31,521,846	4.23%	7,883,040	25.01%
Debt instruments measured at fair value through other comprehensive income	38,995,073	5.20%	33,050,889	4.44%	5,944,184	17.98%
Equity instruments at fair value through other comprehensive income	6,612,456	0.88%	10,246,871	1.38%	-3,634,415	-35.47%
Financial assets at fair value through profit or loss	23,075,734	3.08%	25,132,195	3.37%	-2,056,461	-8.18%
Other loans and receivables	1,277,711	0.17%	2,394,396	0.32%	-1,116,685	-46.64%
Investments accounted for using equity method	6,328,009	0.84%	6,454,420	0.87%	-126,411	-1.96%
Financial assets held under resale agreements	562,418	0.08%	575,403	0.08%	-12,985	-2.26%
Property and equipment	15,117,102	2.02%	15,088,876	2.03%	28,226	0.19%
Loans and advances	4,718,474	0.63%	4,119,086	0.55%	599,388	14.55%
Goodwill	3,519,765	0.47%	3,365,313	0.45%	154,452	4.59%

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	As at		As at		Increase/decrease	
	30 June 2022	Composition	31 December 2021	Composition	Amount	Percentage
Current assets	584,246,677		586,981,950		-2,735,273	-0.47%
Including: Bank balances and cash	179,954,155	24.01%	156,448,163	21.00%	23,505,992	15.02%
Clearing settlement funds	15,106,527	2.02%	16,765,418	2.25%	-1,658,891	-9.89%
Financial assets at fair value through profit or loss	178,790,503	23.85%	195,277,554	26.21%	-16,487,051	-8.44%
Advances to customers	69,668,201	9.29%	75,223,404	10.10%	-5,555,203	-7.38%
Accounts receivable	8,496,612	1.13%	11,372,016	1.53%	-2,875,404	-25.28%
Financial assets held under resale agreements	41,537,039	5.54%	39,185,614	5.26%	2,351,425	6.00%
Finance lease receivables	17,382,485	2.32%	22,202,398	2.98%	-4,819,913	-21.71%
Receivables arising from sale and leaseback arrangements	28,796,531	3.84%	23,566,177	3.16%	5,230,354	22.19%
Debt instruments measured at fair value through other comprehensive income	3,060,154	0.41%	4,002,056	0.54%	-941,902	-23.54%
Deposits with exchanges	19,888,627	2.65%	17,491,923	2.35%	2,396,704	13.70%
Derivative financial assets	2,277,486	0.30%	1,084,731	0.15%	1,192,755	109.96%
Other loans and receivables	6,075,061	0.81%	12,544,269	1.68%	-6,469,208	-51.57%
Total assets	749,565,861		744,925,149		4,640,712	0.62%

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	As at 30 June 2022		As at 31 December 2021		Increase/decrease		
	Composition		Composition		Amount	Percentage	
Current liabilities		396,510,790		401,513,715	-5,002,925	-1.25%	
Including: Accounts payable to brokerage clients		129,589,378	22.65%	123,202,200	21.72%	6,387,178	5.18%
Financial assets sold under repurchase agreements		81,567,484	14.26%	91,911,952	16.21%	-10,344,468	-11.25%
Borrowings		50,053,904	8.75%	48,402,335	8.53%	1,651,569	3.41%
Placements from banks and other financial institutions		7,757,132	1.36%	12,723,438	2.24%	-4,966,306	-39.03%
Financial liabilities at fair value through profit or loss		7,280,889	1.27%	10,456,105	1.84%	-3,175,216	-30.37%
Derivative financial liabilities		1,275,152	0.22%	1,548,316	0.27%	-273,164	-17.64%
Other payables and accruals		28,475,757	4.98%	28,635,826	5.05%	-160,069	-0.56%
Short-term financing bills payable		22,660,030	3.96%	24,986,688	4.41%	-2,326,658	-9.31%
Customer accounts		5,006,434	0.88%	2,758,837	0.49%	2,247,597	81.47%
Tax liabilities		1,339,886	0.23%	3,477,590	0.61%	-2,137,704	-61.47%
Bonds payable		58,825,324	10.28%	52,513,925	9.26%	6,311,399	12.02%
Net current assets		187,735,887		185,468,235		2,267,652	1.22%
Non-current liabilities		175,572,496		165,656,648		9,915,848	5.99%
Including: Bonds payable		114,645,657	20.04%	111,072,145	19.58%	3,573,512	3.22%
Long-term borrowings		36,975,027	6.46%	30,751,726	5.42%	6,223,301	20.24%
Financial liabilities at fair value through profit or loss		11,130,499	1.95%	5,860,112	1.03%	5,270,387	89.94%
Placements from banks and other financial institutions		2,898,252	0.51%	2,941,219	0.52%	-42,967	-1.46%
Total liabilities		572,083,286		567,170,363		4,912,923	0.87%
Total equity		177,482,575		177,754,786		-272,211	-0.15%

* Percentages for assets and liabilities refer to the percentage of the total assets and the percentage of the total liabilities, respectively

As at 30 June 2022, the total assets of the Group amounted to RMB749,566 million, representing an increase of RMB4,641 million or 0.62% as compared to the end of 2021, and the total liabilities of the Group amounted to RMB572,083 million, representing an increase of RMB4,913 million or 0.87% as compared to the end of 2021.

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As at 30 June 2022, the non-current assets amounted to RMB165,319 million, representing an increase of 4.67% as compared to the end of 2021, mainly due to the increase of receivables arising from sale and leaseback arrangements; the current assets amounted to RMB584,247 million, representing a decrease of 0.47% as compared to the end of 2021, mainly due to the decrease of financial assets at FVTPL. The current liabilities were RMB396,511 million, representing a decrease of 1.25% as compared to the end of 2021, mainly due to the decrease of financial assets sold under repurchase agreements; the net current assets were RMB187,736 million, representing an increase of 1.22% as compared to the end of 2021; the non-current liabilities were RMB175,572 million, representing an increase of 5.99% as compared to the end of 2021, mainly due to the increase of long-term borrowings.

As at 30 June 2022, the Group's equity attributable to owners of the Company was RMB163,081 million, representing a decrease of RMB57 million or 0.04% as compared to the end of 2021; without taking into account the accounts payable to brokerage customers, the Group's gearing ratio was 71.37%, representing a decrease of 0.04 percentage points as compared to 71.41% as at the end of 2021. The Group's asset-liability structure remained relatively stable.

Borrowings and bond investment

As at 30 June 2022, the total borrowings and bond financing of the Group amounted to RMB283,160 million. The following table sets forth the breakdown of the Group's borrowings and bond financing as at the end of June 2022:

Unit: '000 Currency: RMB

	As at 30 June 2022	As at 31 December 2021
Bonds payable	173,470,981	163,586,070
Borrowings	87,028,931	79,154,061
Short-term financing bills payable	22,660,030	24,986,688
Total	283,159,942	267,726,819

For the interest rates and maturities of the borrowings and debt financing, please refer to notes 41, 42 and 43 to the consolidated financial information of the Report.

As at 30 June 2022, the Group's borrowings, short-term financing bills payable and bonds payable due within one year amounted to RMB131,539 million, and the Group's net current assets, after deducting liabilities such as bonds payable, borrowings and short-term financing bills payable due within one year, amounted to RMB187,736 million. Therefore, the liquidity risk exposure of the Group was immaterial.

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Save as disclosed in the Report, as at 30 June 2022, the Group had no outstanding mortgage, charges, bonds, other debt capital, liabilities under acceptance or other similar indebtedness, hire purchase and financial leasing commitments, guarantees or other material contingent liabilities.

(III) Analysis of investment

1. *General analysis on external equity investments*

As at the end of the Reporting Period, the Group's long-term equity investment was RMB6,328 million, representing a decrease of RMB126 million or 1.96% as compared to RMB6,454 million as at the end of last year. For details of long-term equity investment, please refer to note 20 to the consolidated financial information of the Report.

(1) Material equity investment

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

(2) Material non-equity investment

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

(3) Financial instruments measured at fair value

The financial assets measured at fair value of the Group mainly included financial assets at fair value through profit or loss of RMB201,866 million, financial liabilities at fair value through profit or loss of RMB18,411 million, equity instruments at fair value through other comprehensive income of RMB6,612 million, debt instruments at fair value through other comprehensive income of RMB42,055 million, and derivative financial instruments of RMB1,002 million.

(IV) Material assets and equity disposal

During the Reporting Period, the Group had no material asset or equity disposal.

(V) Analysis of principal subsidiaries and investees

1. Haitong Innovation Securities, with a registered capital of RMB11,500 million, in which Haitong Securities holds 100% equity interest. As at 30 June 2022, the total assets of Haitong Innovation Securities reached RMB20,605 million, and the net assets were RMB20,060 million. In the first half of 2022, Haitong Innovation Securities realized a revenue of RMB263 million and a net profit of RMB277 million.
2. Haitong International Holdings, with a registered capital of HK\$11,180 million, in which Haitong Securities holds 100% equity interest. As at 30 June 2022, the total assets of Haitong International Holdings reached HK\$274,395 million, and the net assets were HK\$36,250 million. In the first half of 2022, Haitong International Holdings realized a revenue of HK\$2,363 million and a net profit of HK\$-1,155 million.

Section III REPORT OF THE BOARD OF DIRECTORS

3. Haitong Capital, with a registered capital of RMB7,500 million, in which Haitong Securities holds 100% equity interest. As at 30 June 2022, the total assets of Haitong Capital reached RMB13,418 million, and the net assets were RMB11,664 million. In the first half of 2022, Haitong Capital realized a revenue of RMB446 million and a net profit of RMB447 million.
4. HT Asset Management, with a registered capital of RMB2,200 million, in which Haitong Securities holds 100% equity interest. As at 30 June 2022, the total assets of HT Asset Management reached RMB7,197 million, and the net assets were RMB5,305 million. In the first half of 2022, HT Asset Management realized a revenue of RMB381 million and a net profit of RMB252 million.
5. Shanghai Zechun, with a registered capital of RMB100 million, in which Haitong Securities holds 100% equity interest. As at 30 June 2022, the total assets of Shanghai Zechun reached RMB466 million, and the net assets were RMB207 million. In the first half of 2022, Shanghai Zechun realized a revenue of RMB36 million and a net profit of RMB18 million.
6. Shanghai Weitai Properties, with a registered capital of RMB10 million, in which Haitong Securities holds 100% equity interest. As at 30 June 2022, the total assets of Shanghai Weitai Properties reached RMB209 million, and the net assets were RMB1 million. In the first half of 2022, Shanghai Weitai Properties realized a revenue of RMB19 million and a net profit of RMB-9 million.
7. Haitong Futures, with a registered capital of RMB1,301.5 million, in which Haitong Securities holds 73.83% equity interest. As at 30 June 2022, the total assets of Haitong Futures reached RMB59,802 million, and the net assets were RMB3,410 million. In the first half of 2022, Haitong Futures realized a revenue of RMB1,002 million and a net profit of RMB169 million.
8. HFT Investment, with a registered capital of RMB300 million, in which Haitong Securities holds 51% equity interest. As at 30 June 2022, the total assets of HFT Investment reached RMB3,787 million, and the net assets were RMB2,256 million. In the first half of 2022, HFT Investment realized a revenue of RMB668 million and a net profit of RMB209 million.
9. Fullgoal Fund, with a registered capital of RMB520 million, in which Haitong Securities holds 27.775% equity interest. As at 30 June 2022, the total assets of Fullgoal Fund reached RMB12,244 million, and the net assets were RMB6,787 million. In the first half of 2022, Fullgoal Fund realized a revenue of RMB3,773 million and a net profit of RMB1,122 million.

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(VI) Structured entities controlled by the Company

The Company has recognized and included 66 structured entities (which are managed by the Company's subsidiaries) in its consolidated financial statements, considering the variable returns from such structured entities to which the Company is entitled in the consolidated financial statements or the risks to which the Company is exposed.

V. OTHER DISCLOSURES

(I) Potential risks

1. Summary of risk management

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

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

Section III REPORT OF THE BOARD OF DIRECTORS

2. *Structure of risk management*

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

The Board is the maker and authorized person of the Company’s strategic objectives for risk management, and is responsible for reviewing and approving the overall objectives, fundamental policies and major systems of the Company’s risk management, the overall risk appetite and risk tolerance of the Company, solutions for material risks, periodic risk assessment report, supervision on the implementation of the Company’s risk management policy, appointment, removal and evaluation of the CRO, as well as the establishment of a direct communication mechanism with the CRO and other duties stipulated by the Articles of Association. The Board has set up the Compliance and Risk Management Committee to perform the specific risk management duties of the Board.

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

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

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The Company has a CRO, who is appointed by the Board. The CRO is the senior management member who is responsible for the overall risk management of the Company. The CRO is required to organize and implement risk management policies, rules and systems determined by the Board and the management, arrange the supervision, review and evaluation of the risk management systems established and perfected by the Company, arrange the supervision and inspection of the implementation of risk management policies and procedures of the Company, advice on and supervise the handling of problems in risk management, arrange the evaluation and improvement of the tools and approaches for risk management, regularly arrange evaluation of the level and management status of major risks to which the Company is exposed, file evaluation reports to the management, the Board and regulatory authorities, and arrange the nomination and appraisal of the persons in charge of risk management in subsidiaries.

The Company has established a risk management department, which is led by the CRO, to perform risk management functions. The risk management department is responsible for developing the risk management policies, rules and systems of the Company, supervising and guiding the formulation of the business risk management systems and procedures of each unit, identifying and evaluating the major risks of the Company's related businesses, arranging the supervision and inspection of the implementation of the risk management systems of different businesses, regularly evaluating and reporting overall risk level and risk management of the Company, and reporting significant potential risks or risk events and giving suggestions accordingly in a timely manner. In addition, the compliance and legal department is responsible for the management of compliance risk, money laundering risk and terrorist financing risk of the Company, the fund management head office of the Company is responsible for the management of liquidity risks of the Company, the general manager's office is responsible for the management of reputational risk of the Company, and the IT management department is responsible for the management of IT risk of the Company.

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

The Company's audit department is responsible for carrying out regular inspections on risk management and regular evaluations on the effectiveness of the risk management system, and making suggestions for improvement based on the evaluation results.

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All subsidiaries operate in compliance with applicable regulations and laws. The Company integrates the risk management of subsidiaries into its overall risk management system through various mechanisms. The Company has effectively implemented vertical risk management for subsidiaries in terms of nomination of subsidiaries' persons in charge of risk management, risk limit and reporting, approval of major issues, data connection, consolidation of risk control indicators, supervision and inspection, evaluation and assessment, etc.

3. Measures to address risks and the performance during the Reporting Period

The risks faced by the Company in operational activities mainly include: compliance risk, money laundering and terrorist financing risk, credit risk, market risk, operational risk, liquidity risk and reputational risk, details of which are as follows:

(1) Compliance risk

The "compliance risk" in the Management Measures for the Compliance of Securities Companies and Securities Investment Fund Management Companies (《證券公司和證券投資基金管理公司合規管理辦法》) refers to the risk that a securities and fund firm may be subject to legal liabilities or regulatory penalties, disciplinary actions, or incur property loss or reputational damage due to failure to comply with laws, regulations and rules as a result of the securities and fund firm or its staff's poor management or malpractices.

In accordance with the regulatory requirements of compliance management and in combination with the actual situation of the Company, the Company has established a scientific and reasonable organizational structure of compliance management and clear-cut job responsibilities to define the compliance management positions of the following persons, including the Board, the Supervisory Committee, the officers in charge of operation and management, chief compliance officer and other senior management, and the compliance department, other internal control departments, the subordinate units of the Company (including all departments, branches and subsidiaries) have well-defined roles and responsibilities, coordination and interaction. The Company has formulated the Management Measures for the Compliance of Haitong Securities Co., Ltd. (《海通證券股份有限公司合規管理辦法》) and relevant supporting compliance management systems, built a compliance management team, ensured strict compliance management for each business line, and made efforts to secure full implementation of various compliance systems, mechanisms and procedures through prior review, in-process monitoring, post-event examination, assessment and application of accountability. At the same time, many measures were launched by the Company for policy transmission and promotion of compliance in a bid to foster the business environment of "Full Compliance and Active Compliance."

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During the Reporting Period, the Company further enhanced the fundamental efforts in respect of compliance management such as compliance review, compliance inspection, compliance monitoring, compliance appraisal and accountability. In addition, the Company determined 2022 as the “Year of Compliance and Internal Control Culture Construction,” promoted the development of compliance and internal control culture within the Group, followed the philosophy of “compliance by all employees, top-down compliance, value creation by compliance, and taking compliance as the foundation of the Company’s survival,” upheld the principle of “personnel as the focus, problem as the direction, and long-term mechanism as the security,” focused on the five core missions including training and promotion, anti-money laundering, team building, problems identifying and addressing and system implementation, and promoted the Company to establish and improve the long-term mechanism for compliance and internal control, for the purpose of gradually realizing the upgrading of the compliance and internal control system of the Company.

(2) *Money laundering and terrorist financing risk*

The Guidelines for the Management of Money Laundering and Terrorist Financing Risk of Corporate Financial Institutions (Trial) 《法人金融機構洗錢和恐怖融資風險管理指引(試行)》 set out specific requirements for the management of money laundering, terrorist financing and proliferation financing risks. The risk of money laundering, terrorist financing and proliferation financing faced by the Company refers to the possibility that the Company’s products or services are used by lawbreakers to carry out money laundering, terrorist financing and proliferation financing activities. The Company has established a sound anti-money laundering organizational framework under the Board, forming an anti-money laundering management system coordinated by the anti-money laundering leading group of the Company, led by the compliance department for organization and implementation, and implemented by relevant business departments and branches. The Company has developed an anti-money laundering management system consisting of the money laundering risk management system of the Group, basic anti-money laundering system of the Company and other supporting systems and operating procedures.

During the Reporting Period, the Company comprehensively promoted the culture of and improved the standard of money laundering and terrorist financing risk management, through: (i) carrying out internal inspection in respect of anti-money laundering work of the Company and comprehensively reviewing the management of money laundering risk of each business line; (ii) enhancing the cultural promotion and organizing a series of trainings on money laundering risk management and striving to improve the front-line money laundering risk management capabilities; and (iii) actively fulfilling anti-money laundering promotion obligations and distributing promotional materials on anti-money laundering through the WeChat official account of the Company to improve the awareness of the investors on the prevention of money laundering and terrorist financing risks.

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(3) *Credit risk*

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

A. *Risks relating to self-owned cash and cash equivalents deposited in other financial institutions and securities brokerage business*

Cash and cash equivalents are mainly deposited in state-owned commercial banks or joint-stock commercial banks with good reputation, while the security deposits are deposited in the China Securities Depository and Clearing Corporation Limited. Such cash and cash equivalents are facing relatively low credit risks. In terms of securities brokerage business, trading is settled under gross margin to effectively avoid relevant credit risks.

B. *Risks relating to trading finance business*

The Group's trading finance business mainly includes: margin financing and securities lending, stock pledged repurchase, margin trading, stock repurchase transaction, etc. The relevant involved entities mainly manage and control the credit risk through formulating and implementing various strict systems and measures on due diligence, internal credit rating, project evaluation, credit approval management, daily mark-to-market, limit monitoring, post-lending tracking, credit enhancement, liquidation execution, judicial recourse and provision making.

C. *Risks relating to debenture transaction and investment business*

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

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D. Risks relating to financial leasing business

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

E. Risks relating to short-term intercorporate borrowing business such as bond repurchase, and OTC derivatives business

As for the short-term intercorporate borrowing business such as bond repurchase, the Group carefully selects the counterparties with good credit standing and secured securities with high credit rating through counterparty access and credit granting management, so as to control the level of credit risk from the source. In terms of OTC derivatives business, the Group establishes a sound regulation system and procedures covering areas including counterparties access and credit rating management, subject securities management, risk responses and handling and conducts daily mark-to-market throughout the term of OTC derivative transaction and manages counterparty credit risk by fully adopting measures such as net settlement and performance guarantee. The Group's counterparties of short-term intercorporate borrowing and OTC derivatives businesses are mainly commercial banks, securities companies, asset management plans and other entities. The Group selects appropriate business models, carefully and strictly controls the business scale and adopts appropriate risk control measures during the operations of the aforesaid businesses. Meanwhile, the Group pays attention to the correlation between credit risk and market risk, and adopts necessary monitoring and countermeasures for credit risks in the context of market fluctuations, including but not limited to transaction margin arrangement, internal rating and credit management of counterparties, future potential risk exposure measurement, wrong-way risk identification, etc.

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The Group continued to improve its credit risk management system in accordance with industry regulatory policies, the capital market environment and the Group's business development strategy. During the Reporting Period, the Group comprehensively implemented credit risk identification, assessment, measurement, monitoring, reporting and response work focusing on the same customer and the same business, based on the management measures on credit risk and other systems, including continuously upgrading the credit risk management information system that covers the business of its parent and subsidiaries based on the Group's T+1 risk data mart. The Group continued to improve the credit risk limit system in terms of asset quality, risk offset and concentration risk by enhancing its risk identification, measurement and stress testing capabilities, enhance the unified rating and centralized credit management mechanism, dynamically optimize the credit rating and credit limit models, develop intelligent customer relationship structure warning center at the group level and public opinion risk monitoring, default monitoring and warning, financial report risk monitoring and analysis and high-risk customer management tools using financial technologies such as cloud computing, blockchain, big data and artificial intelligence, and improve the systematic management procedures on risk assets under credit business, for the purpose of effectively tracking and monitoring the overall credit risks and the execution of risk limit of the Group. Based on the ESG risk management measures and other systems, the Group established and improved the customer ESG risk access and tracking and monitoring mechanism, and actively carried out customer ESG due diligence and ESG risk evaluation work. During the Reporting Period, the Group's core credit risk monitoring indicators were stable, and the overall credit risk was manageable.

For three types of financing business, the Company actively optimized the business structure, carefully assessed new projects, and enhanced the tracking, monitoring and management of existing projects. It strengthened the debt collection efforts of existing risky projects and made provision for credit impairment in a prudent and proactive manner, thereby ensuring adequate risk provision. As at the end of the Reporting Period, the average performance guarantee ratio of our customers in margin financing and securities lending business was 275.58%, the average performance guarantee ratio of our customers in securities repurchase transaction business was 273.64%, and the average performance guarantee ratio of our customers in stock pledged repo business operated was 265.77%. The collaterals provided by the lenders were sufficient, and the overall credit risk was manageable.

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(4) *Market risk*

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

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

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- D. Commodity price risk. Commodity price risk arise from the adverse changes of prices of various commodities. During the Reporting Period, the Group's commodity market risk exposure is relatively low and is hedged and effectively managed mainly by commodity derivatives such as commodity futures and options.

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

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

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(5) *Operational risk*

Operational risk refers to the risk associated with losses arising from the defects of the internal processes, mis-operation or misconduct of staff, information system defects or breakdown, and external factors. Operational risk runs through all aspects of the Company's business development and daily operation process, and may lead to legal risk, compliance risk, reputational risk and other risks. Pursuant to the operational risk management measures, the Company leveraged on various tools (including Risk and Control Self-Assessment, Key Risk Indicators and Loss Data Collection) to carry out the identification, assessment, monitoring, and report of operational risk.

The Company conducted annual self-assessment of risk and control within the Group and special self-assessment of risk and control in accordance with the regulatory requirements and the new business development. The Company established the Key Risk Indicators System covering the main departments and units of the Group, and carried out regular collection and monitoring of key risk indicators. The Group conducted loss data collection and monitoring of operational risk within the Group, summarized and analyzed relevant information, as well as followed up the progress of risk mitigation measures. During the Reporting Period, there are no material change in the nature and extent of the operational risks faced by the Company. The existing operational risk management systems operated effectively, and no major operational risk events occurred that had a material impact on the Company's operations.

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

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(6) *Liquidity risk*

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

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

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

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

During the Reporting Period, facing the change in market environment and internal capital demand, the Company actively planned on the basis of different areas to continuously strengthen the control on liquidity risks via prior risk identification, in-process risk mitigation and post-event improvement. The Company carried out market evaluation, grasped the timing of low interest rates to increase capital reserves through bond issuance and renew all due liabilities in a timely manner, which reduced the likelihood of the occurrence of liquidity risks and ensured its capability of stable operations in a complex market environment. During the Reporting Period, the daily average liquidity coverage ratio of the core liquidity monitoring indicators of the Company was 286.48% while the daily average NSFR was 165.97%, both of which exceeded the regulatory requirement and pre-warning standard.

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(7) *Reputational risk*

Reputational risk refers to the risk of negative comments to the Company by investors, issuers, regulators, self-regulatory organizations, the public and the media due to the Company's acts or external events, as well as violations of integrity regulations, professional ethics, business norms, and industry rules and regulations by its employees, which may damage the Company's brand value, adversely affect the normal operation of the Company, and even affect market stability and social stability.

The Company attached great importance to the forward-looking and proactive management of reputational risk, continuously met the requirements of the regulatory authorities on systematic management of reputational risk, strengthened reputational risk monitoring domestically and abroad and established publicity channels in Mainland China and Hong Kong in order to take the initiative in publicity based on the Company's operating results and business development highlights, which can create a favorable public opinion environment for the Company's development. The Company could make correct judgments, respond quickly and take the initiative to respond to a small number of negative public opinions reports. The Company could understand the status and trend of public opinions in a timely manner, maintain healthy communication with mainstream media and provide guidance on public opinions to protect the Company's brand image. In accordance with the Guidelines for the Management of Reputational risk of Securities Companies 《證券公司聲譽風險管理指引》 issued by the Securities Association of China, the Company revised the Management Measures for Reputational risk of Haitong Securities Co., Ltd., 《海通證券股份有限公司聲譽風險管理辦法》 in time and promoted and implemented the same within the Company. During the Reporting Period, the Group maintained a healthy environment of public opinions.

(II) Other disclosures

Information on the implementation of business plan

In the first half of 2022, facing the severe ordeal brought by the COVID-19 pandemic and the complex and volatile external environment and under the guidance of our overall strategy, the Company unified the thinking and clarified the tasks. With "strong efforts in both aspects with a win-win situation" in the epidemic prevention and control and the operation and development, the Company coordinated five key areas, namely "investment, financing, sponsorship and research" and wealth management, under the concept of "One Haitong," actively served real economies by leveraging on the professional strength, focused on promoting reform and development and steadily advanced various work, laying a sound foundation for achieving the operating targets for the whole year.

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For the investment banking business line, the Company stepped up efforts in promoting projects for the equity financing business, actively expanded business for “specialized and sophisticated” (“專精特新”) enterprises, consolidated its competitive edge in the industry and remained at the forefront of the industry; for the bond financing business, while comprehensively facilitating the resumption of work, production and trading by leveraging its professional advantages, the Company actively drove forward business development with innovation and successfully completed the issuance of various first bonds. For the wealth management business line, the Company’s brokerage business increased inputs in key areas and strengthened business synergy within the Group and sped up in promoting the development of branches; the financial products business continuously intensified sales organization, improved sales policies, clarified sales functions and optimized systems and platforms; the financing business achieves steady progress with the asset quality maintaining at a relatively good level and the size of the securities lending business expanding continuously; and the futures business remained at the forefront of the industry and its futures subsidiary was successfully approved as a member of Guangzhou Futures Exchange. In terms of the trading and institutional client services business line, the Company’s QFII and RQFII businesses continued to remain at the forefront of the industry; the WFOE business maintained the competitive edge in the industry and turned to provide trading services for wealth management subsidiaries of banks; the equity investment trading business continuously expanded service categories and consolidated the service capability; the fixed income investments steadily advanced the FICC innovation business and achieved breakthroughs in the over-the-counter derivatives; the research services innovated working methods, strengthened online services and deepened efforts in customer services. Regarding the asset management business line, its asset management subsidiary sped up in promoting high-quality development under the requirements of “expanding the size of single products, improving the quality of products, realizing revenue, specializing in investment research and providing services”; the public fund subsidiary proactively grasped market opportunities and continued to be in good shape; the private equity investment fund subsidiary actively advanced the offering and establishment of funds and steadily promoted its full-process management covering “offering, investment, management and withdrawal.” As for the international business and leasing business lines, Haitong International continued to maintain its leading position in the Hong Kong market; Haitong Bank advanced its cross-border and local businesses side by side and Macau Branch achieved a good beginning in business; while Haitong UT adhered to improve regional layout and boosted supports to green leasing to constantly optimize the asset structure.

During the Reporting Period, while realizing healthy performance in different lines of business, as for management, the Company further strengthened the building of the compliance and risk control capability, sped up in digital transformation, deepened human resources and organizational support, optimized the capability of treasury management and continuously enhanced the refined operation through management empowerment to facilitate the healthy development of the Company under the concept of “One Haitong.”

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In the second half of 2022, the Company will continue to follow the general principle of making progress while maintaining stability in coordinating pandemic prevention and control and business development and advancing various operation and management work. The detailed business focuses are as follows: for investment banking business, the Company will follow the national strategies to further enhance the integrated development of investment banking and promote the comprehensive development of investment, financing, sponsorship and research and wealth management business; for wealth management business, the Company will further optimize its product sales system and better satisfy the wealth management needs of high-net-worth clients; for trading and institutional client services, the Company will continue to accelerate the improvement of active investment management capabilities, reinforce its capabilities to serve licensed institutions, and promote the development of one-stop institutional prime brokerage services covering trading, clearing, custody, investment research and underwriting; for asset management business, the Company will enhance the development of investment research system, increase the investment in the cultivation of investment research team, introduce high-quality investment research talents, and improve the customer acquisition capabilities of its products; for private equity investment and direct investment business, the Company will focus on the development of key regions and industries and leading industrial capital, promote the establishment of new funds, and further devote more resources to the research of and investment in strategic emerging industries; for overseas business, the Company will continue to enhance the coordination of different business lines of the Group, and actively contribute to the development and construction of the Guangdong-Hong Kong-Macao Greater Bay Area and the Pearl River Delta Region; for financial leasing business, the Company will focus on the principal activity of leasing and continue to optimize the asset structure. At the same time, in the second half of 2022, the Company will also focus on the development of systems including compliance and risk control, technology-based operation, party building and cultural development, and human resources management to improve the efficiency of management work and ensure the high-quality development of the Company.

Section IV CORPORATE GOVERNANCE

I. BRIEFING OF THE GENERAL MEETINGS

Session of the meeting	Date of the meeting	Query index of the designated website for resolutions disclosure	Date of resolutions disclosure	Resolutions of the meeting
2021 Annual General Meeting	21 June 2022	http://www.sse.com.cn http://www.hkexnews.hk	22 June 2022 21 June 2022	See the “Descriptions of the annual general meeting” below for details

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

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

✓ Not applicable

Descriptions of the annual general meeting

During the Reporting Period, the Company held the 2021 General Meeting at Haitong Securities Building on 21 June 2022, at which 11 resolutions were considered and approved, including: 1. the report of the Board of Directors of the Company for the year 2021; 2. the report of the Supervisory Committee of the Company for the year 2021; 3. the annual report of the Company for the year 2021; 4. the final accounts report of the Company for the year 2021; 5. the profit distribution proposal of the Company for the year 2021; 6. the proposal of the Company on renewal of engagement of auditing firms for the year 2022; 7. the proposal regarding the estimated investment amount for the proprietary business of the Company for the year 2022; 8. the proposal regarding the projected routine related party/connected transactions of the Company in 2022; 9. the proposal regarding general mandate to issue onshore and offshore debt financing instruments of the Company; 10. the proposal regarding the amendments to the articles of association of the Company and appendices thereof; and 11. the proposal regarding the grant of general mandate to the Board to authorize, allot or issue A Shares and/or H shares. Among them, resolutions numbered 1 to 8 were ordinary resolutions, while the resolutions numbered 9 to 11 were special resolutions. The relevant poll results announcements were published on the website of HKEXnews of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) on the date of the meeting, and published on the website of the SSE (<http://www.sse.com.cn>) and in the China Securities Journal, the Shanghai Securities News, the Securities Times and the Securities Daily on the next date of the meeting.

Section IV CORPORATE GOVERNANCE

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

Name	Position	Particulars of changes
Wang Jianye (王建業)	Chief Compliance Officer	Resignation (age concern)
Li Haichao (李海超)	Deputy General Manager, Chief Compliance Officer	Appointment

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

Reference is made to the Overseas Regulatory Announcement of the Company dated 3 March 2022. The resolution on the Appointment of Deputy General Manager and Chief Compliance Officer of the Company was considered and approved at the 24th meeting (extraordinary meeting) of the seventh session of the Board, and the appointment of Mr. Li Haichao as deputy general manager and chief compliance officer of the Company was approved, while Mr. Wang Jianye, the former chief compliance officer of the Company, ceased to be the chief compliance officer due to age concern. The term of office of Mr. Li Haichao as a deputy general manager and chief compliance officer of the Company shall commence from 3 March 2022 and expire on the expiry of the term of office of the seventh session of the Board.

III. OTHER INFORMATION OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES OF THE COMPANY

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

The Company has adopted the standards as set out in the Model Code as the code of conduct of the Company regarding securities transactions by the Directors, Supervisors and relevant employees. The Company, having made enquiries to all Directors and Supervisors, confirmed that they had been in compliance with the requirements of the abovementioned Model Code, during the period from 1 January to 30 June 2022. The Company has not found any relevant employee violating the aforesaid guidelines.

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

Mr. Tu Xuanxuan, our non-executive Director, has been a director of Shanghai Tunnel Engineering Co., Ltd. (a company listed on the SSE (stock code: 600820)) since January 2022.

Mr. Lam Lee G., our independent non-executive Director, ceased to be the senior adviser of Macquarie Group Asia from June 2022. Mr. Lam has been a non-executive director of Hong Kong Aerospace Technology Group Limited (a company listed on the Hong Kong Stock Exchange (stock code: 1725)) since May 2021 and redesignated as an executive director since January 2022; has been an independent non-executive director of RENHENG Enterprise Holdings Limited (a company listed on the Hong Kong Stock Exchange (stock code: 3628)) since June 2022.

Mr. Xu Jianguo, our non-executive Director, ceased to serve as the chairman of the board of directors of Shanghai Haiya Industrial Co., Ltd. (上海亥雅實業有限公司), the chairman of the board of directors of Shanghai Kaihai Industrial Co., Ltd. (上海開亥實業有限公司), and the supervisor of Shanghai Electric Group Properties Co., Ltd. (上海電氣集團置業有限公司) from June 2022. Mr. Xu ceased to serve as the director of the financial budget department of Shanghai Electric Holding Group Co., Ltd. (上海電氣控股集團有限公司) (formerly known as Shanghai Electric (Group) Corporation (上海電氣(集團)總公司)) from January 2022 and redesignated as a director, vice president and chief financial officer of Shanghai Electric Holding Group Co., Ltd.; has been a chairman of the board of directors of Shanghai Electric Hong Kong Co. Limited (上海電氣香港有限公司) since June 2022.

Mr. Wu Xiangyang, our employee representative Supervisor, has been the chairman of the supervisory committee of Haitong UT since May 2022.

Save as disclosed above, there is no other information in respect of the Directors and Supervisors of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules.

(III) Particulars about service contracts with Directors and Supervisors

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

Section IV CORPORATE GOVERNANCE

(IV) Employees and remuneration policy

As at the end of the Reporting Period, the Group had 11,852 employees, of whom 6,292 were from the Company, and 5,560 were from subsidiaries.

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

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

(V) Employee training

In the first half of 2022, the Company adhered to the concept of overall management, cooperation and sharing to carry out training work. Through Haitong Wealth Research Academy (海通财富研修院), the Company continued to promote digital learning and establish a learning-oriented organization to contribute to its talent development. The Company continuously optimized training programs, reinforced the cultural identity and compliance concept of new employees, improved forms of learning and assisted new employees in achieving the learning targets of "fitting into the Company, cultural integration, team harmony and professional combination". It constantly perfected the curriculum system, improved precise and customized curriculum system through flash and certification courses and other new models to achieve the full coverage of all employees for learning at any time. It actively strengthened the collaboration among departments, opened the channel of livestreaming classes and coordinated with all departments in introducing livestreaming programs on business hotspots, smart operation, compliance and internal control with the focus on regulatory policies and market hotspots to empower business development. The Company gave full play to the platform effect and relied on the Haitong Wealth Research Academy to introduce the "companion" training modular and facilitate the continuous growth of employees of Haitong through various means such as wealth lectures, theme activities, offering new courses, books sharing, livestreaming and interaction.

Section IV CORPORATE GOVERNANCE

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

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

The Company held the 2021 Annual General Meeting on 21 June 2022 at which the profit distribution proposal of the Company for the year 2021 was considered and approved. On the basis of the total share capital of A Shares and H Shares of 13,064,200,000 shares of the Company as at 31 December 2021, a cash dividend of RMB0.30 (inclusive of tax) per share was distributed to all the shareholders of the Company, with a total cash dividend amounting to RMB3,919,260,000.00 (inclusive of tax). The cash dividends distributed to holders of A Shares amounted to RMB2,896,389,354.00 based on the total share capital of 9,654,631,180 A Shares and the cash dividends distributed to holders of H Shares amounted to HK\$1,194,322,859.85 based on the total share capital of 3,409,568,820 H Shares.

The relevant announcement for the 2021 annual profit distribution plan was published in the China Securities Journal, the Shanghai Securities News, the Securities Times and the Securities Daily and published on the websites of the SSE, HKEXnews of the Hong Kong Stock Exchange and the Company, and the implementation was completed on 28 July 2022.

(II) Proposed plans of half-year profit distribution and conversion of capital reserve funds into share capital

Whether making profit distribution or converting capital reserve funds into share capital No

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

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

Share Option Scheme of Haitong International

The shareholders of Haitong International approved the adoption of a new share option scheme (the “**2015 Share Option Scheme**”) on 8 June 2015 (the “**Adoption Date**”). A summary of the principal terms of the 2015 Share Option Scheme, as disclosed in accordance with the Listing Rules, is set out as follows:

Purpose of the 2015 Share Option Scheme:

To attract, retain and motivate talented employees to strive towards long term performance targets set by Haitong International with an opportunity to obtain an equity interest in Haitong International, thus linking their interest with the interest of Haitong International and thereby providing them with an added incentive to work better for the interest of Haitong International.

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Participants of the 2015 Share Option Scheme:

Any director (whether executive or non-executive and whether independent or not) or employee (whether full-time or part-time) of Haitong International (whether on an employment or contractual or honorary basis and whether paid or unpaid), who, in the absolute opinion of the board of Haitong International, have contributed to Haitong International.

Total number of shares available for issue under the 2015 Share Option Scheme and percentage of Haitong International's issued share capital as at the date of this annual report:

The total number of shares which may be issued upon exercise of all options to be granted under the 2015 Share Option Scheme and any other share option schemes of Haitong International shall not in aggregate exceed 212,924,439 shares (the "**Scheme Limit**"), representing approximately 10% of the issued shares of Haitong International as at 30 November 2014, being the date of tentative approval of the 2015 Share Option Scheme by the management of Haitong International. In respect of the period of 12 months from the Adoption Date and for each of the subsequent periods of 12 months from the previous anniversary of the Adoption Date (each of those 12-months periods is hereinafter referred to as a "**Scheme Year**"), the total number of shares of Haitong International which may be issued upon exercise of the options granted in each Scheme Year shall not exceed 21,292,444 shares (the "**Annual Limit**"). Haitong International may from time to time seek approval of its shareholders and the approval of the shareholders of the Company (so long as Haitong International is a subsidiary of the Company under the Listing Rules) in respective general meetings to renew the Scheme Limit and/or the Annual Limit such that the total number of shares of Haitong International in respect of which options may be granted by Directors under the 2015 Share Option Scheme (i) in respect of the Scheme Limit, shall not exceed 10% of the issued share capital of Haitong International as at the date of approval of the refreshment; and (ii) in respect of the Annual Limit, shall not exceed 1% of the issued share capital of Haitong International as at the date of approval of the refreshment. Options previously granted under the 2015 Share Option Scheme and any other share option schemes of Haitong International (including those outstanding, cancelled, lapsed or exercised options) will not be counted for the purpose of calculating such limits as refreshed. Notwithstanding the aforesaid in this paragraph, the maximum number of shares of Haitong International which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2015 Share Option Scheme and any other share option schemes of Haitong International shall not exceed 30% (or such higher percentage as may be allowed under the Listing Rules) of the total number of Haitong International's shares in issue from time to time.

As at the date of the 2021 Annual Report of Haitong International, the total number of shares available for issue under the 2015 Share Option Scheme was 170,498,869 shares, which represented approximately 2.82% of the issued share capital of Haitong International at that day.

Section IV CORPORATE GOVERNANCE

Maximum entitlement of each participant under the 2015 Share Option Scheme:

The maximum number of shares issued and to be issued upon exercise of the options granted to each participant under the 2015 Share Option Scheme and any other share option schemes of Haitong International (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of Haitong International's shares in issue. Any further grant of share options in excess of this limit is subject to approval by the shareholders of Haitong International at a general meeting. Share options granted to a director, chief executive or substantial shareholders of Haitong International, or to any of their respective associates, are subject to approval in advance by the independent non-executive directors of Haitong International. In addition, any share options granted to a substantial shareholder of Haitong International or an independent non-executive director of Haitong International, or to any of their respective associates, in excess of 0.1% of the total number of shares of Haitong International in issue at the date on which such grant is proposed by the board of directors of Haitong International and with an aggregate value (based on the closing price of Haitong International's shares at the date on which such grant is proposed by the Board) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance at a general meeting of Haitong International, with all connected persons of Haitong International shall abstain from voting (except where any connected person may vote against the relevant resolution at such general meeting provided that his intention to do so has been stated in the circular to the shareholders of Haitong International and that the relevant Listing Rules have been complied with).

The period within which the shares must be taken up under an option and the minimum period for which an option must be held before it can be exercised:

The exercise period of the share options granted is determinable by the board of directors of Haitong International, and such period shall commence not earlier than 6 months from the date of the grant of the options and expire not later than 5 years after the date of grant of the options.

The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be paid:

The offer of a grant of share options may be accepted within 28 days from the date of the offer upon payment of a consideration of HK\$1 by the grantee.

The basis of determining the exercise price:

The exercise price of the share options is determinable by the board of directors of Haitong International, and shall be at least the highest of (i) a price equal to 110% of the closing price of Haitong International's shares as stated in the Stock Exchange's daily quotations sheet on the offer date; (ii) the average closing price of Haitong International's shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the offer date; and (iii) the nominal value of Haitong International's share.

The remaining life of the 2015 Share Option Scheme:

The 2015 Share Option Scheme shall be valid and effective for a period of 10 years commencing from the date on which it is conditionally adopted by resolution of Haitong International at general meetings and will expire on 7 June 2025.

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Movements of the share options under the 2015 Share Option Scheme during the year ended 31 December 2021 are listed below:

Name or category of participants	Number of share options						At 31 December 2021	Date of grant of share options*	Exercise period of share options	Price of Haitong International's shares***		
	At 1 January 2021	Granted during the year	Adjusted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year				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
Directors of Haitong International												
QU Qiuping (resigned on 19 October 2021)	501,146	-	-	-	-	(501,146) (Note 2)	-	1 November 2018	28 May 2019 – 31 October 2023	2.898	2.56	N/A
	501,146	-	-	-	-	(501,146) (Note 2)	-	31 May 2019	27 December 2019 – 30 May 2024	2.554	2.39	N/A
	500,000	-	-	-	-	500,000 (Note 2)	-	29 May 2020	25 December 2020 – 28 May 2025	1.727	1.55	N/A
	-	500,000	-	-	(500,000) (Note 1)	-	-	21 July 2021	17 February 2022 – 20 July 2026	2.398	2.16	N/A
LIN Yong	807,116	-	-	-	-	(807,116) (Note 3)	-	12 May 2016	8 December 2016 – 11 May 2021	4.635	4.25	N/A
	805,672	-	-	-	-	-	805,672	10 November 2017	7 June 2018 – 9 November 2022	5.002	4.58	N/A
	1,804,127	-	-	-	-	-	1,804,127	1 November 2018	28 May 2019 – 31 October 2023	2.898	2.56	N/A
	902,064	-	-	-	-	-	902,064	31 May 2019	27 December 2019 – 30 May 2024	2.554	2.39	N/A
	900,000	-	-	-	-	-	900,000	29 May 2020	25 December 2020 – 28 May 2025	1.727	1.55	N/A
	-	900,000	-	-	-	-	900,000	21 July 2021	17 February 2022 – 20 July 2026	2.398	2.16	N/A
LI Jianguo	605,334	-	-	-	-	(605,334) (Note 3)	-	12 May 2016	8 December 2016 – 11 May 2021	4.635	4.25	N/A
	302,127	-	-	-	-	-	302,127	10 November 2017	7 June 2018 – 9 November 2022	5.002	4.58	N/A
	300,689	-	-	-	-	-	300,689	1 November 2018	28 May 2019 – 31 October 2023	2.898	2.56	N/A
	150,343	-	-	-	-	-	150,343	31 May 2019	27 December 2019 – 30 May 2024	2.554	2.39	N/A
	200,000	-	-	-	-	-	200,000	29 May 2020	25 December 2020 – 28 May 2025	1.727	1.55	N/A
	-	200,000	-	-	-	-	200,000	21 July 2021	17 February 2022 – 20 July 2026	2.398	2.16	N/A
POON Mo Yiu	706,224	-	-	-	-	(706,224) (Note 3)	-	12 May 2016	8 December 2016 – 11 May 2021	4.635	4.25	N/A
	302,127	-	-	-	-	-	302,127	10 November 2017	7 June 2018 – 9 November 2022	5.002	4.58	N/A
	701,604	-	-	-	-	-	701,604	1 November 2018	28 May 2019 – 31 October 2023	2.898	2.56	N/A
	350,802	-	-	-	-	-	350,802	31 May 2019	27 December 2019 – 30 May 2024	2.554	2.39	N/A
	350,000	-	-	-	-	-	350,000	29 May 2020	25 December 2020 – 28 May 2025	1.727	1.55	N/A
	-	400,000	-	-	-	-	400,000	21 July 2021	17 February 2022 – 20 July 2026	2.398	2.16	N/A

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Name or category of participants	Number of share options						Price of Haitong International's shares***					
	At 1 January 2021	Granted during the year	Adjusted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	At 31 December 2021	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
Directors of Haitong International												
SUN Jianfeng	504,446	-	-	-	-	(504,446) (Note 3)	-	12 May 2016	8 December 2016 – 11 May 2021	4.635	4.25	N/A
	503,545	-	-	-	-	-	503,545	10 November 2017	7 June 2018 – 9 November 2022	5.002	4.58	N/A
	1,202,751	-	-	-	-	-	1,202,751	1 November 2018	28 May 2019 – 31 October 2023	2.898	2.56	N/A
	601,375	-	-	-	-	-	601,375	31 May 2019	27 December 2019 – 30 May 2024	2.554	2.39	N/A
	600,000	-	-	-	-	-	600,000	29 May 2020	25 December 2020 – 28 May 2025	1.727	1.55	N/A
	-	600,000	-	-	-	-	600,000	21 July 2021	17 February 2022 – 20 July 2026	2.398	2.16	N/A
SUN Tong	504,446	-	-	-	-	(504,446) (Note 3)	-	12 May 2016	8 December 2016 – 11 May 2021	4.635	4.25	N/A
	503,545	-	-	-	-	-	503,545	10 November 2017	7 June 2018 – 9 November 2022	5.002	4.58	N/A
	1,002,293	-	-	-	-	-	1,002,293	1 November 2018	28 May 2019 – 31 October 2023	2.898	2.56	N/A
	501,146	-	-	-	-	-	501,146	31 May 2019	27 December 2019 – 30 May 2024	2.554	2.39	N/A
	600,000	-	-	-	-	-	600,000	29 May 2020	25 December 2020 – 28 May 2025	1.727	1.55	N/A
	-	600,000	-	-	-	-	600,000	21 July 2021	17 February 2022 – 20 July 2026	2.398	2.16	N/A
CHENG Chi Ming Brian	302,664	-	-	-	-	(302,664) (Note 3)	-	12 May 2016	8 December 2016 – 11 May 2021	4.635	4.25	N/A
	302,127	-	-	-	-	-	302,127	10 November 2017	7 June 2018 – 9 November 2022	5.002	4.58	N/A
	300,689	-	-	-	-	-	300,689	1 November 2018	28 May 2019 – 31 October 2023	2.898	2.56	N/A
	150,343	-	-	-	-	-	150,343	31 May 2019	27 December 2019 – 30 May 2024	2.554	2.39	N/A
	150,000	-	-	-	-	-	150,000	29 May 2020	25 December 2020 – 28 May 2025	1.727	1.55	N/A
	-	200,000	-	-	-	-	200,000	21 July 2021	17 February 2022 – 20 July 2026	2.398	2.16	N/A
ZHANG Xinjun	504,446	-	-	-	-	(504,446) (Note 3)	-	12 May 2016	8 December 2016 – 11 May 2021	4.635	4.25	N/A
	503,545	-	-	-	-	-	503,545	10 November 2017	7 June 2018 – 9 November 2022	5.002	4.58	N/A
	1,002,293	-	-	-	-	-	1,002,293	1 November 2018	28 May 2019 – 31 October 2023	2.898	2.56	N/A
	300,688	-	-	-	-	-	300,688	31 May 2019	27 December 2019 – 30 May 2024	2.554	2.39	N/A
	200,000	-	-	-	-	-	200,000	29 May 2020	25 December 2020 – 28 May 2025	1.727	1.55	N/A
	-	200,000	-	-	-	-	200,000	21 July 2021	17 February 2022 – 20 July 2026	2.398	2.16	N/A

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Name or category of participants	Number of share options						Price of Haitong International's shares***					
	At 1 January 2021	Granted during the year	Adjusted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	At 31 December 2021	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
Directors of Haitong International												
WAN Kam To	300,689	-	-	-	-	-	300,689	1 November 2018	28 May 2019 – 31 October 2023	2.898	2.56	N/A
	150,343	-	-	-	-	-	150,343	31 May 2019	27 December 2019 – 30 May 2024	2.554	2.39	N/A
	150,000	-	-	-	-	-	150,000	29 May 2020	25 December 2020 – 28 May 2025	1.727	1.55	N/A
	-	150,000	-	-	-	-	150,000	21 July 2021	17 February 2022 – 20 July 2026	2.398	2.16	N/A
LIU Swee Long Michael (appointed on 28 May 2021)	-	150,000	-	-	-	-	150,000	21 July 2021	17 February 2022 – 20 July 2026	2.398	2.16	N/A
ZHANG Huaqiao (appointed on 28 May 2021)	-	150,000	-	-	-	-	150,000	21 July 2021	17 February 2022 – 20 July 2026	2.398	2.16	N/A
William CHAN (resigned on 28 May 2021)	302,664	-	-	-	-	(302,664)	-	12 May 2016	8 December 2016 – 11 May 2021	4.635	4.25	N/A
	302,127	-	-	-	-	(302,127)	-	10 November 2017	7 June 2018 – 9 November 2022	5.002	4.58	N/A
	300,689	-	-	-	-	(300,689)	-	1 November 2018	28 May 2019 – 31 October 2023	2.898	2.56	N/A
	150,343	-	-	-	-	(150,343)	-	31 May 2019	27 December 2019 – 30 May 2024	2.554	2.39	N/A
	150,000	-	-	-	-	(150,000)	-	29 May 2020	25 December 2020 – 28 May 2025	1.727	1.55	N/A
TSUI Hing Chuen William (retired on 28 May 2021)	302,664	-	-	-	-	(302,664)	-	12 May 2016	8 December 2016 – 11 May 2021	4.635	4.25	N/A
	302,127	-	-	-	-	(302,127)	-	10 November 2017	7 June 2018 – 9 November 2022	5.002	4.58	N/A
	300,689	-	-	-	-	(300,689)	-	1 November 2018	28 May 2019 – 31 October 2023	2.898	2.56	N/A
	150,343	-	-	-	-	(150,343)	-	31 May 2019	27 December 2019 – 30 May 2024	2.554	2.39	N/A
	150,000	-	-	-	-	(150,000)	-	29 May 2020	25 December 2020 – 28 May 2025	1.727	1.55	N/A
LAU Wai Piu (retired on 28 May 2021)	302,664	-	-	-	-	(302,664)	-	12 May 2016	8 December 2016 – 11 May 2021	4.635	4.25	N/A
	302,127	-	-	-	-	(302,127)	-	10 November 2017	7 June 2018 – 9 November 2022	5.002	4.58	N/A
	300,689	-	-	-	-	(300,689)	-	1 November 2018	28 May 2019 – 31 October 2023	2.898	2.56	N/A
	150,343	-	-	-	-	(150,343)	-	31 May 2019	27 December 2019 – 30 May 2024	2.554	2.39	N/A
	150,000	-	-	(150,000)	-	-	-	29 May 2020	25 December 2020 – 28 May 2025	1.727	1.55	2.58

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Name or category of participants	Number of share options						Price of Haitong International's shares***					
	At 1 January 2021	Granted during the year	Adjusted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	At 31 December 2021	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
Directors of Haitong International												
WEI Kuo-chiang (retired on 28 May 2021)	302,664	-	-	-	-	(302,664)	-	12 May 2016	8 December 2016 – 11 May 2021	4.635	4.25	N/A
	302,127	-	-	-	-	(302,127)	-	10 November 2017	7 June 2018 – 9 November 2022	5.002	4.58	N/A
	300,689	-	-	-	-	(300,689)	-	1 November 2018	28 May 2019 – 31 October 2023	2.898	2.56	N/A
	150,343	-	-	-	-	(150,343)	-	31 May 2019	27 December 2019 – 30 May 2024	2.554	2.39	N/A
	150,000	-	-	(150,000)	-	-	-	29 May 2020	25 December 2020 – 28 May 2025	1.727	1.55	2.21
LIU Yan (resigned on 25 August 2021)	300,689	-	-	-	-	(300,689)	-	1 November 2018	28 May 2019 – 31 October 2023	2.898	2.56	N/A
	150,343	-	-	-	-	(150,343)	-	31 May 2019	27 December 2019 – 30 May 2024	2.554	2.39	N/A
	150,000	-	-	(150,000)	-	-	-	29 May 2020	25 December 2020 – 28 May 2025	1.727	1.55	2.27
	-	150,000	-	-	-	(150,000)	-	21 July 2021	17 February 2022 – 20 July 2026	2.398	2.16	N/A
In aggregate	26,956,219	4,200,000	-	(450,000)	(500,000)	(10,561,292)	19,644,927					
Continuous contract employees of Haitong International	7,465,648	-	-	-	-	(7,465,648)	-	12 May 2016	8 December 2016 – 11 May 2021	4.635	4.25	N/A
	6,646,799	-	-	-	-	(3,323,403)	3,323,396	10 November 2017	7 June 2018 – 9 November 2022	5.002	4.58	N/A
	8,990,559	-	-	-	-	(4,480,243)	4,510,316	1 November 2018	28 May 2019 – 31 October 2023	2.898	2.56	N/A
	5,798,274	-	-	-	-	(2,565,872)	3,232,402	31 May 2019	27 December 2019 – 30 May 2024	2.554	2.39	N/A
	6,245,000	-	-	(1,300,000)	-	(750,000)	4,195,000	29 May 2020	25 December 2020 – 28 May 2025	1.727	1.55	2.297
	-	6,445,000	-	-	(300,000)	(500,000)	5,645,000	21 July 2021	17 February 2022 – 20 July 2026	2.398	2.16	N/A
In aggregate	35,146,280	6,445,000	-	(1,300,000)	(300,000)	(19,085,166)	20,906,114					
	62,102,499	10,645,000	-	(1,750,000)	(800,000)	(29,646,458)	40,551,041					

Section IV CORPORATE GOVERNANCE

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

Notes:

1. These share options were lapsed during the year ended 31 December 2021 as a result of non-acceptance of the grant of share options.
2. These share options were lapsed during the year ended 31 December 2021 as a result of resignation of director and/or staff of Haitong International.
3. These share options were lapsed during the year ended 31 December 2021 as a result of expiry of exercise period.

Section IV CORPORATE GOVERNANCE

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						At 30 June 2022	Date of grant of share options*	Exercise period of share options	Exercise price of share options** HK\$ per share	Price of Haitong International'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					At immediately preceding date of share options	At immediately preceding date of share options
											HK\$ per share	HK\$ per share
Directors of Haitong International												
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	

Section IV CORPORATE GOVERNANCE

Name or category of participants	Number of share options						Price of Haitong International'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 date of share options HK\$ per share	At immediately preceding date of share options HK\$ per share
	Directors of Haitong International										
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

Section IV CORPORATE GOVERNANCE

Name or category of participants	Number of share options						Price of Haitong International'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 of Haitong International											
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					

Section IV CORPORATE GOVERNANCE

Name or category of participants	Number of share options						Price of Haitong International'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
Continuous contract employees of Haitong International											
	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 Haitong International's share capital.

*** The price of the Haitong International'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 Haitong International'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:

- 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.
- These share options were lapsed during the 6 months ended 30 June 2022 as a result of staff resignation.

Section IV CORPORATE GOVERNANCE

VI. OTHER INFORMATION ON CORPORATE GOVERNANCE

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

During the Reporting Period, the Company convened a total of 21 meetings, including one general meeting, six board meetings, two supervisory committee meetings, three meetings of the audit committee, two annual report work meetings of independent Directors, one meeting of the nomination, remuneration and assessment committee, four meetings of the development strategy and ESG management committee, and two meetings of the compliance and risk control committee.

During the Reporting Period, in accordance with the Notice on Issuing of Requirement for the Chief Officer of Municipal State-Owned Assets Supervision and Administration Commission to Perform the Duties as Principal Responsible Officer for Promoting Legal Governance and General Legal Construction (Hu Guo Zi Dang Wei [2021] No. 121) jointly issued by the Shanghai Municipal State-owned Assets Supervision and Administration Commission of the Communist Party of China (中共上海市國有資產監督管理委員會) and the State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government (上海市國有資產監督管理委員會), the Guidelines for the Articles of Association of the Listed Companies (2022 Revision) and the Rules for the Shareholders' Meetings of Listed Companies (2022 Revision) issued by the CSRC, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (Revised in January 2022) and the Guidelines No. 1 of the Shanghai Stock Exchange on the Application of Self-Regulation Rules for Listed Companies – Standardized Operation issued by the Shanghai Stock Exchange, the Measures for the Administration of Securities Investment Fund Custody Business jointly issued by the CSRC and the China Banking and Insurance Regulatory Commission and other relevant regulations as well as the actual situation of the Company, the Company amended relevant articles of the current Articles of Association and correspondingly amended its appendix including the Rules of Procedure for the Shareholders' General Meetings of Haitong Securities Co., Ltd., the Rules of Procedure for the Board Meetings of Haitong Securities Co., Ltd. and the Rules of Procedure for the Supervisory Committee of Haitong Securities Co., Ltd. The amendments mainly involved the objectives of the operation of the Company, duties and review procedures of the general meeting, the Board and the Supervisory Committee, the provisions on the submission of regular reports and other contents. The resolutions on the abovementioned amendments to the Articles of Association have been considered and approved at the 2021 Annual General Meeting held on 21 June 2022. For details of the amendments, please refer to the circular on the 2021 Annual General Meeting of the Company dated 20 May 2022. The amended Articles of Association came into effect from the date of passing of the resolution at the 2021 Annual General Meeting of the Company.

Section IV CORPORATE GOVERNANCE

(I) Shareholders and general meetings

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

(II) Directors and the Board

The Company strictly adheres to the Articles of Association in appointing or changing Directors, while the constitution of the Board and the qualifications of Directors are in line with requirements of laws and regulations. As at 30 June 2022, the Board comprised 11 Directors, including three executive Directors, namely Mr. Zhou Jie, Mr. Li Jun and Mr. Ren Peng; four non-executive Directors, namely Mr. Tu Xuanxuan, Mr. Zhou Donghui, Ms. Yu Liping and Mr. Xu Jianguo; and four independent non-executive Directors, namely Mr. Zhang Ming, Mr. Lam Lee G., Mr. Zhu Hongchao and Mr. Zhou Yu. All Directors are able to perform their duties in due diligence and protect the interests of the Company and all shareholders. The Board has established the development strategy and ESG management committee, the audit committee, the compliance and risk control committee as well as the nomination, remuneration and assessment committee. Each committee has specific work allocations and clear accountabilities and operates in high efficiency. Among the four committees, the development strategy and ESG management committee is chaired by the chairman of the Board, Mr. Zhou Jie, the compliance and risk control committee is chaired by an executive Director, Mr. Li Jun, and each of the other two committees is chaired by an independent non-executive Director.

The audit committee was established under the Board, which is in line with relevant provisions of the CSRC, the SSE and those in Chapter 3 of the Hong Kong Listing Rules. The audit committee consists of five members, including Mr. Zhang Ming (chairman), Ms. Yu Liping, Mr. Xu Jianguo, Mr. Lam Lee G. and Mr. Zhou Yu. The audit committee is mainly responsible for the communication, supervision and reviewing of the Company's internal and external audit work and providing specialist advice to the Board. The audit committee has reviewed and confirmed Haitong International's interim results and interim financial report for the six months ended 30 June 2022 without objection on accounting policies and practices adopted by the Group.

(III) Supervisors and the Supervisory Committee

As at 30 June 2022, the Supervisory Committee comprised eight Supervisors, including three employee representative Supervisors and five non-employee representative Supervisors. The qualifications of Supervisors and the composition of Supervisory Committee are in compliance with laws and regulations. All Supervisors, holding themselves accountable to the shareholders, performed their obligations in due diligence as to monitor the legality and compliance of performance of duties by the Company's finance department, the Board members and senior management, and provided recommendations and suggestions to the Board and the senior management regarding relevant matters.

Section IV CORPORATE GOVERNANCE

(IV) Senior management

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

(V) Stakeholders

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

(VI) Information disclosure and investor relationship management

During the Reporting Period, the Company was able to disclose relevant information in a manner that is true, accurate, complete, timely and fair and in strict compliance with the laws, regulations and regulatory documents in the PRC and Hong Kong where its shares are listed. The Company could strictly comply with relevant provisions of Corporate Insider Registration System, strengthen the management of the Company's inside information and well organize the insider registration.

During the special period of epidemic prevention and control in the first half of 2022, the Company actively responded to the calls of regulatory authorities and organized the 2021 annual result announcement presentation in the form of "livestreaming + teleconference," which was open to all investors in the market, further improved the participation experience of investors and expanded the coverage and influence of the announcement sessions. The Company issued an announcement of results presentation in advance and collected investors' concerns. The Chairman of the Board, the general manager and other senior management of the Company attended the sessions, on which questions raised by investors were addressed in details. The Company publicized its development strategies and operating results in the capital market in a timely and effective manner through telephone, online platform and other online means in its routine operation and was invited to participate in strategy meetings held by domestic and foreign investment banks and securities companies for many times. The Company attached great importance to the communication and maintenance of small and medium-sized investors, patiently responded to investors' inquiries, answered 153 questions through the SSE E-interaction Platform, and answered nearly 500 investors' phone calls. Meanwhile, the Company actively carried out the investor relations work to fulfill the two-way transmission role, and submitted investors' suggestions to the management and relevant departments in a timely manner to promote the Company to form an atmosphere of paying more attention to market performance and value creation.

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Details of the investment banking strategy conferences, investment forums and telephone meetings that the Company attended at home and abroad during the Reporting Period are as follows:

Conference	Reception date	Reception method	Research subject	Contents
Shenwan Hongyuan Summer Investment Strategy Conference 2022	2 June 2022	Telephone	Shenwan Hongyuan, Invesco Great Wall Fund, Taikang Pension, ICBC Credit Suisse Asset Management and others (24 persons)	Discussion and analysis of the development strategies, operations and financial indicators of the Company
Citi Greater China Finance Conference	11 January 2022	Telephone	Citibank and others (5 persons)	
Tianfeng Securities Spring Investment Strategy Conference 2022	24 February 2022	Telephone	Tianfeng Securities, Penghua Fund and others (15 persons)	
Guotai Junan Telephone Workshop	21 April 2022	Telephone	Guotai Junan (3 persons)	
BofA Securities Finance Forum	12 May 2022	Telephone	BofA Securities and others (8 persons)	

(VII) Building of Compliance System

During the Reporting Period, the Company strictly complied with the requirements of the CSRC by taking into account its actual situation, and continuously improved its compliance management system. The Company's chief compliance officer strictly performed compliance management duties according to applicable laws. None of the shareholders, Directors nor senior management of the Company had violated the stipulated duties and procedures, nor given direct instructions to the chief compliance officer or interfered with his work. The Company provided human resource, material resource, financial resource and technical support to its chief compliance officer for him to fully carry out his duties to ensure effective compliance management. During the Reporting Period, the Company enhanced the performance of basic functions such as compliance review, compliance inspection and compliance monitoring, to ensure the basic compliance management to be conducted in a smooth and orderly manner. Meanwhile, the Company determined the year 2022 as the "Year of Compliance and Internal Control Culture Construction," and promoted the construction of compliance and internal control culture in all respects within the Group by adhering to the compliance concept that "everyone is responsible for compliance, compliance shall start from the management, compliance creates value, and compliance is the foundation for the survival of the Company," following the principle of "people-centered, problem-oriented, and long-term mechanism as the guarantee" and focusing on five core tasks such as training and publicity, anti-money laundering, team building, problem identification and system implementation, in a bid to promote the Company to establish and improve the long-term mechanism of compliance and internal control, and gradually realize the upgrade of the Company's compliance and internal control system.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

I. ENVIRONMENTAL INFORMATION

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

✓ Not applicable

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

1. Administrative punishment on environmental issues

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

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

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

✓ Not applicable

3. Reasons for non-disclosure of other environmental information

✓ Not applicable

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

✓ Not applicable

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

The Company continued to promote the establishment of the ESG management system, set up a leading group and a working group on ESG establishment and gradually established an ESG work model with the participation of the Board, the management and relevant departments of the Company. It researched and formulated the Action Plan of Haitong Securities on Facilitating Carbon Peaking and Carbon Neutrality during the “14th Five-year Plan” period to consolidate the capability on green development. The Company is in strict compliance with the environmental protection laws and regulations such as the Environmental Protection Law of the PRC, the Law of Water Pollution Prevention and Control of the PRC, and the Law of Prevention and Control of Air Pollution of the PRC. It improves the awareness of all employees on saving and environmental protection through various measures, advocates green lifestyles and practices the concept of sustainable development.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

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

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

During the Reporting Period, the Company promoted enterprise digital office services by enabling electronic seals and making available the whole process online to realize electronic approval, thereby fully guaranteeing the efficiency of Company's document circulation and submission and the work of various business lines. An average of over 3,000 persons were online in the office system each day, including over 400 persons online on the mobile end; a total of approximately 2,000 video meetings were held with a total length of approximately 6,300 hours; and over 1.40 million business orders on various procedures were summarized and handled online. During the Reporting Period, the intelligent review system of the Company completed the review of over 2,600 documents and the inspection of over 900,000 data items, saving the review time by nearly 60%. Meanwhile, it moved traditional offline review scenarios online and reduced nearly 1,000 pieces of paper for each item.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

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

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

During the office process, the Company advocates rational use of electricity, with air conditioners working with a floor of 26°C in summer and a ceiling of 20°C in winter; Office equipment is put to sleep while idle to avoid unnecessary lighting and office equipment running; The Company regularly maintains in-house vehicles to ensure their functionality and improve the utilization rate of gasoline and it is phasing in new energy vehicles to reduce exhaust emission; video conferencing is used reasonably to reduce travel frequency and travel-related GHG emissions. The Company put plants in the office area according to their attributes to clean the air, absorb harmful gases, and reduce electromagnetic radiation generated by electronic products. The Company made posters with the theme of "Bearing Thrift in Mind, Low-Carbon Life Starts with Me" and hung them in the office area, making the concept of sustainable development rooted in employees' mind.

Meanwhile, the Company actively responds to the Guidance on Strengthening the Construction of Green Data Centers and speeds up in the construction of green data centers. By fully leveraging on the advantages of cloud computing and virtualization technology, data centers can achieve the orderly combination of large-scale operation and intellectualization. The hybrid financial cloud platform constructed is characterized by intelligent allocation based on demands and dynamic management and control of resources. It can achieve the maximum utilization of various resources on the hardware platform and further reduce the energy consumption of equipment.

As at end of the Reporting Period, the desktop cloud of the hybrid financial cloud platform used the 82 host nodes of computing resources and operated 5,000 desktop virtualization hosts, saving electricity by approximately 561,000 kWh in the first half. The testing cloud and production cloud platforms used a total of approximately 600 host machines and operated over 5,500 virtualization hosts, saving electricity by approximately 2.475 million kWh in the first half.

In addition, the Zhangjiang data center of the Company adopts the water-cooling system in cooling supply. It is equipped with one screw water-cooling unit and two centrifugal water-cooling units with different cooling capacities and can select the best model for opening the corresponding water-cooling units for energy-saving operation under different IT loads. The system is equipped with 2 plate heat exchangers with a heat exchange capacity of 5,800 kW and can fully leverage on natural cooling sources for energy-saving operation under the low-temperature environment in winter. Meanwhile, the cooling tower, cooling pumps and chilling pumps in the system are equipped with frequency converters and can achieve real-time adjustment of operation frequency, saving electricity by approximately 241,000 kWh through the water-cooling group control system based on the IT load.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

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

In the first half of 2022 and under the leadership of the CSRC, the municipal Party committee and the municipal government of Shanghai, the Company overcame the difficulties brought about by the pandemic and continued to carry out the poverty relief through “one company to one county” and “hundred enterprises in support of hundred villages” pair-up to help consolidate the results of shaking off poverty in Lixin County and Shucheng County in Anhui, Ningdu County in Jiangxi, Xichou County in Yunnan and Yecheng County in Xinjiang. It actively carried out aid programs to Tibet and Xinjiang and solidly offered comprehensive assistance to the rural areas in Shanghai and pair-up assistance through partnering with urban and rural Party organizations. Based on the “Learning from Lei Feng on 5 March”, the Company conducted various activities with the theme of “Celebrating the Convening of the 20th National Congress of the CPC with Voluntary Actions of Haitong” and strived to solve practical issues of the public in the regions it supported to boost the regional economic growth and achieve high-quality development of pair-up rural areas.

(I) Deeply carrying out pair-up assistance and support with various measures

1. *Continuously facilitating assistance and support with the orientation of projects*

With the orientation of assistance project construction and leveraging on branches, the Company continued to enhance communications with Lixin County and Shucheng County in Anhui, Ningdu County in Jiangxi, Xichou County in Yunnan, Yecheng County in Xinjiang and other pair-up counties and provide assistance funds to pair-up counties for the construction of industrial projects. The general Party branch in Yunnan preliminarily reached the intention on entering into contracts on joint Party buildings with the Party organizations of Jijie Township and Dongma Township in Xichou County and supported the construction of bases for Party building activities in the two counties. The general Party branch in Jiangxi arranged volunteers to carry out financial trainings for state-owned enterprises and township enterprises and institutions in Ningdu County. The Party committee of Haitong Futures, a subsidiary of the Company, carried out the rural revitalization program themed “Better Together” and entered into a framework agreement on rural revitalization with the people’s government of Lindian County, Daqing City, Heilongjiang Province. It offered special assistance funds to the construction of the cultural square and the installment of street lamps in Taipingchuan Township, Tangyuan County, Jiamusi City, Heilongjiang Province and actively mulled programs on facilitating agricultural and forestry plantation, rural tourism and the construction of photovoltaic projects, small hydroelectric facilities in rural areas and other projects on rural revitalization.

2. *Financial empowerment injects momentum for development of pair-up counties*

In 2022, the Company successfully issued the first tranche of the corporate bond of Ningdu Urban Development Investment Co., Ltd. in 2022, with an issuance scale of RMB400 million. The funds raised will be mainly used in the construction of a high-standard greenhouse vegetable industrial base, a key modern agricultural project in Ningdu County, to facilitate the structural upgrading of the agricultural industry in Ningdu County.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

3. Consumption facilitates integration of assistance work into culture construction of the enterprise

The Company has purchased the featured Yunnan black tea as its gift through the consumption assistance channel in Shanghai since 2022 to publicize the concept of public welfare brand of “Love in Haitong” and has invested RMB1,067,400 in total. Haitong Futures, a subsidiary of the Company, fully displayed the advantages of the labor union and has purchased Xinghuo rice from Huachuan County in Heilongjiang, an area receiving pair-up assistance, each year since 2019. In January 2022, Haitong Futures purchased Xinghuo rice, a featured agricultural product of the area, with RMB132,500 and facilitated local farmers to increase income.

4. Spreading love and earnestly implementing the list of public welfare programs under “Love in Haitong”

In March 2022, the Company initiated public welfare programs with the theme of “Celebrating the Convening of the 20th National Congress of the CPC with Voluntary Actions of Haitong”. Fully leveraging on the characteristics of Party organizations with “various points and wide coverage”, the Company arranged all Party, labor union and Chinese Communist Youth League organizations to earnestly implement the list of public welfare programs under “Love in Haitong”. Relying on the advantages of platform of the Company’s state-level investor educational base, the Party and Chinese Communist Youth League organizations of the Company at all levels carried out investor education activities in the regions it supported and assisted carders of paired areas in improving the financial quality of the public and enhancing the awareness on preventing financial risks. The Company continued the season 3 of “Haitong • Love in Reading”, a Mandarin promotion activity initiated in October 2021, to facilitate public welfare program on rural revitalization. Due to the impacts of the pandemic, 500 “Haitong • Love in Reading” gift boxes and 1,100 Mandarin magic boxes were delivered to Shigatse of Tibet with an altitude of nearly 4,000 meters in May 2022 and all of them were donated to pupils of the Primary School of Shanghai Experimental School in Shigatse. In June 2022, nearly 30,000 books and revolutionary audio classes were delivered to kindergartens and primary and secondary schools in Yecheng County and Makit County, Kashgar, Xinjiang and Shigatse, Tibet, covering approximately 22,000 students. In addition, the Company continued to carry out the education assistance project of “Love in Haitong • Beautiful Xinjiang” in Shache County and Makit County in Xinjiang. The Company constantly carried out the project under “Love in Haitong • Beautiful Tibet” for four consecutive years in Shigatse, Tibet and provided pair-up assistance to 70 Tibetan college students in aggregate to help them complete the four-year undergraduate education in college. The Party and Chinese Communist Youth League organizations of the Company at all levels actively cared about students and made regular return visits to assist them in better integrating into college life. The first 30 students who had received assistance have graduated in June this year.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

(II) Working together and actively participating in comprehensive assistance in rural area and pair-up assistance through partnering with urban and rural Party organizations

1. *Focusing on key industries and facilitating the new round of development and revitalization of Chongming District*

Based on its professional advantages, the Company effectively allocated the work force and assistance funds and solidly carried out comprehensive assistance in rural area and pair-up assistance through partnering with urban and rural Party organizations. The Company has donated an assistance fund of RMB5 million to Chongming District each year since 2013 and completed the allocation of a special fund of RMB5 million in the first half of 2022. Over the past ten years, the Company has invested a total of RMB50 million of assistance funds in the Phase-I and Phase-II construction of the Changxing Marine Science and Technology Port in Chongming District, and other key economic driving projects.

2. *Household visits and voluntary services offering sincere love in pair-up assistance*

The Party committee of the Company is always concerned about the life of residents in paired areas and assisted poverty-stricken residents in solving practical difficulties. In February 2022, leaders of the Party committee of the Company led a team to visit Chongming District, offered sympathy payments and gifts to poverty-stricken households in Fu'an Village and provided gifts and wishes to representatives of community workers of the Sunshine Center with long-term cooperation and pair-up youngsters. Eight Party and Chinese Communist Youth League organizations under the Party committee of the Company also regularly paid household visits to the Party organizations of pair-up villages and townships. During the outbreak of the pandemic, the Company also achieved the organic combination of online activities with the theme of "One Haitong with Youth Fighting against the Pandemic" and assistance work and invited 100 teenagers with difficulties from Jinshan and Chongming districts to participate in online lectures on mental health and financial education through the "Rainbow Classroom" to help the children ease pressures, respond to the pandemic and increase the knowledge.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

(III) Vigorously fighting against the pandemic and fulfilling the social responsibilities and undertakings of a state-owned financial enterprise

A new round of the COVID-19 pandemic spread across the country in the first half of 2022. The Party organizations of the Company at all levels and all Party members, cadres and employees actively participated in the prevention and control of the pandemic and made a donation of funds and materials of RMB13,528,000 in total. Facing the severe situation of the epidemic prevention and control, the Party committee of the Company issued calls for fighting against the pandemic to all Party organizations, Party members, carders and employees immediately and organized a volunteer service team on epidemic control with over 2,000 members. Responding to the calls of the Party and Chinese Communist Youth League organizations of the Company, all employees actively participated in volunteer services on the prevention and control of the pandemic. As at the end of June 2022, a total of nearly 7,500 volunteers participated in voluntary services on the prevention and control of the pandemic.

In the future, the Company will continue to thoroughly implement the guiding spirit of the CPC Central Committee on consolidating the achievements of poverty alleviation and rural revitalization, conscientiously fulfill the responsibilities and missions of state-owned enterprise and make greater contributions to the strategy on rural revitalization. Meanwhile, with the “Love in Haitong” party building public welfare brand as guidance, the Company will focus on paired areas and border ethnic areas to constantly provide education assistance, thereby promoting ethnic unity and safeguarding the stable development in border areas.

SECTION VI SIGNIFICANT EVENTS

I. PERFORMANCE OF UNDERTAKINGS

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

Background of undertaking	Type of undertaking	Undertaking Party	Content of undertaking	Date and duration of undertaking	Whether there is a deadline for performance	Whether strictly performed in a timely manner	If not performed in a timely manner, describe the specific reasons	If not performed in a timely manner, describe plans in next steps
Undertaking relating to the refinancing projects	Shares selling restrictions	Shanghai Guosheng (Group) Co., Ltd.	The shares subscribed for refinancing shall not be transferred within 48 months from the date of closing of the issue	48 months from 5 August 2020	Yes	Yes	-	-
	Shares selling restrictions	Shanghai Haiyan Investment Management Company Limited	The shares subscribed for refinancing shall not be transferred within 18 months from the date of closing of the issue	18 months from 5 August 2020	Yes	Yes	-	-
	Shares selling restrictions	Bright Food (Group) Co., Ltd.	The shares subscribed for refinancing shall not be transferred within 18 months from the date of closing of the issue	18 months from 5 August 2020	Yes	Yes	-	-
	Shares selling restrictions	Shanghai Electric Holdings Group Co., Ltd.	The shares subscribed for refinancing shall not be transferred within 18 months from the date of closing of the issue	18 months from 5 August 2020	Yes	Yes	-	-

SECTION VI SIGNIFICANT EVENTS

Background of undertaking	Type of undertaking	Undertaking Party	Content of undertaking	Date and duration of undertaking	Whether there is a deadline for performance	Whether strictly performed in a timely manner	If not performed in a timely manner, describe the specific reasons	If not performed in a timely manner, describe plans in next steps
	Others	Directors and senior managements	1. they will not convey any benefits to other entities or individuals on a free or on an unfair basis, nor harm the interests of the Company in any other way; 2. they will restrain position related consumption behaviors; 3. they will not use the Company's assets to engage in any investment and consumption activities not relating to the performance of their duties; 4. the remuneration system formulated by the Board or the Nomination and Remuneration and Assessment Committee will be linked to the implementation of the remedial measures relating to returns of the Company; 5. in the event of the implementation of any material transactions and matters by the Company in the future, the vesting conditions of the equity incentive plan to be announced will be linked to the implementation of the remedial measures relating to returns of the Company	As being the Director and senior management of the Company	Yes	Yes	-	-

SECTION VI SIGNIFICANT EVENTS

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

✓ Not applicable

III. GUARANTEE IN BREACH OF REGULATIONS

✓ Not applicable

IV. AUDIT OF INTERIM REPORT

✓Not applicable

V. DEVELOPMENT AND HANDLING OF MATTERS INVOLVED IN NONSTANDARD AUDIT OPINIONS IN PREVIOUS YEAR'S ANNUAL REPORT

✓Not applicable

VI. BANKRUPTCY AND RESTRUCTURING RELATED MATTERS

✓Not applicable

SECTION VI SIGNIFICANT EVENTS

VII. MATERIAL LITIGATION AND ARBITRATION

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

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

Dispute between the Company and Taiyuan Guarantee On the Guarantee Contract

As the outsider Hou Jianfang failed to repurchase his pledged stocks in accordance with the agreement, the guarantor Henan Taiyuan Investment Guarantee Co., Ltd. (河南泰元投資擔保有限公司, "**Taiyuan Guarantee**") shall undertake the guarantee obligation. The Company filed a lawsuit with Shanghai Financial Court, requesting Taiyuan Guarantee undertake the principal of RMB106,910.8 thousand and the corresponding interest, liquidated damages, expenses incurred for realizing the creditor's rights and other guarantee obligation. Shanghai Financial Court officially accepted the case on 29 November 2021 and heard the case on 23 February 2022. Shanghai Financial Court issued the first instance verdict on 30 June 2022, supporting the Company's requests.

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

As Nanjing First Agricultural Chemical Group Ltd. (南京第一農藥集團有限公司, "**Nanjing First Agricultural Chemical Company**") refused to fulfill the obligation of stock pledge repurchase in accordance with the agreement, the Company filed a lawsuit with Shanghai Financial Court, requesting Nanjing First Agricultural Chemical Company, the borrower, to pay the principal of RMB300 million and the corresponding interest, liquidated damages, expenses incurred for realizing the creditor's rights and other fees, and requesting the guarantors (Red Sun Group Corporation (紅太陽集團有限公司, "**Red Sun Group**") and Nanjing World Village Automotive Power Co., Ltd. (南京世界村汽車動力有限公司, "**Nanjing World Village**")) to undertake the guarantee obligation. Shanghai Financial Court officially accepted the case on 19 May 2020 and heard the case on 12 November 2020. The court issued the first instance verdict in April 2021, supporting the Company's requests. In June 2021, Nanjing First Agricultural Chemical Company was adjudged bankrupt by the People's Court of Nanjing's Gaochun District. The Company has declared its claims to the administrator of the bankruptcy and restructuring project of Nanjing First Agricultural Chemical Company and participated in the first creditors meeting. On 1 June 2022, the People's Court of Nanjing's Gaochun District issued a Civil Judgement, ruling a substantial merger and reorganization among Nanjing First Agricultural Chemical Company, Jiangsu Guoxing Investment Co., Ltd. (江蘇國星投資有限公司), Nanjing Suwan Modern Agriculture Co., Ltd. (南京蘇皖現代農業有限公司) and Jiangsu Sunong Agricultural Materials Chain Group Co., Ltd. (江蘇蘇農農資連鎖集團股份有限公司).

SECTION VI SIGNIFICANT EVENTS

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

As Red Sun Group failed to repay the related fees such as financing principal, securities and interest on time in accordance with the “Securities Margin Trading Contract” after the expiry of the securities margin terms, it constituted a breach of contract. The Company filed a lawsuit with Shanghai Financial Court, requesting the borrowers, Red Sun Group, to pay the principal of financing liabilities of RMB257,711.8 thousand and the corresponding interest, liquidated damages, expenses incurred for realizing the creditor’s rights and other fees, and requesting Nanjing First Agricultural Chemical Company, Yang Shouhai, Yang Liu, Nanjing Zhenbang Investment Development Co., Ltd. (南京振邦投資發展有限公司, “**Nanjing Zhenbang**”) and Jiangsu Zhenbang Agricultural Crop Technology Co., Ltd. (江蘇振邦農作物科技有限公司, “**Jiangsu Zhenbang**”) to undertake the corresponding guarantee obligations. Shanghai Financial Court officially accepted the case on 13 January 2021 and heard the case on 25 January 2022. The court issued the first instance verdict on 30 January 2022, supporting the Company’s requests.

Dispute between Sichuan Trust and HT Asset Management, the Company and other parties on the financial entrusted wealth management contract

Due to the dispute on the financial entrusted wealth management contract, Sichuan Trust Co., Ltd. (四川信託有限公司, “**Sichuan Trust**”) filed a lawsuit with the Chengdu Intermediate People’s Court of Sichuan Province (四川省成都市中級人民法院), requesting 13 defendants including HT Asset Management and the Company to return or compensate the plaintiff’s entrusted property of RMB514.55 million and corresponding interest. The Chengdu Intermediate People’s Court of Sichuan Province officially accepted the case on 13 September 2021 and the case has not yet been heard.

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

Due to the material breach of contract for the “Huatai Beautiful Auspicious Lights Asset-backed Special Project (華泰美吉特燈都資產支持專項計劃)”, one of the holders of the special plan, Postal Savings Bank of China Co., Ltd. (“**PSBC**”), filed a lawsuit with Shanghai Financial Court, requesting that the original owner Kunshan Beautiful Auspicious Lights Management Co., Ltd. (昆山美吉特燈都管理有限公司) and related intermediaries, including Shanghai Fucheng Haifutong Asset Management Co., Ltd. (上海富誠海富通資產管理有限公司, “**Fucheng Haifutong**”), should be jointly and severally liable for all of its losses, with the principal amount of RMB526,579.8 thousand and the corresponding interest being claimed. On 12 November 2020, the court officially accepted the case and multiple trials were conducted. Currently, the first instance verdict has not been made by the court.

SECTION VI SIGNIFICANT EVENTS

Dispute over the Equity Transfer Agreement between Haitong Capital, Xi'an Aerospace and New Energy, and Shanghai Cultural and ChinaEdu Corporation and Beijing Hongcheng

As ChinaEdu Corporation and Beijing Hongcheng Liye Technology Co., Ltd. (“**Beijing Hongcheng**”) refused to perform their share repurchase obligations under the relevant agreements, Haitong Capital, Xi'an Aerospace and New Energy Industry Fund (“**Xi'an Aerospace and New Energy**”) and Shanghai Cultural Industries Investment Fund (Limited Partnership) (“**Shanghai Cultural**”) jointly submitted an arbitration application to China International Economic and Trade Arbitration Commission, requiring ChinaEdu Corporation and Beijing Hongcheng to perform the repurchase obligation and pay the equity repurchase price with principal amount totaling RMB250 million. On 20 June 2022, China International Economic and Trade Arbitration Commission officially accepted the case, and the trial has not yet been held.

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

Dispute between HT Asset Management and Nanjing First Agricultural Chemical Company on repurchase of pledged securities

As Nanjing First Agricultural Chemical Company pledged its shares held in Red Sun (stock code: 000525) and contributed capital to the asset management plan managed by HT Asset Management, the pledge transaction constituted a breach of contract. HT Asset Management filed a lawsuit with Shanghai Financial Court for requesting the debtor to pay the principal of RMB320 million and the corresponding interest, liquidated damages, expenses incurred for realizing the creditor's rights and other fees. The court officially accepted the case on 2 January 2020 and the first trial was conducted on 7 August 2020. On 31 December 2020, the court issued the first instance verdict in favor of the litigation claims of HT Asset Management. Nanjing First Agricultural Chemical Company subsequently appealed to the Shanghai High People's Court, and the original judgment was unchanged by the Shanghai High People's Court on 23 June 2021. The People's Court of Nanjing's Gaochun District has accepted the bankruptcy reorganization application from Nanjing First Agricultural Chemical Company on 3 June 2021, and the court has designated an administrator. HT Asset Management has declared claims to the administrator on behalf of the asset management plan. On 1 June 2022, the People's Court of Nanjing's Gaochun District issued a Civil Judgement, ruling a substantial merger and reorganization among Nanjing First Agricultural Chemical Company, Jiangsu Guoxing Investment Co., Ltd. (江蘇國星投資有限公司), Nanjing Suwan Modern Agriculture Co., Ltd. (南京蘇皖現代農業有限公司) and Jiangsu Sunong Agricultural Materials Chain Group Co., Ltd. (江蘇蘇農農資連鎖集團股份有限公司). The potential losses involved in the case have been fully considered before the transaction, and the risk of potential losses to the Company and HT Asset Management is relatively insignificant in the future.

In addition to the above cases, the Group, excluding its overseas listed subsidiaries, still has a total of three cases pending for enforcement, with an aggregate amount of RMB630,822,500. In respect of material litigation and arbitration matters of overseas listed subsidiaries, the Company's overseas listed subsidiaries shall perform their own information disclosure obligations in accordance with relevant listing rules.

SECTION VI SIGNIFICANT EVENTS

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

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

In January 2022, the NEEQ issued the “Decision on Imposing Disciplinary Punishment on Haitong Securities Co., Ltd. and Relevant Subjects of Responsibility” ([2022] No. 1) to impose the disciplinary punishment of informed criticism. The letter of regulation affirmed that the Company failed to establish, improve and effectively implement the working system on continuous supervision. After receiving the letter of regulation, the Company attached great importance to it. The SME Financing Department optimized the process of continuous supervision, consolidated the defense lines of the continuous supervision business. On the basis of the original review system, it established an independent and special supervision and review position to improve the quality of supervision and information disclosure.

SECTION VI SIGNIFICANT EVENTS

In June 2022, the CSRC issued the “Decision on the Measures of Ordering Haitong Securities Co., Ltd. to Make Rectifications” ([2022] No. 25) and the “Decision on Taking Regulatory Talk Measures Against Ren Peng (任澎) and Wang Jianye (王建業)” ([2022] No. 26) to take measures of ordering the Company to make rectifications and take regulatory measures by talking to the senior management of the Company. The letter of regulation affirmed that during the standardized rectification of overseas subsidiaries, the Company failed to perform the filing procedures for overseas subsidiaries in accordance with provisions and there were significant mistakes and omissions in the plans on the review and rectification of the shareholding structure of overseas business institutions. After receiving the letter of regulation, the Company attached great importance to it, convened a special meeting immediately, unified the thinking, improved the awareness and studied and rectified the issues raised in regulatory measures one by one. In strict compliance with regulatory requirements, the Company optimized and improved the special management systems of subsidiaries, established and perfected the long-term management and control mechanism of subsidiaries, strengthened the tutoring and comprehensive management of subsidiaries and intensified the restriction and investigation of responsibilities on the management of subsidiaries.

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

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

X. MATERIAL RELATED PARTY TRANSACTIONS

(I) Related party transactions relevant to daily operations

The Company established a basic and comprehensive related party/connected transactions regulation system as well as a more scientific and refined organisational management framework for related party/connected transactions, and the relevant internal control was overall effective. The Company strictly complied with the review procedures and information disclosure requirements of related party/connected transactions under the Company Law, the Securities Law, the Guidelines No. 5 of the Shanghai Stock Exchange on the Application of Self-Regulation Rules for Listed Companies - Transactions and Related Party Transactions, the Hong Kong Listing Rules, the Shanghai Stock Exchange Listing Rules and other relevant laws and regulatory rules, as well as internal rules such as the Articles of Association, the Management Measures for Related Party Transactions, and the Implementation Rules for the Management of Related Party (Connected) Transactions (Trial), which formed an appropriate restrictive mechanism for related party/connected transactions in respect of various businesses.

During the Reporting Period, the Company conducted routine related party/connected transactions in strict compliance with the Proposal regarding Projected Routine Related Party/Connected Transactions of the Company in 2022 approved at the 2021 Annual General Meeting.

SECTION VI SIGNIFICANT EVENTS

Disclosure of related party/connected transactions set out in this section is determined in accordance with the Shanghai Stock Exchange Listing Rules and the Hong Kong Listing Rules, and may differ from the amounts of related party transactions (prepared in accordance with the Accounting Standards for Business Enterprises) in notes to financial statements. The related party transactions set out in note 62 to the consolidated financial information of the Report do not constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules, except that the related party transactions between the Company and Shanghai Guosheng Group and its associates constituted continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules and the Company has complied with the requirements under Chapter 14A of the Hong Kong Listing Rules. For details of these connected transactions, please see the announcement of continuing connected transactions of the Company dated 6 August 2020. Save for the above connected transactions, during the Reporting Period, the Company did not have any connected transaction which is disclosable in accordance with the requirements under Chapter 14A of the Hong Kong Listing Rules.

The relevant implementation set out as follows:

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

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

SECTION VI SIGNIFICANT EVENTS

During the Reporting Period, the Group carried out the continuing connected transactions in relation to the Securities and Financial Products Transactions and the Securities and Financial Services with Shanghai Guosheng Group and its associates, details of which are as follows:

Unit: 10 thousand Currency: RMB

Content of transactions	Estimated annual cap for 2022	Actual transaction amount for the six months ended 30 June 2022
Securities and Financial Products		
Inflow ⁽¹⁾	290,000.00	6,154.66
Outflow ⁽²⁾	540,000.00	2,788.94
Securities and Financial Services		
Total revenue derived from provision of Securities and Financial Services by the Group to Shanghai Guosheng Group and its associates	7,000.00	100.89
Total expenses incurred for Securities and Financial Services provided by Shanghai Guosheng Group and its associates to the Group	2,000.00	-

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

SECTION VI SIGNIFICANT EVENTS

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

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

Unit: 10 thousand Currency: RMB

Content of transactions	Transaction amount for the six months ended 30 June 2022	Percentage of the amount of similar transactions (%)	Remarks
Fee and commission income	8.63	0.00%	Securities trading fee and commission income received from related parties
Net interest income	53.53	0.02%	Net interest income from margin deposits of related parties
Net gains or losses from trading of derivative financial instruments (Note)	240.20	0.24%	During the Reporting Period, the amount of notional principal was RMB57.1 million; as at the end of the Reporting Period, the balance of notional principal was RMB57.1 million.

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

Unit: 10 thousand Currency: RMB

Item	Balance as at 30 June 2022	Percentage of the amount of similar transactions (%)	Remarks
Accounts receivable	40.50	0.00%	Balance of bond underwriting service fees receivable from related parties
Accounts payable to brokerage clients	0.01	0.00%	Balance of margin deposits from clients placed by related parties
Accounts payable	5,851.11	0.54%	Balance of margin deposits payable by the Company to related parties on derivative financial instruments
Derivative financial liabilities	155.40	0.07%	Balance of derivative financial liabilities generated from trading of derivatives with related parties

SECTION VI SIGNIFICANT EVENTS

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

Unit: 10 thousand Currency: RMB

Content of transactions	Transaction amount for the six months ended 30 June 2022	Percentage of the amount of similar transactions (%)	Remarks
Fee and commission income	15,478.07	2.52%	Income from asset management business, income from sales service and income from investment consulting service received from related parties
Fee and commission income, net	44.04	0.01%	Securities trading fee and commission income received from related parties
Net interest income	24.16	0.01%	Net interest income from margin deposits of related parties
Business and management expenses	0.10	0.00%	Expenses such as fund sales service fees paid to related parties
Net gains or losses from trading of derivative financial instruments (Note)	6,941.79	6.97%	During the Reporting Period, the amount of notional principal was RMB6,560 million; as at the end of the Reporting Period, the balance of notional principal was RMB10,000 million

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

Unit: 10 thousand Currency: RMB

Item	Balance as at 30 June 2022	Percentage of the amount of similar transactions (%)	Remarks
Accounts receivable	5,462.64	0.64%	Balance of performance fees receivable from related parties
Accounts payable	0.05	0.00%	Balance of service fees payable to related parties
Accounts payable to brokerage clients	11,965.90	0.09%	Balance of margin deposits from clients placed by related parties
Derivative financial assets	5,999.87	2.63%	Balance of derivative financial assets generated from trading of derivatives with related parties
Derivative financial liabilities	284.17	0.22%	Balance of derivative financial liabilities generated from trading of derivatives with related parties

SECTION VI SIGNIFICANT EVENTS

In addition, certain related legal persons which are securities companies, carried out spot trading with the Company as qualified counterparties. During the Reporting Period, the total trading amount was RMB3,544 million.

(II) Related party transactions in relation to the acquisition or disposal of assets or equity interests

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

(III) Material related party transactions relating to common external investments

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

(IV) Creditor's rights and debts pertaining to related party transactions

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

(V) Financial transactions between the Company and its affiliated financial companies, controlled financial companies and related parties

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

(VI) Other material related party transactions

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

(VII) Others

✓ Not applicable

SECTION VI SIGNIFICANT EVENTS

XI. MATERIAL CONTRACTS AND THEIR PERFORMANCE

1 Custody, contracting and leasing matters

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

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

Unit: Yuan Currency: RMB

External guarantees provided by the Company (excluding the guarantees for subsidiaries)

Total amount of guarantees incurred during the Reporting Period
(excluding the guarantees provided for subsidiaries)

Total balance of guarantees at the end of the Reporting Period (A)
(excluding the guarantees provided for subsidiaries)

Guarantees provided by the Company for its subsidiaries

Total amount of guarantees provided for subsidiaries during the
Reporting Period 3,976,430,455

Total balance of guarantees provided for subsidiaries at the end of
the Reporting Period (B) 20,080,054,730

Total amount of guarantees provided by the Company (including those provided for subsidiaries)

Total amount of guarantees (A+B) 20,080,054,730

Percentage of total guarantee amount to the net assets of the
Company (%) 11.31

Including:

Amount of guarantees provided for shareholders, de facto controllers
and their related parties (C)

Amount of debt guarantees directly or indirectly provided for the
guaranteed parties with a gearing ratio exceeding 70% (D) 16,910,271,781

Amount of the portion of total guarantee exceeding 50% of net
assets (E)

Total amount of the above three types of guarantees (C+D+E) 16,910,271,781

Explanations on outstanding guarantees which may undertake joint
and several liability for repayment

SECTION VI SIGNIFICANT EVENTS

Explanations on guarantees

1. On 30 March 2021, the Company held the 15th meeting of the seventh session of the Board, at which the Resolution on Providing Joint Liability Guarantee for Offshore Debt Financing of an Offshore Wholly-owned Subsidiary was considered and approved, and the Company was approved to provide a joint liability guarantee for offshore bond financing of the offshore wholly-owned subsidiary Haitong Bank, S.A. or subsidiaries thereof, with a guarantee amount of not more than EUR750 million covering bond financing principal (inclusive, or other currencies with equivalent value), interest and other fees to be borne by the borrower, and a guarantee period of not more than 9 years (inclusive).

The Company signed the Letter of Guarantee on 8 February 2022, pursuant to which, the Company provided joint liability guarantee for the issue of an EUR bond with the amount of EUR230 million which will be due in 2025 by Haitong Bank, an offshore wholly-owned subsidiary of the Company.

The Company signed the deed of guarantee on 31 May 2022, pursuant to which, the Company provided joint liability guarantee for the issue of a bond with the amount of USD150 million which will be due in 2027 by Haitong Bank, an offshore wholly-owned subsidiary of the Company, for a guarantee period of 66 months.

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

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

SECTION VI SIGNIFICANT EVENTS

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

As at 30 June 2022, the Company's guarantee balance of such liability was RMB169,782.9 thousand.

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

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

5. On 29 August 2017, the Company held the 25th meeting of the sixth session of the Board, at which the Resolution on Providing Joint Liability Guarantee for Offshore Debt Financing of an Offshore Wholly-owned Subsidiary was considered and approved. The Company signed the Loan Agreement as a guarantor on 14 May 2018, and provided USD600 million joint liability guarantee for the syndicated loan of Haitong International Holdings, an offshore wholly-owned subsidiary of the Company.

SECTION VI SIGNIFICANT EVENTS

6. The Resolution on Providing Guarantee for the Net Assets of Shanghai Haitong Securities Asset Management Co., Ltd. was considered and approved at the 12th meeting of the fifth session of the Board, whereby the Company was approved by the Board to provide, at any time, guarantees of no more than RMB1,500 million for the net assets of HT Asset Management, to ensure that it maintains adequate net capital. On 9 June 2013, the CSRC Shanghai Bureau issued the Letter on No-objection to the Issuance of Net Capital Guarantee Commitment Letter by Haitong Securities Co., Ltd. to Shanghai Haitong Securities Asset Management Co., Ltd. (Hu Zheng Jian Ji Gou Zi [2013] No. 145), consenting the Company's provision of guarantee commitment of RMB800 million to HT Asset Management. The Company has deducted net capital of RMB800 million and correspondingly increased net capital of HT Asset Management by RMB800 million.

On 29 August 2016, the Resolution on Providing Additional Guarantees for the Net Assets of HT Asset Management and Increasing Contribution to its Registered Capital was considered and approved at the 18th meeting of the sixth session of the Board, in which, the Company was approved to provide additional guarantees of no more than RMB4,000 million for the net assets of HT Asset Management. The Company provided guarantees up to RMB4,000 million for the net assets of HT Asset Management and undertook to provide cash within the abovementioned amount unconditionally to HT Asset Management when it needs cash to carry out business. The guarantees for the net assets are effective from the date of approval by the Board. With regard to this net capital guarantee, HT Asset Management has obtained the "No Objection Letter on Haitong Securities Co., Ltd. Issued a Net Capital Guarantee Commitment to Shanghai Haitong Securities Asset Management Co., Ltd." from the CSRC Shanghai Bureau (Hu Zheng Jian Ji Gou Zi [2016] No. 325).

In December 2021, the Company has deducted the provision of the guarantee commitment amount of net capital to HT Asset Management by RMB1,800 million. With regard to this decreased net capital guarantee, HT Asset Management has obtained the "No Objection Letter on Haitong Securities Co., Ltd. Deducted the Provision of Part of Net Capital Guarantee Commitment to Shanghai Haitong Securities Asset Management Co., Ltd." from the CSRC Shanghai Bureau (Hu Zheng Jian Ji Gou Zi [2021] No. 532). As at 30 June 2022, the Company's provision of guarantee commitment amount of net capital for HT Asset Management was RMB3,000 million.

Note: During the Reporting Period, the total amount of external guarantees provided by Haitong Bank, a subsidiary of the Company (excluding guarantees provided for its subsidiaries) was EUR12,019,438 (equivalent to RMB84,237,031 calculated based on the Renminbi central parity rate of EUR1=RMB7.0084 in the Interbank Foreign Exchange Market as at 30 June 2022). As at the end of the Reporting Period, the balance of external guarantees (excluding guarantees provided for its subsidiaries) was EUR131,401,101 (equivalent to RMB920,911,475 calculated based on the RMB central parity rate of EUR1=RMB7.0084 in the Interbank Foreign Exchange Market as at 30 June 2022).

SECTION VI SIGNIFICANT EVENTS

During the Reporting Period, Haitong International, a subsidiary of the Company, did not increase its internal guarantee. Translated based on the Renminbi central parity rates published by China Foreign Exchange Trade System on 30 June 2022 of HK\$1=RMB0.85519, USD1=RMB6.7114 and S\$1=RMB4.817, the total balance of Haitong International's internal guarantee as at the end of the Reporting Period was RMB8,428,110,960.

3 Other material contracts

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

XII. DESCRIPTION OF OTHER SIGNIFICANT EVENTS

Transfer of equity interest in Haitong-Fortis PE to Haitong Capital

Reference is made to the Overseas Regulatory Announcement of the Company dated 23 June 2022. The Proposal regarding the Transfer of Shares in Haitong-Fortis Private Equity Fund Management Co., Ltd. by the Company was considered and approved at the 28th meeting (extraordinary meeting) of the seventh session of the Board. It is agreed that the Company will transfer 67% shares of Haitong-Fortis PE held by it to Haitong Capital. The aforesaid change of industrial and commercial registration was completed on 28 June 2022.

XIII. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Save as disclosed in the Report, the Company had no material events subsequent to 30 June 2022 and up to the date of this Report.

XIV. SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR ADDITIONS OF CAPITAL ASSETS

Save as disclosed in this Report, there were no significant investments held, thus none of each individual investment held by the Group constitute 5% or above of the total asset of the Group as at 30 June 2022, nor were there material acquisitions or disposals of subsidiaries, associates or joint ventures by the Company during the Reporting Period, and there were no material investments or additions of capital assets authorized by the Board at the date of this Report.

Section VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

I. CHANGES IN SHARE CAPITAL

(I) Table of changes in shares

1. Table of changes in shares

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

2. Particulars about changes in shares

There was no change in the shares of the Company during the Reporting Period.

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

✓Not applicable

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

✓Not applicable

(II) Changes in restricted shares

Unit: Share

Name of shareholders	Number of restricted shares at the beginning of the Reporting Period	Number of restricted shares released during the Reporting Period	Number of restricted shares increased during the Reporting Period	Number of restricted shares at the end of Reporting Period	Reasons for restriction on sale	Date of release for sale
Shanghai Guosheng (Group) Co., Ltd.	781,250,000	0	0	781,250,000	Restriction on sale of non-publicly issued shares	5 August 2024
Shanghai Haiyan Investment Management Company Limited	234,375,000	234,375,000	0	0	Restriction on sale of non-publicly issued shares	7 February 2022
Shanghai Electric Holdings Group Co., Ltd.	78,203,125	78,203,125	0	0	Restriction on sale of non-publicly issued shares	7 February 2022
Bright Food (Group) Co., Ltd.	78,125,000	78,125,000	0	0	Restriction on sale of non-publicly issued shares	7 February 2022
Total	1,171,953,125	390,703,125	0	781,250,000	/	/

Section VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

II. PARTICULARS ABOUT SHAREHOLDERS

(I) Total number of shareholders:

Total number of shareholders of ordinary shares (accounts) as at the end of the Reporting Period 288,907 (of which 288,758 were holders of A Shares and 149 were holders of H Shares)

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

Unit: Share

Name of shareholders (Full name)	Changes in the number of shares during the Reporting Period	Shareholdings of the top ten shareholders			Particulars of shares pledged, marked or frozen		
		Number of shares held as at the end of the Reporting Period	Percentage (%)	Number of shares held subject to trading moratorium	Particulars of shares	Number of Shares	Nature of shareholders
Hong Kong Securities Clearing Company Nominees Limited ("HKSCC Nominees Limited")	-42,800	3,408,741,495	26.09	0	Unknown	-	Foreign legal person
Shanghai Guosheng (Group) Co., Ltd.	0	862,489,059	6.60	781,250,000	Nil	0	State-owned legal person
Shanghai Haiyan Investment Management Company Limited	0	635,084,623	4.86	0	Nil	0	State-owned legal person
Bright Food (Group) Co., Ltd.	8,124,400	480,275,000	3.68	0	Nil	0	State-owned legal person
Shanghai Electric Holdings Group Co., Ltd.	38,924,400	340,192,818	2.60	0	Nil	0	State
Shenergy Group Company Limited	6,373,000	322,162,086	2.47	0	Nil	0	State-owned legal person
China Securities Finance Corporation Limited	0	258,104,024	1.98	0	Nil	0	Others
Shanghai Guosheng Group Assets Co., Ltd.	0	238,382,008	1.82	0	Nil	0	State-owned legal person
Shanghai Jiushi (Group) Co., Ltd.	0	235,247,280	1.80	0	Nil	0	State-owned legal person
Shanghai Baillan Group Co., Ltd.	0	214,471,652	1.64	0	Nil	0	State-owned legal person

Section VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

Unit: Share

Shareholdings of the top ten shareholders not subject to trading moratorium

Name of shareholders	Number of circulating shares held not subject to trading moratorium	Type and number of shares	
		Type	Number of Shares
HKSCC Nominees Limited	3,408,741,495	Overseas listed foreign shares	3,408,741,495
Shanghai Haiyan Investment Management Company Limited	635,084,623	RMB denominated ordinary shares	635,084,623
Bright Food (Group) Co., Ltd.	480,275,000	RMB denominated ordinary shares	480,275,000
Shanghai Electric Holdings Group Co., Ltd.	340,192,818	RMB denominated ordinary shares	340,192,818
Shenergy Group Company Limited	322,162,086	RMB denominated ordinary shares	322,162,086
China Securities Finance Corporation Limited	258,104,024	RMB denominated ordinary shares	258,104,024
Shanghai Guosheng Group Assets Co., Ltd.	238,382,008	RMB denominated ordinary shares	238,382,008
Shanghai Jiushi (Group) Co., Ltd.	235,247,280	RMB denominated ordinary shares	235,247,280
Shanghai Bailian Group Co., Ltd.	214,471,652	RMB denominated ordinary shares	214,471,652
China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	199,500,348	RMB denominated ordinary shares	199,500,348
Particulars of the repurchase accounts for the top ten shareholders			-
Description of entrusting voting rights, entrusted voting rights, waiving voting rights of the above Shareholders			-
Explanations on the related relationship or concerted action among the above shareholders	Shanghai Guosheng Group Assets Co., Ltd. is a wholly-owned subsidiary of Shanghai Guosheng Group. Moreover, the Company is not aware of any related relationship among other shareholders or whether they are parties acting in concert as stipulated in the Measures for the Administration of the Takeover of Listed Companies.		
Explanations on the shareholders of preference shares whose voting rights were resumed and their shareholdings			-

- Notes:
- The nature of shareholders of RMB denominated ordinary shares (A Shares) represents that of accounts registered by such shareholders in Shanghai Branch of China Securities Depository and Clearing Corporation Limited.
 - In the table above, overseas listed foreign shares are H Shares. Among the H Shareholders of the Company, HKSCC Nominees Limited held the H Shares on behalf of the non-registered shareholders.

Section VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

3. Shanghai Guosheng Group and its wholly-owned subsidiary, Shanghai Guosheng Group Assets Co., Ltd., hold a total of 1,356.3275 million A Shares and H Shares of the Company, representing 10.38% of the total share capital of the Company; Shanghai Electric Holdings Group Co., Ltd. holds a total of 603.3464 million A Shares and H Shares of the Company, representing 4.62% of the total share capital of the Company.
4. As the shares of the Company are subject of margin financing and securities lending, the number of shares held by a shareholder is calculated based on the aggregated number of shares and interests held by such shareholder through ordinary securities accounts and credit securities accounts.

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

Unit: Share

No.	Name of shareholders subject to trading moratorium	Number of shares held subject to trading moratorium	Listing and trading of shares subject to trading moratorium		
			Available listed trading hours	Number of newly marketable trading shares	Trading moratorium
1	Shanghai Guosheng (Group) Co., Ltd.	781,250,000	5 August 2024		- Lock-up period of 48 months
	Explanations on the related relationship or concerted action among the above shareholders				Nil

On 5 August 2020, following the completion of non-public issuance of 1,562,500,000 RMB denominated ordinary shares (A Shares) to 13 specific target subscribers (including Shanghai Guosheng Group) by the Company, the total number of shares of the Company has increased from 11,501,700,000 to 13,064,200,000, of which the number of H Shares remained at 3,409,568,820, and the number of A Shares has increased from 8,092,131,180 to 9,654,631,180. Upon the completion of the issuance of new A Shares, the number of circulating shares not subject to trading moratorium of the Company was 11,501,700,000, and the number of circulating shares subject to trading moratorium was 1,562,500,000 (all are the A Shares of this non-public issuance). The restriction period for part of the restricted shares under the non-public issuance of the Company has expired and released on 5 February 2021 and 7 February 2022, respectively. For details, please refer to the Overseas Regulatory Announcements of the Company on the Eligibility for Trading of Restricted Shares Under the Non-Public Issuance published on the website of HKEXnews of the Hong Kong Stock Exchange on 29 January 2021 and 21 January 2022, respectively. As at the end of the Reporting Period, out of the total number of shares of the Company, the number of circulating shares not subject to trading moratorium was 12,282,950,000, and the number of circulating shares subject to trading moratorium was 781,250,000.

Section VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

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

As at 30 June 2022, to the best knowledge of the Directors having made all reasonable enquiries, the following parties (other than the Directors, Supervisors and chief executive of the Company) had an interest or short position in the shares or underlying shares, which is required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and has been entered in the register kept by the Company according to Section 336 of the SFO:

No.	Name of substantial shareholders	Type of share	Nature of interests	Number of shares held (shares)	Percentage of the total issued shares of the Company (%)	Percentage of the total issued A Shares/ H Shares of the Company (%)	Long position (Note 3)/ short position (Note 4)/ interests in lending pool
1.	Maunakai Capital Partners (Hong Kong) Limited	H Share	Investment manager	272,590,000	2.09	7.99	Long position
2.	BSA Strategic Fund I	H Share	Beneficial owner	272,590,000	2.09	7.99	Long position
3.	Shi Jing	H Share	Settlor of discretionary trust	228,000,000	1.75	6.69	Long position
4.	Wickhams Cay Trust Company Limited	H Share	Trustee (Note 1)	228,000,000	1.75	6.69	Long position
5.	Abhaya Limited	H Share	Interests in controlled corporation (Note 1)	228,000,000	1.75	6.69	Long position
6.	Heyday Trend Limited	H Share	Beneficial owner (Note 1)	228,000,000	1.75	6.69	Long position
7.	Shanghai Guosheng (Group) Co., Ltd. (Note 5)	H Share	Beneficial owner	241,206,000	1.85	7.07	Long position
8.	Shanghai Electric Holdings Group Co., Ltd.	A Share	Beneficial owner	1,100,871,067	8.43	11.40	Long position
		H Share	Beneficial owner and interests in controlled corporation (Note 2)	239,300,400	1.83	7.02	Long position
9.	China National Tobacco Corporation	A Share	Beneficial owner	635,084,623	4.86	6.58	Long position

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

Section VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

- Note 2: Shanghai Electric Group Hong Kong Limited (上海電氣集團香港有限公司) holds 4,746,800 H Shares of the Company. Shanghai Electric Group Hong Kong Limited (上海電氣集團香港有限公司) is wholly owned by Shanghai Electric Holdings Group Co., Ltd. and thus Shanghai Electric Holdings Group Co., Ltd. is deemed to be interested in the 4,746,800 H Shares held by Shanghai Electric Group Hong Kong Limited (上海電氣集團香港有限公司).
- Note 3: A shareholder has a “long position” if such shareholder has an interest in the shares, including interests through holding, selling or issuing financial instruments (including derivatives) under which: (i) such shareholder has a right to purchase the underlying shares; (ii) such shareholder is under an obligation to purchase the underlying shares; (iii) such shareholder has a right to receive money if the price of the underlying shares increases; or (iv) such shareholder has a right to avoid or reduce loss if the price of the underlying shares increases.
- Note 4: A shareholder has a “short position” if such shareholder borrows shares under a securities borrowing and lending agreement, or holds, sells or issues financial instruments (including derivatives) under which: (i) such shareholder has a right to require another person to subscribe for the underlying shares; (ii) such shareholder is under an obligation to deliver the underlying shares; (iii) such shareholder has a right to receive money if the price of the underlying shares declines; or (iv) such shareholder has a right to avoid or reduce loss if the price of the underlying shares declines.
- Note 5: For the avoidance of doubt, as the scope of the abovementioned interest disclosure is not limited to the actual shares held by the relevant shareholders, there may be difference between the number and percentage of shares held by the relevant shareholders shown in this table and the number and percentage of shares beneficially held by the relevant shareholders disclosed in other parts of the interim report.

Save as disclosed above, as at 30 June 2022, the Company was not aware of any other person (other than the Directors, Supervisors and chief executive of the Company) having any interests or short positions in the shares or underlying shares of the Company which are required to be recorded in the register pursuant to Section 336 of the SFO.

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

As at 30 June 2022, according to the information obtained by the Company and so far as the Directors are aware, none of the Directors, Supervisors and chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporation (as defined under the Part XV of the SFO), which shall be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or would be required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

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

- ✓ Not applicable

Section VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

III. PARTICULARS ABOUT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

✓ Not applicable

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

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

(III) OTHER INFORMATION

✓ Not applicable

IV. CHANGES OF CONTROLLING SHAREHOLDERS OR DE FACTO CONTROLLERS

✓ Not applicable

The Company did not have any controlling shareholder or de facto controller. Shanghai Guosheng Group, the largest shareholder of the Company, together with its wholly-owned subsidiary, Shanghai Guosheng Group Assets Co., Ltd., holds 10.38% of the shares of the Company. Particulars of the largest shareholder of the Company are as follows:

Name	Shanghai Guosheng (Group) Co., Ltd.
Responsible officer or legal representative	Shou Weiguang
Date of establishment	26 September 2007
Principal business activities	Investment (non-financial investment as the focus and financial investment as the supplement), capital operation and asset management, industry research, and social and economic consultancy. [Items approved under law and business activities subject to the approval of relevant authorities]

V. REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

Section VIII PREFERENCE SHARES

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



Section IX BONDS

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

(I) Enterprise Bonds

✓Not applicable

(II) Corporate Bonds

1. Basic information of corporate bonds

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

Unit: 100 million Yuan Currency: RMB

Name of Bonds	Abbreviation	Code	Date of issuance	Effective date	Maturity date	Balance of bonds	Interest rate (%)	Method to repay principal and pay interest	Venue of trading	Arrangement to ensure the suitability of investors (if any)	Trading mechanism	Whether it is exposed to termination of the listing and trading
2013 Corporate Bonds (Tranche 1) of Haitong Securities Co., Ltd.	13 Haitong 03	122282	25 November 2013	25 November 2013	25 November 2023	23.9	6.18	Simple annualized interest rate	SSE	Public investors, institutional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2013 Corporate Bonds (Tranche 2) of Haitong Securities Co., Ltd.	13 Haitong 06	122313	14 July 2014	14 July 2014	14 July 2024	8	5.85	Simple annualized interest rate	SSE	Public investors, institutional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2017 Corporate Bonds (Tranche 2) of Haitong Securities Co., Ltd. publicly issued to qualified investors	17 Haitong 03	143301	20 September 2017	22 September 2017	22 September 2027	55	4.99	Simple annualized interest rate	SSE	Qualified investors	Price bidding, price quotation, price consultation and trading through agreement	No
2019 Corporate Bonds (Tranche 2) of Haitong Securities Co., Ltd. publicly issued to qualified investors	19 Haitong 02	155830	14 November 2019	15 November 2019	15 November 2022	45	3.52	Simple annualized interest rate	SSE	Qualified investors	Price bidding, price quotation, price consultation and trading through agreement	No
2020 Corporate Bonds (Tranche 1) of Haitong Securities Co., Ltd. publicly issued to qualified investors	20 Haitong 01	163148	26 February 2020	27 February 2020	27 February 2023	50	3.01	Simple annualized interest rate	SSE	Qualified investors	Price bidding, price quotation, price consultation and trading through agreement	No
2020 Corporate Bonds (Tranche 2) of Haitong Securities Co., Ltd. publicly issued to qualified investors	20 Haitong 02	163290	18 March 2020	19 March 2020	19 March 2023	35	2.99	Simple annualized interest rate	SSE	Qualified investors	Price bidding, price quotation, price consultation and trading through agreement	No

Section IX BONDS

Name of Bonds	Abbreviation	Code	Date of issuance	Effective date	Maturity date	Balance of bonds	Interest rate (%)	Method to repay principal and pay interest	Venue of trading	Arrangement to ensure the suitability of investors (if any)	Trading mechanism	Whether it is exposed to termination of the listing and trading
2020 Corporate Bonds (Tranche 1) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional investors	20 Haitong 04	163507	29 April 2020	30 April 2020	30 April 2023	56	2.38	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2020 Corporate Bonds (Tranche 1) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional investors	20 Haitong 05	163508	29 April 2020	30 April 2020	30 April 2025	7	2.88	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2020 Corporate Bonds (Tranche 2) of Haitong Securities Co., Ltd. publicly issued to professional investors	20 Haitong 06	163568	22 May 2020	25 May 2020	25 May 2023	67	2.7	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2020 Corporate Bonds (Tranche 3) of Haitong Securities Co., Ltd. publicly issued to professional investors	20 Haitong 08	163903	10 August 2020	11 August 2020	11 August 2023	60	3.53	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2020 Non-publicly Issued Corporate Bonds (Tranche 1) (Type II) of Haitong Securities Co., Ltd.	20 Haitong F2	167897	20 October 2020	21 October 2020	21 October 2022	50	3.82	Simple annualized interest rate	SSE	Qualified institutional investors	Price quotation, price consultation and trading through agreement	No
2021 Corporate Bonds (Tranche 1) of Haitong Securities Co., Ltd. publicly issued to professional investors	21 Haitong 01	175630	12 January 2021	13 January 2021	13 January 2024	60	3.58	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2021 Corporate Bonds (Tranche 2) of Haitong Securities Co., Ltd. publicly issued to professional investors	21 Haitong 02	175741	5 February 2021	8 February 2021	8 February 2024	54	3.79	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2021 Corporate Bonds (Tranche 3) of Haitong Securities Co., Ltd. publicly issued to professional investors	21 Haitong 03	175975	22 April 2021	23 April 2021	23 April 2024	50	3.45	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2021 Corporate Bonds (Tranche 4) of Haitong Securities Co., Ltd. publicly issued to professional investors	21 Haitong 04	188150	26 May 2021	27 May 2021	27 May 2024	28	3.35	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No

Section IX BONDS

Name of Bonds	Abbreviation	Code	Date of issuance	Effective date	Maturity date	Balance of bonds	Interest rate (%)	Method to repay principal and pay interest	Venue of trading	Arrangement to ensure the suitability of investors (if any)	Trading mechanism	Whether it is exposed to termination of the listing and trading
2021 Corporate Bonds (Tranche 5) of Haitong Securities Co., Ltd. publicly issued to professional investors	21 Haitong 05	188202	9 June 2021	10 June 2021	10 June 2024	21	3.4	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2021 Corporate Bonds (Tranche 6) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional investors	21 Haitong 06	188458	28 July 2021	29 July 2021	29 July 2024	20	3.14	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2021 Corporate Bonds (Tranche 7) of Haitong Securities Co., Ltd. publicly issued to professional investors	21 Haitong 07	188571	19 August 2021	20 August 2021	20 August 2024	30	3.04	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2021 Corporate Bonds (Tranche 8) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional investors	21 Haitong 08	188663	27 August 2021	30 August 2021	30 August 2024	20	3.1	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2021 Corporate Bonds (Tranche 8) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional investors	21 Haitong 09	188664	27 August 2021	30 August 2021	30 August 2026	20	3.43	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2021 Corporate Bonds (Tranche 9) of Haitong Securities Co., Ltd. publicly issued to professional investors	21 Haitong 10	188962	9 November 2021	10 November 2021	10 November 2024	50	3.1	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2021 Corporate Bonds (Tranche 10) of Haitong Securities Co., Ltd. publicly issued to professional investors	21 Haitong 11	185010	19 November 2021	22 November 2021	22 November 2024	50	3.09	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2022 Subordinated Bonds (Tranche 1) of Haitong Securities Co., Ltd. publicly issued to professional investors	22 Haitong C1	185219	11 January 2022	12 January 2022	12 January 2025	50	3.18	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No

Section IX BONDS

Name of Bonds	Abbreviation	Code	Date of issuance	Effective date	Maturity date	Balance of bonds	Interest rate (%)	Method to repay principal and pay interest	Venue of trading	Arrangement to ensure the suitability of investors (if any)	Trading mechanism	Whether it is exposed to termination of the listing and trading
2022 Corporate Bonds (Tranche 1) of Haitong Securities Co., Ltd. publicly issued to professional investors	22 Haitong 01	185285	19 January 2022	20 January 2022	25 December 2024	50	2.84	Simple annualized interest rate, and principal to be repaid upon maturity in one lump sum together with the interest	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2022 Corporate Bonds (Tranche 2) of Haitong Securities Co., Ltd. publicly issued to professional investors	22 Haitong 02	185359	17 February 2022	21 February 2022	21 February 2025	29	2.9	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2022 Subordinated Bonds (Tranche 2) of Haitong Securities Co., Ltd. publicly issued to professional investors	22 Haitong C2	185400	24 February 2022	25 February 2022	25 February 2025	20	3.15	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2022 Corporate Bonds (Tranche 3) of Haitong Securities Co., Ltd. publicly issued to professional investors	22 Haitong 03	185448	4 March 2022	7 March 2022	7 March 2025	5	3.03	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2022 Subordinated Bonds (Tranche 3) of Haitong Securities Co., Ltd. publicly issued to professional investors	22 Haitong C3	185472	8 March 2022	9 March 2022	9 March 2025	24.8	3.29	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2022 Short-term Corporate Bonds (Tranche 1) of Haitong Securities Co., Ltd. non-publicly issued to professional investors	22 Haitong D1	194598	7 June 2022	9 June 2022	9 June 2023	45	2.5	Principal to be repaid upon maturity in one lump sum together with the interest	SSE	Professional investors	Price quotation, price consultation and trading through agreement	No
2022 Corporate Bonds (Tranche 4) of Haitong Securities Co., Ltd. publicly issued to professional investors	22 Haitong 04	137555	25 July 2022	26 July 2022	26 July 2025	50	2.75	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No

Section IX BONDS

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

All bonds of the Company were not exposed to the risks of termination of listing and trading.

Outstanding obligation of overdue bonds

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

Overdue debts

✓ Not applicable

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

✓ Not applicable

3. *Adjustment on results of credit rating*

✓ Not applicable

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

Status	Implementation	Whether there is a change	Condition after change	Reason for the change	Whether	The effects
					the change has been approved by the competent authority	of the change on the equity of bond investors
The existing corporate bonds are unguaranteed bonds	Normal	No	-	-	-	-
Strictly performed the redemption and interest payment of agreements on the repayment plan in the corporate bond prospectus	Normal	No	-	-	-	-
The debt repayment supporting measures include formulating the Bondholder Meeting Rules, establishing special repayment work team, giving full play to the role of trustee and strictly performing information disclosure obligation, etc.	Normal	No	-	-	-	-

Section IX BONDS

Other information

The proposal regarding the general mandate to issue onshore and offshore debt financing instruments of the Company was considered and approved at the 2021 Annual General Meeting held by the Company on 21 June 2022, which stipulated repayment supporting measures, i.e., “adopting at least the following measures when there is an anticipated failure to repay the principal and interest of the onshore and offshore debt financing instruments or an actual failure to repay the principal and interest of the onshore and offshore debt financing instruments on due dates: ① ceasing to distribute dividends to the Shareholders; ② suspending the implementation of capital expenditure projects such as material external investments, acquisitions and mergers; ③ reducing or ceasing to pay the wages and bonus of the Directors and senior management of the Company; ④ freezing the job transfer of the key responsible personnel.”

5. Further description of corporate bonds

(1) Intermediaries providing services for bond issuance and business of the Company over the duration

Name of intermediary	Office address	Name of signatory accountants	Contact persons	Tel
PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership)	50th Floor, Qiantan Center, No. 588, Dongyu Road, Pudong New Area, Shanghai	Xu Kangwei Liu Wei	Xu Kangwei	86-021-23238888
Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership)	21st Floor, the Bund Center, No. 222, Yan'an East Road, Shanghai	Hu Xiaojun Gong Mingliang	Hu Xiaojun	86-021-61412068
Shanghai AllBright Law Offices	11th and 12th Floor, Shanghai Tower, No. 501, Yincheng Middle Road, Pudong New Area, Shanghai	-	Xiao Wenyan	86-021-20511000
China Chengxin International Credit Rating Co., Ltd.	Room 60101, Building 1, No.2, Nanzhugan Hutong, Dongcheng District, Beijing	-	Qiao Shuang	86-010-66428877
CITIC Securities Company Limited	22nd floor, CITIC Securities Mansion, No. 48 Liangmaqiao Road, Chaoyang District, Beijing	-	Nie Lei, Song Yilan	86-010-60833046
CSC Financial Co., Ltd.	2/F, Kaiheng Center B and E, No.2 Chaonei Dajie, Dongcheng District, Beijing	-	Fang Beibei, Lv Hongtu	86-010-65608396
Shenwan Hongyuan Securities Co., Ltd.	45th Floor, 989 Changle Road, Xuhui District, Shanghai	-	Zhang Shenghan	86-021-33389437
Industrial Securities Co., Ltd.	Floor 6, East Tower, Dingxiang International Business Center, 36 Changliu Road, Pudong New District, Shanghai	-	Zhang Zhenhua, Hang Yu	86-021-38565436
Guosen Securities Company Limited	Floor 4, Guosen Securities Tower, No. 6 Xingsheng Street, Financial Street, Xicheng District, Beijing	-	Guo Rui, Ke Fangyu	86-010-88005384
Minsheng Securities Co., LTD.	Room 2101 and 2104A, Block B, 1168 Century Avenue, China – (Shanghai) Pilot Free Trade Zone, Shanghai, the PRC	-	Li Yuelin	86-021-80508899

Section IX BONDS

(2) Use of proceeds raised from issuance of corporate bonds during the Reporting Period

Unit: 100 million Yuan Currency: RMB

Bond name	Total amounts of Proceeds	Utilized Amounts	Unutilized Amounts	The operating condition of the special account for the proceeds (if any)	Rectification of the noncompliance utilization of proceeds (if any)	Whether the use of proceeds is in compliance with the use, plan and other undertakings made in the prospectus
2022 Subordinated Bonds (Tranche 1) of Haitong Securities Co., Ltd. publicly issued to professional investors	50	50	0	Nil	Nil	Yes
2022 Corporate Bonds (Tranche 1) of Haitong Securities Co., Ltd. publicly issued to professional investors	50	50	0	Nil	Nil	Yes
2022 Corporate Bonds (Tranche 2) of Haitong Securities Co., Ltd. publicly issued to professional investors	29	29	0	Nil	Nil	Yes
2022 Subordinated Bonds (Tranche 2) of Haitong Securities Co., Ltd. publicly issued to professional investors	20	20	0	Nil	Nil	Yes
2022 Corporate Bonds (Tranche 3) of Haitong Securities Co., Ltd. publicly issued to professional investors	5	5	0	Nil	Nil	Yes
2022 Subordinated Bonds (Tranche 3) of Haitong Securities Co., Ltd. publicly issued to professional investors	24.8	24.8	0	Nil	Nil	Yes
2022 Short-term Corporate Bonds (Tranche 1) of Haitong Securities Co., Ltd. non-publicly issued to professional investors	45	45	0	Nil	Nil	Yes
2022 Corporate Bonds (Tranche 4) of Haitong Securities Co., Ltd. publicly issued to professional investors	50	50	0	Nil	Nil	Yes

Section IX BONDS

(III) Other bonds

Unit: 100 million Yuan Currency: see table

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

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

✓Not applicable

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

✓Not applicable

Section IX BONDS

(VI) Key accounting data and financial indicators

Unit: 100 million Yuan Currency: RMB

Key indicators	As at the end of the Reporting Period	As at the end of last year	Movement at the end of the Reporting Period as compared with the end of	Reasons for changes
			last year (%)	
Current ratio	2.15	1.99	8.04	
Quick ratio	2.15	1.99	8.04	
Gearing ratio (%)	71.37	71.41	-0.06	
	For the Reporting Period	For the last corresponding period	Movement for the Reporting Period compared with last corresponding period (%)	Reasons for changes
Net profit, net of non- recurring gains and losses	42.35	78.97	-46.38	Decrease of total profit
EBITDA total debt ratio	0.03	0.05	-40.00	Decrease of total profit
Interest coverage ratio	1.97	3.06	-35.64	Decrease of total profit
Cash interest coverage ratio	4.44	7.92	-43.94	Decrease of net cash flow from operating activities
EBITDA interest coverage ratio	2.09	3.17	-34.07	Decrease of total profit
Loan repayment ratio (%)	100	100	-	
Interest payment ratio (%)	100	100	-	

Note: Net profit, net of non-recurring gains and losses, represents net profit, net of non-recurring gains and losses attributable to shareholders of the parent company.

II. CONVERTIBLE CORPORATE BONDS

✓ Not applicable

Section X FINANCIAL REPORT

- I. The 2022 condensed consolidated interim financial information of the Group was prepared in accordance with IFRSs and was unaudited. PricewaterhouseCoopers has reviewed such interim financial information in accordance with International Standard on Review Engagements 2410 and issued a review report. The review report is enclosed hereafter.
- II. The Interim Financial Report (enclosed hereinafter).



Section XI INFORMATION DISCLOSURES OF SECURITIES COMPANY

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

Date	Title of Approval Document	Approval Organization	No. of Approval
1 January 2022	Permission for Printing Publication of Internal Information	Shanghai Press and Publication Bureau	Permission Number: (K)0772

II. RESULT OF CLASSIFICATION BY REGULATORY AUTHORITY

✓Not applicable

Contents of documents available for inspection	<p>The text of the Interim Report bearing the signature of the legal representative of the Company</p> <p>The text of the financial report bearing the signature or seal of the legal representative, the head of the accounting department and the head of the accounting firm of the Company</p> <p>The original copies of all of the documents and announcements of the Company published through media that satisfy the conditions required by the securities regulatory authority of the State Council during the Reporting Period</p> <p>Other related information</p>
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By order of the Board
Haitong Securities Co., Ltd.
ZHOU JIE
Chairman

Shanghai, the PRC
 26 August 2022

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

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

INTRODUCTION

We have reviewed the interim condensed consolidated financial information set out on pages 127 to 204, which comprises the interim condensed consolidated statement of financial position of Haitong Securities Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2022, and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity, the interim condensed consolidated statement of cash flows for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 26 August 2022

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022
(All amounts in RMB'000 unless otherwise stated)

	Notes	Six months ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
Revenue			
– Commission and fee income	4	7,699,311	9,131,298
– Interest income	5	8,258,455	7,499,427
– Finance lease income	5	1,280,942	1,771,581
– Investment income and gains (net)	6	692,435	6,789,175
		17,931,143	25,191,481
Other income and gains	7	1,933,688	5,582,239
Total revenue, gains and other income		19,864,831	30,773,720
Commission and fee expenses	8	(1,558,630)	(1,966,121)
Interest expenses	9	(6,451,309)	(5,909,050)
Depreciation and amortisation	10	(754,583)	(792,437)
Staff costs		(3,488,369)	(4,299,089)
Impairment losses under expected credit loss model	11	(178,663)	(1,024,765)
Impairment losses on other assets		(25,911)	(44,083)
Other expenses	12	(1,824,893)	(5,701,970)
Total expenses		(14,282,358)	(19,737,515)
Share of results of associates and joint ventures		303,592	624,745
Profit before income tax		5,886,065	11,660,950
Income tax expense	13	(1,420,704)	(2,772,210)
Profit for the period		4,465,361	8,888,740
Attributable to:			
Shareholders of the Company		4,757,725	8,170,195
Non-controlling interests		(292,364)	718,545
		4,465,361	8,888,740
Earnings per share (Expressed in RMB per share)			
– Basic	14	0.36	0.63
– Diluted	14	0.36	0.63

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

(All amounts in RMB'000 unless otherwise stated)

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Profit for the period	4,465,361	8,888,740
Other comprehensive income/(loss):		
Items that will not be reclassified subsequently to profit or loss:		
Actuarial gains on defined benefit obligations	55,466	48,007
Fair value losses on equity instruments measured at fair value through other comprehensive income	(1,035,114)	(473,910)
Income tax impact	238,928	117,845
Subtotal	(740,720)	(308,058)
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	760,242	(224,529)
Fair value gains on hedging instrument designated in cash flow hedges	39,527	44,236
Fair value gains/(losses) on debt instruments measured at fair value through other comprehensive income		
– Net fair value changes during the period	62,933	79,884
– Reclassification adjustment to profit or loss on disposal	(16,263)	627,928
– Reclassification adjustment to profit or loss for expected credit loss	(54,550)	(523,359)
– Income tax relating to components of other comprehensive income	2,664	(42,888)
Share of other comprehensive income of associates and joint ventures, net of related income tax	4,365	–
Subtotal	798,918	(38,728)
Other comprehensive income/(loss) for the period (net of tax)	58,198	(346,786)
Total comprehensive income for the period	4,523,559	8,541,954
Attributable to:		
Shareholders of the Company	3,875,350	7,975,225
Non-controlling interests	648,209	566,729
	4,523,559	8,541,954
Total comprehensive income for the period attributable to shareholders of the company arises from:		
Continuing operations	4,523,559	7,975,193
Discontinued operations	–	32
	4,523,559	7,975,225

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 June 2022
(All amounts in RMB'000 unless otherwise stated)

	<i>Notes</i>	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Non-current assets			
Property and equipment	15	15,117,102	15,088,876
Right-of-use assets	16	1,726,041	1,778,639
Investment properties	17	2,310,229	57,595
Goodwill	18	3,519,765	3,365,313
Other intangible assets	19	474,641	531,391
Investments accounted for using equity method	20	6,328,009	6,454,420
Finance lease receivables	21	7,958,405	11,270,189
Receivables arising from sale and leaseback arrangements	22	39,404,886	31,521,846
Equity instruments at fair value through other comprehensive income	23	6,612,456	10,246,871
Debt instruments at fair value through other comprehensive income	24	38,995,073	33,050,889
Debt instruments measured at amortised cost	25	4,862,067	3,626,108
Financial assets at fair value through profit or loss	26	23,075,734	25,132,195
Financial assets held under resale agreements	27	562,418	575,403
Other loans and receivables	28	1,277,711	2,394,396
Loans and advances	29	4,718,474	4,119,086
Deferred tax assets	30	4,435,588	5,171,925
Deposits with exchanges	31	154,085	163,245
Restricted bank balances and cash	32	1,630,380	1,503,454
Other non-current assets	34	2,156,120	1,891,358
Total non-current assets		165,319,184	157,943,199

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 June 2022

(All amounts in RMB'000 unless otherwise stated)

	<i>Notes</i>	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Current assets			
Advances to customers on margin financing	35	69,668,201	75,223,404
Accounts receivable	36	8,496,612	11,372,016
Finance lease receivables	21	17,382,485	22,202,398
Receivables arising from sale and leaseback arrangements	22	28,796,531	23,566,177
Debt instruments at fair value through other comprehensive income	24	3,060,154	4,002,056
Debt instruments measured at amortised cost	25	429,093	1,099,101
Financial assets at fair value through profit or loss	26	178,790,503	195,277,554
Derivative financial assets	37	2,277,486	1,084,731
Financial assets held under resale agreements	27	41,537,039	39,185,614
Other loans and receivables	28	6,075,061	12,544,269
Loans and advances	29	629,224	593,565
Other current assets	38	7,383,779	6,242,087
Placements to banks and other financial institutions		80,225	352,928
Deposits with exchanges	31	19,888,627	17,491,923
Clearing settlement funds	39	15,106,527	16,765,418
Deposits with central banks	40	4,443,655	3,304,209
Deposits with other banks	40	247,320	226,337
Bank balances and cash	32	179,954,155	156,448,163
Total current assets		584,246,677	586,981,950
Total assets		749,565,861	744,925,149

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 June 2022
(All amounts in RMB'000 unless otherwise stated)

	<i>Notes</i>	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Current liabilities			
Borrowings	41	50,053,904	48,402,335
Short-term financing bills payables	42	22,660,030	24,986,688
Bonds payable	43	58,825,324	52,513,925
Accounts payable to brokerage clients	44	129,589,378	123,202,200
Customer accounts	45	5,006,434	2,758,837
Contract liabilities		25,969	156,746
Other payables and accruals	46	28,475,757	28,635,826
Lease liabilities	16	294,800	307,759
Provisions	47	185,791	203,800
Tax liabilities		1,339,886	3,477,590
Financial liabilities at fair value through profit or loss	48	7,280,889	10,456,105
Derivative financial liabilities	37	1,275,152	1,548,316
Financial assets sold under repurchase agreements	49	81,567,484	91,911,952
Placements from banks and other financial institutions	50	7,757,132	12,723,438
Deposits from central banks		2,157,352	155,411
Deposits from other banks		15,508	72,787
Total current liabilities		396,510,790	401,513,715
Net current assets		187,735,887	185,468,235
Total assets less current liabilities		353,055,071	343,411,434

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 June 2022

(All amounts in RMB'000 unless otherwise stated)

	<i>Notes</i>	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Non-current liabilities			
Long-term payables	51	5,415,935	6,230,344
Deferred tax liabilities	30	965,254	1,320,651
Customer accounts	45	1,371,640	3,185,654
Long-term borrowings	41	36,975,027	30,751,726
Bonds payable	43	114,645,657	111,072,145
Deposits from central banks		77,102	2,150,202
Other payables and accruals	46	1,374,977	1,405,175
Financial liabilities at fair value through profit or loss	48	11,130,499	5,860,112
Lease liabilities	16	718,153	739,420
Placements from banks and other financial institutions	50	2,898,252	2,941,219
Total non-current liabilities		175,572,496	165,656,648
Total liabilities		572,083,286	567,170,363
Equity			
Share capital	52	13,064,200	13,064,200
Capital reserve		74,906,579	74,913,916
Revaluation reserve	53	(43,592)	305,179
Translation reserve		(1,204,821)	(962,857)
General reserves	54	28,372,669	28,313,210
Retained earnings	54	47,985,706	47,504,316
Equity attributable to shareholders of the company		163,080,741	163,137,964
Non-controlling interests		14,401,834	14,616,822
Total equity		177,482,575	177,754,786
Total equity and liabilities		749,565,861	744,925,149

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

The unaudited interim condensed consolidated financial information was approved by the Board of Directors on 26 August 2022 and signed on its behalf by:

Zhou Jie

Chairman of Board

Li Jun

*Executive Director and
General Manager*

Zhang Xinjun

Chief Financial Officer

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

(All amounts in RMB'000 unless otherwise stated)

	Attributable to shareholders of the Company						Total	Non-controlling interests	Total equity
	Share capital	Capital Reserve (Note)	Revaluation reserves	Translation reserve	General reserve	Retained earnings			
(Unaudited)									
As at 31 December 2021	13,064,200	74,913,916	305,179	(962,857)	28,313,210	47,504,316	163,137,964	14,616,822	177,754,786
Profit for the period	-	-	-	-	-	4,757,725	4,757,725	(292,364)	4,465,361
Other comprehensive income for the period	-	-	(640,411)	(241,964)	-	-	(882,375)	940,573	58,198
Total comprehensive income for the period	-	-	(640,411)	(241,964)	-	4,757,725	3,875,350	648,209	4,523,559
Other equity instruments issued by a subsidiary	-	-	-	-	-	-	-	(231,686)	(231,686)
Appropriation to general reserve	-	-	-	-	59,459	(59,459)	-	-	-
Cash dividend recognised as distribution (Note 58)	-	-	-	-	-	(3,919,260)	(3,919,260)	-	(3,919,260)
Distribution to non-controlling interests and other equity instruments holders	-	-	-	-	-	-	-	(189,227)	(189,227)
Share-based payments of a subsidiary	-	(32,903)	-	-	-	-	(32,903)	(16,070)	(48,973)
Disposal of equity instruments at fair value through other comprehensive income	-	-	291,640	-	-	(291,640)	-	-	-
Changes in non-controlling interests	-	25,566	-	-	-	-	25,566	(428,339)	(402,773)
Others	-	-	-	-	-	(5,976)	(5,976)	2,125	(3,851)
As at 30 June 2022	13,064,200	74,906,579	(43,592)	(1,204,821)	28,372,669	47,985,706	163,080,741	14,401,834	177,482,575

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

(All amounts in RMB'000 unless otherwise stated)

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

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022
(All amounts in RMB'000 unless otherwise stated)

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
OPERATING ACTIVITIES		
Profit before income tax	5,886,065	11,660,950
Adjustments for		
Interest expenses	6,451,309	5,909,050
Share of results of associates and joint ventures	(303,592)	(624,745)
Depreciation and amortisation	754,583	792,437
Impairment losses under expected credit loss model	178,663	1,024,765
Impairment losses of other assets	25,911	44,083
Share-based payment of a subsidiary	(32,903)	45,408
Losses on disposal of property and equipment and other intangible assets	652	890
Foreign exchange losses/(gains), net	297,910	(80,348)
Interest income from debt instruments at fair value through other comprehensive income	(665,732)	(311,083)
Interest income from debt instruments measured at amortised cost	(50,015)	(17,373)
Dividend income arising from equity instruments at fair value through other comprehensive income	(68,037)	(1,001,781)
Net gains arising from debt instruments at fair value through other comprehensive income	(33,523)	(666,996)
Net realised (gains)/losses arising from financial assets at fair value through profit or loss	(220,143)	1,425,389
Fair value change of financial instruments at fair value through profit or loss	(1,358,310)	(1,324,131)
Operating cash flows before movements in working capital	10,862,838	16,876,515

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

(All amounts in RMB'000 unless otherwise stated)

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
(Increase)/Decrease in finance lease receivables and receivables arising from sale and leaseback arrangements	(5,767,145)	200,316
Decrease in financial assets at fair value through profit or loss and derivative financial assets	18,449,870	5,557,473
(Increase)/Decrease in financial assets held under resale agreements	(2,734,982)	14,085,539
Decrease in other loans and receivables	7,662,084	2,481,653
(Increase)/Decrease in loans and advances	(635,682)	52,703
Decrease/(Increase) in advances to customers on margin financing	5,210,668	(7,382,796)
Decrease/(Increase) in accounts receivables and other current assets	3,523,309	(7,667,984)
Decrease/(Increase) in placements to banks and other financial institutions	272,229	(19,055)
Increase in deposits with exchanges	(2,387,543)	(1,819,351)
Decrease in deposits with central banks	5,650	3,561
Decrease/(Increase) in restricted bank deposits	85,588	(467,548)
Increase in cash held on behalf of clients	(6,395,573)	(11,291,943)
Increase in accounts payable to brokerage clients and other payables and accruals	420,289	10,174,953
Increase in customer accounts	433,583	926,112
(Decrease)/Increase in contract liabilities	(130,777)	103,447
Decrease in provisions	(17,702)	(3,462)
Increase in financial liabilities at fair value through profit or loss and derivative financial liabilities	2,820,403	5,703,249
Decrease in financial assets sold under repurchase agreements	(10,344,468)	(737,431)
(Decrease)/Increase in placements from banks and other financial institutions	(5,009,274)	971,553
Decrease in deposits from central banks	(71,159)	(53,327)
(Decrease)/Increase in deposits from other banks	(57,279)	2,120
Cash from operations	16,194,927	27,696,297
Income taxes paid	(3,274,447)	(3,551,097)
Interest paid	(1,991,922)	(1,483,674)
Net cash inflow from operating activities	10,928,558	22,661,526

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022
(All amounts in RMB'000 unless otherwise stated)

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
INVESTING ACTIVITIES		
Dividends received from associates and other investments	403,573	248,150
Dividends received from equity instruments at fair value through other comprehensive income	68,037	1,001,781
Interest from the debt instruments at fair value through other comprehensive income and amortised cost	564,267	–
Purchases of property and equipment and other intangible assets	(1,852,868)	(793,665)
Disposal of a subsidiary	132,053	–
Proceeds on disposal of property and equipment	1,204	780
Cash paid for investments accounted for using equity method	(72,373)	–
Proceeds from partial disposal of associates	103,168	96,531
Purchases of		
Debt instruments at fair value through other comprehensive income	(14,360,041)	(5,415,617)
Financial assets at fair value through profit or loss	(1,220,454)	(2,683,541)
Equity instruments at fair value through other comprehensive income	(1,511,170)	(4,206,518)
Debt instruments measured at amortised cost	(1,133,406)	(85,168)
Proceeds from disposal of		
Equity instruments at fair value through other comprehensive income	4,534,861	10,714,470
Debt instruments at fair value through other comprehensive income	9,635,835	298,347
Debt instruments measured at amortised cost	318,535	261,800
Financial assets at fair value through profit or loss	1,943,205	446,216
Net cash outflow from investing activities	(2,445,574)	(116,434)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

(All amounts in RMB'000 unless otherwise stated)

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
FINANCING ACTIVITIES		
Dividends paid and interest paid for borrowings and bonds	(4,283,454)	(4,411,462)
Proceeds from issuance of subsidiaries' shares	–	295,543
Payments on capital returned to non-controlling shareholders	(406,543)	(88,370)
Borrowings raised	43,467,339	45,748,721
Interest paid for perpetual notes	(77,424)	(57,336)
Issuance cost paid for short-term bonds, non-convertible bonds and others	(92,731)	(149,688)
Repayment of lease liabilities	(211,224)	(245,568)
Repayment of borrowings, short-term bonds, non-convertible bonds and others	(87,529,796)	(114,406,837)
Proceeds from non-convertible bonds, short-term financing bills payables and others	56,850,897	65,566,997
Purchase of shares held under the share award scheme	(14,679)	88,370
Net cash inflow/(outflow) from financing activities	7,702,385	(7,659,630)
Net increase in cash and cash equivalents	16,185,369	14,885,462
Effect of exchange rate changes on cash and cash equivalents	405,189	294,623
Cash and cash equivalents at the beginning of period	57,705,067	37,307,276
Cash and cash equivalents at the end of period (Note 33)	74,295,625	52,487,361

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022
(All amounts in RMB'000 unless otherwise stated)

1. GENERAL INFORMATION OF THE GROUP

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

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

The Company and its subsidiaries (the “Group”) are principally engaged in securities brokerage; proprietary securities activities; securities underwriting and sponsorship; securities investment advisory; financial consultancy related to securities trading and investment activities; direct equity investments; securities investment fund distribution; introducing brokerage business for futures companies; margin financing and securities lending; agency sale of financial products; stock option market-making. For other businesses approved by the China Securities Regulatory Commission, the Company may invest abroad to set up subsidiaries to engage in investment business such as financial products (Projects that require approval according to law can only carry out business activities after approval by the relevant departments).

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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

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

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

The interim condensed consolidated financial information does not include all the notes of the type normally include in an annual financial statement. Accordingly, it should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”), and any public announcement made by the Company during the interim reporting period.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

(All amounts in RMB'000 unless otherwise stated)

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

2.1 New and amended standards adopted by the Group

The Group has adopted the new and amended standards from 1 January 2022 in their first interim financial statements:

- (a) Property, Plant and Equipment – Amendments to IAS 16
- (b) Provisions, Contingent Liabilities and Contingent Assets – Amendments to IAS 37
- (c) Business Combinations – Amendments to IFRS 3

(a) Amendments to IAS 16: Property, Plant and Equipment

Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. The adoption of the amendments does not have a significant impact on the Group's interim condensed consolidated financial information.

(b) Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets

Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. The adoption of the amendments does not have a significant impact on the Group's interim condensed consolidated financial information.

(c) Amendments to IFRS 3: Business Combinations

Amendments to IFRS 3: 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The adoption of the amendments does not have a significant impact on the Group's interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022
(All amounts in RMB'000 unless otherwise stated)

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

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

			Effective for annual periods beginning on or after
(a)	IFRS 17	Insurance Contracts	1 January 2023
(b)	Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
(c)	Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
(d)	Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
(e)	Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
(f)	Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture	The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred. Early adoption of the amendments continue to be permitted

The Group anticipates that the adoption of these new standards and amendments will not have a significant impact on the Group's consolidated financial statements.

2.3 Critical accounting estimates and judgements

The Group continually evaluates the significant accounting estimates and judgements applied based on historical experience and other factors, including reasonable expectations of future events. The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are consistent with these policies applied in preparing the financial statements for the year ended 31 December 2021.

3. SEGMENT REPORTING

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

(All amounts in RMB'000 unless otherwise stated)

3. SEGMENT REPORTING (continued)

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

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022
(All amounts in RMB'000 unless otherwise stated)

3. SEGMENT REPORTING (continued)

Operating and Reportable segment

For the six months ended 30 June 2022 (Unaudited)

	Wealth management	Investment banking	Asset management	Trading and institution	Finance lease	Others	Consolidated total
Segment revenue and results							
Revenue	7,500,561	2,461,139	1,281,327	3,317,740	3,352,119	18,257	17,931,143
Other income and gains	268,857	159,444	139,284	33,405	840,555	492,143	1,933,688
Segment revenue	7,769,418	2,620,583	1,420,611	3,351,145	4,192,674	510,400	19,864,831
Segment expenses	(4,310,696)	(1,623,972)	(745,375)	(3,672,666)	(3,376,929)	(552,720)	(14,282,358)
Segment results	3,458,722	996,611	675,236	(321,521)	815,745	(42,320)	5,582,473
Share of results of associates and joint ventures	-	-	311,695	(8,103)	-	-	303,592
Segment profit before income tax	3,458,722	996,611	986,931	(329,624)	815,745	(42,320)	5,886,065

For the six months ended 30 June 2021 (Unaudited)

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022
(All amounts in RMB'000 unless otherwise stated)

4. COMMISSION AND FEE INCOME

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Securities, futures and options dealing and broking fee income	3,984,888	4,528,298
Underwriting and sponsors fee income	2,347,204	2,392,905
Asset management fee income (including fund management fee income)	1,108,055	1,845,893
Financial advisory and consultancy fee income	203,137	291,438
Others	56,027	72,764
	7,699,311	9,131,298

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

(1) Brokerage

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

(2) Investment Banking

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

(3) Asset management

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

As at 30 June 2022, the Group's most contracts with customers have original expected duration of less than one year.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

(All amounts in RMB'000 unless otherwise stated)

5. INTEREST INCOME

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Interest income from advances to customers on margin financing	2,321,896	2,638,593
Interest income from receivables arising from sale and leaseback arrangements	1,937,065	1,248,140
Bank interest income	1,774,838	1,485,798
Interest income from financial assets held under resale agreements	1,016,331	1,119,155
Interest income from debt instruments at fair value through other comprehensive income and amortised cost	715,747	328,456
Interest income from loans and receivable	487,593	678,900
Other interest income	4,985	385
	8,258,455	7,499,427
Finance lease income	1,280,942	1,771,581

6. INVESTMENT INCOME AND GAINS (NET)

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Fair value change of financial instruments at fair value through profit or loss	1,358,310	1,324,131
Dividend income from equity instruments at fair value through other comprehensive income	68,037	1,001,781
Net gains/(losses) arising from debt instruments at fair value through other comprehensive income	33,523	(771,470)
Net realised (losses)/gains arising from financial assets/liabilities at fair value through profit or loss	(742,738)	5,454,821
Others	(24,697)	(220,088)
	692,435	6,789,175

7. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Government grants	676,499	543,328
Service fee income from finance lease	488,559	588,161
Income from commodity trading	479,252	3,974,660
Rental income from operating lease	262,553	234,863
Rental income from investment properties	5,003	4,439
Foreign exchange (losses)/gains	(297,910)	80,349
Others	319,732	156,439
	1,933,688	5,582,239

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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8. COMMISSION AND FEE EXPENSES

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Securities and futures dealing and broking expenses	1,386,710	1,664,541
Commission expenses	124,170	239,034
Services expenses for underwriting, financial advisory and others	47,750	62,546
	1,558,630	1,966,121

9. INTEREST EXPENSES

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Interest expenses for:		
– Borrowings and overdrafts	1,217,834	1,325,051
– Deposit taken from banks and other financial institutes	57,745	88,465
– Financial assets sold under repurchase agreements	981,576	718,688
– Accounts payable to brokerage clients	377,406	255,851
– Advances from China Securities Finance Corporation Ltd. (“CSFC”)	188,062	152,290
– Bonds payables and short-term financing bills payable	3,220,642	3,080,056
– Lease liabilities	20,912	20,269
– Others	387,132	268,380
	6,451,309	5,909,050

10. DEPRECIATION AND AMORTISATION

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Depreciation of property and equipment	437,732	455,650
Depreciation for right-of-use assets	221,589	237,188
Depreciation of investment properties	1,514	1,919
Amortisation of other intangible assets	93,748	97,680
	754,583	792,437

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

(All amounts in RMB'000 unless otherwise stated)

11. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
ECL in respect of:		
– Finance lease receivables	639,862	497,562
– Receivables arising from sale and leaseback arrangements	145,587	131,908
– Advances to customers on margin financing	312,635	284,991
– Financial assets held under resale agreements	(822,810)	(133,368)
– Other loans and receivables	(82,843)	160,973
– Debt instruments at amortised cost	1,238	3,324
– Debt instruments at fair value through other comprehensive income	(54,550)	37,700
– Loans and advances	(2,562)	(13,275)
– Other financial assets and other items	42,106	54,950
	178,663	1,024,765

12. OTHER EXPENSES

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Administrative expenses	1,138,973	1,524,196
Cost of commodity trading	474,761	3,918,072
Taxes and surcharges	156,695	151,626
Others	54,464	108,076
	1,824,893	5,701,970

13. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Current tax	838,021	2,041,667
Adjustments	45,612	(71,513)
Deferred tax	537,071	802,056
	1,420,704	2,772,210

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022
(All amounts in RMB'000 unless otherwise stated)

14. EARNINGS PER SHARE

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Earnings for the purpose of basic earnings per share:		
Profit for the period attributable to shareholders of the Company	4,757,725	8,170,195
Effect of dilutive potential ordinary shares(Note):		
– Interest on convertible bonds of subsidiaries	–	(1,765)
– Share option/share awards of subsidiaries	–	(765)
Earnings for the purpose of diluted earnings per share	4,757,725	8,167,665
Number of shares for basic and diluted earnings per share:		
Number of shares in issue (in thousand)	13,064,200	13,064,200
Basic earnings per share (expressed in RMB per share)	0.36	0.63
Diluted earnings per share (expressed in RMB per share)	0.36	0.63

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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(All amounts in RMB'000 unless otherwise stated)

15. PROPERTY AND EQUIPMENT

	Land and buildings	Leasehold improvements	Electronic equipment	Transportation equipment	Furniture, fixtures and equipment	Construction in progress	Total
(Unaudited)							
Cost							
As at 1 January 2022	9,518,750	888,291	1,756,610	6,212,464	298,082	330,123	19,004,320
Additions during the period	-	20,191	61,953	1,556	5,632	89,830	179,162
Disposals during the period	-	(20,415)	(26,393)	(1,431)	(7,768)	-	(56,007)
Transfer during the period	-	14,945	2,125	-	4,382	(21,452)	-
Exchange difference	18,396	4,644	7,056	318,781	2,402	(298)	350,981
As at 30 June 2022	9,537,146	907,656	1,801,351	6,531,370	302,730	398,203	19,478,456
Accumulated depreciation							
As at 1 January 2022	952,231	633,768	1,192,217	859,267	201,318	-	3,838,801
Provided for the period	129,085	55,528	112,476	128,172	12,471	-	437,732
Eliminated on disposals	-	(15,743)	(25,251)	(1,360)	(7,384)	-	(49,738)
Exchange difference	2,053	4,075	5,508	42,187	1,657	-	55,480
As at 30 June 2022	1,083,369	677,628	1,284,950	1,028,266	208,062	-	4,282,275
Allowance for impairment losses							
As at 1 January 2022	30,382	-	-	46,261	-	-	76,643
Exchange differences	-	-	-	2,436	-	-	2,436
As at 30 June 2022	30,382	-	-	48,697	-	-	79,079
Carrying amount							
As at 30 June 2022 (Unaudited)	8,423,395	230,028	516,401	5,454,407	94,668	398,203	15,117,102
As at 31 December 2021 (Audited)	8,536,137	254,523	564,393	5,306,936	96,764	330,123	15,088,876

Transportation equipment of the Group includes aircraft held for operating lease businesses, as at 30 June 2022, the cost of aircraft amounts to RMB6,372,631 thousand (31 December 2021: RMB6,053,876 thousand), accumulated depreciation amounts to RMB892,719 thousand (31 December 2021: RMB726,263 thousand), allowance for impairment losses amounts to RMB48,697 thousand (31 December 2021: RMB46,261 thousand), and the carrying amounts of aircraft amounts to RMB5,431,216 thousand (31 December 2021: RMB5,281,352 thousand).

As at 30 June 2022, buildings amounted to RMB28,860 thousand were yet to obtain the relevant land and building certificates (31 December 2021: RMB29,460 thousand).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022
(All amounts in RMB'000 unless otherwise stated)

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets

	Leasehold land and buildings	Electronic equipment	Transportation equipment	Others	Total
(Unaudited)					
Cost					
As at 1 January 2022	2,992,253	803	4,160	2,108	2,999,324
Additions during the period	170,788	–	–	48	170,836
Decreases during the period	(385,827)	–	(977)	–	(386,804)
Exchange difference	17,618	(12)	130	(4)	17,732
As at 30 June 2022	2,794,832	791	3,313	2,152	2,801,088
Accumulated amortisation					
As at 1 January 2022	1,217,362	215	1,965	1,143	1,220,685
Provided for the period	220,783	102	454	250	221,589
Decreases during the period	(371,283)	–	(771)	–	(372,054)
Exchange difference	4,828	(7)	7	(1)	4,827
As at 30 June 2022	1,071,690	310	1,655	1,392	1,075,047
Carrying amount					
As at 30 June 2022 (Unaudited)	1,723,142	481	1,658	760	1,726,041
As at 31 December 2021 (Audited)	1,774,891	588	2,195	965	1,778,639

Lease liabilities

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Within 1 year	294,800	307,759
1 to 2 years	243,152	238,764
2 to 5 years	258,904	249,731
More than 5 years	216,097	250,925
	1,012,953	1,047,179
Amount due for settlement with 12 months shown under current liabilities	294,800	307,759
Amount due for settlement after 12 months shown under non-current liabilities	718,153	739,420

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

(All amounts in RMB'000 unless otherwise stated)

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

Lease liabilities (continued)

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

For the period ended 30 June 2022, total cash outflow for leases amounts to RMB227,340 thousand (For the period ended 30 June 2021: RMB276,565 thousand).

For the period ended 30 June 2022, interest expenses for lease liabilities amounts to RMB20,912 thousand (For the period ended 30 June 2021: RMB20,269 thousand).

As at 30 June 2022, the lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

As at 30 June 2022, the Group did not enter into any significant lease that is not yet commenced.

17. INVESTMENT PROPERTIES

	Buildings
Cost	
As at 1 January 2022	86,062
Addition during the period	2,254,148
As at 30 June 2022	2,340,210
Accumulated depreciation	
As at 1 January 2022	28,467
Provided for the period	1,514
As at 30 June 2022	29,981
Carrying amount	
As at 30 June 2022 (Unaudited)	2,310,229
As at 1 January 2022 (Audited)	57,595

The fair values of the Group's investment properties as at 30 June 2022 were RMB3,004,813 thousand (31 December 2021, RMB308,710 thousand). The fair values have been determined by reference to recent market prices for similar properties in the same or similar locations and conditions.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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18. GOODWILL

	31 December 2021 (Audited)	Exchange adjustments	30 June 2022 (Unaudited)
Haitong Futures Co., Ltd.	5,896	–	5,896
Haitong International Securities Group Limited	641,800	29,508	671,308
Haitong UT Capital Group Co., Ltd.	2,047,416	94,132	2,141,548
Haitong International Holdings (UK) Limited	120,877	5,557	126,434
Haitong Bank, S.A.	953,606	43,843	997,449
Haitong International Financial Services (Singapore) Pte. Ltd.	4,518	207	4,725
	3,774,113	173,247	3,947,360
Less: impairment losses Haitong Bank, S.A.	(408,800)	(18,795)	(427,595)
	3,365,313	154,452	3,519,765

19. OTHER INTANGIBLE ASSETS

	Trading rights	Computer software	Others	Construction in progress	Total
(Unaudited)					
Cost					
As at 1 January 2022	224,043	1,745,004	107,023	29,403	2,105,473
Additions during the period	–	30,359	–	4,474	34,833
Disposals during the period	–	(9,299)	–	–	(9,299)
Transfer during the period	–	10,750	52	(10,802)	–
Exchange difference	286	13,572	1,598	(257)	15,199
As at 30 June 2022	224,329	1,790,386	108,673	22,818	2,146,206
Accumulated amortisation					
As at 1 January 2022	116,601	1,377,802	79,679	–	1,574,082
Provided for the period	–	90,645	3,103	–	93,748
Eliminated on disposals	–	(9,041)	–	–	(9,041)
Exchange difference	–	11,533	1,243	–	12,776
As at 30 June 2022	116,601	1,470,939	84,025	–	1,671,565
Carrying amount					
As at 30 June 2022 (Unaudited)	107,728	319,447	24,648	22,818	474,641
As at 31 December 2021 (Audited)	107,442	367,202	27,344	29,403	531,391

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

(All amounts in RMB'000 unless otherwise stated)

19. OTHER INTANGIBLE ASSETS (continued)

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

20. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Cost of unlisted investments in associates and joint ventures	4,051,771	4,082,549
Share of post-acquisition profits and other comprehensive income, net of dividends received	2,276,238	2,371,871
Total	6,328,009	6,454,420

Details of investments accounted for using equity method:

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

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Total assets	12,243,844	12,646,262
Total liabilities	5,456,875	5,597,222
Net assets	6,786,969	7,049,040

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Revenue for the period	3,772,562	3,998,339
Profit for the period	1,122,213	1,241,936
Comprehensive income	1,137,929	1,239,352

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21. FINANCE LEASE RECEIVABLES

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Minimum finance lease receivables		
– Within one year	20,251,732	25,533,151
– In the second year	6,290,485	9,925,219
– In the third year	1,462,104	1,871,410
– In the fourth year	375,149	396,805
– In the fifth year	263,847	296,806
– After five years	1,068,581	597,410
Gross amount of finance lease receivables	29,711,898	38,620,801
Less: Unearned finance lease income	(2,783,126)	(3,584,005)
Present value of minimum finance lease receivables	26,928,772	35,036,796
Less: Allowance for ECL	(1,587,882)	(1,564,209)
Carrying amount of finance lease receivables	25,340,890	33,472,587
Present value of minimum finance lease receivables		
– Within one year	18,357,861	23,211,519
– In the second year	5,722,755	9,021,983
– In the third year	1,325,217	1,697,408
– In the fourth year	336,745	352,818
– In the fifth year	233,453	256,240
– After five years	952,741	496,828
Total	26,928,772	35,036,796
Analysed for reporting purpose as:		
Current assets	17,382,485	22,202,398
Non-current assets	7,958,405	11,270,189
Total	25,340,890	33,472,587

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

As at 30 June 2022, the Group's finance lease receivables pledged as collateral for the Group's bank borrowings amounted to RMB536,299 thousand (31 December 2021: RMB1,137,119 thousand).

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

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For the six months ended 30 June 2022

(All amounts in RMB'000 unless otherwise stated)

21. FINANCE LEASE RECEIVABLES (continued)

Movement of allowance for ECL

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
(Unaudited)				
As at 1 January 2022	523,852	496,926	543,431	1,564,209
Changes in the loss allowance:				
– ECL (reversed)/recognised	(8,121)	317,483	330,500	639,862
– Write-offs	–	–	(207,437)	(207,437)
– Transfer between stages	(37,007)	(128,188)	165,195	–
– Recovery of finance lease receivables previously written off	–	–	38,788	38,788
– Other derecognition	–	–	(447,540)	(447,540)
As at 30 June 2022	478,724	686,221	422,937	1,587,882

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

Analysis of present value of minimum finance lease receivables

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
As at 30 June 2022 (Unaudited)	24,007,171	2,047,090	874,511	26,928,772
As at 31 December 2021 (Audited)	32,415,838	1,647,131	973,827	35,036,796

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(All amounts in RMB'000 unless otherwise stated)

22. RECEIVABLES ARISING FROM SALE AND LEASEBACK ARRANGEMENTS

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

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
– Within one year	32,235,072	26,278,930
– In the second year	23,094,549	18,371,251
– In the third year	12,408,719	10,718,660
– In the fourth year	5,214,284	3,873,796
– In the fifth year	2,674,958	1,991,889
– Over fifth year	632,948	158,862
Gross amount of receivables arising from sale and leaseback arrangements	76,260,530	61,393,388
Less: Interest adjustment	(7,144,915)	(5,535,329)
Present value of receivables arising from sale and leaseback arrangements	69,115,615	55,858,059
Less: Allowance for ECL	(914,198)	(770,036)
Carrying amount of receivables arising from sale and leaseback arrangements	68,201,417	55,088,023
Present value of receivables arising from sale and leaseback arrangements:		
– Within one year	29,219,221	23,910,557
– In the second year	20,931,940	16,714,899
– In the third year	11,243,126	9,751,609
– In the fourth year	4,724,279	3,524,290
– In the fifth year	2,423,582	1,812,175
– Over fifth year	573,467	144,529
Total	69,115,615	55,858,059
Analysed as:		
Current assets	28,796,531	23,566,177
Non-current assets	39,404,886	31,521,846
Total	68,201,417	55,088,023

As at 30 June 2022, the Group's receivables arising from sale and leaseback arrangements pledged as collateral for the Group's bank borrowings amounted to RMB6,063,863 thousand (31 December 2021: RMB8,024,083 thousand).

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For the six months ended 30 June 2022

(All amounts in RMB'000 unless otherwise stated)

22. RECEIVABLES ARISING FROM SALE AND LEASEBACK ARRANGEMENTS (continued)

Movement of allowance for ECL

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
(Unaudited)				
As at 1 January 2022	699,717	41,974	28,345	770,036
Changes in the loss allowance:				
– ECL recognised	80,738	26,656	38,193	145,587
– Write-offs	–	–	(2,850)	(2,850)
– Transfer between stages	(4,858)	(15,313)	20,171	–
– Recovery of receivable arising from sale and leaseback arrangements previously written off	–	–	1,425	1,425
As at 30 June 2022	775,597	53,317	85,284	914,198

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

Analysis of present value of receivables arising from sale and leaseback arrangements

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
As at 30 June 2022 (Unaudited)	68,699,362	259,413	156,840	69,115,615
As at 31 December 2021 (Audited)	55,618,393	179,113	60,553	55,858,059

23. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Other equity investments (Note i)	6,612,456	10,246,871
Analysed as:		
– Listed	5,539,522	9,860,664
– Unlisted	1,072,934	386,207
	6,612,456	10,246,871

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

Notes:

- (i) As at 30 June 2022, equity instruments at fair value through other comprehensive income ("FVTOCI") include non-traded shares and shares held by the Group. As the equity instruments are not held for trading purpose, the Group has designated these investments as equity instruments at FVTOCI.

As a result of the change of investment strategies, the Group disposed certain equity instrument at FVTOCI, and the corresponding losses of RMB291,640 thousand was reclassified from revaluation reserve to retained earnings.

- (ii) As at 30 June 2022, equity instruments at FVTOCI of RMB2,436,741 thousand (31 December 2021: 2,569,298 thousand) were collateralized for securities lending.

The dividend income from equity instruments at FVTOCI was disclosed in Note 6.

24. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Unlisted debt securities	13,800,240	10,531,176
Listed debt securities	28,254,987	26,521,769
	42,055,227	37,052,945
Analysed for reporting purpose as:		
Current assets	3,060,154	4,002,056
Non-current assets	38,995,073	33,050,889
	42,055,227	37,052,945
ECL	213,240	259,658

As at 30 June 2022, debt instruments at fair value through other comprehensive income of RMB33,145 million (31 December 2021: RMB27,051 million) were collateralized for repurchase agreements, refinancing, securities lending and derivatives compensation contracts.

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

Movement of allowance for ECL

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
(Unaudited)				
As at 1 January 2022	100,389	159,003	266	259,658
Changes in the loss allowance:				
– ECL reversed	(31,214)	(23,336)	–	(54,550)
– Transfer between stages	12,920	(12,659)	(261)	–
– Exchange difference and others	151	7,986	(5)	8,132
As at 30 June 2022	82,246	130,994	–	213,240

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

Gross carrying amount

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
As at 30 June 2022 (Unaudited)	38,165,545	3,700,105	–	41,865,650
As at 31 December 2021 (Audited)	33,469,181	3,436,585	38,434	36,944,200

25. DEBT INSTRUMENTS MEASURED AT AMORTISED COST

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Debt instruments	5,313,066	4,745,698
Less: Allowance for ECL	(21,906)	(20,489)
	5,291,160	4,725,209
Analysed for reporting purpose as:		
Current assets	429,093	1,099,101
Non-current assets	4,862,067	3,626,108
	5,291,160	4,725,209

Notes:

As at 30 June 2022, debt instruments measured at amortised cost of RMB3,452 million (31 December 2021: RMB2,565 million) were pledged to repurchase arrangements and refinancing with Bank of Portugal.

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25. DEBT INSTRUMENTS MEASURED AT AMORTISED COST (continued)

Movement of allowance for ECL

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
(Unaudited)				
As at 1 January 2022	20,489	–	–	20,489
Changes in the loss allowance:				
– ECL recognised	1,238	–	–	1,238
– Exchange difference and others	179	–	–	179
As at 30 June 2022	21,906	–	–	21,906

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

Gross carrying amount

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
As at 30 June 2022 (Unaudited)	5,313,066	–	–	5,313,066
As at 31 December 2021 (Audited)	4,745,698	–	–	4,745,698

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Debt securities	93,074,282	117,085,317
Equity securities	33,721,553	34,954,924
Funds	56,210,201	48,625,818
Others	18,860,201	19,743,690
	201,866,237	220,409,749
Analysed for reporting purpose as:		
Current assets	178,790,503	195,277,554
Non-current assets	23,075,734	25,132,195
	201,866,237	220,409,749

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

Notes:

- (i) As at 30 June 2022, financial assets at fair value through profit or loss of RMB48,701 million (31 December 2021: RMB62,710 million) were collateralized for repurchase arrangements, refinancing, securities lending and derivatives compensation contracts, including restricted securities amounted to RMB892 million (31 December 2021: RMB1,729 million).
- (ii) The restricted financial assets at fair value through profit or loss with a legally enforceable restriction that prevents the Group to dispose of within a specified period amounted to approximately RMB6,496 million as at 30 June 2022 (31 December 2021: RMB9,045 million). The fair value of these financial assets has considered the relevant features such including selling restrictions.
- (iii) For financial assets in connection with structured products with remaining maturities over one year, they are classified as non-current assets as they are not expected to be settled within one year.

27. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Analysed by collateral type:		
Stock (Note)	29,073,664	31,968,603
Bonds	13,745,438	9,584,043
Less: Allowance for ECL	(719,645)	(1,791,629)
	42,099,457	39,761,017
Analysed by market:		
Stock Exchange	38,959,038	37,044,102
Inter-bank market	3,860,064	4,508,544
Less: Allowance for ECL	(719,645)	(1,791,629)
	42,099,457	39,761,017
Analysed for reporting purpose as:		
Current assets	41,537,039	39,185,614
Non-current assets	562,418	575,403
	42,099,457	39,761,017

Note:

The financial assets (pledged by stock) held under resale agreements are those resale agreements which qualified investors entered into with the Group with a commitment to purchase the specified securities at a future date with an agreed price. As at 30 June 2022, for the Group, the gross carrying amount of these agreements within one year was RMB28,510,923 thousand (31 December 2021: RMB31,392,851 thousand), the gross carrying amount of these agreements over one year was RMB562,741 thousand (31 December 2021: RMB575,752 thousand);

As at 30 June 2022, the fair value of the collateral was RMB110,104,427 thousand (31 December 2021: RMB121,478,644 thousand).

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27. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS (continued)

Movement of allowance for ECL

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
(Unaudited)				
As at 1 January 2022	13,905	1,180	1,776,544	1,791,629
Changes in the loss allowance:				
– ECL (reversed)/recognised	(2,458)	1,772	(822,124)	(822,810)
– Transfer between stages	2,243	(2,475)	232	–
– Other derecognition	–	–	(249,176)	(249,176)
– Exchange difference and others	2	–	–	2
As at 30 June 2022	13,692	477	705,476	719,645

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

Gross carrying amount

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
As at 30 June 2022 (Unaudited)	40,551,449	76,448	2,191,205	42,819,102
As at 31 December 2021 (Audited)	37,068,437	214,814	4,269,395	41,552,646

28. OTHER LOANS AND RECEIVABLES

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Factoring receivable	–	6,030,532
Entrusted loans and others	598,992	720,224
Other loans and receivables	7,144,892	8,926,484
Gross carrying amount	7,743,884	15,677,240
Less: Allowance for ECL	(391,112)	(738,575)
	7,352,772	14,938,665
Analysed for reporting purpose as:		
Current assets	6,075,061	12,544,269
Non-current assets	1,277,711	2,394,396
	7,352,772	14,938,665

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28. OTHER LOANS AND RECEIVABLES (continued)

Movement of allowance for ECL

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
(Unaudited)				
As at 1 January 2022	130,639	249,589	358,347	738,575
Changes in the loss allowance:				
– ECL (reversed)/recognised	(117,662)	637	34,182	(82,843)
– Write-offs	–	–	(184,793)	(184,793)
– Other derecognition	–	(101,866)	9,044	(92,822)
– Exchange difference and others	784	–	12,211	12,995
As at 30 June 2022	13,761	148,360	228,991	391,112

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

Gross carrying amount

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
As at 30 June 2022 (Unaudited)	3,858,288	378,612	3,506,984	7,743,884
As at 31 December 2021 (Audited)	10,575,552	935,291	4,166,397	15,677,240

29. LOANS AND ADVANCES

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Loans and advances	5,444,510	4,808,748
Less: Allowance for ECL	(96,812)	(96,097)
	5,347,698	4,712,651
Analysed for reporting purpose as:		
Current assets	629,224	593,565
Non-current assets	4,718,474	4,119,086
	5,347,698	4,712,651

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29. LOANS AND ADVANCES (continued)

Movement of ECL for loans and advances

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
(Unaudited)				
As at 1 January 2022	18,529	37,737	39,831	96,097
Changes in the loss allowance:				
– ECL reversed	(1,048)	(812)	(702)	(2,562)
– Transfer between stages	530	(530)	–	–
– Exchange difference and others	218	2,726	333	3,277
As at 30 June 2022	18,229	39,121	39,462	96,812

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

Gross carrying amount

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
As at 30 June 2022 (Unaudited)	4,653,348	723,694	67,468	5,444,510
As at 31 December 2021 (Audited)	4,116,862	596,883	95,003	4,808,748

30. DEFERRED TAXATION

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

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Deferred tax assets	4,435,588	5,171,925
Deferred tax liabilities	(965,254)	(1,320,651)
	3,470,334	3,851,274

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30. DEFERRED TAXATION (continued)

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

	Financial assets/ liabilities at fair value through profit or loss	Accelerated depreciation	Derivative financial instruments	Accrued but not paid expenses	Debt instrument at fair value through other comprehensive income	Equity instrument at fair value through other comprehensive income	Impairment losses	Tax losses and others	Total
(Audited)									
As at 1 January 2021	(859,460)	(81,608)	54,231	1,324,938	187,026	(180,706)	2,603,868	535,737	3,584,026
(Charge)/Credit to profit or loss	(346,392)	11,774	32,971	33,044	(135,131)	-	619,840	(8,253)	207,853
(Charge)/Credit to other comprehensive income	-	-	(4,053)	-	(86,644)	108,150	-	-	17,453
Effects of exchange rate and other change	-	1,744	(930)	15,631	6,252	39,969	(7,001)	(13,723)	41,942
As at 31 December 2021	(1,205,852)	(68,090)	82,219	1,373,613	(28,497)	(32,587)	3,216,707	513,761	3,851,274
(Unaudited)									
(Charge)/Credit to profit or loss	74,276	(6,556)	(372,007)	117,345	11,933	-	(341,697)	(20,365)	(537,071)
Credit to other comprehensive income	-	-	17,069	-	2,665	238,928	-	-	258,662
Effects of exchange rate and other change	-	(2,727)	1,454	23,420	(21,338)	(135,748)	10,948	21,460	(102,531)
As at 30 June 2022	(1,131,576)	(77,373)	(271,265)	1,514,378	(35,237)	70,593	2,885,958	514,856	3,470,334

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

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31. DEPOSITS WITH EXCHANGES

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Deposits with stock exchanges		
– Shanghai Stock Exchange	623,951	1,083,784
– Shenzhen Stock Exchange	186,673	196,785
– National Equities Exchange and Quotations	2,827	3,183
– Stock Exchange of Hong Kong Limited	1,618	1,788
Subtotal	815,069	1,285,540
Deposits with futures and commodity exchanges		
– China Financial Futures Exchange	10,626,946	8,715,967
– Shanghai Futures Exchange	3,177,815	2,909,388
– Dalian Commodity Exchange	2,784,867	2,241,738
– Zhengzhou Commodity Exchange	1,165,840	1,083,011
– Shanghai Gold Exchange	18,613	15,694
– HKFE Clearing Corporation Limited	1,904	5,430
– Collateral deposits placed with overseas stock exchange and brokers	659,189	594,660
Subtotal	18,435,174	15,565,888
Trading rights and other deposits		
– Deposit with CSFC	463,159	440,150
– Guarantee fund paid to Hong Kong Securities Clearing Company Ltd.	137,187	142,223
– Deposit with Shanghai Clearing House	118,087	117,659
– Guarantee fund paid to Shenzhen Stock Exchange	32,911	49,113
– Guarantee fund paid to Shanghai Stock Exchange	27,748	40,792
– Guarantee fund paid to the Stock Exchange of Hong Kong Options Clearing House Ltd.	3,310	4,241
– Others	10,067	9,562
Subtotal	792,469	803,740
Total	20,042,712	17,655,168
Analysed for reporting purpose as:		
Current assets	19,888,627	17,491,923
Non-current assets	154,085	163,245
	20,042,712	17,655,168

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32. BANK BALANCES AND CASH

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
General accounts	67,504,684	51,045,568
Cash held on behalf of clients (Note i)	114,094,553	106,920,251
Less: allowance for impairment losses	(14,702)	(14,202)
	181,584,535	157,951,617
Less: non-current restricted bank deposits (Note ii)	(1,630,380)	(1,503,454)
	179,954,155	156,448,163

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

Notes:

- (i) The Group received and held cash deposited by clients in the course of the conduct of the regulated activities. The Group has recognised the corresponding amount in accounts payable to brokerage clients (Note 44). The Group did not have a legally enforceable right to offset these payables and clients' deposits.
- (ii) The non-current restricted bank deposits include risk reserves and margin deposits over one year.

33. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Bank balances and cash – general account (excluding accrued interest)	67,407,407	50,949,331
Less: Restricted bank deposits (i)	(2,449,162)	(2,534,750)
Deposits with other banks (excluding accrued interest)	247,294	226,311
Deposits with central banks other than legal reserve	4,429,531	3,284,435
Clearing settlement funds – House accounts	4,660,555	5,779,740
	74,295,625	57,705,067

- (i) The restrictive deposits are special account deposits for risk reserves, margin deposits of notes payable and aircraft maintenance funds.

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34. OTHER NON-CURRENT ASSETS

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Long-term receivables from government cooperation projects	816,073	885,385
Foreclosed assets	93,446	250,330
Repossession of finance lease assets	161,394	219,013
Others	1,085,207	536,630
	2,156,120	1,891,358

35. ADVANCES TO CUSTOMERS ON MARGIN FINANCING

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Loans to margin clients (Note)	71,688,061	76,937,089
Less: Allowance for ECL	(2,019,860)	(1,713,685)
	69,668,201	75,223,404
Analysed for reporting purpose as:		
Current assets	69,668,201	75,223,404

Note:

The credit facility limits for margin clients are determined by the discounted market value of the collateral securities accepted by the Group.

The majority of the loans to margin clients, which are secured by the underlying pledged securities, are interest bearing. The Group maintains a list of approved stocks for margin lending at a specified loan to collateral ratio. Any excess in the lending ratio will trigger a margin call which the customers have to make up the shortfall.

Loans to margin clients as at 30 June 2022 were secured by the customers' securities to the Group as collateral with undiscounted market value of approximately RMB231,031,213 thousand (31 December 2021: RMB263,615,471 thousand).

As at 30 June 2022, cash collateral received from clients for securities lending and margin financing arrangement, included in the Group's accounts payable to brokerage clients amounted to approximately RMB9,000,047 thousand (31 December 2021: RMB8,073,655 thousand).

The directors of the Company are of the opinion that the aging analysis does not give additional value in view of the nature of the business. As a result, no aging analysis is disclosed. The Group determines the allowance for impaired debts based on the evaluation of collectability and management's judgment including the assessment of change in credit quality, collateral and the past collection history of each client. The concentration of credit risk is limited due to the customer base being large and unrelated.

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35. ADVANCES TO CUSTOMERS ON MARGIN FINANCING (continued)

Movements of ECL for advances to customers on margin financing

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
(Unaudited)				
As at 1 January 2022	55,087	11,811	1,646,787	1,713,685
Changes in the loss allowance:				
– ECL recognised	24,463	16,726	271,446	312,635
– Write-offs	–	–	(38,360)	(38,360)
– Transfer between stages	(2,240)	(8,705)	10,945	–
– Exchange difference and others	1,626	640	29,634	31,900
As at 30 June 2022	78,936	20,472	1,920,452	2,019,860

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

Gross carrying amount

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
As at 30 June 2022 (Unaudited)	66,979,232	1,607,586	3,101,243	71,688,061
As at 31 December 2021 (Audited)	73,158,320	1,019,080	2,759,689	76,937,089

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36. ACCOUNTS RECEIVABLE

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Accounts receivable from:		
– Brokers, dealers and clearing house	4,628,458	7,007,206
– Cash clients	1,564,000	1,503,403
– Asset and fund management	732,506	847,026
– Advisory and financial planning	37,274	28,354
– Clients for subscription of new shares in IPO	1,424	–
– Others	1,747,698	2,189,133
	8,711,360	11,575,122
Less: Allowance for ECL	(214,748)	(203,106)
	8,496,612	11,372,016

Aging analysis of accounts receivable from the trade date is as follows:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Less than 3 months	6,756,859	9,918,027
3 to 6 months	330,556	490,884
6 to 12 months	1,034,093	432,920
More than 1 year	375,104	530,185
	8,496,612	11,372,016

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37. DERIVATIVE INSTRUMENTS (continued)

Notes:

(i) Stock index futures contracts

Under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in stock index futures ("SIF") were settled daily and the corresponding payments or receipts were included in "clearing settlement funds" as at 30 June 2022. Accordingly, the net position of the SIF contracts in derivative instruments was nil at the end of reporting period. As at 30 June 2022, the contract value of the outstanding stock index futures contracts that the Group held for the market risk of the securities lent or to be lent to clients is RMB24,399,117 thousand (31 December 2021: RMB15,488,680 thousand), recognising net derivative assets of RMB625,158 thousand (31 December 2021: net derivative assets of RMB167,825 thousand) before settlement.

(ii) Treasury futures contracts

Under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in treasury futures ("TF") contracts were settled daily and the corresponding payments or receipts were included in "clearing settlement funds" as at 30 June 2022. Accordingly, the net position of the TF contracts in derivative instruments was nil at the end of reporting period (31 December 2021: nil).

	30 June 2022 (Unaudited)	
	Contractual value	Fair value
T2209	116,988	153
TF2209	8,689,367	17,321
TS2209	8,881,581	840
Total	17,687,936	18,314
Plus: settlements		(18,314)
Net position of TF contracts		-
	31 December 2021 (Audited)	
	Contractual value	Fair value
T2103	2,808,181	(30,324)
TF2103	8,386,402	(62,172)
TS2103	11,084,433	(23,127)
Total	22,279,016	(115,623)
Plus: settlements		115,623
Net position of TF contracts		-

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37. DERIVATIVE INSTRUMENTS (continued)

Notes: (continued)

(iii) Commodity futures contracts

Under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in commodity futures were settled daily and the corresponding payments or receipts were included in "clearing settlement funds" as at 30 June 2022. Accordingly, the net position of the commodity futures contracts under the daily mark-to-market and settlement arrangement was nil (31 December 2021: nil).

	30 June 2022 (Unaudited)		31 December 2021 (Audited)	
	Contractual value	Fair value	Contractual value	Fair value
Total	16,407,978	(6,546)	11,394,851	(13,426)
Plus: settlement		6,546		13,426
Net position		–		–

(iv) Interest rate swap contracts

Under the daily mark-to-market and settlement arrangements, any gains or losses of the Group's position in interest rate swap ("IRS") contracts were settled daily in Shanghai Clearing House and the corresponding payments or receipts were included in "clearing settlement funds" as at 30 June 2022. Accordingly, the net position of the IRS contracts in derivative instruments was nil at the end of reporting period.

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

	30 June 2022 (Unaudited)		
	Contractual value	Assets	Liabilities
IRS – settled in Shanghai Clearing House	66,592,333	246,024	203,314
IRS – non-centralised settlement	220,134	398,491	320,755
Total	66,812,467	644,515	524,069
Plus: settlements		(246,024)	(203,314)
Net position of IRS contracts		398,491	320,755

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37. DERIVATIVE INSTRUMENTS (continued)

Notes: (continued)

(iv) Interest rate swap contracts (continued)

	31 December 2021 (Audited)		
	Contractual value	Assets	Liabilities
IRS – settled in Shanghai Clearing House	62,456,693	73,513	382,558
IRS – non-centralised settlement	30,000	453,337	–
Total	62,486,693	526,850	382,558
Plus: settlements		(73,513)	–
Net position of IRS contracts		453,337	382,558

(v) Options

As at 30 June 2022, the notional principal amounts of the Group's options purchased or written in Mainland China were approximately RMB92,023,620 thousand (31 December 2021: RMB120,134,799 thousand). The notional principal amounts of the Group's options purchased or written outside Mainland China were approximately RMB2,443,265 thousand (31 December 2021: RMB7,814,548 thousand).

38. OTHER CURRENT ASSETS

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Prepayments	1,522,402	1,458,367
Dividend receivable	397,083	3,042
Inventories	168,555	166,906
Other receivables (Note i)	5,806,875	5,109,234
	7,894,915	6,737,549
Less: Allowance for ECL (Note ii)	(511,136)	(495,462)
	7,383,779	6,242,087

Notes:

- (i) The other receivables and prepayments include short-term rental deposits placed with landlords under operating leases, other prepaid expenses for daily operation and other receivable and prepayments items such as prepaid taxes.
- (ii) Included in the impairment losses of the Group mainly represents a gross receivable of RMB429,994 thousand from an independent third party. In the opinion of the directors of the Company, the recoverability of the receivable is remote and a full provision was made in prior year.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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(All amounts in RMB'000 unless otherwise stated)

39. CLEARING SETTLEMENT FUNDS

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Clearing settlement funds held with clearing houses for:		
House accounts	4,660,556	5,779,740
Customers	10,445,971	10,985,678
	15,106,527	16,765,418

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

40. DEPOSITS WITH CENTRAL BANKS AND OTHER BANKS

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Deposits with central banks other than legal reserve	4,429,531	3,284,435
Legal reserve	14,124	19,774
Total	4,443,655	3,304,209
Deposits with other banks	247,323	226,343
Less: Allowance for ECL	(3)	(6)
Total	247,320	226,337
	4,690,975	3,530,546

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

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41. BORROWINGS

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Short-term borrowings:		
Secured borrowings (Note)	2,014,762	1,906,267
Unsecured borrowings	30,584,900	27,668,766
	32,599,662	29,575,033
Long-term borrowing:		
Secured borrowings (Note)	20,418,062	17,576,036
Unsecured borrowings	34,011,207	32,002,992
	54,429,269	49,579,028
Total	87,028,931	79,154,061
Current liabilities:		
Short-term borrowings	32,599,662	29,575,033
Long-term borrowings due within one year	17,454,242	18,827,302
	50,053,904	48,402,335
Non-current liabilities:		
Long-term borrowings	36,975,027	30,751,726
	87,028,931	79,154,061
Analysis by maturity:		
Less than 1 year	50,053,904	48,402,335
1 to 2 years	11,372,350	10,633,261
2 to 5 years	25,101,790	19,987,997
More than 5 years	500,887	130,468
	87,028,931	79,154,061

Note:

As at 30 June 2022, borrowings of RMB1,333 million (31 December 2021: RMB1,333 million) are secured by the Building B2 of Greenland Center, No.858, Zhongshan Rd.(S), Huangpu District, Shanghai, the PRC.

As at 30 June 2022, borrowings of RMB754 million (31 December 2021: RMB759 million) are secured by the Building B3 of Greenland Center, No.888, Zhongshan Rd.(S), Huangpu District, Shanghai, the PRC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

(All amounts in RMB'000 unless otherwise stated)

41. BORROWINGS (continued)

Note: (continued)

As at 30 June 2022, borrowings of RMB680 million (31 December 2021: Nil) are secured by the Building B1 of Greenland Center, No.868, Zhongshan Rd.(S), Huangpu District, Shanghai, the PRC.

As at 30 June 2022, borrowings of RMB855 million are secured by DaCheng-Haitong China Bond fund No.1 owned by the Group (31 December 2021: RMB818 million). The fair value of the secured assets is RMB2,785 million (31 December 2021 RMB2,613 million).

As at 30 June 2022, borrowings of RMB9,692 million (31 December 2021: RMB6,756 million) are secured by the shares of Haitong UT Capital Group Co., Limited and Haitong Bank, S.A. held by the Group.

As at 30 June 2022, bank loans of HKD339 million (RMB290 million) (31 December 2021: HKD78 million (RMB64 million)) were secured by collaterals (listed shares) acquired against the advances to customers on margin financing with the consent of the customers. The fair value of the secured collaterals is HKD1,770 million (RMB1,514 million) (31 December 2021: HKD2,437 million (RMB1,992 million)).

As at 30 June 2022, borrowings of RMB8,782 million (31 December 2021: RMB9,741 million) are secured by finance leases receivables, receivables arising from sale and leaseback arrangements, the shares of subsidiaries, and aircraft for leasing. As at 30 June 2022, the book value of secured finance lease receivable is RMB536 million (31 December 2021: RMB1,137 million), the book value of receivables arising from sale and leaseback arrangements is RMB6,064 million (31 December 2021: RMB8,024 million), the book value of secured aircraft for leasing is RMB4,976 million (31 December 2021: RMB4,839 million).

During the current interim period, in respect of bank loans with carrying amount of HKD13,800 million (RMB11,802 million) as at 30 June 2022, Haitong International Securities Group Limited 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 Haitong International Securities Group Limited informed the lenders and applied for the waiver of strict compliance of aforementioned condition and such waiver was obtained prior to the date of approval of the interim condensed consolidated financial information.

During the current interim period, in respect of bank loans with carrying amount of HKD11,909 million (RMB10,184 million) as at 30 June 2022, Haitong International Holdings Limited 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 Haitong International Holdings Limited informed the lenders and applied for the waiver of strict compliance of aforementioned condition and such waiver was obtained prior to the date of approval of the interim condensed consolidated financial information.

42. SHORT-TERM FINANCING BILLS PAYABLES

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Ultra-short-term commercial papers	5,021,404	6,076,732
Medium-term notes	5,532,438	5,593,378
Short-term income certification	2,473,840	2,178,256
Short-term corporate bonds	9,632,348	11,138,322
	22,660,030	24,986,688

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(All amounts in RMB'000 unless otherwise stated)

42. SHORT-TERM FINANCING BILLS PAYABLES (continued)

Issue Entity	Type	Issue date	Maturity date	Coupon Rate	Opening Balance RMB'000	Increase RMB'000	Decrease RMB'000	Ending Balance RMB'000
Haitong Securities Co., Ltd	Short-term corporate bonds	7/12/2021	6/16/2022	2.82%	6,080,196	76,950	6,157,146	-
Haitong Securities Co., Ltd	Short-term corporate bonds	7/29/2021	7/29/2022	2.72%	5,058,126	67,441	-	5,125,567
Haitong Securities Co., Ltd	Short-term corporate bonds	6/9/2022	6/9/2023	2.50%	-	4,506,781	-	4,506,781
Haitong Securities Co., Ltd	Short-term income certificate	7/5/2021 to 7/1/2022	7/3/2022 to 6/29/2023	0.00%-3.30%	2,178,256	9,167,849	8,872,265	2,473,840
Haitong UniTrust International Financial Leasing Co., Ltd.	Ultra-short-term commercial papers	4/30/2021	1/21/2022	3.35%	1,022,452	1,836	1,024,288	-
Haitong UniTrust International Financial Leasing Co., Ltd.	Ultra-short-term commercial papers	5/21/2021	1/21/2022	3.25%	1,019,896	1,781	1,021,677	-
Haitong UniTrust International Financial Leasing Co., Ltd.	Ultra-short-term commercial papers	5/24/2021	2/18/2022	3.30%	509,908	2,170	512,078	-
Haitong UniTrust International Financial Leasing Co., Ltd.	Ultra-short-term commercial papers	8/6/2021	4/22/2022	2.97%	1,011,492	9,032	1,020,524	-
Haitong UniTrust International Financial Leasing Co., Ltd.	Ultra-short-term commercial papers	8/23/2021	3/11/2022	2.83%	504,893	2,675	507,568	-
Haitong UniTrust International Financial Leasing Co., Ltd.	Ultra-short-term commercial papers	10/13/2021	3/25/2022	2.85%	1,005,768	6,481	1,012,249	-
Haitong UniTrust International Financial Leasing Co., Ltd.	Ultra-short-term commercial papers	11/25/2021	4/15/2022	2.85%	1,002,324	8,121	1,010,445	-
Haitong UniTrust International Financial Leasing Co., Ltd.	Ultra-short-term commercial papers	1/11/2022	5/27/2022	2.60%	-	1,009,688	1,009,688	-
Haitong UniTrust International Financial Leasing Co., Ltd.	Ultra-short-term commercial papers	1/19/2022	6/17/2022	2.60%	-	505,307	505,307	-
Haitong UniTrust International Financial Leasing Co., Ltd.	Ultra-short-term commercial papers	2/16/2022	8/26/2022	2.43%	-	504,335	-	504,335
Haitong UniTrust International Financial Leasing Co., Ltd.	Ultra-short-term commercial papers	3/8/2022	8/25/2022	2.46%	-	503,710	-	503,710
Haitong UniTrust International Financial Leasing Co., Ltd.	Ultra-short-term commercial papers	3/23/2022	8/12/2022	2.46%	-	1,006,455	-	1,006,455
Haitong UniTrust International Financial Leasing Co., Ltd.	Ultra-short-term commercial papers	4/13/2022	10/28/2022	2.49%	-	502,368	-	502,368
Haitong UniTrust International Financial Leasing Co., Ltd.	Ultra-short-term commercial papers	4/20/2022	11/18/2022	2.28%	-	1,003,761	-	1,003,761
Haitong UniTrust International Financial Leasing Co., Ltd.	Ultra-short-term commercial papers	5/25/2022	2/17/2023	2.05%	-	1,000,957	-	1,000,957
Haitong UniTrust International Financial Leasing Co., Ltd.	Ultra-short-term commercial papers	6/15/2022	3/10/2023	2.06%	-	499,819	-	499,819
Haitong International Securities Group Limited	Medium-term notes	4/8/2021	1/10/2022	0.72%	320,486	14,735	335,221	-

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Issue Entity	Type	Issue date	Maturity date	Coupon Rate	Opening Balance RMB'000	Increase RMB'000	Decrease RMB'000	Ending Balance RMB'000
Haitong International Securities Group Limited	Medium-term notes	7/16/2021	1/18/2022	0.60%	655,867	30,154	686,021	-
Haitong International Securities Group Limited	Medium-term notes	7/16/2021	7/15/2022	0.70%	207,420	10,383	-	217,803
Haitong International Securities Group Limited	Medium-term notes	7/29/2021	1/28/2022	0.60%	311,477	14,320	325,797	-
Haitong International Securities Group Limited	Medium-term notes	8/3/2021	2/7/2022	0.60%	311,454	14,319	325,773	-
Haitong International Securities Group Limited	Medium-term notes	8/18/2021	2/18/2022	0.50%	655,193	30,123	685,316	-
Haitong International Securities Group Limited	Medium-term notes	8/26/2021	8/25/2022	0.58%	319,295	17,863	-	337,158
Haitong International Securities Group Limited	Medium-term notes	9/14/2021	3/14/2022	0.00%	246,644	11,340	257,984	-
Haitong International Securities Group Limited	Medium-term notes	9/20/2021	9/19/2022	0.59%	638,366	35,715	-	674,081
Haitong International Securities Group Limited	Medium-term notes	12/8/2021	12/7/2022	0.75%	636,686	36,633	-	673,319
Haitong International Securities Group Limited	Medium-term notes	12/13/2021	6/13/2022	0.65%	653,938	30,065	684,003	-
Haitong International Securities Group Limited	Medium-term notes	12/16/2021	12/15/2022	0.75%	636,551	36,626	-	673,177
Haitong International Securities Group Limited	Medium-term notes	1/13/2022	7/13/2022	0.75%	-	404,030	-	404,030
Haitong International Securities Group Limited	Medium-term notes	1/31/2022	8/1/2022	0.60%	-	134,523	-	134,523
Haitong International Securities Group Limited	Medium-term notes	2/17/2022	2/16/2023	1.00%	-	878,665	-	878,665
Haitong International Securities Group Limited	Medium-term notes	6/8/2022	1/9/2023	2.10%	-	1,454,174	-	1,454,174
Haitong International Securities Group Limited	Medium-term notes	6/9/2022	1/10/2023	2.00%	-	85,507	-	85,507
Total					24,986,688	23,626,692	25,953,350	22,660,030

Note: As at 30 June 2022, short-term financing bills include the outstanding short-term corporate bonds and income certificates with an original maturity of less than 1 year. As at 30 June 2022 and 31 December 2021, there was no default in the principal, interest or redemption payments for the short-term financing bonds payable by the Group.

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43. BONDS PAYABLE

Issue entity	Type	Currency	Principal amount in original currency '000	Issue date	Maturity date	Coupon Rate	Opening Balance RMB'000	Increase RMB'000	Decrease RMB'000	Closing Balance RMB'000
Haitong Securities Co., Ltd.	Corporate bonds	RMB	2,390,000	11/25/2013	11/25/2023	6.18%	2,401,346	74,150	-	2,475,496
Haitong Securities Co., Ltd.	Corporate bonds	RMB	800,000	7/14/2014	7/14/2024	5.85%	821,925	23,208	-	845,133
Haitong Securities Co., Ltd.	Corporate bonds	RMB	1,000,000	8/11/2017	8/11/2022	4.80%	1,018,551	24,010	-	1,042,561
Haitong Securities Co., Ltd.	Corporate bonds	RMB	5,500,000	9/22/2017	9/22/2027	4.99%	5,569,377	136,595	-	5,705,972
Haitong Securities Co., Ltd.	Corporate bonds	USD	300,000	12/13/2018	12/13/2023	4.50%	1,913,075	170,891	69,363	2,014,603
Haitong Securities Co., Ltd.	Corporate bonds	EUR	230,000	12/13/2018	12/13/2023	Euribor+165bps	1,661,502	66,087	114,783	1,612,806
Haitong Securities Co., Ltd.	Corporate bonds	RMB	5,000,000	4/11/2019	4/11/2022	3.75%	5,136,130	51,370	5,187,500	-
Haitong Securities Co., Ltd.	Corporate bonds	RMB	4,500,000	11/15/2019	11/15/2022	3.52%	4,520,397	78,549	-	4,598,946
Haitong Securities Co., Ltd.	Corporate bonds	RMB	5,000,000	2/27/2020	2/27/2023	3.01%	5,126,997	74,632	150,500	5,051,129
Haitong Securities Co., Ltd.	Corporate bonds	RMB	3,500,000	3/19/2020	3/19/2023	2.99%	3,582,573	51,895	104,650	3,529,818
Haitong Securities Co., Ltd.	Corporate bonds	RMB	5,600,000	4/30/2020	4/30/2023	2.38%	5,689,827	66,092	133,280	5,622,639
Haitong Securities Co., Ltd.	Corporate bonds	RMB	700,000	4/30/2020	4/30/2025	2.88%	713,587	9,997	20,160	703,424
Haitong Securities Co., Ltd.	Corporate bonds	RMB	6,700,000	5/25/2020	5/25/2023	2.70%	6,809,531	89,707	180,900	6,718,338
Haitong Securities Co., Ltd.	Corporate bonds	RMB	6,000,000	8/11/2020	8/11/2023	3.53%	6,082,979	105,030	-	6,188,009
Haitong Securities Co., Ltd.	Corporate bonds	RMB	5,000,000	10/21/2020	10/21/2022	3.82%	5,037,677	94,715	-	5,132,392
Haitong Securities Co., Ltd.	Corporate bonds	RMB	5,000,000	11/19/2020	11/13/2022	3.70%	5,206,795	6,081	5,212,876	-
Haitong Securities Co., Ltd.	Corporate bonds	RMB	6,000,000	1/13/2021	1/13/2024	3.58%	6,207,738	106,517	214,800	6,099,455
Haitong Securities Co., Ltd.	Corporate bonds	RMB	5,400,000	2/8/2021	2/8/2024	3.79%	5,583,353	101,489	204,660	5,480,182
Haitong Securities Co., Ltd.	Corporate bonds	RMB	5,000,000	4/23/2021	4/23/2024	3.45%	5,119,568	85,541	172,499	5,032,610
Haitong Securities Co., Ltd.	Corporate bonds	RMB	2,800,000	5/27/2021	5/27/2024	3.35%	2,856,280	46,515	93,800	2,808,995
Haitong Securities Co., Ltd.	Corporate bonds	RMB	2,100,000	6/10/2021	6/10/2024	3.40%	2,140,101	35,407	71,400	2,104,108
Haitong Securities Co., Ltd.	Corporate bonds	RMB	2,000,000	7/29/2021	7/29/2024	3.14%	2,026,841	31,141	-	2,057,982
Haitong Securities Co., Ltd.	Corporate bonds	RMB	3,000,000	8/20/2021	8/20/2024	3.04%	3,033,482	45,225	-	3,078,707
Haitong Securities Co., Ltd.	Corporate bonds	RMB	2,000,000	8/30/2021	8/30/2024	3.10%	2,021,063	30,745	-	2,051,808
Haitong Securities Co., Ltd.	Corporate bonds	RMB	2,000,000	8/30/2021	8/30/2026	3.43%	2,023,305	34,018	-	2,057,323
Haitong Securities Co., Ltd.	Corporate bonds	RMB	5,000,000	11/10/2021	11/10/2024	3.10%	5,022,082	76,863	-	5,098,945
Haitong Securities Co., Ltd.	Corporate bonds	RMB	5,000,000	11/22/2021	11/22/2024	3.09%	5,016,932	76,615	-	5,093,547
Haitong Securities Co., Ltd.	Corporate bonds	RMB	5,000,000	1/20/2022	12/25/2024	2.84%	-	5,063,025	-	5,063,025
Haitong Securities Co., Ltd.	Corporate bonds	RMB	2,900,000	2/21/2022	2/21/2025	2.90%	-	2,929,953	-	2,929,953
Haitong Securities Co., Ltd.	Corporate bonds	RMB	500,000	3/7/2022	3/7/2025	3.03%	-	504,815	-	504,815

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Issue entity	Type	Currency	Principal amount in original currency '000	Issue date	Maturity date	Coupon Rate	Opening Balance RMB'000	Increase RMB'000	Decrease RMB'000	Closing Balance RMB'000
Haitong Securities Co., Ltd.	Subordinated notes	RMB	3,300,000	2/28/2019	2/28/2022	4.09%	3,413,523	21,447	3,434,970	-
Haitong Securities Co., Ltd.	Subordinated notes	RMB	5,000,000	1/12/2022	1/12/2025	3.18%	-	5,074,055	-	5,074,055
Haitong Securities Co., Ltd.	Subordinated notes	RMB	2,000,000	2/25/2022	2/25/2025	3.15%	-	2,021,748	-	2,021,748
Haitong Securities Co., Ltd.	Subordinated notes	RMB	2,480,000	3/9/2022	3/9/2025	3.29%	-	2,505,484	-	2,505,484
Haitong Securities Co., Ltd.	Financial bonds	RMB	7,000,000	8/29/2019	8/29/2022	3.39%	7,081,267	117,675	-	7,198,942
Haitong Securities Co., Ltd.	Long-term income certificates	RMB	506,007	2020/7/14 to 2022/7/1	2022/7/3 to 2024/6/27	0.00%-3.70%	395,855	191,531	73,689	513,697
Shanghai Haitong Securities Asset Management Co., Ltd	Corporate bonds	RMB	1,000,000	11/4/2020	11/4/2025	3.85%	1,006,012	19,092	-	1,025,104
Shanghai Haitong Securities Asset Management Co., Ltd	Subordinated notes	RMB	1,000,000	4/4/2018	4/4/2023	5.00%	103,726	2,479	5,000	101,205
Haitong UniTrust International Financial Leasing Co., Ltd.	Corporate bonds	RMB	500,000	2/28/2019	2/28/2022	5.20%	521,679	4,132	525,811	-
Haitong UniTrust International Financial Leasing Co., Ltd.	Corporate bonds	RMB	500,000	7/24/2019	7/24/2022	4.83%	510,204	12,652	-	522,856
Haitong UniTrust International Financial Leasing Co., Ltd.	Corporate bonds	RMB	1,000,000	5/11/2020	5/11/2023	3.50%	1,019,973	17,356	34,111	1,003,218
Haitong UniTrust International Financial Leasing Co., Ltd.	Corporate bonds	RMB	700,000	6/19/2020	6/19/2022	3.95%	713,762	12,802	726,564	-
Haitong UniTrust International Financial Leasing Co., Ltd.	Corporate bonds	RMB	1,200,000	7/28/2020	7/28/2023	4.00%	1,216,709	25,018	-	1,241,727
Haitong UniTrust International Financial Leasing Co., Ltd.	Corporate bonds	RMB	1,000,000	9/10/2020	9/10/2022	4.40%	1,011,399	23,292	-	1,034,691
Haitong UniTrust International Financial Leasing Co., Ltd.	Corporate bonds	RMB	1,000,000	9/17/2020	9/17/2023	4.20%	1,008,703	21,799	-	1,030,502
Haitong UniTrust International Financial Leasing Co., Ltd.	Corporate bonds	RMB	800,000	10/30/2020	10/30/2023	4.15%	802,798	17,241	-	820,039
Haitong UniTrust International Financial Leasing Co., Ltd.	Corporate bonds	RMB	1,000,000	4/26/2021	4/26/2025	4.10%	1,024,573	20,332	39,708	1,005,197
Haitong UniTrust International Financial Leasing Co., Ltd.	Corporate bonds	RMB	800,000	6/18/2021	6/18/2025	3.85%	812,964	15,273	29,036	799,201
Haitong UniTrust International Financial Leasing Co., Ltd.	Corporate bonds	RMB	600,000	8/12/2021	8/12/2024	3.90%	606,340	12,100	-	618,440
Haitong UniTrust International Financial Leasing Co., Ltd.	Corporate bonds	RMB	1,000,000	10/25/2021	10/25/2023	3.80%	1,001,517	20,369	-	1,021,886
Haitong UniTrust International Financial Leasing Co., Ltd.	Corporate bonds	RMB	1,000,000	12/24/2021	12/24/2024	3.70%	995,925	19,165	-	1,015,090

43. BONDS PAYABLE (continued)

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43. BONDS PAYABLE (continued)

Issue entity	Type	Currency	Principal amount in original currency '000	Issue date	Maturity date	Coupon Rate	Opening Balance RMB'000	Increase RMB'000	Decrease RMB'000	Closing Balance RMB'000
Haitong UniTrust International Financial Leasing Co., Ltd.	Corporate bonds	RMB	1,500,000	4/21/2022	4/21/2024	3.48%	-	1,503,444	-	1,503,444
Haitong UniTrust International Financial Leasing Co., Ltd.	Corporate bonds	RMB	500,000	5/5/2022	5/5/2025	3.57%	-	500,404	-	500,404
Haitong UniTrust International Financial Leasing Co., Ltd.	Corporate bonds	RMB	1,000,000	6/21/2022	6/21/2024	3.16%	-	995,943	-	995,943
Haitong UniTrust International Financial Leasing Co., Ltd.	Medium-term notes	RMB	500,000	8/31/2020	8/31/2023	4.20%	505,673	10,834	-	516,507
Haitong UniTrust International Financial Leasing Co., Ltd.	Medium-term notes	RMB	1,000,000	11/6/2020	11/6/2022	3.97%	1,004,602	20,492	-	1,025,094
Haitong UniTrust International Financial Leasing Co., Ltd.	Medium-term notes	RMB	500,000	1/20/2021	1/20/2023	4.00%	518,052	9,918	19,585	508,385
Haitong UniTrust International Financial Leasing Co., Ltd.	Medium-term notes	RMB	1,000,000	12/9/2021	12/9/2024	3.70%	997,363	19,242	-	1,016,605
Haitong UniTrust International Financial Leasing Co., Ltd.	Medium-term notes	RMB	800,000	1/13/2022	1/13/2025	3.64%	-	810,012	-	810,012
Haitong UniTrust International Financial Leasing Co., Ltd.	Medium-term notes	RMB	1,000,000	5/27/2022	5/27/2025	3.42%	-	998,470	-	998,470
Haitong UniTrust International Financial Leasing Co., Ltd.	Asset-based notes	RMB	950,000	11/11/2019	3/19/2022	4.57%	22	-	22	-
Haitong UniTrust International Financial Leasing Co., Ltd.	Asset-based notes	RMB	950,000	3/25/2020	11/19/2022	4.10%	118,445	1,387	102,023	17,809
Haitong UniTrust International Financial Leasing Co., Ltd.	Asset-based notes	RMB	950,000	8/16/2021	3/27/2023	3.40%, 4.00%	367,063	5,059	270,183	101,939
Haitong UniTrust International Financial Leasing Co., Ltd.	Asset-based notes	RMB	950,000	8/18/2021	8/26/2022	3.50%	339,796	3,601	285,100	58,297
Haitong UniTrust International Financial Leasing Co., Ltd.	Asset-based notes	RMB	970,000	11/18/2021	5/17/2022	3.25%	972,226	11,746	983,972	-
Haitong UniTrust International Financial Leasing Co., Ltd.	Asset-based notes	RMB	950,000	11/29/2021	5/26/2023	3.70%, 3.95%	947,283	16,007	491,977	471,313
Haitong UniTrust International Financial Leasing Co., Ltd.	Asset-based notes	RMB	950,000	3/10/2022	8/26/2024	3.00%-3.50%	-	953,664	-	953,664

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For the six months ended 30 June 2022

(All amounts in RMB'000 unless otherwise stated)

Issue entity	Type	Currency	Principal amount in original currency '000	Issue date	Maturity date	Coupon Rate	Opening Balance RMB'000	Increase RMB'000	Decrease RMB'000	Closing Balance RMB'000
Haitong UniTrust International Financial Leasing Co., Ltd.	Asset-based special plan	RMB	1,440,000	6/14/2019	2/24/2022	4.50%	109	-	109	-
Haitong UniTrust International Financial Leasing Co., Ltd.	Asset-based special plan	RMB	926,000	12/24/2019	5/26/2022	4.60%	62,770	651	63,421	-
Haitong UniTrust International Financial Leasing Co., Ltd.	Asset-based special plan	RMB	950,000	4/15/2020	2/27/2023	3.40%	131,229	1,355	113,310	19,274
Haitong UniTrust International Financial Leasing Co., Ltd.	Asset-based special plan	RMB	880,000	5/28/2020	7/26/2022	3.40%	203,538	1,736	169,380	35,894
Haitong UniTrust International Financial Leasing Co., Ltd.	Asset-based special plan	RMB	950,000	6/17/2020	2/27/2023	3.70%	248,767	3,224	164,551	87,440
Haitong UniTrust International Financial Leasing Co., Ltd.	Asset-based special plan	RMB	950,000	6/19/2020	1/26/2022	3.80%	26,979	70	27,049	-
Haitong UniTrust International Financial Leasing Co., Ltd.	Asset-based special plan	RMB	190,000	4/7/2020	2/13/2023	5.00%	190,498	4,711	4,404	190,805
Haitong UniTrust International Financial Leasing Co., Ltd.	Asset-based special plan	RMB	950,000	7/28/2020	5/26/2023	4.10%	280,675	3,892	193,308	91,259
Haitong UniTrust International Financial Leasing Co., Ltd.	Asset-based special plan	RMB	950,000	8/14/2020	4/26/2022	3.68%, 3.99%	153,060	628	153,688	-
Haitong UniTrust International Financial Leasing Co., Ltd.	Asset-based special plan	RMB	950,000	9/9/2020	4/26/2023	4.00%, 4.20%	320,240	3,828	216,160	107,908
Haitong UniTrust International Financial Leasing Co., Ltd.	Asset-based special plan	RMB	950,000	10/22/2020	6/26/2023	4.00%, 4.30%	311,193	5,200	209,759	106,634
Haitong UniTrust International Financial Leasing Co., Ltd.	Asset-based special plan	RMB	950,000	11/24/2020	4/26/2022	4.15%, 4.30%	240,693	1,881	242,574	-
Haitong UniTrust International Financial Leasing Co., Ltd.	Asset-based special plan	RMB	950,000	12/9/2020	7/26/2023	4.24%, 4.30%	419,463	5,819	235,027	190,255
Haitong UniTrust International Financial Leasing Co., Ltd.	Asset-based special plan	RMB	950,000	2/2/2021	8/28/2023	3.80%, 4.55%	432,615	6,534	243,519	195,630
Haitong UniTrust International Financial Leasing Co., Ltd.	Asset-based special plan	RMB	950,000	3/25/2021	8/28/2023	4.00%, 4.50%	501,058	7,860	263,336	245,582
Haitong UniTrust International Financial Leasing Co., Ltd.	Asset-based special plan	RMB	950,000	3/31/2021	11/28/2022	4.00%, 4.40%	388,691	5,502	264,585	129,608

43. BONDS PAYABLE (continued)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022
(All amounts in RMB'000 unless otherwise stated)

43. BONDS PAYABLE (continued)

Issue entity	Type	Currency	Principal amount in original currency '000	Issue date	Maturity date	Coupon Rate	Opening Balance RMB'000	Increase RMB'000	Decrease RMB'000	Closing Balance RMB'000
Haitong UniTrust International Financial Leasing Co., Ltd.	Asset-based special plan	RMB	950,000	4/29/2021	9/26/2023	4.00%-4.50%	515,133	9,070	244,967	279,236
Haitong UniTrust International Financial Leasing Co., Ltd.	Asset-based special plan	RMB	950,000	5/31/2021	1/26/2023	3.85%-4.35%	610,326	8,119	307,530	310,915
Haitong UniTrust International Financial Leasing Co., Ltd.	Asset-based special plan	RMB	950,000	6/17/2021	8/28/2023	3.80%-4.40%	587,188	8,687	303,964	291,911
Haitong UniTrust International Financial Leasing Co., Ltd.	Asset-based special plan	RMB	950,000	8/5/2021	9/26/2023	3.50%-4.20%	594,324	8,916	295,043	308,197
Haitong UniTrust International Financial Leasing Co., Ltd.	Asset-based special plan	RMB	950,000	9/24/2021	4/26/2023	3.17%-3.99%	954,384	9,638	574,075	389,947
Haitong UniTrust International Financial Leasing Co., Ltd.	Asset-based special plan	RMB	950,000	11/19/2021	8/28/2023	3.50%-3.95%	947,632	15,530	453,073	510,089
Haitong UniTrust International Financial Leasing Co., Ltd.	Asset-based special plan	RMB	950,000	12/8/2021	8/28/2023	3.35%-4.00%	944,485	11,990	540,046	416,429
Haitong UniTrust International Financial Leasing Co., Ltd.	Asset-based special plan	RMB	950,000	1/26/2022	5/26/2023	3.00%-3.40%	-	960,118	-	960,118
Haitong UniTrust International Financial Leasing Co., Ltd.	Asset-based special plan	RMB	950,000	6/29/2022	2/26/2025	2.69%-3.60%	-	942,444	-	942,444
Haitong UniTrust International Financial Leasing Co., Ltd.	Private publication notes	RMB	300,000	4/23/2019	4/23/2022	4.65%	309,506	4,281	313,787	-
Haitong UniTrust International Financial Leasing Co., Ltd.	Private publication notes	RMB	1,000,000	5/31/2019	5/31/2022	4.70%	1,027,051	19,315	1,046,366	-
Haitong UniTrust International Financial Leasing Co., Ltd.	Private publication notes	RMB	1,400,000	12/4/2019	12/4/2022	4.50%	1,402,664	32,313	-	1,434,977
Haitong UniTrust International Financial Leasing Co., Ltd.	Private publication notes	RMB	1,000,000	6/4/2021	6/4/2023	3.95%	1,020,318	19,587	38,645	1,001,260
Haitong UniTrust International Financial Leasing Co., Ltd.	Private publication notes	RMB	1,000,000	11/11/2021	11/11/2024	4.19%	1,001,267	21,582	-	1,022,849
Haitong UniTrust International Financial Leasing Co., Ltd./ Haitong UT MSE Financial Leasing (Shanghai) Co., Ltd.	Asset-based special plan	RMB	1,140,000	5/18/2022	3/26/2024	2.69%-3.20%	-	1,136,558	-	1,136,558

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(All amounts in RMB'000 unless otherwise stated)

Issue entity	Type	Currency	Principal amount in original currency '000	Issue date	Maturity date	Coupon Rate	Opening Balance RMB'000	Increase RMB'000	Decrease RMB'000	Closing Balance RMB'000
Haitong UniTrust International Financial Leasing Co., Ltd./ Haitong UT MSE Financial Leasing (Shanghai) Co., Ltd.	Asset-based special plan	RMB	760,000	12/29/2021	8/15/2023	3.60%-3.95%	754,450	11,102	305,437	460,115
Haitong UniTrust International Financial Leasing Co., Ltd./ Haitong UT MSE Financial Leasing (Shanghai) Co., Ltd.	Asset-based special plan	RMB	1,140,000	4/13/2022	12/26/2023	3.00%-3.40%	-	1,139,996	355,701	784,295
Unican Limited	Overseas private placement bond	USD	150,000	7/31/2019	7/31/2022	3.80%	970,422	64,803	12,607	1,022,618
Haitong UT Brilliant Limited	Medium-term notes	USD	100,000	6/3/2021	6/3/2024	3.00%	601,447	43,638	4,510	640,575
Haitong UT Brilliant Limited	Medium-term notes	USD	200,000	4/27/2022	4/27/2025	4.20%	-	1,346,621	-	1,346,621
Haitong International Securities Group Limited	Corporate bonds	USD	700,000	7/19/2019	7/19/2024	3.38%	4,517,314	239,908	-	4,757,222
Haitong International Securities Group Limited	Corporate bonds	USD	400,000	11/18/2019	5/18/2025	3.13%	2,545,221	135,792	-	2,681,013
Haitong International Securities Group Limited	Corporate bonds	USD	400,000	7/2/2020	7/2/2023	2.13%	2,570,703	137,211	-	2,707,914
Haitong International Securities Group Limited	Corporate bonds	USD	300,000	5/20/2021	5/20/2026	2.13%	1,909,960	101,138	-	2,011,098
Haitong International Finance Holdings 2015 Limited	Corporate bonds	USD	670,000	3/12/2020	3/11/2025	2.11%	4,291,224	279,467	52,281	4,518,410
Haitong Investment Ireland PLC	Medium-term notes	EUR	6,799	2017/12/30 to 2018/7/25	2022/12/10 to 2026/1/25	0.98%-1.71%	45,880	-	2,206	43,674
Haitong Bank, S.A.	Financial bonds	EUR	230,000	2/10/2022	2/10/2025	0.90%	-	1,605,569	-	1,605,569
Haitong Bank, S.A.	Financial bonds	USD	150,000	5/25/2022	5/31/2027	4.00%	-	1,013,205	-	1,013,205
Haitong Banco de Investimento do Brasil S.A.	Financial bonds	BRL	538,317	2018/5/21 to 2022/6/30	2022/1/3 to 2026/3/30	5.47%-17.36%	193,125	551,282	4,663	739,744
Total							163,586,070	36,256,914	26,372,003	173,470,981

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022
(All amounts in RMB'000 unless otherwise stated)

43. BONDS PAYABLE (continued)

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Analysed for reporting purpose as:		
Current liabilities	58,825,324	52,513,925
Non-current liabilities	114,645,657	111,072,145
	173,470,981	163,586,070

44. ACCOUNTS PAYABLE TO BROKERAGE CLIENTS

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Accounts payable to brokerage clients	129,589,378	123,202,200

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

Accounts payable mainly include cash held on behalf of clients at the banks and at the clearing houses by the Group. Interest payable on accounts payable to brokerage clients shall be accrued according to the prevailing benchmark interest rate.

45. CUSTOMER ACCOUNTS

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Demand deposits – corporate	223,305	321,006
Time deposits – corporate	3,857,574	3,833,794
Demand deposits – individual	2,050	55
Time deposits – individual	2,295,145	1,789,636
	6,378,074	5,944,491
Analysed for reporting purpose as:		
Current liabilities	5,006,434	2,758,837
Non-current liabilities	1,371,640	3,185,654
	6,378,074	5,944,491

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

(All amounts in RMB'000 unless otherwise stated)

46. OTHER PAYABLES AND ACCRUALS

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Payable to employees (Note i)	6,819,398	7,498,187
Dividends payable	3,959,036	7,536
Short term finance lease guarantee deposits	3,415,258	3,832,682
Client settlement payables	2,005,859	750,543
Notes payable	1,578,972	2,899,881
Amounts due to brokers	1,563,471	1,659,651
Pending payable to clearing house	1,437,059	2,037,970
Risk reserve	792,790	821,412
Other tax payable	408,611	722,417
Commission and fee payables	16,222	19,481
Others (Note ii)	7,854,058	9,791,241
	29,850,734	30,041,001
Analysed for reporting purpose as:		
Current liabilities	28,475,757	28,635,826
Non-current liabilities (Note i)	1,374,977	1,405,175
	29,850,734	30,041,001

Notes:

- (i) The Group sets up a detailed plan for the payment of accrued employees' bonuses. According to the plan, a balance of RMB400,804 thousand is expected to be settled after one year (31 December 2021: RMB424,063 thousand) and therefore classified as non-current liabilities.
- (ii) Others mainly represent payables received in advance of the Group which are non-interest bearing and are settled within one year.

47. PROVISIONS

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Pending litigation and others	179,106	196,697
External guarantee	6,685	7,103
	185,791	203,800

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022
(All amounts in RMB'000 unless otherwise stated)

48. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Financial liabilities held for trading	973,880	2,382,470
Liabilities arising from consolidation of structured entities	871,250	1,828,521
Designated as financial liabilities at fair value through profit or loss (FVTPL) (Note)		
– Structured products	10,277,529	8,078,933
– Gold option	58,651	–
– Income certificates	6,230,078	4,026,293
	18,411,388	16,316,217
Analysed for reporting purpose as:		
Current liabilities	7,280,889	10,456,105
Non-current liabilities	11,130,499	5,860,112
	18,411,388	16,316,217

Note:

As at 30 June 2022 and 31 December 2021, the difference between the fair values of the Group's financial liabilities designated at FVTPL and the contractual payables at maturity is not significant. The amounts of changes in the fair value that are attributable to changes in the Group's own credit risk are not significant during the six months ended 30 June 2022 and year ended 31 December 2021.

As at 30 June 2022 and 31 December 2021, included in the Group's financial liabilities designated at FVTPL are structured notes issued by the Group, income certificates and non-controlling interests of consolidation of structured entities.

49. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Analysed by collateral type:		
Stock	1,523,164	876,186
Bonds	69,158,727	80,060,042
Gold	10,885,593	10,975,724
	81,567,484	91,911,952
Analysed by market:		
Stock exchanges	23,859,435	38,841,695
Inter-bank market	46,822,456	42,094,533
OTC	10,885,593	10,975,724
	81,567,484	91,911,952
Analysed for reporting purpose as:		
Current liabilities	81,567,484	91,911,952

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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(All amounts in RMB'000 unless otherwise stated)

49. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS (continued)

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

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

As at 30 June 2022

	Financial assets at fair value through profit or loss	Debt instruments at fair value through other comprehensive income	Debt instruments measured at amortised cost	Financial assets held under resale agreements	Others	Total
Carrying amount of transferred assets	42,864,001	28,459,095	947,573	351,398	18,052,664	90,674,731
Carrying amount of associated liabilities	39,086,047	24,571,760	899,290	332,506	16,677,881	81,567,484
Net position	3,777,954	3,887,335	48,283	18,892	1,374,783	9,107,247

As at 31 December 2021

	Financial assets at fair value through profit or loss	Debt instruments at fair value through other comprehensive income	Debt instruments measured at amortised cost	Financial assets held under resale agreements	Others	Total
Carrying amount of transferred assets	49,477,280	23,966,069	101,712	719,802	25,187,767	99,452,630
Carrying amount of associated liabilities	44,991,712	22,425,310	99,526	569,279	23,826,125	91,911,952
Net position	4,485,568	1,540,759	2,186	150,523	1,361,642	7,540,678

50. PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Placements from banks	4,642,601	6,649,257
Placements from CSFC	6,012,783	9,015,400
	10,655,384	15,664,657
Analysed for reporting purpose as:		
Current liabilities	7,757,132	12,723,438
Non-current liabilities	2,898,252	2,941,219
	10,655,384	15,664,657

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022
(All amounts in RMB'000 unless otherwise stated)

51. LONG-TERM PAYABLES

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Finance lease guarantee deposits	4,401,118	5,207,591
Deferred income	403,375	435,446
Others	611,442	587,307
	5,415,935	6,230,344

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

52. SHARE CAPITAL

	Listed A shares		Listed H shares		Total	
	Number of shares '000	Amount RMB'000	Number of shares '000	Amount RMB'000	Number of shares '000	Amount RMB'000
Registered, issued and fully paid at RMB1.0 per share:						
As at 31 December 2021 (Audited)	9,654,631	9,654,631	3,409,569	3,409,569	13,064,200	13,064,200
As at 30 June 2022 (Unaudited)	9,654,631	9,654,631	3,409,569	3,409,569	13,064,200	13,064,200

As at 30 June 2022, the total share capital of the Company is 13,064,200 thousand shares, of which 781,250 thousand shares are subject to disposal restrictions (31 December 2021: 1,171,953 thousand shares).

53. REVALUATION RESERVE

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
As at the beginning of the period/year	305,179	282,378
Debt instrument measured at fair value through other comprehensive income		
– Net fair value changes during the year	64,329	275,043
– Reclassification adjustment to profit or loss on disposal	(16,263)	73,630
– Reclassification adjustment to profit or loss for ECL	(54,550)	83,512
– Income tax impact	2,038	(87,535)
Equity instrument measured at fair value through other comprehensive income		
– Net fair value changes during the period	(955,123)	(432,146)
– Transfer to retained earnings	388,853	(150,792)
– Income tax impact	128,516	143,478
Share of other comprehensive income of associates and joint ventures	4,365	(2,193)
Actuarial gains on defined benefit obligations	55,466	39,131
Fair value gains on hedging instrument designated in cash flow hedges	33,598	80,673
As at the end of the period/year	(43,592)	305,179

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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54. RESERVES AND RETAINED EARNINGS

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

(a) Capital reserve

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

(b) Revaluation reserve

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

(c) General reserves

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

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

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

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

(d) Retained earnings

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

55. CREDIT COMMITMENTS

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Contingent Liabilities:		
– Guarantees and standby letters of credit income	920,911	963,048
Commitments:		
– Irrevocable credit commitments	1,035,368	1,824,989

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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(All amounts in RMB'000 unless otherwise stated)

55. CREDIT COMMITMENTS (continued)

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

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

56. OPERATING LEASE ARRANGEMENTS

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Within one year	539,138	503,180
In the second year	566,753	552,931
In the third year	512,638	506,236
In the fourth year	444,108	467,847
In the fifth year	436,213	431,314
Over five years	944,397	1,072,989
	3,443,247	3,534,497

57. CAPITAL COMMITMENTS

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Capital expenditure in respect of acquisition of property and equipment: – Contracted but not provided	1,246,148	2,226,331

58. DIVIDENDS

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Dividends recognised as distribution	3,919,260	3,266,050

According to the review and approval of Haitong Securities' 2021 general Meeting held on 21 June 2022, the Company declared a cash dividend of RMB3.0 per 10 shares (including tax) for the year 2021 to all shareholders, with a total declared amount of RMB3,919 million (including tax). As at 28 July 2022, the cash dividend was paid.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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(All amounts in RMB'000 unless otherwise stated)

59. INVESTMENT IN SUBSIDIARIES

Principal subsidiaries acquired through establishment or investment

Details of the principal subsidiaries:

Name of subsidiary	Type of legal entity registered under PRC law	Place of Incorporation/ establishment	Equity interest held by the Group		Registered capital	Principal activities
			As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)		
海富通基金管理有限公司 HFT Investment Management Co., Ltd.*	有限責任公司(中外合資) Limited liability company (equity joint venture)	Shanghai	51%	51%	RMB300,000,000	Fund management
海通開元投資有限公司 Haitong Capital Investment Co., Ltd.*	有限責任公司(法人獨資) Limited liability company (wholly owned)	Shanghai	100%	100%	RMB7,500,000,000	Private Equity investment management
海通國際控股有限公司 Haitong International Holdings Limited*	不適用 N/A	Hong Kong	100%	100%	HKD11,179,726,140	Investment holding
海通期貨股份有限公司 Haitong Futures Co., Ltd.*	股份有限公司(新三板上市) Joint stock limited company (listed on NEEQ)	Shanghai	74%	67%	RMB1,301,500,000	Futures brokerage
海通國際證券集團有限公司 Haitong International Securities Group Limited*	不適用 N/A	Bermuda	66%	65%	HKD664,156,359	Investment holding
海通創新證券投資有限公司 Haitong Innovation Securities Investment Company Limited*	有限責任公司(法人獨資) Limited liability company (wholly owned)	Shanghai	100%	100%	RMB11,500,000,000	Financial products investment, equity investment and securities investment
上海海通證券資產管理有限公司 Shanghai Haitong Securities Asset Management Company Limited*	有限責任公司(法人獨資) Limited liability company (wholly owned)	Shanghai	100%	100%	RMB2,200,000,000	Securities asset management
海通恒信金融集團有限公司 Haitong UT Capital Group Co., Limited*	不適用 N/A	Hong Kong	100%	100%	HKD4,146,162,881	Investment holding
海通恒信國際融資租賃股份有限公司 Haitong UniTrust International Financial Leasing Co., Ltd.*	股份有限公司(上市) Joint stock limited company (listed)	Shanghai	85%	85%	RMB8,235,300,000	Leasing
海通銀行 Haitong Bank, S.A.*	不適用 N/A	Portugal	100%	100%	EUR 844,769,000	Banking
上海惟泰置業管理有限公司 Shanghai Weitai Properties Management Co., Ltd.*	有限責任公司(法人獨資) Limited liability company (wholly owned)	Shanghai	100%	100%	RMB10,000,000	Real estate development, property management and catering management
上海澤春投資發展有限公司 Shanghai Zechun Investment & Development Co., Ltd.*	有限責任公司(法人獨資) Limited liability company (wholly owned)	Shanghai	100%	100%	RMB100,000,000	Real estate development, industrial investment and Investment management

Note:

(i) English translated names are for identification only.

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60. INTERESTS IN CONSOLIDATED STRUCTURED ENTITIES

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

The financial impact of these asset management products on the Group's financial position as at 30 June 2022 and 31 December 2021, and the results and cash flows for the six months ended 30 June 2022 and the year ended 2021, though consolidated, are not individually significant to the Group. Therefore, the financial information of these consolidated structured entities is not disclosed individually.

As at 30 June 2022, interests in all consolidated structured entities directly held by the Group amounted to fair value of RMB33,309,050 thousand (31 December 2021, RMB30,119,941 thousand). It contains the interests in the subordinated tranche of those structured products held by the Group. The Group provides credit enhancement to the senior tranche investors by holding such subordinated tranche interests. As at 30 June 2022, the fair value of the Group's interests in the subordinated tranche of those structured products is RMB10,441 thousand (31 December 2021, RMB370,590 thousand).

61. INTEREST IN UNCONSOLIDATED STRUCTURED ENTITIES

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

As at 30 June 2022, the carrying amount of unconsolidated structured entities in which the Group acted as investment manager and held financial interests and its maximum exposure to loss in relation to those interests amounted to RMB13,224,829 thousand (31 December 2021, RMB13,448,955 thousand). For the six months ended 30 June 2022, total management income from all structured entities in which the Group acted as investment manager is RMB964,123 thousand (for the six months ended 30 June 2021: RMB1,722,421 thousand).

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

62. RELATED PARTY TRANSACTIONS

As at 30 June 2022, shareholders who hold 5% or more of the company's shares and have significant influence,

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

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(All amounts in RMB'000 unless otherwise stated)

62. RELATED PARTY TRANSACTIONS (continued)

The name and the relationship of other related parties that have major transactions at 30 June 2022 or for the six months ended 30 June 2022 are set out as below.

Name of the related party	Relationship of the related party
– Shanghai Tongguan Investment Management Partnership (Limited partnership)	Joint venture
– Fullgoal Fund Management Co., Ltd.	Associate
– CCTV Financial Media Industry Investment Fund (Limited Partnership)	Associate
– Liaoning energy investment (Group) Co., Ltd.	Associate
– Liaoning China-Germany Industrial Equity Investment Fund (Limited Partnership)	Associate
– Shanghai Equity Investment Fund II (Limited Partnership)	Associate
– Jilin Modern Agricultural and Emerging Markets Investment Fund Limited	Associate
– Xi'an Aerospace and New Energy Industry Fund	Associate
– Xi'an Civil-Military Integration Satellite Investment Fund Co., Ltd.	Associate
– Guangdong South Media Integration Fund (Limited Partnership)	Associate
– Anhui Wanneng Haitong Dual Carbon Industry M & A Investment Fund Partnership (Limited Partnership)	Associate
– Xuchang Haitong Innovation Equity Investment Fund Limited Partnership	Associate
– Haitong (Jilin) Equity Investment Fund (Limited Partnership)	Associate
– Xi'an Aerospace Haitong Innovative New Materials Equity Investment Partnership (Limited Partnership)	Associate
– Shanghai Equity Investment Fund (Limited Partnership)	Associate
– Jiaxing Haitong Xuchu Equity Investment Fund Limited Partnership	Associate
– Shanghai Cultural Industries Investment Fund (Limited Partnership)	Associate
– Haitong Xingtai (Anhui) Emerging Industry Equity Investment Fund (Limited Partnership)	Associate
– Haitong (Jilin) Modern Service Industry Investment Fund (Limited Partnership)	Associate
– Liaoning Haitong New Energy Low-carbon Industry Equity Investment Co., Ltd.	Associate

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For the six months ended 30 June 2022
(All amounts in RMB'000 unless otherwise stated)

62. RELATED PARTY TRANSACTIONS (continued)

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

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Commission and fee income from:		
– Fullgoal Fund Management Co., Ltd.	85,353	80,261
– CCTV Financial Media Industry Investment Fund (Limited Partnership)	34,382	–
– Liaoning energy investment (Group) Co., Ltd.	12,736	12,736
– Liaoning China-Germany Industrial Equity Investment Fund (Limited Partnership)	8,491	8,491
– Shanghai Equity Investment Fund II (Limited Partnership)	7,095	7,438
– Jilin Modern Agricultural and Emerging Markets Investment Fund Limited	4,261	12,405
– Xi'an Aerospace and New Energy Industry Fund	3,420	4,754
– Xi'an Civil-Military Integration Satellite Investment Fund Co., Ltd.	2,465	4,505
– Guangdong South Media Integration Fund (Limited Partnership)	2,127	2,088
– Anhui Wanneng Haitong Dual Carbon Industry M & A Investment Fund Partnership (Limited Partnership)	1,940	–
– Xuchang Haitong Innovation Equity Investment Fund Limited Partnership	1,415	94
– Haitong (Jilin) Equity Investment Fund (Limited Partnership)	575	1,104
– Shanghai Electric Holding Group Co., Ltd.	197	281
– Shanghai Guosheng (Group) Co., Ltd.	86	625
– Shanghai Equity Investment Fund (Limited Partnership)	21	12,939
– Jiaxing Haitong Xuchu Equity Investment Fund Limited Partnership	11	2,442
– Haitong Xingtai (Anhui) Emerging Industry Investment Fund (Limited Partnership)	–	14,209
– Others (Note i)	48	942
Net interest income from		
– Shanghai Guosheng (Group) Co., Ltd.	535	87
– Shanghai Electric Holding Group Co., Ltd.	193	135
– Others (Note ii)	401	47
Investment income		
– Shanghai Guosheng (Group) Co., Ltd.	2,402	(1,511)

Note:

- (i) "Others" includes Xi'an Aerospace Haitong Innovative New Materials Equity Investment Partnership (Limited Partnership), Shanghai Cultural Industries Investment Fund (Limited Partnership) and Haitong (Jilin) Modern Service Industry Investment Fund (Limited Partnership).
- (ii) "Others" includes Xi'an Aerospace and New Energy Industry Fund, Shanghai Equity Investment Fund II (Limited Partnership), Xi'an Aerospace Haitong Innovative New Materials Equity Investment Partnership (Limited Partnership), Fullgoal Fund Management Co., Ltd., Shanghai Equity Investment Fund (Limited Partnership), Jilin Modern Agricultural and Emerging Markets Investment Fund Limited, Jiaxing Haitong Xuchu Equity Investment Fund Limited Partnership, Bright Foods(Group) Co., Ltd., Guangdong South Media Integration Fund (Limited Partnership), Shanghai Cultural Industries Investment Fund (Limited Partnership), Shanghai Tongguan Investment Management Partnership (Limited partnership) and Liaoning Haitong New Energy Low-carbon Industry Equity Investment Co., Ltd.

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62. RELATED PARTY TRANSACTIONS (continued)

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Accounts receivables from:		
– Liaoning energy investment (Group) Co., Ltd.	13,520	20
– Shanghai Equity Investment Fund II (Limited Partnership)	7,500	–
– Anhui Wanneng Haitong Dual Carbon Industry M & A Investment Fund Partnership (Limited Partnership)	2,056	–
– Jilin Modern Agricultural and Emerging Markets Investment Fund Limited	760	–
– Shanghai Guosheng (Group) Co., Ltd.	405	585
– Shanghai Cultural Industries Investment Fund (Limited Partnership)	–	17,080
– Others (Note i)	70	20
Accounts payable to brokerage clients		
– Xi'an Aerospace Haitong Innovative New Materials Equity Investment Partnership (Limited Partnership)	(45,959)	–
– Shanghai Equity Investment Fund II (Limited Partnership)	(36,442)	(31)
– Shanghai Electric Holding Group Co., Ltd.	(31,643)	(7,762)
– Jiaying Haitong Xuchu Equity Investment Fund Limited Partnership	(8,846)	(304)
– Xi'an Aerospace and New Energy Industry Fund	(825)	(150,000)
– Shanghai Guosheng (Group) Co., Ltd.	–	(174,699)
– Others (Note ii)	(49)	(1,096)
Accounts payable to		
– Shanghai Guosheng (Group) Co., Ltd.	(58,511)	(91,600)
– Xi'an Civil-Military Integration Satellite Investment Fund Co., Ltd.	(2,700)	–
Derivative financial liabilities		
– Shanghai Guosheng (Group) Co., Ltd.	(1,554)	–
Derivative financial assets		
– Shanghai Guosheng (Group) Co., Ltd.	–	949

Note:

- (i) "Others" includes Xuchang Haitong Innovation Equity Investment Fund Limited Partnership and Liaoning China-Germany Industrial Equity Investment Fund (Limited Partnership).
- (ii) "Others" includes Jilin Modern Agricultural and Emerging Markets Investment Fund Limited, Bright Foods (Group) Co., Ltd., Guangdong South Media Integration Fund (Limited Partnership), Shanghai Equity Investment Fund (Limited Partnership), Fullgoal Fund Management Co., Ltd., Shanghai Cultural Industries Investment Fund (Limited Partnership), Xi'an Civil-Military Integration Satellite Investment Fund Co., Ltd. and Liaoning Haitong New Energy Low-carbon Industry Equity Investment Co., Ltd.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022
(All amounts in RMB'000 unless otherwise stated)

62. RELATED PARTY TRANSACTIONS (continued)

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

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Short-term benefits:		
– Fees, salaries, commission and bonuses	17,625	18,017
Post-employment benefits:		
– Employer's contribution to pension schemes/annuity plans	417	377

63. FINANCIAL RISK MANAGEMENT

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

During the six months ended 30 June 2022, there has been no material changes in the risk management policies. The interim condensed consolidated financial information does not include all financial risk management information and disclosure and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2021.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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64. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

64.1 Financial instruments not measured at fair value

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

	As at 30 June 2022 (Unaudited)		As at 31 December 2021 (Audited)	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Debt instruments at amortised cost	5,291,160	5,075,003	4,725,209	4,310,574
Financial liabilities				
Non-convertible bonds payable	173,470,981	174,386,228	163,586,070	170,269,519

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

64.2 Financial instruments measured at fair value on a recurring basis

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3.

For Level 1 financial instruments, fair values are unadjusted quotes in active markets for identical assets.

For Level 2 financial instruments, valuations are generally calculated based on the fair value of the underlying investments which are debt securities or publicly traded equity instruments in each portfolio or obtained from third party pricing services agent such as China Central Depository & Clearing Co., Ltd. which are based on the discounted cash flow models, recent transaction prices or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

For Level 3 financial instruments, the management obtains valuation quotations from counterparties or uses valuation techniques to determine the fair value, including discounted cash flow analysis, net asset value, market comparison approach and option pricing model, etc. The fair value of these financial instruments may be based on unobservable inputs which may have significant impact on the valuation of these financial instruments, and therefore, these assets and liabilities have been classified by the Group as level 3. The unobservable inputs which may have impact on the valuation include weighted average cost of capital, liquidity discount, price to book ratio, etc.

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64. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

64.2 Financial instruments measured at fair value on a recurring basis (continued)

The following table presents financial assets and financial liabilities measured at fair value as at 30 June 2022 and 31 December 2021.

	Level 1	Level 2	Level 3	Total
(Unaudited)				
As at 30 June 2022				
Financial assets at fair value through profit or loss				
– Debt securities	1,107,479	85,726,049	6,240,754	93,074,282
– Equity securities	13,082,212	2,500,861	18,138,480	33,721,553
– Funds	3,312,989	49,510,939	3,386,273	56,210,201
– Others	–	15,010,850	3,849,351	18,860,201
Debt instruments at fair value through other comprehensive income	746,766	40,263,704	1,044,757	42,055,227
Equity instruments at fair value through other comprehensive income	5,539,522	–	1,072,934	6,612,456
Derivative financial assets	67,957	758,679	1,450,850	2,277,486
	23,856,925	193,771,082	35,183,399	252,811,406
Financial liabilities at fair value through profit or loss	371,142	602,738	–	973,880
Designated as financial liabilities at fair value through profit or loss	–	5,423,650	12,013,858	17,437,508
Derivative financial liabilities	28,794	653,607	592,751	1,275,152
	399,936	6,679,995	12,606,609	19,686,540

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64. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

64.2 Financial instruments measured at fair value on a recurring basis (continued)

	Level 1	Level 2	Level 3	Total
(Audited)				
As at 31 December 2021				
Financial assets at fair value through profit or loss				
– Debt securities	698,881	110,654,910	5,731,526	117,085,317
– Equity securities	15,103,142	579,055	19,272,727	34,954,924
– Funds	3,261,745	42,982,623	2,381,450	48,625,818
– Others	–	16,473,762	3,269,928	19,743,690
Debt instruments at fair value through other comprehensive income	927,858	34,837,660	1,287,427	37,052,945
Equity instruments at fair value through other comprehensive income	9,858,079	–	388,792	10,246,871
Derivative financial assets	59,072	735,177	290,482	1,084,731
	<u>29,908,777</u>	<u>206,263,187</u>	<u>32,622,332</u>	<u>268,794,296</u>
Financial liabilities at fair value through profit or loss	425,338	1,957,132	–	2,382,470
Designated as financial liabilities at fair value through profit or loss	–	13,488,046	445,701	13,933,747
Derivative financial liabilities	44,520	884,578	619,218	1,548,316
	<u>469,858</u>	<u>16,329,756</u>	<u>1,064,919</u>	<u>17,864,533</u>

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64. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

64.2 Financial instruments measured at fair value on a recurring basis (continued)

Reconciliation of Level 3 fair value measurements of financial assets and financial liabilities.

30 June 2022 (Unaudited)

	Financial assets at fair value through profit or loss	Equity instruments at FVTOCI	Debt instruments at FVTOCI	Financial liabilities at fair value through profit or loss	Derivative instruments
As at 31 December 2021 and 1 January 2022	30,655,631	388,792	1,287,427	(445,701)	(328,736)
Transfer in	2,781,685	–	–	–	7,638
Purchase/(Disposal)	1,235,158	861,660	(99,762)	(10,758,841)	424,521
Transfer out	(2,821,487)	–	(39,379)	–	–
Gains and losses/Other comprehensive income	(236,129)	(177,518)	(103,529)	(809,316)	754,676
As at 30 June 2022	31,614,858	1,072,934	1,044,757	(12,013,858)	858,099

31 December 2021 (Audited)

	Financial assets at fair value through profit or loss	Equity instruments at FVTOCI	Debt instruments at FVTOCI	Financial liabilities at fair value through profit or loss	Derivative instruments
As at 31 December 2020 and 1 January 2021	26,158,747	267,042	3,099,639	(331,830)	(13,595)
Transfer in	3,205,928	–	–	(956,179)	140
Purchase/(Disposal)	2,397,401	490	(2,322,403)	(31,720)	–
Transfer out	(3,111,053)	–	(27,393)	324,149	–
Gains and losses/Other comprehensive income	2,004,608	121,260	537,584	549,879	(315,281)
As at 31 December 2021	30,655,631	388,792	1,287,427	(445,701)	(328,736)

During the period ended 30 June 2022 and the year ended 31 December 2021, the amounts of financial instruments measured at fair value transferred between level 1 and level 2 were not significant.

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65. TRANSFER OF FINANCIAL ASSETS

Asset-backed securities

The Group enters into securitization transactions in the normal course of business by which it transfers advances to customers on finance lease receivables, and receivables arising from sale and leaseback arrangements to structured entities which issue asset-backed securities to investors. As the Group holds all the junior tranches asset-backed securities, substantially all the risks and rewards of ownership of the transferred assets are retained, so the Group continues to recognise the transferred asset in its entirety and recognises bonds payable for the consideration received.

As at 30 June 2022, the carrying amount of finance lease receivables and receivables arising from sale and leaseback arrangements that have been transferred but not derecognised was RMB8,316 million (31 December 2021: RMB9,338 million).

Asset-backed notes

The Group enters into securitization transactions in the normal course of business by which it transfers finance lease receivables and receivables arising from sale and leaseback arrangements to structured entities which issue asset-backed notes in China Inter-bank market to investors. As the Group holds all the junior tranches asset-backed notes, substantially all the risks and rewards of ownership of the transferred assets are retained, so the Group continues to recognise the transferred asset in its entirety and recognises bonds payable for the consideration received.

As at 30 June 2022, the carrying amount of finance lease receivables and receivables arising from sale and leaseback arrangements that have been transferred but not derecognised was RMB1,399 million (31 December 2021: RMB2,276 million).

Securities lending

The Group enters into securities lending transactions with the customers' securities or deposits as collateral. As the Group retains all the risks and rewards of such financial assets, it does not derecognize such financial assets in the balance sheet. As at 30 June 2022, the carrying amount of securities that have been transferred but not derecognised was RMB3,869 million (31 December 2021: RMB5,062 million).

66. SUBSEQUENT EVENTS

No other material events have occurred with the Group from 30 June 2022 to the date of approval of the interim condensed consolidated financial information.