



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



2023

INTERIM REPORT

**For identification purpose only*

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IMPORTANT NOTICE

The Board, the Supervisory Committee, the Directors, the 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 41st meeting of the seventh session of the Board and the 24th meeting of the seventh session of the Supervisory Committee. All the Directors other than Mr. Xu Jianguo, a non-executive Director, who was absent from the Board meeting due to a business trip, attended the Board meeting and all the Supervisors attended the meeting of the Supervisory Committee. None of the Directors or Supervisors has any objection to the Report.

The 2023 interim condensed consolidated 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. All data in the Report are denominated in Renminbi unless otherwise indicated.

The Company had no profit distribution proposal or proposal on transfer of capital reserve fund to share capital for the first half of 2023.

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

Section I DEFINITIONS AND MATERIAL RISK WARNINGS

“Haitong Bank”	Haitong Bank, S.A.
“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 UT Capital”	Haitong UT Capital Group Co., Limited (海通恒信金融集團有限公司)
“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 Hong Kong Stock Exchange
“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)
“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

Section I DEFINITIONS AND MATERIAL RISK WARNINGS

“NEEQ”	National Equities Exchange and Quotations (全國中小企業股份轉讓系統)
“NSSF”	the National Council for Social Security Fund of the PRC
“QFII”	Qualified Foreign Institutional Investor
“Reporting Period”	from 1 January 2023 to 30 June 2023
“RMB” or “Renminbi”	the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Shanghai Guosheng Group”	Shanghai Guosheng Group Co., Ltd. (上海國盛(集團)有限公司)
“Shanghai Stock Exchange Listing Rules”	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange
“Shanghai Weitai Properties”	Shanghai Weitai Properties Management Co., Ltd. (上海惟泰置業管理有限公司)
“Shanghai Zechun”	Shanghai Zechun Investment & Development Co., Ltd. (上海澤春投資發展有限公司)
“SSE”	the Shanghai Stock Exchange
“Supervisor(s)”	the supervisor(s) of Haitong Securities
“Supervisory Committee”	the supervisory committee of Haitong Securities
“SZSE”	the Shenzhen Stock Exchange
“US\$”, “USD” or “U.S. dollars”	the lawful currency of the United States of America
“WIND”	Wind Information Co., Ltd.

Section I DEFINITIONS AND MATERIAL RISK WARNINGS

II. MATERIAL RISK WARNINGS

The business of the Group is highly dependent on the overall economic and market conditions in China and other countries or regions where it operates. 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 measures, disciplinary actions due to failure to comply with relevant 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 mistakes and misconduct of employees, 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 and risk management measures" 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, Pei Changjiang
Joint company secretaries	Pei Changjiang, Wong Wai Ling
Chief compliance officer	Zhao Huiwen



Section II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

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	90,601,656,274.77	93,818,677,554.29

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 (activities subject to approval as required by laws shall be conducted upon approval by relevant authorities).

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. SSE Fund Connect business (July 2005)
9. Qualification for quotation transfer business (Zhong Zheng Xie Han [2006] No. 3)
10. Qualification for trading on integrated electronic platform of fixed-income securities at Shanghai Stock Exchange (Shang Zheng Hui Han [2007] No. 86)
11. Qualification for National Association of Financial Market Institutional Investors (August 2007)
12. Qualification for overseas securities investment management business as a qualified domestic institutional investor (Zheng Jian Xu Ke [2008] No. 146)
13. A-grade clearing participant qualification of China Securities Depository and Clearing Corporation Limited (Zhong Guo Jie Suan Han Zi [2008] No. 22)

Section II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

14. Qualification for provision of intermediary introduction business for the futures companies (Hu Zheng Jian Ji Gou Zi [2010] No. 122)
15. Qualification for direct investment business trials (Ji Gou Bu Bu Han [2008] No. 421)
16. Qualification for implementation of the broker system (Hu Zheng Jian Ji Gou Zi [2009] No. 302)
17. Qualification for providing trading units for insurance agency investors (Bao Jian Zi Jin Shen Zheng [2009] No. 1)
18. Qualification for margin financing and securities lending business (Zheng Jian Xu Ke [2010] No. 315)
19. Qualification for engaging in stock index futures hedging business through proprietary trading of the company (Hu Zheng Jian Ji Gou Zi [2010] No. 372)
20. Qualification for fund evaluation business (Zhong Zheng Xie Fa [2010] No. 070)
21. Qualification for securities house assigned by NSSF (August 2011)
22. Qualification for engaging of stock index futures through asset management (Hu Zheng Jian Ji Gou Zi [2011] No. 237)
23. Stock repurchase transaction business trials (Ji Gou Bu Bu Han [2011] No. 512) (Shang Zheng Jiao Zi [2011] No. 37)
24. Qualification for issuance of overseas listed foreign shares (Zheng Jian Xu Ke [2011] No. 1821) (H Share)
25. Trial business of bond collateralised repurchase with quotes (Ji Gou Bu Bu Han [2011] No. 585)
26. Partnership independent custody business trials (Ji Gou Bu Bu Han [2012] No. 686)
27. Over-the-counter (the "OTC") transaction business (Zhong Zheng Xie Han [2012] No. 825)
28. Pilot qualification of engaging in margin and securities refinancing business (Zhong Zheng Jin Han [2012] No. 113)
29. Pilot qualification of underwriting of private debts for SMEs (Zhong Zheng Xie Han [2012] No. 561)
30. Qualification for foreign exchange operation in the securities business (SC201307)
31. NEEQ recommendation business and brokerage business (Gu Zhuan Xi Tong Han [2013] No. 61)
32. Qualification for agency sale of financial products (Hu Zheng Jian Ji Gou Zi [2013] No.180)
33. Equity income swaps business and OTC option trading business (Zhong Zheng Xie Han [2013] No. 996)
34. Pilot qualification of conducting capital consumption payment services for client securities (Ji Gou Bu Bu Han [2013] No. 741)
35. Qualification of the 11th batch of insurance agency for 2013 (Hu Bao Jian Xu Ke [2013] No. 204)
36. 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)
37. Custody qualification of security investment funds (Zheng Jian Xu Ke [2013] No. 1643)
38. Qualification for agency business of securities pledge registration (February 2014)
39. Internet securities business trials (Zhong Zheng Xie Han [2014] No. 358)
40. Membership qualification on the gold exchange (Certificate No. T004)
41. Business pilot of financing-oriented option exercise with respect to share incentive schemes of listed companies (Shenzhen Han [2014] No. 321)
42. Qualification for the stock options market making business (Zheng Jian Xu Ke [2015] No. 153)
43. Principal market maker in SSE 50 ETF options contracts (Shang Zheng Han [2015] No. 214)

Section II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

44. Business qualification for options settlement (Zhong Guo Jie Suan Han Zi [2015] No. 20)
45. Futures membership certificate (Certificate number: NO. G02008)
46. Certificate of Membership of the Asset Management Association of China (Certificate number: 00000147)
47. Qualification for offshore proprietary business (Ji Gou Bu Han [2015] No. 1204)
48. No comment letter on innovative program of one-way video account opening (Zhong Guo Jie Suan Ban Zi [2015] No. 461)
49. Qualification for inter-bank gold price asking transactions (Shang Jin Jiao Fa [2015] No. 120)
50. Qualification for carrying on main underwriting business of debt financial instruments for non-financial enterprises (August 2016)
51. Qualification for note dealing (November 2016)
52. Qualification for relevant business on tools mitigating credit risk (January 2017)
53. Qualification for secondary dealers for OTC options business (Zhong Zheng Xie Fa [2018] No. 386)
54. Qualification for credit derivatives business (Ji Gou Bu Han [2019] No. 469)
55. Qualification for recording military confidential business consultancy services in a secured and confidential condition (October 2019)
56. Stock index and options market making business (Ji Gou Bu Han [2019] No. 3073)
57. Qualification for interest rate swap real-time undertaking business (The announcement of China Foreign Exchange Trade System)
58. Qualified establishment of a credit-protected bond pledge-type repurchase business (Zhong Guo Jie Suan Han Zi [2021] No. 201)
59. Commodity Swap Business Primary Trader (July 2022)
60. Personal Pension Fund Sales Qualification (November 2022)
61. Qualification for SSE Fund Connect market making business (December 2022)
62. Qualification for margin financing and securities lending business of BSE (February 2023)
63. Qualification for SZSE Fund Connect market making business (March 2023)

The Company is a member of each of the SSE, the SZSE and the BSE and a Class B ordinary clearing member of Shanghai Clearing House 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 PERSONS AND CONTACT METHODS

	Secretary to the Board	Representative of Securities Affairs
Name	Jiang Chengjun	Sun Tao
Correspondence address	Haitong Bund Finance Plaza, No. 888 South Zhongshan Road, Huangpu District, Shanghai, the PRC (Postal Code: 200011)	Haitong Bund Finance Plaza, No. 888 South Zhongshan Road, Huangpu District, Shanghai, the PRC (Postal Code: 200011)
Telephone	8621-23180000	8621-23180000
Facsimile	8621-63410627	8621-63410627
Email	dshbgs@haitong.com	dshbgs@haitong.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	Haitong Bund Finance Plaza, No. 888 South Zhongshan Road, Huangpu District, Shanghai, the PRC
Postal code of business address	200011
Internet website	http://www.htsec.com
Email	haitong@haitong.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

Section II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

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
SSE Website designated for publication of interim reports	http://www.sse.com.cn
Website designated by Hong Kong Stock Exchange for publication of interim reports	http://www.hkexnews.hk
Place where the interim reports of the Company are available	Haitong Bund Finance Plaza, No. 888 South Zhongshan Road, Huangpu District, Shanghai, the PRC
Search index for changes in registration during the Reporting Period	http://www.sse.com.cn http://www.hkexnews.hk

V. BRIEF INFORMATION ON THE SHARES OF THE COMPANY

Type 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

Section II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

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 IFRSs.

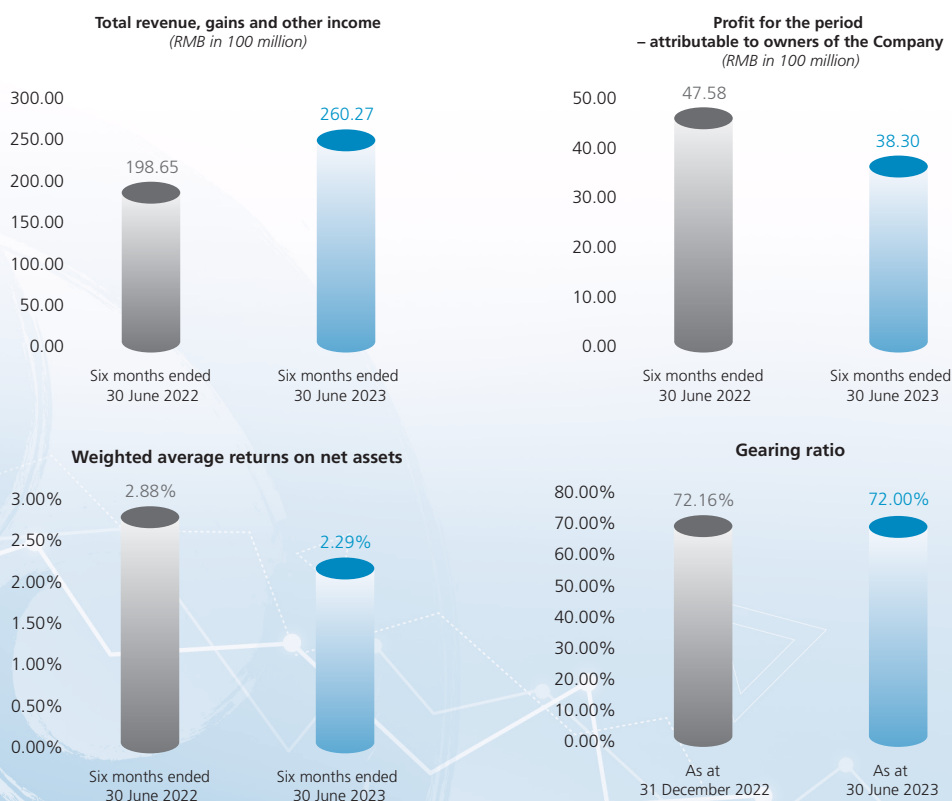
(I) Major accounting data and financial indicators

Items	Six months ended 30 June 2023	Six months ended 30 June 2022	As compared to the corresponding period of last year
Results of operations (RMB'000)			<i>Change</i>
Total revenue, gains and other income	26,027,428	19,864,831	31.02%
Profit before income tax	5,251,724	5,886,065	-10.78%
Profit for the period – attributable to owners of the Company	3,829,635	4,757,725	-19.51%
Net cash (used in)/from operating activities	-13,306,411	10,928,558	-221.76%
Other comprehensive income	795,560	58,198	1,266.99%
Earnings per share (RMB/share)			
Basic earnings per share	0.29	0.36	-19.44%
Diluted earnings per share	0.29	0.36	-19.44%
Profitability indicators			
Weighted average returns on net assets (%)	2.29	2.88	decrease by 0.59 percentage point

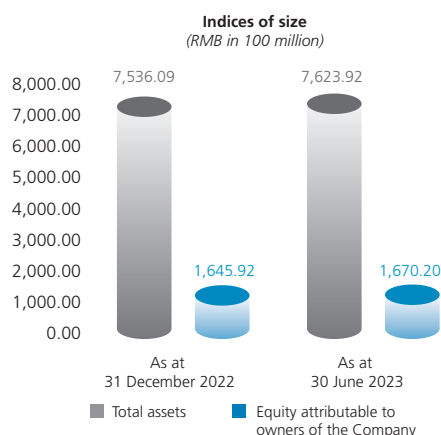
Section II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

Item	As at 30 June 2023	As at 31 December 2022	As compared to the corresponding period of last year
Indices of size (RMB'000)			
Total assets	762,391,665	753,609,305	1.17%
Total liabilities	582,523,133	575,987,247	1.13%
Accounts payable to brokerage clients	119,909,488	115,513,463	3.81%
Equity attributable to owners of the Company	167,019,635	164,591,957	1.47%
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)			
	12.78	12.60	1.43%
Gearing ratio (%)⁽¹⁾			
	72.00	72.16	decrease by 0.16 percentage point

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



Section II COMPANY PROFILE AND KEY FINANCIAL INDICATORS



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

The net profit of the Group for the periods from January to June 2023 and from January to June 2022 and the net assets of the Group as at 30 June 2023 and 31 December 2022 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 2023, the net capital of the Company as calculated in accordance with PRC GAAP was RMB90,602 million, representing a decrease of RMB3,217 million as compared to the end of last year (RMB93,819 million). During the Reporting Period, all risk control indicators including net capital of the Company met the regulatory requirements.

Item	As at 30 June 2023	As at 31 December 2022
Net capital (RMB)	90,601,656,274.77	93,818,677,554.29
Net assets (RMB)	149,870,774,715.70	149,045,782,898.20
Risk coverage rate (%)	235.37	241.25
Capital leverage ratio (%)	21.60	21.12
Liquidity coverage ratio (%)	352.58	293.75
Net stable funding rate (%)	161.68	162.85
Net capital/net assets (%)	60.45	62.95
Net capital/liabilities (%)	36.59	36.97
Net assets/liabilities (%)	60.53	58.74
Proprietary equity securities and its derivatives/net capital (%)	14.53	16.59
Proprietary non-equity securities and its derivatives/net capital (%)	164.01	193.66

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 Group 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 a revenue of RMB26,027 million, a net profit attributable to shareholders of the parent company of RMB3,830 million, the total assets of RMB762,392 million, and the net assets attributable to shareholders of the parent company of RMB167,020 million. The Group has maintained the 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 2023, 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 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 subsidiaries in the specialized fields. 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 wealth management business boasts a solid customer base. For the investment banking business, the Company followed the core idea of serving the national development strategy and facilitating the development of the real economy, conducted active industry layout and focused exploration in the field of STAR Market with a special focus on "hard and core technology" market position, insisted on driving its business with innovation and successfully built "Haitong Brand" in key sectors such as integrated circuits and biomedicine, completed a number of projects with significant market influence, and ranked among the top in the industry. The assets under management (the "AUM") of actively managed assets business increased steadily. Its private equity investment business has ranked among the top in the industry in terms of the scale and brand influence. Its overseas business continued to play a role as bridgehead in the Group's overseas market through linkage of domestic and overseas businesses. Its financial leasing business has been established and continued to maintain an industry-leading position. Its research services business enjoys strong market recognition. The Group adhered to the philosophy of "One Haitong" and deepened the synergy and linkage of "investment, financing, sponsorship and research" and wealth management business line, strengthened their overall coordination, and effectively promoted business implementation. 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, Singapore, Hong Kong, Shanghai and Tokyo. As at the end of the Reporting Period, the Group had 340 securities and futures branches (including 306 securities branches and 34 futures branches) spanning across 30 provinces, municipalities and autonomous regions in the PRC. The Group also established branches, subsidiaries or offices 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 23 million domestic and overseas customers.

Section III REPORT OF THE BOARD OF DIRECTORS

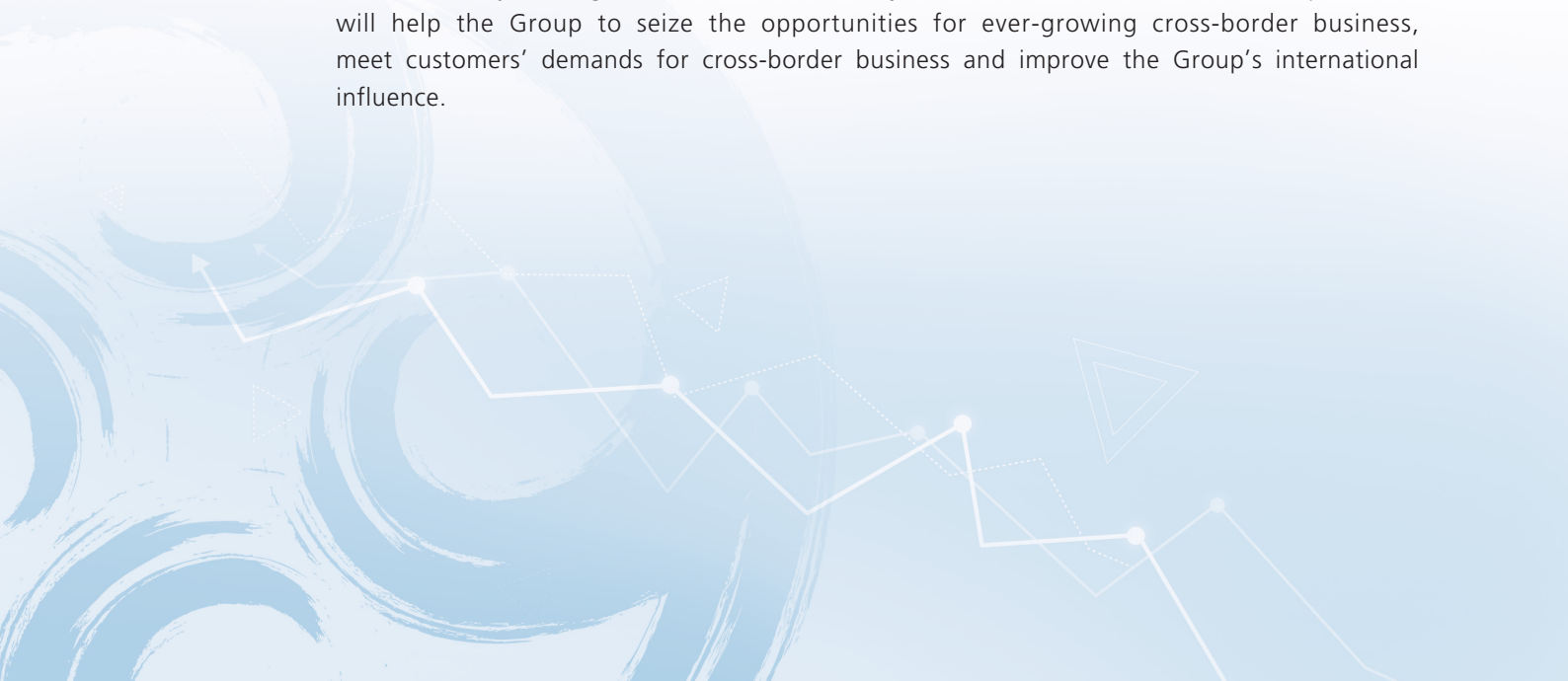
4. Industry-leading international cross-border service platform

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 and Haitong Bank are important platforms for the Group to implement the “Belt and Road” national initiative and the Guangdong-Hong Kong-Macao Greater Bay Area strategy. In the Hong Kong IPO market, Haitong International ranked among the top in terms of the number of projects where it acted as sponsor, and continued to boost its project execution capabilities and brand influence. At the same time, Haitong International actively engaged in the issuance of green and sustainable development bonds, implemented the ESG concept, and further developed debt management business, ranking among the top in the Chinese overseas debt management market. 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 the first half of 2023, Haitong Bank completed the upgrade of the licenses for its London branch after Brexit, which is an important step for it to retain and expand its banking business in London, the largest financial center in Europe.

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 2023, Shanghai FTZ branch focused on key fields such as free trade zone offshore bonds and continuously promoted the development of FTU and the coordination of the cross-border business activities of the Group.

These industry-leading, all around and multi-jurisdiction international business platforms will help the Group to 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 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, and 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. Leading fintech innovation capabilities

The Company has adhered to the strategy of “development driven by technology”. Aiming at building the “Digital Haitong 2.0” featured with “agile, platform-based, smart, and ecological,” the Company insisted on self-reliance and controllability of key technologies, deeply promoted the innovation and application of financial technologies, and has developed into a trailblazer and pioneer in the digital transformation of the industry. Firstly, empowering the transformation of wealth management in all respects. Our one-stop online financial platform “e-Haitong Cai (e海通財)” has been comprehensively upgraded to develop a comprehensive service access integrating group ecosystem, industry ecosystem and user ecosystem, the APP monthly active users of which was over 5.50 million, maintaining one of the first echelon in the industry. The interconnectivity of PC terminal and APP of our “e-Haitong Cai” strengthened synergy with customer brands to foster differentiated service advantages of products. Secondly, enhancing the institutional integrated trading services on all fronts. Our integrated intelligent trading platform “ShareEBook (e海方舟)” integrated the functions of high-speed trading and high-speed market information, which continuously improved algorithmic trading, achieving the single-day trading using algorithm of over RMB1.0 billion. Our OTC derivatives business platform “e-Haitong Yan (e海通衍)” opened up the south-to-north transaction channels and provided overseas and domestic investors with diversified and professional cross-border investment transactions and hedging instruments. Our securities lending service business system “e-Haitong Securities (e海通券)” had an average daily matching transaction of over RMB100 million, and through the intelligent matching algorithm, it fully met the securities lending intention for both the suppliers and demanders of the securities source, and developed a new ecosystem of open-ended securities lending services. Thirdly, increasingly fledged risk early warning system. Through five major quantitative indicators such as dynamic public opinion monitoring, financial fraud identification and default warning, it achieved the full-process closed-loop management of multi-dimensional risk warning signals within the Group and provided new driver for forward-looking risk management. Fourthly, deepening the technological innovation on an on-going basis. The Company obtained a total of 17 national patents and 82 software copyrights, which

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further enhanced the brand influence of the Company in technology. During the Reporting Period, the Company engaged in 21 innovative projects, successively received several fintech awards, including the Second Prize of Financial Technology Development Award by People's Bank of China (人民銀行金融科技發展獎二等獎), and the first and second prize of the Excellent Topic by the Financial Science and Technology Research and Development Centre of the Securities and Futures Industry (Shenzhen).

III. MANAGEMENT DISCUSSION AND ANALYSIS

(I) Overall operations

In the first half of 2023, the Company closely focused on the main theme of serving the national strategy and the real economy and gave full play to the role of finance in serving the real economy, and under the philosophy of "One Haitong" and through the synergy and linkage of "investment, financing, sponsorship and research" and wealth management business, the Company maintained positive business development momentum and especially realized positive results in integrating into regional development, optimizing the layout of outlets, deepening institutional reform and strengthening group-based management.

(II) Analysis of principal operations

1. *Wealth management business*

Market conditions:

In the first half of 2023, trading activities in the market witnessed a slight recovery. According to data from the SSE and SZSE, the trading volume of stocks and funds in the SSE and SZSE amounted to RMB249.40 trillion, representing a year-on-year increase of 0.11%. As of the end of June 2023, the balance of margin financing and securities lending in the market amounted to RMB1.59 trillion, representing an increase of 3.12% as compared to the end of last year. With the full implementation of the registration-based IPO regime, more flexible margin and securities refinancing policies and wider range of eligible collateral securities for margin financing and securities lending have offered more trading space for investment strategies, and the stock-pledged repurchase business continued to return to the essence of serving the real economy. The financial product sales market was under pressure. According to the data from WIND, the units of newly established funds issued in the first half of 2023 reached 528.630 billion, representing a year-on-year decrease of 21.84%. Since the implementation of the Private Pension Scheme, the number of participants and products under the Private Pension Scheme has kept on increasing. As of the end of June 2023, 40.30 million people have opened accounts under the Private Pension Scheme in 36 pilot cities (regions) in China, and the number of funds under the Private Pension Scheme was 151.

Operating measures and performance:

Adhering to the "customer-centric" approach and centered on the needs of customers for wealth management and investment and financing, the Company enhanced three core competency of the wealth management business, namely "trading services, investment advisory and product sales based on asset allocation". During the Reporting

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Period, focused on the strategy of “developing incremental business, providing distinctive services, strengthening coordination, and establishing mechanisms”, the Company proactively promoted the construction of integrated innovation outlets, shifted from the traditional brokerage business outlet serving residents communities to the integrated financial platform rooted in industrial parks and serving the development of enterprises. The Company established platforms and systems covering the full life cycle of financial products. The sales of financial products and the scale of existing financial products both increased steadily. The Company also enhanced the construction of the digital financial platforms, improved the service quality, and expanded the boundaries of its service scope. As of the end of June 2023, the Company’s wealth management business had 17.77 million customers, representing an increase of 4.3% as compared to the end of last year, and the AUM for the customers amounted to RMB3.16 trillion, representing an increase of 5.8% as compared to the end of last year. In the first half of 2023, the number of new customers of the Company increased by 29.3% year-on-year, and the AUM of new customers increased by 193.4% year-on-year.

Changes in agency trading volume of the Company in the first half of 2023

	The Reporting Period	The corresponding period of last year
Trading volume of stocks (RMB100 million)	66,514	70,940
Trading volume of funds (RMB100 million)	15,971	10,227
Total (RMB100 million)	82,485	81,167

(1) *Retail business*

The Company deeply explored customer demands and built a customer-centric, wealth management transformation-oriented, multilevel customer service system focusing on information, products, investment research, investment advisory and intelligent Apps. Based on the platforms of “e-Haitong Cai” (e海通財) and “ShareEBoook” (e海方舟), the Company provided comprehensive financial solutions to wealth management customers and institutional clients.

In the first half of 2023, the Company continuously promoted the institutional transformation of its wealth management business, and its retail brokerage business developed rapidly with high quality. **The Company accelerated the reform of its branches and outlets**, strengthened the coverage of outlets in areas under national significant development strategies and strived to build integrated financial platforms with featured business properties. Six comprehensive outlets, including the Shanghai Lingang Branch, have officially commenced operation. **The Company developed the ecosystem of regional cooperation platforms and preliminarily established a service system**

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for strategic customers. The Company fully integrated its resources and provided strategic customers with diversified and a basket of comprehensive financial services. It implemented the pilot “1+N” service model for strategic customers and has entered into strategic cooperation agreements with over 60 governments, industrial parks, universities, equity investment funds and other institutions. **The Company made great efforts to build its brand for private banking services.** The Company focused on high-net-worth customers, centered on family trust, equity management, comprehensive securities and entrepreneurs’ activities and gradually established the ecosystem of private banking customers. As at the end of June 2023, the number of private banking customers with average daily net assets of over RMB6 million was over 15,000, representing an increase of 6.01% from the end of last year; the aggregate AUM was nearly RMB790 billion, representing an increase of 3.59% from the end of last year. **The Company deepened the construction of the digital financial platforms.** With “e-Haitong Cai” (e海通財) APP as the online comprehensive service base, the Company introduced new service functions and scenarios, developed super service entrances, facilitated the construction of five major service zones and built a diversified digital ecosystem. As at the end of June 2023, the number of monthly active users of “e-Haitong Cai” APP was over 5.50 million, ranking fourth in the industry. The shares and mutual funds trading volume of “ShareEBook” (e海方舟), which targets institutional, high-net-worth and quantitative investor clients, achieved a year-on-year increase of 11%. The number of active customers and the assets of users recorded year-on-year increases of 40% and 92% respectively. It established a comprehensive institutional trading service system. The intraday turnover of trading using algorithm exceeded RMB1 billion and the securities lending business system “e-Haitong Securities (e海通券)” enhanced the facilitation efficiency with an average daily transaction amount of over RMB100 million. **The Company actively promoted the expansion and transformation of the investment and advisory business,** and fully optimized “Ying Investment Advisory (盈投顧)” services covering six series of contents including strategy, special topic, brief news, livestreaming, ETF points and companion services. It introduced “Ingenuity 100 (匠心100)” customized services for special accounts towards high-net-worth customers and continuously provided strategic services on ETF and convertible bonds to ordinary investors. It improved the professional service capabilities of investment and advisory teams, provided companion services in the full process of customer investment and assist customer to realize the preservation and appreciation of assets.

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The private wealth management team of Haitong International launched the “Chasing the Waves of Capital – Navigator Club” series of activities, providing customized macro analysis and investment strategy recommendations for high-net-worth clients. The team actively expanded customer base, enriched product portfolio, coordinated with professional institutions, and held more professional thematic activities. At the same time, the team provided customers with competitive margin financing services through market-based pricing and fast and efficient collateral and custody related services, enhancing customer stickiness and completing more transactions. In the first half of 2023, the private wealth management team of Haitong International in Singapore flexibly adjusted its business direction according to the latest market environment and customer needs, actively promoted the development of the external asset management business, which served as an opportunity for the Company to expand customer base and promote long-term business development.

(2) *Sales of financial products*

The Company strived to improve its financial products’ market penetration by focusing on improving customer experience and through various measures including strengthening its sales organization, straightening out the communication mechanism, optimizing the system platform, and improving the sales system, and continuously strengthening in-depth cooperation with external quality fund companies, and establishing a professional evaluation and tracking mechanism based on product segmentation, covering public offerings, private offerings, and asset management and other products, as well as the whole life cycle of products before, during and after sales. Against the backdrop of complex market environment, the sales scale of financial products maintained growth momentum. As of the end of June 2023, the average daily penetration of the Company’s financial products amounted to RMB125.918 billion, representing an increase of 3.72% as compared to the end of last year. In particular, the average daily penetration of publicly offered products (other than monetary funds) was RMB43.4 billion; the average daily penetration of privately offered products was RMB48.1 billion; the average daily penetration of ETF products was RMB21.9 billion. Meanwhile, the Company focused on promoting the products offered by public funds under broker settlement mode and privately offered quantitative funds, to continuously enhance customers’ recognition of the financial products recommended by the Company, and constantly boost the influence of the service brand of the Company’s financial products.

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Since 2023, the Company has been committed to providing institutional investors with a full range of innovative and comprehensive solutions for off-exchange traded funds. Through accurately identifying the investment needs of institutional investors for off-exchange traded funds and targeting banks, insurance companies, mutual funds and other financial institutions as well as large corporate customers, the Company launched an integrated off-exchange traded fund service system, namely “e-Haitong He,” (e海通合) which supports both client software and direct connection modes, providing customers with efficient transaction operation support. At the same time, relying on the Company’s strong financial product full lifecycle management system and robust research capabilities, “e-Haitong He” (e海通合) can provide customers with financial product long-term follow-up and “accompanying” services and targeted investment research support.

(3) *Financing business*

In the first half of 2023, the Company’s financing business closely followed the market opportunities arising from the full implementation of the registration-based IPO regime, and its business grew steadily. The Company’s financing business strengthened the promotion of key business models and the coverage of core customer groups, and promoted the expansion and large-scale acquisition of quality customers. The Company’s securities lending business broadened the channels of securities sourcing in various ways, and strengthened the management of securities sources for proprietary trading to meet the diversified needs of customers for securities use. As of the end of June 2023, the market share of the Company’s securities lending increased to 6.1% from 4.1% at the beginning of the year. The Company’s stock pledge business continued to explore quality projects, supported the development of real enterprises, and strengthened its capabilities to conduct project review and target securities evaluation, effectively improving asset quality. As of the end of June 2023, the size of the Company’s financing business was RMB90.6 billion, of which the size of margin financing and securities lending business was RMB63.6 billion and the size of stock pledge business was RMB26.7 billion.

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Changes in the scale of financing business of the Company as at the end of the first half of 2023

	As at the end of the Reporting Period	As at the end of the corresponding period of last year
Balance of margin financing and securities lending business (RMB100 million)	636.07	611.64
Balance of stock pledge business (RMB100 million) ¹	267.27	273.68
Balance of stock repo transaction (RMB100 million)	2.45	2.44
Total (RMB100 million)	905.79	887.76

(4) *Futures business*

In the first half of 2023, Haitong Futures steadily developed its business and continuously consolidated its market position. The trading volume of future contracts under its brokerage amounted to RMB15.6 trillion (without double counting) and its market share was 6%. The scale of futures asset management business amounted to RMB15.4 billion, representing an increase of 52% over the beginning of the year; the new sales volume of the fund exceeded RMB1 billion, doubled as compared to the corresponding period of last year.

2. *Investment banking business*

Market conditions:

In the first half of 2023, various reforms in China's capital market have been progressed steadily, the comprehensive implementation of the stock issuance registration system has been successfully implemented, the corporate bond responsibilities have been transferred smoothly, and the function of the capital market has been brought into full play. The total proceeds from 407 equity financing projects in A-share market amounted to RMB662.7 billion, representing a year-on-year decrease of 10.17%. IPO projects continued to be the norm, a total of 173 companies were newly listed in the first half of 2023, and the total amount of fund raised was RMB209.7 billion, representing a year-on-year decrease of 32.78%. Among them, the "innovation and entrepreneurship" sector, characterized by technology and innovation, has become the main battlefield for A-share IPOs, and in the first half of 2023, a total of 93 companies were listed with total amount of fund raised amounting to RMB152.5 billion, accounting for 72.74% of total financing amount from IPO market in China; the issuance of new shares on the BSE developed at a higher speed, a total of 42 companies were newly listed in the first half of 2023 on the BSE, and the total amount of fund raised was RMB8.1 billion, representing a year-on-year increase of 183.72%. The scale of refinancing increased

¹ 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 RMB3,352 million

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steadily, and in the first half of 2023, 222 listed companies totally raised funds of RMB432.0 billion by refinancing means, including issuance of new shares, convertible bonds and placing of shares, representing a year-on-year increase of 8.52%.

In the first half of 2023, the mainland bond issuance in the PRC increased steadily, with a total amount of bond issuance of RMB34.58 trillion, representing a year-on-year increase of 9.74%. Interest rate bonds issuance reached RMB12.43 trillion, representing a year-on-year increase of 7.61%, among which treasury bond issuance increased by 30.59% year on year, local government bonds issuance decreased by 16.80% year on year, and policy bank bonds issuance increased by 24.83% year on year. The credit bonds issuance was RMB9.36 trillion, representing a year-on-year increase of 2.88%. The aggregate interbank negotiable certificate of deposit issuance amounted to RMB12.77 trillion, representing a year-on-year increase of 17.79%.

Operating measures and performance:

(1) Equity financing

In terms of domestic equity financing, the Company focused on promoting the optimization of the organizational structure of general investment banking. With serving national strategies as the guideline and the full implementation of the registration system as an opportunity, the Company further implemented the strategies on “industry focus” and “region focus”, and continued to consolidate the business advantages in the field of STAR Market, ChiNext and other sectors, ranking high in terms of performance. In the first half of 2023, the Company completed a total of 18 equity financing projects with the funds raised amounting to RMB33.0 billion. It completed 11 IPOs with the funds raised amounting to RMB26.3 billion, ranking third in the market in terms of the number of IPO deals and the amount of fund raised. It completed six IPOs on the STAR Market with the funds raised amounting to RMB23.0 billion, ranking second and first in the market, respectively. It completed seven refinancing projects, including five issuances of shares to specific placees and two convertible bonds, with the total funds raised amounting to RMB6.6 billion. With the optimization of the organizational structure of general investment banking and the deepening of the “specialization” strategy, the Company consolidated advantages and achieved new breakthroughs in integrated circuit, biopharmaceutical and other key sectors. In the first half of 2023, the Company completed four IPOs, including SMEC and Motorcomm, in the integrated circuit sector, among which, SMEC is the largest project in the market with the funds raised amounting to RMB11.0 billion. The Company actively achieved breakthroughs in the new energy sector. It successfully submitted the registration application of Runergy and reserved various well-known enterprises in the market covering the entire industrial chain. The Company vigorously promoted the application for IPOs with a rich reserve of equity financing projects. As at the end of June 2023, the Company had 67 IPOs which the Company acted as sponsor under review or to be launched, ranking third in the market.

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Domestic equity financing project issuance and project reserves

		The Reporting Period	The corresponding period of last year
IPO	Underwritten amount (RMB100 million)	263.37	246.60
	Number of underwritten transactions	11	14
Refinancing offering	Underwritten amount (RMB100 million)	66.31	71.93
	Number of underwritten transactions	7	5
Number of projects under CSRC review and pending for listing	IPO	67	68
	Refinancing offering	23	13

Source: WIND, CSRC, SSE, SZSE and BSE

In terms of overseas equity financing, Haitong International's investment banking team is committed to providing a full range of investment banking services, and further enhances the "One Haitong" business synergy effect while expanding fee-based income sources. During the Reporting Period, Haitong International's investment banking team completed seven equity financing projects (including IPOs, secondary market placements and rights issues). The credit capital market team cooperated with the M&A team to explore pre-IPO financing opportunities, providing customers with a wider range of financial services, achieving internal synergy and cross-selling within the investment banking business, and further improving Haitong International's financial advisory income. The investment banking team also worked closely with the parent company to develop global depositary receipt (GDR) project pipeline and explore "Connect" business opportunities.

(2) *Bond financing*

Regarding domestic bond financing, the Company continuously works on strengthening the quality of its practice and achieved growth in all indicators. In the first half of 2023, the Company underwrote 533 bonds with the amount of bonds underwritten reaching RMB209.7 billion. The Company focused on national strategies and adhered innovation-driven, it underwrote 23 green bonds as lead underwriter with total financing amount of RMB103.2 billion. It also successfully issued several "first-in-market" products, including the first green auto loan asset-backed securities of Guangdong-Hong Kong-Macao Greater Bay Area (粵港澳大灣區首單綠色車貸資產支持證券), the first "green + low-carbon transition-linked" ABS product in China (全國首單"綠色+低碳轉型掛鉤"資產證券化產品) and the first "Greater Bay Area + technological innovation" corporate bonds of local state-owned enterprise (地方國企首單"粵港澳大灣區+科技創新"公司債券).

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

		The Reporting Period	The corresponding period of the previous year
Enterprise bonds	Underwritten amount (RMB100 million)	47.75	159.40
	Underwriting quantity	13	28
Corporate bonds	Underwritten amount (RMB100 million)	543.43	619.89
	Underwriting quantity	145	161
Others	Underwritten amount (RMB100 million)	1,505.57	1,138.40
	Underwriting quantity	375	384

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

Source: WIND

In terms of overseas bond financing, according to Bloomberg China Risk (G3+RMB) Bond Ranking, as of the end of June 2023, Haitong International completed 48 bond issuance projects, including Huafa Group In-depth Cooperation Bond, AVIC Leasing Free Trade Zone Green RMB Bond, etc. The bond capital market team strove to put the philosophies in relation to ESG and sustainable finance into practices. During the Reporting Period, the team underwrote three green and sustainability bonds, raising a total of USD570 million, and received the “ESG Award of the Year” in the annual institution evaluation for Chinese offshore USD bonds once again. According to market demands, the team further expanded its debt management and restructuring business. During the Reporting Period, it completed six debt management projects ranking first in Bloomberg Asia-Pacific Debt Management Bond Ranking. Haitong Bank Macau Branch seized the strategic opportunities and issuance window of free trade bonds, participated in 21 overseas bond issuance projects, and completed three credit business projects with a total loan amount of USD74 million. In addition, Haitong International had three projects in pipeline with a total size of USD160 million.

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3. *Asset management business*

Market conditions:

Against the backdrop of the continuous growth in the PRC economy and residents' wealth and with the full implementation of new regulations on asset management and the gradual improvement of pension systems, the standardized and net-worth asset management industry represented by mutual funds became a segment with strong vitality and growth potential in the financial market. Returning to the origin of the asset management industry and enhancing the active management capability became the key to the development of the asset management business of securities companies. Under the favorable policies that "securities companies investing in one fund and controlling one fund may apply for one license for mutual funds", securities companies vigorously prepared for the establishment of asset management subsidiaries and sped up in deploying on the mutual fund sector. As at the end of June 2023, the number of asset management subsidiaries in the securities industry has increased to 26. The Rules Governing the Private Asset Management Business of Securities and Futures Operators 《證券期貨經營機構私募資產管理業務管理辦法》 and the Provisions on the Administration of Operation of Private Assets Management Plans of Securities and Futures Business Institutions 《證券期貨經營機構私募資產管理計劃運作管理規定》 released by the CSRC on 13 January 2023 further improved the flexible operation of investment with private asset management products and facilitated the private asset management business to give full play to the role of serving the real economy. The private asset management business has been under the transformation period of reducing channel businesses and transforming towards collective investment since the beginning of 2023. According to the Asset Management Association of China, as at the end of June 2023, the total AUM of mutual fund management institutions amounted to RMB27.69 trillion, representing an increase of 6.37% as compared to the end of last year; the total AUM of the private asset management business of the securities companies and their subsidiaries was RMB5.66 trillion, representing a decrease of 9.98% as compared to the end of last year.

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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 publicly offered fund market to continuously enhance its active management capability, strived to develop a private fund and asset management product system with the full coverage of customer categories, investment markets and investment strategies and advance the high-quality development of the asset management business. As at the end of June 2023, the total AUM of the asset management business of the whole Group was nearly RMB2.0 trillion.

(1) Fund management company

Fullgoal Fund maintained a sound business development trend. As at the end of June 2023, the AUM exceeded RMB1.4 trillion, representing an increase of RMB60 billion as compared to the end of last year. The AUM of mutual funds exceeded RMB900 billion, ranking among the top eight in the market; among them, the amount of non-money category exceeded RMB600 billion, ranking among the top five in the market; the amount of public fixed income category realized a significant increase, with a total growth of more than RMB50 billion; the total amount of non-money ETFs at the end of the period reached a record high of over RMB50 billion. Various types of pension funds maintained a sound development trend, with the total number of portfolios and the AUM at a leading position in the market.

As at the end of June 2023, the AUM of HFT Investment amounted to RMB440.3 billion, of which the AUM of mutual funds amounted to RMB165.0 billion, representing an increase of 17% as compared to the beginning of the year. The AUM of pension funds amounted RMB233.6 billion, representing an increase of 4.3% as compared to the beginning of the year. The AUM of HFT CSI Short Term Note ETF continued to grow to RMB19.4 billion; the investment performance of active equity, "Fixed Income +" and other specialty funds were among the top in the market.

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(2) *HT Asset Management*

With the strategy on public fund and private fund products as two wheels driving the development, HT Asset Management is committed to developing an all-around asset management institution. On the one hand, it actively planned the transformation of the asset management business and developed in the public fund market. With over ten public fund products participating in the transformation to the public offered mutual funds as drivers and on the premise of maintaining the liquidity and safety of products, HT Asset Management provided outstanding returns to investors and set up the public fund brands of the Company. In the first half of 2023, HT Asset Management preliminarily formed a product matrix comprising publicly offered products of different risk grades and different maturities through the transformation of 17 collective investment scheme products, and the investment performance ranked at the forefront of comparable products in the market. On the other hand, HT Asset Management continued to enhance its active management capability and was committed to building a private equity asset management product system with full coverage of customer types, investment markets and investment strategies. In the first half of 2023, HT Asset Management issued 26 new private equity asset management products with a total amount of issuance of RMB2.375 billion; the investment performance of HT Asset Management's collective products ranked 37.05% among products of the same strategy in the market.

Changes in AUM and net income of HT Asset Management

	The Reporting Period		The corresponding period of the previous year	
	AUM (RMB100 million)	Net income (RMB10 thousand)	AUM (RMB100 million)	Net income (RMB10 thousand)
Collective asset management	233	7,840	353	15,162
Targeted asset management	187	2,084	261	2,573
Specialized asset management	405	473	349	544
Total	825	10,397	963	18,279

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(3) Private equity investment funds

The PE investment fund business of the Company focused on following the national strategies and development trends and the key strategic sectors and researching the leading market players in segments. As at the end of June 2023, the total AUM of the Company's PE investment funds amounted to RMB30.8 billion, and the fundraising and signing of partnership agreements for two master funds, namely, Shanghai Haitong Leading District Industry Guidance Master Fund Partnership (Limited Partnership) (上海海通引領區產業引導母基金合夥企業(有限合夥)) and Anhui Conch Haitong Industrial Internet Master Fund Partnership (Limited Partnership) (安徽海螺海通工業互聯網母基金合夥企業(有限合夥)), as well as mixed funds such as Shanghai Haitong Yitai Phase I Private Fund Partnership (Limited Partnership) (上海海通伊泰一期私募基金合夥企業(有限合夥)), had been completed. In the first half of 2023, for the PE investment business, the Company made efforts in both investment and exit and realized virtuous business development cycle. The Company invested in 29 new projects. Ten investees were listed and four projects have been approved by the CSRC and are queuing for IPO. This business contributed a net profit of RMB51 million.

In the first half of 2023, Haitong Capital was awarded the "2022 Best Private Equity Investment Institution No. 18" (2022年度最佳私募股權投資機構第18名), "2022 China's Best Securities Private Equity Fund Subsidiary TOP10" (2022年度中國最佳券商私募基金子公司TOP10), "2022-2023 China Integrated Circuit and Semiconductor Best Investment Institution" (2022-2023年度中國集成電路與半導體領域最佳投資機構) and other honors.

Changes in the scale of private equity business

	As at the end of the Reporting Period	As at the end of the previous year
Number of funds managed	57	55
AUM balance (RMB100 million)	308	300
Accumulated number of investment projects	29	42
Accumulated amount of investment projects (RMB100 million)	15	35
Number of exited projects (including partial exit)	34	65

Section III REPORT OF THE BOARD OF DIRECTORS

(4) *Overseas asset management*

Haitong International's asset management team emphasizes customer orientation, and is positioned to optimize asset structure and focus on key products. It explores and serves customers' investment and allocation demands in both the domestic and overseas markets, and facilitates overseas institutional customers' investment in the China market. In face of the challenges arising from macroeconomic divergence, securities market fluctuations and low investment sentiment, Haitong International further improved the investment research system and capabilities and strengthened overseas business expansion, as a result of which, its investment performance and ranking among funds have been improved gradually and the AUM from overseas customers increased steadily. In the high interest rate environment, the asset management team selectively optimized and promoted asset allocation products such as flexible income funds and ESG ETFs, striving to create profits for customers. In the first half of 2023, the fund products under the asset management business of Haitong International won a number of awards for medium and long-term performance, such as Lipper Fund Awards 《理柏基金香港年獎》 and Insights & Mandate – Professional Investment Awards 《投資洞見與委託 – 專業投資大獎》. In the first half of 2023, the first fund (China Bond Fund) of an asset management subsidiary of Haitong Bank after obtaining license was approved by the Portugal Securities Regulatory Commission (葡萄牙證監會).

4. *Trading and institutional client services business*

Market conditions:

Since 2023, the A-share market has fluctuated within a narrow range, with rising and falling divisions. In the first half of the year, SSE Index and SZSE Component Index closed up 3.65% and 0.10% respectively, and the ChiNext Index closed down 5.61%. In the first half of 2023, the international commodity prices generally fell, and the U.S. consumer price index continued to rise. Affected by the international environment and domestic economic development needs, the monetary policy of the central bank of China was relatively loose, and bond market performance was relatively stable. In the first half of 2023, ChinaBond Treasury Bond Total Net Price Index, ChinaBond Corporate Bond Total Net Price Index and CSI Aggregate Bond Total Return Index closed up 1.22%, 1.57% and 2.55% respectively.

Section III REPORT OF THE BOARD OF DIRECTORS

Operating measures and performance:

(1) *Trading business*

In the first half of 2023, facing adverse market conditions, the Company actively optimized the position structure of domestic equity and derivatives and trading business and took various measures to control risks. For equity investment business, based on its own resource endowment, the Company set up a value investment portfolio, and explored a number of products that can withstand short-term market fluctuations and provide for long-term investment value through professional and refined research, realizing long-term and stable investment return. The number of main market-making products of fund market-making business exceeded 400, covering all top fund companies. The option market-making business was awarded the “Gold Award of Excellent Stock Index Option Market Maker” and the “Outstanding Contribution Award of New Types Listing of Stock Index Option Market Maker” by the CFFEX in 2022. The Company provides multi-asset, cross-product and global institutional derivative trading services, and provides a wealth of on-balance-sheet non-standardized derivative products through over-the-counter derivative instruments. In the first half of 2023, the Company and China Securities Index Co., Ltd. officially published the “China Securities Haitong Securities ESG Equity Bond Linkage Strategy Index”, providing good investment tools for practicing the green finance concept, providing rich derivative product toolkits for wealth management business, and providing strong support to three types of customers with high-quality services, namely licensed financial institutions, corporates and high-net-worth individuals. Our one-stop OTC derivatives business platform “e-Haitong Yan (e海通衍)” continued to build and iterate, optimized long-short swap trading functions, and gradually increased the number of connected customers, providing customers with diversified algorithmic trading strategies. As at the end of June 2023, the Company’s over-the-counter derivatives totaled RMB164.9 billion.

In the first half of 2023, for the fixed-income business, the Company strengthened the fee-based business, stabilized the overall investment market of proprietary bonds, promoted the development of the quotation repurchase business, derivatives business and customer demand business, further optimized the debt structure, and promoted the steady decline in finance costs. The Company implemented the strategy of financial institutions serving the real economy, focused on national policy-supported projects and strategic goals, actively participated in public REITs, served the real economy, revitalized the infrastructure assets, and made new investment in social responsibility of RMB25.3 billion. The Company issued the first interbank credit linked notes and concluded the first online credit protection contract for the exchange fixed-income platform.

In the first half of 2023, Haitong Innovation Securities implemented national innovative development strategies, selected direct equity investment projects and focused on quality enterprises in new-generation information technology, new energy, new materials, high-end equipment manufacturing, bio-pharmaceutical and other industries with the vigorous support of the state. It completed four new equity investment projects, and six new STAR Market co-investment projects.

Section III REPORT OF THE BOARD OF DIRECTORS

In the first half of 2023, the macroeconomy, geopolitics and market environment continued to be volatile, and the daily average turnover on the Hong Kong securities market decreased by 16% as compared to the same period last year. In light of the increasing demand for global investment diversification from customers, adhering to a customer-oriented approach and based on market conditions, the fixed income sales and trading team of Haitong International continuously consolidated its business position in the sales and trading of fixed income products in the primary and secondary markets. While strictly controlling relevant risks, the team actively increased participation in the investment-grade bond market, maintained a steady increase in commission income, and further expanded cross-border business targeting fixed income products for institutional customers relying on cooperation with the parent company in the cross-border total return swap (TRS) business. Meanwhile, it continued to pay attention to the market opportunities brought by the further internationalization of Renminbi, and explored new business opportunities in bond and interest rate connects.

(2) *Institutional client business*

The Company strived to build a strong professional institutional sales service team, continued to enhance the adjustments to organizational structures and sped up the improvement of its capability to provide comprehensive services for institutional customers. The institutional sales team cooperated with other product lines of the Company, to provide professional and comprehensive services to mutual funds, social security funds, banks, bank wealth management subsidiaries, insurance, insurance and asset management companies, private equity funds, QFII, WFOE and other domestic and overseas financial institutions, including research sales, products sales, investment banking projects, securities finance, derivatives, cross-border business, securities trading and other comprehensive financial solutions, and provide “one-stop” services for domestic and overseas leading institutions and “accompanying” services for growth stage customers.

In the first half of 2023, the Company maintained its market-leading position in foreign invested institutional customer services, continued to enhance the breadth and depth of cooperation with domestic and overseas asset management companies, conducted in-depth product research and development, and continued to make efforts in service brand and series product development, cooperation with mutual funds under the settlement via trader model, construction of ETF ecosystem, improvement of comprehensive financial services and other aspects. The Company continuously bolstered its service capability for licensed institutions, strengthened its market share in terms of institutional customer businesses, built its comprehensive sales service system, and improved its influence and penetration among institutional customers.

Section III REPORT OF THE BOARD OF DIRECTORS

The Company is committed to building a leading research brand in the industry to boost the development of its institutional business and support the expansion of its investment banking business through research. It enhanced synergies within the Group and boosted support to customer services in branches and business departments. It provided targeted services to institutional clients through online livestreaming, telephone meetings and offline forums, further consolidating and exerting its brand advantages. The Company actively displayed its advantages in industrial research expertise, and jointly held industry forums with local governments and industrial parks in Changsha, Shanghai and Hefei, and provided industry information support and professional think tank services for governments, industrial parks and strategic customers by studying industrial development trends and policy trends, enhancing the Company's influence. The stock research team of Haitong International continued to strengthen its capabilities in the research of the Chinese and global markets, which has covered 1,748 stocks around the globe as of the end of June 2023.

5. *Financial leasing business*

Market conditions:

In the first half of 2023, the regulatory policies on the financial leasing industry were continuously improved and the overall business environment was further optimized. Currently, the financial leasing industry in China is under a crucial period with unified regulation, unified registration, accelerated clearing, transformation and optimization, and both challenges and opportunities exist. As of the end of June 2023, the total number of market players in the domestic financial leasing industry was 9,540, down by 300 from the end of 2022. The balance of domestic financial leasing contracts was approximately RMB5,766.0 billion, down by 1.44% from the end of 2022. The financial leasing industry was still under the trend of shrinkage on the whole, however, its shrinkage was less as compared to last year. At the same time, many local regulatory authorities have successively developed or updated regulatory provisions and detailed rules for the financing leasing industry, and strengthened the risk prevention of financing leasing companies, achieving clearer regulatory framework, more perfect regulatory system and the improving regulatory environment in the financing leasing industry. In addition, a number of local governments have successively introduced measures to include the financing leasing business into the high-quality development implementation plans for financial market players, encouraged financing leasing companies to expand cooperation with local enterprises, promoted the healthy and orderly development of the real economy, and provided favorable policies and a good external environment for the vigorous development of the financing leasing industry.

Section III REPORT OF THE BOARD OF DIRECTORS

Operating measures and performance:

In the first half of 2023, Haitong UT upheld the operational philosophy of “pragmatic, pioneering, steady and excellent” under the guidance of the concept of “One Haitong”, followed the guidance of national industrial policies, grasped and followed the general trend, and promoted the steady improvement in the operating performance. In the first half of 2023, Haitong UT achieved a profit of RMB808 million, representing a year-on-year increase of 5.6%, and recorded a total revenue of RMB4,286 million, representing a year-on-year increase of 4.7%. The average yield rate of interest-earning assets was 6.71% and the weighted average return on net assets was 8.85%. As of 30 June 2023, Haitong UT’s total assets reached RMB128,799 million, up by 3.4% from the end of 2022. Total equity reached RMB19,463 million, up by 3.4% from the end of 2022. Non-performing asset ratio amounted to 1.09% and the provision coverage ratio for non-performing assets was 253.37%.

Material movements of the operations of the Company during the Reporting Period and events that materially impacted and are expected to materially impact 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 2023, the total assets of the Group amounted to RMB762,392 million, and the net assets attributable to the parent company amounted to RMB167,020 million. For the six months ended 30 June 2023, the Group recorded a revenue of RMB26,027 million, and a net profit attributable to the parent company of RMB3,830 million; the weighted average return on net assets was 2.29%. In particular, its subsidiaries recorded a total revenue of RMB14,925 million, accounting for 56% of the total revenue of the Group; its overseas operations recorded a total revenue of RMB7,362 million, accounting for 28% 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	Six months ended	Increase/decrease	
	30 June 2023 Amount	30 June 2022 Amount	Amount	Percentage
Commission and fee income	6,462,063	7,699,311	-1,237,248	-16.07%
Interest income	9,320,529	8,258,455	1,062,074	12.86%
Finance lease interest income	781,925	1,280,942	-499,017	-38.96%
Investment income and gains (net)	3,286,842	692,435	2,594,407	374.68%
Other income and gains	6,176,069	1,933,688	4,242,381	219.39%
Total revenue, gains and other income	26,027,428	19,864,831	6,162,597	31.02%

In the first half of 2023, the total revenue, other income and other gains realized by the Group amounted to RMB26,027 million, representing an increase of RMB6,163 million or 31.02% as compared to the corresponding period of last year, mainly due to the increase of sales revenue from 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 2023	Six months ended 30 June 2022	Amount change	Percentage change
Securities and futures broking fee income	3,438,879	3,984,888	-546,009	-13.70%
Underwriting and sponsors fee income	1,827,800	2,347,204	-519,404	-22.13%
Asset management fee income (including fund management income)	959,640	1,108,055	-148,415	-13.39%
Financial advisory and consultancy fee income	188,618	203,137	-14,519	-7.15%
Others	47,126	56,027	-8,901	-15.89%
Total commission and fee income	6,462,063	7,699,311	-1,237,248	-16.07%

The commission and fee income amounted to RMB6,462 million, representing a decrease of RMB1,237 million or 16.07% as compared to the corresponding period of last year, mainly due to the decrease of securities and futures broking fee income and underwriting and sponsors fee income.

b. Interest income

The interest income amounted to RMB9,321 million, representing an increase of RMB1,062 million or 12.86% 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 RMB3,287 million, representing an increase of RMB2,594 million or 374.68% as compared to the corresponding period of last year, mainly due to the increase 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 profit margin movement as compared to the corresponding period of last year		
				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	7,081,638	5,345,088	24.52%	-8.85%	24.00%	-20.00%
Investment banking business	2,514,379	1,606,156	36.12%	-4.05%	-1.10%	-1.91%
Asset management business	1,181,971	854,274	27.72%	-16.80%	14.61%	-19.81%
Trading and institutional client services	6,040,405	5,127,930	15.11%	80.25%	39.62%	24.70%
Financial leasing business	4,620,352	3,693,041	20.07%	10.20%	9.36%	0.61%
Others	4,588,683	4,628,986	-0.88%	799.04%	737.49%	7.41%

Principal businesses by region

Unit: '000 Currency: RMB

By region	Segment revenue	Segment expense	Segment profit margin	Segment profit margin movement as compared to the corresponding period of last year		
				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
Domestic business	18,665,887	14,065,620	24.65%	23.44%	58.91%	-16.82%
Overseas business	7,361,541	7,189,855	2.33%	55.21%	32.39%	16.84%
Sub-total	26,027,428	21,255,475	18.33%	31.02%	48.82%	-9.77%

Section III REPORT OF THE BOARD OF DIRECTORS

The Group's wealth management segment revenue amounted to RMB7,082 million, representing a decrease of RMB687 million or 8.85% compared to RMB7,769 million of the corresponding period of last year, mainly due to decreased commission and fee income from brokerage business. In the meantime, the Company continued to promote the restructuring of wealth management segment, accelerated the transformation and upgrading of its branch, created platform for regional collaboration and established industry-finance integrated ecosystem. The Group's investment banking segment revenue amounted to RMB2,514 million, representing a decrease of RMB107 million or 4.05% compared to RMB2,621 million of the corresponding period of last year, mainly due to decline in IPO volume of the market and revenue decrease from securities underwriting and sponsorship business. The Company strived to promote the optimization of the organizational structure of general investment banking. With serving national strategies as the guideline, the Company further implemented the strategies on "industry focus" and "region focus", and continued to consolidate the business advantages in the field of STAR Market, ChiNext and other sectors, ranking high in terms of performance. The Group's asset management segment revenue amounted to RMB1,182 million, representing a decrease of RMB239 million or 16.80% compared to RMB1,421 million of the corresponding period of last year, mainly due to decline in asset management fee income resulting from decrease in AUM. The Group's trading and institutional client services segment revenue amounted to RMB6,040 million, representing an increase of RMB2,689 million or 80.25% compared to RMB3,351 million of the corresponding period of last year, mainly because the Company seized structural opportunity of the market, actively optimized the position structure of domestic equity, derivatives and trading business, took various measures to control risks and ensured steady long-term return. The Group's financial leasing segment revenue amounted to RMB4,620 million, representing an increase of RMB427 million or 10.20% compared to RMB4,193 million of the corresponding period of last year, mainly because the Company based on the essence of leasing, focused on serving national strategy, vigorously expanded the business area encouraged by the national industrial policy such as high-end equipment manufacturing, digital economy and energy and environmental protection, increased green leasing scale and continuously improved the ability to serve the real economy.

Section III REPORT OF THE BOARD OF DIRECTORS

2 Composition of expenses

Unit: '000 Currency: RMB

Total expenses	Six months ended	Six months ended	Increase/decrease	
	30 June 2023	30 June 2022	Amount	Percentage
Depreciation and amortization	839,209	754,583	84,626	11.21%
Staff costs	3,651,013	3,488,369	162,644	4.66%
Commission and fee expenses	1,521,494	1,558,630	-37,136	-2.38%
Interest expenses	7,918,051	6,451,309	1,466,742	22.74%
Impairment losses under expected credit loss model	1,203,824	178,663	1,025,161	573.80%
Impairment losses of other assets	9,878	25,911	-16,033	-61.88%
Other expenses	6,112,006	1,824,893	4,287,113	234.92%
Total	21,255,475	14,282,358	6,973,117	48.82%

In the first half of 2023, the total expenses of the Group amounted to RMB21,255 million, representing an increase of RMB6,973 million or 48.82% as compared to the same period of last year, mainly due to the increase of the cost of sales of a subsidiary.

In the first half of 2023, the Group recorded net profits attributable to owners of the Company of RMB3,830 million, representing a decrease of 19.51% as compared to the corresponding period of last year. The Group recorded basic earnings per share of RMB0.29, representing a decrease of 19.44% as compared to the corresponding period of last year; the weighted average return on net assets amounted to 2.29%, representing a decrease of 0.59 percentage point 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 2023, the Group contributed a total of RMB684 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 2023

Unit: '000 Currency: RMB

Items	Amount during the Reporting Period
Charitable donations	684
Total	684

4 Cash flows

In the first half of 2023, the Group's net cash and cash equivalents increased to RMB71,320 million, in which:

Net cash used in operating activities was RMB13,306 million which was mainly due to cash outflow of RMB18,628 million caused by the decrease in financial assets sold under repurchase agreements, cash outflow of RMB8,514 million caused by the increase in financial assets held under resale agreements and cash inflow of RMB4,358 million caused by the increase in accounts payable to brokerage clients and other payables and accruals.

Net cash from investing activities was RMB5,399 million which was mainly due to cash inflow of RMB17,515 million caused by proceeds from disposal of debt instruments at fair value through other comprehensive income, and cash outflow of RMB9,993 million caused by purchases of debt instruments at fair value through other comprehensive income.

Net cash from financing activities was RMB10,924 million which was mainly due to cash inflow of RMB68,878 million caused by proceeds from issuance of short-term financing bills, non-convertible bonds and others, cash inflow of RMB42,527 million caused by borrowings raised, and cash outflow of RMB94,811 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

Unit: '000 Currency: RMB

	30 June		31 December		Increase/decrease	
	2023	Composition	2022	Composition	Amount	Percentage
Non-current assets	185,499,989		187,513,724		-2,013,735	-1.07%
Including: Finance lease receivables	8,478,964	1.11%	7,102,583	0.94%	1,376,381	19.38%
Receivables arising from sale and leaseback arrangements	47,157,535	6.19%	47,847,820	6.35%	-690,285	-1.44%
Debt instruments measured at fair value through other comprehensive income	40,563,105	5.32%	45,975,346	6.10%	-5,412,241	-11.77%
Equity instruments at fair value through other comprehensive income	7,468,696	0.98%	6,096,319	0.81%	1,372,377	22.51%
Financial assets at fair value through profit or loss	25,237,727	3.31%	25,043,377	3.32%	194,350	0.78%
Other loans and receivables	957,248	0.13%	2,518,564	0.33%	-1,561,316	-61.99%
Investments accounted for using equity method	7,298,898	0.96%	7,013,714	0.93%	285,184	4.07%
Financial assets held under resale agreements	1,010,702	0.13%	50,071	0.01%	960,631	1,918.54%
Property and equipment	16,915,180	2.22%	17,016,634	2.26%	-101,454	-0.60%
Loans and advances	6,165,616	0.81%	5,031,733	0.67%	1,133,883	22.53%
Goodwill	3,794,197	0.50%	3,676,231	0.49%	117,966	3.21%

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	30 June		31 December		Increase/decrease	
	2023	Composition	2022	Composition	Amount	Percentage
Current assets	576,891,676		566,095,581		10,796,095	1.91%
Including: Bank balances and cash	163,620,481	21.46%	153,392,719	20.35%	10,227,762	6.67%
Clearing settlement funds	18,566,287	2.44%	21,380,695	2.84%	-2,814,408	-13.16%
Financial assets at fair value through profit or loss	183,699,683	24.10%	184,555,352	24.49%	-855,669	-0.46%
Advances to customers	66,419,988	8.71%	67,843,871	9.00%	-1,423,883	-2.10%
Accounts receivable	9,988,638	1.31%	10,394,515	1.38%	-405,877	-3.90%
Financial assets held under resale agreements	40,093,887	5.26%	32,595,078	4.33%	7,498,809	23.01%
Finance lease receivables	9,518,249	1.25%	12,355,870	1.64%	-2,837,621	-22.97%
Receivables arising from sale and leaseback arrangements	40,012,579	5.25%	36,702,132	4.87%	3,310,447	9.02%
Debt instruments measured at fair value through other comprehensive income	5,489,647	0.72%	6,876,553	0.91%	-1,386,906	-20.17%
Deposits with exchanges	21,496,741	2.82%	22,664,637	3.01%	-1,167,896	-5.15%
Derivative financial assets	1,932,425	0.25%	1,477,167	0.20%	455,258	30.82%
Other loans and receivables	5,195,743	0.68%	4,209,604	0.56%	986,139	23.43%
Total assets	762,391,665		753,609,305		8,782,360	1.17%

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	30 June		31 December		Increase/decrease	
	2023	Composition	2022	Composition	Amount	Percentage
Current liabilities	389,723,669		389,397,820		325,849	0.08%
Including: Accounts payable to brokerage clients	119,909,488	20.58%	115,513,463	20.05%	4,396,025	3.81%
Financial assets sold under repurchase agreements	82,423,177	14.15%	101,694,357	17.66%	-19,271,180	-18.95%
Borrowings	60,362,034	10.36%	56,864,912	9.87%	3,497,122	6.15%
Placements from banks and other financial institutions	6,957,129	1.19%	3,218,363	0.56%	3,738,766	116.17%
Financial liabilities at fair value through profit or loss	11,543,496	1.98%	5,478,358	0.95%	6,065,138	110.71%
Derivative financial liabilities	1,305,591	0.22%	898,419	0.16%	407,172	45.32%
Other payables and accruals	25,637,420	4.40%	21,262,810	3.69%	4,374,610	20.57%
Short-term financing bills payable	12,985,280	2.23%	16,159,094	2.81%	-3,173,814	-19.64%
Customer accounts	4,282,383	0.74%	3,784,565	0.66%	497,818	13.15%
Tax liabilities	700,305	0.12%	1,729,485	0.30%	-1,029,180	-59.51%
Bonds payable	62,423,349	10.72%	60,153,220	10.44%	2,270,129	3.77%
Net current assets	187,168,007		176,697,761		10,470,246	5.93%
Non-current liabilities	192,799,464		186,589,427		6,210,037	3.33%
Including: Bonds payable	142,781,097	24.51%	121,677,698	21.13%	21,103,399	17.34%
Long-term borrowings	26,509,829	4.55%	33,951,333	5.89%	-7,441,504	-21.92%
Financial assets sold under repurchase agreements	643,468	0.11%	-	0.00%	643,468	N/A
Financial liabilities at fair value through profit or loss	10,977,761	1.88%	17,410,122	3.02%	-6,432,361	-36.95%
Placements from banks and other financial institutions	2,065,763	0.35%	3,057,738	0.53%	-991,975	-32.44%
Total liabilities	582,523,133		575,987,247		6,535,886	1.13%
Total equity	179,868,532		177,622,058		2,246,474	1.26%

* 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 2023, the total assets of the Group amounted to RMB762,392 million, representing an increase of RMB8,782 million or 1.17% as compared to the end of 2022, and the total liabilities of the Group amounted to RMB582,523 million, representing an increase of RMB6,536 million or 1.13% as compared to the end of 2022.

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As at 30 June 2023, the non-current assets amounted to RMB185,500 million, representing a decrease of 1.07% as compared to the end of 2022, mainly due to decrease in debt instruments measured at fair value through other comprehensive income; the current assets amounted to RMB576,892 million, representing an increase of 1.91% as compared to the end of 2022, mainly due to increase in bank balances and cash. The current liabilities were RMB389,724 million, representing an increase of 0.08% as compared to the end of 2022; the net current assets were RMB187,168 million, representing an increase of 5.93% as compared to the end of 2022; the non-current liabilities were RMB192,799 million, representing an increase of 3.33% as compared to the end of 2022, mainly due to increase in bonds payable.

As at 30 June 2023, the Group's equity attributable to owners of the Company was RMB167,020 million, representing an increase of RMB2,428 million or 1.47% as compared to the end of 2022; without taking into account the accounts payable to brokerage customers, the Group's gearing ratio was 72.00%, representing a decrease of 0.16 percentage point as compared to 72.16% as at the end of 2022. The Group's asset-liability structure remained relatively stable.

Borrowings and bond financing

As at 30 June 2023, the total borrowings and bond financing of the Group amounted to RMB305,062 million. The following table sets forth the breakdown of the Group's borrowings and bond financing as at the end of June 2023:

Unit: '000 Currency: RMB

	30 June 2023	31 December 2022
Bonds payable	205,204,446	181,830,918
Borrowings	86,871,863	90,816,245
Short-term financing bills payable	12,985,280	16,159,094
Total	305,061,589	288,806,257

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

As at 30 June 2023, the Group's borrowings, short-term financing bills payable and bonds payable due within one year amounted to RMB135,771 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 RMB187,168 million. Therefore, the liquidity risk exposure of the Group was immaterial.

Save as disclosed in the Report, as at 30 June 2023, 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.

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(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 RMB7,299 million, representing an increase of RMB285 million or 4.07% as compared to RMB7,014 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 assets 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 RMB208,937 million, financial liabilities at fair value through profit or loss of RMB-22,521 million, equity instruments at fair value through other comprehensive income of RMB7,469 million, debt instruments at fair value through other comprehensive income of RMB46,053 million, and derivative financial instruments of RMB627 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 2023, the total assets of Haitong Innovation Securities reached RMB21,043 million, and the net assets were RMB20,325 million. For the first half of 2023, Haitong Innovation Securities realized a revenue of RMB829 million and a net profit of RMB644 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 2023, the total assets of Haitong International Holdings reached HK\$269,522 million, and the net assets were HK\$31,083 million. For the first half of 2023, Haitong International Holdings realized a revenue of HK\$3,353 million and a net loss of HK\$272 million.

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3. Haitong Capital, with a registered capital of RMB7,500 million, in which Haitong Securities holds 100% equity interest. As at 30 June 2023, the total assets of Haitong Capital reached RMB12,744 million, and the net assets were RMB11,167 million. For the first half of 2023, Haitong Capital realized a revenue of RMB97 million and a net loss of RMB14 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 2023, the total assets of HT Asset Management reached RMB6,992 million, and the net assets were RMB5,530 million. For the first half of 2023, HT Asset Management realized a revenue of RMB209 million and a net profit of RMB63 million.
5. Shanghai Zechun, with a registered capital of RMB100 million, in which Haitong Securities holds 100% equity interest. As at 30 June 2023, the total assets of Shanghai Zechun reached RMB496 million, and the net assets were RMB241 million. For the first half of 2023, Shanghai Zechun realized a revenue of RMB32 million and a net profit of RMB17 million.
6. Shanghai Weitai Properties, with a registered capital of RMB10 million, in which Haitong Securities holds 100% equity interest. As at 30 June 2023, the total assets of Shanghai Weitai Properties reached RMB245 million, and the net assets were RMB15 million. For the first half of 2023, Shanghai Weitai Properties realized a revenue of RMB20 million and a net profit of RMB131,400.
7. Haitong Futures, with a registered capital of RMB1,301.5 million, in which Haitong Securities holds 83.22% equity interest. As at 30 June 2023, the total assets of Haitong Futures reached RMB58,307 million, and the net assets were RMB3,618 million. For the first half of 2023, Haitong Futures realized a revenue of RMB5,085 million and a net profit of RMB152 million.
8. HFT Investment, with a registered capital of RMB300 million, in which Haitong Securities holds 51% equity interest. As at 30 June 2023, the total assets of HFT Investment reached RMB3,747 million, and the net assets were RMB2,445 million. For the first half of 2023, HFT Investment realized a revenue of RMB632 million and a net profit of RMB192 million.
9. Fullgoal Fund, with a registered capital of RMB520 million, in which Haitong Securities holds 27.775% equity interest. As at 30 June 2023, the total assets of Fullgoal Fund reached RMB13,624 million, and the net assets were RMB7,781 million. For the first half of 2023, Fullgoal Fund realized a revenue of RMB3,648 million and a net profit of RMB1,065 million.

(VI) Structured entities controlled by the Company

The Company has recognized and included 60 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.

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V. OTHER DISCLOSURES

(I) Potential risks and risk management measures

1. Summary of risk management

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

According to the Standards of Comprehensive Risk Management of Securities Companies 《證券公司全面風險管理規範》 and other regulatory requirements and internal rules, the Group continued to improve the establishment of its comprehensive risk management system, strengthened the consolidated management of risk control indicators, improved the Group’s T+1 risk data mart, empowered risk management of subsidiaries and promoted the vertical development of the comprehensive risk management system of the Group in terms of full coverage, monitoring, measurement, analysis and risk-response ability. The Company built a clearly arranged risk management structure covering various types of risks, different business lines and all entities (i.e. departments of headquarter, 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 limit indicators as well as business risk control indicators, realized dynamic monitoring and automatic warning through the system, and took the initiative to conduct stress tests to prudently assess the impact of extreme risks. By enhancing the centralized and unified management of risks for the same client and the same business, the Company established and improved a group risk limit system, separated each department and subsidiary, and built an intelligent warning platform to improve the ability of risk judgment and warning. The Company measured market risks, credit risks and liquidity risks, established a model management mechanism and procedure, and carried out ongoing assessments and validations of the model. The Company included the risks of its subsidiaries into the scope of reports and regularly prepared daily reports, monthly reports, quarterly reports, interim reports, and 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 Group provided guarantee and support for comprehensive risk management through measures including cultural cultivation, construction of systems, data and systems, the establishment of the talent team and enhancing investment in risk management.

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2. *Structure of risk management*

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

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 objective, fundamental policy and major system 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, dismissal 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 performing other responsibilities stipulated in the Articles of Association.

Based on the authorization of the Board, the management is responsible for setting up an organizational structure with clear responsibilities and procedures, formulating risk management policies, rules and regulations of the Company, carrying out overall risk 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 accidents of the Company, establishing an overall performance evaluation system covering risk management effectiveness, building a perfect IT system and data quality control mechanism, as well as performing other risk management duties delegated by the Board.

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

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

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

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

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All the subsidiaries operate in a standardized way and in accordance with law. The Company integrates the risk management of subsidiaries into its overall risk management system, implements vertical management for their risk management and conducts consolidated management of risk control indicators on a daily basis. The Company has built a T+1 risk data mart of the Group and effectively implemented vertical risk management for subsidiaries in terms of nomination of subsidiaries' persons in charge of risk management, risk limit and report, approval of major issues, risk data connection, consolidation of risk control indicators, risk supervision and inspection, risk assessment and evaluation, etc.

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

The risks faced by the Group in business operation activities mainly include: compliance risk, money laundering and terrorism financing risk, credit risk, market risk, operational risk, liquidity risk and reputational risk, which are detailed 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 scientifically reasonable organizational structure of compliance management and clear-cut job responsibilities to define the compliance management positions of the following parties, including the Board of Directors, the Supervisory Committee, the principal in charge of operation management, chief compliance officer and other senior management, and the compliance department, other internal control departments, and 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 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, to effectively prevent compliance risks, facilitate the effective operation of the Company's compliance management, and promote the Company to develop in a sustainable, healthy and regulated manner, the Company further enhanced compliance review, compliance inspection, compliance monitoring and other basic compliance management functions, so as to further optimize the compliance management mechanism and improve the scientific and technological level in respect of compliance management of the Group. The Company determined the year of 2023 as the "Year of Compliance and Internal Control Culture Enhancement," and comprehensively enhanced the compliance and internal control culture cultivation within the Group. The Company focused on four key tasks: "improving the integration of compliance culture promotion and cultivation", "improving the professional performance ability of compliance and internal control team", "making more efforts to full implementation in key areas", and "implementing anti-money laundering inspection and rectification, and promoting the duty performance under the one defense line", which promoted the establishment and improvement of the compliance and internal control long-term mechanism and continuously enhanced the compliance and internal control management efficiency.

(2) *Money laundering and terrorism financing risk*

In accordance with the Guidelines for the Management of Money Laundering and Terrorism Financing Risk of Corporate Financial Institutions (Trial) (Yin Fan Xi Fa [2018] No. 19) 《法人金融機構洗錢和恐怖融資風險管理指引(試行)》(銀反洗發[2018]19號)), the Company formulated the Management Measures for Money Laundering and Terrorism Financing Risk of Haitong Securities Co., Ltd. 《海通證券股份有限公司洗錢和恐怖融資風險管理辦法》), and 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. The Company formulated money laundering and terrorism financing risk management strategies of "taking risk prevention as its first priority" and adopted corresponding risk control measures based on different risk conditions in all business lines of the Company. It promoted the transmission of the money laundering risk management culture through trainings and publicity, created a sound atmosphere of the money laundering risk management culture and actively prevented money laundering and terrorism financing risk.

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During the Reporting Period, the Company incorporated the “implementing anti-money laundering inspection and rectification, and promoting the duty performance under the one defense line” into the key tasks relating to the “Year of Compliance and Internal Control Culture Enhancement”, comprehensively advanced the publicity of the money laundering and terrorism financing risk management culture, and improved the money laundering and terrorist financing risk management of the Company. Firstly, it promoted the anti-money laundering performance under the one defense line, and supervised and guided business departments and branches to strengthen anti-money laundering performance. Secondly, it improved the construction of the anti-money laundering system, and explored and tried to build artificial intelligence models for suspicious transaction monitoring based on big data, through artificial intelligence random forest and other algorithms, to improve the effectiveness of the monitoring model. Thirdly, it strengthened the establishment of the money laundering risk management culture, continuously carried out trainings of series on money laundering risk management and shared anti-money laundering learning and work experience. Fourthly, it actively fulfilled anti-money laundering promotion obligations, compiled and published the Development of the Year of Compliance and Internal Control Culture Construction – Anti-Money Laundering Special Journal, and carried out the appraisal of excellent anti-money laundering promotion works, to advocate a positive atmosphere of money laundering risk management culture and improve the awareness of the investors on the prevention of money laundering and terrorist financing risk.

(3) Credit risk

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

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

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

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B. Risks relating to trading finance business

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

C. Risks relating to debenture transaction and investment business

The Group emphasizes diversified 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 an 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.

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.

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

As for the short-term intra-industry borrowing business such as bond repurchase, the Group carefully selects the counterparties with good credit standing and secured securities with high credit rating through counterparties access and credit granting management, so as to control the level of credit risk from the source. In terms of OTC derivatives business, the Group establishes a sound regulation system and procedure covering areas including counterparties access and credit rating management, subject securities management, risk responses and handling, conducts daily market-to-market evaluation throughout the term of OTC derivatives and manages counterparty credit risk by fully adopting measures such as net settlement and performance guarantee. The Group's counterparties of short-term intra-industry borrowing and OTC derivatives businesses are mainly commercial banks, securities companies, asset management plans and other entities. The Group selects appropriate business models, 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, capital market conditions and the Group's business development strategies. During the Reporting Period, with reference to relevant policies such as the credit risk management measures, the Group fully carried out the credit risk identification, assessment, measurement, monitoring, reporting and response work focusing on the same client and the same business. Firstly, the Group facilitated the promotion and application of the intelligent warning center and established a mechanism for various risk signals monitoring, warning and investigation to empower its business lines and enhance its risk warning and judgment capability. Secondly, leveraging the Group's T+1 risk data mart, it continuously upgraded the credit risk management information system, enhanced its risk identification, measurement and stress testing capabilities and improved the credit risk limit system in terms of asset quality, risk offset and concentration risk. Thirdly, it continued to enhance the unified rating and centralized credit management mechanism, published the implementation rules on the credit risk rating and credit management for the project financing customers and dynamically optimized its credit rating and credit limit. Fourthly, it continued to promote the implementation of the management of the high-risk customer list, revised the management measures for the high-risk customer list, and continued to deploy relevant information systems to the group level. Fifthly, it actively carried out customer ESG due diligence and ESG risk evaluation work, and conducted ESG risk management special trainings on group level. During the Reporting Period, the Group's core credit risk monitoring indicators were stable, and the overall credit risk was controllable.

For the three financing businesses, the Company proactively optimized the business structure, prudently evaluated new projects, strengthened the tracking, monitoring and management of existing projects, intensified recovery efforts for existing risky projects, and prudently and forwardly made provision for credit impairment to ensure 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 270.67%, the average performance guarantee ratio of our customers in securities repurchase transaction business was 258.06%, and the average performance guarantee ratio of our customers in stock pledged repo business operated was 256.20%. The collaterals provided by the borrowers 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, 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 major market risks that the Group faces. The Group closely monitors the price fluctuation of relevant assets and has adopted relevant preventive measures, which means that, 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 with such risk 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. The Group's international layout continued to improve. Facing the complex and volatile overseas market, the Group continued to monitor and study the latest developments in the foreign exchange market, constantly optimized system construction and internal management, and 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 control the foreign exchange risk exposure. 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 arises 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 as the above-mentioned risk factors, overseas investment and transaction businesses conducted by the Group are also exposed to relevant market risks. Fluctuations of each element of market risk around the world may affect the overall profit or loss of the Group. During the Reporting Period, under the relevant requirements of the Group's market risk management measures, the Company continuously sped up the implementation of the procedures of market risk identification, assessment, measurement, monitoring, response and reporting at the Group level, and included the investment and transaction businesses of subsidiaries into the overall market risk management system. In terms of investment and transaction businesses conducted by the subsidiaries of the Group, the Group managed and controlled those risks by setting and assigning market risk limit indicators such as VaR 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 tracked and supervised its subsidiaries on their market risk profile and the implementation of risk limits based on the Group's T+1 risk data mart, the Group's market risk management system, risk reporting and other instruments or means.

The Group measures and controls market risks arising from various investment and transaction businesses through a VaR-based quantitative indicator system for market risks. VaR refers to the maximum possible loss arising from an investment portfolio due to market fluctuations in a specific forward-looking period in the future at a certain level of confidence, which is the main indicator to measure market risks. The specific measurement parameters of the Group's VaR model are confidence level of 95% and forward period of 1 day. The measurement of the model covers various financial assets and derivatives such as equity, interest rates and foreign exchange held at the Group level. The Group continuously monitors and evaluates the effectiveness of the VaR model by back testing and other means, and improves the VaR model according to the needs from business development and risk management. In addition, the Group has established a stress test management mechanism as an important supplement to the VaR model. By establishing various historical scenarios and simulation scenarios as well as the corresponding stress test transmission mechanism, the Group can measure the extreme losses that the investment and transaction businesses may face, and assess whether the losses are controlled at an acceptable level. During the Reporting Period, the ratio of the Company's VaR to its net assets at the end of each month and the ratio of the Group's VaR to its net assets both were kept under 0.2% 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. Based on the operational risk management measures and other systems, the Group leveraged on various risk management 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 Group conducted annual self-assessment of risk and control and special self-assessment of risk and control in accordance with the regulatory requirements and the new business and products development. The Group established the key risk indicators system covering the main departments and subsidiaries of the Group, and carried out monitoring of key risk indicators. The Group collected information on operational risk events within the Group, monitored the occurrence and development of risk events, checked and analyzed the problems revealed from risk events in a timely manner and formulated corresponding rectifications. In addition, the Group continued to improve its internal control management mechanism by improving rules and regulations, standardizing operating procedures, strengthening risk inspection, strengthening assessment and accountability, etc., to reduce the possibility of operational risk and actively respond to and properly deal with its adverse effects. During the Reporting Period, there were no material changes in the nature and extent of operational risks to which the Group was exposed and the existing operational risk management tools operated effectively on an on-going basis, and there were no significant operational risk events.

Information technology risks refer to the risks that arise from carrying out securities and funds business with the assistance of information technologies, due to natural factors, human factors, technical vulnerability or management deficiency. The Group was continuously strengthening the construction of the information technology management system, continuously improving the network and information security incident emergency plan, monitoring and managing the information technology related conditions of system operation, system establishment, information security, technology management, etc. by carrying out regular drills, adopting regular or irregular monitoring, special inspections and other methods, to prevent information technology risks. The Group continued to strengthen the construction, operation and maintenance of its information technology systems and conducted regular and irregular inspections and maintenance in strict accordance with the operational management procedures to ensure the reliability, stability and safe operation of the systems, and no major information technology risk events occurred during the Reporting Period.

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(6) *Liquidity risk*

Liquidity risk refers to the risk that the Company is unable to gain sufficient funds with reasonable cost in a timely manner to pay its due debts, satisfy other payment obligations and meet the requirements for carrying out normal business operations. The Company is easily affected by the factors including macro policy, changes in market, operation conditions and client credit profile during its operations. Meanwhile, liquidity risk may also result 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 the management of 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 controlled over liquidity risks from the source. On the one hand, the Company set up the Assets and Liabilities Allocation Committee to actively carry out asset and liability management work and adjust its liability maturity mix by timely 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 for the Group and subsidiaries, and guided by the Group's liquidity risk management measures, the Company developed scientific and effective liquidity risk management strategies as per the business characteristics of each subsidiary, which basically 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 control framework and risk response measures. Secondly, the Company issued limit management requirements for the subsidiaries based on the consolidation of the liquidity risk indicators and the industry, location and risk features of the subsidiaries, to monitor the liquidity risk actuality of each subsidiary more effectively. Lastly, to strengthen the Group's capability to handle liquidity risks, the Company 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 over liquidity risks via prior risk identification, in-process risk mitigation and post-event improvement. The Company carried out market evaluation, and 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. The daily average liquidity coverage ratio of the core liquidity monitoring indicators of the Company was 267.71% while the daily average NSFR was 157.84%, both of which exceed 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 business highlights, which can create a favorable public opinion environment for the Company's development. The Company made correct judgments, and quickly and proactively responded to a small number of negative public opinions reports. The Company could understand the 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 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》, the Company conducted publicity towards all staff and implemented such measures within the Group through online providing special courses, organizing intensive learning, analyzing typical cases, carrying out drills and other means to continuously enhance the reputational risk management awareness, prevention level and addressing ability of all employees. During the Reporting Period, the Company maintained a healthy environment of public opinions.

(II) **Other disclosures**

Information on the implementation of business plan

In the first half of 2023, the economy and society have fully resumed normal operation. Under the guidance of the overall development strategy, the Company practiced the concept of "One Haitong" and a focused and coordinated approach serving the overall situation, facilitated the virtuous cycle of "technology-industry-finance", assisted the construction of modern industrial system, continued to deepen its regional services, promoted the transformation and upgrading of its branches, deepened the institutional reform, strengthened the group management, and maintained the stable financial indicators, laying a sound foundation for achieving the operating targets for the whole year.

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In terms of the investment banking business, the Company actively adapted to full implementation of the registration system and strived to promote the optimization of the organizational structure of general investment banking; for the equity financing business, the Company proactively and vigorously developed projects on the STAR Market, ChiNext and BSE, maintaining the industry's leading position; for the bond financing business, the rankings of various indicators rebounded, and the Company focused on national strategies, adhered to driving development with innovation, and successfully issued a number of products, which is the "first product in the market". In terms of the wealth management business, the Company has accelerated the development of all-around branches, promoted the institutional transformation of wealth management, improved the investment advisory service capabilities, strengthened the protection of investors' rights and interests, preliminarily established a strategic customer service system, and built a regional cooperation platform ecosystem for the brokerage business; for the financial products business, the Company has steadily increased the existing size of the products; the margin financing and securities lending business has made steady progress, the stock pledging business has steadily operated, the market share of the securities lending business has increased, and the bail-out fund has operated steadily; the private banking business focused on high-net-worth customers and gradually built a private banking customer ecosystem; the market share of the futures business in terms of brokerage trading volume has increased steadily. In terms of the trading and institutional client services business, the Company's derivatives business continued to expand; for the equity investment trading business, the Company actively made changes under unfavorable market conditions; for the fixed income investment business, the Company recommenced the investment advisory services and made a number of new socially responsible investments; the FTZ branch continued to promote proprietary trading investment and customer demand services taking FTZ offshore bonds as the subject; for the research services, the Company innovated its working methods, strengthened the "business empowerment", and bolstered the service capability of licensed institutions to build a comprehensive sales service system. In terms of the asset management business, the performance of HT Asset Management's investment in the collective investment scheme products and short and medium-term debt products ranked at the forefront among similar products in the market; the scale of the public funds under management of Fullgoal Fund ranked among the top in the industry, and various pension businesses maintained a good development trend; the scale of the public funds, pension business and HFT CSI short-term financing ETF of HFT Investment achieved growth. In terms of the private equity investment and direct investment business, it adhered to private equity investment funds serving the real economy and efficiently supporting technological innovation; for innovative securities, the Company steadily developed its equity investments and actively carried out its strategic fund investments. In terms of the overseas business and financial leasing business, Haitong International had the courage to seek breakthroughs against the trend and continuously intensified the synergy and linkage between domestic and overseas businesses; Haitong Bank has made important progress by dealing with geopolitical tensions and the wave of global interest rate hikes. Haitong UT accelerated the industrialization transformation, deeply developed the green leasing segment, and continued to optimize its asset structure. During the Reporting Period, while realizing healthy performance in different lines of business, as for management, the Company continuously strengthened the compliance

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and risk control capability, optimized the capability of treasury management, deepened the digital transformation, integrated its resources, promoted the business synergy, realized the centralized office of Beijing-based institutions and continuously enhanced the refined operation through management empowerment to facilitate the healthy development of the Company under the concept of “One Haitong.”

In the second half of 2023, the Company will further integrate its resources, give full play to the advantages of the Company’s comprehensive financial services, promote the connection of enterprises with the capital market in an all-round and multi-level manner, set and firmly insist on its goal, and fight and win the “four major battles (四場大仗)”. The detailed business focuses are as follows: (1) for the investment banking business, the Company will strengthen the leading function of high-end industries, play a demonstration role in high-quality development, further deepen its reform, optimize the internal and external synergy mechanisms, and explore and study the domestic and overseas linkage mechanisms; (2) for the wealth management business, the Company will strengthen the sales system through multiple channels, accelerate the optimization of the traditional outlets layout, continue to establish a strategic customer ecosystem, and make more efforts to the transformation of branches; (3) for the trading and institutional client services business, the Company will accelerate the improvement in investment management capabilities, build a comprehensive platform for the PB business, and optimize the services of licensed financial institutions; (4) for the asset management business, the Company will continue to improve the compliance and risk control system and strive to build a good development ecosystem of the industry, and comprehensively strengthen the professional capacity building; (5) for the private equity investment and direct investment business, the Company will closely focus on the main theme of serving the national strategy and the real economy, strengthen the synergy between basic research and various funds, and continue to strengthen the advantages of the equity investment business; (6) for the overseas business, the Company will coordinate the resources, optimize the processes, improve the assessments, resolutely protect the overseas business brand, and better achieve synergy effect of “One Haitong”; and (7) for the financial leasing business, the Company will accelerate the industrialization transformation and development, develop strategic emerging assets, and continue to optimize the asset structure. At the same time, in the second half of the year, the Company will also focus on the development of the compliance and risk control, technology-based operation, treasury management, and group management systems, to improve the efficiency of management work and ensure the high-quality development of the Company.

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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
2022 Annual General Meeting	16 June 2023	http://www.sse.com.cn https://www.hkexnews.hk/	17 June 2023 16 June 2023	See the "Descriptions of the annual general meeting" below for details

Note: The poll results of the aforementioned resolutions was published on the website of the Hong Kong Stock Exchange and the website of the Company 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 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 2022 annual general meeting at Haitong Bund Finance Plaza on 16 June 2023, at which 11 resolutions were considered and approved, including ordinary resolutions: 1. the report of the Board for the year 2022; 2. the report of the Supervisory Committee for the year 2022; 3. the 2022 duty performance report of independent Directors; 4. the annual report of the Company for the year 2022; 5. the final accounts report of the Company for the year 2022; 6. the profit distribution proposal of the Company for the year 2022; 7. the proposal of the Company on renewal of engagement of auditing firms; 8. the proposal regarding the estimated investment amount for the proprietary business of the Company for the year 2023; 9. the proposal regarding the projected routine related party/connected transactions of the Company in 2023; 10. the proposal regarding the appointment of Ms. Xiao Hehua as a non-executive Director; and a special resolution: 1. the proposal regarding the grant of general mandate to the Board to authorize, allot or issue A Shares and/or H shares. The relevant poll results announcement was published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and on the website of the Company 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.

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

Name	Position	Particulars of changes
Ren Peng	Executive Director and Deputy General Manager	Resigned
Yu Liping	Non-executive Director	Resigned
Shi Xu	Employee representative Supervisor	Resigned
Li Jianguo	Assistant to the General Manager	Resigned
Lin Yong	Assistant to the General Manager	Resigned
Du Hongbo	Chief Risk Officer	Resigned
Li Haichao	Chief Compliance Officer	Resigned
Xiao Hehua	Non-executive Director	Elected
Cao Zhigang	Employee representative Supervisor	Elected
Zhao Huiwen	Chief Compliance Officer	Appointed
Shi Xu	Chief Risk Officer	Appointed

Note: In addition to those set forth in the above table, the positions of some of the Company's senior managers have also been adjusted, and details of the adjustment are as follows: Mr. Li Haichao ceased to serve as the Company's chief compliance officer, but remains as the Company's deputy general manager; Mr. Jiang Chengjun ceased to serve as the Company's assistant to the general manager, but serves as the Company's deputy general manager; Mr. Zhang Xinjun serves as the Company's deputy general manager, and his original position as chief financial officer remains unchanged; Mr. Pan Guangtao ceased to serve as the Company's assistant to the general manager, but serves as the Company's deputy general manager; Mr. Pei Changjiang ceased to serve as the Company's deputy general manager, but was proposed to serve as the Company's secretary to the Board, and will formally take office after obtaining the pre-appointment training certificate for the secretary to the board of directors issued by the Shanghai Stock Exchange, prior to which, Mr. Jiang Chengjun will continue to perform the duties of secretary to the Board.

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Description of Changes in Directors, Supervisors and Senior Management of the Company

(I) Changes in Directors

On 30 January 2023, the Board received the written resignation report from Mr. Ren Peng. Mr. Ren Peng resigned as an executive Director, a member of the development strategy and ESG management committee (the “**Development Strategy and ESG Management Committee**”) of the Board and a deputy general manager of the Company due to age concern. According to the relevant provisions of the Company Law and the Articles of Association, the resignation report of Mr. Ren Peng took effect on the date when it was delivered to the Board. For details, please refer to the announcement of “Resignation of Executive Director” published by the Company on the website of the Hong Kong Stock Exchange on 30 January 2023.

On 31 May 2023, the Board received the written resignation report from Ms. Yu Liping. Ms. Yu Liping resigned as a Director of the seventh session of the Board, and a member of each of the nomination, remuneration and assessment committee (the “**Nomination, Remuneration and Assessment Committee**”) and the audit committee (the “**Audit Committee**”) of the seventh session of the Board due to personal reasons (retirement). The resignation report of Ms. Yu Liping took effect on the date when it was delivered to the Board. For details, please refer to the announcement of “Resignation of Non-executive Director” published by the Company on the website of the Hong Kong Stock Exchange on 31 May 2023.

On 16 June 2023, the 2022 annual general meeting held by the Company considered and passed the proposal of the proposed appointment of Ms. Xiao Hehua as a non-executive Director, approving the appointment of Ms. Xiao Hehua as a non-executive Director of the seventh session of the Board. Ms. Xiao Hehua started to perform her duties as a non-executive Director from the date on which the resolution was approved at the 2022 annual general meeting came into effect. For details, please refer to the announcement of “Poll Results of Annual General Meeting Held on 16 June 2023” published by the Company on the website of the Hong Kong Stock Exchange on 16 June 2023.

(II) Changes in Supervisors

On 20 June 2023, the Supervisory Committee received the written resignation report from Mr. Shi Xu. Mr. Shi Xu resigned as an employee representative Supervisor of the seventh session of the Supervisory Committee due to relevant work arrangements of the Company. Pursuant to the relevant requirements of the Company Law and the Articles of Association, Mr. Shi Xu will continue to perform the duties of an employee representative Supervisor of the Company until a new employee representative Supervisor is elected and ready to perform his duties. For details, please refer to the announcement of “Resignation of Supervisor” published by the Company on the website of the Hong Kong Stock Exchange on 20 June 2023.

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On 28 June 2023, the Company held the 17th meeting of the fourth session of the employee representatives' meeting by way of telecommunications and elected Mr. Cao Zhigang as an employee representative Supervisor of the seventh session of the Supervisory Committee of the Company. The appointment of Mr. Cao Zhigang as an employee representative Supervisor took effect from 28 June 2023 and his term of office will be in line with that of the seventh session of the Supervisory Committee. On the same day, Mr. Shi Xu ceased to perform his duties as an employee representative Supervisor. For details, please refer to the announcement of "Announcement on Appointment of Employee Representative Supervisor" published by the Company on the website of the Hong Kong Stock Exchange on 28 June 2023.

(III) Changes in senior management

On 16 March 2023, the Board received the written resignation report from Mr. Lin Yong, an assistant to the general manager of the Company. Mr. Lin Yong resigned as an assistant to the general manager of the Company due to relevant work arrangement. The resignation report of Mr. Lin Yong took effect on the date when it was delivered to the Board. For details, please refer to the Overseas Regulatory Announcement published by the Company on the website of the Hong Kong Stock Exchange on 17 March 2023.

On 12 April 2023, the Board received the written resignation report from Mr. Li Jianguo, an assistant to the general manager of the Company. Mr. Li Jianguo resigned as an assistant to the general manager of the Company due to age concern. The resignation report of Mr. Li Jianguo took effect on the date when it was delivered to the Board. For details, please refer to the Overseas Regulatory Announcement published by the Company on the website of the Hong Kong Stock Exchange on 12 April 2023.

On 30 June 2023, the Board received the written resignation report from Mr. Du Hongbo, the chief risk officer of the Company. Mr. Du Hongbo resigned as the chief risk officer of the Company due to age concern. The resignation report of Mr. Du Hongbo took effect on the date when it was delivered to the Board. For details, please refer to the Overseas Regulatory Announcement published by the Company on the website of the Hong Kong Stock Exchange on 30 June 2023.



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On 30 June 2023, the Company held the 39th meeting (extraordinary meeting) of the seventh session of the Board, at which the Board considered and approved:

- (1) the Proposal on the Appointment of Deputy General Manager, whereby the Board agreed to appoint Mr. Jiang Chengjun, Mr. Pan Guangtao and Mr. Zhang Xinjun as deputy general managers of the Company. Mr. Jiang Chengjun ceased to serve as an assistant to the general manager of the Company, and submitted his resignation letter to the Board on the same date resigning as the secretary to the Board, a joint company secretary and the authorized representative of the Company, provided that Mr. Jiang Chengjun will continue to perform his relevant duties until the Company's new secretary to the Board, joint company secretary and authorized representative of the Company officially take office. Mr. Pan Guangtao ceased to serve as an assistant to the general manager of the Company. Mr. Zhang Xinjun remains as the chief financial officer of the Company. The terms of office of Mr. Jiang Chengjun, Mr. Pan Guangtao and Mr. Zhang Xinjun as deputy general managers of the Company commenced from the date on which the resolution of the Board was passed.
- (2) the Proposal on the Appointment of Chief Risk Officer, whereby the Board agreed to appoint Mr. Shi Xu as the chief risk officer of the Company. The term of office of Mr. Shi Xu as the chief risk officer of the Company commenced from the date on which the resolution of the Board was passed.
- (3) the Proposal on the Appointment of Chief Compliance Officer, whereby the Board agreed to appoint Ms. Zhao Huiwen as the chief compliance officer of the Company. Ms. Zhao Huiwen will officially take office subject to the approval of the relevant local branch of the CSRC.

On 31 July 2023, the appointment of Ms. Zhao Huiwen as the chief compliance officer of the Company was approved by the relevant local branch of the CSRC, and Ms. Zhao Huiwen officially took the office of chief compliance officer on the same date. Mr. Li Haichao ceased to serve as the chief compliance officer of the Company. For details, please refer to the Overseas Regulatory Announcement published by the Company on the website of the Hong Kong Stock Exchange on 31 July 2023.

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- (4) the Proposal on Appointment of Secretary to the Board and Joint Company Secretary. Mr. Jiang Chengjun, the secretary to the Board of the Company, tendered his resignation to the Board on the date of the Board meeting due to change in work arrangement, from the office of the secretary to the Board, a joint company secretary and an authorised representative of the Company (for the purpose of Rule 3.05 of the Hong Kong Listing Rules), as well as the Company's authorised person for the e-Submission System of the Hong Kong Stock Exchange (the "**ESS Authorised Person**"). Mr. Pei Changjiang was appointed by the Board as the secretary to the Board, a joint company secretary of the Company, the authorised representative of the Company and the ESS Authorised Person.

Mr. Pei Changjiang will perform his duties after obtaining the pre-appointment training certificate for the secretary to the Board to be issued by Shanghai Stock Exchange. Prior to that, Mr. Jiang Chengjun will continue to perform his duties as the secretary to the Board. As the appointment of Mr. Pei Changjiang as a joint company secretary is subject to the granting of a waiver (the "**Waiver**") by the Hong Kong Stock Exchange from strict compliance with the requirements under Rules 3.28 and 8.17 of the Hong Kong Listing Rules, Mr. Pei Changjiang shall act as the joint company secretary and authorized representative of the Company for the purpose of Rule 3.05 of the Hong Kong Listing Rules from the date on which the Hong Kong Stock Exchange's approval of such waiver is obtained. Prior to this, Mr. Jiang Chengjun shall continue to perform the duties of the joint company secretary and the authorized representative of the Company for the purpose of Rule 3.05 of the Hong Kong Listing Rules (Please refer to the Announcement on the Proposed Change of Joint Company Secretary, Secretary to the Board and Authorised Representative of the Company dated 30 June 2023 as disclosed on the website of the Hong Kong Stock Exchange for details). The Hong Kong Stock Exchange has granted the Waiver on 6 July 2023. After the Waiver was received, the appointment of Mr. Pei as the joint company secretary and the authorised representative took effect on 6 July 2023. (Please refer to the Update Announcement on Appointment of the Joint Company Secretary and the Authorised Representative of the Company dated 7 July 2023 as disclosed on the website of the Hong Kong Stock Exchange for details)

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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 the Directors and Supervisors, confirmed that they had been in compliance with the requirements of the abovementioned Model Code, during the period from 1 January 2023 to 30 June 2023. The Company has not found any relevant employee violating the aforesaid guidelines.

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

Mr. Zhou Donghui, a non-executive Director, ceased to serve as the vice chairman of the board of directors and a director of Shanghai Tobacco Machinery Co., Ltd. (上海煙草機械有限公司), and ceased to serve as a director of Shanghai Gaoyang International Tobacco Co., Ltd. (上海高揚國際煙草有限公司), Shanghai Haiyan Investment Management Co., Ltd. (上海海煙投資管理有限公司), China Tobacco Shanghai Import and Export Co., Ltd. (中國煙草上海進出口有限責任公司), Shanghai Tobacco Group Huangpu Tobacco Sugar and Wine Co., Ltd. (上海煙草集團黃浦煙草糖酒有限公司), Shanghai Tobacco Group Xuhui Tobacco Sugar and Wine Co., Ltd. (上海煙草集團徐匯煙草糖酒有限公司), Shanghai Tobacco Group Hongkou Tobacco Sugar and Wine Co., Ltd. (上海煙草集團虹口煙草糖酒有限公司), Shanghai Tobacco Group Yangpu Tobacco Sugar and Wine Co., Ltd. (上海煙草集團楊浦煙草糖酒有限公司), Shanghai Tobacco Group Minhang Tobacco Sugar and Wine Co., Ltd. (上海煙草集團閔行煙草糖酒有限公司), Shanghai Tobacco Group Baoshan Tobacco Sugar and Wine Co., Ltd. (上海煙草集團寶山煙草糖酒有限公司), Shanghai Tobacco Group Pudong Tobacco Sugar and Wine Co., Ltd. (上海煙草集團浦東煙草糖酒有限公司), Shanghai Tobacco Group Songjiang Tobacco Sugar and Wine Co., Ltd. (上海煙草集團松江煙草糖酒有限公司), Shanghai Tobacco Group Qingpu Tobacco Sugar and Wine Co., Ltd. (上海煙草集團青浦煙草糖酒有限公司), Shanghai Tobacco Group Chongming Tobacco Sugar and Wine Co., Ltd. (上海煙草集團崇明煙草糖酒有限公司), Shanghai Baiyulan Tobacco Material Co., Ltd. (上海白玉蘭煙草材料有限公司), Shanghai Wang Bao He Co., Ltd. (上海王寶和大酒店有限公司), Shanghai Tobacco Group Real Estate Development and Management Co., Ltd. (上海煙草集團房地產開發經營有限公司), Shanghai Haiyan Tobacco Sugar and Wine Co., Ltd. (上海海煙煙草糖酒有限公司), Shanghai Tobacco Group Suzhou China Garden Hotel Co., Ltd. (上海煙草集團蘇州中華園大飯店有限責任公司), Shenzhen New Type Cigarette Products Co., Ltd (深圳新型煙草製品有限公司), and ceased to serve as a supervisor of Zhongwei Capital Holding Co., Ltd. (中維資本控股股份有限公司) from January 2023.

Mr. Xu Jianguo, a non-executive Director, ceased to serve as the chairman of the supervisory committee of Shanghai Highly (Group) Co., Ltd. (a company listed on the SSE, stock code: 600619), a director of Tianjin Pipe Corporation, and a director of Shanghai Electric Henglian Industry Development Co., Ltd. (上海電氣集團恒聯企業發展有限公司) since February 2023.

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Mr. Zhang Ming, an independent non-executive Director, has been serving as an independent director of Shang Gong Group Co., Ltd. (a company listed on the SSE, stock code: 600843) since June 2023.

Mr. Lam, Lee G., an independent non-executive Director, has been serving as an independent non-executive director of Sinohope Technology Holdings Limited (stock code: 1611) since April 2023. He ceased to serve as an independent non-executive director of Beverly JCG Investment Holdings Limited (a company listed on the Singapore Exchange, stock code: VFP) from April 2023, and ceased to serve as an independent non-executive director of TMC Life Sciences Berhad (a company listed on Bursa Malaysia, stock code: 0101) from May 2023.

Mr. Zhu Hongchao, an independent non-executive Director, ceased to serve as an independent director of Caitong Fund Management Co., Ltd. from May 2023.

Dai Li, a Supervisor, has been serving as a director of Shanghai Orient Webcasting Co., Ltd. since May 2023, and a director of Shanghai Dongfang Newspaper Co., Ltd. since July 2023.

Dong Xiaochun, a Supervisor, ceased to serve as the financial controller and the board secretary of Shanghai Bailian Group Co., Ltd. from June 2023.

Cao Zhigang, a Supervisor, has been promoted from deputy general manager to general manager of the Company's audit department since June 2023.

Shi Xu (resigned), a Supervisor, ceased to serve as the general manager of the Company's audit department from June 2023, and has been serving as the Company's chief risk officer since June 2023.

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



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(III) Particulars about service contracts with Directors and Supervisors

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

(IV) Employees and remuneration policy

As at the end of the Reporting Period, the Group had 12,262 employees, of whom 6,865 were from the Company, and 5,397 were from subsidiaries.

The Company attaches 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-orientation 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 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, remuneration and insurance benefits, labor protection and working conditions, as well as modification and termination of the contract.

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(V) Employee training

In the first half of 2023, for employee training, the Company carried out the related work by adhering to the principles of overall planning, category-based implementation, resource integration, development empowerment, co-construction and sharing, and intelligent operation. Relying on its party committee and party school and Haitong Wealth Research Academy (海通財富研修院), the Company focused on content innovation, project refinement, and function improvement, to facilitate the Company's talent development and the building of talent pool. The Company enriched the forms of running the party school by launching the "Haitong Party School" column to strengthen the ideological and political work of cadres and employees in the new era and improve the quality of education and training for party members; the Company continued to promote content innovation, integrate group resources on the basis of "five institutes and one center", and improve the training courses to meet the needs of employees for customized and personalized learning and learning whenever needed; the Company continued to upgrade key projects and build talent development systems for different categories and levels of employees, with the "Dolphin Programme" focusing on fresh graduates, the "Starfish Programme" enhancing new employees' connection with company's culture, the "Seagull Programme" focusing on the building of international talent pool, and "Dandelion Programme" highlighting business information exchange and coordination; the Company continued to improve platform functions by effectively supporting online training, customizing and launching innovative project cases, branch columns and other knowledge columns to help employees continuously improve their professional quality and capability.

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 2022 annual general meeting on 16 June 2023 at which the profit distribution proposal of the Company for the year 2022 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 2022, a cash dividend of RMB0.21 (inclusive of tax) per share was distributed to all the shareholders of the Company, with a total cash dividend amounting to RMB2,743,482,000.00 (inclusive of tax). The cash dividends distributed to holders of A Shares amounted to RMB2,027,472,547.80 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\$785,837,421.63 based on the total share capital of 3,409,568,820 H Shares.

The relevant announcement for the 2022 annual profit distribution plan was published in the China Securities Journal, the Shanghai Securities News, the Securities Times and the Securities Daily and published on the websites of the SSE, the Hong Kong Stock Exchange and the Company, and the implementation was completed on 28 July 2023.

Section IV CORPORATE GOVERNANCE

(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.

VI. OTHER INFORMATION ON CORPORATE GOVERNANCE

During the Reporting Period, the Company's operations and management were carried out in a regulated and orderly manner, 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 relevant 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 substantially all the requirements of the recommended best practices set out therein.

During the Reporting Period, the Company held a total of 17 meetings, including one general meeting, five Board meetings, two Supervisory Committee meetings, four meetings of the Audit Committee, two annual report work meetings of independent Directors, one meeting of the Nomination, Remuneration and Assessment Committee, one meeting of the Development Strategy and ESG Management Committee, and one meeting of the Compliance and Risk Control Committee.

(I) Shareholders and general meetings

The Company convenes and holds general meetings in strict 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.

Section IV CORPORATE GOVERNANCE

(II) Directors and the Board

The Company strictly adheres to the Articles of Association in appointing or changing Directors, and the composition of the Board and the qualifications of Directors are in line with requirements of laws and regulations. As at 30 June 2023, the Board comprised 10 Directors, including two executive Directors, namely Mr. Zhou Jie and Mr. Li Jun; four non-executive Directors, namely Mr. Tu Xuanxuan, Mr. Zhou Donghui, Ms. Xiao Hehua 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 the Directors were able to perform their duties with due diligence and care and protect the interests of the Company and the shareholders as a whole. The Board has established the Development Strategy and ESG Management Committee, the Audit Committee, the Compliance and Risk Control Committee, and the Nomination, Remuneration and Assessment Committee. Each committee has its specific functions and clear accountabilities and operates efficiently. 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 requirements of the CSRC and the SSE and those in the Hong Kong Listing Rules. The Audit Committee consists of five members, including Mr. Zhang Ming (chairman), Ms. Xiao Hehua, Mr. Xu Jianguo, Mr. Lam Lee G. and Mr. Zhou Yu. The Audit Committee is mainly responsible for the communication, supervision and review of the Company's internal and external audit work and providing professional advice to the Board. The Audit Committee has reviewed and confirmed the Group's interim results and interim financial report for the six months ended 30 June 2023 and has raised no objection to the accounting policies and practices adopted by the Group.

(III) Supervisors and the Supervisory Committee

As at 30 June 2023, the Supervisory Committee comprised nine Supervisors, including a chairman of the Supervisory Committee, three employee representative Supervisors and five non-employee representative Supervisors. The qualifications of the Supervisors and the composition of the Supervisory Committee are in compliance with the relevant laws and regulations. All the Supervisors, holding themselves accountable to the shareholders, performed their obligations with due diligence and care 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.

(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 was able to operate the business in accordance with laws and regulations and authorizations from the Board, with a view towards maximizing shareholders' interests and social benefits.

Section IV CORPORATE GOVERNANCE

(V) Stakeholders

The Company fully respects and safeguards the legitimate rights and interests of its 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 was able to 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.

The Company attaches great importance to maintaining investor relations, and through various investor relations activities, continuously strengthens communication with investors, effectively protects the legitimate rights and interests of investors, and effectively improves investors' understanding and recognition of the Company. In order to ensure that the management of investor relations is carried out in accordance with the relevant regulations, systems and procedures put in place, the Company has formulated relevant policies such as the Investor Relations Management Measures, and communicates with investors through various channels such as the Company's official website, investor hotline, email, investor briefing, roadshow, analyst meeting, reception of visitors and SSE e-interaction platform, and establishes and improves the investor relations management archives.

In the first half of 2023, the Company successfully held the 2022 annual results conference, where the management comprehensively introduced the Company's development strategy and operational highlights, and exchanged views with investors and analysts on market focuses, responding to market concerns while properly guiding market expectations. The Company regularly maintains the investor relations column on the Company's official website and the contents on the SSE e-interaction platform to help investors quickly and comprehensively understand the Company's information. The Company also dealt with investors' enquiries and recommendations promptly, answered 133 investor hotline calls, and answered 69 questions on the SSE e-interaction platform. The Company attaches great importance to strengthening proactive and strategic communication in its exchanges with the market, and has received domestic and foreign institutional investors and analysts for research on-site or by telephone for several times, and was invited to attend domestic and foreign institutional investors' investment strategy conferences multiple times. At the same time, according to the focus of attention of investors and analysts, the Company actively organized relevant departments to participate in research, and conveyed market voices to the management, which in return contributed to the Company's business development and governance improvement, giving full play to the two-way communication role of investor relations management.

Section IV CORPORATE GOVERNANCE

(VII) Building of compliance system

During the Reporting Period, in strict compliance with the requirements of the CSRC and taking into account the Company actual position, the Company continuously improved its compliance management system. The Company's chief compliance officer performed compliance management duties strictly according to law. 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 2023 as the "Year of Compliance and Internal Control Culture Consolidation," 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." The Company focused on four key tasks: "further integrating compliance culture promotion and cultivation," "improving the performance capability of the compliance and internal control team," "increasing support for execution in key fields," and "implementing anti-money laundering inspections and rectifications to promote the performance of a line of defense," aiming to promote the establishment of a sound long-term mechanism for compliance and internal control, and continuously improve the effectiveness of compliance and internal control management.

Section V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

I. ENVIRONMENTAL INFORMATION

(I) Description of environmental protection of the Company and its key subsidiaries which are the major pollutant discharging entities identified by environmental protection authorities

✓ Not applicable

(II) Description of the environmental protection of companies other than the major pollutant discharging entities

1. Administrative penalties due to environmental issues

After inspection, the Company and its subsidiaries are not listed as major pollutant discharging entities 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 subject to any penalties due to violations of environmental protection laws.

2. Other environmental information disclosed with reference to other major pollutant discharging entities

✓ 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

Following the goals of “carbon peaking and carbon neutrality” and high-quality development of the state, the Company has incorporated ESG principles into its development strategy and daily operations through ESG risk management, responsible investment and other measures. In order to advance the building of its ESG management system, the Company has established a three-tiered management structure comprising the Development Strategy and ESG Management Committee, the ESG implementation leading group and the ESG working group, to ensure the regulated and effective implementation of the ESG management work of the Company. During the Reporting Period, the Company continuously improved its ESG management mechanisms, dynamically adjusted the responsible departments and divisions of work for the ESG working group according to the actual needs, and enhanced the alignment of the ESG management structure with the actual work.

Section V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

The Company adheres to green, low-carbon and circular development, and conscientiously fulfills its corporate environmental responsibilities in respect of its own operation and green finance. In respect of its own operation, the Company strongly promotes the concept of eco-friendly office practices, and reduces resource waste in office by advocating paperless office, air conditioning temperature control, green travel, green meeting and other methods. In respect of green finance, the Company continuously provides multi-channel and multi-type green investment and financing instruments for green industries such as energy conservation and environmental protection, clean energy, clean transportation, etc., guides and incentivizes more social capital investment into green industries, and actively engages in green research consulting, green finance industry exchange, and implements ESG principles with concrete actions.

1. *Own operation*

In terms of green operation, the Company actively performs responsibilities on saving energy and improving the energy utilization rate. The Company encourages its employees to set appropriate limitations on air-conditioning temperatures in winter and summer and turn off lights when they leave office. The Company advocates the concept of “green travelling and low-carbon life”, strengthens the management of vehicles for corporate affairs and encourages its employees to choose public transportation when handling business affairs. The Company gives priority to purchasing water-efficient appliances and conducts regular inspections and maintenance on water-using equipment to avoid waste of water. It also adopts smart water meters for the purpose of water-saving management.

In December 2022, Haitong Bund Finance Plaza received the LEED Gold certification from the U.S. Green Building Council, and in March 2023, it received the WELL Building Standard (a healthy building standard from the U.S.) Platinum certification, fully demonstrating the Company’s new headquarters building’s construction concept of environmental friendliness, green and energy saving, comfort and health. All the building materials used by Haitong Bund Finance Plaza are with VOC/formaldehyde level lower than the WELL standards. It is equipped with a fully enclosed centralized printing room, and the water-saving appliances 40% better than the LEED standards. The building also uses energy-saving equipment and LED energy-saving lights that meet the relevant requirements, and is equipped with an automated building control and elevator system, effectively reducing energy loss. The building has also set up water dispensers that meet the WELL V2 water quality requirements, office lighting with CRI exceeding 90 and meeting the relevant lighting requirements, soundproof doors with a rating of STC-30, etc., to create a comfortable, healthy and environmentally friendly workplace.

Section V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

In terms of green publicity, the Company carried out special publicity on online platforms such as its official website and official WeChat account. Through topic planning on its efforts in different aspects such as “carbon peaking and carbon neutrality” theoretical research, green investment and financing, carbon finance market and green finance innovation, the Company actively showcased its achievements in the ESG field. The Company integrated themes such as paper saving, food saving, energy saving and emission reduction, and premise management into the “fostering virtues through frugality” themed publicity activities carried out in its new headquarters and Zhangjiang High-tech Park, advocating green office and green life; the Company developed and designed Haitong Home eco-friendly cultural and creative products to promote green concepts and carry forward the light of environmental protection.

In terms of green office, with collaborative office systems, RPA intelligent process automation robots, intelligent review systems, etc., the Company has built an informatized and paperless office mode, significantly reducing the generation of waste paper and other wastes.

2. *Green finance*

In terms of green financing, during the Reporting Period, the Company underwrote and issued 23 green bonds, raising a total of RMB103.2 billion. The Company provided green equity financing services for green enterprises such as Ginlong Technologies, Jinko Solar, Xinri E-vehicle and Nenghui Technology, raising a total of RMB7.3 billion.

In terms of green investment, during the Reporting Period, the Company officially released the “CSI Haitong ESG Equity and Bond Coordinated Index” to provide a good investment tool for implementing green finance concepts. As the industry’s first ESG strategy index, this index is a representative result of the organic combination of the over-the-counter derivatives market and ESG concepts. It is also an important tool and platform for serving the “carbon peaking and carbon neutrality” goal of the capital market and promoting sustainable investment practices. The Company subscribed for the green medium-term notes and green bonds issued by China Huadian, Hua Xia Bank, Wuhan Metro, CGN Wind Energy and other enterprises in the secondary market for supporting green industrial projects. As of the end of the Reporting Period, HFT Carbon Neutrality Theme Mixed Fund had total AUM of RMB830 million, and Fullgoal CSI SSEE Carbon Neutral Index ETF had total AUM of RMB1.2 billion.

Section V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

In terms of green research consulting, during the Reporting Period, the Company's project "Developing Carbon Finance and Improving Risk Management Functions in Carbon Trading Markets" submitted to the People's Bank of China Shanghai Head Office won the third prize of the "2022 Shanghai Economic and Financial Research Mechanism Excellent Research Results Comprehensive Award." This project analyzed domestic carbon market pricing mechanisms, product systems, financial nature, market functions, etc., and proposed various recommendations on development. The Company participated in Shanghai University of Finance and Economics International Financial Center Research Institute's project solicitation activity on "Research on Measures for Building a Multi-Party Collaborative Platform for Low-Carbon Transition Investment and Financing for Small and Medium-Sized Enterprises Based on ESG." Up to date, the Company has completed the thesis proposal.

In terms of green finance industry exchange, in March 2023, for the purpose of deepening the implementation of Haitong's green and "carbon peaking and carbon neutrality" development strategies and the development of new economy and industry-finance ecosystem, Haitong UT, a subsidiary of the Company, organized a green and "carbon peaking and carbon neutrality" and new economy cooperative development seminar in Xi'an. In June 2023, the Company participated in the first Shanghai International Carbon Neutrality Expo to share the Company's exploration efforts and practices in green finance innovation and "carbon peaking and carbon neutrality." The Company's case "Serving 'Carbon Peaking and Carbon Neutrality' Strategy and Exploring Innovative Green Development Path" was selected as one of the "Top Ten Cases" in respect of social responsibility work of companies under the State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government.

(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 fuel consumption of vehicles for corporate affairs. During the Reporting Period, the Company continued to carry out energy saving work by means of green office, low-carbon data center operation, and low-carbon travel, etc., so as to reduce carbon emissions in its operation.

Adhering to the philosophy of green development, the Company promoted the construction of green data centers, and has become the first securities company in the industry to use photovoltaic energy in operations. Haitong Securities Zhangjiang High-tech Park Photovoltaic Project (Phase I) commenced operation in December 2022. The Company invested RMB415,000 with its own funds to install a photovoltaic system with an installed capacity of 64.3kW, which is used for the DTE computer room precision air conditioning and the computer room aisle lighting and air conditioning systems of Zhangjiang High-tech Park. Since completion, according to meter test, the system has generated 27,900 kWh of electricity, with an annual energy saving of 27,900 kWh or 11.16 tons of coal equivalent.

Section V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

II. DETAILS ON CONSOLIDATING AND EXPANDING THE ACHIEVEMENTS OF POVERTY ALLEVIATION, RURAL REVITALIZATION AND OTHER WORK

In the first half of 2023, with the proper leadership of the CSRC, the Shanghai Municipal Party Committee and the Municipal Government, Haitong Securities continued to carry out the “one company to one county” and “hundred enterprises in support of hundred villages” paired assistance, helping Lixin County and Shucheng County in Anhui, Ningdu County in Jiangxi, Xichou County in Yunnan and Yecheng County in Xinjiang consolidate the achievements of poverty alleviation, actively carrying out assistance work in Xinjiang, Tibet and Qinghai, striving to solve the practical problems of the people in such areas, and contributing to their development and revitalization.

(I) Continue to carry out project-based in-depth paired assistance and support work

Taking project construction as the basis, the Company relied on its branches to continuously strengthen communication and exchange with paired counties such as Lixin County and Shucheng County in Anhui, Ningdu County in Jiangxi, Xichou County in Yunnan and Yecheng County in Xinjiang and invested special funds to facilitate their economic development. In the first half of 2023, the Company held a symposium on paired assistance with the People’s Government of Xichou County in Yunnan, to learn more about the progress of the assistance projects, accurately meet the needs, and further optimize the assistance measures; the Company launched “Love in Haitong • Helping Growth” public welfare program to popularize and empower preschool teachers in Yecheng County, Xinjiang, covering more than 600 kindergarten principals and teachers in the county, helping to improve local teaching quality. Anhui branch of the Company held a paired assistance work symposium, and by focusing on financial assistance, intellectual assistance, industrial assistance, public welfare assistance and other aspects, the branch will further deepen cooperation with Lixin County; the Company organized a “Strengthening Precise Service and Promoting Enterprise Development” capital market public welfare investment education event, and arranged its internal experts to introduce the multi-level capital market system in detail to the relevant leaders of Shucheng County, heads of industrial enterprises above designated size and high-tech enterprise personnel totaling more than 150 people, for the purpose of enabling them to have an in-depth understanding of, among others, the new trends and new policies in the capital market and the listing rules of the ChiNext board after the full implementation of registration-based IPO mechanism, to provide intellectual support for the local economic development.

Section V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

(II) Give full play to professional advantages and empower the economic development of the assisted areas

In March 2023, in addition to helping Ningdu County Urban Development Investment Co., Ltd. in Jiangxi Province issue the first phase of corporate bonds last year, the Company successfully issued the second phase of Ningdu County Urban Development Investment Co., Ltd. corporate bonds, raising RMB400 million which will be used for the construction of key modern agriculture projects and further help Ningdu County to upgrade the structure of agriculture, rural areas and farmers. Furthermore, the Company also invested RMB300,000 and leveraged the business advantages of Haitong Futures, a subsidiary of the Company, to carry out the “Love in Haitong • Expecting a Better Future Together” pig “insurance + futures” programs in Ynjiang, Guizhou, to help farmers avoid price fluctuation risk of pigs and guarantee their income.

(III) Promote consumption and integrate assistance work into corporate culture construction

The Company purchased Yunnan’s characteristic Yunnan black tea, coffee and handicrafts such as Yunnan spotted copper auspicious ox as company gifts through Shanghai’s consumption assistance channels, conveying the “Love in Haitong” public welfare brand concept. Haitong Futures, a subsidiary of the Company, gave full play to the advantages of trade union and purchased agricultural and sideline products from paired assistance areas such as Huachuan County in Heilongjiang and Yecheng County in Xinjiang to help local farmers to increase their income.

(IV) Build a public welfare system and convey the “Love in Haitong” public welfare power

Adhering to the guidance of the “Love in Haitong” party building public welfare brand, the Company widely coalesces love and support from the public and promotes rural revitalization with charity and public welfare. First, the Company strengthened the development of the assistance and public welfare system and continued to promote the establishment of the “Shanghai Love in Haitong Public Welfare Foundation” (hereinafter referred to as the “Foundation”), which held the first meeting of the first session of the board of directors and the board of supervisors of the Foundation, and further improved the Foundation’s administrative bodies. Second, the Company conscientiously implemented the “Love in Haitong” public welfare list and continued to promote the “Love in Haitong • Beautiful Xinjiang” and “Love in Haitong • Beautiful Tibet” educational assistance public welfare programs. Considering the year is the third anniversary of General Secretary Xi Jinping replying to the letter of the party member volunteers of the Communist Manifesto Exhibition Hall, the Company provided support for the national charity screening of “Manifesto”, inspiring party members and cadres to strengthen their ideals and beliefs in learning, thinking and practicing, and fulfill their original missions in striving for progress. The Company joined hands with the Party Committee and the district government of Jiading District to provide cultural assistance for Jiuzhi County, Guoluo Tibetan Autonomous Prefecture, Qinghai Province, and developed the “Haitong Jiuyin Ethnic Communication, Exchange and Integration Activity Service Center”

Section V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

project, further demonstrating the Company's initiative to fulfil its social responsibilities by serving the national rural revitalization strategy and participating in Shanghai's paired assistance activities. The Company participated in the "Realizing Chinese Dream • Creating Safe Campus" personal protection kit donation project, helping cultivate public safety awareness and self-protection and self-rescue capabilities of youngsters. The Company was also invited to participate in the second China Capital Market Public Welfare Forum, at which the Company shared and showcased the results and achievements of its public welfare assistance efforts, participated in a special program "Public Welfare Comment" 《公益半月談》 jointly launched by the Cooperation and Exchange Office of Shanghai and Shanghai People's Radio Station Voice of Yangtze River Delta "Qingyi Dongfang" 《情義東方》 column, at which the Company shared information on "Haitong • Love Reading" Season 4--"Children's Voice Without Border" event, called on more social forces to join public welfare work and contribute to rural revitalization. In addition, in the activities themed "Learning from the 20th National Congress of the CPC and Embarking on a New Journey of Volunteerism," various subsidiaries and branches of the Company carried out volunteer public welfare, donation and assistance activities focusing on public welfare investor education, low-carbon and environmental protection, community service and other aspects, showing "Love in Haitong" joint efforts in public welfare.

In the future, The Company will continue to thoroughly implement the important instructions of the CPC Central Committee regarding consolidating poverty alleviation achievements and comprehensively promoting rural revitalization, conscientiously fulfill its duties and missions as a state-owned financial enterprise, and make more contributions to the implementation of rural revitalization strategy. **First**, the Company will further deepen paired assistance work mechanism, continuously improve "five-in-one" assistance model, and continue to help assisted areas achieve sustainable development with more precise assistance measures based on new development stage. **Second**, the Company will continue to leverage its professional advantages to accurately satisfy the financing needs of enterprises in assisted areas, provide multi-channel and multi-variety financial services for assisted areas. **Third**, with the establishment of "Shanghai Love in Haitong Public Welfare Foundation," the Company will further strengthen volunteer team building, enrich and expand "Haitong • Love" series public welfare programs, focus on areas under paired assistance, old revolutionary base areas, and border areas inhabited by ethnic groups, such as Yunnan, Xinjiang and Tibet, and continue to make efforts in the field of charity and public welfare, showing Haitong's care for those in need and promote the "Love in Haitong" public welfare brand.

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	-	-
	Others	Directors and senior management	1. they will not convey any benefits to other entities or individuals on a free or on an unfair basis, nor harm the interests of the Company in any other way; 2. they will restrain position related consumption behaviors; 3. they will not use the Company's assets to engage in any investment and consumption activities not relating to the performance of their duties; 4. the remuneration system formulated by the Board or the Nomination and Remuneration and Assessment Committee will be linked to the implementation of the remedial measures relating to returns of the Company; 5. in the event of the implementation of any 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 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 in the 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. The Shanghai Financial Court accepted the case in 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. On 1 June 2022, the People's Court of Nanjing's Gaochun District issued a Civil Judgement, ruling a substantive 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. (江蘇蘇農資連鎖集團股份有限公司) ("Four Companies including Nanjing First Agricultural Chemical Company"). On 7 November 2022, the Nanjing Intermediate People's Court decided to initiate the pre-reorganization procedures on ST Red Sun. On 30 June 2023, the administrator of the substantive merger and reorganization of such Four Companies including Nanjing First Agricultural Chemical Company, submitted a draft reorganization plan to the People's Court of Nanjing's Gaochun District and planned to convene a creditors' meeting for vote. On 28 July 2023, the People's Court of Nanjing's Gaochun District ruled that it was agreed to postpone the vote.

Section VI SIGNIFICANT EVENTS

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 in the Shanghai Financial Court, requesting the debtor, Nanjing First Agricultural Chemical Company, to pay the principal of RMB320 million and the accrued interest, liquidated damages, expenses incurred for realizing the creditor's rights and other fees. The Shanghai Financial Court accepted the case in January 2020 and heard the case on 7 August 2020. On 31 December 2020, the Shanghai Financial 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. In June 2021, Nanjing First Agricultural Chemical Company was adjudged bankrupt by the People's Court of Nanjing's Gaochun District. HT Asset Management has declared claims to the administrator of the bankruptcy and restructuring project of Nanjing First Agricultural Chemical Company 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 substantive merger and reorganization among such Four Companies including Nanjing First Agricultural Chemical Company. On 7 November 2022, the Nanjing Intermediate People's Court decided to initiate the pre-reorganization procedures on ST Red Sun. On 30 June 2023, the administrator of the substantive merger and reorganization of such Four Companies including Nanjing First Agricultural Chemical Company, submitted a draft reorganization plan to the People's Court of Nanjing's Gaochun District and planned to convene a creditors' meeting for voting. On 28 July 2023, the People's Court of Nanjing's Gaochun District ruled that it was agreed to postpone the vote.

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 in the Chengdu Intermediate People's Court of Sichuan Province (四川省成都市中級人民法院), requesting the defendants including HT Asset Management and the Company to return or compensate entrusted property of the plaintiff, Sichuan Trust, of RMB514.55 million and corresponding interest. The Chengdu Intermediate People's Court of Sichuan Province accepted the case in September 2021 and heard the case on 10 November 2022 and 10 July 2023. Currently, the first instance verdict has not been made by the court.

Section VI SIGNIFICANT EVENTS

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

Due to the substantive breach of contract under 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 in the 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. In November 2020, the Shanghai Financial Court accepted the case. The Shanghai Financial Court issued the first instance verdict on 14 April 2023. At present, the plaintiff, PSBC, and defendants including Fucheng Haifutong appealed to the Shanghai High People’s Court.

Dispute over the Equity Transfer Agreement between Haitong Capital, Xi’an Aerospace and New Energy and Shanghai Cultural (on one hand) and ChinaEdu Corporation and Beijing Hongcheng (on the other hand)

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. In June 2022, China International Economic and Trade Arbitration Commission accepted the case, which was heard on 3 August 2023.

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

In respect of material litigation and arbitration matters, the Company’s overseas listed subsidiaries and Haitong Bank shall perform their own information disclosure obligations in accordance with the regulatory requirements of the place where they operate and the relevant listing rules (if relevant).

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

- (I) As at the end of the Reporting Period, the Company did not have any controlling shareholder or de facto controller.
- (II) During the Reporting Period, none of the following circumstances happened to the Company, the Directors, Supervisors, senior management, or the largest shareholder of the Company: 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.
- (III) 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 May 2023, the Company received the Decision on Taking Warning Letter Measures against Haitong Securities Co., Ltd. (Hu Zheng Jian Jue [2023] No. 95) 《關於對海通證券股份有限公司採取出具警示函措施的決定》(滬證監決〔2023〕95號)) issued by the CSRC Shanghai Bureau, which stated that it took warning letter administrative regulatory measures against the Company. The regulatory letter found that the Company has not strictly regulated the practice behavior of relevant practitioners. After receiving the regulatory letter, the Company attached great importance to it, made rectification in a timely manner, improved its system construction and internal control mechanism, made more efforts to compliance trainings and compliance inspection, and enhanced employees' compliance awareness and practice level.

In June 2023, the Company received the Decision on Issuing a Regulatory Warning to Haitong Securities Co., Ltd. ([2023] No. 26) 《關於對海通證券股份有限公司予以監管警示的決定》([2023]26號)) issued by the Shanghai Stock Exchange, which stated that the Company was given a regulatory warning. The written letter found that the Company failed to perform due duties in the verification work and had weak points in its internal quality control during the sponsor work. After receiving the regulatory letter, the Company attached great importance to it, made rectification in a timely manner, strengthened the internal control audit and follow-up management of the projects, regularly organized special trainings, supervised the performance of duties by its employees in a diligent and responsible manner, improved the working papers, and effectively improved the level of practice.

Section VI SIGNIFICANT EVENTS

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

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

X. MATERIAL RELATED PARTY TRANSACTIONS

(I) Related party transactions relevant to daily operations

1. *Matters that have been disclosed in interim announcements and have no developments or changes in subsequent implementation*

✓ Not applicable

2. *Matters that have been disclosed in interim announcements and have developments or changes in subsequent implementation*

✓ Not applicable

3. *Matters that have not been disclosed in interim announcements*

✓ Not applicable

4. *Daily related party/connected transactions*

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.

Section VI SIGNIFICANT EVENTS

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 2023 approved at the 2022 annual general meeting.

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 30 December 2022. Save for the above connected transactions and those disclosed in the Report, 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 of the Company dated 30 December 2022 in relation to the continuing connected transactions. As of the end of the Reporting Period, Guosheng Group directly and indirectly held 10.38% equity interest of the Company. According to Rule 14A.07 of the Hong Kong Listing Rules, Guosheng Group and its associates directly and indirectly held 10.38% equity interest of the Company. Guosheng Group and its associates constituted connected persons of the Company under Rule 14A.07 of the Hong Kong Listing Rules. The Company and Shanghai Guosheng Group entered into the Continuing Connected Transactions Framework Agreement on 30 December 2022 for a term from 1 January 2023 to 31 December 2026. 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 ordinary course of 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: 0'000 Currency: RMB

Transaction	Estimated annual cap for 2023	Actual transaction amount for the six months ended 30 June 2023
Securities and Financial Products		
Inflow ⁽¹⁾	250,000.00	4,363.60
Outflow ⁽²⁾	210,000.00	–
Securities and Financial Services		
Total revenue derived from provision of Securities and Financial Services by the Group to Shanghai Guosheng Group and its associates	10,000.00	366.16
Total expenses incurred for Securities and Financial Services provided by Shanghai Guosheng Group and its associates to the Group	3,000.00	147.22

(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 lending/reverse repurchase through financing transactions.

Section VI SIGNIFICANT EVENTS

Routine related party transactions under the Shanghai Stock Exchange Listing Rules

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

Unit: 0'000 Currency: RMB

Transaction	Transaction amount for the six months ended 30 June 2023	Percentage of the amount of similar transactions	Remarks
Net fee and commission income	83.14	0.02%	Asset management business income received from related parties
Net fee and commission income	30.62	0.01%	Securities trading fee and commission income received from related parties
Net interest income	34.49	0.02%	Net interest income from margin deposits of related parties
Net gains or losses from trading of derivative financial instruments (Note)	-265.94	-0.22%	During the Reporting Period, the amount of notional principal was RMB57 million; as at the end of the Reporting Period, the balance of notional principal was RMB45 million.

Note: The realized and unrealized investment income generated from trading of derivatives between the related parties as the counterparties and the Company, with losses shown as negative values.

Unit: 0'000 Currency: RMB

Item	Balance as at 30 June 2023	Percentage of the amount of similar transactions	Remarks
Receivables	66.01	0.01%	Balance of service fees receivable from related parties
Accounts payable to brokerage clients	0.02	0.00%	Balance of margin deposits from clients placed by related parties
Payables	5,824.03	0.43%	Balance of margin deposits payable by the Company to related parties on derivative financial instruments
Derivative financial assets	83.96	0.04%	Balance of derivative financial assets 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: 0'000 Currency: RMB

Transaction	Transaction amount for the six months ended 30 June 2023	Percentage of the amount of similar transactions	Remarks
Net fee and commission income	9,041.77	1.83%	Income from asset management business, income from sales service and income from investment consulting service received from related parties
Net fee and commission income	895.62	0.18%	Securities trading fee and commission income received from related parties
Net interest income	24.09	0.01%	Net interest income from margin deposits of related parties
Net gains or losses from trading of derivative financial instruments (Note)	316.34	0.27%	During the Reporting Period, the amount of notional principal was RMB52,661 million; as at the end of the Reporting Period, the balance of notional principal was RMB17,772 million.

Note: The realized and unrealized investment income generated from trading of derivatives between the related parties as the counterparties and the Company, with losses shown as negative values.

Section VI SIGNIFICANT EVENTS

Unit: 0'000 Currency: RMB

Item	Balance as at 30 June 2023	Percentage of the amount of similar transactions	Remarks
Receivables	964.13	0.10%	Balance of performance fees and prepaid business margin receivable from related parties
Payables	0.45	0.00%	Balance of service fees and unpaid business margin payable to related parties
Accounts payable to brokerage clients	5,482.42	0.05%	Balance of margin deposits from clients placed by related parties
Derivative financial assets	981.65	0.51%	Balance of derivative financial assets generated from trading of derivatives with related parties
Derivative financial liabilities	585.67	0.45%	Balance of derivative financial liabilities generated from trading of derivatives with related parties
Financial liabilities held for trading	8.70	0.00%	Balance of financial liabilities held for trading generated from trading of derivatives with related parties

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 RMB14,237 million.

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

1. *Matters that have been disclosed in interim announcements and have no developments or changes in subsequent implementation*

✓ Not applicable

2. *Matters that have been disclosed in interim announcements and have developments or changes in subsequent implementation*

✓ Not applicable

3. *Matters that have not been disclosed in interim announcements*

✓ Not applicable

Section VI SIGNIFICANT EVENTS

4. *If a performance agreement is involved, the achievement of performance targets during the Reporting Period shall be disclosed*

✓ Not applicable

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

1. *Matters that have been disclosed in interim announcements and have no developments or changes in subsequent implementation*

✓ Not applicable

2. *Matters that have been disclosed in interim announcements and have developments or changes in subsequent implementation*

✓ Not applicable

3. *Matters that have not been disclosed in interim announcements*

✓ Not applicable

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

1. *Matters that have been disclosed in interim announcements and have no developments or changes in subsequent implementation*

✓ Not applicable

2. *Matters that have been disclosed in interim announcements and have developments or changes in subsequent implementation*

✓ Not applicable

3. *Matters that have not been disclosed in interim announcements*

✓ Not applicable

(V) Financial businesses between the Company and its affiliated financial companies, majority-owned financial companies and the related parties

✓ Not applicable

(VI) Other material related party transactions

✓ Not applicable

Section VI SIGNIFICANT EVENTS

(VII) Others

1. *Connected transaction under the Hong Kong Listing Rules*

Reference is made to the connected transaction announcement of the Company dated 21 June 2023 in relation to formation of partnership. Haitong Capital Investment Co., Ltd. ("**Haitong Capital**", a wholly-owned subsidiary of the Company) entered into a partnership agreement with Shanghai Guosheng Group Co., Ltd. ("**Guosheng Group**") and other independent third parties (the "**Partnership Agreement**") to jointly set up Shanghai Haitong Leading Area Industry Guiding Fund of Funds Partnership (Limited Partnership) (上海海通引領區產業引導母基金合夥企業(有限合夥)) (the "**Partnership**"). The Partnership will be established in the form of limited partnership. Pursuant to the Partnership Agreement, each of Haitong Capital (as a general partner), Guosheng Group (as a limited partner), and other independent third parties (as limited partners) shall make capital commitments of RMB1,300 million, RMB800 million and RMB1,900 million respectively. Pursuant to the Partnership Agreement, Haitong Capital serves as the fund manager, providing investment management and other services to the Partnership, and the Partnership shall pay fund management fee to Haitong Capital. The Partnership will primarily invest in the strategic emerging industries led by Pudong New Area, including integrated circuits, biopharmaceuticals, artificial intelligence, advanced manufacturing, fintech, and other sectors. The Partnership will not be accounted for as a subsidiary of the Company and its financial results will not be consolidated into the Company.

As at the date of the Report, Guosheng Group is a substantial shareholder of the Company, directly or indirectly holding approximately 10.38% of the entire issued share capital of the Company. Guosheng Capital is owned as to approximately 30% by Guosheng Group and Shanghai State-owned Capital Operation Research Institute is owned as to approximately 37% by Guosheng Group. As such, Guosheng Capital and Shanghai State-owned Capital Operation Research Institute are associates of Guosheng Group, and each of them is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction contemplated under the Partnership Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transaction is more than 0.1% but less than 5%, the transaction is subject to the reporting and announcement requirements, but exempted from the requirements of circular (including independent financial advice) and independent shareholders' approval under Chapter 14A of the Listing Rules.

Section VI SIGNIFICANT EVENTS

XI. MATERIAL CONTRACTS AND THEIR PERFORMANCE

(I) Custody, contracting and leasing matters

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

(III) 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	6,800,000,000
Total balance of guarantees provided for subsidiaries at the end of the Reporting Period (B)	21,587,773,400

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

Total amount of guarantees (A+B)	21,587,773,400
Percentage of total guarantee amount to the net assets of the Company (%)	12.00

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)	18,587,773,400
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)	18,587,773,400

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

Section VI SIGNIFICANT EVENTS

Explanations on guarantees

1. On 28 October 2022, the Company held the 33rd meeting of the seventh session of the Board, at which the Resolution on Providing Joint and Several 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 and several 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 Haitong International Holdings Limited (an offshore wholly-owned subsidiary of the Company) and wholly-owned subsidiaries thereof, with a guarantee amount of not more than USD1,000 million covering debt financing principal (inclusive, or equivalent value in other currencies), interest and other fees to be borne by the borrower, and a guarantee period of not more than 7 years (inclusive).

The Company signed the Deed of Guarantee on 20 April 2023, pursuant to which, the Company provided a joint and several liability guarantee for the issue of a bond with an amount of RMB4,000 million which will be due and repayable in 2026 by Haitong International Finance Holdings Limited, an offshore wholly-owned subsidiary of the Company.

The Company signed the Deed of Guarantee on 18 May 2023, pursuant to which, the Company provided a joint and several liability guarantee for the issue of a bond with an amount of RMB2,800 million which will be due and repayable in 2026 by Haitong International Finance Holdings Limited, an offshore wholly-owned subsidiary of the Company.

Section VI SIGNIFICANT EVENTS

2. On 30 March 2021, the Company held the 15th meeting of the seventh session of the Board, at which the Resolution on Providing Joint and Several 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 and several liability guarantee for offshore bond financing of its 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 equivalent value in other currencies), 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 a joint and several liability guarantee for the issue of an EUR bond with an amount of EUR230 million which will be due and repayable 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 a joint and several liability guarantee for the issue of a bond with an amount of USD150 million which will be due and repayable in 2027 by Haitong Bank, an offshore wholly-owned subsidiary of the Company, and a guarantee period of 66 months.

Section VI SIGNIFICANT EVENTS

3. On 28 August 2020, the Company convened the 11th meeting of the seventh session of the Board, at which the Resolution on Providing Joint and Several 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 and several 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 Haitong Bank (an offshore wholly-owned subsidiary of the Company) or subsidiaries thereof, with a guarantee amount of not more than EUR375 million covering debt financing principal (inclusive, or equivalent value in other currencies), interest and other fees to be borne by the borrower, and a guarantee period of not more than 6 years (inclusive).

On 17 May 2021, the Company (as the guarantor) signed the Loan Agreement to provide a joint and several liability guarantee of EUR375 million (inclusive, or equivalent value in other currencies) for the syndicated loan of Haitong Bank, an offshore wholly-owned subsidiary of the Company. As of 30 June 2023, the liability balance of such guarantee amounted to EUR225 million.

Section VI SIGNIFICANT EVENTS

4. On 25 April 2019, the Company convened the 37th meeting of the sixth session of the Board, at which the Resolution on Providing Joint and Several 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 and several 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 Haitong International Holdings (an offshore wholly-owned subsidiary of the Company) and wholly-owned subsidiaries thereof, with a guarantee amount of not more than USD670 million covering debt financing principal (inclusive, or equivalent value in other currencies), 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 a joint and several liability guarantee for the issue of an USD bond with an amount of USD670 million and a nominal interest rate of 2.107% which will be due and repayable in 2025 by Haitong International Finance Holdings 2015 Limited, an offshore wholly-owned subsidiary of the Company.

Section VI SIGNIFICANT EVENTS

5. The Resolution on Providing Guarantee Commitment for the Net Capital 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 capital of HT Asset Management, to ensure that it maintains adequate net capital. On 9 June 2013, the CSRC Shanghai Bureau issued the Letter of No Objection on 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 Guarantee Commitment 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, pursuant to which, the Company was approved to provide additional guarantee commitment of no more than RMB4,000 million for the net capital of HT Asset Management. The Company provided guarantees up to RMB4,000 million for the net capital of HT Asset Management and undertook to provide cash within the abovementioned limit unconditionally to HT Asset Management when it needs cash to carry out business. The guarantee commitment for the net capital are effective from the date of approval by the Board. With regard to this net capital guarantee, HT Asset Management has obtained the Letter of No Objection on 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 [2016] No. 325) from the CSRC Shanghai Bureau.

Section VI SIGNIFICANT EVENTS

In December 2021, the Company decreased the amount of guarantee commitment provided for the net capital of HT Asset Management by RMB1,800 million. With regard to such decrease of guarantee amount, HT Asset Management has obtained the Letter of No Objection on Haitong Securities Co., Ltd. Reducing the Provision of Part of Net Capital Guarantee Commitment to Shanghai Haitong Securities Asset Management Co., Ltd. (Hu Zheng Jian Ji Gou Zi [2021] No. 532) from the CSRC Shanghai Bureau. As of 30 June 2023, the amount of guarantee commitment provided by the Company for the net capital of 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 EUR52,001,841 (equivalent to RMB409,623,702 calculated based on the RMB central parity rate of EUR1=RMB7.8771 in the Interbank Foreign Exchange Market as at 30 June 2023). As at the end of the Reporting Period, the total balance of external guarantees (excluding guarantees provided for its subsidiaries) was EUR171,629,284 (equivalent to RMB1,351,941,035 calculated based on the RMB central parity rate of EUR1=RMB7.8771 in the Interbank Foreign Exchange Market as at 30 June 2023).

During the Reporting Period, Haitong International, a subsidiary of the Company, provided internal debt financing guarantees with the guarantee limit of RMB9,087,969,120 calculated based on the RMB central parity rates published by China Foreign Exchange Trade System on 30 June 2023 of HK\$1=RMB0.92198, USD1=RMB7.2258 and S\$1=RMB5.3442. As of the end of the Reporting Period, the guarantee balance of the loans actually drawn was RMB503,516,000.

(III) Other material contracts

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

Section VI SIGNIFICANT EVENTS

XII. DESCRIPTION OF OTHER SIGNIFICANT EVENTS

(I) **Haitong International Holdings' participation in the rights issue of Haitong International**

On 28 March 2023, at the 35th meeting (extraordinary meeting) of the seventh session of the Board of Directors of the Company, the Resolution on Haitong International Holdings Limited's Participation in the Rights Issue of Haitong International Securities Group Limited was considered and approved and Haitong International Holdings was approved to participate in the rights issue of Haitong International Securities, on the basis of 3 shares for every 10 shares. The number of new shares issued under the rights issue of Haitong International Securities is 1,796,460,483, at the rights issue price of HK\$0.65 per share. The total number of issued shares of Haitong International Securities has increased from 6,641,563,594 before the rights issue to 8,438,024,077, with the gross proceed from the rights issue of approximately HK\$1,168 million and the expected net proceed from the rights issue (after deducting all expenses related to the rights issue) of approximately HK\$1,160 million. The number of shares subscribed by Haitong International Holdings under the rights issue is 1,683,199,833, with the subscription amount of approximately HK\$1,094 million. The number of shares held by Haitong International Holdings has increased from 4,510,666,113 before the rights issue to 6,193,865,946 shares, and the shareholding ratio has increased from 67.92% before the rights issue to 73.40%.

(II) **Provision of the keepwell support for overseas debt financings of overseas subsidiaries**

On 30 March 2023, at the 36th meeting of the seventh session of the Board of Directors of the Company, the Resolution on Provision of the Keepwell Support for Overseas Debt Financings of Overseas Subsidiaries was considered and approved, and the Company was approved to provide the keepwell support of not more than HK\$16 billion (inclusive) (or equivalent currency) for overseas debt financings of Haitong International Holdings, an overseas wholly-owned subsidiary and Haitong International, an overseas majority-owned subsidiary and the wholly-owned subsidiaries of the above two subsidiaries, with a duration of not more than 5 years (inclusive).

(III) **Provision of borrowings to Haitong Futures and its wholly-owned subsidiaries**

On 28 April 2023, at the 37th meeting of the seventh session of the Board of Directors of the Company, the Resolution on Provision of Borrowings to Subsidiaries was considered and approved, and the Company was approved to provide borrowings to Haitong Futures and its wholly-owned subsidiaries.

Section VI SIGNIFICANT EVENTS

(IV) Completion of adjustments to the shareholding structure of Haitong UT Capital

On 30 November 2021, the Proposal on Adjusting the Shareholding Structure of Haitong UT Capital Group Co., Ltd. 《關於調整海通恒信金融集團有限公司股權架構的議案》) was considered and approved at the 21st meeting of the seventh session of the Board, which proposed to change Haitong UT Capital from an indirect wholly-owned subsidiary to a direct wholly-owned subsidiary of the Company. On 17 August 2023, the equity transfer duly came into effect after being reviewed and approved by the Inland Revenue Department of Hong Kong, and Haitong UT Capital completed the change of its register of members on the same date. Haitong UT Capital has been directly wholly owned by the Company.

XIII. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Save as disclosed in note 66 to the consolidated financial statements of the Report, the Company had no material events subsequent to 30 June 2023 and up to the date of the 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 the Report, there were no significant investments held, thus none of each individual investment held by the Company constituted 5% or above of the total assets of the Group as at 30 June 2023, 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 the 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

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

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 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
Total	781,250,000	0	0	781,250,000	/	/

Section VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

II. INFORMATION ON SHAREHOLDERS

(I) Total number of shareholders:

Total number of shareholders of ordinary shares as at the end of the Reporting Period 263,998 (of which 263,851 were holders of A Shares and 147 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		Nature of shareholders
		Number of shares held as at the end of the Reporting Period	Percentage (%)	Number of shares held subject to trading moratorium	Particulars of shares	Number of shares	
HKSCC Nominees Limited	-16,000	3,408,714,695	26.09	0	Unknown	-	Foreign legal person
Shanghai Guosheng Group Co., Ltd.	-	862,489,059	6.60	781,250,000	Ni	0	State-owned legal person
Shanghai Haiyan Investment Management Company Limited	-	635,084,623	4.86	0	Ni	0	State-owned legal person
Bright Food (Group) Co., Ltd.	5,560,000	480,275,000	3.68	0	Ni	0	State-owned legal person
Shanghai Electric Holding Group Co., Ltd.	-260,000	344,236,418	2.63	0	Ni	0	State
Shenergy Group Company Limited	-	322,162,086	2.47	0	Ni	0	State-owned legal person
China Securities Finance Corporation Limited	-	258,104,024	1.98	0	Ni	0	Others
Shanghai Guosheng Group Assets Co., Ltd.	-	238,382,008	1.82	0	Ni	0	State-owned legal person
Shanghai Jiushi (Group) Co., Ltd.	-	235,247,280	1.80	0	Ni	0	State-owned legal person
China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	15,852,069	216,632,400	1.66	0	Ni	0	Others

Section VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

Shareholdings of the top ten shareholders not subject to selling restrictions

Name of shareholders	Number of circulating shares held not subject to selling restrictions	Type and number of shares	
		Type	Number of shares
HKSCC Nominees Limited	3,408,714,695	Overseas listed foreign shares	3,408,714,695
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 Holding Group Co., Ltd.	344,236,418	RMB denominated ordinary shares	344,236,418
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
China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	216,632,400	RMB denominated ordinary shares	216,632,400
Shanghai Bailian Group Co., Ltd.	214,471,652	RMB denominated ordinary shares	214,471,652
Particulars of the repurchase accounting for the top ten shareholders			–
Description of entrusting voting rights, entrusted voting rights, waving voting rights of the above shareholders			–
Explanations on the related relationship or concerted action among the above shareholders		Shanghai Guosheng Group Assets Co., Ltd. is a wholly-owned subsidiary of Shanghai Guosheng Group Co., Ltd. Moreover, the Company is not aware of any related relationship among other shareholders or whether they are parties acting in concert as stipulated in the Measures for the Administration of the Takeover of Listed Companies.	
Explanations on the shareholders of preference shares whose voting rights were resumed and their shareholdings			–

Notes: 1. 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.

Section VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

- In the table above, overseas listed foreign shares are H Shares. Among the H Shareholders of the Company, HKSCC Nominees Limited held the H Shares on behalf of the non-registered shareholders.
- Shanghai Guosheng Group and its wholly-owned subsidiary, Shanghai Guosheng Group Assets Co., Ltd., hold a total of 1,356.3275 million A Shares and H Shares of the Company, representing 10.38% of the total share capital of the Company; Shanghai Electric Holding Group Co., Ltd. holds a total of 646.8988 million A Shares and H Shares of the Company, representing 4.95% of the total share capital of the Company.
- As the shares of the Company are subject of margin financing and securities lending, the number of shares held by a shareholder is calculated based on the aggregated number of shares and interests held by such shareholder through ordinary securities accounts and credit securities accounts.

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		Trading moratorium
			Available listed trading hours	Number of newly listed trading shares	

1	Shanghai Guosheng Group Co., Ltd.	781,250,000	5 August 2024	–	Lock-up period of 48 months
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Explanations on the related relationship or concerted action among the above shareholders

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 shares to 13,064,200,000 shares, 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 shares to 9,654,631,180 shares. 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 shares, and the number of circulating shares subject to trading moratorium was 1,562,500,000 shares (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 disclosed on the website of the Shanghai 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 shares, and the number of circulating shares subject to trading moratorium was 781,250,000 shares.

None

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 2023, to the best knowledge of the Directors of the Company having made all reasonable enquiries, the following parties (other than the Directors, Supervisors and chief executive of the Company) had an interest or short position in the shares or underlying shares, which is required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and has been entered in the register kept by the Company according to Section 336 of the SFO:

No.	Name of substantial shareholders	Type of share	Nature of interests	Number of shares held (shares)	Percentage of total issued shares of the Company (%)	Percentage of total issued A Shares/ H Shares of the Company (%)	Long position (Note 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	Founder of discretionary trust	228,000,000	1.75	6.69	Long position
4.	Wickhams Cay Trust Company Limited	H Share	Trustee (Note 1)	228,000,000	1.75	6.69	Long position
5.	Abhaya Limited	H Share	Interests in controlled corporation (Note 1)	228,000,000	1.75	6.69	Long position
6.	Heyday Trend Limited	H Share	Beneficial owners (Note 1)	228,000,000	1.75	6.69	Long position
7.	Shanghai Guosheng Group Co., Ltd. (Note 5)	H Share	Beneficial owner	241,206,000	1.85	7.07	Long position
8.	Shanghai Electric Holding 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)	307,409,200	2.35	9.02	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 orders from Shi Yuzhu. Therefore, Wickhams Cay Trust Company Limited and Shi Yuzhu are deemed to have interest in the 228,000,000 H Shares held by Abhaya Limited.

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 Holding Group Co., Ltd. and thus Shanghai Electric Holding 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).

Section VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

- Note 3: A shareholder has a “long position” if such shareholder has an interest in shares, including interests through holding, selling or issuing financial instruments (including derivatives) under which: (i) such shareholder has a right to purchase the underlying shares; (ii) such shareholder is under an obligation to purchase the underlying shares; (iii) such shareholder has a right to receive money if the price of the underlying shares increases; or (iv) such shareholder has a right to avoid or reduce loss if the price of the underlying shares increases.
- Note 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 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 differences 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 2023, the Company was not aware of any other person (other than the Directors, Supervisors and chief executive of the Company) having any interests or short positions in the shares or underlying shares of the Company which are required to be recorded in the register pursuant to Section 336 of the SFO.

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

As at June 30 2023, according to the information obtained by the Company and so far as the Directors are aware, none of the Director(s), Supervisor(s) and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporation (as defined under the Part XV of the SFO), which shall be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which are taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or would be required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

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

- ✓ Not applicable

Section VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

III. PARTICULARS ABOUT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

✓ Not applicable

(II) 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) (10 Years) 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 Bond (Tranche 2) (10 Years) 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
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 3) of Haitong Securities Co., Ltd. publicly issued to professional investors	20 Haitong 08	163903	10 August 2020	11 August 2020	11 August 2023	-	3.53	Simple annualized interest rate	SSE	Professional investors	Price bidding, 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	05 February 2021	08 February 2021	08 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

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 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
2021 Corporate Bonds (Tranche 5) of Haitong Securities Co., Ltd. publicly issued to professional investors	21 Haitong 05	188202	09 June 2021	10 June 2021	10 June 2024	21	3.40	Simple 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	3.10	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2021 Corporate Bonds (Tranche 8) (Type III) 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	09 November 2021	10 November 2021	10 November 2024	50	3.10	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
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

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 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	2.90	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	04 March 2022	07 March 2022	07 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	08 March 2022	09 March 2022	09 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 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
2022 Corporate Bonds (Tranche 5) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	22 Haitong 05	137799	08 September 2022	09 September 2022	09 September 2025	50	2.53	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2022 Corporate Bonds (Tranche 6) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	22 Haitong 06	137904	13 October 2022	14 October 2022	14 October 2025	47	2.60	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2022 Corporate Bonds (Tranche 7) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	22 Haitong 07	138571	09 November 2022	10 November 2022	10 November 2025	30	2.61	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2022 Green Corporate Bonds (Specially Devoted to Carbon Neutrality) (Tranche 1) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	GC Haitong 01	138623	12 December 2022	13 December 2022	20 December 2023	27	2.90	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
2023 Corporate Bonds (Tranche 1) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	23 Haitong 01	138869	07 February 2023	08 February 2023	08 February 2025	25	2.95	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
2023 Corporate Bonds (Tranche 1) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	23 Haitong 02	138870	07 February 2023	08 February 2023	08 February 2026	30	3.23	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2023 Corporate Bonds (Tranche 2) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	23 Haitong 03	115003	03 March 2023	06 March 2023	06 March 2025	25	3.11	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2023 Corporate Bonds (Tranche 2) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	23 Haitong 04	115004	03 March 2023	06 March 2023	06 March 2026	17	3.26	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2023 Corporate Bonds (Tranche 3) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	23 Haitong 05	115104	21 March 2023	22 March 2023	22 March 2025	33	2.97	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2023 Corporate Bonds (Tranche 3) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	23 Haitong 06	115105	21 March 2023	22 March 2023	22 March 2026	27	3.10	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2023 Corporate Bonds (Tranche 4) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	23 Haitong 07	115272	21 April 2023	24 April 2023	24 April 2025	20	2.89	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2023 Corporate Bonds (Tranche 4) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	23 Haitong 08	115273	21 April 2023	24 April 2023	24 April 2026	40	3.05	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2023 Corporate Bonds (Tranche 5) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	23 Haitong 09	115362	17 May 2023	18 May 2023	18 May 2026	36	2.94	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
2023 Corporate Bonds (Tranche 5) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	23 Haitong 10	115363	17 May 2023	18 May 2023	18 May 2028	14	3.10	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2023 Corporate Bonds (Tranche 6) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	23 Haitong 11	115487	14 June 2023	15 June 2023	15 June 2026	30	2.73	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2023 Corporate Bonds (Tranche 6) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	23 Haitong 12	115488	14 June 2023	15 June 2023	15 June 2028	20	3.07	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2023 Corporate Bonds (Tranche 7) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	23 Haitong 13	115618	24 July 2023	25 July 2023	25 July 2026	20	2.72	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2023 Corporate Bonds (Tranche 7) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	23 Haitong 14	115619	24 July 2023	25 July 2023	25 July 2028	27	3.05	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2023 Corporate Bonds (Tranche 8) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	23 Haitong 15	115828	17 August 2023	18 August 2023	18 August 2026	32	2.67	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No

As of the date of the Report, 20 Haitong 08 had been redeemed.

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

Section IX BONDS

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

Other information

Nil.

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

✓ Applicable Not applicable

Status	Implementation	Whether there is a change	Condition after change	Reason for the change	Whether the change has been approved by the competent authority	The effects 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	-	-	-	-

Other information

No change has occurred.

Section IX BONDS

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
CITIC Securities Company Limited	22nd and 23rd floor, CITIC Securities Mansion, No. 48 Liangmaqiao Road, Chaoyang District, Beijing	-	Nie Lei, Qi Jihua	010-60838888
CSC Financial Co., Ltd.	2/F, Kaiheng Center B, No.2 Chaonei Dajie, Dongcheng District, Beijing	-	Geng Hua	010-65608396
Guosen Securities Company Limited	Floor 4, Guosen Securities Tower, No. 6 Xingsheng Street, Financial Street, Xicheng District, Beijing	-	Guo Rui, He Junxian	010-88005384
Shenwan Hongyuan Securities Co., Ltd.	45th Floor, 989 Changle Road, Xuhui District, Shanghai	-	Duan Yaping	021-33389706
PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership)	11/F, PricewaterhouseCoopers Center, Link Square 2, 202 Hu Bin Road, Huangpu District, Shanghai	Xu Kangwei, Liu Wei	Xu Kangwei	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	021-61412068
Shanghai AllBright Law Offices	11th and 12th Floor, Shanghai Tower, No. 501, Yincheng Middle Road, Pudong New Area, Shanghai	-	Xiao Wenyan	021-20511000
China Chengxin International Credit Rating Co., Ltd.	Room 60101, Building 1, No.2, Nanzhugan Hutong, Dongcheng District, Beijing	-	Qiao Shuang	010-66428877

Changes to the above intermediaries:

Due to the expiration and redemption of bonds, the intermediaries have decreased by two as compared with the end of last year, i.e. Industrial Securities Co., Ltd. and Minsheng Securities Co., LTD., which were the "master underwriters".

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
2023 Corporate Bonds (Tranche 1) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	25	25	0	Nil	Nil	Yes
2023 Corporate Bonds (Tranche 1) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	30	30	0	Nil	Nil	Yes
2023 Corporate Bonds (Tranche 2) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	25	25	0	Nil	Nil	Yes
2023 Corporate Bonds (Tranche 2) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	17	17	0	Nil	Nil	Yes
2023 Corporate Bonds (Tranche 3) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	33	33	0	Nil	Nil	Yes
2023 Corporate Bonds (Tranche 3) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	27	27	0	Nil	Nil	Yes
2023 Corporate Bonds (Tranche 4) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	20	20	0	Nil	Nil	Yes
2023 Corporate Bonds (Tranche 4) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	40	40	0	Nil	Nil	Yes
2023 Corporate Bonds (Tranche 5) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	36	36	0	Nil	Nil	Yes
2023 Corporate Bonds (Tranche 5) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	14	14	0	Nil	Nil	Yes
2023 Corporate Bonds (Tranche 6) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	30	30	0	Nil	Nil	Yes
2023 Corporate Bonds (Tranche 6) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	20	20	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

(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

✓ Applicable

Unit: 100 million Yuan Currency: RMB

Key indicators	As at the end	As at the end	Movement at	Reasons
	of the Reporting	of last year	the end of the	
	Period		Reporting	for changes
			Period as	
			compared with	
			the end of	
			last year (%)	
Current ratio	2.17	1.94	11.86	–
Quick ratio	2.17	1.94	11.86	–
Gearing ratio (%)	72.00	72.16	-0.22	–

Key indicators	For the	For the last	Movement for	Reasons
	Reporting	corresponding	the Reporting	
	Period	period	Period	for changes
	(January to		compared	
	June)		with last	
			corresponding	
			period (%)	
Net profit, net of nonrecurring gains and losses	32.12	42.35	-24.14	–
EBITDA total debt ratio	0.03	0.03	–	–
Interest coverage ratio	1.69	1.97	-14.21	–
Cash interest coverage ratio	-0.10	4.44	-102.25	Decrease of net cash flow from operating activities
EBITDA interest coverage ratio	1.80	2.09	-13.87	–
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 2023 interim condensed consolidated 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 hereinafter.
- 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
14 July 2023	Reply on Permitting Haitong Securities Co., Ltd. to Publicly Issue Short-term Corporate Bonds to Professional Investors	CSRC	Zheng Jian Xu Ke [2023] No.1536

II. RESULTS OF CLASSIFICATION OF THE COMPANY 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 chief financial officer and the head of the accounting department 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
 30 August 2023

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 132 to 212, 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 2023, 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 selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 30 August 2023

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

(All amounts in RMB'000 unless otherwise stated)

	Notes	Six months ended 30 June	
		2023 (Unaudited)	2022 (Unaudited)
Revenue			
– Commission and fee income	4	6,462,063	7,699,311
– Interest income	5	9,320,529	8,258,455
– Finance lease income	5	781,925	1,280,942
– Investment income and gains (net)	6	3,286,842	692,435
		19,851,359	17,931,143
Other income and gains	7	6,176,069	1,933,688
Total revenue, gains and other income		26,027,428	19,864,831
Commission and fee expenses	8	(1,521,494)	(1,558,630)
Interest expenses	9	(7,918,051)	(6,451,309)
Depreciation and amortisation	10	(839,209)	(754,583)
Staff costs		(3,651,013)	(3,488,369)
Impairment losses under expected credit loss model	11	(1,203,824)	(178,663)
Impairment losses on other assets		(9,878)	(25,911)
Other expenses	12	(6,112,006)	(1,824,893)
Total expenses		(21,255,475)	(14,282,358)
Share of results of associates and joint ventures		479,771	303,592
Profit before income tax		5,251,724	5,886,065
Income tax expense	13	(1,326,992)	(1,420,704)
Profit for the period		3,924,732	4,465,361
Attributable to:			
Shareholders of the Company		3,829,635	4,757,725
Non-controlling interests		95,097	(292,364)
		3,924,732	4,465,361
Earnings per share (Expressed in RMB per share)			
– Basic	14	0.29	0.36
– Diluted	14	0.29	0.36

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 2023
(All amounts in RMB'000 unless otherwise stated)

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Profit for the period	3,924,732	4,465,361
Other comprehensive income/(loss):		
Items that will not be reclassified subsequently to profit or loss:		
Actuarial (losses)/gains on defined benefit obligations	(2,266)	55,466
Fair value gains/(losses) on equity instruments measured at fair value through other comprehensive income	84,353	(1,035,114)
Income tax impact	(13,950)	238,928
Subtotal	68,137	(740,720)
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	452,773	760,242
Fair value gains on hedging instrument designated in cash flow hedges	54,803	39,527
Fair value gains/(losses) on debt instruments measured at fair value through other comprehensive income		
– Net fair value changes during the period	416,681	62,933
– Reclassification adjustment to profit or loss on disposal	(86,912)	(16,263)
– Reclassification adjustment to profit or loss for expected credit loss	(40,469)	(54,550)
– Income tax relating to components of other comprehensive income	(72,439)	2,664
Share of other comprehensive income of associates and joint ventures, net of related income tax	2,986	4,365
Subtotal	727,423	798,918
Other comprehensive income for the period (net of tax)	795,560	58,198
Total comprehensive income for the period	4,720,292	4,523,559
Attributable to:		
Shareholders of the Company	4,381,613	3,875,350
Non-controlling interests	338,679	648,209
	4,720,292	4,523,559
Total comprehensive income for the period attributable to shareholders of the company arises from:		
Continuing operations	4,720,292	4,523,559
Discontinued operations	–	–
	4,720,292	4,523,559

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 2023

(All amounts in RMB'000 unless otherwise stated)

	<i>Notes</i>	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Non-current assets			
Property and equipment	15	16,915,180	17,016,634
Right-of-use assets	16	1,732,299	1,710,529
Investment properties	17	2,718,466	2,641,590
Goodwill	18	3,794,197	3,676,231
Other intangible assets	19	584,410	570,006
Investments accounted for using equity method	20	7,298,898	7,013,714
Finance lease receivables	21	8,478,964	7,102,583
Receivables arising from sale and leaseback arrangements	22	47,157,535	47,847,820
Equity instruments at fair value through other comprehensive income	23	7,468,696	6,096,319
Debt instruments at fair value through other comprehensive income	24	40,563,105	45,975,346
Debt instruments measured at amortised cost	25	5,846,189	5,437,086
Financial assets at fair value through profit or loss	26	25,237,727	25,043,377
Financial assets held under resale agreements	27	1,010,702	50,071
Other loans and receivables	28	957,248	2,518,564
Loans and advances	29	6,165,616	5,031,733
Deferred tax assets	30	4,553,891	4,711,680
Deposits with exchanges	31	170,743	199,937
Restricted bank balances and cash	32	1,845,186	1,769,482
Other non-current assets	34	3,000,937	3,101,022
Total non-current assets		185,499,989	187,513,724

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

	<i>Notes</i>	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Current assets			
Advances to customers on margin financing	35	66,419,988	67,843,871
Accounts receivable	36	9,988,638	10,394,515
Finance lease receivables	21	9,518,249	12,355,870
Receivables arising from sale and leaseback arrangements	22	40,012,579	36,702,132
Debt instruments at fair value through other comprehensive income	24	5,489,647	6,876,553
Debt instruments measured at amortised cost	25	1,724,723	369,071
Financial assets at fair value through profit or loss	26	183,699,683	184,555,352
Derivative financial assets	37	1,932,425	1,477,167
Financial assets held under resale agreements	27	40,093,887	32,595,078
Other loans and receivables	28	5,195,743	4,209,604
Loans and advances	29	734,510	837,281
Other current assets	38	6,148,343	6,748,623
Placements to banks and other financial institutions		65,128	274,445
Deposits with exchanges	31	21,496,741	22,664,637
Clearing settlement funds	39	18,566,287	21,380,695
Deposits with central banks	40	2,049,935	3,245,096
Deposits with other banks	40	134,689	172,872
Bank balances and cash	32	163,620,481	153,392,719
Total current assets		576,891,676	566,095,581
Total assets		762,391,665	753,609,305

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 June 2023

(All amounts in RMB'000 unless otherwise stated)

	<i>Notes</i>	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Current liabilities			
Borrowings	41	60,362,034	56,864,912
Short-term financing bills payables	42	12,985,280	16,159,094
Bonds payable	43	62,423,349	60,153,220
Accounts payable to brokerage clients	44	119,909,488	115,513,463
Customer accounts	45	4,282,383	3,784,565
Contract liabilities		107,696	25,969
Other payables and accruals	46	25,637,420	21,262,810
Lease liabilities	16	293,723	279,881
Provisions	47	209,498	201,705
Income tax liabilities		700,305	1,729,485
Financial liabilities at fair value through profit or loss	48	11,543,496	5,478,358
Derivative financial liabilities	37	1,305,591	898,419
Financial assets sold under repurchase agreements	49	82,423,177	101,694,357
Placements from banks and other financial institutions	50	6,957,129	3,218,363
Deposits from central banks		583,100	2,133,219
Total current liabilities		389,723,669	389,397,820
Net current assets		187,168,007	176,697,761
Total assets less current liabilities		372,667,996	364,211,485

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

	<i>Notes</i>	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Non-current liabilities			
Long-term payables	51	5,282,205	5,508,164
Deferred tax liabilities	30	1,016,601	909,459
Customer accounts	45	1,179,980	1,533,910
Long-term borrowings	41	26,509,829	33,951,333
Bonds payable	43	142,781,097	121,677,698
Deposits from central banks		88,090	81,911
Other payables and accruals	46	1,498,885	1,723,273
Financial assets sold under repurchase agreements	49	643,468	–
Financial liabilities at fair value through profit or loss	48	10,977,761	17,410,122
Lease liabilities	16	755,785	735,819
Placements from banks and other financial institutions	50	2,065,763	3,057,738
Total non-current liabilities		192,799,464	186,589,427
Total liabilities		582,523,133	575,987,247
Equity			
Share capital	52	13,064,200	13,064,200
Capital reserve		75,809,659	75,007,559
Revaluation reserve	53	(265,194)	(624,143)
Translation reserve		(765,906)	(993,170)
General reserves	54	31,491,332	31,438,374
Retained earnings	54	47,685,544	46,699,137
Equity attributable to shareholders of the company		167,019,635	164,591,957
Non-controlling interests		12,848,897	13,030,101
Total equity		179,868,532	177,622,058
Total equity and liabilities		762,391,665	753,609,305

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 30 August 2023 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 2023

(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 2022	13,064,200	75,007,559	(624,143)	(993,170)	31,438,374	46,699,137	164,591,957	13,030,101	177,622,058
Profit for the period	-	-	-	-	-	3,829,635	3,829,635	95,097	3,924,732
Other comprehensive income for the period	-	-	324,714	227,264	-	-	551,978	243,582	795,560
Total comprehensive income for the period	-	-	324,714	227,264	-	3,829,635	4,381,613	338,679	4,720,292
Shares issued by a subsidiary under rights issue	-	801,557	-	-	-	-	801,557	(738,821)	62,736
Other equity instruments issued by a subsidiary	-	-	-	-	-	-	-	480,000	480,000
Appropriation to general reserve	-	-	-	-	52,958	(52,958)	-	-	-
Cash dividend recognised as distribution (Note 58)	-	-	-	-	-	(2,743,482)	(2,743,482)	-	(2,743,482)
Distribution to non-controlling interests and other equity instruments holders	-	-	-	-	-	-	-	(278,200)	(278,200)
Share-based payments of a subsidiary	-	543	-	-	-	-	543	4,755	5,298
Disposal of equity instruments at fair value through other comprehensive income	-	-	34,235	-	-	(34,235)	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	1,566	1,566
Others	-	-	-	-	-	(12,553)	(12,553)	10,817	(1,736)
As at 30 June 2023	13,064,200	75,809,659	(265,194)	(765,906)	31,491,332	47,685,544	167,019,635	12,848,897	179,868,532

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023
(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 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

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 2023

(All amounts in RMB'000 unless otherwise stated)

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
OPERATING ACTIVITIES		
Profit before income tax	5,251,724	5,886,065
Adjustments for		
Interest expenses	7,918,051	6,451,309
Share of results of associates and joint ventures	(479,771)	(303,592)
Depreciation and amortisation	839,209	754,583
Impairment losses under expected credit loss model	1,203,824	178,663
Impairment losses of other assets	9,878	25,911
Share-based payment of a subsidiary	5,298	(32,903)
Losses on disposal of property and equipment and other intangible assets	7,677	652
Foreign exchange losses, net	205,420	297,910
Interest income from debt instruments at fair value through other comprehensive income	(871,432)	(665,732)
Interest income from debt instruments measured at amortised cost	(115,835)	(50,015)
Dividend income arising from equity instruments at fair value through other comprehensive income	(67,285)	(68,037)
Net gains arising from debt instruments at fair value through other comprehensive income	(135,550)	(33,523)
Net realised gains arising from financial assets at fair value through profit or loss	(69,281)	(220,143)
Fair value change of financial instruments at fair value through profit or loss	(48,517)	(1,358,310)
Operating cash flows before movements in working capital	13,653,410	10,862,838

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

(All amounts in RMB'000 unless otherwise stated)

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Increase in finance lease receivables and receivables arising from sale and leaseback arrangements	(1,764,185)	(5,767,145)
Decrease in financial assets at fair value through profit or loss and derivative financial assets	1,898,180	18,449,870
Increase in financial assets held under resale agreements	(8,513,832)	(2,734,982)
Decrease in other loans and receivables	295,092	7,662,084
Increase in loans and advances	(1,041,152)	(635,682)
Decrease in advances to customers on margin financing	1,094,424	5,210,668
Decrease in accounts receivables and other current assets	732,451	3,523,309
Decrease in placements to banks and other financial institutions	209,258	272,229
Decrease/(Increase) in deposits with exchanges	1,197,090	(2,387,543)
(Increase)/Decrease in deposits with central banks	(957)	5,650
Decrease in restricted bank deposits	142,643	85,588
Increase in cash held on behalf of clients	(2,564,217)	(6,395,573)
Increase in accounts payable to brokerage clients and other payables and accruals	4,357,816	420,289
Increase in customer accounts	143,888	433,583
Increase/(Decrease) in contract liabilities	81,727	(130,777)
Increase/(Decrease) in provisions	7,792	(17,702)
(Decrease)/Increase in financial liabilities at fair value through profit or loss and derivative financial liabilities	(1,333,813)	2,820,403
Decrease in financial assets sold under repurchase agreements	(18,627,712)	(10,344,468)
Increase/(Decrease) in placements from banks and other financial institutions	2,746,791	(5,009,274)
Decrease in deposits from central banks	(1,543,939)	(71,159)
Increase/(Decrease) in deposits from other banks	34,911	(57,279)
Cash from operations	(8,794,334)	16,194,927
Income taxes paid	(2,219,039)	(3,274,447)
Interest paid	(2,293,038)	(1,991,922)
Net cash (outflow)/inflow from operating activities	(13,306,411)	10,928,558

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

(All amounts in RMB'000 unless otherwise stated)

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
INVESTING ACTIVITIES		
Dividends received from associates and other investments	1,462	403,573
Dividends received from equity instruments at fair value through other comprehensive income	67,285	68,037
Interest from the debt instruments at fair value through other comprehensive income and amortised cost	991,078	564,267
Purchases of property and equipment and other intangible assets	(344,626)	(1,852,868)
Disposal of a subsidiary	–	132,053
Proceeds on disposal of property and equipment	2,850	1,204
Cash paid for investments accounted for using equity method	(135,000)	(72,373)
Proceeds from partial disposal of associates	42,251	103,168
Purchases of		
Equity instruments at fair value through other comprehensive income	(1,722,347)	(1,511,170)
Debt instruments at fair value through other comprehensive income	(9,992,525)	(14,360,041)
Debt instruments measured at amortised cost	(1,770,546)	(1,133,406)
Financial assets at fair value through profit or loss	(1,059,768)	(1,220,454)
Proceeds from disposal of		
Equity instruments at fair value through other comprehensive income	516,237	4,534,861
Debt instruments at fair value through other comprehensive income	17,514,961	9,635,835
Debt instruments measured at amortised cost	355,999	318,535
Financial assets at fair value through profit or loss	931,613	1,943,205
Net cash inflow/(outflow) from investing activities	5,398,924	(2,445,574)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
FINANCING ACTIVITIES		
Dividends paid and interest paid for borrowings and bonds	(5,400,176)	(4,283,454)
Proceeds from issuance of subsidiaries' shares	64,302	–
Payments on capital returned to non-controlling shareholders	–	(406,543)
Borrowings raised	42,526,736	43,467,339
Interest paid for perpetual notes	(60,279)	(77,424)
Issuance cost paid for short-term bonds, non-convertible bonds and others	(90,033)	(92,731)
Repayment of lease liabilities	(183,106)	(211,224)
Repayment of borrowings, short-term bonds, non-convertible bonds and others	(94,810,967)	(87,529,796)
Proceeds from non-convertible bonds, short-term financing bills payables and others	68,877,961	56,850,897
Purchase of shares held under the share award scheme	–	(14,679)
Net cash inflow from financing activities	10,924,438	7,702,385
Net increase in cash and cash equivalents	3,016,951	16,185,369
Effect of exchange rate changes on cash and cash equivalents	772,762	405,189
Cash and cash equivalents at the beginning of period	67,530,100	57,705,067
Cash and cash equivalents at the end of period (Note 33)	71,319,813	74,295,625

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 2023

(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 is Haitong Securities Building, No. 689 Guangdong Road, Shanghai, China, while the address of the Company's headquarter is Haitong Bund Finance Plaza, No. 888 South Zhongshan Road, Huangpu District, Shanghai, China.

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

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

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

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

The interim condensed consolidated financial information does not include all the notes of the type normally include in an annual financial statement. Accordingly, it should be read in conjunction with the annual financial statements for the year ended 31 December 2022, 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 2023
(All amounts in RMB'000 unless otherwise stated)

2. BASIS OF PREPARATION AND 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 2023 in their first interim financial statements:

- (a) IFRS 17: Insurance Contracts
- (b) Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies
- (c) Amendments to IAS 8: Definition of Accounting Estimates
- (d) Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

(a) IFRS 17: Insurance Contracts

IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of: discounted probability-weighted cash flows, an explicit risk adjustment, and a contractual service margin ("CSM") representing the unearned profit of the contract which is recognised as revenue over the coverage period. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. The adoption of IFRS 17 does not have a significant impact on the Group's interim condensed consolidated financial information.

(b) Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies

The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The adoption of the amendments does not have a significant impact on the Group's interim condensed consolidated financial information.

(c) Amendments to IAS 8: Definition of Accounting Estimates

The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. 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 2023

(All amounts in RMB'000 unless otherwise stated)

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.1 New and amended standards adopted by the Group (continued)

(d) *Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with: right-of-use assets and lease liabilities, and decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. 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 2023
(All amounts in RMB'000 unless otherwise stated)

2. BASIS OF PREPARATION AND 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)	Amendments to IAS 1	Non-current Liabilities with Covenants	1 January 2024
(b)	Amendments to IFRS 16	Lease Liability in Sale and Leaseback	1 January 2024
(c)	Amendments to IAS7 and IFRS 7	Financing Arrangements of Supplier	1 January 2024
(d)	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 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 2022.

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 2023

(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 2023
(All amounts in RMB'000 unless otherwise stated)

3. SEGMENT REPORTING (continued)

Operating and Reportable segment

For the six months ended 30 June 2023 (Unaudited)

	Wealth management	Investment banking	Asset management	Trading and institution	Finance lease	Others	Consolidated total
Segment revenue and results							
Revenue	6,931,239	2,359,570	987,420	5,927,118	3,637,584	8,428	19,851,359
Other income and gains	150,399	154,809	194,551	113,287	982,768	4,580,255	6,176,069
Segment revenue	7,081,638	2,514,379	1,181,971	6,040,405	4,620,352	4,588,683	26,027,428
Segment expenses	(5,345,088)	(1,606,156)	(854,274)	(5,127,930)	(3,693,041)	(4,628,986)	(21,255,475)
Segment results	1,736,550	908,223	327,697	912,475	927,311	(40,303)	4,771,953
Share of results of associates and joint ventures	-	-	295,915	183,856	-	-	479,771
Segment profit before income tax	1,736,550	908,223	623,612	1,096,331	927,311	(40,303)	5,251,724

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

4. COMMISSION AND FEE INCOME

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Securities and futures broking fee income	3,438,879	3,984,888
Underwriting and sponsors fee income	1,827,800	2,347,204
Asset management fee income (including fund management fee income)	959,640	1,108,055
Financial advisory and consultancy fee income	188,618	203,137
Others	47,126	56,027
	6,462,063	7,699,311

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 and futures. 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 2023, 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 2023

(All amounts in RMB'000 unless otherwise stated)

5. INTEREST INCOME

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Interest income from receivables arising from sale and leaseback arrangements	2,831,408	1,937,065
Interest income from advances to customers on margin financing	2,116,168	2,321,896
Bank interest income	1,977,917	1,774,838
Interest income from debt instruments at fair value through other comprehensive income and amortised cost	987,267	715,747
Interest income from financial assets held under resale agreements	931,069	1,016,331
Interest income from loans and receivable	469,824	487,593
Other interest income	6,876	4,985
	9,320,529	8,258,455
Finance lease income	781,925	1,280,942

6. INVESTMENT INCOME AND GAINS (NET)

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Net realised gains/(losses) arising from financial assets/liabilities at fair value through profit or loss	3,031,855	(742,738)
Net gains arising from debt instruments at fair value through other comprehensive income	135,550	33,523
Dividend income from equity instruments at fair value through other comprehensive income	67,285	68,037
Fair value change of financial instruments at fair value through profit or loss	48,517	1,358,310
Others	3,635	(24,697)
	3,286,842	692,435

7. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Income from commodity trading	4,577,360	479,252
Government grants	729,330	676,499
Service fee income from finance lease	383,249	488,559
Rental income from operating lease	281,513	262,553
Rental income from investment properties	33,190	5,003
Foreign exchange losses	(205,420)	(297,910)
Others	376,847	319,732
	6,176,069	1,933,688

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

8. COMMISSION AND FEE EXPENSES

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Securities and futures dealing and broking expenses	1,378,266	1,386,710
Commission expenses	88,687	124,170
Services expenses for underwriting, financial advisory and others	54,541	47,750
	1,521,494	1,558,630

9. INTEREST EXPENSES

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Interest expenses for:		
– Borrowings	2,088,013	1,217,834
– Deposit taken from banks and other financial institutes	92,575	57,745
– Financial assets sold under repurchase agreements	1,406,250	981,576
– Accounts payable to brokerage clients	305,090	377,406
– Advances from China Securities Finance Corporation Ltd. (“CSFC”)	172,695	188,062
– Bonds payables and short-term financing bills payable	3,513,367	3,220,642
– Lease liabilities	23,633	20,912
– Others	316,428	387,132
	7,918,051	6,451,309

10. DEPRECIATION AND AMORTISATION

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Depreciation of property and equipment	489,477	437,732
Depreciation for right-of-use assets	208,855	221,589
Depreciation of investment properties	29,791	1,514
Amortisation of other intangible assets	111,086	93,748
	839,209	754,583

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

(All amounts in RMB'000 unless otherwise stated)

11. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
ECL in respect of:		
– Finance lease receivables	145,668	639,862
– Receivables arising from sale and leaseback arrangements	459,552	145,587
– Advances to customers on margin financing	287,492	312,635
– Financial assets held under resale agreements	54,392	(822,810)
– Other loans and receivables	235,336	(82,843)
– Debt instruments at amortised cost	7,283	1,238
– Debt instruments at fair value through other comprehensive income	(40,469)	(54,550)
– Loans and advances	(362)	(2,562)
– Other financial assets and other items	54,932	42,106
	1,203,824	178,663

12. OTHER EXPENSES

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Cost of commodity trading	4,565,500	474,761
Administrative expenses	1,368,570	1,138,973
Taxes and surcharges	129,064	156,695
Others	48,872	54,464
	6,112,006	1,824,893

13. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Current tax	1,084,606	838,021
Adjustments	17,131	45,612
Deferred tax	225,255	537,071
	1,326,992	1,420,704

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 2023
(All amounts in RMB'000 unless otherwise stated)

14. EARNINGS PER SHARE

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Earnings for the purpose of basic earnings per share:		
Profit for the period attributable to shareholders of the Company	3,829,635	4,757,725
Effect of dilutive potential ordinary shares (Note):		
– Interest on convertible bonds of subsidiaries	–	–
– Share option/share awards of subsidiaries	–	–
Earnings for the purpose of diluted earnings per share	3,829,635	4,757,725
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)	0.29	0.36
Diluted earnings per share (expressed in RMB per share)	0.29	0.36

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

(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 2023	11,313,385	992,179	1,976,527	6,768,471	343,873	440,564	21,834,999
Additions during the period	-	43,789	102,613	3,936	9,314	40,554	200,206
Disposals during the period	-	(46,186)	(146,933)	(7,493)	(10,187)	-	(210,799)
Transfer during the period	260,888	21,604	1,610	-	2,872	(286,974)	-
Exchange difference	19,510	9,726	13,597	248,035	6,033	-	296,901
As at 30 June 2023	11,593,783	1,021,112	1,947,414	7,012,949	351,905	194,144	22,121,307
Accumulated depreciation							
As at 1 January 2023	1,234,106	724,374	1,365,632	1,192,413	215,800	-	4,732,325
Provided for the period	152,159	58,555	126,666	136,472	15,625	-	489,477
Eliminated on disposals	-	(20,718)	(139,557)	(6,506)	(9,425)	-	(176,206)
Exchange difference	2,260	8,249	12,258	44,643	5,022	-	72,432
As at 30 June 2023	1,388,525	770,460	1,364,999	1,367,022	227,022	-	5,118,028
Allowance for impairment losses							
As at 1 January 2023	30,382	-	4,426	50,534	698	-	86,040
Exchange differences	-	-	142	1,895	22	-	2,059
As at 30 June 2023	30,382	-	4,568	52,429	720	-	88,099
Carrying amount							
As at 30 June 2023 (Unaudited)	10,174,876	250,652	577,847	5,593,498	124,163	194,144	16,915,180
As at 31 December 2022 (Audited)	10,048,897	267,805	606,469	5,525,524	127,375	440,564	17,016,634

Transportation equipment of the Group includes aircraft held for operating lease businesses, as at 30 June 2023, the cost of aircraft amounts to RMB6,405,126 thousand (31 December 2022: RMB6,173,592 thousand), accumulated depreciation amounts to RMB976,327 thousand (31 December 2022: RMB829,587 thousand), allowance for impairment losses amounts to RMB52,429 thousand (31 December 2022: RMB50,534 thousand), and the carrying amounts of aircraft amounts to RMB5,376,370 thousand (31 December 2022: RMB5,293,471 thousand).

As at 30 June 2023, buildings amounted to RMB27,659 thousand were yet to obtain the relevant land and building certificates (31 December 2022: RMB28,259 thousand).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023
(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 2023	2,695,504	626	2,617	2,357	2,701,104
Additions during the period	220,975	–	–	305	221,280
Decreases during the period	(154,820)	–	(485)	(485)	(155,790)
Exchange difference	27,067	65	195	–	27,327
As at 30 June 2023	2,788,726	691	2,327	2,177	2,793,921
Accumulated depreciation					
As at 1 January 2023	987,094	295	1,473	1,713	990,575
Provided for the period	208,158	89	274	334	208,855
Decreases during the period	(150,475)	–	(467)	(482)	(151,424)
Exchange difference	13,505	23	88	–	13,616
As at 30 June 2023	1,058,282	407	1,368	1,565	1,061,622
Carrying amount					
As at 30 June 2023 (Unaudited)	1,730,444	284	959	612	1,732,299
As at 31 December 2022 (Audited)	1,708,410	331	1,144	644	1,710,529

Lease liabilities

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Within 1 year	293,723	279,881
1 to 2 years	223,435	204,320
2 to 5 years	320,203	300,301
More than 5 years	212,147	231,198
	1,049,508	1,015,700
Amount due for settlement with 12 months shown under current liabilities	293,723	279,881
Amount due for settlement after 12 months shown under non-current liabilities	755,785	735,819

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

(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 six months ended 30 June 2023, total cash outflow for leases amounts to RMB227,310 thousand (For the six months ended 30 June 2022: RMB227,340 thousand).

For the six months ended 30 June 2023, interest expenses for lease liabilities amounts to RMB23,633 thousand (For the six months ended 30 June 2022: RMB20,912 thousand).

As at 30 June 2023, 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 2023, the Group did not enter into any significant lease that is not yet commenced.

17. INVESTMENT PROPERTIES

	Buildings
Cost	
As at 1 January 2023	2,710,766
Addition during the period	11,564
Exchange difference	99,123
As at 30 June 2023	2,821,453
Accumulated depreciation	
As at 1 January 2023	69,176
Provided for the period	29,791
Exchange difference	2,196
As at 30 June 2023	101,163
Allowance for impairment losses	
As at 1 January 2023	–
Provided for the period	1,824
As at 30 June 2023	1,824
Carrying amount	
As at 30 June 2023 (Unaudited)	2,718,466
As at 31 December 2022 (Audited)	2,641,590

The fair values of the Group's investment properties as at 30 June 2023 were RMB3,515,028 thousand (31 December 2022: RMB3,385,023 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

For the six months ended 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

18. GOODWILL

	31 December 2022 (Audited)	Exchange adjustments	30 June 2023 (Unaudited)
Haitong Futures Co., Ltd.	5,896	–	5,896
Haitong International Securities Group Limited	701,200	22,537	723,737
Haitong UT Capital Group Co., Ltd.	2,236,907	71,895	2,308,802
Haitong International Holdings (UK) Limited	132,064	4,245	136,309
Haitong Bank, S.A.	1,041,864	33,485	1,075,349
Haitong International Financial Services (Singapore) Pte. Ltd.	4,936	158	5,094
	4,122,867	132,320	4,255,187
Less: impairment losses Haitong Bank, S.A.	(446,636)	(14,354)	(460,990)
	3,676,231	117,966	3,794,197

19. OTHER INTANGIBLE ASSETS

	Trading rights	Computer software	Others	Construction in progress	Total
(Unaudited)					
Cost					
As at 1 January 2023	224,619	2,007,925	110,849	25,141	2,368,534
Additions during the period	–	121,229	–	3,562	124,791
Disposals during the period	(1,400)	(25,869)	(50)	(66)	(27,385)
Transfer during the period	–	4,137	–	(4,137)	–
Exchange difference	218	32,073	1,817	300	34,408
As at 30 June 2023	223,437	2,139,495	112,616	24,800	2,500,348
Accumulated amortisation					
As at 1 January 2023	116,601	1,592,711	89,216	–	1,798,528
Provided for the period	–	107,821	3,265	–	111,086
Eliminated on disposals	–	(25,867)	(50)	–	(25,917)
Exchange difference	–	30,500	1,741	–	32,241
As at 30 June 2023	116,601	1,705,165	94,172	–	1,915,938
Carrying amount					
As at 30 June 2023 (Unaudited)	106,836	434,330	18,444	24,800	584,410
As at 31 December 2022 (Audited)	108,018	415,214	21,633	25,141	570,006

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

(All amounts in RMB'000 unless otherwise stated)

20. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Cost of unlisted investments in associates and joint ventures	4,405,515	4,312,766
Share of post-acquisition profits and other comprehensive income, net of dividends received	2,893,383	2,700,948
Total	7,298,898	7,013,714

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 2023 (Unaudited)	31 December 2022 (Audited)
Total assets	13,623,841	13,070,529
Total liabilities	5,842,497	5,325,337
Net assets	7,781,344	7,745,192

	Six months ended 30 June 2023 (Unaudited)	Six months ended 30 June 2022 (Unaudited)
Revenue for the period	3,648,084	3,772,562
Profit for the period	1,065,400	1,122,213
Comprehensive income	1,076,152	1,137,929

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

21. FINANCE LEASE RECEIVABLES

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Minimum finance lease receivables		
– Within one year	11,504,985	14,822,054
– In the second year	4,436,747	4,761,042
– In the third year	2,255,528	1,324,033
– In the fourth year	1,083,678	565,995
– In the fifth year	693,747	446,252
– After five years	1,852,560	1,586,042
Gross amount of finance lease receivables	21,827,245	23,505,418
Less: Unearned finance lease income	(2,708,871)	(2,457,073)
Present value of minimum finance lease receivables	19,118,374	21,048,345
Less: Allowance for ECL	(1,121,161)	(1,589,892)
Carrying amount of finance lease receivables	17,997,213	19,458,453
Present value of minimum finance lease receivables		
– Within one year	10,121,505	13,305,964
– In the second year	3,838,903	4,249,047
– In the third year	1,942,176	1,167,355
– In the fourth year	937,316	501,794
– In the fifth year	612,977	398,372
– After five years	1,665,497	1,425,813
Total	19,118,374	21,048,345
Analysed for reporting purpose as:		
Current assets	9,518,249	12,355,870
Non-current assets	8,478,964	7,102,583
Total	17,997,213	19,458,453

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 2023, the Group's finance lease receivables pledged as collateral for the Group's bank borrowings amounted to RMB388,511 thousand (31 December 2022: RMB426,016 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

(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 2023	439,314	531,299	619,279	1,589,892
Changes in the loss allowance:				
– ECL (reversed)/recognised	(115,631)	140,338	120,961	145,668
– Write-offs	–	–	(314,668)	(314,668)
– Transfer between stages	18,937	(256,156)	237,219	–
– Recovery of finance lease receivables previously written off	–	–	51,929	51,929
– Other derecognition	–	–	(351,660)	(351,660)
As at 30 June 2023	342,620	415,481	363,060	1,121,161

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 2023 (Unaudited)	17,001,427	1,547,687	569,260	19,118,374
As at 31 December 2022 (Audited)	18,404,093	1,623,102	1,021,150	21,048,345

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For the six months ended 30 June 2023
(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 2023 (Unaudited)	31 December 2022 (Audited)
– Within one year	44,657,553	41,038,253
– In the second year	28,845,939	27,141,407
– In the third year	14,494,914	15,714,479
– In the fourth year	6,291,065	6,709,395
– In the fifth year	2,059,066	3,069,131
– Over fifth year	1,138,654	837,855
Gross amount of receivables arising from sale and leaseback arrangements	97,487,191	94,510,520
Less: Interest adjustment	(8,684,840)	(8,775,539)
Present value of receivables arising from sale and leaseback arrangements	88,802,351	85,734,981
Less: Allowance for ECL	(1,632,237)	(1,185,029)
Carrying amount of receivables arising from sale and leaseback arrangements	87,170,114	84,549,952
Present value of receivables arising from sale and leaseback arrangements:		
– Within one year	40,695,365	37,226,971
– In the second year	26,276,126	24,655,189
– In the third year	13,195,007	14,237,955
– In the fourth year	5,725,571	6,076,049
– In the fifth year	1,873,980	2,779,039
– Over fifth year	1,036,302	759,778
Total	88,802,351	85,734,981
Analysed as:		
Current assets	40,012,579	36,702,132
Non-current assets	47,157,535	47,847,820
Total	87,170,114	84,549,952

As at 30 June 2023, the Group's receivables arising from sale and leaseback arrangements pledged as collateral for the Group's bank borrowings amounted to RMB2,374,691 thousand (31 December 2022: RMB5,005,702 thousand).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

(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 2023	952,361	159,715	72,953	1,185,029
Changes in the loss allowance:				
– ECL recognised	41,106	257,993	160,453	459,552
– Write-offs	–	–	(8,035)	(8,035)
– Transfer between stages	(56,098)	(19,467)	75,565	–
– Recovery of receivable arising from sale and leaseback arrangements previously written off	–	–	187	187
– Other derecognition	–	–	(4,539)	(4,539)
– Exchange difference and others	43	–	–	43
As at 30 June 2023	937,412	398,241	296,584	1,632,237

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 2023 (Unaudited)	86,411,253	1,775,817	615,281	88,802,351
As at 31 December 2022 (Audited)	84,955,975	634,235	144,771	85,734,981

23. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Other equity investments (Note i)	7,468,696	6,096,319
Analysed as:		
– Listed	6,457,172	5,102,310
– Unlisted	1,011,524	994,009
	7,468,696	6,096,319

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

Notes:

- (i) As at 30 June 2023, 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 RMB34,235 thousand was reclassified from revaluation reserve to retained earnings.

- (ii) As at 30 June 2023, equity instruments at FVTOCI of RMB788,388 thousand (31 December 2022: RMB1,866,595 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 2023 (Unaudited)	31 December 2022 (Audited)
Unlisted debt securities	22,822,768	23,497,708
Listed debt securities	23,229,984	29,354,191
	46,052,752	52,851,899
Analysed for reporting purpose as:		
Current assets	5,489,647	6,876,553
Non-current assets	40,563,105	45,975,346
	46,052,752	52,851,899
ECL	166,009	204,409

As at 30 June 2023, debt instruments at fair value through other comprehensive income of RMB36,027 million (31 December 2022: RMB35,447 million) were collateralized for repurchase agreements, securities lending, refinancing, derivatives contracts and refinancing with Bank of Portugal.

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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 2023	86,989	117,420	–	204,409
Changes in the loss allowance:				
– ECL (reversed)/recognised	(55,559)	5,629	9,461	(40,469)
– Transfer between stages	14,036	(14,179)	143	–
– Exchange difference and others	754	97	1,218	2,069
As at 30 June 2023	46,220	108,967	10,822	166,009

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 2023 (Unaudited)	41,665,405	4,137,235	40,428	45,843,068
As at 31 December 2022 (Audited)	48,696,364	4,265,842	–	52,962,206

25. DEBT INSTRUMENTS MEASURED AT AMORTISED COST

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Debt instruments	7,598,808	5,825,147
Less: Allowance for ECL	(27,896)	(18,990)
	7,570,912	5,806,157
Analysed for reporting purpose as:		
Current assets	1,724,723	369,071
Non-current assets	5,846,189	5,437,086
	7,570,912	5,806,157

Notes:

As at 30 June 2023, debt instruments measured at amortised cost of RMB5,620 million (31 December 2022: RMB4,004 million) were pledged to repurchase arrangements and refinancing with Bank of Portugal.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

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 2023	18,990	–	–	18,990
Changes in the loss allowance:				
– ECL recognised	3,978	3,305	–	7,283
– Transfer between stages	(1,107)	1,107	–	–
– Exchange difference and others	1,314	309	–	1,623
As at 30 June 2023	23,175	4,721	–	27,896

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 2023 (Unaudited)	7,511,383	87,425	–	7,598,808
As at 31 December 2022 (Audited)	5,825,147	–	–	5,825,147

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Debt securities	93,203,938	101,634,305
Equity securities	30,670,781	30,343,977
Funds	66,203,922	58,853,951
Others	18,858,769	18,766,496
	208,937,410	209,598,729
Analysed for reporting purpose as:		
Current assets	183,699,683	184,555,352
Non-current assets	25,237,727	25,043,377
	208,937,410	209,598,729

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

Notes:

- (i) As at 30 June 2023, financial assets at fair value through profit or loss of RMB48,824 million (31 December 2022: RMB63,261 million) were collateralized for repurchase arrangements, refinancing, securities lending and derivatives compensation contracts, including restricted securities amounted to RMB482 million (31 December 2022: RMB487 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 RMB5,400 million as at 30 June 2023 (31 December 2022: RMB4,257 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 2023 (Unaudited)	31 December 2022 (Audited)
Analysed by collateral type:		
Stock (Note)	27,152,364	27,795,962
Bonds	14,571,175	5,413,745
Less: Allowance for ECL	(618,950)	(564,558)
	41,104,589	32,645,149
Analysed by market:		
Stock Exchange	36,404,315	32,015,828
Inter-bank market	5,319,224	1,193,879
Less: Allowance for ECL	(618,950)	(564,558)
	41,104,589	32,645,149
Analysed for reporting purpose as:		
Current assets	40,093,887	32,595,078
Non-current assets	1,010,702	50,071
	41,104,589	32,645,149

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 2023, for the Group, the gross carrying amount of these agreements within one year was RMB26,140,881 thousand (31 December 2022: RMB27,745,853 thousand), the gross carrying amount of these agreements over one year was RMB1,011,483 thousand (31 December 2022: RMB50,109 thousand);

As at 30 June 2023, the fair value of the collateral was RMB96,095,048 thousand (31 December 2022: RMB89,186,204 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 2023	13,572	1,693	549,293	564,558
Changes in the loss allowance:				
– ECL (reversed)/recognised	(1,022)	1,757	53,657	54,392
– Transfer between stages	1,663	(1,663)	–	–
As at 30 June 2023	14,213	1,787	602,950	618,950

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 2023 (Unaudited)	39,781,583	457,607	1,484,349	41,723,539
As at 31 December 2022 (Audited)	31,146,703	330,638	1,732,366	33,209,707

28. OTHER LOANS AND RECEIVABLES

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Entrusted loans and others	515,327	514,159
Other loans and receivables	6,758,986	7,055,246
Gross carrying amount	7,274,313	7,569,405
Less: Allowance for ECL	(1,121,322)	(841,237)
	6,152,991	6,728,168
Analysed for reporting purpose as:		
Current assets	5,195,743	4,209,604
Non-current assets	957,248	2,518,564
	6,152,991	6,728,168

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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 2023	26,939	160,167	654,131	841,237
Changes in the loss allowance:				
– ECL (reversed)/recognised	(15,426)	83,802	166,960	235,336
– Transfer between stages	(6,980)	404	6,576	–
– Exchange difference and others	67	5	44,677	44,749
As at 30 June 2023	4,600	244,378	872,344	1,121,322

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 2023 (Unaudited)	1,455,665	596,119	5,222,529	7,274,313
As at 31 December 2022 (Audited)	2,460,819	378,612	4,729,974	7,569,405

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29. LOANS AND ADVANCES

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Loans and advances	7,012,152	5,978,815
Less: Allowance for ECL	(112,026)	(109,801)
	6,900,126	5,869,014
Analysed for reporting purpose as:		
Current assets	734,510	837,281
Non-current assets	6,165,616	5,031,733
	6,900,126	5,869,014

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 2023	22,711	40,253	46,837	109,801
Changes in the loss allowance:				
– ECL recognised/(reversed)	1,793	(3,155)	1,000	(362)
– Write-offs	–	–	(7,815)	(7,815)
– Exchange difference and others	1,731	4,415	4,256	10,402
As at 30 June 2023	26,235	41,513	44,278	112,026

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 2023 (Unaudited)	6,135,542	806,392	70,218	7,012,152
As at 31 December 2022 (Audited)	5,153,647	752,825	72,343	5,978,815

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 2023 (Unaudited)	31 December 2022 (Audited)
Deferred tax assets	4,553,891	4,711,680
Deferred tax liabilities	(1,016,601)	(909,459)
	3,537,290	3,802,221

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For the six months ended 30 June 2023

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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 2022	(1,205,852)	(68,090)	82,219	1,373,613	(28,497)	(32,587)	3,216,707	510,926	3,848,439
Credit/(Charge) to profit or loss	165,406	(16,879)	95,753	(310,391)	(14,647)	-	(187,676)	(188,189)	(456,623)
Credit to other comprehensive income	-	-	29,780	-	43,913	320,322	-	-	394,015
Effects of exchange rate and other change	-	(1,678)	3,337	3,223	29,554	(100,042)	23,462	58,534	16,390
As at 31 December 2022	(1,040,446)	(86,647)	211,089	1,066,445	30,323	187,693	3,052,493	381,271	3,802,221
(Unaudited)									
(Charge)/Credit to profit or loss	(6,249)	(458)	(261,360)	(41,456)	-	-	(10,017)	106,560	(212,980)
Charge to other comprehensive income	-	-	(17,601)	-	(84,713)	(13,950)	-	-	(116,264)
Effects of exchange rate and other change	347	(3,157)	2,516	1,317	1,823	(13,388)	9,199	65,656	64,313
As at 30 June 2023	(1,046,348)	(90,262)	(65,356)	1,026,306	(52,567)	160,355	3,051,675	553,487	3,537,290

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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For the six months ended 30 June 2023
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31. DEPOSITS WITH EXCHANGES

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Deposits with stock exchanges		
– Shanghai Stock Exchange	454,433	458,959
– Shenzhen Stock Exchange	272,261	234,925
– National Equities Exchange and Quotations	2,451	2,672
– Stock Exchange of Hong Kong Limited	1,744	1,340
Subtotal	730,889	697,896
Deposits with futures and commodity exchanges		
– China Financial Futures Exchange	12,270,344	12,743,745
– Shanghai Futures Exchange	2,903,804	3,230,204
– Dalian Commodity Exchange	2,566,536	2,580,037
– Zhengzhou Commodity Exchange	1,726,272	1,342,274
– Shanghai Gold Exchange	36,829	63,451
– HKFE Clearing Corporation Limited	10,854	2,250
– Collateral deposits placed with overseas stock exchange and brokers	522,748	415,849
Subtotal	20,037,387	20,377,810
Trading rights and other deposits		
– Deposit with CSFC	557,205	1,415,591
– Deposit with Shanghai Clearing House	143,228	131,853
– Guarantee fund paid to Hong Kong Securities Clearing Company Ltd.	143,170	182,324
– Guarantee fund paid to Shanghai Stock Exchange	20,307	21,046
– Guarantee fund paid to Shenzhen Stock Exchange	20,124	23,832
– Guarantee fund paid to the Stock Exchange of Hong Kong Options Clearing House Ltd.	4,144	3,228
– Guarantee fund paid to Beijing Stock Exchange	200	–
– Others	10,830	10,994
Subtotal	899,208	1,788,868
Total	21,667,484	22,864,574
Analysed for reporting purpose as:		
Current assets	21,496,741	22,664,637
Non-current assets	170,743	199,937
	21,667,484	22,864,574

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32. BANK BALANCES AND CASH

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
General accounts	65,571,825	56,191,722
Cash held on behalf of clients (Note i)	99,893,842	98,970,479
	165,465,667	155,162,201
Less: non-current restricted bank deposits (Note ii)	(1,845,186)	(1,769,482)
	163,620,481	153,392,719

Bank balances and cash comprise 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 comprise of the following:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Bank balances and cash – general account (excluding accrued interest)	65,467,602	56,102,251
Less: Restricted bank deposits (i)	(2,744,412)	(2,887,055)
Deposits with other banks (excluding accrued interest)	141,905	179,809
Deposits with central banks other than legal reserve	2,035,284	3,231,241
Clearing settlement funds – House accounts	6,419,434	10,903,854
	71,319,813	67,530,100

- (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 2023 (Unaudited)	31 December 2022 (Audited)
Long-term receivables from government cooperation projects	1,301,372	1,174,762
Repossession of finance lease assets	78,517	85,385
Foreclosed assets	63,390	86,701
Others	1,557,658	1,754,174
	3,000,937	3,101,022

35. ADVANCES TO CUSTOMERS ON MARGIN FINANCING

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Loans to margin clients (Note)	68,932,188	70,026,612
Less: Allowance for ECL	(2,512,200)	(2,182,741)
	66,419,988	67,843,871
Analysed for reporting purpose as:		
Current assets	66,419,988	67,843,871

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 2023 were secured by the customers' securities to the Group as collateral with undiscounted market value of approximately RMB222,700,597 thousand (31 December 2022: RMB208,287,447 thousand).

As at 30 June 2023, 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 RMB8,122,962 thousand (31 December 2022: RMB7,634,836 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 2023	52,121	31,984	2,098,636	2,182,741
Changes in the loss allowance:				
– ECL (reversed)/recognised	(36,810)	(23,063)	347,365	287,492
– Transfer between stages	25,318	(2,807)	(22,511)	–
– Exchange difference and others	267	123	41,577	41,967
As at 30 June 2023	40,896	6,237	2,465,067	2,512,200

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 2023 (Unaudited)	62,073,348	1,899,328	4,959,512	68,932,188
As at 31 December 2022 (Audited)	60,787,569	2,212,707	7,026,336	70,026,612

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36. ACCOUNTS RECEIVABLE

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Accounts receivable from:		
– Brokers, dealers and clearing house	4,068,039	4,509,006
– Cash clients	1,949,781	3,508,600
– Asset and fund management	582,040	560,359
– Advisory and financial planning	144,794	151,312
– Clients for subscription of new shares in IPO	–	965
– Others	3,607,588	1,986,304
	10,352,242	10,716,546
Less: Allowance for ECL	(363,604)	(322,031)
	9,988,638	10,394,515

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

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Less than 3 months	7,390,446	8,872,138
3 to 6 months	913,329	704,621
6 to 12 months	1,236,099	369,720
More than 1 year	448,764	448,036
	9,988,638	10,394,515

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37. DERIVATIVE INSTRUMENTS

	30 June 2023 (Unaudited)		
	Contractual value	Assets	Liabilities
Derivatives designated in hedge accounting:			
Interest rate swap contracts	1,735,436	86,984	–
Foreign exchange swap	593,303	33,848	–
Forward contracts	859,308	56,214	6,189
Derivatives held for trading:			
Stock index futures contracts (Note i)	25,599,151	–	–
Treasury futures contracts (Note ii)	31,678,009	–	–
Commodity futures contracts (Note iii)	17,407,715	–	–
Interest rate swap contracts (Note iv)	123,979,826	331,750	275,496
Equity swap	37,795,945	953,188	673,907
Forward contracts	17,852,779	96,045	43,095
Options (Note v)	118,260,032	371,985	281,983
Embedded equity instruments	2,566,806	1,116	21,344
Foreign exchange swap	627,776	5	3,313
Credit default swap	526,000	1,290	264
Total	379,482,086	1,932,425	1,305,591
	31 December 2022 (Audited)		
	Contractual value	Assets	Liabilities
Derivatives designated in hedge accounting:			
Interest rate swaps	2,437,841	87,005	18,745
Foreign exchange swap	1,256,077	6,363	16,800
Forward contracts	1,443,475	19,988	40,626
Derivatives held for trading:			
Stock index futures contracts (Note i)	28,451,306	–	–
Treasury futures contracts (Note ii)	21,995,571	–	–
Commodity futures contracts (Note iii)	13,735,363	–	–
Interest rate swap contracts (Note iv)	139,385,340	331,091	296,080
Equity swap	22,043,716	590,554	314,327
Forward contracts	22,680,325	46,007	71,642
Options (Note v)	85,370,924	387,993	127,716
Embedded equity instruments	1,110,869	–	7,986
Foreign exchange swap	8,875,332	8,166	4,133
Credit default swap	152,000	–	364
Total	348,938,139	1,477,167	898,419

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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 2023. Accordingly, the net position of the SIF contracts in derivative instruments was nil at the end of reporting period. As at 30 June 2023, 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 RMB25,599,151 thousand (31 December 2022: RMB28,451,306 thousand), recognising net derivative liabilities of RMB17,939 thousand (31 December 2022: net derivative liabilities of RMB572,114 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 2023. Accordingly, the net position of the TF contracts in derivative instruments was nil at the end of reporting period (31 December 2022: nil).

	30 June 2023 (Unaudited)	
	Contractual value	Fair value
T2309	8,750,636	2,138
T2312	109,701	237
TF2309	10,389,159	(16,489)
TF2312	50,940	68
TS2309	12,338,349	(10,761)
TL2309	39,224	(180)
Total	31,678,009	(24,987)
Plus: settlements		24,987
Net position of TF contracts		–
	31 December 2022 (Audited)	
	Contractual value	Fair value
T2303	520,168	(499)
TF2303	9,603,257	(22,545)
TS2303	11,872,146	(23,637)
Total	21,995,571	(46,681)
Plus: settlements		46,681
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 2023. Accordingly, the net position of the commodity futures contracts under the daily mark-to-market and settlement arrangement was nil (31 December 2022: nil).

	30 June 2023 (Unaudited)		31 December 2022 (Audited)	
	Contractual value	Fair value	Contractual value	Fair value
Total	17,407,715	8,532	13,735,363	(5,874)
Plus: settlement		(8,532)		5,874
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 2023. 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 2023 (Unaudited)		
	Contractual value	Assets	Liabilities
IRS – settled in Shanghai Clearing House	114,910,000	462,616	413,069
IRS – non-centralised settlement	9,069,826	331,750	275,496
Total	123,979,826	794,366	688,565
Plus: settlements		(462,616)	(413,069)
Net position of IRS contracts		331,750	275,496

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37. DERIVATIVE INSTRUMENTS (continued)

Notes: (continued)

(iv) Interest rate swap contracts (continued)

	31 December 2022 (Audited)		
	Contractual value	Assets	Liabilities
IRS – settled in Shanghai Clearing House	83,500,000	234,892	188,180
IRS – non-centralised settlement	55,885,340	331,091	296,080
Total	139,385,340	565,983	484,260
Plus: settlements		(234,892)	(188,180)
Net position of IRS contracts		331,091	296,080

(v) Options

As at 30 June 2023, the notional principal amounts of the Group's options purchased or written in Mainland China were approximately RMB117,044,748 thousand (31 December 2022: RMB75,370,059 thousand). The notional principal amounts of the Group's options purchased or written outside Mainland China were approximately RMB1,215,284 thousand (31 December 2022: RMB10,000,865 thousand).

38. OTHER CURRENT ASSETS

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Prepayments	1,394,154	1,349,583
Dividend receivable	291,694	618
Inventories	262,850	104,379
Other receivables (Note i)	4,774,215	5,853,376
	6,722,913	7,307,956
Less: Allowance for ECL (Note ii)	(574,570)	(559,333)
	6,148,343	6,748,623

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.

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39. CLEARING SETTLEMENT FUNDS

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Clearing settlement funds held with clearing houses for:		
House accounts	6,419,434	10,903,854
Customers	12,146,853	10,476,841
	18,566,287	21,380,695

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 2023 (Unaudited)	31 December 2022 (Audited)
Deposits with central banks other than legal reserve	2,035,480	3,231,599
Legal reserve	14,455	13,497
	2,049,935	3,245,096
Deposits with other banks	134,689	172,872
Total	2,184,624	3,417,968

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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(All amounts in RMB'000 unless otherwise stated)

41. BORROWINGS

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Short-term borrowings:		
Secured borrowings (Note)	1,191,687	291,097
Unsecured borrowings	33,859,381	34,566,945
	35,051,068	34,858,042
Long-term borrowing:		
Secured borrowings (Note)	16,738,314	18,399,853
Unsecured borrowings	35,082,481	37,558,350
	51,820,795	55,958,203
Total	86,871,863	90,816,245
Current liabilities:		
Short-term borrowings	35,051,068	34,858,042
Long-term borrowings due within one year	25,310,966	22,006,870
	60,362,034	56,864,912
Non-current liabilities:		
Long-term borrowings	26,509,829	33,951,333
	86,871,863	90,816,245
Analysis by maturity:		
Less than 1 year	60,362,034	56,864,912
1 to 2 years	13,515,472	11,911,122
2 to 5 years	11,997,161	21,147,505
More than 5 years	997,196	892,706
	86,871,863	90,816,245

Note:

As at 30 June 2023, borrowings of RMB10,482 million (31 December 2022: RMB10,372 million) are secured by 70% shares of Haitong International Securities Group Limited, together with the shares of Haitong UT Capital Group Co., Limited and Haitong Bank, S.A. held by the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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41. BORROWINGS (continued)

Note: (continued)

As at 30 June 2023, bank loans of HKD388 million (RMB358 million) (31 December 2022: HKD185 million (RMB165 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 HKD2,099 million (RMB1,935 million) (31 December 2022: HKD1,979 million (RMB1,768 million)).

As at 30 June 2023, borrowings of RMB7,091 million (31 December 2022: RMB8,154 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 2023, the book value of secured finance lease receivable is RMB389 million (31 December 2022: RMB426 million), the book value of receivables arising from sale and leaseback arrangements is RMB2,375 million (31 December 2022: RMB5,006 million), the book value of secured aircraft and property and equipment for leasing is RMB6,526 million (31 December 2022: RMB4,832 million).

During the current interim period, in respect of bank loans with carrying amount of HKD3,180 million (RMB2,932 million) as at 30 June 2023, 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 2023, 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 2023 (Unaudited)	31 December 2022 (Audited)
Ultra-short-term bonds	5,041,826	5,035,289
Medium-term notes	1,329,558	2,909,046
Short-term income certification	4,582,226	2,647,746
Short-term bonds	2,031,670	1,003,520
Short-term corporate bonds	–	4,563,493
	12,985,280	16,159,094

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

42. SHORT-TERM FINANCING BILLS PAYABLES (continued)

Issue Entity	Type	Currency	Issue date	Maturity date	Coupon Rate	Opening Balance	Increase	Decrease	Ending Balance
Haitong Securities Co., Ltd	Short-term corporate bonds	RMB	09/06/2022	09/06/2023	2.50%	4,563,493	49,007	4,612,500	-
Haitong Securities Co., Ltd	Short-term income certification	RMB	04/07/2022 to 30/06/2023	02/07/2023 to 30/06/2024	0.00%-2.92%	2,647,746	6,321,061	4,386,581	4,582,226
Haitong Unitrust International Financial Leasing Co., Ltd	Ultra-short-term bonds	RMB	25/05/2022	17/02/2023	2.05%	1,012,129	2,639	1,014,768	-
Haitong Unitrust International Financial Leasing Co., Ltd	Ultra-short-term bonds	RMB	15/06/2022	10/03/2023	2.06%	505,443	1,918	507,361	-
Haitong Unitrust International Financial Leasing Co., Ltd	Ultra-short-term bonds	RMB	09/08/2022	21/04/2023	2.03%	1,007,493	6,118	1,013,611	-
Haitong Unitrust International Financial Leasing Co., Ltd	Ultra-short-term bonds	RMB	23/08/2022	28/04/2023	1.86%	1,006,090	5,962	1,012,052	-
Haitong Unitrust International Financial Leasing Co., Ltd	Ultra-short-term bonds	RMB	26/10/2022	10/03/2023	1.86%	501,435	1,733	503,168	-
Haitong Unitrust International Financial Leasing Co., Ltd	Short-term bonds	RMB	25/10/2022	25/10/2023	2.45%	1,003,520	12,793	-	1,016,313
Haitong Unitrust International Financial Leasing Co., Ltd	Ultra-short-term bonds	RMB	16/11/2022	11/08/2023	2.51%	1,002,700	12,799	-	1,015,499
Haitong Unitrust International Financial Leasing Co., Ltd	Short-term bonds	RMB	10/01/2023	10/01/2024	3.41%	-	1,015,357	-	1,015,357
Haitong Unitrust International Financial Leasing Co., Ltd	Ultra-short-term bonds	RMB	15/02/2023	25/08/2023	2.63%	-	1,009,626	-	1,009,626
Haitong Unitrust International Financial Leasing Co., Ltd	Ultra-short-term bonds	RMB	08/03/2023	22/09/2023	2.73%	-	1,008,399	-	1,008,399

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(All amounts in RMB'000 unless otherwise stated)

Issue Entity	Type	Currency	Issue date	Maturity date	Coupon Rate	Opening Balance	Increase	Decrease	Ending Balance
Haitong Unitrust International Financial Leasing Co., Ltd	Ultra-short-term bonds	RMB	19/04/2023	24/11/2023	2.48%	-	1,004,535	-	1,004,535
Haitong Unitrust International Financial Leasing Co., Ltd	Ultra-short-term bonds	RMB	26/04/2023	19/01/2024	2.56%	-	1,003,767	-	1,003,767
Haitong International Securities Group Ltd	Medium-term notes	HKD	17/02/2022	16/02/2023	1.00%	923,319	29,676	952,995	-
Haitong International Securities Group Ltd	Medium-term notes	HKD	08/06/2022	09/01/2023	2.10%	1,536,733	49,391	1,586,124	-
Haitong International Securities Group Ltd	Medium-term notes	HKD	09/06/2022	10/01/2023	2.00%	90,338	2,904	93,242	-
Haitong International Securities Group Ltd	Medium-term notes	USD	26/08/2022	24/08/2023	4.10%	358,655	22,096	-	380,751
Haitong International Securities Group Ltd	Medium-term notes	HKD	27/01/2023	27/07/2023	5.00%	-	376,491	-	376,491
Haitong International Securities Group Ltd	Medium-term notes	HKD	09/02/2023	08/02/2024	4.70%	-	283,694	-	283,694
Haitong International Securities Group Ltd	Medium-term notes	USD	16/02/2023	16/11/2023	5.15%	-	288,622	-	288,622
Total						16,159,094	12,508,588	15,682,402	12,985,280

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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	Increase	Decrease	Closing Balance
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,350,000	25/11/2013	25/11/2023	6.18%	2,402,796	73,466	-	2,476,262
Haitong Securities Co., Ltd	Corporate bonds	RMB	800,000	14/07/2014	14/07/2024	5.85%	821,694	23,280	-	844,974
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,500,000	22/09/2017	22/09/2027	4.99%	5,565,490	136,559	-	5,702,049
Haitong Securities Co., Ltd	Corporate bonds	USD	300,000	13/12/2018	13/12/2023	4.50%	2,091,001	222,356	142,439	2,170,918
Haitong Securities Co., Ltd	Corporate bonds	EUR	230,000	13/12/2018	13/12/2023	Euribor+165bps	1,704,749	176,830	70,546	1,811,033
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,000,000	27/02/2020	27/02/2023	3.01%	5,126,498	24,002	5,150,500	-
Haitong Securities Co., Ltd	Corporate bonds	RMB	3,500,000	19/03/2020	19/03/2023	2.99%	3,582,103	22,547	3,604,650	-
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,600,000	30/04/2020	30/04/2023	2.38%	5,688,670	44,610	5,733,280	-
Haitong Securities Co., Ltd	Corporate bonds	RMB	700,000	30/04/2020	30/04/2025	2.88%	712,972	10,115	20,160	702,927
Haitong Securities Co., Ltd	Corporate bonds	RMB	6,700,000	25/05/2020	25/05/2023	2.70%	6,807,859	73,041	6,880,900	-
Haitong Securities Co., Ltd	Corporate bonds	RMB	6,000,000	11/08/2020	11/08/2023	3.53%	6,080,676	106,904	-	6,187,580
Haitong Securities Co., Ltd	Corporate bonds	RMB	6,000,000	13/01/2021	13/01/2024	3.58%	6,203,834	108,373	214,800	6,097,407
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,400,000	08/02/2021	08/02/2024	3.79%	5,579,597	103,156	204,660	5,478,093
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,000,000	23/04/2021	23/04/2024	3.45%	5,115,449	86,991	172,500	5,029,940
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,800,000	27/05/2021	27/05/2024	3.35%	2,853,809	47,352	93,800	2,807,361
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,100,000	10/06/2021	10/06/2024	3.40%	2,138,198	36,041	71,400	2,102,839
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,000,000	29/07/2021	29/07/2024	3.14%	2,024,859	31,756	-	2,056,615
Haitong Securities Co., Ltd	Corporate bonds	RMB	3,000,000	20/08/2021	20/08/2024	3.04%	3,030,396	46,146	-	3,076,542
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,000,000	30/08/2021	30/08/2024	3.10%	2,018,972	31,358	-	2,050,330
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,000,000	30/08/2021	30/08/2026	3.43%	2,020,542	34,372	-	2,054,914
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,000,000	10/11/2021	10/11/2024	3.10%	5,016,234	78,391	-	5,094,625
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,000,000	22/11/2021	22/11/2024	3.09%	5,010,980	78,142	-	5,089,122
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,000,000	20/01/2022	25/12/2024	2.84%	5,128,222	71,925	142,000	5,058,147
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,900,000	21/02/2022	21/02/2025	2.90%	2,968,444	42,587	84,100	2,926,931
Haitong Securities Co., Ltd	Corporate bonds	RMB	500,000	07/03/2022	07/03/2025	3.03%	511,767	7,651	15,150	504,268
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,000,000	26/07/2022	26/07/2025	2.75%	5,051,831	69,699	-	5,121,530
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,000,000	09/09/2022	09/09/2025	2.53%	5,031,056	64,246	-	5,095,302
Haitong Securities Co., Ltd	Corporate bonds	RMB	4,700,000	14/10/2022	14/10/2025	2.60%	4,718,219	62,020	-	4,780,239
Haitong Securities Co., Ltd	Corporate bonds	RMB	3,000,000	10/11/2022	10/11/2025	2.61%	3,005,763	39,735	-	3,045,498
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,700,000	13/12/2022	20/12/2023	2.90%	2,699,241	41,179	-	2,740,420
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,500,000	08/02/2023	08/02/2025	2.95%	-	2,525,073	-	2,525,073
Haitong Securities Co., Ltd	Corporate bonds	RMB	3,000,000	08/02/2023	08/02/2026	3.23%	-	3,033,007	-	3,033,007
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,500,000	06/03/2023	06/03/2025	3.11%	-	2,520,866	-	2,520,866
Haitong Securities Co., Ltd	Corporate bonds	RMB	1,700,000	06/03/2023	06/03/2026	3.26%	-	1,714,833	-	1,714,833
Haitong Securities Co., Ltd	Corporate bonds	RMB	3,300,000	22/03/2023	22/03/2025	2.97%	-	3,321,649	-	3,321,649

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Issue entity	Type	Currency	Principal amount in original currency '000	Issue date	Maturity date	Coupon Rate	Opening Balance	Increase	Decrease	Closing Balance
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,700,000	22/03/2023	22/03/2026	3.10%	-	2,718,448	-	2,718,448
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,000,000	24/04/2023	24/04/2025	2.89%	-	2,007,302	-	2,007,302
Haitong Securities Co., Ltd	Corporate bonds	RMB	4,000,000	24/04/2023	24/04/2026	3.05%	-	4,015,561	-	4,015,561
Haitong Securities Co., Ltd	Corporate bonds	RMB	3,600,000	18/05/2023	18/05/2026	2.94%	-	3,606,186	-	3,606,186
Haitong Securities Co., Ltd	Corporate bonds	RMB	1,400,000	18/05/2023	18/05/2028	3.10%	-	1,402,633	-	1,402,633
Haitong Securities Co., Ltd	Corporate bonds	RMB	3,000,000	15/06/2023	15/06/2026	2.73%	-	2,997,994	-	2,997,994
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,000,000	15/06/2023	15/06/2028	3.07%	-	1,998,939	-	1,998,939
Haitong Securities Co., Ltd	Subordinated notes	RMB	5,000,000	12/01/2022	12/01/2025	3.18%	5,147,819	80,368	159,000	5,069,187
Haitong Securities Co., Ltd	Subordinated notes	RMB	2,000,000	25/02/2022	25/02/2025	3.15%	2,050,800	31,848	63,000	2,019,648
Haitong Securities Co., Ltd	Subordinated notes	RMB	2,480,000	09/03/2022	09/03/2025	3.29%	2,543,207	41,142	81,592	2,502,757
Haitong Securities Co., Ltd	Long-term income certificates	RMB	753,297	05/07/2021 to 30/06/2023	30/06/2023 to 25/06/2025	0.00%-3.50%	595,787	447,757	281,567	761,977
Shanghai Haitong Securities Asset management Co., Ltd	Corporate bonds	RMB	1,000,000	04/11/2020	04/11/2025	3.85%	1,006,012	19,092	-	1,025,104
Shanghai Haitong Securities Asset management Co., Ltd	Subordinated notes	RMB	1,000,000	04/04/2018	04/04/2023	5.00%	103,726	1,274	105,000	-
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,000,000	11/05/2020	11/05/2023	3.50%	1,021,767	12,466	1,034,233	-
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,200,000	28/07/2020	28/07/2023	4.00%	1,219,165	25,070	-	1,244,235
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,000,000	17/09/2020	17/09/2023	4.20%	1,010,667	21,842	-	1,032,509
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	800,000	30/10/2020	30/10/2023	4.15%	804,369	17,274	-	821,643
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,000,000	26/04/2021	26/04/2025	3.65%	1,027,186	697,473	1,037,957	686,702
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	800,000	18/06/2021	15/06/2023	3.85%	815,698	14,176	829,874	-
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	600,000	12/08/2021	12/08/2024	3.90%	607,367	12,113	-	619,480
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,000,000	25/10/2021	25/10/2023	3.80%	1,005,095	20,066	-	1,025,161
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,000,000	24/12/2021	24/12/2024	3.70%	997,951	19,145	-	1,017,096

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	Increase	Decrease	Closing Balance
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,500,000	21/04/2022	21/04/2024	3.48%	1,531,627	25,885	50,193	1,507,319
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	500,000	05/05/2022	05/05/2025	3.57%	509,827	8,852	17,347	501,332
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,000,000	21/06/2022	21/06/2024	3.16%	1,013,123	15,670	30,484	998,309
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	600,000	07/07/2022	07/07/2025	3.44%	607,330	10,905	-	618,235
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,000,000	21/10/2022	21/10/2025	3.13%	1,001,299	16,360	-	1,017,659
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,000,000	17/04/2023	17/04/2026	3.90%	-	1,004,363	-	1,004,363
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,000,000	26/06/2023	26/06/2028	3.80%	-	997,240	-	997,240
Haitong Unitrust International Financial Leasing Co., Ltd	Medium-term notes	RMB	500,000	31/08/2020	31/08/2023	4.20%	506,525	10,826	-	517,351
Haitong Unitrust International Financial Leasing Co., Ltd	Medium-term notes	RMB	500,000	20/01/2021	20/01/2023	4.00%	518,890	1,041	519,931	-
Haitong Unitrust International Financial Leasing Co., Ltd	Medium-term notes	RMB	1,000,000	09/12/2021	09/12/2024	3.70%	999,074	19,175	-	1,018,249
Haitong Unitrust International Financial Leasing Co., Ltd	Medium-term notes	RMB	800,000	13/01/2022	13/01/2025	3.64%	825,379	14,440	28,418	811,401
Haitong Unitrust International Financial Leasing Co., Ltd	Medium-term notes	RMB	1,000,000	27/05/2022	27/05/2025	3.42%	1,016,579	16,960	33,381	1,000,158
Haitong Unitrust International Financial Leasing Co., Ltd	Medium-term notes	RMB	1,200,000	10/08/2022	10/08/2025	3.25%	1,210,215	20,329	-	1,230,544
Haitong Unitrust International Financial Leasing Co., Ltd	Medium-term notes	RMB	1,000,000	14/12/2022	14/12/2025	4.13%	998,271	21,133	-	1,019,404
Haitong Unitrust International Financial Leasing Co., Ltd	Medium-term notes	RMB	1,000,000	23/02/2023	23/02/2026	4.20%	-	1,011,871	-	1,011,871
Haitong Unitrust International Financial Leasing Co., Ltd	Medium-term notes	RMB	1,000,000	06/06/2023	06/06/2026	3.81%	-	999,291	-	999,291
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based notes	RMB	950,000	29/11/2021	26/05/2023	3.95%	186,327	1,198	187,525	-

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Issue entity	Type	Currency	Principal amount in original currency '000	Issue date	Maturity date	Coupon Rate	Opening Balance	Increase	Decrease	Closing Balance
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based notes	RMB	950,000	10/03/2022	26/08/2024	3.30%, 3.50%	453,066	5,824	227,084	231,806
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based notes	RMB	855,000	22/07/2022	18/01/2023	2.30%	863,411	916	864,327	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based notes	RMB	950,000	21/09/2022	20/03/2023	2.10%	954,137	4,263	958,400	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based notes	RMB	955,000	18/01/2023	19/07/2023	2.98%	-	967,447	-	967,447
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based notes	RMB	950,000	20/03/2023	15/09/2023	2.96%	-	956,868	-	956,868
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	190,000	07/04/2020	13/02/2023	5.00%	191,107	1,119	192,226	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	22/10/2020	26/06/2023	4.30%	7,030	71	7,101	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	09/12/2020	30/01/2023	4.30%	40,604	138	40,742	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	02/02/2021	27/02/2023	4.55%	44,799	318	45,117	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	25/03/2021	27/02/2023	4.50%	49,387	346	49,733	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	29/04/2021	26/06/2023	4.00%, 4.50%	88,165	1,205	89,370	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	31/05/2021	26/01/2023	4.35%	39,331	135	39,466	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	17/06/2021	26/05/2023	3.80%, 4.40%	84,519	669	85,188	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	05/08/2021	26/06/2023	3.50%, 4.20%	113,787	1,390	115,177	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	24/09/2021	26/04/2023	3.83%, 3.99%	139,085	488	139,573	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	19/11/2021	26/05/2023	3.80%, 3.95%	231,733	2,418	234,151	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	08/12/2021	28/08/2023	4.00%	179,704	1,834	176,310	5,228

43. BONDS PAYABLE (continued)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023
(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	Increase	Decrease	Closing Balance
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	26/01/2022	26/05/2023	3.30%-3.40%	140,866	733	141,599	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	935,000	28/04/2022	27/12/2024	3.60%-4.40%	463,661	4,234	187,904	279,991
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	29/06/2022	26/02/2025	3.19%-3.60%	698,906	8,902	288,128	419,680
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	943,000	07/07/2022	15/09/2025	3.50%-4.30%	650,115	10,043	213,805	446,353
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	1,425,000	16/09/2022	25/12/2025	4.10%	1,395,619	28,972	24,304	1,400,287
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	21/09/2022	26/08/2025	2.25%-3.40%	817,694	9,843	258,505	569,032
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	984,000	28/10/2022	15/08/2025	3.03%-4.00%	1,007,144	5,083	484,608	527,619
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	1,425,000	23/12/2022	25/12/2025	4.48%	1,401,010	31,657	28,316	1,404,351
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	23/12/2022	22/11/2023	4.30%	630,297	335,257	13,907	951,647
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	13/01/2023	26/08/2025	3.96%-4.70%	-	961,478	264,331	697,147
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	737,000	10/03/2023	23/10/2025	3.58%-4.80%	-	765,249	-	765,249
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	16/03/2023	28/07/2025	3.20%-4.00%	-	953,741	217,023	736,718
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	24/05/2023	26/12/2025	2.68%-3.62%	-	947,339	-	947,339
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	07/06/2023	26/03/2026	2.70%-3.58%	-	943,869	-	943,869
Haitong Unitrust International Financial Leasing Co., Ltd	Private publication notes	RMB	1,000,000	04/06/2021	04/06/2023	3.95%	1,022,001	16,666	1,038,667	-
Haitong Unitrust International Financial Leasing Co., Ltd	Private publication notes	RMB	1,000,000	11/11/2021	11/11/2024	4.19%	1,002,893	21,559	-	1,024,452

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

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Issue entity	Type	Currency	Principal amount in original currency '000	Issue date	Maturity date	Coupon Rate	Opening Balance	Increase	Decrease	Closing Balance
Haitong Unitrust International Financial Leasing Co., Ltd./ Haitong UT MSE Financial Leasing (Shanghai) Co., Ltd	Asset-based notes	RMB	950,000	10/04/2023	26/05/2024	2.90%, 3.29%	-	952,329	-	952,329
Haitong Unitrust International Financial Leasing Co., Ltd./ Haitong UT MSE Financial Leasing (Shanghai) Co., Ltd	Asset-based special plan	RMB	760,000	29/12/2021	15/08/2023	3.95%	235,533	2,632	200,528	37,637
Haitong Unitrust International Financial Leasing Co., Ltd./ Haitong UT MSE Financial Leasing (Shanghai) Co., Ltd	Asset-based special plan	RMB	1,140,000	13/04/2022	26/12/2023	3.24%, 3.40%	418,334	5,437	301,940	121,831
Haitong Unitrust International Financial Leasing Co., Ltd./ Haitong UT MSE Financial Leasing (Shanghai) Co., Ltd	Asset-based special plan	RMB	1,140,000	18/05/2022	26/03/2024	2.95%, 3.20%	567,140	6,993	328,264	245,869
Haitong Unitrust International Financial Leasing Co., Ltd./ Haitong UT MSE Financial Leasing (Shanghai) Co., Ltd	Asset-based special plan	RMB	1,140,000	12/07/2022	27/05/2024	3.00%, 3.03%	790,671	8,994	381,299	418,366
Haitong Unitrust International Financial Leasing Co., Ltd./ Haitong UT MSE Financial Leasing (Shanghai) Co., Ltd	Asset-based special plan	RMB	1,140,000	08/09/2022	26/08/2024	2.30%-2.80%	958,318	10,265	379,529	589,054
Haitong Unitrust International Financial Leasing Co., Ltd./ Haitong UT MSE Financial Leasing (Shanghai) Co., Ltd	Asset-based special plan	RMB	1,140,000	25/11/2022	26/11/2024	3.18%-3.60%	1,136,240	16,191	416,716	735,715
Haitong Unitrust International Financial Leasing Co., Ltd./ Haitong UT MSE Financial Leasing (Shanghai) Co., Ltd	Asset-based special plan	RMB	1,140,000	08/03/2023	26/01/2025	3.15%-3.70%	-	1,145,801	279,790	866,011
Haitong Unitrust International Financial Leasing Co., Ltd./ Haitong UT MSE Financial Leasing (Shanghai) Co., Ltd	Asset-based special plan	RMB	1,140,000	16/05/2023	26/03/2025	2.69%-3.43%	-	1,138,100	-	1,138,100

43. BONDS PAYABLE (continued)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023
(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	Increase	Decrease	Closing Balance
Haitong Unitrust International Financial Leasing Co., Ltd/ Haitong UT MSE Financial Leasing (Shanghai) Co., Ltd	Asset-based special plan	RMB	1,140,000	27/06/2023	26/06/2025	2.69%-3.41%	-	1,133,742	-	1,133,742
Haitong UT Brilliant Limited	Medium-term notes	USD	100,000	03/06/2021	03/06/2024	3.00%	672,836	36,454	3,002	706,288
Haitong UT Brilliant Limited	Medium-term notes	USD	200,000	27/04/2022	27/04/2025	4.20%	1,398,585	82,301	28,777	1,452,109
Haitong International Securities Group Ltd	Corporate bonds	USD	700,000	19/07/2019	19/07/2024	3.38%	4,940,162	184,466	-	5,124,628
Haitong International Securities Group Ltd	Corporate bonds	USD	400,000	18/11/2019	18/05/2025	3.13%	2,784,763	104,669	-	2,889,432
Haitong International Securities Group Ltd	Corporate bonds	USD	400,000	02/07/2020	02/07/2023	2.13%	2,812,755	105,758	-	2,918,513
Haitong International Securities Group Ltd	Corporate bonds	USD	300,000	20/05/2021	20/05/2026	2.13%	2,088,114	77,625	-	2,165,739
Haitong International Finance Holdings 2015 Limited	Corporate bonds	USD	670,000	12/03/2020	11/03/2025	2.11%	4,690,174	185,798	8,539	4,867,433
Haitong International Finance Holdings Limited	Corporate bonds	RMB	4,000,000	20/04/2023	20/04/2026	3.40%	-	4,026,739	-	4,026,739
Haitong International Finance Holdings Limited	Corporate bonds	RMB	2,800,000	18/05/2023	18/05/2026	3.20%	-	2,810,739	-	2,810,739
Haitong Investment Ireland PLC	Medium-term notes	USD	350	15/02/2018	23/01/2026	1.71%	1,664	459	-	2,123
Haitong Investment Ireland PLC	Medium-term notes	EUR	1,300	23/07/2018	24/07/2023	1.15%	8,842	761	-	9,603
Haitong Banco de Investimento do Brasil S.A.	Financial bond	BRL	1,088,052	21/05/2018 to 30/06/2023	30/01/2023 to 30/03/2026	5.00%-15.68%	1,270,918	594,861	102,231	1,763,548
Haitong Bank, S.A.	Financial bond	EUR	230,000	08/02/2022	08/02/2025	4.73%	1,707,877	110,591	-	1,818,468
Haitong Bank, S.A.	Financial bond	USD	150,000	23/05/2022	29/05/2027	4.00%	1,044,918	43,847	-	1,088,765
Total							181,830,918	59,289,592	35,916,064	205,204,446

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

(All amounts in RMB'000 unless otherwise stated)

43. BONDS PAYABLE (continued)

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Analysed for reporting purpose as:		
Current liabilities	62,423,349	60,153,220
Non-current liabilities	142,781,097	121,677,698
	205,204,446	181,830,918

44. ACCOUNTS PAYABLE TO BROKERAGE CLIENTS

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Accounts payable to brokerage clients	119,909,488	115,513,463

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 2023 (Unaudited)	31 December 2022 (Audited)
Demand deposits – corporate	268,190	341,188
Time deposits – corporate	2,560,442	3,074,505
Demand deposits – individual	10,165	9,070
Time deposits – individual	2,623,566	1,893,712
	5,462,363	5,318,475
Analysed for reporting purpose as:		
Current liabilities	4,282,383	3,784,565
Non-current liabilities	1,179,980	1,533,910
	5,462,363	5,318,475

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

46. OTHER PAYABLES AND ACCRUALS

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Payable to employees (Note i)	4,179,651	4,485,011
Dividends payable	2,962,134	7,536
Short term finance lease guarantee deposits	2,017,359	2,706,970
Client settlement payables	1,834,427	2,222,899
Notes payable	1,589,146	2,047,521
Amounts due to brokers	1,387,957	473,659
Risk reserve	761,332	744,368
Other tax payable	479,440	468,323
Commission and fee payables	148,995	9,632
Pending payable to clearing house	14,160	203,157
Others (Note ii)	11,761,704	9,617,007
	27,136,305	22,986,083
Analysed for reporting purpose as:		
Current liabilities	25,637,420	21,262,810
Non-current liabilities (Note i)	1,498,885	1,723,273
	27,136,305	22,986,083

Notes:

- (i) The Group sets up a detailed plan for the payment of accrued employees' bonuses. According to the plan, a balance of RMB372,767 thousand is expected to be settled after one year (31 December 2022: RMB373,068 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 2023 (Unaudited)	31 December 2022 (Audited)
Pending litigation and others	189,624	189,288
External guarantee	19,874	12,417
	209,498	201,705

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

(All amounts in RMB'000 unless otherwise stated)

48. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Financial liabilities held for trading	2,619,515	286,697
Liabilities arising from consolidation of structured entities Designated as financial liabilities at fair value through profit or loss (FVTPL) (Note)	1,211,517	702,488
– Structured products	11,803,022	16,122,780
– Gold option	890,945	279,483
– Income certificates	5,996,258	5,497,032
	22,521,257	22,888,480
Analysed for reporting purpose as:		
Current liabilities	11,543,496	5,478,358
Non-current liabilities	10,977,761	17,410,122
	22,521,257	22,888,480

Note:

As at 30 June 2023 and 31 December 2022, 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 2023 and year ended 31 December 2022.

As at 30 June 2023 and 31 December 2022, 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 2023 (Unaudited)	31 December 2022 (Audited)
Analysed by collateral type:		
Stock	2,393,548	3,025,125
Bonds	70,214,887	87,906,636
Gold	10,458,210	10,762,596
	83,066,645	101,694,357
Analysed by market:		
Stock exchanges	22,945,554	42,830,883
Inter-bank market	49,371,411	48,100,878
OTC	10,749,680	10,762,596
	83,066,645	101,694,357
Analysed for reporting purpose as:		
Current liabilities	82,423,177	101,694,357
Non-current liabilities	643,468	–
	83,066,645	101,694,357

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023
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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 2023

	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	41,404,583	30,047,038	3,248,529	668,669	20,359,084	95,727,903
Carrying amount of associated liabilities	38,146,206	21,762,364	3,034,866	576,354	19,546,855	83,066,645
Net position	3,258,377	8,284,674	213,663	92,315	812,229	12,661,258

As at 31 December 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	53,182,215	31,378,291	1,133,028	470,972	23,631,866	109,796,372
Carrying amount of associated liabilities	48,926,215	28,968,402	1,103,113	352,793	22,343,834	101,694,357
Net position	4,256,000	2,409,889	29,915	118,179	1,288,032	8,102,015

50. PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Placements from banks	2,965,842	3,244,643
Placements from CSFC	6,057,050	3,031,458
	9,022,892	6,276,101
Analysed for reporting purpose as:		
Current liabilities	6,957,129	3,218,363
Non-current liabilities	2,065,763	3,057,738
	9,022,892	6,276,101

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

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51. LONG-TERM PAYABLES

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Finance lease guarantee deposits	4,255,698	4,303,758
Deferred income	400,308	422,792
Others	626,199	781,614
	5,282,205	5,508,164

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	Number of shares '000	Amount	Number of shares '000	Amount
Registered, issued and fully paid at RMB1.0 per share:						
As at 31 December 2022 (Audited)	9,654,631	9,654,631	3,409,569	3,409,569	13,064,200	13,064,200
As at 30 June 2023 (Unaudited)	9,654,631	9,654,631	3,409,569	3,409,569	13,064,200	13,064,200

As at 30 June 2023, 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 2022: 781,250 thousand shares).

53. REVALUATION RESERVE

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
As at the beginning of the period/year	(624,143)	305,179
Debt instrument measured at fair value through other comprehensive income		
– Net fair value changes during the year	416,719	(111,392)
– Reclassification adjustment to profit or loss on disposal	(86,912)	(83,883)
– Reclassification adjustment to profit or loss for ECL	(40,469)	(63,908)
– Income tax impact	(72,483)	44,121
Equity instrument measured at fair value through other comprehensive income		
– Net fair value changes during the period	74,507	(1,462,092)
– Transfer to retained earnings	47,624	400,167
– Income tax impact	(27,339)	220,280
Share of other comprehensive income of associates and joint ventures	2,986	8,336
Actuarial (losses)/gains on defined benefit obligations	(2,266)	80,357
Fair value gains on hedging instrument designated in cash flow hedges	46,582	38,692
As at the end of the period/year	(265,194)	(624,143)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023
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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 2023 (Unaudited)	31 December 2022 (Audited)
Contingent Liabilities:		
– Guarantees and standby letters of credit income	1,317,784	1,070,625
Commitments:		
– Irrevocable credit commitments	971,059	1,220,027

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 2023 (Unaudited)	31 December 2022 (Audited)
Within one year	586,741	574,682
In the second year	556,183	556,922
In the third year	480,675	514,570
In the fourth year	471,865	474,325
In the fifth year	287,568	348,531
Over five years	734,262	829,418
	3,117,294	3,298,448

57. CAPITAL COMMITMENTS

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Capital expenditure in respect of acquisition of property and equipment: – Contracted but not provided	880,592	806,385

58. DIVIDENDS

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Dividends recognised as distribution	2,743,482	3,919,260

According to the approval of Haitong Securities' 2022 Annual General Meeting held on 16 June 2023, the Company declared a cash dividend of RMB2.10 per 10 shares (including tax) for the year 2022 to all shareholders, with a total declared amount of RMB2,743 million (including tax). As at 28 July 2023, the cash dividend was paid.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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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 2023 (Unaudited)	As at 31 December 2022 (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%	RMB 300,000,000	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%	RMB 7,500,000,000	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%	HKD 11,179,726,140	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	83%	83%	RMB 1,301,500,000	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	73%	68%	HKD 843,802,408	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%	RMB 11,500,000,000	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%	RMB 2,200,000,000	Securities asset management
海通恆信金融集團有限公司 Haitong UT Capital Group Co., Limited	不適用 N/A	Hong Kong	100%	100%	HKD 4,146,162,881	Investment holding
海通恆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%	RMB 8,235,300,000	Leasing
海通銀行 Haitong Bank, S.A.	不適用 N/A	Portugal	100%	100%	EUR 863,278,725	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%	RMB 10,000,000	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%	RMB 100,000,000	Real estate development, industrial investment and investment management

Note:

* English translated names are for identification only.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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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 2023 and 31 December 2022, and the results and cash flows for the six months ended 30 June 2023 and the year ended 2022, 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 2023, interests in all consolidated structured entities directly held by the Group amounted to fair value of RMB34,003,573 thousand (31 December 2022: RMB31,422,817 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 nil (31 December 2022: RMB10,497 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 2023, 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 RMB15,258,209 thousand (31 December 2022: RMB15,463,801 thousand). For the six months ended 30 June 2023, total management income from all structured entities in which the Group acted as investment manager is RMB799,614 thousand (for the six months ended 30 June 2022: RMB964,123 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 of 30 June 2023, 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
Bright Foods (Group) Co., Ltd.	Significant influence
Shanghai Electric Holding Group Co., Ltd.	Significant influence

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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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 2023 or for the six months ended 30 June 2023 are set out as below.

Name of the related party	Relationship of the related party
– Fullgoal Fund Management Co., Ltd.	Associate
– Jilin Modern Agricultural and Emerging Markets Investment Fund Limited	Associate
– Shanghai Equity Investment Fund (Limited Partnership)	Associate
– Guangdong South Media Integration Fund (Limited Partnership)	Associate
– Xi'an Civil-Military Integration Satellite Investment Fund Co., Ltd	Associate
– Shanghai Equity Investment Fund II (Limited Partnership)	Associate
– Liaoning China-Germany Industrial Equity Investment Fund (Limited Partnership)	Associate
– Liaoning energy investment (Group) Co., Ltd.	Associate
– Xuchang Haitong Innovation Equity Investment Fund Limited Partnership	Associate
– CCTV Financial Media Industry Investment Fund (Limited Partnership)	Associate
– Anhui Wanneng Haitong Dual Carbon Industry M & A Investment Fund Partnership (Limited Partnership)	Associate
– Shanghai Haitong Huanxin Private Investment Fund Partnership (Limited Partnership)	Associate
– SME Development Fund Haitong (Hefei) Partnership (Limited Partnership)	Associate
– Jilin Haichuang Changxin Investment Center (Limited Partnership)	Associate
– Jinhua Haitong Key Industry Development Investment Promotion M & A Investment Partnership (Limited Partnership)	Associate
– Jilin Haitong Innovation Satellite Investment Center (Limited Partnership)	Associate
– Haitong (Jilin) Equity Investment Fund (Limited Partnership)	Associate
– Xi'an Aerospace and New Energy Industry Fund	Associate
– Haitong Xingtai (Anhui) Emerging Industry Investment Fund (Limited Partnership)	Associate
– Shanghai Cultural Industries Investment Fund (Limited Partnership)	Associate
– Xi'an Aerospace Haitong Innovative New Materials Equity Investment Partnership (Limited Partnership)	Associate
– Jiaying Haitong Xuchu Equity Investment Fund Limited Partnership	Associate

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

(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	
	2023 (Unaudited)	2022 (Unaudited)
Commission and fee income from:		
– Fullgoal Fund Management Co., Ltd.	71,699	85,353
– CCTV Financial Media Industry Investment Fund (Limited Partnership)	40,305	34,382
– Liaoning energy investment (Group) Co., Ltd.	12,736	12,736
– Liaoning China-Germany Industrial Equity Investment Fund (Limited Partnership)	8,526	8,491
– Shanghai Haitong Huanxin Private Investment Fund Partnership (Limited Partnership)	8,416	–
– Shanghai Equity Investment Fund II (Limited Partnership)	7,500	7,095
– SME Development Fund Haitong (Hefei) Partnership (Limited Partnership)	5,868	–
– Xi'an Civil-Military Integration Satellite Investment Fund Co., Ltd.	3,774	2,465
– Anhui Wanneng Haitong Dual Carbon Industry M & A Investment Fund Partnership (Limited Partnership)	2,423	1,940
– Guangdong South Media Integration Fund (Limited Partnership)	1,960	2,127
– Jilin Modern Agricultural and Emerging Markets Investment Fund Limited	1,925	4,261
– Xuchang Haitong Innovation Equity Investment Fund Limited Partnership	1,509	1,415
– Bright Foods(Group) Co., Ltd.	1,415	–
– Jilin Haichuang Changxin Investment Center (Limited Partnership)	1,403	–
– Shanghai Guosheng(Group) Co., Ltd.	1,138	86
– Jinhua Haitong Key Industry Development Investment Promotion M & A Investment Partnership (Limited Partnership)	824	–
– Jilin Haitong Innovation Satellite Investment Center (Limited Partnership)	702	–
– Haitong (Jilin) Equity Investment Fund (Limited Partnership)	306	575
– Xi'an Aerospace and New Energy Industry Fund	2	3,420
– Others	40	277
Net interest income from		
– Shanghai Guosheng(Group) Co., Ltd.	345	535
– Shanghai Electric Holding Group Co., Ltd.	98	193
– Xi'an Aerospace and New Energy Industry Fund	89	232
– Others	581	169
Investment income and gains(net)		
– Shanghai Guosheng Group Co., Ltd.	(2,659)	2,402

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

62. RELATED PARTY TRANSACTIONS (continued)

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Accounts receivables from:		
– Xi'an Aerospace and New Energy Industry Fund	33,055	33,055
– Liaoning energy investment (Group) Co., Ltd.	13,540	20
– Shanghai Haitong Huanxin Private Investment Fund Partnership (Limited Partnership)	8,921	–
– Shanghai Equity Investment Fund II (Limited Partnership)	7,950	–
– Anhui Wanneng Haitong Dual Carbon Industry M & A Investment Fund Partnership (Limited Partnership)	2,568	–
– Jinhua Haitong Key Industry Development Investment Promotion M & A Investment Partnership (Limited Partnership)	873	–
– Shanghai Guosheng(Group) Co., Ltd.	660	684
– Haitong Xingtai (Anhui) Emerging Industry Investment Fund (Limited Partnership)	–	32,881
– Shanghai Cultural Industries Investment Fund (Limited Partnership)	–	31,758
– Xi'an Aerospace Haitong Innovative New Materials Equity Investment Partnership (Limited Partnership)	–	8,369
– Others	40	120

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

(All amounts in RMB'000 unless otherwise stated)

62. RELATED PARTY TRANSACTIONS (continued)

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Accounts payable to brokerage clients		
– Liaoning China-Germany Industrial Equity Investment Fund (Limited Partnership)	(248,687)	–
– Jiaxing Haitong Xuchu Equity Investment Fund Limited Partnership	(67,241)	(2,414)
– Shanghai Electric Holding Group Co., Ltd.	(31,216)	(15,398)
– Xi'an Aerospace and New Energy Industry Fund	(27,147)	(826)
– Bright Foods(Group) Co., Ltd.	(23,506)	(23,476)
– Shanghai Equity Investment Fund II (Limited Partnership)	(52)	(50,065)
– Shanghai Equity Investment Fund (Limited Partnership)	(38)	(57,192)
– Others	(32)	(42)
Accounts payable to		
– Shanghai Guosheng(Group) Co., Ltd.	(58,240)	(56,980)
– Xi'an Civil-Military Integration Satellite Investment Fund Co., Ltd	(2,292)	–
– Jilin Modern Agricultural and Emerging Markets Investment Fund Limited	(1,710)	–
Derivative financial assets		
– Shanghai Guosheng(Group) Co., Ltd.	840	2,310

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023
(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	
	2023 (Unaudited)	2022 (Unaudited)
Short-term benefits:		
– Fees, salaries, commission and bonuses	12,475	17,625
Post-employment benefits:		
– Employer's contribution to pension schemes/annuity plans	432	417

The total amount (RMB8.33 million) of remuneration (before tax) received by the key management personnel above from the Company during the reporting period was not included in the deferred compensation paid in 2023 that belongs to previous years.

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 2023, 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 2022.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

(All amounts in RMB'000 unless otherwise stated)

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 2023 (Unaudited)		As at 31 December 2022 (Audited)	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Debt instruments at amortised cost	7,570,912	7,366,807	5,806,157	5,546,901
Financial liabilities				
Non-convertible bonds payable	205,204,446	205,906,783	181,830,918	182,341,774

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023
(All amounts in RMB'000 unless otherwise stated)

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 2023 and 31 December 2022.

	Level 1	Level 2	Level 3	Total
(Unaudited)				
As at 30 June 2023				
Financial assets at fair value through profit or loss				
– Debt securities	1,259,580	84,653,891	7,290,467	93,203,938
– Equity securities	10,103,360	591,764	19,975,657	30,670,781
– Funds	6,526,252	43,477,122	16,200,548	66,203,922
– Others	–	11,990,192	6,868,577	18,858,769
Debt instruments at fair value through other comprehensive income	1,112,675	44,216,128	723,949	46,052,752
Equity instruments at fair value through other comprehensive income	6,457,172	–	1,011,524	7,468,696
Derivative financial assets	117,997	748,304	1,066,124	1,932,425
	25,577,036	185,677,401	53,136,846	264,391,283
Financial liabilities at fair value through profit or loss				
– Financial liabilities held for trading	682,858	1,936,657	–	2,619,515
– Designated as financial liabilities at fair value through profit or loss	443,866	5,306,556	14,151,320	19,901,742
Derivative financial liabilities	658	422,216	882,717	1,305,591
	1,127,382	7,665,429	15,034,037	23,826,848

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

(All amounts in RMB'000 unless otherwise stated)

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 2022				
Financial assets at fair value through profit or loss				
– Debt securities	1,357,059	92,234,054	8,043,192	101,634,305
– Equity securities	11,227,920	640,956	18,475,101	30,343,977
– Funds	3,480,911	41,501,759	13,871,281	58,853,951
– Others	–	12,983,497	5,782,999	18,766,496
Debt instruments at fair value through other comprehensive income	901,956	51,107,051	842,892	52,851,899
Equity instruments at fair value through other comprehensive income	5,101,492	–	994,827	6,096,319
Derivative financial assets	44,366	646,636	786,165	1,477,167
	22,113,704	199,113,953	48,796,457	270,024,114
Financial liabilities at fair value through profit or loss				
– Financial liabilities held for trading	164,914	121,783	–	286,697
– Designated as financial liabilities at fair value through profit or loss	601,363	3,136,206	18,864,214	22,601,783
Derivative financial liabilities	–	535,107	363,312	898,419
	766,277	3,793,096	19,227,526	23,786,899

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023
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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 2023 (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 2022 and 1 January 2023	46,172,573	994,827	842,892	18,864,214	422,853
Transfer in	1,777,371	1,400	28,300	–	45,198
Purchase/(Disposal)	3,343,839	–	(237,279)	(6,904,390)	(14,366)
Transfer out	(2,214,753)	–	–	–	661
Other gains and losses	1,256,219	15,297	90,036	2,191,496	(270,939)
As at 30 June 2023	50,335,249	1,011,524	723,949	14,151,320	183,407

31 December 2022 (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 2021 and 1 January 2022	30,655,631	388,792	1,287,427	445,701	(328,736)
Transfer in	17,740,117	–	–	437,844	538
Purchase/(Disposal)	4,503,120	894,031	(522,110)	17,465,797	(1,114,928)
Transfer out	(6,394,652)	–	(6,200)	–	–
Other losses and gains	(331,643)	(287,996)	83,775	514,872	1,865,979
As at 31 December 2022	46,172,573	994,827	842,892	18,864,214	422,853

During the six months ended 30 June 2023 and the year ended 31 December 2022, the amounts of financial instruments measured at fair value transferred between level 1 and level 2 were not significant.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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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 2023, the carrying amount of finance lease receivables and receivables arising from sale and leaseback arrangements that have been transferred but not derecognised was RMB13,154 million (31 December 2022: RMB10,149 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 2023, the carrying amount of finance lease receivables and receivables arising from sale and leaseback arrangements that have been transferred but not derecognised was RMB2,241 million (31 December 2022: RMB1,887 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 2023, the carrying amount of securities that have been transferred but not derecognised was RMB2,125 million (31 December 2022: RMB2,821 million).

66. SUBSEQUENT EVENTS

The Proposal on Adjusting the Shareholding Structure of Haitong UT Capital Group Co., Ltd. 《關於調整海通恒信金融集團有限公司股權架構的議案》 was considered and approved at the 21st meeting of the seventh session of the Board of Directors, which proposed to change Haitong UT Capital Group Co., Ltd. from an indirect wholly-owned subsidiary to a direct wholly-owned subsidiary. On 17 August 2023, the equity transfer duly came into effect after being reviewed and approved by the Inland Revenue Department of Hong Kong, and Haitong UT Capital Group Co., Ltd. completed the change of its register of members on the same date. Haitong UT Capital Group Co., Ltd. has been directly wholly owned by the Company.

Pursuant to the 'Indicative Announcement on the Proposed A Share Repurchase of the Company' dated 25 August 2023, the Company intends to repurchase the Company's A shares through centralized bidding transactions with an estimated fund amount of RMB300 million to RMB600 million. It is expected that the price for the A shares of the Company to be repurchased will not exceed 150% of the average trading price of the Company's A shares in the 30 trading days before the resolution on the repurchase to be passed by the Board of Directors and will not exceed RMB12.8 per share (inclusive). The implementation period of the repurchase of shares shall be within three months from the date of approval of the repurchase of shares by the Board of Directors. The Proposed Share Repurchase will be conducted in accordance with the provisions of the relevant laws, regulations and the relevant requirement of securities regulatory authorities in the place where the Company's shares are listed.

The Group does not have other significant subsequent events.