



Stock Code : 665.HK



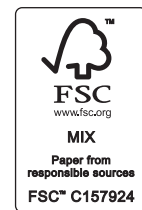
Soaring towards Robustness

Interim Report 2023

Soaring towards Robustness

Geese live in flocks, migrating in groups in response to climate change. They fly along a straight path in close formation, led by the "captain". As a long journey is inevitably turbulent, the flock stay acutely aware of the changing external environment so as to make a timely response, making steady and smooth progress towards their final destination.

Just like the geese, our business operation adopts the collaborative and goal-oriented approach. Against the evolving complicated international business conditions, Haitong International will resolutely stay the course for the strategic goals, with the strategic flexibility to execute business realignment and optimization, while the collaborative teams support each other to soar high in the long-term journey towards business growth and the achievement of sustainable value.





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Management Discussion and Analysis

In the first half of 2023 (the “Period”), with interest rates remained at high level and the banking sector turmoil in the United States and Europe, investors remained concerned about the vulnerability of the financial sector, in spite of the prompt and decisive actions by regulators to prevent contagion. The tightening of credit by commercial banks also intensified worries about a global economic recession. At the beginning of the year, Mainland China and Hong Kong resumed cross-border traffic, but the Hong Kong stock and bond markets remained weak. The Hang Seng Index dropped more than 4,400 points from peak to trough and fell by 1,229 points, or 6.10% cumulatively, during the Period. ICE BofA Asian Dollar High Yield Corporate China Issuer Index fell 12.44% from the beginning of 2023. Meanwhile, the Hong Kong Stock Exchange introduced a number of new regulations during the Period, including the new listing regime for specialist technology companies, making it easier for technology companies to get listed in Hong Kong; HKD-RMB Dual Counter Model was launched in June, facilitating the use of RMB in Hong Kong securities market. The new regulations will encourage more enterprises based in Mainland China to consider listing in Hong Kong, simplify the process of mainland investors investing in the Hong Kong stock market, and create more business opportunities for Chinese financial institutions based in Hong Kong. During the Period, 29 IPO deals were completed, recording a 32% year-on-year increase, and the total fundraising amount was HK\$17.8 billion.

Haitong International continued to implement the “One Haitong” philosophy, further strengthened the synergies with its parent company and made progress in enriching the investment banking ecosystem which includes global market, private wealth management and asset management businesses around its core investment banking business. In the first half of 2023, Haitong International recorded a total revenue of HK\$1.79 billion. Benefiting from the optimization of business structure, interest income rose by 23% to HK\$773 million. During the Period, Haitong International recorded total costs of HK\$2.04 billion, a 35% increase year-on-year, and a net loss of HK\$781 million, decreased by 54% from the same period of last year. The capital structure remained stable, total assets stood at HK\$89.9 billion, 1% higher than at 31 December 2022, and total liabilities reported HK\$67.2 billion, 2% lower than at 31 December 2022. Net assets increased by HK\$2.0 billion from the beginning of the year to HK\$22.7 billion as of 30 June 2023, which was mainly due to the US\$ 200 million subordinate perpetual bond issuance and the HK\$1.16 billion rights issue, partially offset by the net loss incurred for the Period. The gearing ratio was 3.53 times.

In the midst of a challenging global economic and market environment, Haitong International maintains its risk appetite of “stable to prudent” and continues to strengthen its risk management capabilities in accordance with the Group’s risk management framework. In addition, Haitong International successfully obtained a HK\$16 billion syndicated loan with the support of the parent company. Besides, in order to strengthen its equity base, Haitong International issued a US\$200 million subordinated perpetual bond to its parent company, and completed rights issue on the basis of 3 rights shares for every 10 existing shares, further consolidating its equity base. With the support of the parent company and its continuous efforts, Haitong International received a reaffirmed BBB rating from Standard & Poor’s with a stable outlook.

Haitong International has consistently integrated environmental, social and corporate governance (ESG) principles into various aspects of its business operations. In 2023, HTI received HR Asia’s “Best Companies To Work For In Asia” for the sixth consecutive year, and won the “Award for ESG Concern of the Year” in 2022 Chinese Offshore Bond Agency of the Year Award for the second consecutive year. Once again, Haitong International’s strong expertise in green investment banking services and sustainable finance has been recognized by the investment community. The Debt Capital Markets team also strives to participate in the ESG and sustainable finance field, underwriting 67 green and sustainable bonds since the start of year 2021, raising a cumulative amount of US\$20 billion.

Investment banking: Enrich ecosystem and bolster business collaboration under the “One Haitong” philosophy

Haitong International continued to diversify its fee income sources and provide full spectrum of investment banking services via bolstering business collaboration under the “One Haitong” philosophy. The investment banking team completed 7 equity financing projects (including IPOs, secondary placings, and rights issues) in Hong Kong during the Period. The loan capital markets team and mergers and acquisitions team have been working together to explore business opportunities in respect of pre-IPO financing, providing client with broader Investment Banking services, achieving synergy and cross-selling opportunities within investment banking business, and boosting Haitong International’s financial advisory income. The investment banking team also worked closely with Haitong Securities, the parent company of Haitong International, to actively explore business opportunities in the issuance of global depositary receipts (“GDRs”) and connect schemes.

According to Bloomberg’s China Risk G3 + CNY Bond League Table, Haitong International has completed a total of 48 bond issuances as of 30 June 2023. The debt capital markets team has also upheld the idea of ESG and sustainable finance by completing 3 green and sustainable bond issuances during the Period, raising US\$572 million in total. The team has further developed its financial advisory business in response to growing market demand, and completed 6 debt restructuring projects in the first half of 2023, ranked top in Bloomberg’s APAC Liability Management Bonds League Table.

Global Markets: Stay customer-oriented and provide efficient and professional services

In the first half of 2023, under the impact of complex and volatile macroeconomic, geopolitical and market environments, the average daily turnover of the Hong Kong equity market fell by 16% year-on-year. On the basis of clients’ increasing demand for diversifying investments globally, Haitong International global markets segment insisted to be customer-oriented, continuing to provide institutional clients worldwide with efficient and professional trading, research and sales services.

Haitong International’s equity research team has continuously consolidated its competitive edge in China and cross-border research capabilities. As of the end of June 2023, the team covered 1,748 equities.

In light of the current market situation, FIST has continued to strengthen its market position of fixed income securities and products within primary and secondary markets. Under strict risk control guidelines, the team has continued to increase participation in the IG bond market, resulting in a steady increase in commission income. With the support of its parent company in respect of the cross-border total return swap (TRS) business, Haitong International further expanded business serving institutional clients’ cross border investments needs in fixed income products. The team also stays current with market opportunities brought by the internationalization of renminbi and actively explores business potentials with Bond Connect and Swap Connect Schemes.

Management Discussion and Analysis

Private Wealth Management: Enrich product varieties and enhance cross-sectoral collaboration

During the Period, the Private Wealth Management segment has continued to strengthen collaboration with other business segments to implement the “One Haitong” philosophy. It launched a series of investor events in conjunction with the Global Markets segment, such as “Surfing Capital Navigator Club”, to provide customized macro analysis and investment strategy advice for high-net-worth clients. At the same time, it actively developed new customer resources and enrich product varieties (including ESOP, Haitong Liquid Asset Fund, Haitong Opportunity Fund, Haitong Opportunity Fund II, Discretionary Account and other investment products and services). It cooperated with professional institutions to provide cutting-edge knowledge sharing and business services on hot topics including quarterly investment hotspots, global immigration, overseas study and family trust establishment by organizing themed investor events. In the meantime, it provide competitive margin financing services through market-oriented pricing, fast and efficient pledge and custody services to enhance client stickiness and stimulate more transaction activities.

In the first half of Year 2023, the Singapore team of Haitong International Private Wealth Management adjusted its business direction and promoted the External Asset Management (EAM) business to meet the market and the customer demands, taking this opportunity to develop customer resources and promote long-term business development.

Asset Management: Develop core competencies

In accordance with the “One Haitong” philosophy and the “Haitong International 3.0” strategy, Haitong International’s Asset Management segment emphasizes its client-oriented business positioning to improve asset structure, focus on key products, explores customers’ asset allocation demand in both domestic and overseas markets and bridges the channel between overseas investors and mainland China capital market.

Amid downward pressures from macroeconomic divergence, securities market volatility and sluggish investment sentiments, Haitong International Asset Management focused on investment process improvement and overseas business expansion. As a result, the overall investment performance and rankings have gradually improved, and overseas clients’ asset under management has been growing steadily. In a high interest rate environment, the Asset Management segment strived to create benefits for customers by strategically optimizing and promoting asset allocation products such as liquid asset fund and ESG ETF product.

During the Period, Haitong International Asset Management received a number of mid-to-long term fund performance awards, such as the Lipper Fund Awards Hong Kong, and Professional Investment Awards by Insights & Mandate.

Investment: Prudent investment strategy

Considering the volatile global economic and political environment, weak market performances, and the impact of interest rate hikes, since 2022, Haitong International has been proactively reducing the size of its investments and adopting a more prudent investment strategy, focusing on high-liquidity and high-quality assets to minimize its exposure to market risks.

From the perspective of asset allocation, bond investments primarily focus on investment grade bonds with good liquidity while equity investments primarily focus on shares in industry-leaders with high liquidity and ESG-oriented. Most of the term financings are guaranteed by third parties and the relevant teams at Haitong International conduct regular reviews on the status of collateral and borrower's financial position to effectively manage credit risk.

For the investment in the primary market, Haitong International maintains a stable size of investment and continues to invest on a rolling basis according to projects exit schedule. As for now, HTI has gradually transformed from direct investing to collaborating with well-known fund managers, focusing on the technology and medical industries. The team actively embraces national strategies such as "Manufacturing Power (製造強國)", "Specialized and Sophisticated (專精特新)" and "dual carbon economy (雙碳經濟)", implements the trend investment and value investment philosophies, with strategic focus on emerging industries. At the same time, by exploring new business models and attracting external investors, HTI further reduced the portion of total investment contributed by its own funds.

Outlook

Looking ahead to the second half of the year, concerns over global economic uncertainty continues to grow amid rising interest rates and inflation as well as increasing impacts of climate change. According to the latest United Nation forecast, the world economy is projected to grow by 2.3% in 2023 and 2.5% in 2024, below the average growth rate of 3.1% in the two decades before COVID-19. While global monetary policies have been tightening, inflation pressures are expected to gradually ease. As the Federal Reserve and major central banks are expected to slow down the pace of interest rate hike, emerging market economies might be able to put a halt to monetary tightening to support economic growth. Besides, the "Belt and Road" summit is scheduled to be held in the second half of the year, economically benefiting countries along the route and companies in related fields. Meanwhile, Hong Kong's economy is gradually recovering with resumed cross-border traffic with mainland China, and the new policies introduced by the HKEx could lead to potential growth in the IPO market. However, given the dampened stock market sentiment, lower-than-expected company valuations, and underwhelming IPO performances in recent years, new listings in Hong Kong could still be in the doldrums. Overall, it is expected that risks will remain, with opportunities emerging, for the Hong Kong and overseas financial markets; risks of fluctuations in asset prices should not be underestimated.

Based on the fundamental assessment that the risk of market adjustment not yet eliminated, Haitong International will continue to adhere to its commitment to "preventing risk by lowering leverage", further reduce the scale of risk assets and improve asset structure, and respond to market changes and challenges with a prudent attitude and a stable business model. Haitong International will continue to follow the "One Haitong" philosophy, bolster business collaboration with its parent company, grasp the market opportunities of connectivity, enhance the strengths of investment banking business and drive the development of global market, asset management and private wealth management business. Haitong International will continue to strengthen its risk management and optimize asset structure, enhance efficiency and cost control, and implement ESG strategy.

Financial Review

Analysis of Financial Statements

Last year's downward momentum in the global economy lingered in the first half of 2023, with geopolitical tensions remaining to be a major risk to it. In addition to the Russian-Ukrainian war, which showed no signs of ending, frictions between the U.S. and the PRC were also intensifying on a global scale. In the meantime, central banks around the world continued their interest hikes as an attempt to curb inflation, only to bring negative impacts to the real economy. The Federal Reserve has increased the federal funds rate by 75 basis points during the first half of the year alone, which, coupled with the sluggish economic recovery of the PRC as a result of the country's weaker-than-expected economic momentum in the second quarter, has kept investors on their toes.

Amidst such geopolitical tensions and a high interest environment, and due to a persistently weak economic environment, the Hang Seng Index and Hang Seng Technology Index fell 4.4% and 5.3% respectively, while the CSI 300 Index and SSE 50 Index dropped 0.8% and 5.4% respectively. Meanwhile, the bond indices remained weak, with the Bloomberg Barclays USD Credit China HY Index falling 6.7% and the Bloomberg Barclays USD Credit China IG Index only increasing by 3.2%. With the lack of investor confidence, the Hong Kong stock market recorded an average daily turnover of only HK\$115.5 billion in the first half of 2023, a decrease of 16.4% from that of HK\$138.3 billion in the first half of 2022. Weak market conditions also weighed on corporate valuations and affected market capital raising activities. The total equity funds raised in Hong Kong, including initial public offerings (IPOs), amounted to HK\$74.4 billion as at 30 June 2023, down 35.3% from that of HK\$115 billion in the first half of 2022.

With interest rates in major global economies remaining at high levels in 2023, there are still considerable uncertainties in the global economy and markets, which will affect financial market stability and investment demand. The Group, as a key player in the Hong Kong financial sector and a well-rounded financial services provider to global customers, is affected by the overall underperformance of the market to a certain degree. In the face of such challenging market conditions, on top of imposing rigid controls on cost risk and various other types of risks, the Group will also remain focused on its investment banking business. In adherence with our strategy of "One Haitong", we will enhance communication and collaboration across different regions and departments and maintain close cooperation with our parent company. By proactively leveraging the interconnective advantage of our local and overseas offices, as well as creating synergies between its operations and resources, we will be able to lay a more solid foundation for its high-quality development in the future.

The Group's financial results for the 6 months ended 30 June 2023 are summarised as follows:

	2023	2022	
	Jan to Jun	Jan to Jun	
	HK\$'000	HK\$'000	+/-%
Commission and fee income	532,256	774,632	-31
Interest income	772,839	627,278	+23
Net trading and investment income	588,730	(1,283,150)	N/A
Revenue	1,893,825	118,760	+>100
Other income and gains or losses	(105,856)	(28,653)	N/A
Total revenue	1,787,969	90,107	+>100
Total costs	2,038,036	1,505,717	+35
(Loss) before impairment charges and tax	(250,067)	(1,415,610)	N/A
(Loss) for the period attributable to the owners of the Company	(780,943)	(1,681,222)	N/A
Key metrics:			
— Basic (loss) per share (HK cents per share)	(11.55)	(25.62) (restated)	N/A
— Diluted (loss) per share (HK cents per share)	(11.55)	(25.62) (restated)	N/A
— Core revenue ¹ to total cost ratio (%)	64	93	-29

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

Financial Review

- Commission and fee income amounted to HK\$532 million, representing a 31% decline year-on-year. As Hong Kong's capital market activities slowed down significantly during the period, the total equity funds raised in Hong Kong, including IPOs, recorded a year-on-year decline of 35.3%, and the average daily turnover of the Hong Kong stock market saw a year-on-year decrease of 16.4%, during the first half of the year, resulting in a year-on-year decrease in the commissions and fee incomes from each of the corporate finance business, brokerage business and asset management business.
- Interest income was HK\$773 million, up 23% from that of HK\$627 million in the same period last year, which was primarily attributable to the increase in the interest rates of interest-bearing assets driven by the rising market rates, as well as the effective capital management of the Group, which has tripled the interest income from bank deposits and others over the same period last year.
- Net trading and investment income was HK\$589 million, realising a turnaround from the last year. The Group continued to narrow down its exposure to risky assets by consistently reinforcing the sales and transactions of fixed-income securities and fixed-income products in the primary and secondary markets. We have also collaborated with our parent company to develop the business of cross-border total return swaps, in a bid to enhance the stability of the Group's income.
- Total costs rose 35% year-on-year to HK\$2,038 million, mainly due to the drastic surge of the Group's finance costs as a result of the rising market rates. However, the Group managed to cut down most of its costs with its effective cost control measures. Excluding finance costs and commission expenses, our operating costs decreased by 16% year-on-year to HK\$871 million.
- Finance costs amounted to HK\$1,158 million, an increase of 146% as compared to the first half of 2022, which was mainly attributable to the drastic surge of market rates in the fourth quarter of last year. Despite the interest hike in the first half of 2023, the increase in the Group's funding costs is less than that in the benchmark market rates.
- Impairment charges were HK\$440 million, a year-on-year increase of 81% but a decrease of 67% as compared to the second half of last year, which was primarily due to the increase in provision for underlying credit assets by the Group based on the principles of prudence and transparency, in response to the downward adjustment to the market prices or valuations of customers' collaterals in the persistently volatile global markets.

Summary of balance sheet of the Group as at 30 June 2023 and 31 December 2022 is as follows:

	30 June 2023 HK\$'000	31 December 2022 HK\$'000	+/-%
Assets:			
— Current assets	72,928,109	72,057,433	+1
— Non-current assets	17,014,022	17,039,769	–
Total assets	89,942,131	89,097,202	+1
Liabilities:			
— Current liabilities	56,078,226	57,329,620	-2
— Non-current liabilities	11,125,669	11,078,774	–
Total liabilities	67,203,895	68,408,394	-2
Net assets	22,738,236	20,688,808	+10
Key metrics:			
— Net current assets	16,849,883	14,727,813	+14
— Funding liabilities ²	48,468,223	50,985,065	-5
— Net assets value per share (HK\$)	2.69	3.12	-14
— Debt-to-equity ratio ³	2.13	2.46	-13
— Gearing ratio ⁴	3.53	3.83	-8

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

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

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

- Total assets as of 30 June 2023 of HK\$89.9 billion were 1% or HK\$800 million higher than that as of 31 December 2022, which was mainly because while there has been an increase in assets and cash and cash equivalents acquired for financial products issued, investment securities and advances to customers have seen a decrease.
- Total liabilities of HK\$67.2 billion were 2% or HK\$1.2 billion lower than that as of 31 December 2022, which was primarily attributable to the decrease in bank borrowings and debt securities in issue as well as cash collateral on securities lent and repurchase agreements.
- Funding liabilities of HK\$48.5 billion were 5% or HK\$2.5 billion lower than that as of 31 December 2022, which was primarily attributable to the completion of the issuance of subordinated perpetual bonds by and the rights issue of the Group during the period to increase capital and reduce financing liabilities.
- Gearing ratio of 3.53 times as of 30 June 2023 remained at a low level over these years.

Financial Review

Overview of Financial Performance

Revenue

Commission and fee income

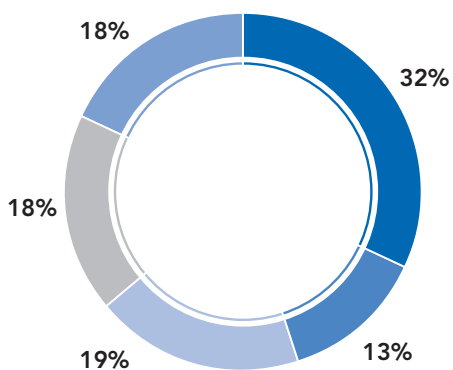
Commission and fee income decreased 31% year-on-year to HK\$532 million for the first half of 2023, mainly due to unfavourable market conditions, which were evidenced by the drop in turnover and IPO fundraising amount in the Hong Kong stock market that led to lower commission income from brokerage, and underwriting and placing commission; asset management and performance fee income were also adversely affected, with no performance fee income recognised during the current interim reporting period.

The table below presents fee income by types:

	2023 Jan to Jun HK\$'000	2022 Jan to Jun HK\$'000	+/-%
Commission on brokerage	168,905	252,763	-33
Commission on underwriting and placing	71,881	197,786	-64
Financial advisory and consultancy fee income	98,843	79,228	+25
Asset management fee and performance fee income	96,760	141,254	-31
Handling, custodian and service fee income	95,867	103,601	-7
Commission and fee income	532,256	774,632	-31

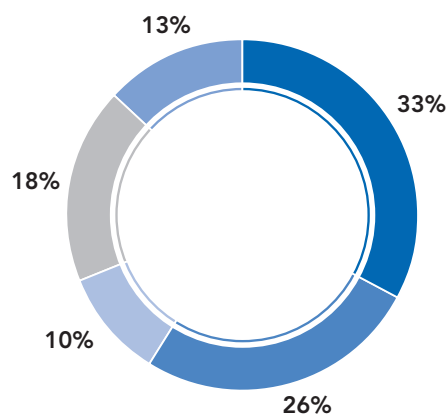
The chart below shows the composition of the Group's commission and fee income for the first half of 2023 and the first half of 2022:

Composition of commission and fee income in first half of 2023



- Commission on brokerage
- Commission on underwriting and placing
- Financial advisory and consultancy fee income
- Asset management fee and performance fee income
- Handling, custodian and service fee income

Composition of commission and fee income in first half of 2022



Commission on brokerage was HK\$169 million, which included commission income from dealing in securities, futures, and over-the-counter products (primarily bonds and financial products) generated by the global markets and wealth management segments. The breakdown of commission on brokerage attributable to each of the abovementioned segments is as follows:

	2023 Jan to Jun HK\$'000	2022 Jan to Jun HK\$'000	+/-%
Wealth management segment	49,160	66,532	-26
Global markets segment	119,745	186,231	-36
Commission on brokerage	168,905	252,763	-33

During the current interim period, commission on brokerage attributable to the global markets segment and wealth management segment decreased, which was mainly due to the diminishing trading volume in the Hong Kong stock market. However, the percentage increase in trading volumes in other markets have, to a certain extent, mitigated the decline in trading volume in the Hong Kong stock market.

Commission and fee income attributable to the corporate finance segment comprised of commission on underwriting and placing, and fee income from financial advisory and consultancy services. The income decreased year-on-year due to a downturn in capital markets activities during the first half of 2023.

Asset management fee and performance fee income were HK\$97 million, a 31% decrease compared with the first half of 2022, which was primarily attributable to the smaller scale of assets under management due to market downturn and the absence of performance fee income of the Group during the period.

Interest income

Interest income was HK\$773 million, up 23% from that of HK\$627 million for the same period last year, which was primarily attributable to the increase in the interest rates of interest-bearing assets driven by the rising market rates, as well as the effective capital management of the Group, which has tripled the interest income from bank deposits and others over the same period last year.

Interest income from margin lending rose 10% year-on-year to HK\$301 million, accounting for 39% (6 months ended 30 June 2022: 43%) of the Group's total interest income. The balance of margin financing decreased from HK\$10.8 billion as of 30 June 2022 to that of HK\$9.8 billion as of 30 June 2023. Despite such decrease, the average balance recorded a year-on-year increase as the Group made efforts to attract high-quality margin financing.

Interest income from term financing was HK\$68 million, a 43% contraction compared with the same period last year. Term financing decreased from HK\$2.8 billion as of 30 June 2022 to that of HK\$2.3 billion as of 30 June 2023, which was primarily due to the Group's decision to focus on high quality margin financing business and the mature of certain term financing which has been repaid during the current interim period.

Financial Review

Net trading and investment income

Net trading and investment income was a net gain of HK\$589 million. The breakdown of net trading and investment income is as follows:

	2023 Jan to Jun HK\$'000	2022 Jan to Jun HK\$'000	+/-%
Net gain/(loss) from financial assets held for trading and market making activities	22,600	(68,577)	N/A
Net trading income on financial products	260,341	381,470	-32
Net gain/(loss) from investment	305,789	(1,596,043)	N/A
	588,730	(1,283,150)	N/A

Net trading and investment income mainly consists of net trading gain on financial products and net income from investments. Net trading income on financial products represents the interest spread charged to product holders on the leverage provided, while the relevant gains or losses on referenced assets belong to the holders. Further details of the net gain from investments are elaborated in the analysis of the investment segment's performance below.

Total Costs

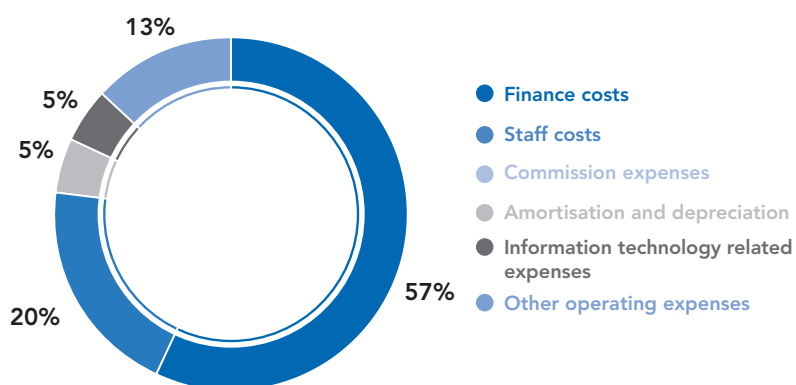
Total costs mainly include staff costs, finance costs, and operating expenses for regular business activities. Total costs for the first half of 2023 were HK\$2.038 billion, a 35% increase from that of HK\$1.506 billion for the same period last year, which was mainly due to the increase in the Group's finance costs as a result of the rising market interest rates. The Group has imposed rigid cost control in light of the uncertain market environment. Excluding direct costs such as finance costs and commission expenses, our operating costs recorded a year-on-year decreased of 16%.

The table below presents total costs by type:

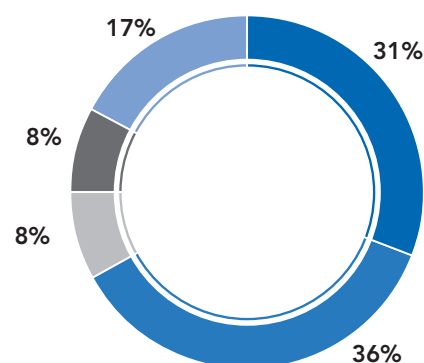
	2023 Jan to Jun HK\$'000	2022 Jan to Jun HK\$'000	+/-%
Staff costs	399,580	545,943	-27
Commission expenses	8,582	3,173	+>100
Finance costs	1,158,340	471,143	+>100
Operating expenses:			
— Amortisation and depreciation	95,699	117,234	-18
— Information technology related expenses	108,282	112,052	-3
— Other operating expenses	267,553	256,172	+4
Total costs	2,038,036	1,505,717	+35

The chart below shows the Group's costs structure for the first half of 2023 and the first half of 2022:

Costs structure in first half of 2023



Costs structure in first half of 2022



Finance costs

Finance costs were HK\$1.158 billion, up 146% from the same period last year. Total funding liabilities decreased from HK\$51.2 billion as of 30 June 2022 to HK\$48.5 billion as of 30 June 2023. Against the backdrop of an interest hike environment, the Group strived to develop various financing sources and secure proposals with lower finance costs. The increase in average financing cost was lower than that of the benchmark interest rates (such as the one-month Hong Kong Interbank Offer Rate ("HIBOR")).

Finance costs from bank loans and overdrafts were HK\$814 million for the first half of 2023, a significant increase compared to that of HK\$212 million for the same period last year, which was mainly due to the upsurge in market interest rates in the fourth quarter last year. The Group's cost of funding for bank borrowings was mainly determined by the margin on top of HIBOR.

Finance costs of non-convertible bonds and notes amounted to HK\$251 million for the period, an increase of 6% from that of HK\$237 million for the same period last year, which was mainly due to the increase in the average interest rate of medium-term notes as certain of them with lower interest rates have matured during the period, while the newly issued medium-term notes bore interest at market interest rates.

Financial Review

The table below presents finance costs by type:

	2023	2022	
	Jan to Jun	Jan to Jun	
	HK\$'000	HK\$'000	+/-%
Finance costs for funding liabilities:			
— bank loans and overdrafts	814,002	212,190	+>100
— non-convertible bonds	209,090	208,434	–
— non-convertible notes	41,558	28,172	+48
— repurchase agreements and others	85,924	17,367	+>100
	1,150,574	466,163	+>100
Interest on lease liabilities ⁵	7,766	4,980	+56
Finance costs	1,158,340	471,143	+>100

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

Staff costs

Staff costs were determined by various factors, including headcount, segmental financial performances, business activities, the structure of compensation schemes that align with the industry, as well as the Group’s overall financial performance. The decrease in staff costs is mainly due to a decline in bonuses and incentives provisions. For the first half of 2023, total staff costs were HK\$400 million, 27% lower than that of the first half of 2022. As of 30 June 2023, the Group’s total number of employees was 880, down 12% from 996 employees as at the end of last year.

Operating expenses

Amortisation and depreciation decreased by 18% from that of the first half of 2022 due to lower depreciation of right-to-use assets on the office leases as the Group consolidated office spaces for higher efficiency, and the fully depreciation of certain information technology related hardware and software as well as office equipment in 2023.

The Group continued to heavily invest in information technology, to ensure that all businesses and functions operate smoothly and support our business development. We also upgraded our infrastructure and systems to provide higher-quality and digitised services to clients. Aggregated information technology related expenses (including relevant staff costs, and amortisation and depreciation on software and equipment) accounted for 19% (6 months ended 30 June 2022: 17%) of total operating expenses of the Group for the first half of 2023.

Other operating expenses mainly include costs and expenditures for regular business operations and general administrative matters. The Group implemented cost control measures, monitored and enhanced operational efficiencies while effectively allocating resources to support business development. Other operating expenses for the first half of 2023 were HK\$268 million, a slight rise of 4% compared to that of the same period last year, which was primarily attributable to the increase in operating expenses for business resumption after the pandemic. However, the Group continued to adopt the control measures to reduce indirect business development spending, which in turn lowered the general administrative expenses.

Impairment Charges

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

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

	2023 Jan to Jun HK\$'000	2022 Jul to Dec HK\$'000	Jan to Jun 2023 compared with Jul to Dec 2022 +/-%	2022 Jan to Jun HK\$'000	Jan to Jun 2023 compared with Jan to Jun 2022 +/-%
Impairment charge (net of reversal):					
— margin financing	270,134	252,395	+7	175,007	+54
— term financing	20,007	300,856	-93	46,552	-57
— investment securities measured at amortised cost	124,578	421,510	-70	(4,904)	N/A
— receivables and others	25,351	369,466	-93	26,957	-6
	440,070	1,344,227	-67	243,612	+81

Impairment charges increased by 81% year-on-year but fell 67% when compared to the second half of last year. Impairment charges made for the first half of 2023 were mainly on margin financing.

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

	2023 Jan to Jun HK\$'000	2022 Jan to Jun HK\$'000	+/-%
Impairment charge (net of reversal) on margin financing:			
— Stage 1	(9,623)	32,409	N/A
— Stage 2	2,818	5,954	-53
— Stage 3	276,939	136,644	+>100
	270,134	175,007	+54

During the first half of 2023, the Group made an individual impairment charges of HK\$277 million under Stage 3 impairment against several independent margin clients. Due to the decrease in the market value of the listed shares pledged to the Group during the current interim period, when assessing credit exposures to margin clients, the Group takes into account the fair value of listed securities pledged as collateral and outstanding balance of the credit exposures, other credit enhancements, and other factors such as executable settlement plan that may impact the recoverable amounts.

The details of impairment provisions for investment securities measured at amortised cost and term financing are set out in notes 15 and 18 of the unaudited condensed consolidated financial statements.

Financial Review

Analysis by Business Segments

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

	2023 Jan to Jun HK\$'000	2022 Jan to Jun HK\$'000	+/-%
Wealth management:			
— Segment revenue and income	570,191	455,266	+25
— Segment (loss)/profit before tax	(146,756)	59,596	N/A
— Segment margin (%)	N/A	13	N/A
Corporate finance:			
— Segment revenue and income	189,889	287,560	-34
— Segment profit before tax	35,673	55,947	-36
— Segment margin (%)	19	19	-
Asset management:			
— Segment revenue and income	96,789	141,253	-31
— Segment profit before tax	20,955	79,376	-74
— Segment margin (%)	22	56	-34
Global markets:			
— Segment revenue and income	492,688	568,437	-13
— Segment profit before tax	27,506	143,895	-81
— Segment margin (%)	6	25	-19
Investment:			
— Segment revenue and income	438,412	(1,362,409)	N/A
— Segment (loss) before tax	(627,515)	(1,998,036)	N/A
— Segment margin (%)	N/A	N/A	N/A
Total:			
— Segment revenue and income	1,787,969	90,107	+>100
— Segment (loss) before tax	(690,137)	(1,659,222)	N/A
— Segment margin (%)	N/A	N/A	N/A

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

Wealth management segment

During the first half of 2023, this segment continued to position itself as a well-rounded and well-recognised private wealth manager for entrepreneurs. It has also expanded the client base and raised brand awareness, with the aim of boosting fee income and interest income and becoming a stable revenue source for the Group in the face of market uncertainties.

During the current interim period, we stepped up the marketing and promotion efforts for the private wealth management services under this segment, launched various new offerings including, among others, external asset management services ("EAM") to acquire top-tier client assets, and enriched over-the-counter product offerings. Leveraging the Group's leading position in the investment banking sphere, this segment also partnered with the investment banking team to attract new entrepreneurial clients. To enhance the client experience, the private wealth management team collaborated with the cash equities sales and trading team to organise an array of investor activities and published reports regarding hot market topics on our official Wechat account, "Haitong International Private Wealth Management".

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

The table below presents the wealth management segment operating results:

	2023	2022	
	Jan to Jun	Jan to Jun	
	HK\$'000	HK\$'000	+/-%
Commission and fee income	82,532	113,855	-28
Interest income	492,458	338,003	+46
Other income and gains or losses	(4,799)	3,408	N/A
Segment revenue and income	570,191	455,266	+25
Segment expenses	(411,168)	(221,118)	+86
Profit before impairment charges and tax	159,023	234,148	-32
Impairment charges, net of reversal	(305,779)	(174,552)	+75
Segment profit before tax	(146,756)	59,596	N/A
Segment margin (%)	N/A	13	N/A

Revenue from this segment comprises commission and fee income (mainly including the brokerage commission, and handling fee, custodian fee, and service fee income), as well as interest income from margin financing and bank deposits on client money. In the first half of 2023, commission and fee income decreased by 28% year-on-year to HK\$83 million, and interest income increased by 46% year-on-year to HK\$492 million.

The contraction in commission income was due to a 16% year-on-year drop in overall turnover in Hong Kong stock market.

Financial Review

Interest income from this segment came mainly from margin financing and bank deposits of balances in clients' accounts. The Group made efforts to attract high-quality margin lending during the current interim period. Although the balance of margin lending, affected by the overall slowdown of market transactions in Hong Kong, has declined by 20% from the beginning of last year to HK\$9.8 billion, its average balance recorded a year-on-year increase, driving the interest income of this segment to increase by 46% from HK\$338 million as of June 2022 to HK\$492 million.

Segment expenses recorded a year-on-year increase of 86% to HK\$411 million, which was due to the increase in the finance costs as a result of the rising market interest rates in 2023.

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

Corporate finance segment

The Group's investment banking activities were affected by the slowdown in IPO fundraising during the first half of 2023. The Group completed 7 equity financing underwriting projects (including IPOs, secondary placings, and rights issues), in which two were IPO sponsoring projects in Hong Kong, and ranked no. 3 among all investment banks in terms of the number of projects, and completed 3 financial consultation projects on private financing in India.

DCM activities were also affected during the current interim period. The defaults of Chinese-issued USD high-yield bonds, in particular those issued by real estate developers, had a significant impact on the market demand for such bonds, which led to a year-on-year decrease in the scale of overall debt issuance. During the current interim period, the Group completed 48 bond issuance projects and expanded its capability as a financial advisor on debt restructuring, with the DCM team completing 6 debt restructuring projects. The DCM team also completed 3 green and sustainable bond issuances during the current reporting period, with a total financing amount exceeding US\$572 million.

Amidst the prolonged subdued capital market, the Group strives to diversify fee income sources, for which the merger and acquisitions team is in the process of capturing more traditional cross-border merger and acquisition business and license business, while the loan capital markets team continues to enhance the coverage of private equity and stimulate cross-selling opportunities. During the current interim period, the financial advisory and consultancy fee income attributable to the corporate finance segment amounted to HK\$99 million, representing an increase of 25% year-on-year. The Group is confident that it can tap into other fee income in the second half of 2023.

The table below presents corporate finance segment operating results:

	2023 Jan to Jun HK\$'000	2022 Jan to Jun HK\$'000	+/-%
Commission and fee income	170,724	277,014	-38
Interest income	16,566	10,328	+60
Other income and gains or losses	2,599	218	+>100
Segment revenue and income	189,889	287,560	-34
Segment expenses	(158,622)	(230,242)	-31
Profit before impairment charges and tax	31,267	57,318	-45
Impairment charges, net of reversal	4,406	(1,371)	N/A
Segment profit before tax	35,673	55,947	-36
Segment margin (%)	19	19	-

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

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

	2023 Jan to Jun HK\$'000	2022 Jan to Jun HK\$'000	+/-%
Underwriting and placing commission:			
— Debt capital markets ("DCM")	34,520	155,989	-78
— Equity capital markets ("ECM")	37,361	41,797	-11
Financial advisory and consultancy fee income	98,843	79,228	+25
	170,724	277,014	-38

As mentioned above, underwriting and placing commission attributable to ECM was significantly affected by the overall slump in IPO fundraising amount in the market. Underwriting and placing commission attributable to DCM also decreased by 78% year-on-year. The Group continued to seek to expand other fee income despite a sluggish market, thus driving up the financial advisory and consultancy fee income attributable to the Group by 25% year-on-year to HK\$99 million.

Segment expenses were HK\$159 million for the current reporting period, a drop of 31% year-on-year, mainly due to the decrease in overall segment operating expenses.

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Asset Management Segment

During the first half of 2023, the asset management team successfully launched a new fund and is in the process of preparing for the Strategic Fund for Investment-level Asian Bonds (亞洲投資級債券策略基金) and the ESG Thematic Funds for Low-carbon Pioneering Shares (低碳先鋒股票ESG主題基金) to meet the investment demand of high-net-worth clients, and also promoted cross-selling activities with the private wealth management segment. The asset management team also reviewed funds under its management and redeployed resources for new investment funds.

The table below presents the asset management segment operating results:

	2023 Jan to Jun HK\$'000	2022 Jan to Jun HK\$'000	+/-%
Commission and fee income	96,760	141,254	-31
Other income and gains or losses	29	(1)	N/A
Segment revenue and income	96,789	141,253	-31
Segment expenses	(75,834)	(61,877)	+23
Segment profit before tax	20,955	79,376	-74
Segment margin (%)	22	56	-34

Commission and fee income from this segment composed of asset management fee income and performance fee income from the numerous funds managed by the team. Asset management fee income decreased and no performance fee was recognised for the current interim period due to the fluctuating market.

Segment expenses mainly comprised staff costs and operating expenses, which increased by 23% year-on-year, mainly due to the increase in operating expenses for business development after the pandemic.

Global Markets segment

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

Despite the drop in turnover in the Hong Kong stock market, the cash equities sales and trading team and the equity research team continued to be committed in the provision of one-stop services to institutional customers, while consistently keeping an eye on the stock markets of the US, mainland China, India and Japan. The increase in shares of trading volume from the US, A share, Indian and Japanese stock markets had, to a certain degree, mitigated the decline in trading volume in the Hong Kong stock market. During the current interim period, the fixed income sales and trading team completed its transformation, and upgraded its fixed income business to sales and trading of fixed income securities and fixed income products in both primary and secondary markets. The prime brokerage business team worked closely with Haitong Securities Co., Limited, our parent company, to develop cross-border total return swaps to satisfy the investment demand from both the international institutional clients and Mainland clients. These will help to solidify the Group's leading position in assisting institutional clients investing in China. The equity research team constantly expanded the cross-region research capabilities, enhancing communication and collaboration between stock markets in the mainland of Mainland China, Japan, and India.

The table below presents the global markets segment operating results:

	2023 Jan to Jun HK\$'000	2022 Jan to Jun HK\$'000	+/-%
Commission and fee income	182,240	242,509	-25
Interest income	55,488	31,050	+79
Net trading income:			
— Net gain (loss) from financial assets held for trading and market making activities	22,600	(68,577)	N/A
— Net trading income on financial products	260,341	381,470	-32
Other income and gains or losses	(27,981)	(18,015)	N/A
Segment revenue and income	492,688	568,437	-13
Segment expenses	(463,924)	(424,555)	+9
Profit before impairment charges and tax	28,764	143,882	-80
Impairment charges, net of reversal	(1,258)	13	N/A
Segment profit before tax	27,506	143,895	-81
Segment margin (%)	6	25	-19

This segment generates revenues from various sources. Commission and fee income from this segment were HK\$182 million for the first half of 2023, a decline of 25% year-on-year, mainly due to the decrease in trading volume in the Hong Kong stock market. The rise in interest income was mainly driven by interest rate hikes and an increase in interest income from dealers and counterparties.

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

Segment expenses amounted to HK\$464 million, representing a 9% year-on-year increase, mainly due to increase in the finance costs as a result of the rising market interest rates.

Investment segment

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

The table below presents investment segment operating results:

	2023 Jan to Jun HK\$'000	2022 Jan to Jun HK\$'000	+/-%
Interest income	208,327	247,897	-16
Net gain/(loss) from investment securities measured at fair value	305,789	(1,596,043)	N/A
Other income and gains or losses	(75,704)	(14,263)	N/A
Segment revenue and income	438,412	(1,362,409)	N/A
Segment expenses	(928,488)	(567,925)	+63
Profit before impairment charges and tax	(490,076)	(1,930,334)	N/A
impairment charges, net of reversal	(137,439)	(67,702)	+>100
Segment (loss)/profit before tax	(627,515)	(1,998,036)	N/A
Segment margin (%)	N/A	N/A	N/A

This segment's revenue was mainly driven by fair value changes and disposal gain or loss of the investment securities held. During the current interim period, profits were mainly attributable to private equity investments. The Group has been reducing its scales in equity and bond investments since last year, thus narrowing the net investment loss for the first half of 2023 attributable to equity and bond investments.

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

Assets and Liabilities

Total assets as of 30 June 2023 amounted to HK\$89.9 billion, an increase of 1%, or HK\$800 million, from HK\$89.1 billion as of 31 December 2022; and total liabilities as of 30 June 2023 amounted to HK\$67.2 billion, a drop of 2%, or HK\$1.2 billion, from HK\$68.4 billion as of 31 December 2022.

During the current interim period, the Group reduced its investment securities held and advances to customers by HK\$1.2 billion and HK\$2.8 billion to HK\$33.8 billion and HK\$12.2 billion as of 30 June 2023 from HK\$35.0 billion and HK\$15.0 billion as of 31 December 2022, respectively, to increase its holding of cash and cash equivalents.

Given an increase in capital due to the subordinated perpetual bond issuance and right issue, the Group's funding liabilities reduced from HK\$51.0 billion as of 31 December 2022 to HK\$48.5 billion as of 30 June 2023. The Group's funding structure was equally proportioned between bank borrowings and debt securities in issue.

Assets

The table below presents details of total assets:

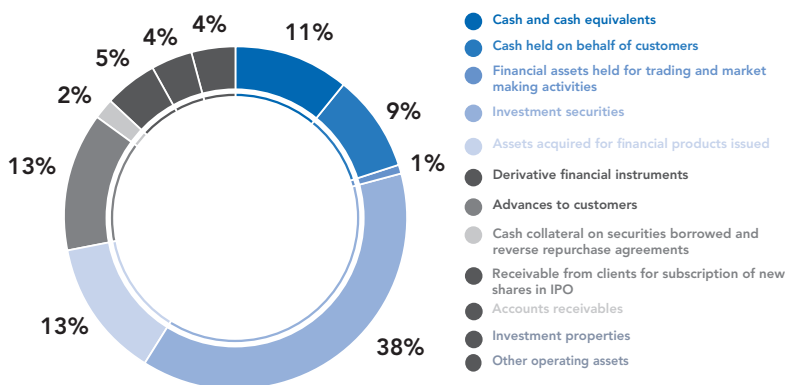
	30 June 2023 HK\$'000	31 December 2022 HK\$'000	+/-%
Cash and cash equivalents	9,695,293	5,002,861	+94
Cash held on behalf of customers	8,629,775	9,059,437	-5
Financial assets held for trading and market making activities	1,005,410	903,855	+11
Investment securities	33,829,075	35,031,286	-3
Assets acquired for financial products issued	11,483,728	10,564,616	+9
Derivative financial instruments	299,398	185,760	+61
Advances to customers	12,151,932	15,048,123	-19
Cash collateral on securities borrowed and reverse repurchase agreements	1,633,639	1,404,392	+16
Receivable from clients for subscription of new shares in IPO	-	1,080	-100
Accounts receivables	4,448,667	4,704,423	-5
Investment properties	3,445,862	3,405,900	+1
Other operating assets ⁶	3,319,352	3,785,469	-12
Total assets	89,942,131	89,097,202	+1

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

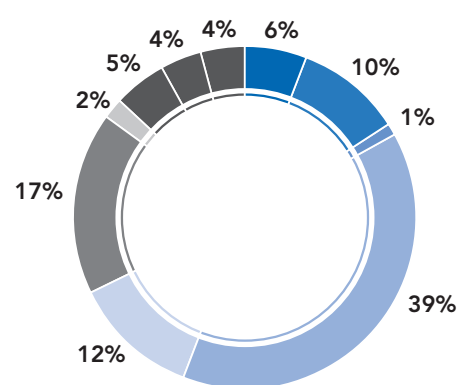
Financial Review

The chart below presents the Group's composition of assets as of 30 June 2023 and 31 December 2022:

Composition of total assets as of 30 June 2023



Composition of total assets as of 31 December 2022



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

Financial assets held for trading and market making activities mainly consisted of equities and fixed income securities, which increased by HK\$100 million or 11% from 31 December 2022 to HK\$1 billion as at 30 June 2023.

Investment securities at fair value (measured at fair value through profit or loss and fair value through other comprehensive income) decreased by HK\$600 million or 2% to HK\$30.5 billion from that of 31 December 2022. The group aims to establish an investment portfolio that can enhance resiliency against market fluctuations. During the current interim period, the Group continued to reduce equity and bond investment.

Investment securities at amortised cost reduced from HK\$3.9 billion as at 31 December 2022 to HK\$3.3 billion as at 30 June 2023, representing a decrease of HK\$600 million or 15%, which was due to certain investment securities was matured and repaid during the current interim period.

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

	30 June 2023 HK\$'000	31 December 2022 HK\$'000	+/-%
Financial assets held for trading and market making activities	1,005,410	903,855	+11
Investment securities measured at fair value	30,537,329	31,158,333	-2
Investment securities measured at amortised cost	3,291,746	3,872,953	-15
Derivative financial instruments	299,398	185,760	+61
Financial assets held by business segments for revenue and returns	35,133,883	36,120,901	-3
Proportion to total assets (%)	39	41	-2

Assets acquired for financial products issued

Assets acquired for financial products issued was HK\$11.5 billion, accounting for 13% of total assets as at 30 June 2023. The balance increased by 9% from 31 December 2022, which was mainly due to the active commencement of the Group's cross-border total return swaps business, leading to an addition of assets acquired for financial products. Meanwhile, a number of bond linked notes and fund linked notes were matured during the current interim period without renewal, offsetting the above increase.

Advances to customers

Advances to customers (net of impairment allowance) were HK\$12.2 billion as at 30 June 2023, decreased by 19% from HK\$15.0 billion as of 31 December 2022. The Group's advances to customers primarily consisted of margin financing of HK\$9.8 billion as at 30 June 2023, being 81% of advances to customers (as of 31 December 2022: HK\$12.2 billion, 81% of advances to customers). The remaining part was term financing. As at 30 June 2023, the balance was reduced by HK\$500 million as compared to that of 31 December 2022.

Investment properties

As at 30 June 2023, the Group's investment properties were held by consolidated investment funds with carrying value of HK\$3.4 billion as at 30 June 2023.

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Liabilities

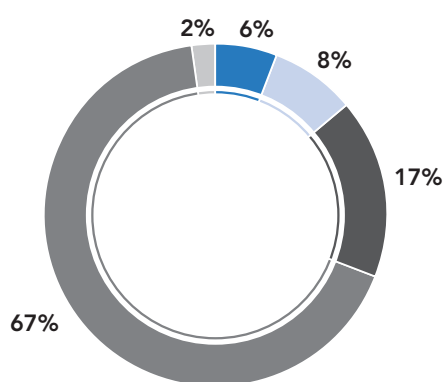
The table below presents details of total liabilities:

	30 June 2023 HK\$'000	31 December 2022 HK\$'000	+/-%
Financial liabilities held for trading and market making activities	210,860	125,875	+68
Financial products issued at fair value	4,005,080	2,882,336	+39
Derivative financial instruments	110,031	187,631	-41
Cash collateral on securities lent and repurchase agreements	5,187,693	5,859,415	-11
Accounts payable	11,465,632	10,601,632	+8
Bank borrowings and debt securities in issue	44,825,214	47,059,648	-5
Liabilities arising from consolidation of investment funds	233,210	361,940	-36
Other operating liabilities ⁷	1,166,175	1,329,917	-12
Total liabilities	67,203,895	68,408,394	-2

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

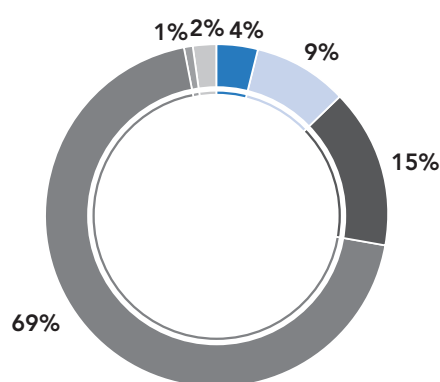
The chart below presents the breakdown of the Group's total liabilities as of 30 June 2023 and 31 December 2022:

Composition of total liabilities as of 30 June 2023



- Financial liabilities held for trading and market making activities
- Financial products issued at fair value
- Derivative financial instruments
- Cash collateral on securities lent and repurchase agreements
- Accounts payable
- Bank borrowings and debt securities in issue
- Liabilities arising from consolidation of investment funds
- Other operating liabilities

Composition of total liabilities as of 31 December 2022



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

As of 30 June 2023, financial liabilities held for trading and market making activities were HK\$200 million and derivative financial liabilities were HK\$100 million, aggregating to HK\$300 million, which was similar to that of 31 December 2022.

Financial products issued at fair value

Financial products issued at fair value were HK\$4 billion as of 30 June 2023, an increase of HK\$1.1 billion or 39% from 31 December 2022, mainly due to the cross-border total return swaps business jointly developed with the parent company, and also to fair value changes of the underlying instruments which was being borne by relevant noteholders.

Funding liabilities

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

	30 June 2023 HK\$'000	31 December 2022 HK\$'000	+/-%
Repurchase agreements	3,643,009	3,925,417	-7
Secured bank borrowings	388,131	184,630	+>100
Unsecured bank borrowings	28,956,180	29,654,013	-2
Non-convertible bonds	14,072,685	14,000,600	+1
Non-convertible notes	1,408,218	3,220,405	-56
Total funding liabilities	48,468,223	50,985,065	-5
Proportion of liabilities (%)	72	75	-3

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

Bank borrowings are mainly comprised of bilateral bank loans and syndicated loans. These loans are subject to floating rates with a spread over HIBOR. As of 30 June 2023, total bank borrowings were HK\$29.3 billion, a decrease of 2%, or HK\$500 million, from 31 December 2022, which was mainly due to the active reduction of the Group's funding liability scale in order to ease its financial burden. It is the Group's practice to maintain sufficient bilateral and syndicated facilities to ensure the Group is able to seize business opportunities as soon as they arise.

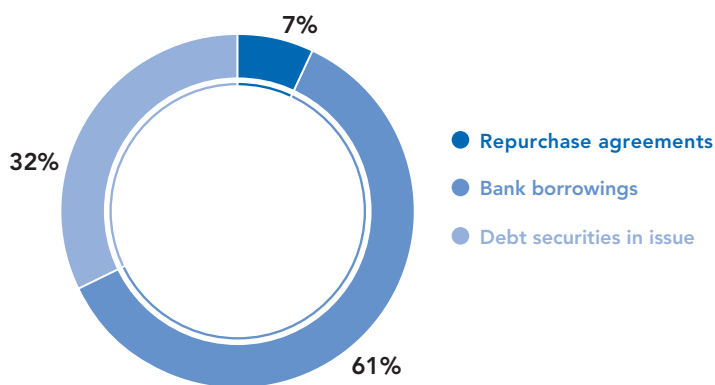
Debt securities in issue include non-convertible bonds and medium-term notes which bear interest at market interest rates at the time of issuance. As of 30 June 2023, the amount decreased by 10% or HK\$1.7 billion to HK\$15.5 billion from that as of 31 December 2022.

Financial Review

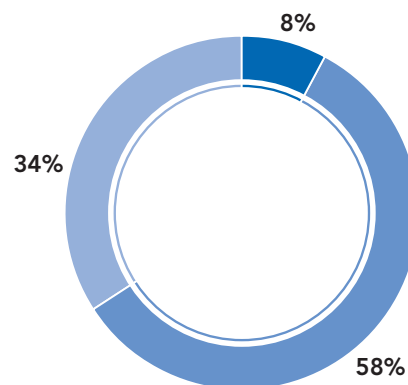
Repurchase agreements as of 30 June 2023 were HK\$3.6 billion, a slight decrease from HK\$3.9 billion as of 31 December 2022. As of 30 June 2023, equity repurchase agreements and bond repurchase agreements amounted to HK\$2.59 billion and HK\$1.06 billion respectively (31 December 2022: HK\$3.37 billion and HK\$550 million respectively).

When comparing 30 June 2023 and 31 December 2022, the Group's funding structure was equally proportioned between bank borrowings and debt securities in issue. The chart below shows the Group's funding structure as of 30 June 2023 and 31 December 2022:

Funding liabilities structure as of 30 June 2023



Funding liabilities structure as of 31 December 2022



Capital Structure and Regulatory Capital

As at 30 June 2023, total issued share capital of the Group was HK\$843.8024 million (as at 31 December 2022: HK\$664.1564 million), comprising of 8,438,024,077 shares of HK\$0.10 each (as at 31 December 2022: 6,641,563,594 shares of HK\$0.10 each).

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

	30 June 2023 HK\$'000	31 December 2022 HK\$'000	+/-%
Issued share capital	843,802	664,156	+27
Number of issued shares	8,438,024,077	6,641,563,594	+27

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

Impact on New Accounting Standards and Adoption of Accounting Policies

The Group is required to adopt a number of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants from 1 January 2023. The amendments to HKFRSs did not result in material impact to the Group’s financial positions. Further details of the principal accounting policies are detailed in note 3 of the unaudited condensed consolidated financial statements.

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Treasury Policies

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

Long term banking relationships with numerous commercial banks are well maintained to ensure sufficient banking facilities are in place to support the Group's funding needs. These banking facilities are mostly renewable annually and on floating interest rates basis. Subject to market conditions, the Group also taps on capital markets in various currencies. In the first half of 2023, the Group successfully renewed US\$5 billion Medium Term Note Programme and made drawdowns of HK\$703 million and US\$93 million respectively. On 24 February 2023, the Company entered into a facility agreement (the "Facility Agreement") with certain financial institutions, pursuant to which, the Company has obtained a revolving finance loan with a maximum amount of HK\$16.0 billion for a period of up to 364 days from the date of the Facility Agreement (the "Facility"). Haitong Securities Co., Limited ("HSCL"), the controlling shareholder of the Company, has made certain undertakings in this regard.

On 21 March 2023, the Company, as the issuer, issued a batch of subordinated perpetual securities in a principal amount of US\$200 million.

On 12 June 2023, the gross proceeds received by the Company from the right issue amounted to approximately HK\$1,167,699,300, while the net proceeds from the right issue (after deducting all expenses related to the right issue) was approximately HK\$1.16 billion.

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

Liquidity and Financial Resources

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

As of 30 June 2023, the Group's cash and cash equivalent amounted to HK\$9.7 billion. To ensure the Group's capability to finance recurring working capital requirements and meet funding needs as they arise, the Group maintained un-utilised banking facilities of HK\$17.2 billion as at 30 June 2023 and adequate issuance limit in the Medium Term Note Programme.

Human Resources Policy

As at 30 June 2023, the Group employed a total of 880 (31 December 2022: 996) permanent employees.

The Group will determine the remuneration of employees based on various factors, including the nature of job, labour market trends and practices, external economic conditions, employee's relevant experiences, qualifications, and capabilities. The Group's remuneration framework has a direct linkage between pay and performance. Base salary and discretionary incentive and bonus will be reviewed on an annual basis by making references to prevailing practices in the labour market, our strategic focus, business distribution and the overall financial results of the Group, and the employee's performance and fulfillment of compliance requirements. Annual reviews are conducted to reward employees for their contributions over the year, and to retain and inspire talents to continue in creating values for the Group. Other benefits offered by the Group include employer voluntary contributions to mandatory provident fund scheme, various Group insurance s and medical schemes.

The Group views employees as an invaluable asset and is committed to provide continuous learning and developing opportunities to them. The Group provides a comprehensive range of staff training and development programs, including various compliance training course to all staff; extensive professional training for licensed persons; training sponsorship scheme to encourage staffs to seek self-development through attending job-related external training courses; and financial assistance provision to acquire professional qualification. To support the green financial and sustainable development goals, the Group also provides well-round ESG training and organised ESG activities to apply its ESG philosophy into various aspects of its businesses and operations. The total number of training sessions is increased by 20% with increase in compliance, leadership/management training in comparison with same period last year.

The Group has been running a Management Trainee Development Scheme and a Fresh Graduate Development Scheme to nurture talents and meet the Group's demands of talents for its business development at home and abroad. This year, the Group continued the Summer Internship Program, providing in-study internship opportunities to local and foreign young talents, who, especially those in penultimate-year, were able to get access to on-the-job training and exposures in the financial industries through such program.

Material acquisitions and disposals

For the 6 months ended 30 June 2023, the Group had no material acquisition and disposal of subsidiaries, associated companies and joint ventures.

Significant investments held

The Group did not hold any significant investment with value greater than 5% of its total assets as at 30 June 2023.

Charges on group's assets

No asset of the Group was subject to any charge as at 30 June 2023 and 31 December 2022, respectively (except for "collateral" relating to repurchase agreements as set out in note 27 to the unaudited condensed consolidated financial statements).

Capital commitments, other commitments and contingent liabilities

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

Report on Review of Condensed Consolidated Financial Statements

Deloitte.

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TO THE BOARD OF DIRECTORS OF
HAITONG INTERNATIONAL SECURITIES GROUP LIMITED

Introduction

We have reviewed the condensed consolidated financial statements of Haitong International Securities Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 33 to 98, which comprise the condensed consolidated statement of financial position as of 30 June 2023 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
28 August 2023

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2023

	NOTES	Six months ended	
		30.6.2023 HK\$'000 (unaudited)	30.6.2022 HK\$'000 (unaudited)
Revenue			
Commission and fee income	6	532,256	774,632
Interest income	6	772,839	627,278
Net trading and investment income	6	588,730	(1,283,150)
		1,893,825	118,760
Other income and gains or losses	6	(105,856)	(28,653)
		1,787,969	90,107
Staff costs	7	(399,580)	(545,943)
Commission expenses		(8,582)	(3,173)
Amortisation and depreciation		(95,699)	(117,234)
Operating expenses		(375,835)	(368,224)
Finance costs	9	(1,158,340)	(471,143)
		(2,038,036)	(1,505,717)
Loss before impairment charges and tax		(250,067)	(1,415,610)
Impairment charges, net of reversal	8	(440,070)	(243,612)
Loss before tax		(690,137)	(1,659,222)
Income tax expense	10	(90,806)	(22,000)
Loss for the period attributable to owners of the Company		(780,943)	(1,681,222)
Loss per share attributable to owners of the Company	11		
— Basic (HK cents per share)		(11.55)	(25.62) (restated)
— Diluted (HK cents per share)		(11.55)	(25.62) (restated)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023

	Six months ended	
	30.6.2023 HK\$'000 (unaudited)	30.6.2022 HK\$'000 (unaudited)
Loss for the period attributable to owners of the Company	(780,943)	(1,681,222)
Other comprehensive income (expenses):		
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Fair value changes on investments in equity instruments at fair value through other comprehensive income	32,138	(234,733)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translating foreign operations	59,340	41,064
Other comprehensive income (expenses) for the period	91,478	(193,669)
Total comprehensive expenses for the period attributable to owners of the Company	(689,465)	(1,874,891)

Condensed Consolidated Statement of Financial Position

At 30 June 2023

	NOTES	30.6.2023 (unaudited)			31.12.2022 (audited)		
		Current	Non-	Total	Current	Non-	Total
		HK\$'000	current HK\$'000	HK\$'000	HK\$'000	HK\$'000	current HK\$'000
ASSETS							
Cash and cash equivalents		9,695,293	–	9,695,293	5,002,861	–	5,002,861
Cash held on behalf of customers	13	8,629,775	–	8,629,775	9,059,437	–	9,059,437
Financial assets held for trading and market making activities	14	1,005,410	–	1,005,410	903,855	–	903,855
Investment securities	15	22,711,173	11,117,902	33,829,075	24,209,788	10,821,498	35,031,286
Assets acquired for financial products issued	16	11,480,649	3,079	11,483,728	10,562,194	2,422	10,564,616
Derivative financial instruments	17	299,398	–	299,398	185,760	–	185,760
Advances to customers	18	11,429,492	722,440	12,151,932	13,944,015	1,104,108	15,048,123
Cash collateral on securities borrowed and reverse repurchase agreements	19	1,633,639	–	1,633,639	1,404,392	–	1,404,392
Receivable from clients for subscription of new shares in IPO	20	–	–	–	1,080	–	1,080
Accounts receivable	20	4,448,667	–	4,448,667	4,704,423	–	4,704,423
Tax recoverable		644,522	–	644,522	656,019	–	656,019
Prepayments, deposits and other receivables	21	950,091	217,618	1,167,709	1,423,609	100,574	1,524,183
Goodwill and other intangible assets	24	–	416,887	416,887	–	431,308	431,308
Other assets		–	185,191	185,191	–	223,826	223,826
Investment properties	25	–	3,445,862	3,445,862	–	3,405,900	3,405,900
Property and equipment	26	–	832,195	832,195	–	875,388	875,388
Deferred tax assets		–	72,848	72,848	–	74,745	74,745
Total assets		72,928,109	17,014,022	89,942,131	72,057,433	17,039,769	89,097,202

Condensed Consolidated Statement of Financial Position

At 30 June 2023

	NOTES	30.6.2023 (unaudited)			31.12.2022 (audited)		
		Current	Non-current	Total	Current	Non-current	Total
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
LIABILITIES AND EQUITY							
Liabilities							
Financial liabilities held for trading and market making activities	14	210,860	–	210,860	125,875	–	125,875
Financial products issued at fair value	16	4,001,965	3,115	4,005,080	2,879,886	2,450	2,882,336
Derivative financial instruments	17	110,031	–	110,031	187,631	–	187,631
Cash collateral on securities lent and repurchase agreements	27	5,187,693	–	5,187,693	5,859,415	–	5,859,415
Accounts payable	28	11,465,632	–	11,465,632	10,601,632	–	10,601,632
Bank borrowings and debt securities in issue	29	33,885,099	10,940,115	44,825,214	36,175,110	10,884,538	47,059,648
Liabilities arising from consolidation of investment funds	23	233,210	–	233,210	361,940	–	361,940
Tax payable		171,196	–	171,196	181,206	–	181,206
Other payables, accruals and other liabilities		812,540	165,954	978,494	956,925	169,597	1,126,522
Deferred tax liabilities		–	16,485	16,485	–	22,189	22,189
Total liabilities		56,078,226	11,125,669	67,203,895	57,329,620	11,078,774	68,408,394
Equity							
Share capital	30			843,802			664,156
Reserves				21,894,434			20,024,652
Total shareholders' equity				22,738,236			20,688,808
Total liabilities and shareholders' equity				89,942,131			89,097,202
Net current assets				16,849,883			14,727,813

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Attributable to owners of the Company													Total HK\$'000
	Share capital HK\$'000	Share premium account ¹ HK\$'000	Share option reserve ¹ HK\$'000	Share award reserve ¹ HK\$'000	Shares held for employee share award scheme ¹ HK\$'000 (note 31)	Capital redemption reserve ¹ HK\$'000	Contributed surplus ¹ HK\$'000	Capital reserve ¹ HK\$'000	Investments revaluation reserve ¹ HK\$'000	Exchange reserve ¹ HK\$'000	Perpetual securities HK\$'000	Retained profits ¹ HK\$'000		
At 1 January 2023 (audited)	664,156	19,301,768	16,511	19,847	(230,864)	5,102	21	40,383	(419,960)	(108,308)	-	1,400,152	20,688,808	
Loss for the period	-	-	-	-	-	-	-	-	-	-	-	(780,943)	(780,943)	
Other comprehensive income for the period	-	-	-	-	-	-	-	-	32,138	59,340	-	-	91,478	
Total comprehensive (expense) income	-	-	-	-	-	-	-	-	32,138	59,340	-	(780,943)	(689,465)	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	(9,096)	-	-	9,096	-	
Recognition of equity-settled share-based payment (note 31)	-	-	649	5,120	-	-	-	-	-	-	-	-	5,769	
Vesting of shares for the share award scheme	-	89	-	(6,815)	6,726	-	-	-	-	-	-	-	-	
Perpetual securities issued	-	-	-	-	-	-	-	-	-	-	1,569,670	-	1,569,670	
Distribution relating to perpetual securities	-	-	-	-	-	-	-	-	-	-	29,509	(29,554)	(45)	
Share issued under rights issue	179,646	983,853	-	-	-	-	-	-	-	-	-	-	1,163,499	
Adjustment of rights issued	-	(130)	130	-	-	-	-	-	-	-	-	-	-	
Share options lapsed	-	857	(857)	-	-	-	-	-	-	-	-	-	-	
Share awards lapsed	-	16	-	(16)	-	-	-	-	-	-	-	-	-	
At 30 June 2023 (unaudited)	843,802	20,286,453	16,433	18,136	(224,138)	5,102	21	40,383	(396,918)	(48,968)	1,599,179	598,751	22,738,236	
At 1 January 2022 (audited)	603,778	19,360,033	23,128	31,031	(269,732)	5,102	21	40,383	(104,639)	(103,322)	-	7,940,662	27,526,445	
Loss for the period	-	-	-	-	-	-	-	-	-	-	-	(1,681,222)	(1,681,222)	
Other comprehensive (expense) income for the period	-	-	-	-	-	-	-	-	(234,733)	41,064	-	-	(193,669)	
Total comprehensive (expense) income	-	-	-	-	-	-	-	-	(234,733)	41,064	-	(1,681,222)	(1,874,891)	
Recognition of equity-settled share-based payment (note 31)	-	-	892	19,649	-	-	-	-	-	-	-	-	20,541	
Vesting of shares for the share award scheme	-	134	-	(16,191)	16,057	-	-	-	-	-	-	-	-	
Purchases of shares held under the share award scheme	-	-	-	-	(17,670)	-	-	-	-	-	-	-	(17,670)	
Share issued under bonus shares	60,378	(60,378)	-	-	-	-	-	-	-	-	-	-	-	
Adjustment of bonus issued	-	(2,355)	2,355	-	-	-	-	-	-	-	-	-	-	
Share options lapsed	-	522	(522)	-	-	-	-	-	-	-	-	-	-	
Share awards lapsed	-	20	-	(20)	-	-	-	-	-	-	-	-	-	
At 30 June 2022 (unaudited)	664,156	19,297,976	25,853	34,469	(271,345)	5,102	21	40,383	(339,372)	(62,258)	-	6,259,440	25,654,425	

¹ These reserve accounts represent the unaudited consolidated reserves other than share capital and proposed dividend of approximately HK\$21,894 million (31 December 2022: approximately HK\$20,025 million) in the unaudited condensed consolidated statement of financial position.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Six months ended	
	30.6.2023 HK\$'000 (unaudited)	30.6.2022 HK\$'000 (unaudited)
OPERATING ACTIVITIES		
Operating cash flows before movements in working capital	154,993	(1,543,251)
Decrease in other assets	38,635	19,487
Increase in investment properties	(39,962)	(3,130,516)
Decrease (increase) in advances to customers	2,606,050	(1,812,967)
Decrease (increase) in receivable from clients for subscription of new shares in IPO	1,080	(1,665)
Decrease in accounts receivable	254,381	2,208,547
Decrease in prepayments, deposits and other receivables	276,621	158,209
(Increase) decrease in financial assets held for trading and market making activities	(101,555)	1,855,902
Decrease (increase) in investment securities	1,100,675	(117,550)
(Increase) decrease in assets acquired for financial products issued	(919,112)	1,207,661
Decrease in cash held on behalf of customers	429,595	1,073,426
Increase (decrease) in accounts payable	861,569	(1,426,053)
(Decrease) increase in cash collateral on securities lent and repurchase agreements	(757,646)	2,526,688
(Increase) decrease in cash collateral on securities borrowed and reverse repurchase agreements	(227,628)	494,821
Increase (decrease) in financial liabilities held for trading and market making activities	84,985	(1,710,556)
Decrease in liabilities arising from consolidation of investment funds (Note)	(128,730)	(434,416)
Increase (decrease) in financial products issued at fair value	1,122,744	(2,141,266)
Change in derivative financial instruments (net)	(191,238)	(334,422)
Decrease in other payables, accruals and other liabilities	(5,419)	(188,198)
Cash from (used in) operations	4,560,038	(3,296,119)
Interest received	827,262	543,655
Dividend received	81,911	109,257
Interest paid	(1,063,354)	(473,044)
Tax paid	(93,126)	(312,216)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	4,312,731	(3,428,467)

	NOTE	Six months ended	
		30.6.2023 HK\$'000 (unaudited)	30.6.2022 HK\$'000 (unaudited)
INVESTING ACTIVITIES			
Proceeds from disposal of property and equipment		–	22
Purchase of intangible assets		(1,173)	(3,978)
Purchases of property and equipment		(3,065)	(13,910)
Proceeds from disposal of investment in equity instruments at fair value through other comprehensive income		9,096	–
NET CASH FROM (USED IN) INVESTING ACTIVITIES		4,858	(17,866)
FINANCING ACTIVITIES			
Proceeds from issuance of non-convertible notes		1,007,920	4,344,007
Proceeds from right issue		1,163,499	–
Proceeds from issuance of perpetual securities		1,569,670	–
Repayment of non-convertible notes		(2,825,000)	(4,751,908)
Net (repayment) proceeds for bank borrowings raised		(494,332)	3,220,497
Repayments of lease liabilities		(46,914)	(68,171)
Purchase of shares held under share award scheme	31	–	(17,670)
NET CASH FROM FINANCING ACTIVITIES		374,843	2,726,755
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		4,692,432	(719,578)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		5,002,861	7,106,485
CASH AND CASH EQUIVALENTS AT END OF PERIOD		9,695,293	6,386,907
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents		9,695,293	6,386,907

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

1. General Information

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

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

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

2. Basis of Preparation

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

3. Principal Accounting Policies

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

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those followed in the preparation of the Group’s audited consolidated financial statements for the year ended 31 December 2022.

3. Principal Accounting Policies (continued)

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

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2023 for the preparation of the Group's unaudited condensed consolidated financial statements:

Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

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

In July 2023, the HKICPA issued the amendments to HKAS 12 to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "Pillar Two legislation"). The amendments require that entities shall apply the amendments immediately upon issuance. The amendments also require that entities shall disclose separately its current tax expense/income related to Pillar Two income taxes, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

The Group is yet to apply the temporary exception during the current interim period because the Group's entities are operating in jurisdictions which the Pillar Two legislation has not yet been enacted or substantially enacted. The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's annual consolidated financial statements in which the Pillar Two legislation has been enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

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

In preparing the unaudited condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements for the year ended 31 December 2022.

5. Segment Information

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

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

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

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

5. Segment Information (continued)

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

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

For the six months ended 30 June 2023

	Wealth management HK\$'000	Corporate finance HK\$'000	Asset management HK\$'000	Global markets HK\$'000	Investment HK\$'000	Consolidated HK\$'000
Segment revenue:						
Commission and fee income	82,532	170,724	96,760	182,240	–	532,256
Interest income	492,458	16,566	–	55,488	208,327	772,839
Net trading and investment income	–	–	–	282,941	305,789	588,730
Segment revenue	574,990	187,290	96,760	520,669	514,116	1,893,825
Other income and gains (losses)	(4,799)	2,599	29	(27,981)	(75,704) ¹	(105,856)
	570,191	189,889	96,789	492,688	438,412	1,787,969
Segment expenses	(411,168)	(158,622)	(75,834)	(463,924)	(928,488)	(2,038,036)
Profit (loss) before impairment charges and tax	159,023	31,267	20,955	28,764	(490,076)	(250,067)
Impairment charges, net of reversal	(305,779)	4,406	–	(1,258)	(137,439)	(440,070)
(Loss) profit before tax	(146,756)	35,673	20,955	27,506	(627,515)	(690,137)
Income tax expense						(90,806)
Loss for the period						(780,943)
Amortisation and depreciation	(36,277)	(12,041)	(3,767)	(38,370)	(5,244)	(95,699)
Finance costs	(228,442)	(22,547)	–	(62,074)	(845,277)	(1,158,340)

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For the six months ended 30 June 2023

5. Segment Information (continued)

For the six months ended 30 June 2022

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

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

6. Revenue and Other Income and Gains or Losses

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

	Six months ended	
	30.6.2023	30.6.2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue		
Commission and fee income (note (i)):		
Commission on brokerage (note (ii))	168,905	252,763
Commission on underwriting and placing	71,881	197,786
Financial advisory and consultancy fee income	98,843	79,228
Asset management fee and performance fee income	96,760	141,254
Handling, custodian and service fee income (note (ii))	95,867	103,601
	532,256	774,632
Interest income:		
Interest income from advances to customers		
— margin financing	300,594	272,499
— term financing	68,096	119,497
Interest income from investment securities measured at amortised cost	178,163	163,457
Interest income from reverse repurchase agreements	26,378	30,261
Interest income from bank deposits and others	199,608	41,564
	772,839	627,278
Net trading and investment income (note (iii)):		
Net gain (loss) from financial assets held for trading and market making activities	22,600	(68,577)
Net trading income on financial products	260,341	381,470
Net gain (loss) from investments (note (v))	305,789	(1,596,043)
	588,730	(1,283,150)
	1,893,825	118,760
Other income and gains or losses		
Others (note (iv))	(105,856)	(28,653)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

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

Notes:

- (i) Commission and fee income is the only revenue arising from HKFRS 15, while interest income and net trading and investment income are under the scope of HKFRS 9. Included in revenue, revenue arising from contract with customers recognised at a point in time and over time were HK\$377,440,000 (six months ended 30 June 2022: HK\$605,402,000) and HK\$154,816,000 (six months ended 30 June 2022: HK\$169,230,000) respectively.
- (ii) Amounts of commission on brokerage of HK\$119,745,000 (six months ended 30 June 2022: HK\$186,231,000) and handling, custodian and service fee income of HK\$62,495,000 (six months ended 30 June 2022: HK\$56,278,000) have been included in global markets segment and each of the remaining amounts of these categories have been included in wealth management segment.
- (iii) Net gain from investments of HK\$305,789,000 (six months ended 30 June 2022: net loss of HK\$1,596,043,000) has been included in investment segment. Net gain from financial assets held for trading and market making activities of HK\$22,600,000 (six months ended 30 June 2022: net loss of HK\$68,577,000) and net trading income on financial products of HK\$260,341,000 (six months ended 30 June 2022: net trading income of HK\$381,470,000) have been included in global markets segment.
- (iv) Included in other income and gains or losses is the net gain on remeasurement of the liability in relation to the share of consolidated investment funds attributable to third-party unit/shareholders of HK\$11 million (six months ended 30 June 2022: net gain of HK\$160 million).

Foreign exchange loss (net) of HK\$126 million (six months ended 30 June 2022: foreign exchange loss (net) of HK\$195 million) was also included in the other income and gains or losses. This amount relates to gain or loss arising from translation of foreign currency denominated assets and liabilities (other than financial assets/liabilities measured at fair value through profit or loss) into Hong Kong dollar, while the gain or loss arising from translation of financial assets/liabilities at fair value through profit or loss is recognised within net trading and investment income.

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

- (v) For the purpose of the disclosure on net gain (loss) from investments, investments include investment securities measured at fair value (note 15) and investment properties (note 25). Included in net gain (loss) from investments is a revaluation gain of HK\$40 million (six months ended 30 June 2022: HK\$500 million) in relation to investment properties. This revaluation gain has been included in investment segment.

7. Staff Costs

	Six months ended	
	30.06.2023	30.06.2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Salaries, incentives, bonuses and allowances	377,990	518,560
Pension scheme contributions (net)	21,590	27,383
	399,580	545,943

8. Impairment Charges, Net of Reversal

	Six months ended	
	30.06.2023	30.06.2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net impairment charges (reversal of impairment charges) on:		
Advances to customers (note 18)		
— margin financing	270,134	175,007
— term financing	20,007	46,552
Investment securities measured at amortised cost	124,578	(4,904)
Accounts receivable and others	25,351	26,957
	440,070	243,612

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For the six months ended 30 June 2023

9. Finance Costs

	Six months ended	
	30.06.2023	30.06.2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Bank loans and overdrafts	814,002	212,190
Debt securities in issue:		
— Non-convertible bonds	209,090	208,434
— Non-convertible notes	41,558	28,172
Interest on lease liabilities	7,766	4,980
Repurchase agreements and others	85,924	17,367
	1,158,340	471,143

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

10. Income Tax Expense

	Six months ended	
	30.6.2023	30.6.2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current taxation:		
— Hong Kong	47,555	23,122
— Other jurisdictions	47,058	3,130
	94,613	26,252
Deferred tax:		
— Current period	(3,807)	(4,252)
	90,806	22,000

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

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

11. Loss Per Share

Basic loss per share

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

	Six months ended	
	30.6.2023 (unaudited)	30.6.2022 (unaudited) (restated)
Loss		
Loss for the period attributable to owners of the Company (HK\$'000)	(780,943)	(1,681,222)
Number of shares		
Weighted average number of ordinary shares in issue less shares held for the share award scheme (in thousands) (notes (b) and (c))	6,761,421	6,563,224
Basic loss per share (HK cents per share)	(11.55)	(25.62)

Diluted loss per share

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

	Six months ended	
	30.6.2023 (unaudited)	30.6.2022 (unaudited) (restated)
Loss		
Loss for the period attributable to owners of the Company (HK\$'000)	(780,943)	(1,681,222)
Effect of dilutive potential ordinary shares	—	—
Loss for the purpose of diluted loss per share (HK\$'000)	(780,943)	(1,681,222)
Number of shares		
Weighted average number of ordinary shares in issue less shares held for the share award scheme (in thousands) (notes (b) and (c))	6,761,421	6,563,224
Effect of dilutive potential ordinary shares:		
— Share options (in thousands) (note (d))	—	—
— Share awards (in thousands) (note (d))	—	—
Weighted average number of ordinary shares for the purpose of diluted loss per share (in thousands)	6,761,421	6,563,224
Diluted loss per share (HK cents per share)	(11.55)	(25.62)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

11. Loss Per Share (continued)

Diluted loss per share (continued)

Notes:

- (a) On 23 June 2022, 603,778,508 shares were issued as bonus share on the basis one bonus share for every ten existing shares held by the shareholders of the Company. The effect of the bonus share has been included within the calculation of basic and diluted loss per share.
- (b) During the period, the Company raised approximately HK\$1,163 million by way of rights issue on the basis of 3 rights share for every 10 existing shares held by shareholders of the Company at the discounted price of HK\$0.65, which represent a discount to the prevailing fair value at the date of rights issue of the existing shares.

The effect of the bonus element resulting from this rights issue has been included in the calculation of basic and diluted loss per share and the prior period basic and diluted loss per share are adjusted in order to provide a comparable basis for the rights issue in the current period.

- (c) As at 30 June 2023, the trustee of the share award scheme held 113,653,474 ordinary shares of the Company (30 June 2022: 137,590,910 shares) for the share award scheme, which was adopted by the Board on 19 December 2014, through purchases in the open market at a total cost, including related transaction costs, of approximately HK\$224 million (30 June 2022: HK\$271 million).

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

- (d) The computation of diluted loss per share for the six months ended 30 June 2022 and 2023 does not assume the exercise of the Company's outstanding share options and share awards as their assumed exercise would result in a decrease in loss per share.

12. Dividends

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

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

At a meeting of the Board held on 28 March 2023, the Board resolved not to declare a second interim dividend for the year ended 31 December 2022.

At a meeting of the Board held on 28 August 2023, the Board resolved not to declare an interim dividend for the 6 months ended 30 June 2023.

13. Cash Held on Behalf of Customers

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

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

	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
Financial assets held for trading and market making activities — at fair value		
Listed equity investments	354	20,081
Listed debt investments	1,005,056	785,669
Unlisted equity investments	–	85,059
Unlisted debt investments and other financings	–	13,046
	1,005,410	903,855
Financial liabilities held for trading and market making activities — at fair value		
Listed equity investments (note (i))	2	2
Listed debt investments (note (i))	210,858	125,873
	210,860	125,875

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

Note:

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

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For the six months ended 30 June 2023

15. Investment Securities

	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
Investment securities measured at:		
— Fair value through profit or loss	29,818,976	30,352,547
— Fair value through other comprehensive income	718,353	805,786
— Amortised cost (note (iv))	3,291,746	3,872,953
	33,829,075	35,031,286
Less: Non-current portion (note (iii))	(11,117,902)	(10,821,498)
Current portion	22,711,173	24,209,788

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

	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
Investment securities measured at fair value through profit or loss		
Listed equity investments	1,238,470	1,271,744
Exchange traded funds	1,420,024	1,339,952
Listed debt investments	647,744	183,065
Unlisted equity investments	94,629	8,295
Unlisted debt investments and other financings (note (v))	1,180,785	366,539
Unlisted investment funds (note (ii))	11,086,340	12,178,783
Consolidated investment funds (note (i))	14,150,984	15,004,169
	29,818,976	30,352,547
Less: Non-current portion (note (iii))	(10,086,459)	(9,704,932)
Current portion	19,732,517	20,647,615
Investment securities measured at fair value through other comprehensive income		
Listed equity investments	—	76,642
Consolidated investment funds (note (i))	718,353	729,144
	718,353	805,786
Less: Non-current portion (note (iii))	(718,353)	(805,786)
Current portion	—	—

15. Investment Securities (continued)

	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
Investment securities measured at amortised cost (note (iv))		
Unlisted debt investments and other financings	3,841,089	4,297,718
Less: Impairment allowance	(549,343)	(424,765)
	3,291,746	3,872,953
Less: Non-current portion (note (iii))	(313,090)	(310,780)
Current portion	2,978,656	3,562,173

Notes:

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

As at 30 June 2023 and 31 December 2022, the amount includes the consolidated bond funds, equity funds, private equity funds and limited partnership funds. Details of the breakdown of investments held by consolidated investment funds and fair value measurement are set out in "financial risk management"(note 34) of the unaudited condensed consolidated financial statements.

Included in the consolidated investment funds of HK\$14,869 million (31 December 2022: HK\$15,733 million) is interests held by third-party unit/shareholders of HK\$233 million (31 December 2022: HK\$362 million). These interests are held by third-party unit/shareholders and the gain or loss arising from these third party interests have no impact to the net assets, net profit and leverage ratio of the Group. Instead, these interests are consolidated as a result of assessment of criteria under note 23.

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

There is no unfilled capital commitment to these investment funds. The current carrying amount of HK\$11,086 million (31 December 2022: HK\$12,179 million) in the unaudited condensed consolidated statement of financial position represents the Group's maximum exposure.

- (iii) As at 30 June 2023 and 31 December 2022, included in the non-current portion of investment securities are listed equity investments, unlisted equity investments, unlisted debt investments and other financings, unlisted investment funds and consolidated investment funds that the directors of the Company expect to realise not within twelve months after each reporting period.

- (iv) Included in investment securities measured at amortised cost with the gross carrying amount of HK\$3,566 million (31 December 2022: HK\$4,023 million) are investment securities that are secured and with net carrying amount of HK\$3,292 million (31 December 2022: HK\$3,873 million).

These investment securities measured at amortised cost are secured and/or guaranteed with contractual maturity within 2 years from the reporting date. These investment securities are monitored by the Risk Management Department and the Investment Committee of the Group based on the latest status of these securities, and the latest announced or available information about the issuers and the underlying collateral held.

As at 30 June 2023, there were seven past due investment securities (31 December 2022: seven) with the gross carrying amount of HK\$3,280 million (31 December 2022: HK\$3,380 million).

As at 30 June 2023, there was a credit-impaired investment security with the gross carrying amount of US\$8 million (31 December 2022: US\$8 million) (equivalent to approximately HK\$63 million (31 December 2022: HK\$62 million)) with collateral of properties. The investment security has been overdue since June 2021. The issuer continues to seek refinancing and/or divestment on the collaterals and other assets to repay the outstanding principal and accrued interest. In assessing the impairment provision, the Group evaluated the fair value of collaterals held and considered no provision shall be made against this security as at 30 June 2023 and 31 December 2022.

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For the six months ended 30 June 2023

15. Investment Securities (continued)

Notes: (continued)

(iv) (continued)

As at 30 June 2023, there was a credit-impaired investment security with gross carrying amount of US\$128 million (31 December 2022: US\$128 million) (equivalent to approximately HK\$1,002 million (31 December 2022: HK\$997 million)) that relates to an overseas property development project held by a Hong Kong listed company and the relevant property development project was pledged to the Group. The investment security has been overdue since November 2021. In assessing the impairment provision, the Group evaluated the fair value of collaterals held and considered no provision shall be made against this security as at 30 June 2023 and 31 December 2022.

As at 30 June 2023, there was a credit-impaired investment security with gross carrying amount of HK\$1,396 million with collaterals of Hong Kong listed company shares and a property development project in the United States (31 December 2022: two credit-impaired investment securities with HK\$1,781 million gross carrying value with collateral of Hong Kong listed companies shares and a property development project in the United States). The investment security has been overdue since June 2021. During the period ended 30 June 2023, a repayment of the gross carrying amount of HK\$385 million was received from the borrower in cash. In assessing the impairment provision, the Group evaluated the fair value of collaterals held and considered no provision shall be made against this security as at 30 June 2023 and 31 December 2022.

As at 30 June 2023, there was a credit-impaired investment security with a gross carrying amount and net carrying amount of HK\$279 million and HK\$24 million respectively (31 December 2022: HK\$279 million and HK\$132 million respectively) with collateral of Hong Kong listed company shares. The investment security has been overdue since March 2023. In assessing impairment, the management considered a number of factors including the financial status of the borrower and fair value of the collateral of Hong Kong listed company shares. An additional impairment provision of HK\$108 million (during the year ended 31 December 2022: HK\$147 million) was made during the current period due to the decrease in the fair value of the collateral pledged. In the opinion of the directors of the Company, the impairment provision for the current period is appropriate.

As at 30 June 2023, there was a credit-impaired investment security with a gross carrying amount of HK\$65 million (31 December 2022: HK\$65 million) with collateral of real estate properties in Canada. The investment security has been overdue since December 2022. In assessing impairment, the management considered a number of factors including the financial status of the borrower and fair value of the collateral pledged. The directors of the Company considered no provision shall be made against these securities as at 30 June 2023 and 31 December 2022.

As at 30 June 2023, there was a credit-impaired investment security with the gross carrying amount of HK\$200 million (31 December 2022: HK\$200 million) with collateral of Hong Kong listed company shares. The investment security has been overdue since June 2022. In assessing impairment, the management considered a number of factors including the financial status of the borrower and fair value of the collateral pledged. An impairment provision of HK\$19 million (during the year ended 31 December 2022: Nil) was made during the current period due to the drop of the recoverable amount of collateral. In the opinion of the directors of the Company, the impairment provision for the current period is appropriate.

As at 31 December 2022, there was a credit-impaired investment security with the gross carrying amount of HK\$275 million. The investment security has been overdue since October 2022. In assessing impairment, the management considered a number of factors including the financial status of the borrower. The investment security was fully impaired as at 31 December 2022.

- (v) During the current period, the Group completed the acquisition of unlisted equity instruments at the transaction price of HK\$700 million from an independent third party who was an affiliate of a defaulted margin loan customer of the Group (collectively referred to as the "Transferors") with outstanding balance of HK\$1,200 million on the transaction date. The consideration for the acquisition was settled with the outstanding margin loan principal and interest of HK\$700 million (collectively referred to as the "Margin Loan") as at the transaction date. The Margin Loan was derecognised since the completed transaction resulted in the loss of contractual rights to receive the cash flows. No change in impairment provision was made during the current period with regards to the Margin Loan and the remaining outstanding margin loan principal. The Group also entered into a put option arrangement and a call option arrangement with the Transferors, under which the Group had the right to put back and the obligation to sell the acquired equity instruments within an exercisable period of 24 months to the Transferors, both at the agreed exercise price of HK\$700 million plus accrued interest up to the exercise date of options. Considering the existence of the put option, the terms and structure of the arrangement, the directors of the Company considered the substantial risks and rewards of the unlisted equity instruments were not transferred from the Transferors to the Group through the above-mentioned transactions. Accordingly, the above-mentioned transactions were recognised as other financing arrangement measured at fair value through profit or loss.

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

	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
Assets — assets acquired for financial products issued		
Listed equity investments, at fair value (note (ii))	1,081,696	1,479,795
Listed debt investments, at fair value (note (ii))	5,225,519	3,587,266
Unlisted equity investments, at fair value (notes (i) & (ii))	149,727	148,420
Unlisted debt investments, at fair value (note (ii))	3,781,288	4,159,909
Unlisted investment funds, at fair value (notes (i) & (ii))	—	133,004
Unlisted financial products, at fair value (notes (ii) & (iv))	1,245,498	1,056,222
	11,483,728	10,564,616
Less: Non-current portion	(3,079)	(2,422)
Current portion	11,480,649	10,562,194
Liabilities — financial products issued at fair value		
Listed equity investments, at fair value (note (iii))	481,427	673,215
Unlisted issued financial products, at fair value (note (iii))	3,523,653	2,209,121
	4,005,080	2,882,336
Less: Non-current portion	(3,115)	(2,450)
Current portion	4,001,965	2,879,886

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

Notes:

- (i) As at 30 June 2023 and 31 December 2022, included in assets acquired for financial products issued are the unlisted equity investments and unlisted investment funds.

There is no unfilled capital commitment to these unlisted equity investments and unlisted investment funds. Their total current carrying amount of HK\$150 million (31 December 2022: HK\$281 million) in the unaudited condensed consolidated statement of financial position represents the Group's maximum exposure.

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

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

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

Notes:(continued)

(iii) As at 30 June 2023 and 31 December 2022, financial products issued at fair value are generally issued in the form of notes and swaps of which payouts are linked to the values/returns of certain underlying investments related to listed/unlisted equity investments, listed/unlisted debt investments, unlisted investment funds and unlisted financial products held by the Group.

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

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

17. Derivative Financial Instruments

	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
Assets		
Swaps	27,075	23
Forward foreign currency exchange contracts	83,971	10,997
Listed futures/options/warrants	6,745	150
Unlisted options	181,607	174,590
	299,398	185,760
Liabilities		
Swaps	62,365	117,373
Forward foreign currency exchange contracts	21,121	43,184
Listed futures/options/warrants	719	30
Callable bull/bear contracts	126	56
Unlisted options	25,700	26,988
	110,031	187,631

18. Advances to Customers

	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
Advances to customers:		
— Margin financing	9,803,870	12,219,979
— Term financing	2,348,062	2,828,144
	12,151,932	15,048,123
Less: Non-current portion	(722,440)	(1,104,108)
Current portion	11,429,492	13,944,015

Margin financing

	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
Margin financing	11,220,148	13,366,123
Less: Impairment allowance	(1,416,278)	(1,146,144)
	9,803,870	12,219,979

The financial accommodation provided to margin clients are determined with reference to the discounted market value of the collateral securities accepted by the Group, where the Group maintains a list of approved stocks for margin lending at a specified loan to collateral ratio ("Lending Ratio"). Any excess in the Lending Ratio will trigger a margin call with the margin clients having to make good the shortfall. The Group's Risk Management Department is responsible to monitor credit risk and seek to maintain a strict control over the outstanding loan balance.

The loans to margin clients are interest bearing and secured by the underlying pledged securities. As at 30 June 2023, margin financing of HK\$9,804 million (31 December 2022: HK\$12,220 million) were secured by securities pledged by the customers to the Group as collateral with market value of HK\$34,264 million (31 December 2022: HK\$38,898 million). In determining the allowances for credit impaired loans to margin clients for the current period, the management of the Group also takes into account shortfall by comparing the fair value of securities pledged as collateral and the outstanding balance of loan to margin clients and other factors including expected cash flows, executable settlement plans and restructuring arrangements, and other types of credit enhancements in assessing the expected credit loss.

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For the six months ended 30 June 2023

18. Advances to Customers (continued)

Margin financing (continued)

During the current period, additional individual impairment of HK\$277 million was made against several independent margin customers with net carrying amount of HK\$2,383 million as at 30 June 2023 due to the decrease in the market value of the listed shares pledged to the Group and credit exposure being overdue as at 30 June 2023.

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

Term financing

	30.6.2023	31.12.2022
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Term financing	2,952,626	3,402,650
Less: Impairment allowance	(604,564)	(574,506)
	2,348,062	2,828,144
Less: Non-current portion	(722,440)	(1,104,108)
Current portion	1,625,622	1,724,036

As at 30 June 2023, the term financing of HK\$2,953 million (31 December 2022: HK\$3,403 million) are secured, including nine past due term financing with the gross carrying amount of HK\$1,692 million (31 December 2022: six past due term financing with the gross carrying amount of HK\$1,464 million). In assessing the relevant expected credit losses, the management considered a number of factors including creditworthiness and status of the borrower, recoverable amount of the collateral (at its force sale value), the credit protection structure and the status of enforcement proceedings. In the opinion of the directors of the Company, the impairment provision for the current period and prior year are appropriate.

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

18. Advances to Customers (continued)

Term financing (continued)

As at 30 June 2023, there was a credit-impaired term financing with a gross carrying amount of HK\$197 million (31 December 2022: HK\$197 million) that was advanced to an external party for its property development project in the PRC which has been overdue since July 2021. In assessing the impairment, the management considered a number of factors including creditworthiness and status of the borrower, recoverable amount of the collateral (at its force sale value), the credit protection structure and the status of enforcement proceedings in the PRC. An additional impairment provision of HK\$32 million (during the year ended 31 December 2022: HK\$86 million) was made during the current period. In the opinion of the directors of the Company, the impairment provision for the current period and prior year are appropriate.

As at 30 June 2023, there was a credit-impaired term financing with a gross carrying amount of EUR37 million (31 December 2022: EUR37 million) (equivalent to approximately HK\$320 million (31 December 2022: HK\$310 million)) that was advanced to a company listed in PRC and HK for its acquisition in overseas. The loan has been overdue since November 2019. In assessing the impairment, the management considered that there was a decrease in the fair value of the collateral pledged in 2022 and the borrower was subject to enforcement proceedings in the PRC. The term financing was fully impaired as at 31 December 2022.

As at 30 June 2023, there was a credit-impaired term financing with the gross carrying amount of US\$20 million (31 December 2022: US\$20 million) (equivalent to approximately HK\$157 million (31 December 2022: HK\$156 million)) with collaterals of listed equities and properties. The loan has been overdue since October 2020 and the borrower is in the process of repayment of principal and accrued interest, but pending for realisation of the borrower's assets (other than those pledged to the Group). In assessing the impairment, the management considered the value of collateral pledged and no impairment was made during the current period and prior year.

As at 30 June 2023, there were two term financing with gross carrying amount of US\$100 million (31 December 2022: US\$100 million) (equivalent to approximately HK\$783 million (31 December 2022: HK\$780 million)) and net carrying amount of HK\$712 million (31 December 2022: HK\$709 million) with the same borrower and with collateral of equity interests in an unlisted fund investment with the major underlying investments of a listed company and a private company which carried out the business of research and development, production and sales of batteries in China. During the year ended 31 December 2022, the borrower was credit impaired in other credit exposures with the Group, and the two term financing were also determined to be credit-impaired due to the event of default of the borrower. In assessing impairment, the management considered a number of factors including the financial status of the borrower and fair value of the collateral pledged. In the opinion of the directors of the Company, no additional impairment was made during the current period (during the year ended 31 December 2022: HK\$71 million).

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18. Advances to Customers (continued)

Term financing (continued)

As at 30 June 2023, there was a credit-impaired term financing with a gross carrying amount and net carrying amount of HK\$20 million and HK\$17 million respectively (31 December 2022: HK\$20 million and HK\$17 million respectively) that was advanced to an external party for its investing activities. The loan has been overdue since October 2021. In assessing the impairment, the management considered a number of factors including creditworthiness and status of the borrower and the recoverable amount of the collateral (at its force sale value). In the opinion of the directors of the Company, no additional impairment was made during the current period (during the year ended 31 December 2022: HK\$3 million).

As at 30 June 2023, there was a credit-impaired term financing with the gross carrying amount of US\$20 million (31 December 2022: US\$20 million) (equivalent to approximately HK\$157 million (31 December 2022: HK\$156 million)) with collaterals of Hong Kong listed companies share. During the period ended 30 June 2023, the borrower was credit-impaired in other credit exposures with the Group, and the term financing was also determined to be credit-impaired due to the event of default of the borrower. In assessing the impairment, the management considered the value of collateral pledged and no impairment was made during the current period and prior year.

During the year ended 31 December 2022, the Group completed the acquisition of three real estate properties in Hong Kong from three independent corporates at HK\$360 million which were owned by a margin loan customer of the Group with the outstanding balance of HK\$168 million. The consideration for the acquisition of these properties was partially settled by the Group by cash of HK\$192 million while the remaining consideration was settled with the outstanding margin loan of HK\$168 million during the year ended 31 December 2022. A repurchase arrangement was included in these properties acquisitions, in which the sellers were granted with an option to repurchase the three properties by March 2025 at HK\$360 million plus a fixed rate of interest from the date of acquisition to the date of repurchase. The transaction was recognised as a term financing considering the Group is subject to a contractual obligation to resell the properties at cost plus fixed rate interest under HKFRS 9. In the opinion of the directors of the Company, no additional impairment was made during the current period (31 December 2022: HK\$12 million).

19. Cash Collateral on Securities Borrowed and Reverse Repurchase Agreements

	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
Cash collateral on securities borrowed	260,193	235,104
Reverse repurchase agreements	1,373,446	1,169,288
	1,633,639	1,404,392
Reverse repurchases agreements:		
Analysed by collateral type:		
Bonds	1,373,449	1,169,327
Less: Impairment allowance	(3)	(39)
	1,373,446	1,169,288
Analysed by market:		
Inter-bank market	1,373,446	1,169,288
Analysed for reporting purposes:		
Current	1,373,446	1,169,288

Cash collateral paid under securities borrowing agreements is repayable upon expiry of relevant securities borrowing agreements and the relevant stocks borrowed are returned to the lender. Reverse repurchase agreements are transactions in which the external investors sell a security to the Group and simultaneously agree to repurchase it (or an asset that is substantially the same) at the agreed date and price. The repurchase prices are fixed and the Group is not exposed to substantially all the credit risks, market risks and rewards of those securities bought. These securities are not recognised in the unaudited condensed consolidated financial statements but regarded as "collateral" because the external investors retain substantially all the risks and rewards of these securities.

As at 30 June 2023, the fair value of the collateral in respect of reverse repurchase agreements was HK\$1,822 million (31 December 2022: HK\$2,068 million).

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

	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
Receivable from clients for subscription of new shares in IPO (note (i))	–	1,080
Accounts receivable	4,448,667	4,704,423
	4,448,667	4,705,503
Accounts receivable from:		
— Clients	1,401,871	1,534,335
— Brokers, dealers and clearing houses	2,941,366	3,066,063
— Others (note (ii))	105,430	104,025
	4,448,667	4,704,423

Notes:

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

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

	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
Between 0 and 3 months	4,365,552	4,584,987
Between 4 and 6 months	16,486	96,698
Between 7 and 12 months	43,920	5,276
Over 1 year	22,709	17,462
	4,448,667	4,704,423

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

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

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

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

21. Prepayments, Deposits and Other Receivables

	30.6.2023	31.12.2022
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Prepayments, deposits and other receivables (note)	1,167,709	1,524,183
Less: Non-current portion	(217,618)	(100,574)
Current portion	950,091	1,423,609

Note: Included in the amount of prepayments, deposits and other receivables are the interest receivable of HK\$732 million (31 December 2022: HK\$786 million) from bank deposits, financing to customers, and debt securities held which are receivable within one year.

During the year ended 31 December 2022, the disposal of asset held-for-sale did not take place due to a delay of the acquisition by the purchaser. Considering the disposal plan to be in progress for over a year, in circumstances that no longer meet the criteria of non-current assets held for sale, the assets were reclassified as at 31 December 2022, including an investment property of HK\$75 million and a building of HK\$103 million classified as "investment properties" (note 25) and "property and equipment" (note 26) respectively.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

22. Interests in Unconsolidated Investments

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

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

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

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

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

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

23. Interest in Consolidated Investments

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

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

For the period ended 30 June 2023, investment returns of the Group related to interests held by third party unit/shareholders of gain of HK\$11 million (six months ended 2022: gain of HK\$160 million) in consolidated Investments are included in other income and gains or losses in the unaudited condensed consolidated statement of profit or loss and the interests attributable to third-party unit holders/shareholders amounted to HK\$233 million (31 December 2022: HK\$362 million) as at 30 June 2023. Such amount is recognised as "liabilities arising from consolidation of investment funds" in the unaudited condensed consolidated statement of financial position.

24. Goodwill and Other Intangible Assets

	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
Goodwill	380,099	380,099
Other intangible assets	36,788	51,209
	416,887	431,308

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25. Investment Properties

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

During the year ended 31 December 2022, a consolidated investment fund held by the Group acquired an investment property at a cost of HK\$2,633 million from a seller who is in financial difficulty. The consideration for the acquisition of the property was partially settled in cash considerations of HK\$1,781 million and the remaining amount of HK\$852 million was settled by the assignment of an unlisted debt investment of HK\$784 million presented in "investment securities" of note 15 of the consolidated statement of financial position and its accrued interest receivable of HK\$68 million. Gains or losses arising from changes in the fair value of the investment property were included in profit or loss in 2022.

During the year ended 31 December 2022, the Group completed the acquisition of an investment property in Hong Kong from a past due margin loan borrower at HK\$200 million. The consideration of the acquisition comprises of partial settlement for a past due margin financing of HK\$70 million, and the remaining amount of HK\$130 million was settled in cash considerations.

During the year ended 31 December 2022, another investment property of HK\$75 million was reclassified from an asset held-for-sale to an investment property as disclosed in "prepayments, deposits and other receivables" of note 21 due to delay in the disposal of the asset.

The fair value of these investment properties as at 30 June 2023 was arrived at on the basis of a valuation carried out on that date by an independent qualified professional valuer not connected to the Group. In estimating the fair value of the properties, the highest and best use of the properties is their current use. A revaluation gain of HK\$40 million (six months ended 30 June 2022: revaluation gain of HK\$500 million) was recognised in net gain from investments in note 6 to the unaudited condensed consolidated financial statements.

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

25. Investment Properties (continued)

	Investment properties HK\$'000
FAIR VALUE	
At 1 January 2022 (audited)	–
Acquired on an acquisition of a subsidiary	2,630,516
Net increase in fair value recognised in profit or loss	500,000
At 30 June 2022 (unaudited)	3,130,516
Unrealised gain on property revaluation included in profit or loss	500,000
At 1 January 2023 (audited)	3,405,900
Net increase in fair value recognised in profit or loss	39,962
At 30 June 2023 (unaudited)	3,445,862
Unrealised gain on property revaluation included in profit or loss	39,962

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For the six months ended 30 June 2023

25. Investment Properties (continued)

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

Investment properties held by the Group	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
At 30 June 2023				
Residential property units in Hong Kong	Level 3	Direct comparison method based on market observable transactions of the similar location and adjusted to reflect the conditions of the subject properties.	Level adjustment on individual floors of the property	The higher level, the higher the fair value
Residential property in Hong Kong	Level 3	Direct comparison method based on market observable transactions of the similar location and adjusted to reflect the conditions of the subject properties.	Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property	The higher market unit rate, the higher the fair value
Commercial property in Canada	Level 3	Discounted cash flow method based on the annual cash flows for the holding period.	Monthly market rent, taking into account the differences in location, and individual factors, such as frontage and size, between the comparables and the property	The higher monthly market rent, the higher the fair value

26. Property and Equipment

30 June 2023 (unaudited)

	Owned properties HK\$'000	Leased properties HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Computer hardware and equipment HK\$'000	Total HK\$'000
At 1 January 2023						
Cost	608,566	752,975	199,264	106,238	620,953	2,287,996
Accumulated depreciation and impairment	(68,540)	(517,251)	(159,155)	(82,205)	(585,457)	(1,412,608)
Net carrying values	540,026	235,724	40,109	24,033	35,496	875,388
At 1 January 2023, net of accumulated depreciation and impairment	540,026	235,724	40,109	24,033	35,496	875,388
Additions — right-of-use assets under HKFRS 16	–	33,849	–	–	–	33,849
Additions — others	2,213	–	219	517	116	3,065
Depreciation	(8,960)	(49,155)	(6,195)	(3,283)	(12,514)	(80,107)
At 30 June 2023, net of accumulated depreciation and impairment	533,279	220,418	34,133	21,267	23,098	832,195
At 30 June 2023						
Cost	610,779	786,824	199,483	106,755	621,069	2,324,910
Accumulated depreciation and impairment	(77,500)	(566,406)	(165,350)	(85,488)	(597,971)	(1,492,715)
Net carrying values	533,279	220,418	34,133	21,267	23,098	832,195

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For the six months ended 30 June 2023

26. Property and Equipment (continued)

30 June 2022 (unaudited)

	Owned properties HK\$'000	Leased properties HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Computer hardware and equipment HK\$'000	Total HK\$'000
At 1 January 2022						
Cost	505,127	648,713	196,877	98,804	610,451	2,059,972
Accumulated depreciation	(50,546)	(383,341)	(141,923)	(75,667)	(553,336)	(1,204,813)
Net carrying values	454,581	265,372	54,954	23,137	57,115	855,159
At 1 January 2022, net of accumulated depreciation	454,581	265,372	54,954	23,137	57,115	855,159
Additions — right-of-use assets under HKFRS 16	–	106,414	–	–	–	106,414
Additions — others	–	–	3,315	909	9,686	13,910
Disposal	(23)	–	–	–	–	(23)
Depreciation	(9,002)	(64,233)	(9,310)	(3,064)	(13,505)	(99,114)
At 30 June 2022, net of accumulated depreciation	445,556	307,553	48,959	20,982	53,296	876,346
At 30 June 2022						
Cost	505,104	755,127	200,192	99,713	620,137	2,180,273
Accumulated depreciation	(59,548)	(447,574)	(151,233)	(78,731)	(566,841)	(1,303,927)
Net carrying values	445,556	307,553	48,959	20,982	53,296	876,346

27. Cash Collateral on Securities Lent and Repurchase Agreements

	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
Cash collateral on securities lent	1,544,684	1,933,998
Repurchase agreements	3,643,009	3,925,417
	5,187,693	5,859,415
Repurchase agreements		
Analysed by collateral type:		
Equities	2,586,271	3,372,808
Bonds	1,056,738	552,609
	3,643,009	3,925,417
Analysed by market:		
Inter-bank market	3,643,009	3,925,417
Analysed for reporting purposes:		
Current	3,643,009	3,925,417

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

As at 30 June 2023, the Group entered into repurchase agreements with financial institutions to sell equities and bonds recognised as financial assets at FVTPL with carrying amount of HK\$4,233 million (31 December 2022: HK\$4,515 million), which are subject to the simultaneous agreements to repurchase these investments at the agreed date and price.

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28. Accounts Payable

	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
Accounts payable to:		
— Clients	9,752,418	9,803,365
— Brokers, dealers and clearing houses	1,505,409	530,253
— Others	207,805	268,014
	11,465,632	10,601,632

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

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

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

Except for the accounts payable to clients which bear interest at 0.001% as at 30 June 2023 (31 December 2022: 0.001%), all the accounts payable are non-interest bearing.

Accounts payable to clients include those payables placed in segregated accounts with authorized institutions of HK\$8,629,775,000 (31 December 2022: HK\$9,059,437,000), HKFE Clearing Corporation Limited, the SEHK Options Clearing House Limited and other futures dealers totalling HK\$165,324,000 (31 December 2022: HK\$133,327,000).

29. Bank Borrowings and Debt Securities in Issue

	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
Debt securities in issue		
Non-current		
Non-convertible bonds (note (a))	10,940,115	10,884,538
Current		
Non-convertible bonds (note (a))	3,132,570	3,116,062
Non-convertible notes (note (b))	1,408,218	3,220,405
Total current debt securities in issue	4,540,788	6,336,467
Total debt securities in issue	15,480,903	17,221,005
Bank borrowings		
Current		
Secured borrowing		
— Bank loans (notes (c), (d) and (e))	388,131	184,630
Unsecured borrowing		
— Bank loans (notes (d), (e) and (f))	28,956,180	29,654,013
Total bank borrowings	29,344,311	29,838,643
Total bank borrowings and debt securities in issue	44,825,214	47,059,648

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

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

Notes:

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

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

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

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

- (b) During the six months ended 30 June 2023, the Company has issued medium term notes under the Company's Medium Term Note Programme (the "MTN Programme") in principal amount totalling HK\$1,011 million with a maturity period of 1 year and repaid several medium term notes of principal amount totalling HK\$2,825 million. As at 30 June 2023, the outstanding balances of HK\$1,408 million (31 December 2022: HK\$3,220 million) represent the unsecured and unguaranteed non-convertible notes.
- (c) As at 30 June 2023, bank loans of HK\$388 million (31 December 2022: HK\$185 million) were secured by the listed shares (held by the Group as security for advances to customers in margin financing with the customers' consent) of HK\$2,099 million (31 December 2022: HK\$1,979 million) at fair value held by the Group.
- (d) The majority of the Group's bank borrowings bear interest at variable interest rates based on Hong Kong Interbank Offered Rate ("HIBOR").
- (e) Bank loans are repayable on demand or within 1 year on repayment schedule.
- (f) Bank loans are classified as current liabilities for the purpose of presentation in these unaudited condensed consolidated financial statements as the bank loans are drawn under revolving credit facilities (including syndicated loan facilities) with repayment dates being less than 12 months from 30 June 2023, but subject to the roll-over at the discretion of the Group as stipulated in the respective facilities agreements.

As at 31 December 2022, HK\$15,200 million bank loans are drawn under revolving credit facilities with respective original tenor of more than 12 months, while they are classified current liabilities for the purpose of disclosure in these unaudited condensed consolidated financial statements.

30. Share Capital

	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
Authorised: 20,000,000,000 (31 December 2022: 20,000,000,000) ordinary shares of HK\$0.10 each	2,000,000	2,000,000
Issued and fully paid: 8,438,024,077 (31 December 2022: 6,641,563,594) ordinary shares of HK\$0.10 each	843,802	664,156

The movements in issued share capital were as follows:

	Number of shares in issue	Issued share capital HK\$'000
As at 1 January 2022	6,037,785,086	603,778
New shares issued upon bonus issue (note 11(a))	603,778,508	60,378
As at 30 June 2022, 31 December 2022 and 1 January 2023	6,641,563,594	664,156
New shares issued under right issue (note 11(b))	1,796,460,483	179,646
As at 30 June 2023	8,438,024,077	843,802

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31. Share Option/Award Scheme

2015 Share Option Scheme

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

Details of the share option scheme of the Company has been disclosed in the Group's annual financial statements for the year ended 31 December 2022 and should be read in conjunction with the relevant announcements of the share options made by the Company.

On 6 September 2022, the Company granted 10,635,000 share options at the exercise price of HK\$0.935 per share to its directors and employees under the 2015 Share Option Scheme with a total of 10,570,000 share options being accepted. The exercise period of the share options is from 3 April 2023 to 5 September 2027. All the share options granted have a vesting period of 6 months from the date of acceptance. The closing price of the Company's shares on the date of grant was HK\$0.85 per share.

The estimated fair values of the options granted under 2015 Share Option Scheme on the grant date on 6 September 2022 is approximately HK\$1.3 million, which was calculated using the Binomial Option Pricing model with the key inputs into the model as disclosed below.

	2022
Weighted average share price at the date of grant	HK\$0.85
Initial exercise price	HK\$0.935
Expected volatility	38.168%
Expected option life	5 years
Risk-free rate	3.05%
Expected dividend yield	10.481%
Early exercise multiples	
— directors	1.68
— employees	1.91

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

For the six months ended 30 June 2023, the Group recognised an equity-settled share-based compensation expense of HK\$649,000 for the share options issued on 6 September 2022 in the unaudited condensed consolidated statement of profit or loss.

31. Share Option/Award Scheme (continued)

2015 Share Option Scheme (continued)

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

	2023		2022	
	Weighted average exercise price HK\$ per share	Number of options '000	Weighted average exercise price HK\$ per share	Number of options '000
At 1 January	1.93	45,162	2.86	40,551
Granted and accepted during the period/year	–	–	0.935	10,570
Adjusted during the period/year (note)	1.91	341	2.59	3,998
Forfeited during the period/year	1.95	(2,301)	3.88	(9,957)
At 30 June 2023/31 December 2022	1.91	43,202	1.93	45,162

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

30 June 2023 Number of options '000	Exercise price HK\$ per share (note)	Exercise period
11,168	2.614	28 May 2019 — 31 October 2023
6,190	2.304	27 December 2019 — 30 May 2024
7,146	1.558	25 December 2020 — 28 May 2025
8,704	2.163	17 February 2022 — 20 July 2026
9,994	0.928	3 April 2023 — 5 September 2027
43,202		

31 December 2022 Number of options '000	Exercise price HK\$ per share (note)	Exercise period
11,599	2.635	28 May 2019 — 31 October 2023
6,439	2.322	27 December 2019 — 30 May 2024
7,419	1.570	25 December 2020 — 28 May 2025
9,295	2.180	17 February 2022 — 20 July 2026
10,410	0.935	3 April 2023 — 5 September 2027
45,162		

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

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For the six months ended 30 June 2023

31. Share Option/Award Scheme (continued)

2015 Share Option Scheme (continued)

As at 30 June 2023, the Company had 43,201,613 (31 December 2022: 45,161,765 share options outstanding under the 2015 Share Option Scheme, which represented approximately 0.51% (2022: 0.68%) of the Company's shares in issue as at that date.

The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 43,201,613 (2022: 45,161,765) additional ordinary shares of the Company and additional share capital of HK\$4,320,000 (2022: HK\$4,516,000) and share premium of HK\$78,369,000 (2022: HK\$82,642,000) (before issue expenses).

Share award scheme

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

Details of the awarded shares granted and unvested as at 30 June 2023 are set out below.

Date of awarded shares granted	Number of awarded shares granted	Number of awarded shares vested	Number of awarded shares lapsed (note (e))	Number of awarded shares unvested	Vesting dates	Fair value as at grant date
25 March 2020	14,294,205	11,367,275	2,926,930	–	note (a)	28,731,000
31 August 2021	36,788,082	27,307,411	1,247,600	8,233,071	note (b)	82,773,000
8 September 2022	9,453,454	9,155,640	119,243	178,571	note (c)	8,413,000
7 June 2023	8,650,000	–	–	8,650,000	note (d)	5,536,000

For the shares granted, the fair value of the shares were measured at the market price of the Company's shares. For the six months ended 30 June 2023, the Group has recognised an equity-settled share-based compensation expense of HK\$5,120,000 (six months ended 30 June 2022: HK\$19,649,000) for the Scheme in unaudited condensed consolidated statement of profit or loss.

As at 30 June 2023, the Company did not have any awarded share granted on 25 March 2020 (31 December 2022: 3,293,930) which were outstanding under the Scheme. During the current six-month period, 18,906 (six months ended 30 June 2022: 112,105) and 3,275,024 (six months ended 30 June 2022: 3,733,223) awarded shares granted on 25 March 2020 were lapsed and vested respectively.

As at 30 June 2023, the Company had 8,233,071 (31 December 2022: 8,233,071) awarded shares granted on 31 August 2021 which were outstanding under the Scheme. During the current six-month period, no awarded shares granted on 31 August 2021 were lapsed or vested.

31. Share Option/Award Scheme (continued)

Share award scheme (continued)

As at 30 June 2023, the Company had 178,571 (31 December 2022: 351,439) awarded share granted on 8 September 2022 which were outstanding under the Scheme. During the current six-month period, 119,243 (six months ended 30 June 2022: Nil) and 53,625 (six months ended 30 June 2022: Nil) awarded shares granted on 8 September 2022 were lapsed and vested respectively.

As at 30 June 2023, the Company had 8,650,000 awarded shares granted on 7 June 2023 which were outstanding under the Scheme. During the current six-month period, no awarded shares granted on 7 June 2023 were lapsed or vested.

Notes:

- (a) Pursuant to the agreed terms, the vesting date of one-third of the award shares granted on 25 March 2020 was on 24 March 2021 while the vesting date of another one-third of award shares granted on 25 March 2020 would be on 24 March 2022 and the vesting date for the remaining would be on 24 March 2023.
- (b) Pursuant to the agreed terms, the vesting date of one-third of the award shares granted on 31 August 2021 was on 30 September 2021 while the vesting date of another one-third of award shares granted on 31 August 2021 would be on 30 September 2022 and the vesting date for the remaining would be on 30 September 2023.
- (c) Pursuant to the agreed terms, the vesting date of 8,641,329 award shares granted on 8 September 2022 was on 30 September 2022 while the vesting date of another 282,114 and 178,572 award shares granted on 8 September 2022 were on 30 November 2022 and 31 December 2022 respectively. 53,625 shares of the remaining shares were vested on 1 March 2023 and the final tranche of 178,571 award shares will be vested on 31 December 2023.
- (d) Pursuant to the agreed terms, the vesting date of 8,650,000 award shares granted on 7 June 2023 was on 14 July 2023.
- (e) Awarded Shares would lapse prior to their vesting date as a result of staff separations. Pursuant to the agreement, the lapsed shares would be held by the trustee which is subject to the approval from Administration Committee for re-selection of employees. The lapsed Awarded Shares were transferred out from share award reserve to share premium as disclosed in the unaudited condensed consolidated statement of changes in equity.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

31. Share Option/Award Scheme (continued)

Share award scheme (continued)

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

	2023		2022	
	HK\$'000	Number of shares	HK\$'000	Number of shares
At 1 January	230,864	116,982,123	269,732	117,409,723
Purchased during the period/year	–	–	17,670	14,662,000
Shares issued under bonus shares	–	–	–	12,508,264
Vested and transferred out during the period/year	(6,726)	(3,328,649)	(56,538)	(27,597,864)
At 30 June 2023/31 December 2022	224,138	113,653,474	230,864	116,982,123

32. Commitments and Contingencies

(a) Capital commitments

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

	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
Contracted, but not provided for:		
Computer equipment	147	147

(b) Contingent liabilities

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

33. Related Party Transactions

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

- (a) On 21 April 2021, the Company renewed the master services agreement with HSCL, the ultimate holding company of the Company, for a term of 3 years from 1 July 2021 to 30 June 2024. Pursuant to the master service agreement, the Company and HSCL have each agreed to provide services to companies of the Group or HSCL and its subsidiaries. Services covered under the services agreement include broking transactions; investment management and advisory services; business and/or operational support, referral, global research and/or other miscellaneous services transactions; corporate finance advisory and services; fund investment, financial assistance and securities lending transactions; principal-to-principal transactions; and underwriting services.
 - (i) Income and expenses from brokerage and related services amounted to HK\$2,377,000 and HK\$296,000 (six months ended 30 June 2022: income and expenses of HK\$1,074,000 and HK\$561,000) respectively for the current interim period in accordance with terms of the master services agreement.
 - (ii) For the period ended 30 June 2022, income from investment management and advisory services amounted to HK\$3,888,000 for provision of investment management service and investment advisory service to HSCL and its subsidiaries and expenses related to referral fee amounted to HK\$109,000 was paid to HSCL. The fee is charged in accordance with the relevant investment management agreement or investment advisory agreement or relevant agreement.
 - (iii) During the year ended 31 December 2019, a subsidiary of the Company has entered into a framework collaboration agreement (the "Agreement") with Haitong Bank, S.A. ("Haitong Bank", a subsidiary of Haitong International Holdings Limited, the immediate holding company of the Company), pursuant to which Haitong Bank and this subsidiary would provide equity trading service and research service to each other's external clients, depending the domicile of the clients within or outside the European Union. During the period ended 30 June 2022, income received from Haitong Bank in connection to such services amounted to EUR52,000 (equivalent to HK\$433,000) and expenses paid by this subsidiary in connection to such services amounted to EUR359,000 (equivalent to HK\$3,037,000). The relevant income and expense are based on the terms as set out in the Agreement, while such Agreement was terminated during the period ended 30 June 2022.
 - (iv) During the prior years, Haitong Bank provided financial advisory for the Group's financing activities, the Group paid financial advisory fee of US\$2.5 million (equivalent to HK\$19.40 million) to Haitong Bank where such amount constitutes part of the effective interest expense of the Group under the applicable accounting standard. During the current period, amortisation of the financial advisory fee paid amounted to HK\$8,621,000 (six months ended 30 June 2022: HK\$7,554,000), which was recognised in the unaudited condensed consolidated statement of profit or loss as part of the interest expense.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

33. Related Party Transactions (continued)

(a) (continued)

- (v) During the current period, the Group provided underwriting services to subsidiaries of HSCL for their corporate finance activities. The relevant underwriting commission recognised during the current period amounted to HK\$3,895,000 (six months ended 30 June 2022: HK\$1,830,000). The commission income was recognised in accordance with relevant agreements entered between the Group and the subsidiaries of HSCL.
- (vi) During the current period, a subsidiary of the Company entered into total return swap contracts with HSCL (six months ended 30 June 2022: HSCL and a subsidiary of Haitong International Holdings Limited), with referenced assets being listed equity securities. Under the total return swap contracts entered, the subsidiary of the Group is entitled to receive commission on the trades executed in relation to the purchase of referenced assets. The abovementioned subsidiary is also entitled to receive or obliged to pay an interest based on the notional amount as indicated in the respective swap contracts at HIBOR plus a spread. Income from brokerage and related services amounted to HK\$794,000 (six months ended 30 June 2022: HK\$598,000) and net trading and investment loss of HK\$37,336,000 (six months ended 30 June 2022: net trading investment and investment income of HK\$471,000) are recognised in the unaudited condensed consolidated statement of profit or loss in relation to these swap contracts.

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

	Six months ended	
	30.6.2023	30.6.2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Salaries, incentives, bonuses and allowances	14,465	13,973
Pension scheme contributions (net)	554	631
Total compensation paid to key management personnel	15,019	14,604

34. Financial Risk Management

Financial risk factors

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

The unaudited condensed consolidated interim financial statements do not include all financial risk management information and disclosures related to the unaudited condensed consolidated financial statements, and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2022.

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

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

As at 30 June 2023 and 31 December 2022, the fair values of the Group's financial assets and liabilities not measured at fair value are not materially different from their carrying amount, except as detailed in the following table:

	30.6.2023		31.12.2022	
	Carrying amount HK\$'000 (unaudited)	Fair value HK\$'000 (unaudited)	Carrying amount HK\$'000 (audited)	Fair value HK\$'000 (audited)
Non-convertible bonds (note ii)	14,072,685	13,405,171	14,000,600	13,188,178
Non-convertible notes (note i)	1,408,218	1,403,121	3,220,405	3,209,938

Notes:

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

34. Financial Risk Management (continued)

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

Valuation control framework

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

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

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

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

Definition of fair value measurement

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

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

34. Financial Risk Management (continued)

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

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

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

Assets — at 30 June 2023 (unaudited)

	Level 1 HK\$'000 (Note 1)	Level 2 HK\$'000 (Note 2)	Level 3 HK\$'000 (Note 3)	Total HK\$'000
Financial assets held for trading and market making activities				
— Listed equity investments	354	—	—	354
— Listed debt investments	—	1,005,056	—	1,005,056
	354	1,005,056	—	1,005,410
Investment securities at fair value (through profit or loss and through other comprehensive income)				
— Listed equity investments	1,238,470	—	—	1,238,470
— Exchange traded funds	1,420,024	—	—	1,420,024
— Listed debt investments	—	208,281	439,463	647,744
— Unlisted equity investments	—	9,192	85,437	94,629
— Unlisted debt investments and other financings	—	471,655	709,130	1,180,785
— Unlisted investment funds	—	489,484	10,596,856	11,086,340
— Consolidated investment funds (Note 4)	1,360,385	2,278,239	11,230,713	14,869,337
	4,018,879	3,456,851	23,061,599	30,537,329
Derivative financial assets				
— Swaps	—	27,075	—	27,075
— Forward foreign currency exchange contracts	—	83,971	—	83,971
— Listed futures/options/warrants	6,745	—	—	6,745
— Unlisted options	—	181,607	—	181,607
	6,745	292,653	—	299,398
Total	4,025,978	4,754,560	23,061,599	31,842,137

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

34. Financial Risk Management (continued)

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

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

Assets — at 31 December 2022 (audited)

	Level 1 HK\$'000 (Note 1)	Level 2 HK\$'000 (Note 2)	Level 3 HK\$'000 (Note 3)	Total HK\$'000
Financial assets held for trading and market making activities				
— Listed equity investments	20,081	—	—	20,081
— Unlisted equity investments	—	—	85,059	85,059
— Listed debt investments	—	293,136	492,533	785,669
— Unlisted debt investments and other financings	—	3,898	9,148	13,046
	20,081	297,034	586,740	903,855
Investment securities measured at fair value (through profit or loss and through other comprehensive income)				
— Listed equity investments	1,348,386	—	—	1,348,386
— Listed debt investments	—	183,065	—	183,065
— Exchange traded funds	1,339,952	—	—	1,339,952
— Unlisted equity investments	—	8,295	—	8,295
— Unlisted debt investments and other financings	—	197,662	168,877	366,539
— Unlisted investment funds	—	1,851,378	10,327,405	12,178,783
— Consolidated investment funds (Note 4)	1,863,638	3,917,078	9,952,597	15,733,313
	4,551,976	6,157,478	20,448,879	31,158,333
Derivative financial assets				
— Swaps	—	23	—	23
— Forward foreign currency exchange contracts	—	10,997	—	10,997
— Listed futures/options/warrants	150	—	—	150
— Unlisted options	—	174,590	—	174,590
	150	185,610	—	185,760
Total	4,572,207	6,640,122	21,035,619	32,247,948

34. Financial Risk Management (continued)

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

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

Liabilities — at 30 June 2023 (unaudited)

	Level 1 HK\$'000 (Note 1)	Level 2 HK\$'000 (Note 2)	Level 3 HK\$'000 (Note 3)	Total HK\$'000
Financial liabilities held for trading and market making activities				
— Listed equity investments	2	–	–	2
— Listed debt investments	–	210,858	–	210,858
	2	210,858	–	210,860
Derivative financial liabilities				
— Swaps	–	62,365	–	62,365
— Forward foreign currency exchange contracts	–	21,121	–	21,121
— Listed futures/options/warrants	714	5	–	719
— Callable bull/bear contracts	–	126	–	126
— Unlisted options	–	25,700	–	25,700
	714	109,317	–	110,031
Total	716	320,175	–	320,891

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34. Financial Risk Management (continued)

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

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

Liabilities — at 31 December 2022 (audited)

	Level 1 HK\$'000 (Note 1)	Level 2 HK\$'000 (Note 2)	Level 3 HK\$'000 (Note 3)	Total HK\$'000
Financial liabilities held for trading and market making activities				
— Listed equity investments	2	–	–	2
— Listed debt investments	–	125,873	–	125,873
	2	125,873	–	125,875
Derivative financial liabilities				
— Swaps	–	117,373	–	117,373
— Forward foreign currency exchange contracts	–	43,184	–	43,184
— Listed futures/options/warrants	–	30	–	30
— Callable bull/bear contracts	–	56	–	56
— Unlisted options	–	26,988	–	26,988
	–	187,631	–	187,631
Total	2	313,504	–	313,506

34. Financial Risk Management (continued)

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

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

Notes:

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

If one or more of these significant inputs in valuation are not based on observable market data, the financial instrument is included in Level 3.

- (3) The fair values are determined by using valuation techniques with one or more of the significant inputs not based on observable market data. Information on Level 3 fair value measurements are further detailed below.
- (4) As at 30 June 2023, the investments held by consolidated investment funds as disclosed in note 15(i) are HK\$14.9 billion (31 December 2022: HK\$15.7 billion), which include:

- (i) Level 1 investment of HK\$1,360 million (31 December 2022: HK\$1,864 million)
 - a. listed equity investments of HK\$1,360 million (31 December 2022: HK\$1,864 million); and
- (ii) Level 2 investment of HK\$2,278 million (31 December 2022: HK\$3,917 million)
 - a. listed and unlisted debt investments of HK\$1,760 million (31 December 2022: HK\$1,832 million),
 - b. unlisted equity investments of HK\$110 million (31 December 2022: HK\$555 million),
 - c. unlisted fund investments of HK\$15 million (31 December 2022: HK\$426 million) and
 - d. unlisted partnership investments of HK\$393 million (31 December 2022: HK\$1,104 million) collectively classified as level 2; and
- (iii) Level 3 investment of HK\$11,231 million (31 December 2022: HK\$9,952 million)
 - a. unlisted debt investments of HK\$2,448 million (31 December 2022: HK\$3,491 million),
 - b. unlisted equity investments of HK\$1,893 million (31 December 2022: HK\$1,816 million),
 - c. unlisted fund investments of HK\$920 million (31 December 2022: HK\$905 million),
 - d. unlisted partnership investments of HK\$5,970 million (31 December 2022: HK\$3,740 million) collectively classified as level 3.

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For the six months ended 30 June 2023

34. Financial Risk Management (continued)

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

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

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

The outstanding balance of HK\$4,005 million (31 December 2022: HK\$2,882 million) represented unlisted financial products issued to clients with underlying investments linked to various equity investments, debt investments and fund investments. The Group hedges by acquiring equivalent underlying or entering similar transactions with counterparties. The outstanding balance of the long hedging position is HK\$11,484 million (31 December 2022: HK\$10,565 million).

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

34. Financial Risk Management (continued)

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

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

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

As at 30 June 2023 (unaudited)

	Level 1 HK\$'000 (Note 1)	Level 2 HK\$'000 (Note 2)	Level 3 HK\$'000 (Note 3)	Total HK\$'000
Assets acquired for financial products issued at fair value				
— Listed equity investments	1,081,696	–	–	1,081,696
— Listed debt investments	–	809,724	4,415,795	5,225,519
— Unlisted equity investments	–	3,116	146,611	149,727
— Unlisted debt investments	–	3,781,288	–	3,781,288
— Unlisted financial products	–	445	1,245,053	1,245,498
	1,081,696	4,594,573	5,807,459	11,483,728
Financial products issued at fair value				
— Unlisted issued financial products	–	2,910,758	612,895	3,523,653
— Listed equity investments	481,427	–	–	481,427
	481,427	2,910,758	612,895	4,005,080
Net position as of 30 June 2023	600,269	1,683,815	5,194,564	7,478,648

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

34. Financial Risk Management (continued)

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

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

As at 31 December 2022 (audited)

	Level 1 HK\$'000 (Note 1)	Level 2 HK\$'000 (Note 2)	Level 3 HK\$'000 (Note 3)	Total HK\$'000
Assets acquired for financial products issued at fair value				
— Listed equity investments	1,479,795	—	—	1,479,795
— Listed debt investments	—	59,783	3,527,483	3,587,266
— Unlisted equity investments	—	2,458	145,962	148,420
— Unlisted debt investments	—	3,790,101	369,808	4,159,909
— Unlisted investment funds	—	—	133,004	133,004
— Unlisted financial products	—	—	1,056,222	1,056,222
	1,479,795	3,852,342	5,232,479	10,564,616
Financial products issued at fair value				
— Unlisted issued financial products	—	1,697,575	511,546	2,209,121
— Listed equity investments	673,215	—	—	673,215
	673,215	1,697,575	511,546	2,882,336
Net position as of 31 December 2022	806,580	2,154,767	4,720,933	7,682,280

Notes:

- (1) The fair values of financial instruments traded in active markets are based on quoted market prices at the end of the reporting period.
- (2) The fair values of financial instruments that are mainly traded in over-the-counter are determined by using market observable broker quotes or valuation techniques with observable market data as key parameter inputs without management judgment.
- (3) The fair values are determined by using valuation techniques with one or more of the significant inputs not based on observable market data. Information on Level 3 fair value measurements are further detailed below.

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

34. Financial Risk Management (continued)

Information about Level 3 fair value measurements

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

30 June 2023 (unaudited)

	Financial assets measured at fair value		Financial liabilities measured at FVTPL
	Financial assets held for trading and market making activities/ investment securities at fair value HK\$'000	Assets acquired for financial products issued HK\$'000	Financial products issued at fair value HK\$'000
Opening balance	21,035,619	5,232,479	(511,546)
Addition (note i)	2,011,788	1,045,479	(171,128)
Transfer into Level 3 (note ii)	1,177,119	816,293	–
Disposal	(1,308,238)	(1,255,601)	–
Total gains (losses) in profit or loss (note iii)	145,311	(31,191)	69,779
Closing balance	23,061,599	5,807,459	(612,895)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

34. Financial Risk Management (continued)

Information about Level 3 fair value measurements (continued)

31 December 2022 (audited)

	Financial assets measured at fair value		Financial liabilities measured at FVTPL
	Financial assets held for trading and market making activities/ investment securities at FVTPL HK\$'000	Assets acquired for financial products issued HK\$'000	Financial products issued at fair value HK\$'000
Opening balance	4,686,851	4,420,545	(545,134)
Addition (note (i))	3,048,214	–	(96,153)
Transfer into Level 3 (note (ii))	17,187,895	2,363,827	(507,957)
Disposal	(249,411)	(875,867)	110,013
Total (losses) gains in profit or loss (note (iii))	(3,637,930)	(676,026)	527,685
Closing balance	21,035,619	5,232,479	(511,546)

34. Financial Risk Management (continued)

Information about Level 3 fair value measurements (continued)

Notes:

- (i) For the period ended 30 June 2023, addition represents additional capital call to private equity funds of HK\$1,102 million (2022: HK\$941 million), subscription of unlisted investment funds of HK\$210 million (2022: HK\$184 million), purchase of listed and unlisted debt investments and other financings of HK\$1,745 million (2022: Nil) and issuance of unlisted financial products of HK\$171 million (2022: HK\$96 million) where the fair value is determined based on significant unobservable inputs. For the year ended 31 December 2022, addition also represented purchase of unlisted equity investment of HK\$1,923 million where the fair value is determined based on significant unobservable inputs.
- (ii) For the period ended 30 June 2023, private equity funds amounted to HK\$1,177 million (2022: HK\$608 million) were transferred from Level 2 to Level 3 category. For the year ended 31 December 2022, unlisted investment funds of HK\$11,791 million, unlisted equity investments of HK\$567 million and unlisted financial products of HK\$1,073 million were also transferred from Level 2 to Level 3 category. The reason for the transfer is due to the fair value being determined with reference to the recent transaction price and therefore classified as Level 2 investments, and as of the reporting date were based on significant unobservable inputs applied (including the net asset value of the unlisted equity investments) in valuing these investments.

For the period ended 30 June 2023, listed and unlisted debt investment of HK\$816 million (2022: HK\$5,513 million) were transferred from Level 2 to Level 3 category. The reason for the transfer is due to the fair value being determined with reference to the recent transaction price or market observable broker/financial institution quotes and therefore classified as Level 2 investments, and as of the reporting dates were based on significant unobservable inputs applied (including the credit assessment of the issuer) in valuing these investments.

For the year ended 31 December 2022, financial products issued of HK\$508 million were transferred into level 3 category with reference to the transfer of the underlying investments.

- (iii) Of the total gains or losses for the period included in profit or loss, losses of HK\$90 million (2022: losses of HK\$2,428 million) relates to financial assets held for trading and market making activities, investment securities at FVTPL, assets acquired for financial products issued and financial products issued at fair value held at the end of the current reporting period. The fair value gains or losses are included in "Net trading and investment income" line item in the unaudited condensed consolidated statement of profit or loss.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

34. Financial Risk Management (continued)

Information about Level 3 fair value measurements (continued)

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

	Fair value as at		Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)			
Financial assets other than financial assets relating to financial product issuance					
Debt investments	3,596,892	4,161,959	Discounted cash flow models	Discount rate taking into account the credit risk of the issuer	The higher the discount rate, the lower the fair value
Unlisted equity investments	1,978,031	1,900,621	Market approach	Pricing multiples of market comparable companies used to determine the estimated equity value of the project company: — Price to sales multiple	The higher the pricing multiples, the higher the fair value
				Discount rate for lack of marketability	The higher the discount rate, the lower the fair value
Unlisted partnerships investments/ Unlisted investment funds	17,486,676	14,973,039	Net asset value of the underlying unlisted investments which are the deemed resale price of investments provided by the external counterparties	Net assets value	The higher the net assets value, the higher the fair value
	23,061,599	21,035,619			

34. Financial Risk Management (continued)

Information about Level 3 fair value measurements (continued)

	Fair value as at		Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)			
Financial assets and financial liabilities relating to product issuance					
<i>Asset acquired for financial products issued</i>					
Debt investments/unlisted financial products	5,660,848	4,953,513	Discounted cash flow models	Discount rate taking into account the credit risk of the issuer	The higher the discount rate, the lower the fair value
Unlisted equity investments	146,611	145,962	Net asset value of the unlisted equity investments which are the deemed resale price of investments provided by the external counterparties	Net asset value	The higher the net assets value, the higher the fair value
Unlisted partnerships investments/ Unlisted investment fund	–	133,004	Net asset value of the underlying unlisted investments which are the deemed resale price of investments provided by the external counterparties	Net asset value	The higher the net assets value, the higher the fair value
	5,807,459	5,232,479			
<i>Financial products issued at fair value</i>					
Unlisted financial products	612,895	511,546	The return of the financial products issued is linked to equity investments, debt investments or partnership investment, which are valued with directly reference to its hedge assets	Net asset value of its holding assets	The higher of the net assets value, the higher the fair value

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

35. Transfer of Financial Assets

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

Financial assets sold under repurchase agreements

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

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

36. Approval of the Interim Financial Statements

These unaudited condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors on 28 August 2023.

Other Information

Dividend

The board of directors of the Company (the "Board") did not recommend the payment of an interim dividend for the 6 months ended 30 June 2023 (2022: Nil).

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

As at 30 June 2023, the interests and short positions of the directors of the Company (the "Director(s)") in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 (the "Model Code") to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

The Company

Name of Directors	Class of shares	Number of shares held				Number of underlying shares held under equity derivatives	Total	Approximate percentage of the Company's total issued share capital*
		Personal interests	Family interests	Corporate interests				
LI Jun	Share options	-	-	-	201,590 (Note 1)	201,590	0.00%	
LIN Yong	Ordinary shares/share options	10,471,986 (Note 2)	-	-	5,399,391 (Note 1)	15,871,377	0.19%	
SUN Jianfeng	Ordinary shares/share options	3,292,313 (Note 3)	-	-	3,733,986 (Note 1)	7,026,299	0.08%	
SUN Tong	Ordinary shares/share options	2,915,655 (Note 4)	-	-	3,400,601 (Note 1)	6,316,256	0.07%	
CHENG Chi Ming Brian	Share options	-	-	-	1,089,728 (Note 1)	1,089,728	0.01%	
ZHANG Xinjun	Ordinary shares/share options	956,762 (Note 5)	-	-	2,089,759 (Note 1)	3,046,521	0.04%	
WAN Kam To	Share options	-	-	-	1,034,291 (Note 1)	1,034,291	0.01%	
LIU Swee Long Michael	Share options	-	-	-	367,902 (Note 1)	367,902	0.00%	
ZHANG Huaqiao	Share options	-	-	-	367,902 (Note 1)	367,902	0.00%	
LEE Man Yuen Margaret	Share options	-	-	-	201,590 (Note 1)	201,590	0.00%	

* The total number of issued shares of the Company was 8,438,024,077 as at 30 June 2023.

Other Information

Notes:

- On 23 June 2023, the number of outstanding share options and the exercise price were adjusted in the following manner consequent to the completion of rights issue on the same day:

Name of Directors	Date of grant of share options	Number of outstanding share options before the completion of rights issue	Exercise price per share option before the completion of rights issue	Adjusted number of outstanding share options after the completion of rights issue	Adjusted exercise price per share option after the completion of rights issue
LI Jun	6 September 2022	200,000	0.935	201,590	0.928
LIN Yong	1 November 2018	1,984,539	2.635	2,000,314	2.614
	31 May 2019	992,270	2.322	1,000,157	2.304
	29 May 2020	990,000	1.570	997,870	1.558
	21 July 2021	990,000	2.180	997,870	2.163
	6 September 2022	400,000	0.935	403,180	0.928
SUN Jianfeng	1 November 2018	1,323,026	2.635	1,333,543	2.614
	31 May 2019	661,512	2.322	666,770	2.304
	29 May 2020	660,000	1.570	665,247	1.558
	21 July 2021	660,000	2.180	665,246	2.163
	6 September 2022	400,000	0.935	403,180	0.928
SUN Tong	1 November 2018	1,102,522	2.635	1,111,286	2.614
	31 May 2019	551,260	2.322	555,642	2.304
	29 May 2020	660,000	1.570	665,247	1.558
	21 July 2021	660,000	2.180	665,246	2.163
	6 September 2022	400,000	0.935	403,180	0.928
CHENG Chi Ming Brian	1 November 2018	330,757	2.635	333,386	2.614
	31 May 2019	165,377	2.322	166,691	2.304
	29 May 2020	165,000	1.570	166,312	1.558
	21 July 2021	220,000	2.180	221,749	2.163
	6 September 2022	200,000	0.935	201,590	0.928
ZHANG Xinjun	1 November 2018	1,102,522	2.635	1,111,286	2.614
	31 May 2019	330,756	2.322	333,385	2.304
	29 May 2020	220,000	1.570	221,749	1.558
	21 July 2021	220,000	2.180	221,749	2.163
	6 September 2022	200,000	0.935	201,590	0.928
WAN Kam To	1 November 2018	330,757	2.635	333,386	2.614
	31 May 2019	165,377	2.322	166,691	2.304
	29 May 2020	165,000	1.570	166,312	1.558
	21 July 2021	165,000	2.180	166,312	2.163
	6 September 2022	200,000	0.935	201,590	0.928
LIU Swee Long Michael	21 July 2021	165,000	2.180	166,312	2.163
	6 September 2022	200,000	0.935	201,590	0.928
ZHANG Huaqiao	21 July 2021	165,000	2.180	166,312	2.163
	6 September 2022	200,000	0.935	201,590	0.928
LEE Man Yuen Margaret	6 September 2022	200,000	0.935	201,590	0.928

2. Those shares are held by Mr. LIN Yong as beneficial owner, included 320,000 unvested awarded shares granted by the Company pursuant to the share award scheme as at 30 June 2023 and a total of 398,009 awarded shares which were vested in tranches on 24 March 2023 pursuant to the share award scheme during the 6 months ended 30 June 2023.
3. Those shares are held by Mr. SUN Jianfeng as beneficial owner, included 146,001 unvested awarded shares granted by the Company pursuant to the share award scheme as at 30 June 2023 and a total of 181,592 awarded shares which were vested in tranches on 24 March 2023 pursuant to the share award scheme during the 6 months ended 30 June 2023.
4. Those shares are held by Mr. SUN Tong as beneficial owner, included 146,001 unvested awarded shares granted by the Company pursuant to the share award scheme as at 30 June 2023 and a total of 181,592 awarded shares which were vested in tranches on 24 March 2023 pursuant to the share award scheme during the 6 months ended 30 June 2023.
5. Those shares are held by Mr. ZHANG Xinjun as beneficial owner.

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

Save as disclosed above, as at 30 June 2023, none of the Directors or their associates had registered any other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed under the sections headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above and "Share Option Scheme" below, at no time during the 6 months ended 30 June 2023 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Shared-based Compensation Schemes

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

Share Option Scheme

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

Other Information

Movements of the share options under the 2015 Share Option Scheme during the 6 months ended 30 June 2023 are listed below:

Name or category of participants	Number of share options						Price of Company's shares***					
	At 1 January 2023	Granted during the period	Adjusted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	At 30 June 2023	Date of grant of share options*	Exercise period of share options	Exercise price of share options** HK\$ per share	At immediately preceding the grant date of share options HK\$ per share	At immediately preceding the exercise date of share options HK\$ per share
Directors												
LI Jun	200,000	-	1,590 (Note 1)	-	-	-	201,590	6 September 2022	3 April 2023– 5 September 2027	0.928 (Note 1)	0.85	N/A
LIN Yong	1,984,539	-	15,775 (Note 1)	-	-	-	2,000,314	1 November 2018	28 May 2019– 31 October 2023	2.614 (Note 1)	2.56	N/A
	992,270	-	7,887 (Note 1)	-	-	-	1,000,157	31 May 2019	27 December 2019– 30 May 2024	2.304 (Note 1)	2.39	N/A
	990,000	-	7,870 (Note 1)	-	-	-	997,870	29 May 2020	25 December 2020– 28 May 2025	1.558 (Note 1)	1.55	N/A
	990,000	-	7,870 (Note 1)	-	-	-	997,870	21 July 2021	17 February 2022– 20 July 2026	2.163 (Note 1)	2.16	N/A
	400,000	-	3,180 (Note 1)	-	-	-	403,180	6 September 2022	3 April 2023– 5 September 2027	0.928 (Note 1)	0.85	N/A
SUN Jianfeng	1,323,026	-	10,517 (Note 1)	-	-	-	1,333,543	1 November 2018	28 May 2019– 31 October 2023	2.614 (Note 1)	2.56	N/A
	661,512	-	5,258 (Note 1)	-	-	-	666,770	31 May 2019	27 December 2019– 30 May 2024	2.304 (Note 1)	2.39	N/A
	660,000	-	5,247 (Note 1)	-	-	-	665,247	29 May 2020	25 December 2020– 28 May 2025	1.558 (Note 1)	1.55	N/A
	660,000	-	5,246 (Note 1)	-	-	-	665,246	21 July 2021	17 February 2022– 20 July 2026	2.163 (Note 1)	2.16	N/A
	400,000	-	3,180 (Note 1)	-	-	-	403,180	6 September 2022	3 April 2023– 5 September 2027	0.928 (Note 1)	0.85	N/A
SUN Tong	1,102,522	-	8,764 (Note 1)	-	-	-	1,111,286	1 November 2018	28 May 2019– 31 October 2023	2.614 (Note 1)	2.56	N/A
	551,260	-	4,382 (Note 1)	-	-	-	555,642	31 May 2019	27 December 2019– 30 May 2024	2.304 (Note 1)	2.39	N/A
	660,000	-	5,247 (Note 1)	-	-	-	665,247	29 May 2020	25 December 2020– 28 May 2025	1.558 (Note 1)	1.55	N/A
	660,000	-	5,246 (Note 1)	-	-	-	665,246	21 July 2021	17 February 2022– 20 July 2026	2.163 (Note 1)	2.16	N/A
	400,000	-	3,180 (Note 1)	-	-	-	403,180	6 September 2022	3 April 2023– 5 September 2027	0.928 (Note 1)	0.85	N/A

Name or category of participants	Number of share options						Price of Company's shares***					
	At 1 January 2023	Granted during the period	Adjusted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	At 30 June 2023	Date of grant of share options*	Exercise period of share options	Exercise price of share options** HK\$ per share	At immediately preceding the grant date of share options HK\$ per share	At immediately preceding the exercise date of share options HK\$ per share
	Directors											
CHENG Chi Ming Brian	330,757	–	2,629 (Note 1)	–	–	–	333,386	1 November 2018	28 May 2019– 31 October 2023	2.614 (Note 1)	2.56	N/A
	165,377	–	1,314 (Note 1)	–	–	–	166,691	31 May 2019	27 December 2019– 30 May 2024	2.304 (Note 1)	2.39	N/A
	165,000	–	1,312 (Note 1)	–	–	–	166,312	29 May 2020	25 December 2020– 28 May 2025	1.558 (Note 1)	1.55	N/A
	220,000	–	1,749 (Note 1)	–	–	–	221,749	21 July 2021	17 February 2022– 20 July 2026	2.163 (Note 1)	2.16	N/A
	200,000	–	1,590 (Note 1)	–	–	–	201,590	6 September 2022	3 April 2023– 5 September 2027	0.928 (Note 1)	0.85	N/A
ZHANG Xinjun	1,102,522	–	8,764 (Note 1)	–	–	–	1,111,286	1 November 2018	28 May 2019– 31 October 2023	2.614 (Note 1)	2.56	N/A
	330,756	–	2,629 (Note 1)	–	–	–	333,385	31 May 2019	27 December 2019– 30 May 2024	2.304 (Note 1)	2.39	N/A
	220,000	–	1,749 (Note 1)	–	–	–	221,749	29 May 2020	25 December 2020– 28 May 2025	1.558 (Note 1)	1.55	N/A
	220,000	–	1,749 (Note 1)	–	–	–	221,749	21 July 2021	17 February 2022– 20 July 2026	2.163 (Note 1)	2.16	N/A
	200,000	–	1,590 (Note 1)	–	–	–	201,590	6 September 2022	3 April 2023– 5 September 2027	0.928 (Note 1)	0.85	N/A
WAN Kam To	330,757	–	2,629 (Note 1)	–	–	–	333,386	1 November 2018	28 May 2019– 31 October 2023	2.614 (Note 1)	2.56	N/A
	165,377	–	1,314 (Note 1)	–	–	–	166,691	31 May 2019	27 December 2019– 30 May 2024	2.304 (Note 1)	2.39	N/A
	165,000	–	1,312 (Note 1)	–	–	–	166,312	29 May 2020	25 December 2020– 28 May 2025	1.558 (Note 1)	1.55	N/A
	165,000	–	1,312 (Note 1)	–	–	–	166,312	21 July 2021	17 February 2022– 20 July 2026	2.163 (Note 1)	2.16	N/A
	200,000	–	1,590 (Note 1)	–	–	–	201,590	6 September 2022	3 April 2023– 5 September 2027	0.928 (Note 1)	0.85	N/A

Other Information

Name or category of participants	Number of share options						Price of Company's shares***					
	At 1 January 2023	Granted during the period	Adjusted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	At 30 June 2023	Date of grant of share options*	Exercise period of share options	Exercise price of share options** HK\$ per share	At immediately preceding the grant date of share options HK\$ per share	At immediately preceding the exercise date of share options HK\$ per share
Directors												
LIU Swee Long Michael	165,000	–	1,312 (Note 1)	–	–	–	166,312	21 July 2021	17 February 2022– 20 July 2026	2.163 (Note 1)	2.16	N/A
	200,000	–	1,590 (Note 1)	–	–	–	201,590	6 September 2022	3 April 2023– 5 September 2027	0.928 (Note 1)	0.85	N/A
ZHANG Huaqiao	165,000	–	1,312 (Note 1)	–	–	–	166,312	21 July 2021	17 February 2022– 20 July 2026	2.163 (Note 1)	2.16	N/A
	200,000	–	1,590 (Note 1)	–	–	–	201,590	6 September 2022	3 April 2023– 5 September 2027	0.928 (Note 1)	0.85	N/A
LEE Man Yuen Margaret	200,000	–	1,590 (Note 1)	–	–	–	201,590	6 September 2022	3 April 2023– 5 September 2027	0.928 (Note 1)	0.85	N/A
LI Jianguo (retired on 2 June 2023)	330,757	–	2,629 (Note 1)	–	–	–	333,386	1 November 2018	28 May 2019– 31 October 2023	2.614 (Note 1)	2.56	N/A
	165,377	–	1,314 (Note 1)	–	–	–	166,691	31 May 2019	27 December 2019– 30 May 2024	2.304 (Note 1)	2.39	N/A
	220,000	–	1,749 (Note 1)	–	–	–	221,749	29 May 2020	25 December 2020 – 28 May 2025	1.558 (Note 1)	1.55	N/A
	220,000	–	1,749 (Note 1)	–	–	–	221,749	21 July 2021	17 February 2022– 20 July 2026	2.163 (Note 1)	2.16	N/A
	200,000	–	1,590 (Note 1)	–	–	–	201,590	6 September 2022	3 April 2023– 5 September 2027	0.928 (Note 1)	0.85	N/A
POON Mo Yiu (retired on 2 June 2023)	771,764	–	6,134 (Note 1)	–	–	–	777,898	1 November 2018	28 May 2019– 31 October 2023	2.614 (Note 1)	2.56	N/A
	385,883	–	3,067 (Note 1)	–	–	–	388,950	31 May 2019	27 December 2019– 30 May 2024	2.304 (Note 1)	2.39	N/A
	385,000	–	3,061 (Note 1)	–	–	–	388,061	29 May 2020	25 December 2020 – 28 May 2025	1.558 (Note 1)	1.55	N/A
	440,000	–	3,498 (Note 1)	–	–	–	443,498	21 July 2021	17 February 2022– 20 July 2026	2.163 (Note 1)	2.16	N/A
	400,000	–	3,180 (Note 1)	–	–	–	403,180	6 September 2022	3 April 2023– 5 September 2027	0.928 (Note 1)	0.85	N/A
In aggregate	21,264,456	–	169,036	–	–	–	21,433,492					

Name or category of participants	Number of share options						Price of Company's shares***					
	At	Granted	Adjusted	Exercised	Cancelled	Lapsed	At	Date of	Exercise	Exercise	At immediately	At immediately
	1 January 2023	during the period	during the period	during the period	during the period	during the period	30 June 2023	grant of share options*	period of share options	price of share options** HK\$ per share	preceding the grant date of share options HK\$ per share	preceding the exercise date of share options HK\$ per share
Continuous contract employees												
	4,321,890	-	30,240 (Note 1)	-	-	(518,186) (Note 2)	3,833,944	1 November 2018	28 May 2019– 31 October 2023	2.614 (Note 1)	2.56	N/A
	3,020,919	-	21,652 (Note 1)	-	-	(297,680) (Note 2)	2,744,891	31 May 2019	27 December 2019– 30 May 2024	2.304 (Note 1)	2.39	N/A
	3,954,500	-	28,810 (Note 1)	-	-	(330,000) (Note 2)	3,653,310	29 May 2020	25 December 2020– 28 May 2025	1.558 (Note 1)	1.55	N/A
	5,390,000	-	37,599 (Note 1)	-	-	(660,000) (Note 2)	4,767,599	21 July 2021	17 February 2022– 20 July 2026	2.163 (Note 1)	2.16	N/A
	7,210,000	-	53,377 (Note 1)	-	-	(495,000) (Note 2)	6,768,377	6 September 2022	3 April 2023– 5 September 2027	0.928 (Note 1)	0.85	N/A
In aggregate	23,897,309	-	171,678	-	-	(2,300,866)	21,768,121					
	45,161,765	-	340,714	-	-	(2,300,866)	43,201,613					

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

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

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

Notes:

1. The exercise price and the number of share options were adjusted with effect from 23 June 2023 consequent to the completion of rights issue on the same day.
2. These share options were lapsed during the 6 months ended 30 June 2023 as a result of staff resignation.
3. Further details on the 2015 Share Option Scheme including, but not limit to, fair value of options at the date of grant and the accounting standard and policy adopted are set out in note 31 to the financial statements.

Other Information

Share Award Scheme

The shareholders of the Company approved the adoption of a new share award scheme (the "2014 Share Award Scheme") on 19 December 2014. The purpose of the 2014 Share Award Scheme is to recognize the contributions by certain employees of the Company and to give incentives thereto in order to retain them for the continuing operation and development of the Company, and to attract suitable personnel for further development of the Company. The 2014 Share Award Scheme became effective on the adoption date and, unless otherwise terminated or amended, will remain in force for 10 years from that date, i.e. 18 December 2024.

Movements of the share award under the 2014 Share Award Scheme during the 6 months ended 30 June 2023 are listed below:

Name or category of participants	Date of grant of Awarded Shares	Acceptance date of Awarded Shares	Number of Awarded Shares						Price of Company's shares*		
			Unvested as at 1 January 2023	Granted during the period	Vested during the period	Cancelled during the period	Lapsed during the period	Unvested as at 30 June 2023	At immediately preceding the date of grant of the Awarded Shares	At immediately preceding the vesting date of the Awarded Shares	
			HK\$ per share	HK\$ per share	HK\$ per share	HK\$ per share	HK\$ per share	HK\$ per share	HK\$ per share		
LIN Yong	25 March 2020	24 April 2020	398,009	-	398,009	-	-	-	24 March 2023	1.96	0.66
	31 August 2021	7 September 2021	320,000	-	-	-	-	320,000	-	2.00	-
SUN Jianfeng	25 March 2020	24 April 2020	181,592	-	181,592	-	-	-	24 March 2023	1.96	0.66
	31 August 2021	7 September 2021	146,001	-	-	-	-	146,001	-	2.00	-
SUN Tong	25 March 2020	24 April 2020	181,592	-	181,592	-	-	-	24 March 2023	1.96	0.66
	31 August 2021	7 September 2021	146,001	-	-	-	-	146,001	-	2.00	-
POON Mo Yiu (retired on 2 June 2023)	25 March 2020	24 April 2020	156,717	-	156,717	-	-	-	24 March 2023	1.96	0.66
	31 August 2021	7 September 2021	126,000	-	-	-	-	126,000	-	2.00	-
Other Participants	25 March 2020	24 April 2020	2,376,020	-	2,357,114	-	18,906	-	24 March 2023	1.96	0.66
	31 August 2021	7 September 2021	7,495,069	-	-	-	-	7,495,069	-	2.00	-
	8 September 2022	15 September 2022	351,439	-	53,625	-	119,243	178,571	1 March 2023	0.85	0.79
	7 June 2023	12 June 2023	-	8,650,000	178,572	-	-	8,650,000	-	0.64	-

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

Notes:

- Further details on the 2014 Share Award Scheme including, but not limit to, fair value of the Awarded Shares at the date of grant and the accounting standard and policy adopted are set out in note 31 to the financial statements.
- 2014 Share Award Scheme does not involve issuance of new shares of the Company.
- The Awarded Shares were granted at nil purchase price.

The number of Share Options and Awarded Shares available for grant under the Share Option Scheme Limit and Share Award Scheme Limit respectively as at 1 January 2023 and 30 June 2023 are as follow:

Scheme	As at	As at
	1 January 2023	30 June 2023
Share Option Scheme	165,511,794	167,471,946
Share Award Scheme	94,024,515	85,662,664

During the period, a total of 43,201,613 new shares, representing approximately 0.64% of the weighted average number of issued ordinary shares of the Company that may be issued in respect of Share Options granted of the Company, excluding those lapsed.

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

As at 30 June 2023, the interests and short positions of those persons (other than the Directors) in the shares and underlying shares of the Company as required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or to the best of Directors' knowledge, were as follows:

Name of substantial shareholders	Number of shares held and nature of interests		Number of underlying shares held under equity derivatives	Total	Approximate percentage of the Company's total issued share capital*
	Direct	Deemed			
	Haitong Securities Co., Ltd. ("HSCL")	–			
Haitong International Holdings Limited ("HTIH")	6,193,865,946	–	–	6,193,865,946	73.40%

* The total number of issued shares of the Company was 8,438,024,077 as at 30 June 2023.

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

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

Save as disclosed above, as at 30 June 2023, no person, other than the Directors, whose interests are set out in the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Other Information

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the 6 months ended 30 June 2023 other than as an agent for clients of the Company or its subsidiaries.

Compliance with Corporate Governance

The Board is committed to maintaining a high standard of corporate governance practices within the Group. Throughout the 6 months ended 30 June 2023, the Company has fully complied with the code provisions set out in the Corporate Governance Code as contained in Appendix 14 of the Listing Rules.

Compliance with Model Code

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct for securities transactions by the Directors. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the 6 months ended 30 June 2023.

Audit Committee

The Group's external auditor, Deloitte Touche Tohmatsu, has carried out a review of the unaudited consolidated results for the six months ended 30 June 2023 of the Group in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the HKICPA.

The audit committee of the Company (the "Audit Committee") has reviewed the accounting principles and practices adopted by the Group and the unaudited consolidated results for the six months ended 30 June 2023 of the Group. The Audit Committee currently comprises 3 non-executive directors of the Company and among whom 2, including the chairman of the Audit Committee (the "Chairman"), are independent non-executive directors of the Company. The Chairman has the appropriate financial-related professional qualification and experience.

Disclosure Pursuant to Rule 13.21 of the Listing Rules

On 24 February 2023, the Company (as borrower) entered into a facility agreement (the “Facility Agreement”) with certain financial institutions (as lenders) in respect of a revolving credit facility in an amount up to HK\$16,000,000,000 for a term of up to 364 days.

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

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

Announcement regarding the entering into of Facility Agreement was made on 24 February 2023.

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

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

Mr. ZHANG Xinjun

Mr. ZHANG Xinjun has been appointed as a director of HTIH with effect from 21 March 2023, the chairman of the board of directors of Haitong UT Capital Group Co., Limited with effect from 17 April 2023, a non-executive director of Haitong Unitrust International Financial Leasing Co., Ltd. (whose shares are listed on the Stock Exchange, stock code: 1905) with effect from 12 May 2023, and the deputy general manager of HSCL (whose shares are listed on the Stock Exchange (stock code: 6837) and on the Shanghai Stock Exchange (stock code: 600837)) with effect from 30 June 2023.

Mr. WAN Kam To

Mr. WAN Kam To resigned as an independent non-executive director of China Resources Land Limited (whose shares are listed on the Stock Exchange, stock code: 1109) with effect from 1 July 2023, and completed his term of service as an independent non-executive director of A-Living Smart City Services Co., Ltd. (whose shares are listed on the Stock Exchange, stock code: 3319) on 20 July 2023.

Corporate Information

General Information

Board of Directors

Executive Directors

LIN Yong *Deputy Chairman and
Chief Executive Officer*

SUN Jianfeng

SUN Tong

Non-executive Directors

LI Jun *Chairman*

CHENG Chi Ming Brian

ZHANG Xinjun

Independent Non-executive Directors

WAN Kam To

LIU Swee Long Michael

ZHANG Huaqiao

LEE Man Yuen Margaret

Company Secretary

CHOU Chuk Nam

External Auditors

Deloitte Touche Tohmatsu

Registered Public Interest Entity Auditors

Place of Incorporation

Bermuda

Registered Office

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal Place of Business

22nd Floor, Li Po Chun Chambers

189 Des Voeux Road Central

Hong Kong

Principal Share Registrar and Transfer Office

Conyers Corporate Services (Bermuda) Limited

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

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