

ADDENDUM DATED 30 SEPTEMBER 2020

If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

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Non-collateralised Structured Products

Base Listing Document relating to Structured Products to be issued by



Haitong International Securities Company Limited

(incorporated with limited liability in Hong Kong)

This document, for which we accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) for the purpose of giving information with regard to us and our standard warrants (“**Warrants**”), inline warrants (“**Inline Warrants**”), callable bull/bear contracts (“**CBBCs**”) and other structured products (together, the “**Structured Products**”) to be listed on the Stock Exchange from time to time. This document may be updated and/or amended from time to time by way of addenda.

We, having made all reasonable enquiries, confirm that to the best of our knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

The Structured Products involve derivatives. Investors should not invest in the Structured Products unless they fully understand and are willing to assume the risks associated with them.

Investors are warned that the price of the Structured Products may fall in value as rapidly as may rise and holders may sustain a total loss of their investment. Prospective purchasers should therefore ensure that they understand the nature of the Structured Products and carefully study the risk factors set out in this document and, where necessary, seek professional advice, before they invest in the Structured Products.

The Structured Products constitute our (and no other person’s) general unsecured contractual obligations and will rank equally among themselves with all our other unsecured obligations (save for those obligations preferred by law) upon liquidation. If you purchase the Structured Products, you are relying upon our creditworthiness and have no rights under the Structured Products against (a) the company which has issued the underlying assets; (b) the trustee or the manager of the underlying unit trust; or (c) the index compiler of any underlying index or any company constituting the underlying index. If we become insolvent or default on our obligations under the Structured Products, you may not be able to recover all or even part of the amount due under the Structured Products (if any).

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IMPORTANT INFORMATION

What is this document about?

This addendum contains supplemental general information on us (if any), our unaudited interim report for the period ended 30 June 2020. This document is for information purposes only and does not constitute an offer, an advertisement or an invitation to the public to subscribe for or to acquire any Structured Products.

What documents should you read before investing in the Structured Products?

You must read this addendum together with our base listing document dated 24 April 2020 (“Base Listing Document”) (including any other addendum to our Base Listing Document to be issued by us from time to time) and the relevant supplemental listing document (including any addendum to such supplemental listing document to be issued by us from time to time) (together, the “Listing Documents”) before investing in any Structured Product.

Where can you inspect the relevant documents?

The following documents are available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at our office at 28/F, One IFC, 1 Harbour View Street, Central, Hong Kong:

- (a) our latest financial statements for the year ended 31 December 2019 and unaudited interim report for the six months ended 30 June 2020 (both the English version and Chinese translation);
- (b) the consent letter of the auditor, Deloitte Touche Tohmatsu (“Auditor”) referred to in the Base Listing Document;
- (c) this document and the Base Listing Document, together with any other addenda thereto.

下列文件可於任何周日（星期六、星期日及公眾假期除外）的一般辦公時間內，於我們的辦事處（地址為香港中環港景街 1 號國際金融中心一期 28 樓）查閱：

- (a) 我們截至 2019 年 12 月 31 日止年度的財務報表及截至 2020 年 6 月 30 日止之六個月的未經審核中期報告；
- (b) 核數師德勤·關黃陳方會計師行（「核數師」）就基礎上市文件發出的同意書；
- (c) 本文件及基礎上市文件的任何其他增編。

Are we subject to any litigation?

Save as disclosed in our Listing Documents, we and our subsidiaries have no litigation or claims of material importance pending or threatened against us or them.

Has our financial position changed last financial year-end?

Save as disclosed in this addendum and appendix 5 of the Base Listing Document, there has been no material adverse change in our financial or trading position since 31 December 2019.

Are we rated by any credit rating agencies?

We have not been assigned any ratings by any credit rating agencies as at the date of this addendum.

The Structured Products are not rated.

How can you get further information about us?

You may visit *www.htiwarrants.com* to obtain further information about us.

You must note that the information on our website will be of a general nature and cannot be relied upon as accurate and/or correct and will not have been prepared exclusively for the purposes of any particular financial instrument issued by us, including the Structured Products.

SUPPLEMENTAL INFORMATION ABOUT US

We have no update on the supplemental information.

**OUT UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED
30 JUNE 2020**

Attached to this addendum is our unaudited interim report for the six months ended 30 June 2020 (“2020 Interim Report”). References to page numbers (i.e. the numeric page numbers which appear on the bottom of the pages) in this section are to pages of our 2020 Interim Report. Our interim financial report has been prepared in accordance with our usual accounting policies and procedures. A hard copy of the 2020 Interim Report is available for inspection at the office at 28/F, One IFC, 1 Harbour View Street, Central, Hong Kong

**HAITONG INTERNATIONAL SECURITIES
COMPANY LIMITED**

海通國際證券有限公司

Unaudited Interim Report
For the period ended 30 June 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2020

	NOTES	Six months ended	
		30.6.2020 HK\$	30.6.2019 HK\$
Revenue			
Commission and fee income	4	489,327,477	599,296,985
Interest income	4	626,512,721	713,189,365
Net trading and investment income	4	114,266,274	85,890,661
		1,230,106,472	1,398,377,011
Other income and gains or losses	4	2,667,709	16,768,853
		1,232,774,181	1,415,145,864
Salaries and allowances, bonuses and pension		(149,308,417)	(138,040,135)
Commission expenses		(112,094,430)	(72,265,047)
Amortisation and depreciation		(1,125,309)	(1,158,117)
Management and service fees to an intermediate holding company and fellow subsidiaries		(319,403,232)	(200,397,715)
Operating expenses		(305,168,317)	(169,419,124)
		(887,099,705)	(581,280,138)
Finance costs	5	(346,860,285)	(619,987,086)
(Loss)/profit before impairment charges and tax		(1,185,809)	213,878,640
Impairment charges, net of reversal		(101,406,808)	(165,530,611)
(Loss)/profit before tax	5	(102,592,617)	48,348,029
Income tax expense	6	(728,494)	(6,019,087)
(Loss)/profit for the period		(103,321,111)	42,328,942
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		2,797,919	813,807
Other comprehensive income for the period		2,797,919	813,807
(Loss)/profit and total comprehensive income for the period		(100,523,192)	43,142,749

HAITONG INTERNATIONAL SECURITIES COMPANY LIMITED
海通國際證券有限公司

STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2020

	NOTES	30.6.2020			31.12.2019		
		Current HK\$	Non- current HK\$	Total HK\$	Current HK\$	Non- current HK\$	Total HK\$
ASSETS							
Assets							
Cash and cash equivalents		781,713,657	-	781,713,657	654,741,728	-	654,741,728
Cash held on behalf of customers		17,103,668,983	-	17,103,668,983	15,141,938,791	-	15,141,938,791
Financial assets held for trading and market making activities	7	826,520,523	-	826,520,523	1,145,395,305	-	1,145,395,305
Investment securities measured at fair value	13	420,134	-	420,134	507,445	646,157,804	646,665,249
Derivative financial instruments	8	165,267,662	-	165,267,662	55,539,813	-	55,539,813
Advances to customers in margin financing	10	11,398,014,272	-	11,398,014,272	12,537,053,917	-	12,537,053,917
Cash collateral on securities borrowed and reverse repurchase agreements	9	2,646,961,695	-	2,646,961,695	629,798,655	-	629,798,655
Accounts receivable	11	3,716,585,944	-	3,716,585,944	4,175,914,799	-	4,175,914,799
Amounts due from fellow subsidiaries	15	90,931,940	-	90,931,940	264,720,692	-	264,720,692
Amount due from the intermediate holding company	15	5,648,421,157	-	5,648,421,157	2,933,886,115	-	2,933,886,115
Amount due from the immediate holding company	15	268,780	-	268,780	-	-	-
Tax recoverable		1,336,415	-	1,336,415	1,387,070	-	1,387,070
Prepayments, deposits and other receivables		145,891,891	-	145,891,891	242,331,468	-	242,331,468
Other intangible assets		-	6,054,345	6,054,345	-	6,054,345	6,054,345
Other assets		-	144,277,245	144,277,245	-	85,182,877	85,182,877
Property and equipment		-	4,644,478	4,644,478	-	5,818,195	5,818,195
Deferred tax assets		-	11,040,119	11,040,119	-	11,040,119	11,040,119
Total assets		42,526,003,053	166,016,187	42,692,019,240	37,783,215,798	754,253,340	38,537,469,138
LIABILITIES AND EQUITY							
Liabilities							
Financial liabilities held for trading and market making activities	7	196,308,285	-	196,308,285	57,184,543	-	57,184,543
Derivative financial instruments	8	298,524,078	-	298,524,078	405,537,950	-	405,537,950
Cash collateral on securities lent and repurchase agreements	12	3,858,254,012	-	3,858,254,012	2,870,511,188	-	2,870,511,188
Accounts payable	14	20,356,505,071	-	20,356,505,071	17,881,202,146	-	17,881,202,146
Amounts due to fellow subsidiaries	15	463,368,593	-	463,368,593	514,573,295	-	514,573,295
Bank borrowings	16	856,000,000	-	856,000,000	5,000,000	-	5,000,000
Subordinated loans	17	3,400,000,000	-	3,400,000,000	3,400,000,000	-	3,400,000,000
Other payables and accruals		167,397,621	-	167,397,621	204,296,847	2,978,397	207,275,244
Total liabilities		29,596,357,660	-	29,596,357,660	25,338,305,969	2,978,397	25,341,284,366
Equity							
Share capital				11,500,000,000			11,500,000,000
Reserves				1,595,661,580			1,696,184,772
Total equity				13,095,661,580			13,196,184,772
Total liabilities and equity				42,692,019,240			38,537,469,138

HAITONG INTERNATIONAL SECURITIES COMPANY LIMITED

海通國際證券有限公司

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2020**

	<u>Share capital</u> HK\$	<u>Contribution reserve</u> HK\$	<u>Retained earnings</u> HK\$	<u>Exchange reserve</u> HK\$	<u>Total</u> HK\$
At 31 December 2019	11,500,000,000	348,497,823	1,340,677,544	7,009,405	13,196,184,772
Loss and total comprehensive income for the period	-	-	(103,321,111)	2,797,919	(100,523,192)
At 30 June 2020	<u>11,500,000,000</u>	<u>348,497,823</u>	<u>1,237,356,433</u>	<u>9,807,324</u>	<u>13,095,661,580</u>
At 31 December 2018	11,500,000,000	348,497,823	977,346,580	4,193,534	12,830,037,937
HKFRS16 adjustment	-	-	(52,838)	-	(52,838)
At 1 January 2019 (restated)	<u>11,500,000,000</u>	<u>348,497,823</u>	<u>977,293,742</u>	<u>4,193,534</u>	<u>12,829,985,099</u>
Profit and total comprehensive income for the period	-	-	42,328,942	813,807	43,142,749
At 30 June 2019	<u>11,500,000,000</u>	<u>348,497,823</u>	<u>1,019,622,684</u>	<u>5,007,341</u>	<u>12,873,127,848</u>

Note: The deemed contribution from an intermediate holding company represents the imputed interest on non-current interest free payable from an intermediate holding company calculated with reference to Hong Kong Accounting Standard 39 "Financial instrument: Recognition and measurement" in prior years.

HAITONG INTERNATIONAL SECURITIES COMPANY LIMITED
海通國際證券有限公司

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2020

	Six months ended	
	<u>30.6.2020</u>	<u>30.6.2019</u>
	HK\$	HK\$
NET CASH FROM OPERATING ACTIVITIES	1,868,191,701	1,722,677,693
NET CASH USED IN INVESTING ACTIVITIES	(2,541,015,070)	(157,056,977)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	<u>799,795,298</u>	<u>(1,389,845,982)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	126,971,929	175,774,734
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>654,741,728</u>	<u>892,929,954</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>781,713,657</u>	<u>1,068,704,688</u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>781,713,657</u>	<u>1,068,704,688</u>

NOTES TO THE FINANCIAL STATEMENT

1. GENERAL

Haitong International Securities Company Limited (the "Company") is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 22/F., Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong.

During the period ended 30 June 2020, the Company is involved in securities brokerage and dealing, the provision of securities margin financing, placing and underwriting services, and market making on listed derivatives and other consultancy and advisory services. The Company is licensed under the Hong Kong Securities and Futures Ordinance to conduct regulated activities of dealing in securities, dealing in leveraged foreign exchange trading and advising on securities.

In the opinion of the Board of the Company, the parent company of the Company is Haitong International (BVI) Limited, which is incorporated in the British Virgin Islands, and the ultimate holding company of the Company is Haitong Securities Co., Ltd., which is incorporated in the People's Republic of China ("PRC") and listed in both the PRC and Hong Kong.

Certain comparative figures have been reclassified or restated to conform with current period presentation.

2. BASIS OF PREPARATION

The unaudited 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.

3. PRINCIPAL ACCOUNTING POLICIES

The unaudited 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 changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs") and application of certain accounting policies which became relevant to the Company, the accounting policies and methods of computation used in the unaudited financial statements for the six months ended 30 June 2020 are the same as those followed in the preparation of the Company's audited financial statements for the year ended 31 December 2019.

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 Company has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA that are relevant for the preparation of the Company's unaudited financial statements:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition to the above amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in HKFRS Standards*, are effective for annual periods beginning on or after 1 January 2020.

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

4. 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	
	<u>30.6.2020</u>	<u>30.6.2019</u>
	HK\$	HK\$
Revenue		
Commission and fee income:		
Commission on securities dealing and broking	328,046,193	177,194,068
Commission on futures and options dealing and broking	2,521,761	705,770
Commission on underwriting and placing	40,410,992	307,852,973
Financial advisory and consultancy fee income	39,681,422	107,453,765
Handling, custodian and other service fee income	78,667,109	6,090,409
	<u>489,327,477</u>	<u>599,296,985</u>
Interest income:		
Interest income from advances to customers in margin financing	509,662,756	579,394,129
Interest income from other activities	116,849,965	133,795,236
	<u>626,512,721</u>	<u>713,189,365</u>
Net trading and investment income:		
Net trading income on fixed income, currency and commodities and equity derivatives	114,459,399	89,476,917
Net investment gain on financial assets/liabilities at fair value through profit and loss	(193,125)	(3,586,256)
	<u>114,266,274</u>	<u>85,890,661</u>
	<u>1,230,106,472</u>	<u>1,398,377,011</u>
Other income and gains or losses		
Others	<u>2,667,709</u>	<u>16,768,853</u>

5. (LOSS)/PROFIT BEFORE TAX

	Six months ended	
	<u>30.6.2020</u>	<u>30.6.2019</u>
	HK\$	HK\$
(Loss)/profit before tax has been arrived at after charging:		
Auditor's remuneration (Note a)	393,000	320,500
Impairment loss on advances to customers in margin financing	101,273,303	164,675,490
Finance costs to:		
- authorised institutions	38,147,673	13,021,065
- an intermediate holding company	307,934,577	595,215,425
- others	778,035	11,750,596
	<u>346,860,285</u>	<u>619,987,086</u>

Note:

- (a) Auditor's remuneration for both periods are settled by Haitong International Securities Group Limited, an intermediate holding company of the Company.

6. INCOME TAX EXPENSE

	Six months ended	
	<u>30.6.2020</u>	<u>30.6.2019</u>
	HK\$	HK\$
Current tax		
- Other jurisdictions	728,494	627,152
Overprovision in prior periods		
- Hong Kong	-	(327,506)
Deferred tax		
- Current period	-	5,719,441
	<u>728,494</u>	<u>6,019,087</u>

Hong Kong Profits Tax is calculated at 16.5% in 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.

7. FINANCIAL ASSETS/LIABILITIES HELD FOR TRADING AND MARKET MAKING ACTIVITIES

	<u>30.6.2020</u> HK\$	<u>31.12.2019</u> HK\$
<u>Financial assets held for trading and market making activities - at fair value</u>		
Listed equity investments	767,106,213	1,058,007,588
Exchange traded funds	59,414,310	87,387,717
	<u>826,520,523</u>	<u>1,145,395,305</u>
 <u>Financial liabilities held for trading and market making activities - at fair value</u>		
Listed equity investments (Note)	196,308,285	57,184,543
	<u>196,308,285</u>	<u>57,184,543</u>

Note: Balance represents the fair value of equity securities from short selling activities.

8. DERIVATIVE FINANCIAL INSTRUMENTS

	<u>30.6.2020</u> HK\$	<u>31.12.2019</u> HK\$
<u>ASSETS</u>		
Listed options/warrants	147,414,840	52,683,852
Callable bull/bear contracts	17,852,822	2,855,961
	<u>165,267,662</u>	<u>55,539,813</u>
 <u>LIABILITIES</u>		
Listed options/warrants/futures	251,632,585	197,194,695
Callable bull/bear contracts	46,891,493	208,343,255
	<u>298,524,078</u>	<u>405,537,950</u>

The maximum exposure to credit risk at the reporting date is the fair value of the derivative financial liabilities in the statement of financial position.

9. CASH COLLATERAL ON SECURITIES BORROWED AND REVERSE REPURCHASE AGREEMENTS

	<u>30.6.2020</u> HK\$	<u>31.12.2019</u> HK\$
Cash collateral on securities borrowed	1,307,451,332	392,498,655
Repurchase agreements		
Analysed by collateral type:		
- Equities	<u>1,339,510,363</u>	<u>237,300,000</u>
	<u><u>2,646,961,695</u></u>	<u><u>629,798,655</u></u>

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 Company 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 Company 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 financial statements but regarded as "collateral" because the external investors retain substantially all the risks and rewards of these securities.

As at 30 June 2020, the fair value of the collateral in respect of reverse repurchase agreements was HK\$2,117 million (2019: HK\$367 million).

10. ADVANCES TO CUSTOMERS IN MARGIN FINANCING

	<u>30.6.2020</u> HK\$	<u>31.12.2019</u> HK\$
Loans to margin clients	12,374,173,434	13,411,939,777
Less: Impairment allowance	<u>(976,159,162)</u>	<u>(874,885,860)</u>
	<u><u>11,398,014,272</u></u>	<u><u>12,537,053,917</u></u>

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

10. ADVANCES TO CUSTOMERS IN MARGIN FINANCING - continued

The loans to margin clients are secured by the underlying pledged securities and interest bearing. As at 30 June 2020, advances to customers in margin financing of HK\$11,398 million (2019: HK\$12,537 million) were secured by securities pledged by the customers to the Company as collateral with undiscounted market value of HK\$48,354 million (2019: HK\$50,865 million). In determining the allowances for credit impaired loans to margin clients for the current period, the management of the Company also takes into account shortfall by comparing the fair value of securities pledged as collateral and the outstanding balance of loan to margin clients individually taking into account subsequent settlements or executable settlement plans and restructuring arrangements in assessing the expected credit loss.

11. ACCOUNTS RECEIVABLE

	<u>30.6.2020</u> HK\$	<u>31.12.2019</u> HK\$
Accounts receivable from:		
- Clients	972,624,575	1,732,208,175
- Brokers, dealers and clearing house	1,425,047,840	2,436,070,653
- Clients for subscription of new shares in IPO	1,195,864,348	5,610,668
- Others	123,049,181	2,025,303
	<u>3,716,585,944</u>	<u>4,175,914,799</u>

12. CASH COLLATERAL ON SECURITIES LENT AND REPURCHASE AGREEMENTS

	<u>30.6.2020</u> HK\$	<u>31.12.2019</u> HK\$
Cash collateral on securities lent	2,449,490,512	1,288,617,188
Repurchase agreements		
Analysed by collateral type:		
- Equities	1,408,763,500	1,581,894,000
	<u>3,858,254,012</u>	<u>2,870,511,188</u>

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 Company 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 Company 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 financial statements but regarded as "collateral" for the liabilities because the Company retains substantially all the risks and rewards of these securities.

12. CASH COLLATERAL ON SECURITIES LENT AND REPURCHASE AGREEMENTS -
 continued

As at 30 June 2020, the Company entered into repurchase agreements with financial institutions to sell equities recognised as financial assets at FVTPL with carrying amount of HK\$1,719 million (2019: HK\$1,875 million), which are subject to the simultaneous agreements to repurchase these investments at the agreed date and price.

13. INVESTMENT SECURITIES MEASURED AT FAIR VALUE

	<u>30.6.2020</u> HK\$	<u>31.12.2019</u> HK\$
Investment securities at fair value through profit or loss		
Listed equity investment	420,134	507,445
Unlisted investment funds (Note)	-	646,157,804
	<u>420,134</u>	<u>646,665,249</u>

Note: The Company invested in investment funds. These investment funds invest in mainly currencies and/or money market instruments, with the primary objectives to provide the investors with capital appreciation, investment income and for selling in the near future for profit.

14. ACCOUNTS PAYABLE

	<u>30.6.2020</u> HK\$	<u>31.12.2019</u> HK\$
Accounts payable to:		
- Clients	19,132,599,980	16,033,755,781
- Brokers, dealers and clearing house	975,182,160	1,418,584,705
- Others	248,722,931	428,861,660
	<u>20,356,505,071</u>	<u>17,881,202,146</u>

15. AMOUNTS DUE FROM/TO FELLOW SUBSIDIARIES/THE IMMEDIATE HOLDING COMPANY/AN INTERMEDIATE HOLDING COMPANY

The current amounts due from group companies are unsecured, repayable on demand and non-interest bearing.

The Company assesses at the year-end whether there is objective evidence that the amounts due from group companies are impaired. The impairment is made if and only if there is objective evidence of impairment as a result of one or more loss events including unsustainable operating losses occurring and having an impact in the estimated future cash flows of related companies that can be reliably estimated. In the opinion of the directors of the Company, no impairment indicator was noted in the current and prior year.

The non-current portion of amount due to an intermediate holding company is unsecured, non-interest bearing and repayable in three years after the amount becomes outstanding based on agreements signed with intermediate holding company. The carrying amounts of the non-current portion of amount due to an intermediate holding company are discounted based on an imputed interest rate with reference to an average external borrowing rate of the Company. The current portion of amounts due to group companies are unsecured, non-interest bearing and repayable on demand.

16. BANK BORROWINGS

	<u>30.6.2020</u> HK\$	<u>31.12.2019</u> HK\$
Current liabilities		
- Bank loans for subscription of new shares in IPO	<u>856,000,000</u>	<u>5,000,000</u>

17. SUBORDINATED LOANS

	<u>30.6.2020</u> HK\$	<u>31.12.2019</u> HK\$
Subordinated loans from		
- an intermediate holding company	<u>3,400,000,000</u>	<u>3,400,000,000</u>

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