

## ADDENDUM DATED 30 SEPTEMBER 2021

*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)*

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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 are complex products. Investors should exercise caution in relation to them. 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 it 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 our Base Listing Document and the relevant launch announcement and supplemental listing document and, where necessary, seek professional advice, before they invest in the Structured Products.**

**The Structured Products constitute our general unsecured contractual obligations and of no other person 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 2021. 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 26 April 2021 (“**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 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 2020 and unaudited interim report for the six months ended 30 June 2021 (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.

下列文件可於任何平日（星期六、星期日及假期除外）的一般營業時間內，於我們的辦事處（地址為香港中環港景街一號國際金融中心一期 28 樓）查閱：

- (a) 我們截至 2020 年 12 月 31 日止年度的最新財務報表及截至 2021 年 6 月 30 日止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**」）就基本上市文件發出的同意書；
- (c) 本文件及基本上市文件，連同本文件及基本上市文件的任何其他增編。

### Are we subject to any litigation?

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 2020.

### 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.

**OUR UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED  
30 JUNE 2021**

Attached to this addendum is our unaudited interim report for the six months ended 30 June 2021 (“**2021 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 2021 Interim Report. Our interim financial report has been prepared in accordance with our usual accounting policies and procedures. A hard copy of the 2021 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**

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**海通國際證券有限公司**

**Unaudited Interim Report  
For the period ended 30 June 2021**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 JUNE 2021

	NOTES	Six months ended	
		30.6.2021 HK\$	30.6.2020 HK\$
<b>Revenue</b>			
Commission and fee income	4	694,313,118	489,327,477
Interest income	4	507,626,709	626,512,721
Net trading and investment income	4	369,474,512	121,248,459
		<b>1,571,414,339</b>	<b>1,237,088,657</b>
Other income and gains or losses	4	20,566,332	(72,281,075)
		<b>1,591,980,671</b>	<b>1,164,807,582</b>
Staff costs		(191,542,988)	(149,308,417)
Commission expenses		(98,370,488)	(112,094,430)
Amortisation and depreciation		(1,593,544)	(1,125,309)
Management and service fees to an intermediate holding company and fellow subsidiaries		(437,924,268)	(319,403,232)
Operating expenses		(282,754,815)	(230,219,533)
Finance costs	5	(241,583,111)	(353,842,470)
<b>Profit/(loss) before impairment charges and tax</b>		<b>338,211,457</b>	<b>(1,185,809)</b>
Impairment charges, net of reversal		(210,666,101)	(101,406,808)
<b>Profit/(loss) before tax</b>	5	<b>127,545,356</b>	<b>(102,592,617)</b>
Income tax credit/(expense)	6	5,445,276	(728,494)
<b>Profit/(loss) for the period</b>		<b>132,990,632</b>	<b>(103,321,111)</b>
<b>Other comprehensive (loss)/income:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(1,926,639)	2,797,919
Other comprehensive (loss)/income for the period		(1,926,639)	2,797,919
<b>Total comprehensive income/(loss) for the period</b>		<b>131,063,993</b>	<b>(100,523,192)</b>



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

**STATEMENT OF FINANCIAL POSITION**  
**AT 30 JUNE 2021**

	NOTES	30.6.2021			31.12.2020		
		Current HK\$	Non- current HK\$	Total HK\$	Current HK\$	Non- current HK\$	Total HK\$
<b>ASSETS</b>							
<b>Assets</b>							
Cash and cash equivalents		1,423,117,380	-	1,423,117,380	648,279,066	-	648,279,066
Cash held on behalf of customers		18,302,441,448	-	18,302,441,448	17,921,962,271	-	17,921,962,271
Financial assets held for trading and market making activities	8	2,854,928,953	-	2,854,928,953	2,982,054,349	-	2,982,054,349
Investment securities measured at fair value	14	1,130,056	-	1,130,056	795,325	-	795,325
Derivative financial instruments	9	111,876,617	-	111,876,617	409,818,417	-	409,818,417
Advances to customers in margin financing	11	11,861,135,410	-	11,861,135,410	12,321,942,878	-	12,321,942,878
Cash collateral on securities borrowed and reverse repurchase agreements	10	3,272,637,984	-	3,272,637,984	4,245,238,954	-	4,245,238,954
Accounts receivable	12	10,435,014,056	-	10,435,014,056	2,938,873,456	-	2,938,873,456
Amounts due from fellow subsidiaries	16	155,540,976	-	155,540,976	4,016,816,643	-	4,016,816,643
Amount due from the intermediate holding company	16	3,383,083,329	-	3,383,083,329	192,049,889	-	192,049,889
Tax recoverable		20,097,990	-	20,097,990	21,169,124	-	21,169,124
Prepayments, deposits and other receivables		104,298,862	-	104,298,862	142,396,764	-	142,396,764
Other intangible assets		-	6,054,345	6,054,345	-	6,054,345	6,054,345
Other assets		-	162,527,533	162,527,533	-	178,991,990	178,991,990
Property and equipment		-	10,843,513	10,843,513	-	12,177,217	12,177,217
Deferred tax assets		-	12,635,570	12,635,570	-	5,311,059	5,311,059
<b>Total assets</b>		<b>51,925,303,061</b>	<b>192,060,961</b>	<b>52,117,364,022</b>	<b>45,841,397,136</b>	<b>202,534,611</b>	<b>46,043,931,747</b>
<b>LIABILITIES AND EQUITY</b>							
<b>Liabilities</b>							
Financial liabilities held for trading and market making activities	8	719,568,341	-	719,568,341	1,869,774,358	-	1,869,774,358
Derivative financial instruments	9	566,255,234	-	566,255,234	750,818,084	-	750,818,084
Cash collateral on securities lent and repurchase agreements	13	8,858,581,118	-	8,858,581,118	7,280,638,232	-	7,280,638,232
Accounts payable	15	21,998,361,141	-	21,998,361,141	19,469,355,811	-	19,469,355,811
Amounts due to fellow subsidiaries	16	290,009,333	-	290,009,333	87,398,468	-	87,398,468
Bank borrowings	17	4,379,006,838	-	4,379,006,838	949,087,235	-	949,087,235
Subordinated loans	18	3,400,000,000	-	3,400,000,000	3,400,000,000	-	3,400,000,000
Other payables and accruals		36,586,071	5,395,578	41,981,649	45,883,650	8,439,534	54,323,184
<b>Total liabilities</b>		<b>40,248,368,076</b>	<b>5,395,578</b>	<b>40,253,763,654</b>	<b>33,852,955,838</b>	<b>8,439,534</b>	<b>33,861,395,372</b>
<b>Equity</b>							
Share capital				11,500,000,000			11,500,000,000
Reserves				363,600,368			682,536,375
<b>Total equity</b>				<b>11,863,600,368</b>			<b>12,182,536,375</b>
<b>Total liabilities and equity</b>				<b>52,117,364,022</b>			<b>46,043,931,747</b>

**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 2021**

	<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 January 2021	11,500,000,000	348,497,823	336,634,539	(2,595,987)	12,182,536,375
Profit and total comprehensive loss for the period	-	-	132,990,632	(1,926,639)	131,063,993
Dividend declared (Note 7)	-	-	(450,000,000)	-	(450,000,000)
At 30 June 2021	<u>11,500,000,000</u>	<u>348,497,823</u>	<u>19,625,171</u>	<u>(4,522,626)</u>	<u>11,863,600,368</u>
At 1 January 2020	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>

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 2021

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	Six months ended	
	<u>30.6.2021</u>	<u>30.6.2020</u>
	HK\$	HK\$
NET CASH FROM OPERATING ACTIVITIES	351,725,382	1,868,191,701
NET CASH FROM (USED IN) INVESTING ACTIVITIES	670,502,067	(2,541,015,070)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	<u>(247,389,135)</u>	<u>799,795,298</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>774,838,314</b>	<b>126,971,929</b>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>648,279,066</u>	<u>654,741,728</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b><u><u>1,423,117,380</u></u></b>	<b><u><u>781,713,657</u></u></b>
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<u><u>1,423,117,380</u></u>	<u><u>781,713,657</u></u>

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NOTES TO THE FINANCIAL STATEMENT

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1. GENERAL INFORMATION

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 2021, the Company is involved in securities brokerage and dealing, the provision of securities margin financing, placing and underwriting services, investment holding 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 and advising on securities.

As of 30 June 2021, 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.

Change in presentation of unaudited financial statement of profit or loss

To better reflect the foreign exchange gain or loss (net) arising from translation of foreign-currency denominated assets and liabilities of the Company (other than those measured at fair value through profit or loss) into the respective functional currencies and to align with the financial statements disclosure of other peers to enhance the comparability, the Company presents the foreign exchange gain or loss (net) from "Operating expenses" to "Other income and gains or losses". Comparative figures are restated to conform the current period's presentation.

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 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 financial statements for the six months ended 30 June 2021 are the same as those followed in the preparation of the Company's audited financial statements for the year ended 31 December 2020.

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 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 2021 for the preparation of the Company's unaudited financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform - Phase 2

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Company's financial positions 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>30.6.2021</u>	<u>30.6.2020</u>
	HK\$	HK\$
<b>Revenue</b>		
<b>Commission and fee income:</b>		
Commission on securities dealing and broking	475,553,112	366,301,998
Commission on futures and options dealing and broking	2,049,963	2,521,761
Commission on underwriting and placing	122,129,442	40,410,992
Financial advisory and consultancy fee income	-	1,425,617
Handling, custodian and other service fee income	94,580,601	78,667,109
	<u>694,313,118</u>	<u>489,327,477</u>
<b>Interest income:</b>		
Interest income from advances to customers in margin financing	452,830,541	509,662,756
Interest income from other activities	54,796,168	116,849,965
	<u>507,626,709</u>	<u>626,512,721</u>
<b>Net trading and investment income:</b>		
Net income from financial assets held for trading and market making activities	369,994,992	121,441,584
Net gain from investment securities at fair value	(520,480)	(193,125)
	<u>369,474,512</u>	<u>121,248,459</u>
	<u>1,571,414,339</u>	<u>1,237,088,657</u>
<b>Other income and gains or losses</b>		
Others (Note)	20,566,332	(72,281,075)

Note: Foreign exchange gain (net) of HK\$19 million (six months ended 30 June 2020: foreign exchange loss (net) of HK\$75 million) was also included in the other income and gains or losses. This amount relates to loss or gain 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.

5. PROFIT/(LOSS) BEFORE TAX

	Six months ended	
	<u>30.6.2021</u>	<u>30.6.2020</u>
	HK\$	HK\$
<b>Profit/(loss) before tax has been arrived at after charging:</b>		
Auditor's remuneration (Note a)	372,699	393,000
Net impairment charges on:		
Advances to customers in margin financing	212,040,359	101,273,303
<b>Finance costs to:</b>		
- authorised institutions	18,065,019	38,147,673
- an intermediate holding company	200,148,396	307,934,577
- repurchase agreements	22,114,468	6,982,185
- others	1,255,228	778,035
	<u>241,583,111</u>	<u>353,842,470</u>

Note:

- (a) Auditor's remuneration for both periods are settled by Haitong International Securities Group Limited.

6. INCOME TAX (CREDIT)/EXPENSE

	Six months ended	
	<u>30.6.2021</u>	<u>30.6.2020</u>
	HK\$	HK\$
Current tax		
- Other jurisdictions	1,879,235	728,494
Deferred tax		
- Current period	<u>(7,324,511)</u>	<u>-</u>
	<u>(5,445,276)</u>	<u>728,494</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. DIVIDENDS

	Six months ended	
	<u>30.6.2021</u>	<u>30.6.2020</u>
	HK\$	HK\$
Interim dividend of HK\$0.0391 (2020: Nil) per ordinary share	450,000,000	-

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

	<u>30.6.2021</u>	<u>31.12.2020</u>
	HK\$	HK\$
<u>Financial assets held for trading and market making activities - at fair value</u>		
Listed equity investments	1,803,673,267	882,256,241
Exchange traded funds	94,597,281	65,908,159
Listed debt investments	956,658,405	2,006,963,029
Unlisted debt investments	-	26,926,920
	<u>2,854,928,953</u>	<u>2,982,054,349</u>
<u>Financial liabilities held for trading and market making activities - at fair value (Note)</u>		
Listed equity investments	55,325,478	84,813,133
Unlisted debt investments	-	1,784,961,225
Listed debt investments	664,242,863	-
	<u>719,568,341</u>	<u>1,869,774,358</u>

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



9. DERIVATIVE FINANCIAL INSTRUMENTS

	<u>30.6.2021</u>	<u>31.12.2020</u>
	HK\$	HK\$
<u>ASSETS</u>		
Listed options/warrants	111,411,672	405,077,066
Callable bull/bear contracts	464,945	4,741,351
	<u>111,876,617</u>	<u>409,818,417</u>
<u>LIABILITIES</u>		
Listed options/warrants	293,865,933	560,419,826
Callable bull/bear contracts	272,389,301	190,398,258
	<u>566,255,234</u>	<u>750,818,084</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.

10. CASH COLLATERAL ON SECURITIES BORROWED AND REVERSE REPURCHASE AGREEMENTS

	<u>30.6.2021</u>	<u>31.12.2020</u>
	HK\$	HK\$
Cash collateral on securities borrowed	487,357,707	677,008,657
Repurchase agreements		
Analysed by collateral type:		
Equities	856,594,265	1,729,354,568
Bonds	1,928,686,012	1,838,875,729
	<u>3,272,637,984</u>	<u>4,245,238,954</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 2021, the fair value of the collateral in respect of reverse repurchase agreements was HK\$3,375 million (2020: HK\$4,320 million).

11. ADVANCES TO CUSTOMERS IN MARGIN FINANCING

	<u>30.6.2021</u> HK\$	<u>31.12.2020</u> HK\$
Margin financing	12,475,370,687	13,528,652,134
Less: Impairment allowance	<u>(614,235,277)</u>	<u>(1,206,709,256)</u>
	<u><u>11,861,135,410</u></u>	<u><u>12,321,942,878</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 is responsible to monitor credit risk and seek to maintain a strict control over the outstanding loan balance.

The loans to margin clients are secured by the underlying pledged securities and interest bearing. As at 30 June 2021, advances to customers in margin financing of HK\$11,861 million (2020: HK\$12,322 million) were secured by securities pledged by the customers to the Company as collateral with undiscounted market value of HK\$54,447 million (2020: HK\$72,693 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.

12. ACCOUNTS RECEIVABLE

	<u>30.6.2021</u> HK\$	<u>31.12.2020</u> HK\$
Accounts receivable from:		
- Clients	1,318,851,800	1,344,146,050
- Brokers, dealers and clearing house	2,675,235,104	1,028,890,109
- Clients for subscription of new shares	6,435,013,411	562,717,085
- Others	<u>5,913,741</u>	<u>3,120,212</u>
	<u><u>10,435,014,056</u></u>	<u><u>2,938,873,456</u></u>

13. CASH COLLATERAL ON SECURITIES LENT AND REPURCHASE AGREEMENTS

	<u>30.6.2021</u> HK\$	<u>31.12.2020</u> HK\$
Cash collateral on securities lent	1,519,383,943	1,736,436,910
Repurchase agreements		
Analysed by collateral type:		
Equities	5,703,875,000	4,782,352,600
Bonds	<u>1,635,322,175</u>	<u>761,848,722</u>
	<u>8,858,581,118</u>	<u>7,280,638,232</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.

As at 30 June 2021, the Company entered into repurchase agreements with financial institutions to sell equities and debt investments recognised as financial assets at FVTPL with carrying amount of HK\$7,562 million (2020: HK\$6,547 million), which are subject to the simultaneous agreements to repurchase these investments at the agreed date and price.

14. INVESTMENT SECURITIES MEASURED AT FAIR VALUE

	<u>30.6.2021</u> HK\$	<u>31.12.2020</u> HK\$
Investment securities at fair value through profit or loss		
Listed equity investment	<u>1,130,056</u>	<u>795,325</u>

15. ACCOUNTS PAYABLE

	<u>30.6.2021</u> HK\$	<u>31.12.2020</u> HK\$
Accounts payable to:		
- Clients	20,800,894,291	18,160,853,841
- Brokers, dealers and clearing house	586,834,651	770,238,047
- Others	<u>610,632,199</u>	<u>538,263,923</u>
	<u>21,998,361,141</u>	<u>19,469,355,811</u>

16. AMOUNTS DUE FROM/TO RELATED COMPANIES

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

As at 30 June 2021 and 31 December 2020, the directors have reviewed and assessed the amounts due from related companies using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The results of the assessment and the impact are considered as immaterial.

During the year ended 31 December 2020, the Company conducted a reorganisation to reduce the intercompany loan amount. Under such arrangement, the Company fully paid the amount due to an intermediate holding company and the amounts due to fellow subsidiaries are unsecured, non-interest bearing and repayable on demand.

The amount due to related companies are unsecured, non-interest bearing and repayable on demand.

17. BANK BORROWINGS

	<u>30.6.2021</u> HK\$	<u>31.12.2020</u> HK\$
Current liabilities		
- Bank loans for subscription of new shares	3,070,000,000	-
- Secured bank loans (Note)	1,309,006,838	949,087,235
	<u>4,379,006,838</u>	<u>949,087,235</u>

Note: As at 30 June 2021, bank loans of HK\$1,309 million (31 December 2020: HK\$949 million) were secured by the listed shares (held by the Company as security for advances to customers in margin financing with the customers' consent) of HK\$4,943 million (31 December 2020: HK\$4,934 million) at fair value held by the Company.

18. SUBORDINATED LOANS

	<u>30.6.2021</u> HK\$	<u>31.12.2020</u> HK\$
Subordinated loans from		
- an intermediate holding company	3,400,000,000	3,400,000,000

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