交銀國際
BOCOM International

BOCOM INTERNATIONAL HOLDINGS COMPANY LIMITED
交銀國際控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 3329)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018

The Board is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2018, together with the comparative figures for the corresponding period in 2017.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended	
		30/6/2018	30/6/2017
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*5*	**694,554**	449,733
Other income	*5*	**39,799**	15,544
Revenue and other income		**734,353**	465,277
Commission and brokerage expenses		**(34,383)**	(31,359)
Finance costs	*7*	**(165,276)**	(57,403)
Staff costs	*7*	**(138,967)**	(112,194)
Depreciation	*7*	**(4,110)**	(3,753)
Other operating expenses		**(161,270)**	(116,547)
Impairment losses	*6*	**(3,909)**	(10,966)
Total expenses		**(507,915)**	(332,222)
Operating profit		**226,438**	133,055
Share of results of associates		**(448)**	(6,425)
Share of results of joint ventures		**22**	5
Gain on disposal of an associate		**15,380**	–
Profit before taxation	*7*	**241,392**	126,635
Income tax expense	*8*	**(5,978)**	(16,070)
Profit for the period		**235,414**	110,565

	Notes	Six months ended 30/6/2018 (Unaudited) *HK$'000*	30/6/2017 (Unaudited) *HK$'000*
Attributable to:			
Shareholders of the Company		**231,863**	110,976
Non-controlling interests		**3,551**	(411)
		235,414	110,565
Earnings per share attributable to shareholders of the Company for the period – Basic/Diluted (in HKD per share)	*10*	**0.08**	0.05

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended	
	30/6/2018	30/6/2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit for the period	**235,414**	110,565
Other comprehensive (loss)/income		
Items that will not be reclassified subsequently to profit or loss		
Changes in fair value of equity investments at fair value through other comprehensive income	**(39,908)**	–
Items that may be reclassified subsequently to profit or loss		
Changes in fair value of available-for-sale investments	**–**	53,095
Changes in fair value of debt investments at fair value through other comprehensive income	**(88,807)**	–
Amounts reclassified to profit or loss upon disposal of available-for-sale investments	**–**	(5,567)
Amounts reclassified to profit or loss upon disposal of debt investments at fair value through other comprehensive income	**1,246**	–
Other comprehensive (loss)/income, net of tax	**(127,469)**	47,528
Total comprehensive income	**107,945**	158,093
Attributable to:		
Shareholders of the Company	**104,394**	158,504
Non-controlling interests	**3,551**	(411)
	107,945	158,093

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30/6/2018 (Unaudited) HK$'000	31/12/2017 (Audited) HK$'000
Assets			
Non-current Assets			
Property and equipment		**21,748**	20,983
Intangible assets		**3,196**	3,196
Interest in associates		**213,700**	103,714
Interest in joint ventures		**2,997**	1,782
Other assets		**60,161**	42,042
Available-for-sale investments		**–**	4,524,786
Financial assets at fair value through other comprehensive income		**2,989,946**	–
Loans and advances	*11*	**1,200,451**	384,572
Deferred tax assets		**19,015**	656
Total non-current assets		**4,511,214**	5,081,731
Current Assets			
Loans and advances	*11*	**33,303**	1,093,548
Tax recoverable		**10,987**	10,987
Accounts receivable	*12*	**614,024**	560,990
Other receivables and prepayments	*13*	**248,421**	172,126
Margin loans to customers	*14*	**6,073,217**	6,416,790
Amounts due from related parties		**2,514**	3,392
Amounts due from fellow subsidiaries		**39**	–
Financial assets at fair value through profit or loss		**4,780,274**	2,757,659
Derivative financial assets		**20**	831
Cash and bank balances		**2,117,621**	1,870,268
Total current assets		**13,880,420**	12,886,591
Total assets		**18,391,634**	17,968,322
Equity and liabilities			
Equity attributable to shareholders of the Company			
Share capital		**3,942,216**	3,942,216
Retained earnings		**2,350,311**	2,399,314
Revaluation reserve		**(124,230)**	14,508
Total equity attributable to shareholders of the Company		**6,168,297**	6,356,038
Non-controlling interests		**7,628**	4,077
Total equity		**6,175,925**	6,360,115

	Notes	30/6/2018 (Unaudited) HK$'000	31/12/2017 (Audited) HK$'000
Liabilities			
Non-current Liabilities			
Borrowings		**4,724,503**	–
Deferred tax liabilities		**–**	130
Total non-current liabilities		**4,724,503**	130
Current Liabilities			
Borrowings		**5,679,024**	10,068,242
Subordinated loans from the ultimate holding company		**1,000,000**	1,000,000
Tax payable		**16,896**	5,783
Provision for staff costs		**7,293**	53,710
Other payables and accrued expenses		**68,090**	38,145
Accounts payable	*15*	**458,363**	390,668
Dividend payable	*9*	**218,751**	–
Deferred revenue		**21,374**	25,788
Amount due to the ultimate holding company		**6,146**	6,080
Financial liabilities at fair value through profit or loss		**15,249**	18,858
Derivative financial liabilities		**20**	803
Total current liabilities		**7,491,206**	11,608,077
Total liabilities		**12,215,709**	11,608,207
Total equity and liabilities		**18,391,634**	17,968,322
Net current assets		**6,389,214**	1,278,514
Total assets less current liabilities		**10,900,428**	6,360,245

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

BOCOM International Holdings Company Limited (the "**Company**") is a company incorporated in Hong Kong. The address of its registered office is 9/F, Man Yee Building, 68 Des Voeux Road Central, Hong Kong.

The principal activity of the Company is investment holding. The Group is principally engaged in securities brokerage, margin financing, corporate finance and underwriting, investment and loans and asset management and advisory businesses. The regulated activities carried out by the Company's licensed subsidiaries include dealing in securities and futures and advising on securities and futures contracts, providing securities margin financing, advising on corporate finance and providing asset management services.

The parent and ultimate holding company is Bank of Communications Co., Ltd., a company incorporated in the People's Republic of China ("**PRC**") and listed on the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company, unless otherwise stated.

The financial information relating to the year ended 31 December 2017, that is included in the condensed consolidated interim report for the six months ended 30 June 2018 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2017, as described in those annual financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of new and amended standards as set out below:

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting the following standards:

- HKFRS 9 Financial Instruments, and
- HKFRS 15 Revenue from Contracts with Customers.

(b) Impact of standards issued but not yet applied by the Group

(i) HKFRS 16 Leases

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$134,641 thousand. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The Group does not intend to adopt the standard before its effective date.

3. CHANGES IN ACCOUNTING POLICIES

The Group has initially applied HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers with effect from 1 January 2018 and has taken transitional provisions and methods not to restate comparative information for prior periods. The comparative information continues to be reported under the accounting policies prevailing prior to 1 January 2018.

(a) Impact on the financial statements

The adoption of HKFRS 9 has resulted in changes in accounting policies. While the new policies are generally required to be applied retrospectively, as explained in note 3(b) below, the Group has taken transitional provisions in HKFRS 9. With the exception of certain aspects of hedge accounting, the Group will not restate the comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Therefore, comparative balances have not been restated. Differences in the carrying amounts resulting from the adoption of HKFRS 9 are recognised as adjustments to the opening consolidated statement of financial position on 1 January 2018.

As explained in note 3(c) below, HKFRS 15 permits either a full retrospective or a modified retrospective approach for the adoption. The Group has elected to apply the modified retrospective approach for transition to the new accounting standard. Under this transition approach, comparative information for prior periods is not restated. The Group recognises the cumulative effect of initially applying HKFRS 15 as adjustments to the opening balance of retained earnings (or other component of equity, as appropriate) on 1 January 2018, and the Group applies the new accounting standard by using practical expedients such that contracts completed before 1 January 2018 are not reassessed. The application of HKFRS 15 has resulted in no impact on the opening balance of total equity on 1 January 2018.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. The adjustments are explained in more detail in notes 3(b) to notes 3(c).

Consolidated Statement of Financial Position (extract)	31 December 2017 As originally presented (Audited) *HK$'000*	Effect on adoption of HKFRS 9 *HK$'000*	1 January 2018 As adjusted (Unaudited) *HK$'000*
Non-current assets			
Available-for-sale investments	4,524,786	(4,524,786)	–
Financial assets at fair value through other comprehensive income (FVOCI)	–	3,548,594	3,548,594
Loans and advances	384,572	(531)	384,041
Deferred tax assets	656	13,291	13,947
Current assets			
Loans and advances	1,093,548	(5,219)	1,088,329
Accounts receivable	560,990	(9,139)	551,851
Other receivables and prepayments	172,126	(371)	171,755
Margin loans to customers	6,416,790	(71,413)	6,345,377
Amounts due from related parties	3,392	(2)	3,390
Financial assets at fair value through profit or loss (FVPL)	2,757,659	976,192	3,733,851
Derivative financial assets	831	–	831
Cash and bank balances	1,870,268	–	1,870,268
Total assets	17,785,618	(73,384)	17,712,234
Non-current liabilities			
Deferred tax liabilities	130	–	130
Current liabilities			
Financial liabilities at fair value through profit or loss	18,858	–	18,858
Derivative financial liabilities	803	–	803
Total liabilities	19,791	–	19,791
Net assets	17,765,827	(73,384)	17,692,443
Retained earnings	2,399,314	(62,115)	2,337,199
Revaluation reserve	14,508	(11,269)	3,239
Total equity	2,413,822	(73,384)	2,340,438

(b) HKFRS 9 Financial instruments – Impact of adoption

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 *Financial Instruments* from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in HKFRS 9(7.2.15) and (7.2.26), comparative figures have not been restated.

The total impact on the Group's retained earnings as at 1 January 2018 and 1 January 2017 is as follows:

	2018	2017
	HK$'000	*HK$'000*
Closing retained earnings at 31 December 2017 and 2016 – HKAS 39 (audited)	**2,399,314**	1,995,407
Reclassify investments from available-for-sale to FVPL	**24,642**	–
Increase in provision for loans and advances	**(5,750)**	–
Increase in provision for accounts receivable	**(9,139)**	–
Increase in provision for other receivables	**(371)**	–
Increase in provision for margin loans to customers	**(71,413)**	–
Increase in provision for amounts due from related parties	**(2)**	–
Increase in provision for debt investments at FVOCI	**(13,373)**	–
Increase in deferred tax assets relating to impairment provisions	**13,291**	–
Adjustment to retained earnings from adoption of HKFRS 9 on 1 January 2018	**(62,115)**	–
Opening retained earnings at 1 January 2018 and 2017 – HKFRS 9 (unaudited)	**2,337,199**	1,995,407

(i) ***Classifications and measurement***

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories. The main effects resulting from this reclassification are as follows:

Financial assets – 1 January 2018	**FVPL** *HK$'000*	**FVOCI (Available-for-sale investments 2017)** *HK$'000*	**Amortised cost (Receivables 2017)** *HK$'000*
Closing balance at 31 December 2017 – HKAS 39* (audited)	2,757,659	4,524,786	8,631,418
Reclassify debt investments from available-for-sale to FVPL	381,057	(381,057)	–
Reclassify equity investments from available-for-sale to FVPL	405,627	(405,627)	–
Reclassify other investments from available-for-sale to FVPL	199,814	(199,814)	–
Reclassify unlisted equity from FVPL to FVOCI	(10,306)	10,306	–
Reclassify investments from available-for-sale to FVOCI*	–	–	–
Opening balance at 1 January 2018 – HKFRS 9 (unaudited)	3,733,851	3,548,594	8,631,418

* *The closing balances as at 31 December 2017 show available-for-sale financial assets under FVOCI. These reclassifications have no impact on the measurement categories. The financial assets at amortised cost are after reclassifications and adjustments arising from the adoption of HKFRS 15 (see note 3(c) and include trade receivables and other financial assets at amortised cost, but exclude cash and cash equivalents. The opening balance as at 1 January 2018 differs from the amounts disclosed in note 3(a) because of the impairment adjustments to receivables (HK$86,675 thousand).*

The impact of these changes on the Group's equity is as follows:

	Effect on available-for-sale reserve *HK$'000*	Effect on FVOCI reserve* *HK$'000*	Effect on retained earnings* *HK$'000*
Closing balance at 31 December 2017 – HKAS 39 (audited)	14,508	–	2,399,314
Reclassify equity investments from available-for-sale to FVPL	(27,818)	–	27,818
Reclassify debt investments from available-for-sale to FVPL	5,086	–	(5,086)
Reclassify other investments from available-for-sale to FVPL	(1,910)	–	1,910
Reclassify equity investments from available-for-sale to FVOCI	(3,124)	3,124	–
Reclassify debt investments from available-for-sale to FVOCI	13,258	(13,258)	–
Total impact	(14,508)	(10,134)	24,642
Opening balance at 1 January 2018 – HKFRS 9 (unaudited)	–	(10,134)	2,423,956

* *Before adjustment for impairment.*

(ii) ***Impairment of financial assets***

The Group has seven types of financial assets that are subject to HKFRS 9's new expected credit loss model:

- loans and advances
- debt securities carried at FVOCI.
- margin loans to customers
- accounts receivable
- other receivables
- amount due from related parties, and
- cash and bank balances.

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets. The impact of the change in impairment methodology on the Group's retained earnings and equity is disclosed in the table in note 3(b) above.

While cash and bank balances are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

The Group established expected credit loss model by using a statistical approach for material portfolios. This approach involves estimation of four risk parameters, i.e. Probability of Default ("**PD**"), Loss Given Default ("**LGD**"), Exposure at Default ("**EAD**") and expected life, as well as the use of effective interest rate ("**EIR**") and forward-looking information.

(c) HKFRS 15 Revenue from Contracts with Customers – Impact of adoption

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies. In accordance with the transition provisions in HKFRS 15, the Group has adopted the modified retrospective approach for the new rules. The Group assessed the impacts of adopting HKFRS 15 on its financial statements. Based on the assessment, the adoption of HKFRS 15 has no significant impact on the Group's revenue recognition and the Group's interest income, dividend income and proprietary trading income is not within the scope of HKFRS 15. Upon the adoption of HKFRS 15, if there is any satisfied performance obligation but where the Group does not have an unconditional right to consideration, the Group should recognized a contract asset. No contract asset is recognized by the Group upon transition and at the end of the reporting period.

4. SEGMENT INFORMATION

The Group manages the business operations by the following segments in accordance with the nature of the operations and services provided:

(a) Brokerage segment provides securities trading and brokerage services.

(b) Corporate finance and underwriting segment provides corporate finance services including equity underwriting, debt underwriting, sponsor services and financial advisory services to institutional clients.

(c) Asset management and advisory segment offers traditional asset management products and services to third party clients. In addition, it also offers investment advisory services, portfolio management services and transaction execution services.

(d) Margin financing segment provides securities-backed financial leverage for both retail and institutional clients.

(e) Investment and loans segment engages in direct investment business including investments in various debt and equity securities, investment in companies and investment in loans.

(f) Others include headquarter operations such as bank interest income, and interest expense incurred for general working capital purposes.

Inter-segment transactions, if any, are conducted with reference to the prices charged to third parties and are eliminated on consolidation. There was no change in basis during the relevant periods.

The following is an analysis of the segment revenue and segment profit or loss from continuing operations:

	Six months ended 30 June 2018 (Unaudited)							
	Brokerage *HK$'000*	**Corporate finance and underwriting** *HK$'000*	**Asset management and advisory** *HK$'000*	**Margin financing** *HK$'000*	**Investment and loans** *HK$'000*	**Others** *HK$'000*	**Elimination** *HK$'000*	**Total** *HK$'000*
Total revenue								
Commission and fee income								
– External	105,963	22,784	49,056	–	–	–	–	177,803
– Internal	–	–	3,638	–	–	–	(3,638)	–
Interest income								
– External	–	–	–	218,161	43,684	–	–	261,845
– Internal	–	–	–	–	13,128	–	(13,128)	–
Proprietary trading income								
– External	–	–	–	–	254,906	–	–	254,906
– Internal	–	–	–	–	–	–	–	–
Other income	9,795	–	3	–	14,511	15,490	–	39,799
	115,758	22,784	52,697	218,161	326,229	15,490	(16,766)	734,353
Total expenses	(108,728)	(74,021)	(98,118)	(104,424)	(139,390)	–	16,766	(507,915)
Share of results of associates	–	–	–	–	(448)	–	–	(448)
Share of results of joint ventures	–	–	–	–	22	–	–	22
Gain on disposal of an associate	–	–	–	–	15,380	–	–	15,380
Profit/(loss) before taxation	7,030	(51,237)	(45,421)	113,737	201,793	15,490	–	241,392
Other disclosures								
Depreciation	(917)	(55)	(699)	(2,407)	(32)	–	–	(4,110)
Impairment losses	–	(3,749)	–	(4,310)	4,150	–	–	(3,909)
Finance costs	–	–	–	(51,227)	(127,177)	–	13,128	(165,276)

	Six months ended 30 June 2017 (Unaudited)							
	Brokerage	Corporate finance and underwriting	Asset management and advisory	Margin financing	Investment and loans	Others	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total revenue								
Commission and fee income								
– External	78,406	53,030	57,968	–	–	–	–	189,404
– Internal	–	1,250	4,027	–	–	–	(5,277)	–
Interest income								
– External	–	–	–	162,817	7,078	–	–	169,895
– Internal	–	–	–	–	5,871	–	(5,871)	–
Proprietary trading income								
– External	–	–	–	–	90,434	–	–	90,434
– Internal	–	–	–	–	–	–	–	–
Other income	5,998	1,082	–	–	13	8,451	–	15,544
	84,404	55,362	61,995	162,817	103,396	8,451	(11,148)	465,277
Total expenses	(102,803)	(62,972)	(33,308)	(59,424)	(59,013)	(25,850)	11,148	(332,222)
Share of results of associates	–	–	–	–	(6,425)	–	–	(6,425)
Share of results of a joint venture	–	–	–	–	5	–	–	5
(Loss)/profit before taxation	(18,399)	(7,610)	28,687	103,393	37,963	(17,399)	–	126,635
Other disclosures								
Depreciation	(979)	(52)	(785)	(1,906)	(31)	–	–	(3,753)
Impairment losses	–	–	–	(10,966)	–	–	–	(10,966)
Finance costs	–	–	–	(25,232)	(38,042)	–	5,871	(57,403)

	Six months ended	
	30/6/2018	30/6/2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue from external customer by location of operations:		
– Hong Kong	**687,423**	441,186
– Mainland China	**7,131**	8,547
	694,554	449,733

5. REVENUE AND OTHER INCOME

	Six months ended	
	30/6/2018	30/6/2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
REVENUE		
COMMISSION AND FEE INCOME		
Brokerage commission	**105,963**	78,406
Corporate finance and underwriting fee	**22,784**	53,030
Asset management and advisory income	**49,056**	57,968
	177,803	189,404
INTEREST INCOME		
Interest income from margin financing	**218,161**	162,817
Interest income from loans and advances	**43,684**	7,078
	261,845	169,895
PROPRIETARY TRADING INCOME		
Unrealised gain on financial assets at fair value through profit or loss	**125,616**	26,923
Realised (loss)/gain on financial assets at fair value through profit or loss	**(13,855)**	1,606
Realised loss on debt investments at fair value through other comprehensive income	**(1,246)**	–
Realised gain on available-for-sale investments	**–**	5,567
Realised gain on derivative financial assets	**190**	140
Fair value changes from financial liabilities at fair value through profit or loss	**2,487**	(2,046)
Dividend income from		
– Financial assets at fair value through profit or loss	**36,207**	511
– Financial assets at fair value through other comprehensive income	**2,370**	–
– Available-for-sale investments	**–**	59
Bond interest income from		
– Financial assets at fair value through profit or loss	**34,719**	11,699
– Financial assets at fair value through other comprehensive income	**68,418**	–
– Available-for-sale investments	**–**	45,975
	254,906	90,434
	694,554	449,733

	Six months ended	
	30/6/2018	30/6/2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
OTHER INCOME		
Handling fees	**9,798**	5,935
Other interest income	**13,752**	7,202
Others	**16,249**	2,407
	39,799	15,544

6. IMPAIRMENT LOSSES

	Six months ended	
	30/6/2018	30/6/2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Impairment losses on:		
Accounts receivable	**3,730**	–
Margin loans to customers	**4,310**	10,966
	8,040	10,966
Reversal of impairment losses on:		
Loans and advances	**(3,028)**	–
Debt investments at FVOCI	**(1,055)**	–
Other receivables	**(47)**	–
Amounts due from related parties	**(1)**	–
	3,909	10,966

7. PROFIT BEFORE TAXATION

	Six months ended	
	30/6/2018	30/6/2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit before taxation has been arrived at after charging:		
Finance costs:		
– Interest expenses on subordinated loans from the ultimate holding company	**12,649**	9,903
– Interest expenses on loans from the ultimate holding company	**33,021**	12,835
– Interest expenses on bank loans and overdraft from other financial institutions	**94,095**	34,654
– Interest expenses on a total return swap arrangement with external third parties	**25,487**	–
– Others	**24**	11
	165,276	57,403
Depreciation	**4,110**	3,753
Listing expenses	**–**	25,851
Loss on disposal of property and equipment	**792**	–
Operating lease charges	**29,392**	27,233
Staff costs	**138,967**	112,194
Guarantee fee	**33,793**	–

8. INCOME TAX EXPENSE

	Six months ended	
	30/6/2018	30/6/2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong Profits Tax	**11,058**	17,200
PRC Enterprise Income Tax	**117**	–
Over provision in prior periods	**–**	(1,130)
Total current tax	**11,175**	16,070
Deferred tax		
Reversal from temporary difference	**(5,197)**	–
Income tax expense recognised in profit or loss	**5,978**	16,070

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year.

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profit for the current and prior period. Taxation on overseas profits has been calculated on the estimated assessable profit for the periods at the rates of taxation prevailing in the countries in which the Group operates.

9. DIVIDENDS

Dividends approved during the interim period

	Six months ended	
	30/6/2018	30/6/2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Final dividend for previous financial year, declared and approved of HK$0.08 per ordinary share (2017: Nil)	218,751	–

Dividends attributable to the interim period

No dividend was paid or declared by the Company for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended	
	30/6/2018	30/6/2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit attributable to shareholders of the Company	**231,863**	110,976
Weighted average number of ordinary shares in issue (in '000 shares)	**2,734,392**	2,164,742
Earnings per share (in HKD per share)	**0.08**	0.05

There were no potential diluted ordinary shares and the diluted earnings per share were the same as the basic earnings per share.

11. LOANS AND ADVANCES

	30/6/2018	31/12/2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Gross loans and advances	**1,507,446**	1,749,090
Less: Loan impairment allowances	**(273,692)**	(270,970)
	1,233,754	1,478,120
Net loans and advances		
Non-current portion	**1,200,451**	384,572
Current portion	**33,303**	1,093,548
	1,233,754	1,478,120

The movements in impairment allowance of loans and advances are as follows:

	2018			
	Impairment allowance under HKFRS 9	**Impairment allowance under HKAS 39**	**Total**	2017
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	(Audited)
Beginning of the period/year	**–**	**270,970**	**270,970**	270,970
Amount restated through opening retained earnings on adoption of HKFRS 9	**276,720**	**(270,970)**	**5,750**	–
Impairment allowances reversed during the period/year	**(3,028)**	**–**	**(3,028)**	–
End of the period/year	**273,692**	**–**	**273,692**	270,970

There was no past due but not impaired loans and advances as at 30 June 2018 and 31 December 2017.

12. ACCOUNTS RECEIVABLE

	30/6/2018	31/12/2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Corporate finance and underwriting business	**20,419**	105,599
Less: Written off	**–**	(60,604)
	20,419	44,995
Dealing in securities and futures business		
– Clients	**421,940**	165,831
– Brokers	**113,488**	87,989
– Clearing house	**71,046**	262,175
	626,893	560,990
Less: Impairment losses allowance	**(12,869)**	–
	614,024	560,990

The movements in impairment allowance of accounts receivables are as follows:

	2018			
	Impairment allowance under HKFRS 9	**Impairment allowance under HKAS 39**	**Total**	2017
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	(Audited)
Beginning of the period/year	**–**	**–**	**–**	–
Amount restated through opening retained earnings on adoption of HKFRS 9	**9,139**	**–**	**9,139**	–
Impairment allowances charged during the period/year	**3,730**	**–**	**3,730**	–
End of the period/year	**12,869**	**–**	**12,869**	–

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

	30/6/2018	31/12/2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Neither past due nor impaired	**610,320**	551,726
Less than 31 days past due	**885**	177
31 – 60 days past due	**2,482**	3
61 – 90 days past due	**38**	–
Over 90 days past due	**13,168**	9,084
	16,573	9,264
Impairment allowance	**(12,869)**	–
Total	**614,024**	560,990

Clients receivables from securities dealing are receivable on the settlement dates of their respective transactions, normally two or three business days after the respective trade dates.

The receivables from brokers are neither past due nor impaired. Brokers receivables are repayable on the settlement dates of their respective trade dates, normally two or three business days after the respective trade dates.

Clearing house receivables are repayable on the settlement dates of the respective trade dates, normally two or three business days after the respective trade dates.

For the receivables from corporate finance and underwriting business, the Group has policies for allowance for bad and doubtful debts which are based on the evaluation of collectability and ageing analysis of accounts receivable and on management's judgement, including the current credit worthiness and the past collection history of each client. Settlement is done based on the completion of each phase of the project.

13. OTHER RECEIVABLES AND PREPAYMENTS

	30/6/2018	31/12/2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Other receivables	**171,105**	163,047
Prepayments	**77,640**	9,079
Less: impairment losses	**(324)**	–
	248,421	172,126

14. MARGIN LOANS TO CUSTOMERS

	30/6/2018	31/12/2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Gross margin loans to customers	**6,176,971**	6,444,821
Less: Impairment allowances	**(103,754)**	(28,031)
	6,073,217	6,416,790

The movements in impairment allowance of margin loans to customers are as follows:

	2018			
	Impairment allowance under HKFRS 9	**Impairment allowance under HKAS39**	**Total**	2017
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	(Audited)
Beginning of the period/year	**–**	**28,031**	**28,031**	8,260
Amount restated through opening retained earnings on adoption of HKFRS 9	**99,444**	**(28,031)**	**71,413**	–
Impairment allowances charged during the period/year	**4,310**	**–**	**4,310**	19,771
End of the period/year	**103,754**	**–**	**103,754**	28,031

No ageing analysis is disclosed, as in the opinion of the Directors, an ageing analysis does not give additional view of the nature of the margin loan business. The amount of credit facilities granted to margin clients is determined by the discounted market value of the collateral securities accepted by the Group.

15. ACCOUNTS PAYABLE

Accounts payable arising from the business of dealing in securities and options are as follows:

	30/6/2018	31/12/2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Clients – trade settlement	**264,624**	388,080
Clearing house	**190,844**	2,588
Brokers	**2,895**	–
	458,363	390,668

No ageing analysis is disclosed, as in the opinion of the Directors, an ageing analysis does not give additional view of the nature of these business. The settlement terms of accounts payable arising from client businesses are normally two to three days after trade date or at specific terms agreed with clients, brokers or clearing house.

BUSINESS REVIEW

As one of the earliest licensed securities firms with a PRC background in Hong Kong, we are one of the largest securities firms specializing in securities brokerage and margin financing, corporate finance and underwriting, investment and loans, asset management and advisory businesses. We believe that one of our core competitive strengths is our ability to offer comprehensive and integrated financial services and products that fulfill various investment and wealth management needs of clients. During the Reporting Period, the Group's revenue and other income was HK$734.4 million, an increase of 57.8% when compared with HK$465.3 million for the same period last year. The Group's profit was HK$235.4 million, an increase of 112.8% when compared with HK$110.6 million for the same period last year. This was attributable by the significant increase in the net investment income, brokerage commission and interest income from margin financing.

Securities Brokerage and Margin Financing

Our securities brokerage business includes executing trades on behalf of clients in stocks, bonds, futures, options and other marketable securities. We execute trades on behalf of clients of various securities products, with primary focus on stocks of companies listed on the Stock Exchange, and other types of securities, including eligible A shares under the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, B shares of listed companies on the PRC stock exchanges, US stocks and bonds as well as futures and other exchange-tradable securities. Futures and options contract products include Hang Seng Index futures and options, mini-Hang Seng Index futures and options, H-shares index futures and options, mini-H-shares index futures and options and stock options.

During the Reporting Period, we have strengthened our groundwork via the launch of two-factor authentication application, deployment of artificial intelligence system in our client service and continuous improvement in our online trading platform. Acknowledging the importance of digital transformation and Big Data, we have formulated 3-Year IT Application System and Infrastructure Strategic Plan in order to maximize the use of our existing resources and create new business opportunities.

In addition, foreseeing the market volatility and the liquidity risk caused by the unexpected capital flows, we have adopted a wide array of measures to improve our margin finance risk management in terms of client screening and stock collateral assessment. For instance, we adopted flexible interest rate policy to attract high quality client by offering preferential interest rate and excluding small market capitalization and illiquid stocks in our margin list.

The Hong Kong stock market was bullish at the beginning of 2018 and the Hang Seng Index hit its record high on 26 January 2018 since 2007, but experienced corrections in the latter part of the first quarter caused by concerns about faster-than-expected rate hike in the US, increased trade tensions between US and the Mainland China and the adjustments of Chinese domestic policies, etc. Against the aforesaid backdrop, we have shifted our focus from stock trading to derivative products, funds and structured products, and the result was encouraging.

For the six months ended 30 June 2018, our commission and fee income from the securities brokerage business was HK$106.0 million, increased by HK$27.6 million or 35.1% as compared to the corresponding period in 2017.

The following table sets forth a breakdown of the commission by product types of our securities brokerage business:

	For the 6 months ended 30 June			
	2018		2017	
	HK$' million	*%*	*HK$' million*	*%*
Hong Kong stock	**86.4**	**81.5**	66.8	85.2
Non-Hong Kong stock	**6.1**	**5.8**	3.6	4.6
Bonds	**5.1**	**4.8**	4.2	5.4
Others	**8.4**	**7.9**	3.8	4.8
	106.0	**100.0**	78.4	100.0

Our margin financing business includes offering collateralized financing relating to securities transactions to retail, corporate and high-net-worth customers.

During the Reporting Period, the number of our margin client accounts continued to grow. The portfolio size was maintained at a high level. Compared with last year, the monthly average loan balance increased and the market value of collateral also increased. As the margin loans remained at high level throughout the Reporting Period, interest income from margin loans for the six months ended 30 June 2018 was HK$218.2 million, increased by HK$55.4 million or 34.0% as compared to the corresponding period in 2017.

The following table sets forth a summary of key operating and financial information of our margin financing business:

	30/6/2018	31/12/2017
Number of margin accounts	**7,814**	6,657
Balance of margin loans *(HK$' million)*	**6,073.2**	6,416.8
Monthly average balance *(HK$' million)*	**6,385.8**	4,994.0
Highest month end balance *(HK$' million)*	**6,640.8**	6,416.8
Lowest month end balance *(HK$' million)*	**6,177.0**	4,836.8
Margin value *(HK$' million) (note 1)*	**3,803.0**	5,146.9
Market value *(HK$' million) (note 2)*	**22,603.6**	20,047.4

Notes:

1 Margin value refers to the market value of the securities pledged as collateral for margin loans multiplied by a collateral discount ratio for each individual security.

2 Market value refers to the value of the securities pledged as collateral for margin loans at the real-time price of each individual security.

Corporate Finance and Underwriting

We are dedicated to building a comprehensive and cross-border platform for corporate finance and underwriting business. To address various needs of our corporate clients at different stages, we provide advisory services ranging from IPO sponsorship, equity securities underwriting, debt securities underwriting, mergers and acquisitions, pre-IPO financing, and financial advisory.

In the first half of 2018, there were a total of 108 new listings in Hong Kong, including the transfer of listing from GEM to Main Board. The number of new listings has increased by 50% compared with the corresponding period last year. The aggregate amount of funds raised was HK$189.8 billion, slightly increased by 9% compared to the corresponding period last year.

During the Reporting Period, we have completed 1 IPO sole sponsorship project, and 9 equity securities underwriting and debt issuance projects, successfully assisted corporations in raising US$4.85 billion in aggregate, and have also submitted 3 IPO applications as sponsor.

For the six months ended 30 June 2018, our commissions and fee income from corporate finance and underwriting services was HK$22.8 million as compared to HK$53.0 million for the corresponding period in 2017, reflecting the cyclical nature of our corporate finance business.

Asset Management and Advisory

We offer a full range of asset management and advisory business, comprising public and private funds, specialized asset management and investment advisory. In addition to Hong Kong entities, we have extended our services to Mainland China via the establishment of BOCOM International (Shanghai) in Shanghai and BOCOM International (Shenzhen) in Qianhai, Shenzhen. The former is engaged in RMB private equity fund management and provides investment advisory services, while the latter serves as our pioneer to grasp the business opportunities in the Guangdong-Hong Kong-Macao Greater Bay Area. The first fund managed by BOCOM International (Shenzhen) completed its private investment fund filing with the Asset Management Association of China on 20 July 2018.

As at 30 June 2018, the total amount of AUM was approximately HK$25,733.4 million, representing a decrease of approximately 5.2% from HK$27,137.9 million as at 31 December 2017. For the six months ended 30 June 2018, asset management and advisory fee income was approximately HK$49.0 million which comprised of management fee income of HK$40.2 million and advisory fee income of HK$8.8 million.

Investment and Loans

Our investment and loans business comprises investment in various equity and debt securities as well as public and private funds, and structured financing and loans to enterprises to meet various financing needs. We aim to achieve a balance between mitigating investment risks and achieving investment returns.

For equity investment, we generally prefer pre-IPO investments in innovative technology companies, biotech companies and other new economy companies which will be eligible for listing either on the Main Board or recently launched New Board in Hong Kong or overseas within 2 or 3 years. Some of our investments are well recognized by the market as unicorns, with active market, growth potential and clear exit plan.

In order to reduce the negative impact on price of bonds and preference shares, we shifted our fixed income portfolio from marketable securities to structured finance in order to mitigate the market risks and strengthen the control of collaterals through tailor-made structures.

For the six months ended 30 June 2018, interest income from loans and advances was HK$43.7 million, representing a substantial increase of approximately 515.5% as compared to HK$7.1 million for the corresponding period in 2017. Proprietary trading income was HK$254.9 million which represented a substantial increase of approximately 182.0% from HK$90.4 million for the corresponding period in 2017.

The table below sets forth our investment position by asset types for our equity and fixed income investment business:

	30/6/2018		31/12/2017	
	HK$' million	*%*	*HK$' million*	*%*
Fixed income securities	**4,747.8**	**60.6**	5,241.0	72.0
Bonds	**2,726.4**	**34.8**	3,119.2	42.9
Preference shares	**1,965.5**	**25.1**	2,062.3	28.3
REIT(s)	**55.9**	**0.7**	59.5	0.8
Equity investments	**1.9**	**0.0**	1.6	0.0
Funds	**3,087.6**	**39.4**	2,036.8	28.0

Research

Our research team has deep and solid understanding of the global financial markets and major industries, as well as a track record in comprehensive analyses of sector- and company-specific fundamentals. The team has earned high reputation among institutional investors in Hong Kong, Mainland China and overseas markets. In the 2017 Asiamoney poll, our research team won 18 awards, including 12 top strategy and economic research awards. As of June 30, 2018, our research team was composed of more than 40 strategy, industry analysts and professional staff in Hong Kong, Beijing and Shanghai, covering macro and around 150 listed companies across various sectors.

In the first half of 2018, our research team further enhanced its research capacity through a series of upgrade and optimization projects, which reinforced its leading position within the industry. The key enhancement projects include the introduction of integrated research management system, which would further enhance the efficiency of our research report production; the strengthening of close collaboration with media in Hong Kong and Mainland China, essentially achieving full coverage in mainstream media for our research reports, thereby promoting the overall image of the Company.

FINANCIAL REVIEW

Financial performance

For the six months ended 30 June 2018, the Group's total revenue and other income was approximately HK$734.4 million, representing an increase of approximately 57.8% over HK$465.3 million for the corresponding period in 2017.

The following table sets out the breakdown of total revenue and other income by segments:

	For the six months ended 30 June			
	2018		2017	
	HK$'million	**%**	*HK$'million*	%
Brokerage	**115.8**	**15.8**	84.4	18.1
Corporate finance and underwriting	**22.8**	**3.1**	54.1	11.6
Asset management and advisory	**49.0**	**6.7**	58.0	12.5
Margin financing	**218.2**	**29.7**	162.8	35.0
Investment and loans	**313.1**	**42.6**	97.5	21.0
Others	**15.5**	**2.1**	8.5	1.8
Total	**734.4**	**100.0**	465.3	100.0

The Group's profit for the six months ended 30 June 2018 was approximately HK$235.4 million, representing an increase of approximately 112.8% over HK$110.6 million for the corresponding period in 2017.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

The Group's cash and bank balances as at 30 June 2018 increased by HK$247.3 million to HK$2,117.6 million (31 December 2017: HK$1,870.3 million).

The Group's net current asset increased by HK$5,110.7 million to approximately HK$6,389.2 million as at 30 June 2018 from HK$1,278.5 million as at 31 December 2017. The current ratio, being the ratio of current assets to current liabilities, was approximately 1.9 times as at 30 June 2018 (31 December 2017: 1.1 times).

As at 30 June 2018, the Group had borrowings of HK$10,403.5 million (31 December 2017: HK$10,068.2 million) while the subordinated loans from the ultimate holding company amounted to HK$1,000.0 million (31 December 2017: HK$1,000.0 million).

As at 30 June 2018, the Group's gearing ratio was 184.6% (31 December 2017: 174.0%), as calculated by dividing total borrowings by total equity.

The Directors are of the view that the Group has maintained adequate liquidity for business operations and any investment opportunities that may arise in the near future.

Material Acquisitions and Disposals

During the Reporting Period, there was no material acquisition or disposal of subsidiaries, associated companies or joint ventures of the Group.

Significant Investments Held

During the Reporting Period, there was no significant investment held by the Group.

Charges on Group Assets

As at 30 June 2018, preference shares with market value of HK$426.7 million, under the financial assets at fair value through other comprehensive income, were pledged to a bank to secure a loan for the acquisition of part of such preference shares by Preferred Investment Management Limited, a subsidiary of the Company (31 December 2017: HK$438.8 million).

Capital Commitments

As at 30 June 2018, the Group had no significant capital commitment.

Contingent liabilities

In connection with the Group's asset management service, the Group entered into a service agreement in August 2015 which provides a client with a guarantee on the investment principal and return. The investment principal amounted to MOP500,000,000. The service agreement will expire in August 2020. In November 2016, the Group entered into another service agreement with the same client on similar terms for an additional investment principal of MOP500,000,000, which will expire in November 2021. In March 2018, the Group entered into another service agreement with the same client on similar terms for an additional investment principal of MOP2,000,000,000, which will expire in March 2023. Performance of the relevant investment portfolios will be subject to uncertainties such as market conditions and volatility.

The relevant investment portfolios mainly consist of fixed income instruments, and the total annual guarantee on investment return from the portfolios is MOP75,000,000. During the year 2017, the average yield of the relevant investment portfolios had been above the guaranteed return. During the six months ended 30 June 2018, the average yield of the relevant investment portfolios had been below the guaranteed return and the Group has paid the client HK$33,793,000 equivalent of guarantee fee to fulfill the guarantee provided.

Use of Proceeds

The net proceeds from the Listing in 2017 after deducting underwriting fees and commissions and expenses in connection with the Listing, were approximately HK$1,879.2 million. As at 30 June 2018, the Company utilised approximately 85.9% of the net proceeds for the purposes as set out in the section headed "Future Plans and Use of Proceeds – Use of Proceeds" in the prospectus of the Company dated 5 May 2017. The unutilised amount is expected to be utilised within 5 years.

An analysis of the application/intended application and utilisation of the net proceeds from the Listing as at 30 June 2018 is set out below:

Application/Intended application	Net proceeds from the Listing *(HK$'million)*	Utilised amount as at 31/12/2017 *(HK$'million)*	Utilised amount during the Reporting Period *(HK$'million)*	Utilised amount as at 30/6/2018 *(HK$'million)*	Unutilised amount *(HK$'million)*
1. Expand margin financing business	845.7	845.7	–	845.7	–
2. Expand asset and management and advisory business	281.9	109.7	172.2	281.9	–
3. Expand investment and loans business	187.9	187.9	–	187.9	–
4. Develop IT infrastructure and internal control systems	187.9	3.3	20.4	23.7	164.2
5. Attract and retain talent as well as optimizing human resources structure	187.9	33.5	53.6	87.1	100.8
6. Working capital and general corporate purposes	187.9	187.9	–	187.9	–
Total	1,879.2	1,368.0	246.2	1,614.2	265.0

OUTLOOK

Looking ahead, the main risks overshadowing the global economy stem from the trade protectionism initiated by the US. Global economic recovery and the monetary policy of major central banks are set to diverge even further. With its tax cut and infrastructure construction plan forging ahead, the US is likely to maintain strong economic growth, with core inflation poised to further exceed the policy target. The market anticipates that the Federal Reserve may hike interest rates twice in the second half. For the Eurozone and Japan, cyclical recovery is expected to continue in the second half of 2018, but likely at a slower pace due to US trade strife. The European Central Bank will bring an end to its quantitative easing at the end of 2018, while keeping the current interest rate unchanged until at least the summer of 2019. The Bank of Japan sees little likelihood that the inflation rate could rebound to its policy target, and will adhere to its ultra-loose monetary policy with unchanged interest rates. In addition, with ongoing political risks in Europe and geopolitical tensions in the Middle East, the financial stability in emerging markets will remain under test amidst global inflationary pressure and the Federal Reserve's rate hike cycle.

Apart from the repercussions of China-US trade frictions, the Chinese economy is entering the late stage of its three-year economic cycle. Growth is bound to slow. At this stage of the economic cycle, the central bank tends to retouch its balance sheet growth, as it cuts reserve requirement ratio or interest rates to counter macro-economic risks. As such, the reserve requirement cut in the first half of 2018 should be seen as a step by the central bank to reduce its balance sheet. Given the outstanding medium-term lending facilities due this year, still-low reserves among medium and small banks, and a potential rebound in bank loan demand upon a real estate investment recovery, there should be at least one more cut in the reserve requirement ratio in the second half. However, monetary policy fine-tuning, at its initial stage, is unlikely to reverse the course of economic slowdown. Real estate construction should pick up in the second half, offsetting the moderation in the current unsustainable pace of land banking. As local government debt issuance resumes, infrastructure fixed asset investment should gather pace, too. In the second half of this year, China's economic growth should hold steady in general amid slight moderation. While credit growth is slowing in the country, shifts in the social financing mix reflect the pressure of tightening credit. Market risk persists after liquidity is tightened due to financial deleveraging and implementation of new rules on asset management.

To cope with the uncertainties in global economic environment and the increasing market risks, the management of the Group will continue to adopt prudent risk management measures and review business strategies regularly. The management remains optimistic about the business development and overall performance of the Group throughout the year. We will continue to keep a forward-looking vision and make investment with good return in accordance with strict risk ratings and future growth. We aim to look for investment opportunities that are appropriate and that can provide stable and high returns in the volatile market.

In May 2018, the Group successfully completed a syndicated term loan of HK$5.0 billion equivalent. This arrangement has improved our funding structure and ensured sufficient liquidity for business expansion. Financing ability and corporate governance will benefit the Group for further development. The Group actively participates in the construction of the "Belt and Road" and will continue to develop securities brokerage, margin financing, corporate finance and underwriting, asset management, advisory and relevant businesses, so as to enhance the Company's value and create better returns for our Shareholders.

OTHER INFORMATION

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2018.

Compliance with the Corporate Governance Code

The Company has adopted the Corporate Governance Code of the Listing Rules as its own code of corporate governance. During the period ended 30 June 2018, with the exception of code provision A.2.1 of the Corporate Governance Code, the Company has complied with all the code provisions set out in the Corporate Governance Code.

Code Provision A.2.1 of the Corporate Governance Code states that the roles of the chairman and chief executive should be separate and should not be performed by the same individual. Mr. TAN Yueheng, the Chairman of the Company, also assumes the responsibilities of Chief Executive of the Company. Mr. TAN has assumed the responsibilities of the Chief Executive since 2007. The Board believes that Mr. TAN is a suitable candidate to, in effect, assume the responsibilities of the Chief Executive of the Company and the above arrangement can help improve the efficiency of the decision-making and execution process of the Company. The Company has put in place an appropriate check-and-balance mechanism through the Board and the Independent Non-executive Directors. In light of the above, the Board considers that the deviation from Code Provision A.2.1 of the Corporate Governance Code is appropriate in the circumstances of the Company.

Review of Interim Results

The Audit and Risk Management Committee has reviewed with management and the Company's auditor, PricewaterhouseCoopers, the accounting principles and practices adopted by the Group and discussed the financial reporting matters including the review of the Company's Interim Report for the six months ended 30 June 2018.

The unaudited condensed consolidated interim financial information for the Reporting Period has been reviewed by the Company's auditor, PricewaterhouseCoopers, 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.

INTERIM DIVIDEND

No dividend was paid or declared by the Company for the six months ended 30 June 2018 (2017 1H: Nil).

Publication of Interim Results and Interim Report

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.bocomgroup.com). The 2018 interim report containing all the information required by the Listing Rules will be despatched to Shareholders of the Company and available on the above websites in due course.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

"1H"	the first six months of a particular calendar year
"AUM"	the amount of assets under management
"Board" or "Board of Directors"	the Board of Directors of the Company
"BOCOM International (Shanghai)"	BOCOM International (Shanghai) Equity Investment Management Company Limited (交銀國際(上海)股權投資管理有限公司), a company incorporated in the PRC with limited liability on 25 October 2010 and a subsidiary of the Company
"BOCOM International (Shenzhen)"	BOCOM International Equity Investment Management (Shenzhen) Company Limited (交銀國際股權投資管理(深圳)有限公司), a company incorporated in the PRC with limited liability on 3 February 2016, a subsidiary of BOCOM International Asset Management Limited and an indirect subsidiary of the Company
"Company"	BOCOM International Holdings Company Limited (交銀國際控股有限公司), a company incorporated in Hong Kong with limited liability on 3 June 1998, the issued Shares of which are listed on the Main Board of the Stock Exchange
"Corporate Governance Code"	code on corporate governance practices contained in Appendix 14 to the Listing Rules
"Director(s)"	director(s) of the Company
"Federal Reserve"	Federal Reserve System of the US
"Group" or "we" or "us"	the Company and its subsidiaries
"HKD" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Listing"	listing of the Shares on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)

"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"MOP"	Macau Pataca, the lawful currency of Macau
"PRC" or "China"	People's Republic of China
"Prospectus"	the prospectus of the Company dated 5 May 2017
"Reporting Period"	the six months ended 30 June 2018
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) in the capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US"	the United States of America
"USD" or "US$"	United States dollars, the lawful currency of the United States

By order of the Board
BOCOM International Holdings Company Limited
TAN Yueheng
Chairman and Executive Director

Hong Kong, 20 August 2018

As at the date of this announcement, the Board of Directors of the Company comprises Mr. TAN Yueheng, Mr. LI Ying and Mr. CHENG Chuange as Executive Directors; Mr. WANG Yijun, Ms. LIN Zhihong and Mr. SHOU Fugang as Non-executive Directors; Mr. TSE Yung Hoi, Mr. MA Ning and Mr. LIN Zhijun as Independent Non-executive Directors.