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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 2020

The Board is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2020, together with the comparative figures for the corresponding period in 2019.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended	
		30/6/2020	30/6/2019
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue	4	931,401	710,630
Other income	4	69,159	64,593
Revenue and other income		1,000,560	775,223
Commission and brokerage expenses		(25,787)	(20,074)
Finance costs	6	(161,414)	(164,997)
Staff costs	6	(156,513)	(185,581)
Depreciation	6	(39,846)	(38,928)
Other operating expenses		(95,446)	(91,087)
Change in impairment allowance	5	(172,858)	(7,993)
Total expenses		(651,864)	(508,660)
Operating profit		348,696	266,563
Share of results of associates		(26,007)	17,682
Share of results of joint ventures		(368)	23
Profit before taxation	6	322,321	284,268
Income tax expense	7	(43,508)	(30,011)
Profit for the period		278,813	254,257

		Six months ended	
		30/6/2020	30/6/2019
		(Unaudited)	(Unaudited)
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
Attributable to:			
Shareholders of the Company		280,721	253,891
Non-controlling interests		(1,908)	366
		<u>278,813</u>	<u>254,257</u>
Earnings per share attributable to shareholders of			
the Company for the period			
— Basic/Diluted (in HKD per share)	<i>9</i>	<u>0.10</u>	<u>0.09</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended	
	30/6/2020	30/6/2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period	278,813	254,257
Other comprehensive income/(loss)		
<i>Items that will be reclassified subsequently to profit or loss</i>		
Changes in fair value of debt investments at fair value through other comprehensive income	17,654	72,523
Amounts reclassified to profit or loss upon disposal of debt investments at fair value through other comprehensive income	(815)	–
	16,839	72,523
Exchange differences on translation of foreign operations	(7,785)	(6,056)
	9,054	66,467
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Changes in fair value of equity investments at fair value through other comprehensive income	28,154	25,276
Other comprehensive income, net of tax	37,208	91,743
Total comprehensive income	316,021	346,000
Attributable to:		
Shareholders of the Company	320,629	345,918
Non-controlling interests	(4,608)	82
	316,021	346,000

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	30/6/2020 (Unaudited) HK\$'000	31/12/2019 (Audited) HK\$'000
Assets			
Non-current Assets			
Property and equipment		29,269	34,054
Right-of-use assets		102,228	73,623
Intangible assets		3,196	3,196
Interest in associates		364,955	393,964
Interest in joint ventures		47,074	33,274
Other assets		34,659	24,710
Financial assets at fair value through other comprehensive income		3,704,098	3,172,930
Loans and advances	10	1,675,933	1,509,172
Receivable from reverse repurchase agreements		146,363	224,987
Deferred tax assets		10,042	10,758
Total non-current assets		6,117,817	5,480,668
Current Assets			
Loans and advances	10	1,073,458	817,323
Tax recoverable		5,824	–
Accounts receivable	11	1,733,204	511,929
Other receivables and prepayments	12	472,298	346,462
Margin loans to customers	13	2,344,095	2,679,240
Receivable from reverse repurchase agreements		109,847	379,596
Amount due from an associate		248	547
Amounts due from related parties		1,418	1,937
Financial assets at fair value through other comprehensive income		1,252,851	1,457,609
Financial assets at fair value through profit or loss		8,329,726	6,507,553
Derivative financial assets		27,552	2,224
Cash and bank balances		918,542	545,141
Total current assets		16,269,063	13,249,561
Total assets		22,386,880	18,730,229
Equity and liabilities			
Equity attributable to shareholders of the Company			
Share capital		3,942,216	3,942,216
Retained earnings		2,810,319	2,778,837
Revaluation reserve		(119,021)	(167,158)
Foreign currency translation reserve		(30,998)	(25,913)
Total equity attributable to shareholders of the Company		6,602,516	6,527,982
Non-controlling interests		292,743	99,828
Total equity		6,895,259	6,627,810

	<i>Notes</i>	30/6/2020 (Unaudited) HK\$'000	31/12/2019 (Audited) HK\$'000
Liabilities			
Non-current Liabilities			
Borrowings		–	4,964,230
Subordinated loans from the ultimate holding company		1,000,000	1,000,000
Obligation under repurchase agreements		859,643	248,915
Lease liabilities		41,180	25,019
Total non-current liabilities		1,900,823	6,238,164
Current Liabilities			
Borrowings		8,358,117	3,216,467
Obligation under repurchase agreements		2,840,866	1,222,714
Tax payable		42,363	11,388
Provision for staff costs		70,545	101,524
Other payables and accrued expenses		129,904	67,213
Accounts payable	<i>14</i>	1,213,247	405,443
Dividend payable		246,095	–
Contract liabilities		47,882	55,479
Lease liabilities		66,246	51,700
Amount due to the ultimate holding company		36,813	5,459
Amount due to a fellow subsidiary		486	55
Financial liabilities at fair value through profit or loss		506,747	723,871
Derivative financial liabilities		31,487	2,942
Total current liabilities		13,590,798	5,864,255
Total liabilities		15,491,621	12,102,419
Total equity and liabilities		22,386,880	18,730,229
Net current assets		2,678,265	7,385,306
Total assets less current liabilities		8,796,082	12,865,974

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, 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 2019, that is included in the condensed consolidated interim report for the six months ended 30 June 2020 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 2019 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 sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance (Cap. 622).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2019, 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 amendments to HKFRSs effective for the financial year ending 31 December 2020.

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants to these financial statements for the current accounting period.

- Definition of Material — Amendments to HKAS 1 and HKAS 8
- Definition of a Business — Amendments to HKFRS 3
- Revised Conceptual Framework for Financial Reporting
- COVID-19 — Related Rent Concessions — Amendments to HKFRS 16

Amendments to HKFRSs effective for the financial year ending 31 December 2020 do not have a material impact on the Group.

3. 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 customers.
- (e) Investment and loans segment engages in direct investment business including investments in various debt and equity securities, investments in companies and investments 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 external third parties. 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 2020 (Unaudited)							
	Corporate	Asset					
	finance and	management	Margin	Investment		Elimination	Total
	Brokerage	and advisory	financing	and loans	Others	HK\$'000	HK\$'000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total revenue							
Revenue							
Commission and fee income							
— External	82,030	44,647	74,426	-	-	-	201,103
— Internal	232	-	1,969	-	-	(2,201)	-
Interest income							
— External	-	-	-	83,560	105,106	-	188,666
— Internal	-	-	-	-	20,667	-	(20,667)
Proprietary trading income							
— External	-	-	-	-	541,632	-	541,632
— Internal	-	-	-	-	-	-	-
Other income	8,049	-	2,438	-	13,433	45,239	69,159
	<u>90,311</u>	<u>44,647</u>	<u>78,833</u>	<u>83,560</u>	<u>680,838</u>	<u>45,239</u>	<u>(22,868)</u>
							<u>1,000,560</u>
Total expenses	(115,062)	(55,410)	(55,764)	(90,824)	(357,672)	-	22,868
Share of results of associates	-	-	-	-	(26,007)	-	(26,007)
Share of results of joint ventures	-	-	-	-	(368)	-	(368)
	<u>(24,751)</u>	<u>(10,763)</u>	<u>23,069</u>	<u>(7,264)</u>	<u>296,791</u>	<u>45,239</u>	<u>-</u>
(Loss)/profit before taxation	<u>(24,751)</u>	<u>(10,763)</u>	<u>23,069</u>	<u>(7,264)</u>	<u>296,791</u>	<u>45,239</u>	<u>322,321</u>
Other disclosures							
Depreciation	(15,721)	(2,970)	(5,360)	(2,618)	(13,177)	-	(39,846)
Change in impairment allowance	(111)	(3)	-	(42,539)	(130,205)	-	(172,858)
Finance costs	(310)	(111)	(118)	(28,854)	(152,688)	-	20,667
	<u>(310)</u>	<u>(111)</u>	<u>(118)</u>	<u>(28,854)</u>	<u>(152,688)</u>	<u>-</u>	<u>20,667</u>

Six months ended 30 June 2019 (Unaudited)

	Corporate Brokerage <i>HK\$'000</i>	finance and underwriting <i>HK\$'000</i>	Asset management and advisory <i>HK\$'000</i>	Margin financing <i>HK\$'000</i>	Investment and loans <i>HK\$'000</i>	Others <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Total revenue								
Revenue								
Commission and fee income								
— External	64,324	60,707	57,243	—	—	—	—	182,274
— Internal	203	—	1,864	—	—	—	(2,067)	—
Interest income								
— External	—	—	—	121,775	67,507	—	—	189,282
— Internal	—	—	—	—	26,072	—	(26,072)	—
Proprietary trading income								
— External	—	—	—	—	339,074	—	—	339,074
— Internal	—	—	—	—	—	—	—	—
Other income	10,427	—	160	—	7,473	46,533	—	64,593
	<u>74,954</u>	<u>60,707</u>	<u>59,267</u>	<u>121,775</u>	<u>440,126</u>	<u>46,533</u>	<u>(28,139)</u>	<u>775,223</u>
Total expenses	(95,634)	(76,156)	(58,434)	(67,761)	(238,814)	—	28,139	(508,660)
Share of results of associates	—	—	—	—	17,682	—	—	17,682
Share of results of joint ventures	—	—	—	—	23	—	—	23
(Loss)/profit before taxation	<u>(20,680)</u>	<u>(15,449)</u>	<u>833</u>	<u>54,014</u>	<u>219,017</u>	<u>46,533</u>	<u>—</u>	<u>284,268</u>
Other disclosures								
Depreciation	(15,514)	(2,835)	(5,299)	(5,879)	(9,401)	—	—	(38,928)
Change in impairment allowance	—	(7)	—	2,188	(10,174)	—	—	(7,993)
Finance costs	—	—	(155)	(39,364)	(151,550)	—	26,072	(164,997)

Six months ended
30/6/2020 30/6/2019
HK\$'000 **HK\$'000**
(Unaudited) **(Unaudited)**

Total revenue from external customer by location of operations:

— Hong Kong	960,562	739,225
— Mainland China	39,998	35,998
	<u>1,000,560</u>	<u>775,223</u>

4. REVENUE AND OTHER INCOME

	Six months ended	
	30/6/2020	30/6/2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
REVENUE		
COMMISSION AND FEE INCOME		
Brokerage commission	82,030	64,324
Corporate finance and underwriting fee	44,647	60,707
Asset management and advisory income	74,426	57,243
	<u>201,103</u>	<u>182,274</u>
INTEREST INCOME		
Interest income from margin financing	83,560	121,775
Interest income from loans and advances	84,098	46,742
Interest income from receivable from reverse repurchase agreements	21,008	20,765
	<u>188,666</u>	<u>189,282</u>
PROPRIETARY TRADING INCOME		
Net trading and investment income*		
— Net gain on financial assets at fair value through profit or loss	279,990	186,034
— Net loss on financial assets at fair value through other comprehensive income	(15,517)	(10,572)
— Net (loss)/gain on financial liabilities at fair value through profit or loss	(10,509)	780
— Net loss on derivative financial instruments	(8,515)	(427)
— Fair value changes from financial liabilities to the investors of the funds consolidated	(2,515)	(2,324)
Dividend income from		
— Financial assets at fair value through profit or loss	21,277	22,526
— Financial assets at fair value through other comprehensive income	5,919	10,688
Interest income from		
— Financial assets at fair value through profit or loss	133,609	67,689
— Financial assets at fair value through other comprehensive income	137,893	64,680
	<u>541,632</u>	<u>339,074</u>
	<u>931,401</u>	<u>710,630</u>

* During the Reporting Period, the Group has considered the disclosures of net trading gains/losses (including the realised and unrealised amounts) and the fair value changes of financial liabilities due to investors of a fund consolidated by the Group with reference to the relevance to the Group's business. Accordingly, the comparative figures have been re-presented. There is no impact on proprietary trading income and the profit before taxation for the corresponding period.

	Six months ended	
	30/6/2020	30/6/2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
OTHER INCOME		
Handling fees	6,943	10,373
Other interest income	16,443	23,853
Exchange gains	29,124	21,945
Others	16,649	8,422
	<u>69,159</u>	<u>64,593</u>

5. CHANGE IN IMPAIRMENT ALLOWANCE

	Six months ended	
	30/6/2020	30/6/2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Change in impairment allowance on:		
Receivable from reverse repurchase agreements	11	(12)
Accounts receivable	113	36
Margin loans to customers	42,539	(2,188)
Loans and advances	(3,828)	(1,303)
Debt investments at FVOCI	134,227	10,976
Other receivables	(202)	484
Amounts due from related parties	(2)	–
	<u>172,858</u>	<u>7,993</u>

6. PROFIT BEFORE TAXATION

	Six months ended	
	30/6/2020	30/6/2019
	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	16,349	14,539
— Interest expenses on bank loans from the ultimate holding company	11,963	12,930
— Interest expenses on bank loans and overdraft from other financial institutions	95,446	102,847
— Interest expenses on obligation under repurchase agreements	26,533	21,492
— Interest expenses on lease liabilities	1,381	2,145
— Others	44	116
	151,716	154,069
— Other borrowing costs to the ultimate holding company	875	744
— Other borrowing costs to other financial institutions	8,823	10,184
	161,414	164,997
Depreciation	39,846	38,928
Operating lease charges	1,694	1,390
Staff costs	156,513	185,581

7. INCOME TAX EXPENSE

	Six months ended	
	30/6/2020	30/6/2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong Profits Tax	40,031	29,017
PRC Enterprise Income Tax	9,201	5,204
(Over)/under provision in prior periods	<u>(6,282)</u>	<u>298</u>
Total current tax	42,950	34,519
Deferred tax:		
Provision for/(reversal of) temporary differences	<u>558</u>	<u>(4,508)</u>
Income tax expense recognised in profit or loss	<u><u>43,508</u></u>	<u><u>30,011</u></u>

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. Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the People's Republic of China's entities is 25%.

8. DIVIDENDS

Dividends approved during the interim period

	Six months ended	
	30/6/2020	30/6/2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Final dividend for previous financial year declared and approved of HK\$0.09 per ordinary share (2019: HK\$0.08 per ordinary share)	<u><u>246,095</u></u>	<u><u>218,751</u></u>

Dividends attributable to the interim period

No dividend was paid or declared by the Company for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

9. 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	
	30/6/2020 (Unaudited)	30/6/2019 (Unaudited)
Profit attributable to shareholders of the Company (in HK\$'000)	280,721	253,891
Weighted average number of ordinary shares in issue (in '000 shares)	<u>2,734,392</u>	<u>2,734,392</u>
Earnings per share (in HKD per share)	<u>0.10</u>	<u>0.09</u>

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

10. LOANS AND ADVANCES

	30/6/2020	31/12/2019
	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Gross loans and advances	2,753,320	2,334,252
Less: impairment allowance	<u>(3,929)</u>	<u>(7,757)</u>
	<u>2,749,391</u>	<u>2,326,495</u>
Net loans and advances		
Non-current	1,675,933	1,509,172
Current	<u>1,073,458</u>	<u>817,323</u>
	<u>2,749,391</u>	<u>2,326,495</u>

There was no past due but not impaired loans and advances as at 30 June 2020 and 31 December 2019.

11. ACCOUNTS RECEIVABLE

	30/6/2020 <i>HK\$'000</i> (Unaudited)	31/12/2019 <i>HK\$'000</i> (Audited)
Corporate finance and underwriting business	26,767	14,498
Dealing in securities and futures business		
— Clients	1,304,560	106,816
— Brokers	197,643	126,883
— Clearing house	206,403	265,788
	1,708,606	499,487
Less: impairment allowance	(2,169)	(2,056)
	1,733,204	511,929

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

	30/6/2020 <i>HK\$'000</i> (Unaudited)	31/12/2019 <i>HK\$'000</i> (Audited)
Neither past due nor credit-impaired	1,721,366	510,474
Less than 31 days past due	7,808	22
31–60 days past due	–	2
61–90 days past due	251	–
Over 90 days past due	5,948	3,487
	14,007	3,511
Less: impairment allowance	(2,169)	(2,056)
	1,733,204	511,929

Client 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 receivable from brokers are neither past due nor credit-impaired.

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

The settlement of the receivables from corporate finance and underwriting business is done based on the completion of each phase of the project.

12. OTHER RECEIVABLES AND PREPAYMENTS

	30/6/2020 <i>HK\$'000</i> (Unaudited)	31/12/2019 <i>HK\$'000</i> (Audited)
Other receivables	429,516	296,109
Less: impairment allowance	(808)	(1,010)
	428,708	295,099
Prepayments	43,590	51,363
	472,298	346,462

13. MARGIN LOANS TO CUSTOMERS

	30/6/2020 <i>HK\$'000</i> (Unaudited)	31/12/2019 <i>HK\$'000</i> (Audited)
Gross margin loans to customers	2,434,382	2,774,924
Less: impairment allowance	(90,287)	(95,684)
	2,344,095	2,679,240

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.

14. ACCOUNTS PAYABLE

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

	30/6/2020 <i>HK\$'000</i> (Unaudited)	31/12/2019 <i>HK\$'000</i> (Audited)
Clients — trade settlement	527,877	367,768
Clearing house	254,922	36,679
Brokers	430,448	996
	1,213,247	405,443

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 PRC background in Hong Kong, we are one of the largest securities firms specialising 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\$1,000.6 million, representing an increase of 29.1% when compared with HK\$775.2 million for the same period last year. The Group's profit was HK\$278.8 million, representing an increase of 9.7% when compared with HK\$254.3 million for the same period last year.

Securities Brokerage and Margin Financing

Our securities brokerage business includes executing trades on behalf of clients in listed company stocks, bonds, futures, options and other marketable securities. We execute trades on behalf of clients of various securities products, with a 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.

To cope with the challenges from technology-led new market entrants, we have redefined our business model by implementing digital transformation, so as to give full play to our differentiators and core capabilities. We believe that the power of technology and innovative thinking are crucial components of success, and have devoted considerable resources to enhance our online trading platform, data management, cyber security and market surveillance to satisfy various needs. Positioning ourselves as a “bespoke” player in the market, our high-quality wealth management team is dedicated to providing a full spectrum of products and financing options and offering creative-client-based solutions to our target client segments. In addition, with the power of technology, we guaranteed efficient and high-quality services for clients during the period affected by the pandemic by providing remote services and arranging virtual meetings and other means.

During the Reporting Period, our trading turnover of Hong Kong stocks increased by 32% as compared to the corresponding period last year, outperforming the market.

For the six months ended 30 June 2020, our commission and fee income from the securities brokerage business was HK\$82.0 million, an increase of HK\$17.7 million or 27.5% as compared with the corresponding period of 2019.

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

	For the six months ended 30 June			
	2020		2019	
	<i>HK\$'million</i>	<i>%</i>	<i>HK\$'million</i>	<i>%</i>
Hong Kong stocks	62.1	75.7	48.7	75.7
Non-Hong Kong stocks	10.3	12.6	4.2	6.5
Bonds	2.7	3.3	4.1	6.4
Others	6.9	8.4	7.3	11.4
	82.0	100.0	64.3	100.0

Our margin financing business includes offering collateralised financing relating to securities transactions to both retail and institutional customers.

In response to the increasing credit risk, regulatory changes in the margin financing business, and the market volatility and the liquidity risk caused by unexpected capital flows, we have adopted structural adjustments to improve the margin financing risk management.

During the first half of 2020, the number of margin client accounts continued to grow. The monthly average loan balance decreased and interest income from margin loans for the six months ended 30 June 2020 was HK\$83.6 million, a decrease of HK\$38.2 million or 31.4% as compared with the corresponding period in 2019.

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

	30/6/2020	31/12/2019
Number of margin accounts	8,509	8,254
Balance of gross margin loans <i>(HK\$'million)</i>	2,434.4	2,774.9
Monthly average balance <i>(HK\$'million)</i>	2,563.2	3,421.9
Highest month end balance <i>(HK\$'million)</i>	2,732.6	3,814.3
Lowest month end balance <i>(HK\$'million)</i>	2,434.4	2,658.2
Margin value <i>(HK\$'million)</i> <i>(Note 1)</i>	1,896.9	2,789.8
Market value <i>(HK\$'million)</i> <i>(Note 2)</i>	6,533.3	11,563.5

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 our 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 2020, there were a total of 64 new listings in Hong Kong, including transfers of listing from GEM to Main Board. The number of new listings has decreased by 23.8% as compared with the corresponding period in 2019. The aggregate amount of funds raised through IPOs was HK\$87.5 billion, an increase of 21.8% as compared with the corresponding period in 2019.

That New Economy will play a dominant role in the fund-raising market, we have devoted more resources in building up execution teams specialising in the TMT, healthcare and biotechnology industries in order to capture the business opportunities of a new era. During the Reporting Period, we acted as a joint sponsor for 1 IPO project. Furthermore, we acted as a global coordinator and/or book-runner for 11 IPO projects. In respect of debt capital markets, we completed 22 debt issuance projects, and successfully assisted corporations in raising US\$9.84 billion in aggregate.

For the six months ended 30 June 2020, our commission and fee income from corporate finance and underwriting services was HK\$44.6 million, a decrease of HK\$16.1 million or 26.5% as compared to HK\$60.7 million in the corresponding period of 2019.

Asset Management and Advisory

We offer a full range of asset management products including both public and private funds, and discretionary managed accounts, as well as investment advisory services. In addition to Hong Kong, we also provide asset management services in Mainland China via BOCOM International (Shanghai) in Shanghai and BOCOM International (Shenzhen) in Qianhai, Shenzhen.

Our core value is to provide comprehensive investment solutions and high-quality services to individual investors and institutional clients. In addition to traditional investments, we also offer alternative investments to investors. We have built up a cross-border asset management platform through our presence in Hong Kong, Shanghai and Shenzhen to grasp the distinct sources of investment growth in Mainland China. With a focus on investing in artificial intelligence, new materials, bio-pharmaceuticals and next-generation information technology, we also provide integrated financial services to investors, including but not limited to the sourcing of investments, project structuring, full value chain financing and tax arrangements. BOCOM Science and Technology Innovation Fund, which we established under our Shanghai asset management platform, is China's first bank-affiliated science and technology investment fund, with underlying investments aiming to be listed on the Science and Technology Innovation Board (STAR Market). We serve as fund manager, leveraging on the resources of the BOCOM Group to provide high-quality technology and innovation companies with full-scale comprehensive financial services. As at 30 June 2020, BOCOM Science and Technology Innovation Fund has completed 7 pre-IPO investments, of which 3 will be ready for listing in the near future on the STAR Market. BOCOM Science and Technology Innovation Fund has completed more than 70% of its investment target, mainly distributed in the Yangtze River Delta region, focusing on the fields of biomedicine and information technology. To improve business influence in the region, Nanjing Jiaoyin Suyan & SOHO Equity Investment Partnership Enterprise (Limited Partnership) (南京交銀蘇鹽蘇豪股權投資合夥企業 (有限合夥)) was set up in Jiangsu by BOCOM Science and Technology Innovation Fund in 2020. In August 2020, BOCOM International (Shanghai) Science and Technology Investment Management Co., Ltd. (交銀國際 (上海) 科創投資管理有限公司) was incorporated through BOCOM International (Shanghai), a subsidiary of the Group, so as to further our business expansion and operational compliance in Mainland China.

Apart from the Yangtze River Delta region, we established our first QFLP fund, Minrui Fund under our Shenzhen asset management platform in the first half of 2020. Minrui Fund is a domestic enterprise with foreign investments, marking another successful milestone of BOCOM International's access to cross-border investment and financing channels and creation of new drivers for growth.

Diversified products are the building blocks of our asset management business. As at 30 June 2020, the total amount of AUM was approximately HK\$27,613.8 million, representing an increase of approximately 0.6% from HK\$27,437.4 million as at 31 December 2019. For the six months ended 30 June 2020, asset management and advisory fee income increased by HK\$17.2 million or 30.0% to HK\$74.4 million, which comprised of management fee income of HK\$38.1 million and advisory fee income of HK\$36.3 million.

Investment and Loans

Our investment and loans business comprises of investments in equity and debt securities as well as public and private funds, and the provision of structured finance and corporate loans. We aim to achieve a balance between investment returns and tolerable risks.

For equity investments, we focus on investing in companies which engage in innovative technology, biotechnology, healthcare industry and other new economy industries, and have formulated clear plans for public listings in Hong Kong, Mainland China or overseas. Some of these target investments are unicorn startup companies, with broad market recognition and strong growth potential.

Based on our investment objectives, we strive to achieve an optimal allocation in our fixed-income investments and structured financing business. Supported by high-quality underlying assets and tailor-made structures, we mitigated market risks and strengthened collateral controls.

The fixed income market was volatile in the first half of 2020 and is expected to stabilise in the second half of 2020. Our portfolio remained comparatively resilient during the market turmoil and we actively seized new opportunities. For the six months ended 30 June 2020, interest income from loans and advances and receivables from structured financing was HK\$105.1 million, representing an increase of approximately 55.7% as compared to HK\$67.5 million for the corresponding period in 2019. Proprietary trading income was HK\$541.6 million, an increase by HK\$202.5 million or 59.7% as compared to HK\$339.1 million for the corresponding period in 2019.

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

	30/6/2020		31/12/2019	
	<i>HK\$'million</i>	%	<i>HK\$'million</i>	%
Fixed income securities	10,965.9	81.8	8,591.1	75.9
Bonds	8,657.6	64.5	6,545.2	57.8
Preference shares	2,275.0	17.0	1,992.5	17.6
REIT(s)	33.3	0.3	53.4	0.5
Equity investments	314.1	2.3	179.6	1.6
Equity-linked loan	–	–	443.1	3.9
Funds	2,138.3	15.9	2,106.0	18.6

Research

Our research team has a strong and solid understanding of and insight into the global economic environment, financial markets and major industries, as well as a track record in comprehensive analyses of sector- and company-specific fundamentals. The team is well-recognised among institutional investors in Hong Kong, Mainland China and the overseas markets. As at 30 June 2020, our research team comprised of 35 strategy, industry analysts and professional staff in Hong Kong, Beijing and Shanghai, covering about 148 companies listed in Hong Kong, Mainland China and New York across various sectors. In the first half of 2020, the research team published 615 reports, and launched the “frontier research center”, strengthening cross-sector and forward-looking analysis.

In addition to solid capabilities in investment research, our research team also sought to provide better services to our clients, which mainly included: tracking the quantity of readership of our reports, the enhancement of market influence, the foundation of our official research WeChat, and the enhancement of connections with the media and communication with investors, thereby promoting the overall image of the Group.

FINANCIAL REVIEW

Financial performance

For the six months ended 30 June 2020, the Group's total revenue and other income was approximately HK\$1,000.6 million, representing an increase of approximately 29.1% over HK\$775.2 million for the corresponding period in 2019.

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

	For the six months ended 30 June			
	2020		2019	
	<i>HK\$'million</i>	<i>%</i>	<i>HK\$'million</i>	<i>%</i>
Brokerage	90.1	9.0	74.8	9.7
Corporate finance and underwriting	44.6	4.5	60.7	7.8
Asset management and advisory	76.9	7.7	57.4	7.4
Margin financing	83.6	8.3	121.8	15.7
Investment and loans	660.2	66.0	414.0	53.4
Others	45.2	4.5	46.5	6.0
Total	<u>1,000.6</u>	<u>100.0</u>	<u>775.2</u>	<u>100.0</u>

The Group's profit for the six months ended 30 June 2020 was approximately HK\$278.8 million, representing an increase of approximately 9.7% over HK\$254.3 million for the corresponding period in 2019.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

The Group's cash and bank balances as at 30 June 2020 increased by HK\$373.4 million to HK\$918.5 million (31 December 2019: HK\$545.1 million).

The Group's net current assets decreased by HK\$4,707.0 million to approximately HK\$2,678.3 million as at 30 June 2020 from HK\$7,385.3 million as at 31 December 2019. The current ratio, being the ratio of current assets to current liabilities, was approximately 1.2 times as at 30 June 2020 (31 December 2019: 2.3 times).

As at 30 June 2020, the Group had borrowings of HK\$12,058.6 million (31 December 2019: HK\$9,652.3 million) while the subordinated loans from the ultimate holding company amounted to HK\$1,000.0 million (31 December 2019: HK\$1,000.0 million).

As at 30 June 2020, the Group's gearing ratio was 189.4% (31 December 2019: 160.7%), 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, associates 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 2020, there was no charge on Group assets (31 December 2019: Nil).

Capital Commitments

As at 30 June 2020, the Group had no significant capital commitment.

Contingent liabilities and others

Return guarantee in providing asset management service

In connection with the Group's asset management services, the Group entered into an asset management service agreement with a client in August 2015 which also provides the client with a minimum return guarantee on the investment principal. The investment principal amounted to MOP500,000,000. This service agreement expired in August 2020.

In November 2016, the Group entered into another asset management 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 a third asset management 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.

The Group provides a minimum return guarantee on the principal amounts on a cumulative basis throughout the life of the service contracts. In addition to an asset management fee at a fixed rate based on the capital amount, the Group is also entitled to a performance fee if the returns, on a cumulative basis, are above certain level. The underlying investment portfolios mainly consist of fixed income instruments. The average yield of the underlying investment portfolios will be evaluated twice a year in June and December until the maturity of the respective service contracts. If the average yield were below the level of guaranteed return, the Group shall make up the shortfall through paying cash into the client's account under management. Subsequently, if the performance of the underlying investment portfolios recovers and exceeds the minimum guaranteed return on a cumulative basis, the Group is entitled to obtain the payment made previously in the last evaluation(s) to the extent the average yield as of the evaluation date shall be no less than the level of guaranteed return.

As at 31 December 2019, the average cumulative yield of the underlying investment portfolios was above the level of guaranteed return thus no cash payment was required. As at 30 June 2020, the average cumulative yield of one of the underlying investment portfolios was below the level of guaranteed return and the Group has paid a cash amount of HK\$73,000,000 or MOP75,190,000 accordingly. The Group does not expect to incur loss in relation to the cash payment in fulfilling the return guarantee by assessing the estimated future performance of the underlying investment portfolios. Such assessment involved significant management judgement on the future economic environment and conditions which might significantly affect the performance of the investment portfolios.

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 2020, the Group utilised approximately 98.0% 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. The unutilised amount is expected to be utilised within 3 years.

An analysis of the application/intended application and utilisation of the net proceeds from the Listing as at 30 June 2020 is set out below:

Application/Intended application	Net proceeds from the Listing (HK\$'million)	Utilised amount as at 31/12/2019 (HK\$'million)	Utilised		Unutilised amount (HK\$'million)
			amount during the Reporting Period (HK\$'million)	Utilised amount as at 30/6/2020 (HK\$'million)	
1. Expand margin financing business	845.7	845.7	–	845.7	–
2. Expand asset management and advisory business	281.9	281.9	–	281.9	–
3. Expand investment and loans business	187.9	187.9	–	187.9	–
4. Develop IT infrastructure and internal control systems	187.9	122.4	27.7	150.1	37.8
5. Attract and retain talent as well as optimising human resources structure	187.9	187.9	–	187.9	–
6. Working capital and general corporate purposes	187.9	187.9	–	187.9	–
Total	1,879.2	1,813.7	27.7	1,841.4	37.8

OUTLOOK

The continued spread of COVID-19 has brought about huge and unprecedented challenges to global economic recovery. Even if countries contain the virus' contagious spread at the high cost of suspending economic activity, the pandemic is yet to be fully controlled, and the global economy has plunged into a deep recession. Industrial production, consumption, and employment dropped beyond expectations and fell to record lows. Almost all regions of the world suffered contraction, ending a decade of global expansion.

Currently, the epicenter of the pandemic has been gradually shifting to emerging countries, and the expected resumption of economic activities is likely to be encumbered in Europe and the United States due to a second wave of the pandemic. The global economy remains far from a full recovery. The stance of monetary policy will remain accommodative, enabling unprecedented levels of fiscal expansion under the normal state of low interest rates. But central banks across the world are not omnipotent, and reckless money printing is likely to be self-defeating. Developed economies' measures have been blurring the line between monetary and fiscal policy, and the current liquidity deluge is increasing the risk of hyperinflation in the coming years.

China is leading the global recovery, which will continue in the second half of this year. The impact of the pandemic on China's economy has been significant but temporary. Thanks to effective control measures and orderly resumption of work and production, China's economy managed to grow more strongly than expected with a V-shape recovery. However, the global economy faces a difficult return to recovery from the pandemic. Against the backdrop of weakening overseas conditions, domestic demand has been a major driving force for growth.

Infrastructure will remain the key theme of stable investment. Consumption is expected to rebound with a package of economic assistance policies such as "six guarantees" and "six stability" coordinated with investment to boost growth. As the economy gets back on track, China's monetary policy will pay more attention to structural control, and maintain reasonable and abundant liquidity. While the US turns to emphasise "the art of deal" with unilateralism, China has been enhancing its global influence via the Belt and Road Initiative and becoming a force to be reckoned with on the global stage. Markets have reached a historical pivot. China is set to outperform the US in the long run, and both A-shares and Hong Kong stocks offer long-term investment value.

In the face of the complex external environment, we have also seen the resilience of China's economy in response to various risks and challenges. The pandemic has had a huge impact on the economy in the short term, but it has also spawned a number of new emerging industries and intensified industrial transformation. In the post-pandemic era of "creating opportunities amid crisis", we have to rethink corporate strategies and business models, turning challenges into opportunities through further innovation and speculation.

In order to cope with the complex internal and external environment, leverage on FinTech for high-quality development, and enhance technological empowerment and market competitiveness, the Group intends to further expand its FinTech business beyond its existing main activities after considering its actual operation and management. In August 2020, the Company established and completed the registration for BOCOM Financial Technology through its wholly-owned subsidiary, BOCOM International (Shanghai). BOCOM Financial Technology, as a subsidiary of the Company, is purported to provide financial technology services for the Group, BOCOM Group and the public. The services provided to the Group and BOCOM Group mainly include assisting the Group and BOCOM Group to realize digital and intelligent transformation, while the services provided to the public include the construction of open and ecological platforms. The Group will strive to open up new business fields by building its own FinTech development team to gradually realize digital and intelligent transformation, as well as integrate with its other existing businesses, so as to better meet customers' needs for diversified and personalized financial services.

The Group will focus on value creation and promote high-quality and large-scale development by facilitating synergetic development of the licensed business and asset business. In such uncertain times, the Group will adhere to the risk appetite of “prudence, stability, and compliance” and accelerate high-quality development with respect to scale relying on a mature and complete investment and research system, so as to build a wealth management investment bank with global influence and regional market competitiveness, and create greater value for clients and 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 2020.

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. For further details, please refer to the “Corporate Governance Report” section contained in the Company's 2019 annual report. During the six months ended 30 June 2020, save as disclosed below, 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 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 2020.

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 2020 (2019 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 2020 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 Group"	BOCOM and its subsidiaries (excluding the Group)

“BOCOM”	Bank of Communications Co., Ltd. (交通銀行股份有限公司), established in 1908, a company registered in the PRC as a joint stock limited liability company on 24 December 2004, the H shares and A shares of which are listed on the Stock Exchange and the Shanghai Stock Exchange, respectively, and the ultimate controlling shareholder of the Company
“BOCOM Financial Technology”	BOCOM Financial Technology Company Limited (交銀金融科技有限公司), a company incorporated in the PRC with limited liability on 25 August 2020, a subsidiary of BOCOM International (Shanghai) and an indirect subsidiary 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
“BOCOM Science and Technology Innovation Fund”	BOCOM Science and Technology Innovation Equity Investment Fund (Shanghai) Partnership Enterprise (Limited Partnership) (交銀科創股權投資基金（上海）合夥企業（有限合夥）), a limited partnership established under the laws of the PRC
“Company” or “BOCOM International”	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
“Group” or “we” or “us”	the Company and its subsidiaries
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“IPO(s)”	initial public offering(s)
“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)
“Minrui Fund”	Shenzhen Minrui Jiaoyin International Equity Investment Partnership Enterprise (Limited Partnership) (深圳敏睿交盈國際股權投資合夥企業 (有限合夥)), a limited partnership established under the laws of the PRC
“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 2020
“RMB”	Renminbi, the lawful currency of the PRC
“Science and Technology Innovation Board (STAR Market)”	the Sci-Tech Innovation Board of the Shanghai Stock Exchange
“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
“TMT”	telecommunications, media and technology
“US” or “United States”	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, 26 August 2020

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