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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 2021

The Board is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2021, together with the comparative figures for the corresponding period in 2020.

### CONDENSED CONSOLIDATED INCOME STATEMENT

|                                    |       | Six months ended |                  |
|------------------------------------|-------|------------------|------------------|
|                                    |       | 30/6/2021        | 30/6/2020        |
|                                    |       | (Unaudited)      | (Unaudited)      |
|                                    | Notes | HK\$'000         | HK\$'000         |
| Revenue                            |       |                  |                  |
| Commission and fee income          | 4     | 209,693          | 201,103          |
| Interest income                    | 4     | 348,796          | 326,559          |
| Proprietary trading income         | 4     | 586,133          | 403,739          |
|                                    |       | <u>1,144,622</u> | <u>931,401</u>   |
| Other income                       | 4     | 45,213           | 69,159           |
| <b>Revenue and other income</b>    |       | <u>1,189,835</u> | <u>1,000,560</u> |
| Commission and brokerage expenses  |       | (30,952)         | (25,787)         |
| Finance costs                      | 6     | (106,327)        | (161,414)        |
| Staff costs                        | 6     | (194,552)        | (156,513)        |
| Depreciation                       | 6     | (47,561)         | (39,846)         |
| Other operating expenses           |       | (105,028)        | (95,446)         |
| Change in impairment allowance     | 5     | (62,219)         | (172,858)        |
| <b>Total expenses</b>              |       | <u>(546,639)</u> | <u>(651,864)</u> |
| Operating profit                   |       | 643,196          | 348,696          |
| Share of results of associates     |       | (7,124)          | (26,007)         |
| Share of results of joint ventures |       | 6,675            | (368)            |
| <b>Profit before taxation</b>      | 6     | <u>642,747</u>   | <u>322,321</u>   |
| Income tax expense                 | 7     | (71,022)         | (43,508)         |
| <b>Profit for the period</b>       |       | <u>571,725</u>   | <u>278,813</u>   |

|  |              | <b>Six months ended</b> |                 |
|--|--------------|-------------------------|-----------------|
|  |              | <b>30/6/2021</b>        | 30/6/2020       |
|  |              | <b>(Unaudited)</b>      | (Unaudited)     |
|  | <i>Notes</i> | <b>HK\$'000</b>         | <b>HK\$'000</b> |
| <b>Attributable to:</b>  |              |                         |                 |
| Shareholders of the Company  |              | <b>558,629</b>          | 280,721         |
| Non-controlling interests  |              | <b>13,096</b>           | (1,908)         |
|  |              | <u><b>571,725</b></u>   | <u>278,813</u>  |
| <b>Earnings per share attributable to shareholders of the Company for the period</b> |              |                         |                 |
| — Basic/Diluted (in HKD per share)   | <i>9</i>     | <u><b>0.20</b></u>      | <u>0.10</u>     |

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

|   | <b>Six months ended</b>      |                              |
|---|------------------------------|------------------------------|
|   | <b>30/6/2021</b>             | <b>30/6/2020</b>             |
|   | <b>(Unaudited)</b>           | <b>(Unaudited)</b>           |
|   | <b>HK\$'000</b>              | <b>HK\$'000</b>              |
| <b>Profit for the period</b>  | <b><u>571,725</u></b>        | <b><u>278,813</u></b>        |
| <b>Other comprehensive income</b>   |                              |                              |
| <i>Items that may be reclassified subsequently to profit or loss</i>  |                              |                              |
| Changes in fair value of debt investments at fair value through other comprehensive income                                | 67,234                       | 17,654                       |
| Amounts reclassified to profit or loss upon disposal of debt investments at fair value through other comprehensive income | <u>27,148</u>                | <u>(815)</u>                 |
|   | <b>94,382</b>                | <b>16,839</b>                |
| Exchange differences on translation of foreign operations   | <u>12,698</u>                | <u>(7,785)</u>               |
|   | <b>107,080</b>               | <b>9,054</b>                 |
| <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                              | <u>(2,605)</u>               | <u>28,154</u>                |
| <b>Other comprehensive income, net of tax</b>   | <u><b>104,475</b></u>        | <u><b>37,208</b></u>         |
| <b>Total comprehensive income</b>   | <b><u><u>676,200</u></u></b> | <b><u><u>316,021</u></u></b> |
| <b>Attributable to:</b>   |                              |                              |
| Shareholders of the Company   | 660,166                      | 320,629                      |
| Non-controlling interests   | <u>16,034</u>                | <u>(4,608)</u>               |
|   | <b><u><u>676,200</u></u></b> | <b><u><u>316,021</u></u></b> |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|   | <i>Notes</i> | <b>30/6/2021<br/>(Unaudited)<br/>HK\$'000</b> | 31/12/2020<br>(Audited)<br>HK\$'000 |
|---|--------------|---|-------------------------------------|
| <b>Assets</b>   |              |   |                                     |
| <b>Non-current Assets</b>   |              |   |                                     |
| Property and equipment  |              | 33,068  | 37,338                              |
| Right-of-use assets   |              | 266,701                                       | 111,830                             |
| Intangible assets   |              | 3,196   | 3,196                               |
| Interest in associates  |              | 204,545                                       | 211,159                             |
| Interest in joint ventures  |              | 131,436                                       | 124,320                             |
| Other assets  |              | 29,590  | 41,172                              |
| Financial assets at fair value through other comprehensive income |              | 7,924,739                                     | 2,488,616                           |
| Loans and advances  | 10           | 1,660,403                                     | 1,095,098                           |
| Deferred tax assets   |              | 21,829  | 10,876                              |
| <b>Total non-current assets</b>                                   |              | <b>10,275,507</b>                             | <b>4,123,605</b>                    |
| <b>Current Assets</b>   |              |   |                                     |
| Loans and advances  | 10           | 881,600                                       | 1,708,665                           |
| Tax recoverable   |              | –   | 2,295                               |
| Accounts receivable   | 11           | 2,449,677                                     | 1,108,083                           |
| Other receivables and prepayments                                 | 12           | 544,676                                       | 446,139                             |
| Margin loans to customers   | 13           | 2,630,635                                     | 2,799,125                           |
| Receivable from reverse repurchase agreements                     |              | 265,021                                       | 237,350                             |
| Amount due from a fellow subsidiary                               |              | –   | 5,857                               |
| Amounts due from related parties                                  |              | 806   | 1,269                               |
| Financial assets at fair value through other comprehensive income |              | 838,475                                       | 492,641                             |
| Financial assets at fair value through profit or loss             |              | 10,569,178                                    | 10,405,548                          |
| Derivative financial assets                                       |              | 7,834   | 24,367                              |
| Cash and bank balances  |              | 2,174,250                                     | 2,004,915                           |
| <b>Total current assets</b>                                       |              | <b>20,362,152</b>                             | <b>19,236,254</b>                   |
| <b>Total assets</b>   |              | <b>30,637,659</b>                             | <b>23,359,859</b>                   |
| <b>Equity and liabilities</b>                                     |              |   |                                     |
| <b>Equity attributable to shareholders of the Company</b>         |              |   |                                     |
| Share capital   |              | 3,942,216                                     | 3,942,216                           |
| Retained earnings   |              | 3,542,249                                     | 3,419,833                           |
| Revaluation reserve   |              | (4,582)                                       | (95,069)                            |
| Foreign currency translation reserve                              |              | 49,759  | 39,999                              |
| <b>Total equity attributable to shareholders of the Company</b>   |              | <b>7,529,642</b>                              | <b>7,306,979</b>                    |
| Non-controlling interests   |              | 552,822                                       | 476,959                             |
| <b>Total equity</b>   |              | <b>8,082,464</b>                              | <b>7,783,938</b>                    |

|  | <i>Notes</i> | <b>30/6/2021<br/>(Unaudited)<br/>HK\$'000</b> | 31/12/2020<br>(Audited)<br>HK\$'000 |
|--|--------------|---|-------------------------------------|
| <b>Liabilities</b>   |              |   |                                     |
| <b>Non-current Liabilities</b>                             |              |   |                                     |
| Subordinated loans from the ultimate holding company       |              | 1,000,000                                     | 1,000,000                           |
| Obligation under repurchase agreements                     |              | 4,708,199                                     | 313,835                             |
| Lease liabilities  |              | 174,512                                       | 56,438                              |
| Deferred tax liabilities                                   |              | 125,763                                       | 45,789                              |
| Debt securities issued                                     |              | 3,860,780                                     | –                                   |
| <b>Total non-current liabilities</b>                       |              | <u>9,869,254</u>                              | <u>1,416,062</u>                    |
| <b>Current Liabilities</b>                                 |              |   |                                     |
| Borrowings   |              | 7,182,062                                     | 8,633,885                           |
| Obligation under repurchase agreements                     |              | 2,275,609                                     | 3,755,772                           |
| Tax payable  |              | 10,895  | 13,337                              |
| Provision for staff costs                                  |              | 133,608                                       | 176,850                             |
| Other payables and accrued expenses                        |              | 203,276                                       | 128,621                             |
| Accounts payable   | 14           | 938,325                                       | 612,645                             |
| Dividend payable   |              | 437,503                                       | –                                   |
| Contract liabilities                                       |              | 43,419  | 51,431                              |
| Lease liabilities  |              | 80,956  | 56,169                              |
| Amount due to the ultimate holding company                 |              | 8,412   | 33,759                              |
| Amount due to a fellow subsidiary                          |              | 166   | –                                   |
| Financial liabilities at fair value through profit or loss |              | 1,363,084                                     | 663,255                             |
| Derivative financial liabilities                           |              | 8,626   | 34,135                              |
| <b>Total current liabilities</b>                           |              | <u>12,685,941</u>                             | <u>14,159,859</u>                   |
| <b>Total liabilities</b>                                   |              | <u>22,555,195</u>                             | <u>15,575,921</u>                   |
| <b>Total equity and liabilities</b>                        |              | <u>30,637,659</u>                             | <u>23,359,859</u>                   |
| <b>Net current assets</b>                                  |              | <u>7,676,211</u>                              | <u>5,076,395</u>                    |
| <b>Total assets less current liabilities</b>               |              | <u>17,951,718</u>                             | <u>9,200,000</u>                    |

# 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 2020, that is included in the condensed consolidated interim report for the six months ended 30 June 2021 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 2020 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 2020, 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 2021.

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.

- Amendment to HKFRS 16, Covid-19-related rent concessions beyond 30 June 2021
- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest rate benchmark reform — Phase 2

Amendments to HKFRSs effective for the financial year ending 31 December 2021 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 clients.
- (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 2021 (Unaudited) |                                       |                                     |                     |                         |                 |                 |                 |                  |
|---|---------------------------------------|-------------------------------------|---------------------|-------------------------|-----------------|-----------------|-----------------|------------------|
|   | Corporate<br>finance and<br>Brokerage | Asset<br>management<br>and advisory | Margin<br>financing | Investment<br>and loans | Others          | Elimination     | Total           |                  |
|   | <i>HK\$'000</i>                       | <i>HK\$'000</i>                     | <i>HK\$'000</i>     | <i>HK\$'000</i>         | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |                  |
| <b>Total revenue</b>                      |                                       |                                     |                     |                         |                 |                 |                 |                  |
| Revenue                                   |                                       |                                     |                     |                         |                 |                 |                 |                  |
| Commission and fee income                 |                                       |                                     |                     |                         |                 |                 |                 |                  |
| — External                                | 102,679                               | 80,572                              | 26,442              | -                       | -               | -               | 209,693         |                  |
| — Internal                                | 1,309                                 | -                                   | 5,659               | -                       | -               | (6,968)         | -               |                  |
| Interest income                           |                                       |                                     |                     |                         |                 |                 |                 |                  |
| — External                                | -                                     | -                                   | -                   | 99,582                  | 249,214         | -               | 348,796         |                  |
| — Internal                                | -                                     | -                                   | -                   | -                       | 25,581          | (25,581)        | -               |                  |
| Proprietary trading income                |                                       |                                     |                     |                         |                 |                 |                 |                  |
| — External                                | -                                     | -                                   | -                   | -                       | 586,133         | -               | 586,133         |                  |
| — Internal                                | -                                     | -                                   | -                   | -                       | -               | -               | -               |                  |
| Other income                              | 9,788                                 | -                                   | 346                 | -                       | 23,304          | 11,775          | 45,213          |                  |
|   | <u>113,776</u>                        | <u>80,572</u>                       | <u>32,447</u>       | <u>99,582</u>           | <u>884,232</u>  | <u>11,775</u>   | <u>(32,549)</u> | <u>1,189,835</u> |
| Total expenses                            | (105,340)                             | (46,068)                            | (64,505)            | (70,559)                | (285,252)       | (7,464)         | 32,549          | (546,639)        |
| Share of results of associates            | -                                     | -                                   | -                   | -                       | (7,124)         | -               | -               | (7,124)          |
| Share of results of joint ventures        | -                                     | -                                   | -                   | -                       | 6,675           | -               | -               | 6,675            |
| <b>Profit/(loss) before taxation</b>      | <u>8,436</u>                          | <u>34,504</u>                       | <u>(32,058)</u>     | <u>29,023</u>           | <u>598,531</u>  | <u>4,311</u>    | <u>-</u>        | <u>642,747</u>   |
| <b>Other disclosures</b>                  |                                       |                                     |                     |                         |                 |                 |                 |                  |
| Depreciation                              | (16,838)                              | (2,279)                             | (9,000)             | (3,508)                 | (12,910)        | (3,026)         | -               | (47,561)         |
| Change in impairment allowance            | (79)                                  | (2)                                 | -                   | (25,120)                | (37,018)        | -               | -               | (62,219)         |
| Finance costs                             | (342)                                 | (83)                                | (336)               | (16,580)                | (114,482)       | (85)            | 25,581          | (106,327)        |



## Six months ended 30 June 2020 (Unaudited)

|                                      | Corporate<br>Brokerage<br><i>HK\$'000</i> | finance and<br>underwriting<br><i>HK\$'000</i> | Asset<br>management<br>and advisory<br><i>HK\$'000</i> | Margin<br>financing<br><i>HK\$'000</i> | Investment<br>and loans<br><i>HK\$'000</i> | Others<br><i>HK\$'000</i> | Elimination<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|--------------------------------------|---|--|--|--|--|---------------------------|--------------------------------|--------------------------|
| <b>Total revenue</b>                 |   |  |  |  |  |                           |                                |                          |
| 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                                 | 242,999                                    | —                         | —                              | 326,559                  |
| — Internal                           | —   | —  | —  | —                                      | 20,667                                     | —                         | (20,667)                       | —                        |
| Proprietary trading income           |   |  |  |  |  |                           |                                |                          |
| — External                           | —   | —  | —  | —                                      | 403,739                                    | —                         | —                              | 403,739                  |
| — 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                         | (651,864)                |
| Share of results of associates       | —   | —  | —  | —                                      | (26,007)                                   | —                         | —                              | (26,007)                 |
| Share of results of joint ventures   | —   | —  | —  | —                                      | (368)                                      | —                         | —                              | (368)                    |
| <b>(Loss)/profit before taxation</b> | <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>                       | <u>322,321</u>           |
| <b>Other disclosures</b>             |   |  |  |  |  |                           |                                |                          |
| 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                         | (161,414)                |

**Six months ended**  
**30/6/2021**                      30/6/2020  
**HK\$'000**                              **HK\$'000**  
**(Unaudited)**                      **(Unaudited)**

Total revenue from external customer by location of operations:

|                  |                         |                  |
|------------------|-------------------------|------------------|
| — Hong Kong      | <b>1,155,307</b>        | 960,562          |
| — Mainland China | <b>34,528</b>           | 39,998           |
|                  | <u><b>1,189,835</b></u> | <u>1,000,560</u> |

#### 4. REVENUE AND OTHER INCOME

|  | Six months ended        |                       |
|--|-------------------------|-----------------------|
|  | 30/6/2021               | 30/6/2020             |
|  | <i>HK\$'000</i>         | <i>HK\$'000</i>       |
|  | (Unaudited)             | (Unaudited)           |
| <b>REVENUE</b>   |                         |                       |
| <b>COMMISSION AND FEE INCOME</b>   |                         |                       |
| Brokerage commission   | 102,679                 | 82,030                |
| Corporate finance and underwriting fee   | 80,572                  | 44,647                |
| Asset management and advisory income   | 26,442                  | 74,426                |
|  | <u>209,693</u>          | <u>201,103</u>        |
| <b>INTEREST INCOME*</b>  |                         |                       |
| Interest income from margin financing  | 99,582                  | 83,560                |
| Interest income from loans and advances  | 93,184                  | 84,098                |
| Interest income from receivable from reverse repurchase agreements                         | 5,508                   | 21,008                |
| Interest income from financial assets at fair value through other comprehensive income     | 150,522                 | 137,893               |
|  | <u>348,796</u>          | <u>326,559</u>        |
| <b>PROPRIETARY TRADING INCOME*</b>   |                         |                       |
| Net trading and investment income  |                         |                       |
| — Net gain on financial assets at fair value through profit or loss **                     | 554,868                 | 413,599               |
| — Net loss on financial assets at fair value through other comprehensive income            | (16,608)                | (15,517)              |
| — Net loss on financial liabilities at fair value through profit or loss                   | (16,083)                | (10,509)              |
| — Net gain/(loss) on derivative financial instruments                                      | 21,396                  | (8,515)               |
| — Fair value changes from financial liabilities to the investors of the funds consolidated | (5,123)                 | (2,515)               |
| Dividend income from   |                         |                       |
| — Financial assets at fair value through profit or loss                                    | 47,683                  | 21,277                |
| — Financial assets at fair value through other comprehensive income                        | —                       | 5,919                 |
|  | <u>586,133</u>          | <u>403,739</u>        |
|  | <u><u>1,144,622</u></u> | <u><u>931,401</u></u> |

\* As disclosed in 2020 annual report, during the year ended 31 December 2020, the Group has considered the disclosures of interest income and proprietary trading income with reference to the Group's business and the accounting standard requirements. Accordingly, the comparative figures for the six months ended 30 June 2020 have been re-presented. The re-presentation had no impact on total revenue and the profit before taxation for the corresponding period.

\*\* The net gain on financial assets at fair value through profit or loss for the six months ended 30 June 2021 comprised of net trading gain (including the realised and unrealised amounts) and interest income with the amount of HK\$430,166 thousand (six months ended 30 June 2020: HK\$279,990 thousand) and HK\$124,702 thousand (six months ended 30 June 2020: HK\$133,609 thousand) respectively.

|                                | <b>Six months ended</b> |                 |
|--------------------------------|-------------------------|-----------------|
|                                | <b>30/6/2021</b>        | 30/6/2020       |
|                                | <b>HK\$'000</b>         | <b>HK\$'000</b> |
|                                | <b>(Unaudited)</b>      | (Unaudited)     |
| <b>OTHER INCOME</b>            |                         |                 |
| Handling fees                  | <b>9,654</b>            | 6,943           |
| Bank and other interest income | <b>17,367</b>           | 16,443          |
| Exchange gains                 | –                       | 29,124          |
| Others                         | <b>18,192</b>           | 16,649          |
|                                | <u><b>45,213</b></u>    | <u>69,159</u>   |

#### 5. CHANGE IN IMPAIRMENT ALLOWANCE

|   | <b>Six months ended</b> |                 |
|---|-------------------------|-----------------|
|   | <b>30/6/2021</b>        | 30/6/2020       |
|   | <b>HK\$'000</b>         | <b>HK\$'000</b> |
|   | <b>(Unaudited)</b>      | (Unaudited)     |
| <b>Change in impairment allowance on:</b>                         |                         |                 |
| Receivable from reverse repurchase agreements                     | <b>413</b>              | 11              |
| Accounts receivable   | <b>81</b>               | 113             |
| Margin loans to customers   | <b>25,120</b>           | 42,539          |
| Loans and advances  | <b>2,487</b>            | (3,828)         |
| Debt investments at fair value through other comprehensive income | <b>34,005</b>           | 134,227         |
| Other receivables   | <b>113</b>              | (202)           |
| Amounts due from related parties                                  | –                       | (2)             |
|   | <u><b>62,219</b></u>    | <u>172,858</u>  |

## 6. PROFIT BEFORE TAXATION

|   | Six months ended |                 |
|---|------------------|-----------------|
|   | 30/6/2021        | 30/6/2020       |
|   | <i>HK\$'000</i>  | <i>HK\$'000</i> |
|   | (Unaudited)      | (Unaudited)     |
| Profit before taxation has been arrived at after charging:                        |                  |                 |
| Finance costs:  |                  |                 |
| — Interest expenses on subordinated loans from the ultimate holding company       | 8,096            | 16,349          |
| — Interest expenses on bank loans from the ultimate holding company               | 7,407            | 11,963          |
| — Interest expenses on bank loans and overdraft from other financial institutions | 61,021           | 95,446          |
| — Interest expenses on obligation under repurchase agreements                     | 16,471           | 26,533          |
| — Interest expenses on lease liabilities  | 1,165            | 1,381           |
| — Interest expenses on financial liabilities                                      | 2,414            | —               |
| — Interest expenses on debt securities issued to the ultimate holding company     | 46               | —               |
| — Interest expenses on debt securities issued to other financial institutions     | 346              | —               |
| — Others  | 103              | 44              |
|   | <u>97,069</u>    | <u>151,716</u>  |
| — Other borrowing costs to the ultimate holding company                           | 875              | 875             |
| — Other borrowing costs to other financial institutions                           | 8,383            | 8,823           |
|   | <u>106,327</u>   | <u>161,414</u>  |
| Depreciation  | 47,561           | 39,846          |
| Operating lease charges   | 3,737            | 1,694           |
| Staff costs   | 194,552          | 156,513         |

## 7. INCOME TAX EXPENSE

|   | Six months ended     |                      |
|---|----------------------|----------------------|
|   | 30/6/2021            | 30/6/2020            |
|   | HK\$'000             | HK\$'000             |
|   | (Unaudited)          | (Unaudited)          |
| Current tax:                                    |                      |                      |
| Hong Kong Profits Tax                           | 12,000               | 40,031               |
| PRC Enterprise Income Tax                       | 985                  | 9,201                |
| Over provision in prior periods                 | <u>(10,889)</u>      | <u>(6,282)</u>       |
| Total current tax                               | 2,096                | 42,950               |
| Deferred tax                                    | <u>68,926</u>        | <u>558</u>           |
| Income tax expense recognised in profit or loss | <u><u>71,022</u></u> | <u><u>43,508</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      |                       |
|---|-----------------------|-----------------------|
|   | 30/6/2021             | 30/6/2020             |
|   | HK\$'000              | HK\$'000              |
|   | (Unaudited)           | (Unaudited)           |
| Final dividend for previous financial year declared and approved of HK\$0.16 per ordinary share (2020: HK\$0.09 per ordinary share) | <u><u>437,503</u></u> | <u><u>246,095</u></u> |

### Dividends attributable to the interim period

No dividend was paid or declared by the Company for the six months ended 30 June 2021 (six months ended 30 June 2020: 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         |                          |
|---|--------------------------|--------------------------|
|   | 30/6/2021<br>(Unaudited) | 30/6/2020<br>(Unaudited) |
| Profit attributable to shareholders of the Company (in HK\$'000)        | 558,629                  | 280,721                  |
| Weighted average number of ordinary shares in issue<br>(in '000 shares) | <u>2,734,392</u>         | <u>2,734,392</u>         |
| Earnings per share (in HKD per share)                                   | <u>0.20</u>              | <u>0.10</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

|                            | 30/6/2021               | 31/12/2020            |
|----------------------------|-------------------------|-----------------------|
|                            | HK\$'000<br>(Unaudited) | HK\$'000<br>(Audited) |
| Gross loans and advances   | 2,545,672               | 2,804,945             |
| Less: impairment allowance | <u>(3,669)</u>          | <u>(1,182)</u>        |
|                            | <u>2,542,003</u>        | <u>2,803,763</u>      |
| Net loans and advances:    |                         |                       |
| Non-current                | 1,660,403               | 1,095,098             |
| Current                    | <u>881,600</u>          | <u>1,708,665</u>      |
|                            | <u>2,542,003</u>        | <u>2,803,763</u>      |

There was no past due but not impaired loans and advances as at 30 June 2021 and 31 December 2020.

## 11. ACCOUNTS RECEIVABLE

|   | <b>30/6/2021</b><br><i>HK\$'000</i><br><b>(Unaudited)</b> | 31/12/2020<br><i>HK\$'000</i><br><b>(Audited)</b> |
|---|---|---|
| Corporate finance and underwriting business | <b>37,958</b>   | 28,685  |
| Dealing in securities and futures business  |   |   |
| — Clients                                   | <b>2,022,625</b>  | 388,091   |
| — Brokers                                   | <b>232,862</b>  | 498,562   |
| — Clearing house                            | <b>159,754</b>  | 196,186   |
|   | <b>2,415,241</b>  | 1,082,839   |
| Less: impairment allowance                  | <b>(3,522)</b>  | (3,441)   |
|   | <b>2,449,677</b>  | 1,108,083   |

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

|                                      | <b>30/6/2021</b><br><i>HK\$'000</i><br><b>(Unaudited)</b> | 31/12/2020<br><i>HK\$'000</i><br><b>(Audited)</b> |
|--------------------------------------|---|---|
| Neither past due nor credit-impaired | <b>2,430,943</b>  | 1,097,714   |
| Less than 31 days past due           | <b>10,407</b>   | 2,270   |
| 31–60 days past due                  | <b>48</b>   | –   |
| 61–90 days past due                  | –   | –   |
| Over 90 days past due                | <b>11,801</b>   | 11,540  |
|                                      | <b>22,256</b>   | 13,810  |
| Less: impairment allowance           | <b>(3,522)</b>  | (3,441)   |
|                                      | <b>2,449,677</b>  | 1,108,083   |

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

|                            | <b>30/6/2021</b><br><i>HK\$'000</i><br>(Unaudited) | 31/12/2020<br><i>HK\$'000</i><br>(Audited) |
|----------------------------|--|--|
| Other receivables          | <b>536,772</b>                                     | 430,666                                    |
| Less: impairment allowance | <b>(11,983)</b>                                    | (11,870)                                   |
|                            | <b>524,789</b>                                     | 418,796                                    |
| Prepayments                | <b>19,887</b>                                      | 27,343                                     |
|                            | <b>544,676</b>                                     | 446,139                                    |

## 13. MARGIN LOANS TO CUSTOMERS

|                                 | <b>30/6/2021</b><br><i>HK\$'000</i><br>(Unaudited) | 31/12/2020<br><i>HK\$'000</i><br>(Audited) |
|---------------------------------|--|--|
| Gross margin loans to customers | <b>2,738,433</b>                                   | 2,881,803                                  |
| Less: impairment allowance      | <b>(107,798)</b>                                   | (82,678)                                   |
|                                 | <b>2,630,635</b>                                   | 2,799,125                                  |

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:

|                            | <b>30/6/2021</b><br><i>HK\$'000</i><br>(Unaudited) | 31/12/2020<br><i>HK\$'000</i><br>(Audited) |
|----------------------------|--|--|
| Clients — trade settlement | <b>504,022</b>                                     | 512,487                                    |
| Clearing house             | <b>109,780</b>                                     | 100,158                                    |
| Brokers                    | <b>324,523</b>                                     | —  |
|                            | <b>938,325</b>                                     | 612,645                                    |

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 businesses.

The settlement terms of accounts payable arising from client businesses are normally two or three days after trade date or at specific terms agreed with clients, brokers or clearing houses.



## MANAGEMENT DISCUSSION AND ANALYSIS

### 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\$1,189.8 million, representing an increase of 18.9% when compared with HK\$1,000.6 million for the same period last year. The Group's profit was HK\$571.7 million, representing an increase of 105.1% when compared with HK\$278.8 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 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.

According to the synergetic development strategy of licensed business and asset business, in the first half of 2021, we stepped up our wealth management business transformation by leveraging group integrated resources, company investment research and risk control abilities, and our user-friendly global trading platform. Conforming to market cycle and changing investment themes, we provided our customers with diversified wealth management products and services that cater to the market needs via businesses such as global stocks, distinguished structured fixed income products and unicorn private equity products, further optimising the income structure.

During the same time, we kept accelerating the pace of digital finance transformation. For instance, based on digitalised reporting systems, we continue to iterate SMARTBI, develop CRM system, and perform customer stratification, improving infrastructure for conducting precise marketing on the basis of customer portraits.

For the six months ended 30 June 2021, our commission and fee income from the securities brokerage business was HK\$102.7 million, an increase of HK\$20.7 million or 25.2% as compared with the corresponding period of 2020.

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

|                      | For the six months ended 30 June |              |                     |              |
|----------------------|----------------------------------|--------------|---------------------|--------------|
|                      | 2021                             |              | 2020                |              |
|                      | <i>HK\$'million</i>              | %            | <i>HK\$'million</i> | %            |
| Hong Kong stocks     | <b>76.7</b>                      | <b>74.7</b>  | 62.1                | 75.7         |
| Non-Hong Kong stocks | <b>14.7</b>                      | <b>14.3</b>  | 10.3                | 12.6         |
| Bonds                | <b>5.5</b>                       | <b>5.4</b>   | 2.7                 | 3.3          |
| Others               | <b>5.8</b>                       | <b>5.6</b>   | 6.9                 | 8.4          |
|                      | <b>102.7</b>                     | <b>100.0</b> | <b>82.0</b>         | <b>100.0</b> |

Our margin financing business includes offering collateralised financing for stocks and bonds relating to securities transactions to both retail and institutional customers who require financing.

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 2021, the number of margin client accounts increased to 9,417. The monthly average loan balance increased and interest income from margin loans for the six months ended 30 June 2021 was HK\$99.6 million, an increase of HK\$16.0 million or 19.2% as compared with the corresponding period in 2020.

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

|   | <b>30/6/2021</b> | 31/12/2020 |
|---|------------------|------------|
| Number of margin accounts                             | <b>9,417</b>     | 8,969      |
| Balance of gross margin loans ( <i>HK\$'million</i> ) | <b>2,738.4</b>   | 2,881.8    |
| Monthly average balance ( <i>HK\$'million</i> )       | <b>2,869.8</b>   | 2,669.4    |
| Highest month end balance ( <i>HK\$'million</i> )     | <b>3,055.4</b>   | 2,881.8    |
| Lowest month end balance ( <i>HK\$'million</i> )      | <b>2,581.7</b>   | 2,434.4    |
| Margin value ( <i>HK\$'million</i> ) (Note 1)         | <b>3,410.0</b>   | 3,475.6    |
| Market value ( <i>HK\$'million</i> ) (Note 2)         | <b>10,278.6</b>  | 10,272.1   |

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 (both primary and secondary), bond underwriting, mergers and acquisitions, pre-IPO financing, and financial advisory.

In the first half of 2021, there were a total of 46 new listings on the Stock Exchange (including the transfer of listing from GEM to Main Board). The number of new listings decreased by 28.1% as compared with the corresponding period in 2020. The aggregate amount of funds raised through IPOs was HK\$210.4 billion, an increase of 126.6% as compared with the corresponding period in 2020.

We have devoted more resources in building up execution teams specialising in the technology, media and telecommunications, healthcare and biotechnology industries in order to capture the business opportunities of a new era. During the Reporting Period, we acted as a global coordinator and/or bookrunner for 14 completed IPO projects and the number of underwriting projects ranked 5 in Hong Kong market. In respect of debt capital markets, we completed 75 debt issuance projects and successfully assisted corporations in raising USD26.7 billion in aggregate. We also completed 5 financial advisory projects.

For the six months ended 30 June 2021, our commission and fee income from corporate finance and underwriting services was HK\$80.6 million, an increase of HK\$36.0 million or 80.5% as compared to HK\$44.6 million in the corresponding period of 2020.

## **Asset Management and Advisory**

We offer a full range of asset management products including both public and private equity funds, and discretionary management 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 the improved investment and research capabilities, we seized the structural growth opportunities in capital markets. During the Reporting Period, the performance of a public fund we launched and managed in Hong Kong market ranked first among funds of the same type according to Bloomberg data.

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 Equity Investment Fund, which was established under our Shanghai asset management platform, is the first bank-affiliated science and technology equity investment fund in China, with underlying investments aiming to be listed on the Science and Technology Innovation Board (the “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 2021, BOCOM science and technology innovation equity investment series funds have completed 18 equity investment projects, mainly distributed in the Yangtze River Delta region, focusing on the fields of biomedicine and information technology, of which 7 are ready to be listed on the STAR Market in the near future. To improve business influence, acting as fund manager, we set up Nanjing BOCOM 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)) in Jiangsu, BOCOM Dingji Science and Technology Innovation Equity Investment Fund (Shenzhen) Partnership Enterprise (Limited Partnership)\* (交銀鼎吉科創股權投資基金 (深圳) 合夥企業 (有限合夥)) in Guangdong, Qingdao BOCOM Haikong Science and Technology Innovation Equity Investment Partnership Enterprise (Limited Partnership)\* (青島交銀海控科創股權投資合夥企業 (有限合夥)) in Shandong, Jiaxing Hengsheng Equity Investment Fund Partnership Enterprise (Limited Partnership)\* (嘉興恒昇股權投資基金合夥企業 (有限合夥)) in Zhejiang, Dong Feng BOCOM Yuan Jing Auto Industry Equity Investment Fund (Wuhan) Partnership Enterprise (Limited Partnership)\* (東風交銀轅憬汽車產業股權投資基金 (武漢) 合夥企業 (有限合夥)) in Hubei, and BOCOM Shunjing (Hangzhou) Equity Investment Partnership Enterprise (Limited Partnership)\* (交銀舜晶 (杭州) 股權投資合夥企業 (有限合夥)) in Zhejiang.

We provide a full chain of QFLP, QDIE/QDLP fund product service under our asset management platform in Mainland China, and provide cross-border investment and financing projects, which is a “third choice” different from the traditional way of cross-border fundraising.

Diversified products are the building blocks of our asset management business. As at 30 June 2021, the total amount of AUM was approximately HK\$31,427.2 million, representing an increase of 13.5% from HK\$27,687.8 million as at 31 December 2020. For the six months ended 30 June 2021, asset management and advisory fee income decreased by HK\$48.0 million or 64.5% to HK\$26.4 million, which comprised of management fee income of HK\$24.2 million and advisory fee income of HK\$2.2 million.

## Investment and Loans

Our investment and loans business comprises equity investment, bonds investment, structured financing and loans. We aim to achieve a balance between investment returns and tolerable risks.

For equity investments, we carried out plans with foresight by closely following strategic emerging industries, advanced manufacturing industries, technological innovation and fields related to upgrading of traditional industries in recent years and participated in debt-equity hybrid investments in enterprises with high growth potential. For bond investments, we prefer short-to-medium duration products with good credit standing and remarkable offshore premium.

For structured finance and corporate loans, we launched across the full spectrum of credit business, including leveraged loans, direct lending, structured products and etc. In terms of asset classes, we mainly focus on the loans with high-quality underlying assets and tailor-made structures, so that managed to reduce market risk and improve collateral control.

The market continued to recover in the first half of 2021. In the meantime, we delivered steady returns through past investments and actively seeking new opportunities. For the six months ended 30 June 2021, interest income from loans and advances, receivables from structured financing and financial assets at fair value through other comprehensive income was HK\$249.2 million, representing an increase of approximately 2.6% as compared to HK\$243.0 million for the corresponding period in 2020. Proprietary trading income was HK\$586.1 million, an increase of HK\$182.4 million or 45.2% as compared to HK\$403.7 million for the corresponding period in 2020.

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

|                         | 30/6/2021           |             | 31/12/2020          |      |
|-------------------------|---------------------|-------------|---------------------|------|
|                         | <i>HK\$'million</i> | %           | <i>HK\$'million</i> | %    |
| Fixed income securities | <b>14,441.6</b>     | <b>79.3</b> | 10,292.7            | 79.7 |
| Bonds                   | <b>13,106.8</b>     | <b>72.0</b> | 8,609.3             | 66.7 |
| Preference shares       | <b>1,334.8</b>      | <b>7.3</b>  | 1,683.4             | 13.0 |
| Equity investments      | <b>797.3</b>        | <b>4.4</b>  | 453.2               | 3.5  |
| Funds                   | <b>2,956.7</b>      | <b>16.3</b> | 2,176.8             | 16.8 |

## **Research**

Our research team focuses on market strategies, macroeconomics, key industries and companies and other fields in the global market, and provides independent and objective research support to institutional clients, the Group and our own businesses. We provide comprehensive analysis and forecasting in respect of sector-and company-specific fundamentals. The team has been highly rated by institutional investors in Hong Kong, Mainland China and overseas markets. The New Frontier Research Center we established has made a breakthrough in cross-sector prospective research. Analysts from different sectors have analysed cutting-edge topics and made outlook from various perspectives. Research topics in the first half of the year include digital banking, digital Renminbi, carbon neutrality, autonomous driving, new energy, medical insurance, community group-buy, etc. As of 30 June 2021, the reading volume of in-depth research reports has doubled from last year's average.

## FINANCIAL REVIEW

### Financial Performance

For the six months ended 30 June 2021, the Group's total revenue and other income was approximately HK\$1,189.8 million, representing an increase of approximately 18.9% over HK\$1,000.6 million for the corresponding period in 2020.

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

|                                    | For the six months ended 30 June |              |                     |              |
|------------------------------------|----------------------------------|--------------|---------------------|--------------|
|                                    | 2021                             |              | 2020                |              |
|                                    | <i>HK\$'million</i>              | <i>%</i>     | <i>HK\$'million</i> | <i>%</i>     |
| Brokerage                          | 112.4                            | 9.4          | 90.1                | 9.0          |
| Corporate finance and underwriting | 80.6                             | 6.8          | 44.6                | 4.5          |
| Asset management and advisory      | 26.8                             | 2.2          | 76.9                | 7.7          |
| Margin financing                   | 99.6                             | 8.4          | 83.6                | 8.3          |
| Investment and loans               | 858.6                            | 72.2         | 660.2               | 66.0         |
| Others                             | 11.8                             | 1.0          | 45.2                | 4.5          |
| Total                              | <u>1,189.8</u>                   | <u>100.0</u> | <u>1,000.6</u>      | <u>100.0</u> |

The Group's profit for the six months ended 30 June 2021 was approximately HK\$571.7 million, representing an increase of approximately 105.1% over HK\$278.8 million for the corresponding period in 2020.

### Liquidity, Financial Resources and Gearing Ratio

The Group's cash and bank balances as at 30 June 2021 increased by HK\$169.4 million to HK\$2,174.3 million (31 December 2020: HK\$2,004.9 million).

The Group's net current assets increased by HK\$2,599.8 million to HK\$7,676.2 million as at 30 June 2021 (31 December 2020: HK\$5,076.4 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 1.6 times as at 30 June 2021 (31 December 2020: 1.4 times).

On 28 June 2021, the Group issued US\$500 million 1.75% guaranteed notes under the medium term note programme of a wholly owned subsidiary of the Company. The notes and the programme are listed on the Stock Exchange and the notes are issued to professional investors only as described in the pricing supplement dated 22 June 2021 and the offering circular dated 4 June 2021. The notes will mature on 28 June 2026 and are guaranteed by the Company.



As at 30 June 2021, the total borrowings of the Group amounted to HK\$19,026.7 million (31 December 2020: HK\$13,703.5 million), comprising of bank and other borrowings, obligation under repurchase agreements, subordinated loans and debt securities issued. Among which, the subordinated loans from the ultimate holding company amounted to HK\$1,000.0 million (31 December 2020: HK\$1,000.0 million).

As at 30 June 2021, the Group's gearing ratio was 235.4% (31 December 2020: 176.0%), 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, 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 2021, there was no charge on Group assets (31 December 2020: Nil).

#### **Capital Commitments**

As at 30 June 2021, the Group had no significant capital commitment.

#### **Contingent Liabilities**

As at 30 June 2021, the Group had no material contingent liabilities.



## 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 2021, the Group utilised all net proceeds for the purposes as set out in the section headed “Future Plans and Use of Proceeds – Use of proceeds” in the Prospectus.

An analysis of the application/intended application and utilisation of the net proceeds from the Listing as at 30 June 2021 is set out below:

| Application/Intended application   | Net proceeds<br>from the<br>Listing<br>(HK\$'million) | Utilised<br>amount as at<br>31/12/2020<br>(HK\$'million) | Utilised   |   | Unutilised<br>amount as at<br>30/6/2021<br>(HK\$'million) |
|--|---|--|--|---|---|
|  |   |  | amount during<br>the Reporting<br>Period<br>(HK\$'million) | Utilised<br>amount as at<br>30/6/2021<br>(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   | 185.0  | 2.9  | 187.9   | –   |
| 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  | <u>1,879.2</u>  | <u>1,876.3</u>   | <u>2.9</u>   | <u>1,879.2</u>  | <u>–</u>  |

## OUTLOOK AND STRATEGY

The global recovery will continue to face uncertainties in the second half of 2021. Evolving variants have posed serious challenges in the global battle against the pandemic. The worsening pandemic situation in many countries would set back global recovery severely. As the supply bottlenecks cannot be resolved for some time, upstream cost will persist and start to be passed downstream. The Federal Reserve has delivered hawkish signals suggesting the possibility of the easing exit, as inflation and growth overshoot expectations. Global liquidity is probably approaching an unexpected inflection point. The global economic recovery is dramatically uneven in the post-pandemic era. The recovery in many developing countries will likely be dampened by the lasting legacies of the pandemic,

further constraining their ability to respond to the crisis. Emerging markets will face an increasing risk during the Federal Reserve's tightening, since they are more vulnerable to capital outflows and rising volatilities when the economy has not fully recovered.

China's short economic cycle is probably peaking and will face more downward pressure in the second half of the year. The economic recovery is uneven from the pandemic, and consumption that has not been completely recovered will be severely affected by the local outbreaks, especially for travel and intensive-contact activities. Real estate investment will gradually decelerate under control policies, and it is still uncertain whether the manufacturing sector can successfully take over and stabilised investment growth. Constrained by a high base and substitution effect, it will be difficult for exports in the second half of the year to replicate the high-speed growth in the earlier period. In light of the effect of imported inflation, the upstream cost pressure will likely persist, and a slow recovery in domestic demand will further weaken the profitability of midstream and downstream companies. China has cut the reserve requirement ratio to strengthen financial support for enterprises, providing additional relief to small and medium-sized enterprises with cost burdens. As the cyclical strength peaks, market volatility will rise. The expansion of China's central bank's balance sheet will likely moderate. The momentum in bond yields, stock prices, and the RMB will face uncertainties.

The Group will make active efforts to fulfill the responsibilities of serving the national strategies, national interests and the real economy. By seizing the opportunities arising from the national "dual circulation" new development pattern, and sticking to the business model of a balanced and synergetic development of asset business and licensed business as well as the business strategy of "dual geography, dual industry focus, dual technology investment", the Group will leverage on its extensive resources and make strenuous efforts to strengthen its capability in providing financial technology and wealth management services, continuously to offer customers with integrated financial services throughout the industrial chain with the linkage programs of "domestic business + overseas business" and "commercial banking + investment banking". The Company will formulate targeted strategies to promote the overall digital transformation, and lead business development with a focus on financial technology sector, with an aim to improve customer experience and service efficiency. The Group will strictly uphold the risk appetite of "prudence, stability and compliance" and underscore the significance of asset quality, so as to ensure a balance development of business scale, development quality and operation profitability, in an effort to create greater value for customers and shareholders continuously.

## **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 2021.

## **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 2020 annual report. During the six months ended 30 June 2021, 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 2021.

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 2021 (2020 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](http://www.hkexnews.hk)) and the Company ([www.bocomgroup.com](http://www.bocomgroup.com)). The 2021 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 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  |
| “Group” or “we” or “us” | the Company and its subsidiaries  |
| “HKD” or “HK\$”         | Hong Kong dollars, the lawful currency of Hong Kong   |
| “IPO”                   | 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) |
| “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 2021   |
| “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” 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, 25 August 2021

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