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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)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The Board is pleased to announce the audited consolidated financial results of the Group for the year ended 31 December 2019 together with the comparative figures for the year ended 31 December 2018.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	**2019** **HK$'000**	2018 HK$'000
Revenue	*5*	**1,417,007**	1,397,862
Other income	*5*	**153,235**	86,397
Revenue and other income		**1,570,242**	1,484,259
Commission and brokerage expenses		**(36,613)**	(53,002)
Finance costs	*6*	**(355,598)**	(352,227)
Staff costs	*7*	**(374,378)**	(361,675)
Depreciation		**(78,059)**	(8,805)
Other operating expenses		**(171,329)**	(306,924)
Change in impairment allowance	*8*	**(49,236)**	20,778
Total expenses		**(1,065,213)**	(1,061,855)
Operating profit		**505,029**	422,404
Share of results of associates		**26,571**	(179)
Share of results of joint ventures		**(91)**	41
Gain on disposal of an associate		**–**	15,380

	Notes	**2019**	2018
		HK$'000	*HK$'000*
Profit before taxation		**531,509**	437,646
Income tax expense	*9*	**(30,870)**	(26,650)
Profit for the year		**500,639**	410,996
Attributable to:			
Shareholders of the Company		**500,567**	407,605
Non-controlling interests		**72**	3,391
		500,639	410,996
Earnings per share attributable to shareholders of the Company for the year − Basic/Diluted (in HKD per share)	*11*	**0.18**	0.15

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	HK$'000	*HK$'000*
Profit for the year	**500,639**	410,996
Other comprehensive loss		
Items that may be reclassified subsequently to profit or loss		
Changes in fair value of debt investments at fair value through other comprehensive income	**(39,249)**	(126,971)
Amounts reclassified to profit or loss upon disposal of debt investments at fair value through other comprehensive income	**43**	(1,092)
	(39,206)	(128,063)
Exchange differences on translation of foreign operations	**(8,805)**	(17,472)
	(48,011)	(145,535)
Items that will not be reclassified subsequently to profit or loss		
Changes in fair value of equity investments at fair value through other comprehensive income	**24,157**	(51,899)
Other comprehensive loss, net of tax	**(23,854)**	(197,434)
Total comprehensive income	**476,785**	213,562
Attributable to:		
Shareholders of the Company	**477,077**	210,171
Non-controlling interests	**(292)**	3,391
	476,785	213,562

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Notes	**31/12/2019** **_HK$'000_**	31/12/2018 *HK$'000*
Assets			
Non-current Assets			
Property and equipment		**34,054**	32,129
Right-of-use assets		**73,623**	–
Intangible assets		**3,196**	3,196
Interest in associates		**393,964**	212,553
Interest in joint ventures		**33,274**	2,915
Other assets		**24,710**	22,867
Financial assets at fair value through other comprehensive income		**3,172,930**	2,503,218
Loans and advances	*12*	**1,509,172**	156,136
Receivable from reverse repurchase agreements		**224,987**	437,511
Deferred tax assets		**10,758**	18,685
Total non-current assets		**5,480,668**	3,389,210
Current Assets			
Loans and advances	*12*	**817,323**	1,269,215
Tax recoverable		**–**	10,987
Accounts receivable	*13*	**511,929**	641,190
Other receivables and prepayments	*14*	**346,462**	300,999
Margin loans to customers	*15*	**2,679,240**	3,918,371
Receivable from reverse repurchase agreements		**379,596**	187,670
Amount due from an associate		**547**	–
Amounts due from related parties		**1,937**	3,242
Financial assets at fair value through other comprehensive income		**1,457,609**	–
Financial assets at fair value through profit or loss		**6,507,553**	4,141,644
Derivative financial assets		**2,224**	5,306
Cash and bank balances		**545,141**	594,005
Total current assets		**13,249,561**	11,072,629
Total assets		**18,730,229**	14,461,839
Equity and liabilities			
Equity attributable to shareholders of the Company			
Share capital		**3,942,216**	3,942,216
Retained earnings		**2,778,837**	2,520,038
Revaluation reserve		**(167,158)**	(170,708)
Foreign currency translation reserve		**(25,913)**	(17,472)
Total equity attributable to shareholders of the Company		**6,527,982**	6,274,074
Non-controlling interests		**99,828**	134
Total equity		**6,627,810**	6,274,208

	Notes	31/12/2019 HK$'000	31/12/2018 HK$'000
Liabilities			
Non-current Liabilities			
Borrowings		**4,964,230**	4,988,200
Subordinated loans from the ultimate holding company		**1,000,000**	1,000,000
Obligation under repurchase agreements		**248,915**	478,146
Lease liabilities		**25,019**	–
Total non-current liabilities		**6,238,164**	6,466,346
Current Liabilities			
Borrowings		**3,216,467**	763,630
Obligation under repurchase agreements		**1,222,714**	193,936
Tax payable		**11,388**	36,026
Provision for staff costs		**101,524**	78,516
Other payables and accrued expenses		**67,213**	94,367
Accounts payable	*16*	**405,443**	496,605
Contract liabilities		**55,479**	18,128
Lease liabilities		**51,700**	–
Amount due to the ultimate holding company		**5,459**	3,745
Amount due to a fellow subsidiary		**55**	83
Financial liabilities at fair value through profit or loss		**723,871**	30,960
Derivative financial liabilities		**2,942**	5,289
Total current liabilities		**5,864,255**	1,721,285
Total liabilities		**12,102,419**	8,187,631
Total equity and liabilities		**18,730,229**	14,461,839
Net current assets		**7,385,306**	9,351,344
Total assets less current liabilities		**12,865,974**	12,740,554

NOTES TO THE 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 years ended 31 December 2019 and 2018 included in this announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those financial years but is derived from those financial statements. Further information relating to these statutory financial statements 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 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 December 2019 in due course.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2018, as described in those annual financial statements, except for the adoption of amendments to HKFRSs which became effective during the financial year ended 31 December 2019.

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

- HKFRS 16 Leases
- Long-term Interests in Associates and Joint Ventures – Amendments to HKAS 28
- Prepayment Features with Negative Compensation – Amendments to HKFRS 9
- Annual Improvements to HKFRS Standards 2015 – 2017 Cycle
- Interpretation 23 Uncertainty over Income Tax Treatments

The Group has adopted HKFRS 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening consolidated statement of financial position on 1 January 2019. The impact of the adoption of HKFRS 16 are disclosed in Note 3. Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3. CHANGES IN ACCOUNTING POLICIES

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.4%. The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review

– accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases

– excluding initial direct costs for the measurement of the right-of-use asset at the initial application, and

– using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and Interpretation 4 Determining whether an Arrangement contains a Lease.

	HK$'000
Operating lease commitments disclosed as at 31 December 2018	150,247
Discounted using the lessee's incremental borrowing rate at the date of initial application	(7,031)
Less: short-term lease recognised on a straight-line basis as expenses	(26)
Lease liabilities recognised as at 1 January 2019	143,190
Current lease liabilities	65,983
Non-current lease liabilities	77,207
	143,190

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	1/1/2019 ***HK$'000***
Buildings	**139,706**
Others	**163**
Total right-of-use assets	**139,869**

The change in accounting policy affected the following items in the consolidated statement of financial position on 1 January 2019:

	HK$'000
Increase in right-of-use assets	139,869
Decrease in other receivables and prepayments	(1,097)
Increase in lease liabilities	(143,190)

The net impact on retained earnings on 1 January 2019 was a decrease of HK$4,418 thousand.

4. SEGMENT INFORMATION

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

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

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

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

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

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

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

Inter-segment transactions, if any, are conducted with reference to the prices charged to external third parties. There was no change in basis during the year ended 31 December 2019.

There was no client contributing over 10% of the total revenue of the Group.

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

	Year ended 31 December 2019							
	Brokerage	Corporate finance and underwriting	Asset management and advisory	Margin financing	Investment and loans	Others	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total revenue								
Revenue								
Commission and fee income								
• External	**118,396**	**120,083**	**125,922**	–	–	–	–	**364,401**
• Internal	**473**	–	**3,732**	–	–	–	**(4,205)**	–
Interest income								
• External	–	–	–	**228,648**	**133,794**	–	–	**362,442**
• Internal	–	–	–	–	**52,185**	–	**(52,185)**	–
Proprietary trading income								
• External	–	–	–	–	**690,164**	–	–	**690,164**
• Internal	–	–	–	–	–	–	–	–
Other income	**20,016**	–	**1,311**	–	**35,193**	**96,715**	–	**153,235**
	138,885	**120,083**	**130,965**	**228,648**	**911,336**	**96,715**	**(56,390)**	**1,570,242**
Total expenses	**(189,297)**	**(136,754)**	**(110,486)**	**(142,560)**	**(542,506)**	–	**56,390**	**(1,065,213)**
Share of results of associates	–	–	–	–	**26,571**	–	–	**26,571**
Share of results of joint ventures	–	–	–	–	**(91)**	–	–	**(91)**
(Loss)/profit before taxation	**(50,412)**	**(16,671)**	**20,479**	**86,088**	**395,310**	**96,715**	–	**531,509**
Other disclosures								
Depreciation	**(31,088)**	**(5,607)**	**(10,559)**	**(12,058)**	**(18,747)**	–	–	**(78,059)**
Change in impairment allowance	**(230)**	**(121)**	–	**(5,013)**	**(43,872)**	–	–	**(49,236)**
Finance costs	**(357)**	**(101)**	**(327)**	**(79,020)**	**(327,978)**	–	**52,185**	**(355,598)**

	Year ended 31 December 2018							
	Brokerage	Corporate finance and underwriting	Asset management and advisory	Margin financing	Investment and loans	Others	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total revenue								
Revenue								
Commission and fee income								
• External	165,551	59,869	82,054	–	–	–	–	307,474
• Internal	–	–	7,072	–	–	–	(7,072)	–
Interest income								
• External	–	–	–	417,485	85,448	–	–	502,933
• Internal	–	–	–	–	33,025	–	(33,025)	–
Proprietary trading income								
• External	–	–	–	–	587,455	–	–	587,455
• Internal	–	–	–	–	–	–	–	–
Other income	20,760	–	6	–	17,957	47,674	–	86,397
	186,311	59,869	89,132	417,485	723,885	47,674	(40,097)	1,484,259
Total expenses	(219,155)	(125,598)	(97,927)	(192,891)	(466,381)	–	40,097	(1,061,855)
Share of results of associates	–	–	–	–	(179)	–	–	(179)
Share of results of joint ventures	–	–	–	–	41	–	–	41
Gain on disposal of an associate	–	–	–	–	15,380	–	–	15,380
(Loss)/profit before taxation	(32,844)	(65,729)	(8,795)	224,594	272,746	47,674	–	437,646
Other disclosures								
Depreciation	(1,821)	(111)	(1,263)	(5,546)	(64)	–	–	(8,805)
Change in impairment allowance	–	7,417	–	8,773	4,588	–	–	20,778
Finance costs	–	–	–	(97,057)	(288,195)	–	33,025	(352,227)

The geographical information of revenue is disclosed as follows:

	2019	2018
	HK$'000	*HK$'000*
Total revenue from external customers by location of operations		
– Hong Kong	**1,493,972**	1,468,845
– Mainland China	**76,270**	15,414
	1,570,242	1,484,259

5. REVENUE AND OTHER INCOME

	2019	2018
	HK$'000	*HK$'000*
REVENUE		
COMMISSION AND FEE INCOME		
Brokerage commission	**118,396**	165,551
Corporate finance and underwriting fee	**120,083**	59,869
Asset management and advisory income	**125,922**	82,054
	364,401	307,474
INTEREST INCOME		
Interest income from margin financing	**228,648**	417,485
Interest income from loans and advances	**92,722**	79,602
Interest income from receivable from reverse repurchase agreements	**41,072**	5,846
	362,442	502,933
PROPRIETARY TRADING INCOME		
Unrealised gain on financial instruments	**64,968**	4,378
Realised gain on financial instruments at fair value through profit or loss	**123,168**	241,667
Realised (loss)/gain on debt investments at fair value through other comprehensive income	**(43)**	1,092
Realised gain/(loss) on derivative financial instruments	**3,051**	(456)
Fair value changes from financial liabilities at fair value through profit or loss	**(3,130)**	3,418
Dividend income from		
– Financial assets at fair value through profit or loss	**37,788**	75,176
– Financial assets at fair value through other comprehensive income	**72,323**	63,907
Interest income from		
– Financial assets at fair value through profit or loss	**209,329**	70,008
– Financial assets at fair value through other comprehensive income	**182,710**	128,265
	690,164	587,455
	1,417,007	1,397,862
OTHER INCOME		
Handling fees	**18,629**	20,841
Other interest income	**47,170**	36,675
Exchange gains	**49,987**	7,264
Others	**37,449**	21,617
	153,235	86,397

6. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest expenses on subordinated loans from the ultimate holding company	**33,680**	28,555
Interest expenses on bank loans from the ultimate holding company	**19,816**	49,066
Interest expenses on bank loans and overdraft from other financial institutions	**227,135**	197,112
Interest expenses on a total return swap arrangement with external third parties	**–**	57,730
Interest expenses on obligation under repurchase agreements	**49,464**	5,194
Interest expenses on lease liabilities	**3,213**	–
Others	**126**	26
	333,434	337,683
Other borrowing costs to the ultimate holding company	**1,750**	437
Other borrowing costs to other financial institutions	**20,414**	14,107
	355,598	352,227

7. STAFF COSTS

	2019	2018
	HK$'000	*HK$'000*
Salaries, bonus, staff allowances	**351,611**	338,642
Director's fees	**1,080**	1,080
Contributions to retirement benefit scheme	**21,687**	21,953
	374,378	361,675

8. CHANGE IN IMPAIRMENT ALLOWANCE

	2019	2018
	HK$'000	*HK$'000*
Receivable from reverse repurchase agreements	**33**	(33)
Accounts receivable	**(351)**	7,434
Margin loans to customers	**(5,013)**	8,773
Loans and advances	**(5,495)**	3,488
Debt investments at fair value through other comprehensive income	**(37,655)**	1,002
Other receivables	**(752)**	113
Amounts due from related parties	**(3)**	1
	(49,236)	20,778

9. INCOME TAX EXPENSE

	2019 *HK$'000*	2018 *HK$'000*
Current tax:		
Hong Kong profits tax	**18,545**	30,142
PRC enterprise income tax	**15,030**	1,831
Over provision in prior years	**(10,336)**	–
Total current tax	**23,239**	31,973
Deferred tax:		
Provision for/(reversal of) temporary differences	**7,631**	(5,323)
Income tax expense recognised in profit or loss	**30,870**	26,650

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the years. Taxation on overseas profits has been calculated on the estimated assessable profit for the years at the rates of taxation prevailing in the countries in which the Group operates.

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%.

10. DIVIDENDS

	2019 *HK$'000*	2018 *HK$'000*
Final dividend proposed after the end of the reporting period of HK$0.09 per ordinary share (2018: HK$0.08 per ordinary share)	**246,095**	218,751

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

11. EARNINGS PER SHARE

(a) Basic

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 year.

	2019	2018
Profit attributable to shareholders of the Company (in HK$'000)	**500,567**	407,605
Weighted average number of ordinary shares in issue (in '000 shares)	**2,734,392**	2,734,392
Earnings per share (in HKD per share)	**0.18**	0.15

(b) Diluted

For the years ended 31 December 2019 and 2018, there were no potential diluted ordinary shares. The diluted earnings per share were the same as the basic earnings per share.

12. LOANS AND ADVANCES

	2019	2018
	HK$'000	*HK$'000*
Gross loans and advances	**2,334,252**	1,698,583
Less: impairment allowance	**(7,757)**	(273,232)
	2,326,495	1,425,351
Net loans and advances:		
Non-current portion	**1,509,172**	156,136
Current portion	**817,323**	1,269,215
	2,326,495	1,425,351

The maximum exposure to credit risk at the reporting date is the carrying value of loans and advances above.

A credit-impaired loan of HK$270,970 thousand was written-off in 2019.

There was no past due but not impaired loans and advances as at 31 December 2019 and 31 December 2018.

13. ACCOUNTS RECEIVABLE

	2019	2018
	HK$'000	*HK$'000*
Corporate finance and underwriting business	**14,498**	16,819
Dealing in securities and futures business		
– Clients	**106,816**	386,917
– Brokers	**126,883**	126,584
– Clearing house	**265,788**	112,575
	499,487	626,076
Less: impairment allowance	**(2,056)**	(1,705)
	511,929	641,190

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

	2019	2018
	HK$'000	*HK$'000*
Neither past due nor credit-impaired	**510,474**	640,610
Less than 31 days past due	**22**	122
31 – 60 days past due	**2**	66
61 – 90 days past due	**–**	5
Over 90 days past due	**3,487**	2,092
	3,511	2,285
Less: impairment allowance	**(2,056)**	(1,705)
	511,929	641,190

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.

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.

14. OTHER RECEIVABLES AND PREPAYMENTS

	2019	2018
	HK$'000	*HK$'000*
Other receivables	**296,109**	235,237
Less: impairment allowance	**(1,010)**	(258)
	295,099	234,979
Prepayments	**51,363**	66,020
	346,462	300,999

15. MARGIN LOANS TO CUSTOMERS

	2019	2018
	HK$'000	*HK$'000*
Gross margin loans to customers	**2,774,924**	4,009,042
Less: impairment allowance	**(95,684)**	(90,671)
Net margin loans to customers	**2,679,240**	3,918,371

	2019	2018
	HK$'000	*HK$'000*
Margin loans to customers analysed by nature		
Institutions	**1,695,877**	2,922,792
Individuals	**983,363**	995,579
	2,679,240	3,918,371
Total market value of securities pledged as collateral in respect of margin loans to customers analysed by collateral		
Stocks	**11,203,210**	16,821,961
Debt securities	**360,298**	526,995
	11,563,508	17,348,956

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.

16. ACCOUNTS PAYABLE

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

	2019	2018
	HK$'000	*HK$'000*
Clients – trade settlement	**367,768**	322,961
Clearing house	**36,679**	44,765
Brokers	**996**	128,879
	405,443	496,605

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.

17. SUBSEQUENT EVENT

Impact of COVID-19

An outbreak of COVID-19 at the end of 2019 has spread to various countries and territories across the globe since early 2020. It caused upheaval in stock markets and disrupted business and economic activities around the world. However, the economic damage and the impact on gross domestic product cannot be reasonably assessed at the time of this announcement. The Group will continue to pay close attention to the development of situation, evaluate and respond to its impact on the Group's financial position and operating results.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

As one of the earliest licensed securities firms with a PRC background in Hong Kong, we are one of the largest securities firms 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 Year, the Group's revenue and other income was HK$1,570.2 million, representing an increase of 5.8% when compared with HK$1,484.3 million in 2018. The Group's profit was HK$500.6 million, representing an increase of 21.8% when compared with HK$411.0 million in 2018.

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.

Developments in information technology, tightening regulations, increasing competition and new entrants squeezed the fees to a minimum and have led to the transformation of the brokerage business. Amid the revolutionary changes in the traditional brokerage business model, we had to explore new breakthroughs and directions to cope with the challenges.

In 2019, which was the second year of our 3-Year IT Application System and Infrastructure Strategic Plan, we reinforced IT implementation via the commitment of resources and achieved significant results. In the first half of 2019, we successfully launched two-factor authentication application to further enhance cyber security. In the second half of 2019, we rolled-out the "BOCOMI Services" App with the aim of providing customers with more convenient and comprehensive information and account management services. The deployment of an artificial intelligence system and continuous improvements to our online trading platform have enabled us to provide customers with around-the-clock service.

In addition to hardware improvement, we have also continued to strengthen the construction of our wealth management teams to provide comprehensive advisory services to meet the investment needs of high-net-worth clients for diversified product coverage, including but not limited to exchange-traded products. Assisted by the power of technology, we perseveringly strived to improve client experience across each stage of the value chain, including client account opening, customisation of investment advice, research report distribution, middle and back office processes and deal completion. We won the 2019 "Best China Broker" award at the Fifth Offshore China Funds Award, which was jointly sponsored by the Chinese Asset Management Association of Hong Kong and Bloomberg and won the "Best Financial Company Stock" award at the Golden Hong Kong Stocks Awards 2019, demonstrating the market's recognition of our performance and value.

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

For the year ended 31 December 2019, our commission and fee income from the securities brokerage business was HK$118.4 million, a decrease of HK$47.2 million or 28.5% as compared with 2018.

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

	Year ended 31 December			
	2019		2018	
	HK$' million	***%***	*HK$' million*	*%*
Hong Kong stocks	**87.7**	**74.1**	132.0	79.7
Non-Hong Kong stocks	**7.7**	**6.5**	10.2	6.2
Bonds	**8.1**	**6.8**	7.2	4.3
Others	**14.9**	**12.6**	16.2	9.8
	118.4	**100.0**	165.6	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 and regulatory changes in the margin financing business, we have adopted a systematic approach to deal with stock concentration and client concentration issues and achieved substantial results, although short-term negative impact is expected from the margin financing business.

During the Year, the number of margin client accounts continued to grow. The monthly average loan balance decreased and interest income from margin loans for the year ended 31 December 2019 was HK$228.6 million, a decrease of HK$188.9 million or 45.2% as compared with 2018.

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

	2019	2018
Number of margin accounts	**8,254**	7,961
Balance of gross margin loans *(HK$' million)*	**2,774.9**	4,009.0
Monthly average balance *(HK$' million)*	**3,421.9**	5,950.6
Highest month end balance *(HK$' million)*	**3,814.3**	6,640.8
Lowest month end balance *(HK$' million)*	**2,658.2**	4,009.0
Margin value *(HK$' million) (note 1)*	**2,789.8**	3,871.0
Market value *(HK$' million) (note 2)*	**11,563.5**	17,349.0

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 services.

In 2019, there were a total of 183 new listings in Hong Kong (including the transfer of listing from GEM to Main Board). The number of new listings has decreased by 16.1% as compared with 2018. The aggregate amount of funds raised through IPOs was HK$312.9 billion, an increase of 8.6% as compared with 2018.

As we believe that new economy companies will play an increasing dominant role in the fund-raising market, we have devoted more resources to building up execution teams specialising in the technology, media and telecommunications, healthcare and biotechnology industries in order to grasp the business opportunities of a new era. During the Year, we acted as a sponsor for 5 completed IPO projects in various industries, including one in the healthcare industry. Among all the completed IPO projects, we acted as the sole sponsor of 4 projects. Furthermore, we acted as a global coordinator and/or bookrunner for 20 completed IPO projects. In respect of debt capital markets, we completed 73 debt issuance projects, and successfully assisted our clients in raising approximately USD29.3 billion in aggregate.

For the year ended 31 December 2019, our commission and fee income from corporate finance and underwriting services was HK$120.1 million, an increase of HK$60.2 million or 100.6% as compared to HK$59.9 million in 2018.

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 the best 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. Under our Shenzhen asset management platform, we launched a private fund with a focus on cloud technology in early 2019. Before the official launch of the Science and Technology Innovation Board or the "STAR Market" by the Shanghai Stock Exchange, our wholly-owned subsidiary in Shanghai engaging in asset management and BOCOM Guo Xin Asset Management Company Limited formed a partnership enterprise named BOCOM Science and Technology Innovation Equity Investment Fund. As at 31 December 2019, the investments under this newly set up fund covered cloud computing, big data and bio-pharmaceutical industries, which are key industries of the STAR Market.

Diversified products are the foundation of our asset management business. As at 31 December 2019, the total amount of AUM was approximately HK$27,437.4 million, representing an increase of approximately 10.6% from HK$24,810.9 million as at 31 December 2018. For the year ended 31 December 2019, asset management and advisory fee income was approximately HK$125.9 million which comprised of management fee income of HK$59.3 million and advisory fee income of HK$66.6 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 industry, and have formulated clear plans for such companies' 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 strived 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.

For the year ended 31 December 2019, interest income from loans and advances was HK$92.7 million, representing an increase of approximately 16.5% as compared to HK$79.6 million in 2018. Proprietary trading income was HK$690.2 million which represented an increase of approximately 17.5% from HK$587.5 million in 2018.

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

	2019		2018	
	HK$' million	*%*	*HK$' million*	*%*
Fixed income securities	**8,591.1**	**75.9**	3,699.5	57.0
Bonds	**6,545.2**	**57.8**	1,750.7	27.0
Preference shares	**1,992.5**	**17.6**	1,891.4	29.1
REIT(s)	**53.4**	**0.5**	57.4	0.9
Equity investments	**179.6**	**1.6**	159.2	2.4
Equity-linked loan	**443.1**	**3.9**	440.3	6.8
Funds	**2,106.0**	**18.6**	2,192.3	33.8

Research

Our research team has a deep and solid understanding of the global economic conditions, financial markets and major industries, and provides 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. In 2019, we won the Professional Outstanding Research Team Service Award at the Professional Financial Institutions Service Awards. Mr. Hao Hong, the head of our research department and chief strategist, was awarded "chief economist of the year 2019" by the China Business Network. As at 31 December 2019, our research team comprised of around 40 strategy and industry analysts and professional staff in Hong Kong, Beijing and Shanghai, with most having master's degrees and professional qualifications such as CFA and CPA and with 10 years or above experience in finance and/or relevant industries, covering around 140 stocks across new-economy and traditional sectors.

With solid capabilities in investment research, our team not only provides forward-looking analysis for the market, but also collaborates with other departments to achieve the best balance between returns and risks for various projects. Our macro strategy research is at the forefront of the market with rigorous quantitative models and timely reports on hot spots; it has pioneered the area of new economic cycles and 850-day moving average theory. During the Year, our research team was committed to innovation and further enhanced its research capacity through a series of upgrade projects, thereby providing better services to our clients. The key enhancement projects include: the introduction of an artificial intelligence translation system to realise simultaneous publication of bilingual reports in Chinese and English, which further enhances the efficiency of our research report production; the implementation of an encryption process on research reports to strengthen protection of intellectual property; the organisation of internal training courses to improve staff's professional skills and knowledge structure; and the strengthening of close collaboration with media and communication with investors, thereby promoting the overall image of the Company.

Financial Review

Financial performance

For the year ended 31 December 2019, the Group's total revenue and other income was approximately HK$1,570.2 million, representing an increase of approximately 5.8% over HK$1,484.3 million in 2018.

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

	Year ended 31 December			
	2019		2018	
	HK$'million	*%*	*HK$'million*	*%*
Brokerage	**138.4**	**8.8**	186.3	12.6
Corporate finance and underwriting	**120.1**	**7.6**	59.9	4.0
Asset management and advisory	**127.2**	**8.1**	82.0	5.5
Margin financing	**228.6**	**14.6**	417.5	28.1
Investment and loans	**859.2**	**54.7**	690.9	46.6
Others	**96.7**	**6.2**	47.7	3.2
Total	**1,570.2**	**100.0**	1,484.3	100.0

The Group's profit for the year ended 31 December 2019 was approximately HK$500.6 million, representing an increase of approximately 21.8% over HK$411.0 million in 2018.

Operating expenses

Operating expenses and finance costs for the year ended 31 December 2019 amounted to HK$1,065.2 million (2018: HK$1,061.9 million), an analysis of which is listed below:

	Year ended 31 December			
	2019		2018	
	HK$'million	*%*	*HK$'million*	*%*
Commission and brokerage expenses	**36.6**	**3.4**	53.0	5.0
Finance costs	**355.6**	**33.4**	352.2	33.2
Staff costs	**374.4**	**35.2**	361.7	34.1
Depreciation	**78.1**	**7.3**	8.8	0.8
Other operating expenses	**171.3**	**16.1**	306.9	28.9
Change in impairment allowance	**49.2**	**4.6**	(20.7)	(2.0)
Total	**1,065.2**	**100.0**	1,061.9	100.0

Due to the decrease in brokerage revenue, commission and brokerage expenses also decreased accordingly.

Staff costs increased by 3.5% as a result of investment in human resources.

Depreciation increased by 7.9 times due to the reclassification and adjustments to operating leases arising from the adoption of HKFRS 16 Leases.

Other operating expenses decreased by 44.2% mainly due to the reclassification of operating lease charges and the decrease of fund related expenses.

Change in impairment allowance represented the movement of provision computed by using the ECL Model after the implementation of HKFRS 9 Financial Instruments.

Liquidity, Financial Resources and Gearing Ratio

The Group's cash and bank balances as at 31 December 2019 decreased by HK$48.9 million to HK$545.1 million (31 December 2018: HK$594.0 million).

The Group's net current assets decreased by HK$1,966.0 million to approximately HK$7,385.3 million as at 31 December 2019 from HK$9,351.3 million as at 31 December 2018. The current ratio, being the ratio of current assets to current liabilities, was approximately 2.3 times as at 31 December 2019 (31 December 2018: 6.4 times).

As at 31 December 2019, the Group had borrowings of HK$9,652.3 million (31 December 2018: HK$6,423.9 million) while the subordinated loans from the ultimate holding company amounted to HK$1,000.0 million (31 December 2018: HK$1,000.0 million).

As at 31 December 2019, the Group's gearing ratio was 160.7% (31 December 2018: 118.3%), as calculated by dividing total borrowings by total equity.

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

Capital Structure

The Group finances its working capital requirements by cash generated from its business operations and bank loans (including loans from BOCOM). Our capital structure consists of share capital and reserves.

Principal Risks

The Group faces a number of principal risks and uncertainties that if not properly managed could result in risks to the Group. Thorough risk assessment and mitigation help to ensure these risks are well managed and governed effectively. The Group focuses on addressing the following principal risks:

Currency Risk

The Group has certain transactions denominated in foreign currencies and is therefore exposed to exchange rate fluctuations. Our currency risk exposure mainly lies in RMB and USD at present. The exchange rate of HKD against USD is relatively stable under the current pegged rate system in Hong Kong.

Interest Rate Risk

Our interest rate risk relates primarily to margin loans to customers, loans and subordinated loans and investments in debt securities. The Group has set up an asset portfolio management system and monitors its risk exposure regularly to mitigate the interest rate risk by diversifying assets and quantifying market exposure in duration terms.

Credit Risk

Our credit risk arises from the possibility that our clients or counterparties for a transaction may default. The Group has a range of credit policies and practices in place to mitigate such risk and ensure such risk is monitored on an ongoing basis.

Liquidity Risk

Our businesses rely on sufficient funds to pay due debts, perform payment obligations and satisfy capital requirements. The Group has implemented internal measures to monitor the liquidity risk and the foreseeable funding requirements to ensure certain subsidiaries of the Company that are regulated under the SFO continuously comply with the relevant rules and regulations.

Operational Risk

Our operational risk arises from direct or indirect financial loss resulting from incomplete or irregular internal processes, personnel mistakes, information technology system failures, or external events. The Group has implemented a range of internal controls and other measures and plans to mitigate such risk.

Market Risk

Our market risk includes currency risk, interest rate risk and other price risk. The Group has implemented measures to manage and monitor such risks in order to keep potential losses to an acceptable level and maximise returns.

Material Acquisitions and Disposals

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

Significant Investments Held

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

Charges on Group Assets

As at 31 December 2019, there was no charge on Group assets (31 December 2018: Nil).

Capital Commitments

As at 31 December 2019, the Group had no significant capital commitment.

Employees and Remuneration Policies

As at 31 December 2019, the Group had a total of 320 employees. Total staff costs amounted to approximately HK$374.4 million for the year ended 31 December 2019.

The Group continuously refines its remuneration and incentive policies to boost business development and ensure employees receive competitive remuneration packages. The remuneration of the Directors is determined with reference to their duties, responsibilities, experience and to the prevailing market conditions. Mandatory provident fund scheme contributions and insurance packages have been provided to employees in accordance with local laws and regulations. The Group also provides various staff benefits according to among others, the relevant internal policy of the Company. We conduct performance evaluations of our employees annually to provide feedback on their performance.

We systematically provide comprehensive and diverse trainings to improve the professional skills of our employees. Employees are subsidised for participating in training courses which keep them abreast of the latest industry and technical developments.

Contingent liabilities

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

The relevant investment portfolios mainly consist of fixed income instruments, and the total annual guarantee on investment return from the portfolios is MOP75,000,000. During the year 2018, the average yield of the relevant investment portfolio had been below the guaranteed return and the Group has paid the client HK$840,000 equivalent of guarantee fee to fulfil the guarantee provided. During the year ended 31 December 2019, the average yield of the relevant investment portfolios was above the guaranteed return. As such, no relevant contingent liability was recognised for the year ended 31 December 2019.

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 31 December 2019, the Company utilised approximately 96.5% 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 4 years.

An analysis of the application/intended application and utilisation of the net proceeds from the Listing as at 31 December 2019 is set out below:

Application/Intended application	Net proceeds from the Listing *(HK$'million)*	Utilised amount as at 31/12/2018 *(HK$'million)*	Utilised amount during the Year *(HK$'million)*	Utilised amount as at 31/12/2019 *(HK$'million)*	Unutilised amount as at 31/12/2019 *(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	59.2	63.2	122.4	65.5
5. Attract and retain talent as well as optimising human resources structure	187.9	158.0	29.9	187.9	–
6. Working capital and general corporate purposes	187.9	187.9	–	187.9	–
Total	1,879.2	1,720.6	93.1	1,813.7	65.5

OUTLOOK AND STRATEGY

2020 is a year full of severe challenges for the global economy. The "black swan" of COVID-19 at the beginning of the year has broken out on a large scale. More and more countries are emulating the PRC's approach to contain the virus' contagious spread at the high cost of suspending economic activity. Production shutdown and supply chain disruption are deepening economic slowdown. Rising fears of recession spark global sell-offs of risk assets and flight to safety; risk assets have collapsed, and the safe-haven assets trade is extremely crowded. As the crisis intensified, central banks have taken coordinated actions. Developed countries ramped up their asset purchases and the Federal Reserve slashed interest rates to zero. However, we must be wary that, in the face of any possible recession, advanced economies trapped by unconventional monetary policies and heavy debts have little room for stimulus. The global economy faces great uncertainty under the haze of the epidemic.

2020 stands at a crucial juncture that entails a shift in growth model from old to new drivers and the "13th Five-Year Plan" will come to an end. China is embarking upon a new era of high-quality development from high-speed growth, but short-term periodic fluctuations are inevitable. China is in the midst of a temporary economic shutdown due to the outbreak of COVID-19. Service industries may suffer huge losses and industrial output may be depressed as well, but the outbreak could only moderate rather than reverse such cyclical trajectories. With a policy package to stabilize growth, China has increased fiscal and monetary stimulus to mitigate the adverse impact of the epidemic on economic growth and corporate earnings. However, the virus outbreak softens demand from the rest of the world, and the global recession might trigger further plunges in the markets. China's recovery will likely face more challenges. As domestic consumption and exports will take time to recover, investment will be the main growth stabilizer; new infrastructure is expected to enjoy new momentum and usher in major development opportunities.

Looking forward, amid the external uncertainties and challenging operating environment, we are confident that the PRC economy remains on the trend of steady progress in the long run. In addition, the economy has entered a new cycle featured by accelerated shift in development mode and growth drivers, presenting a series of new opportunities brought about by the implementation of regional strategies such as Yangtze River Delta and Greater Bay Area as well as technology innovation and development. While continuing to adhere to the strategy of "making steady progress", the Group will adopt a more prudent risk management framework in response to the possible huge impact from external markets in this year of extraordinary challenges. With the principle of customer first, the Group will focus on value creation and promote high-quality and large-scale development by strengthening technology empowerment and facilitating synergetic development of the licensed business and asset-based business. Meanwhile, the Group will make further improvements to its internal control system and increase efforts in enforcing self-inspiring and prudent internal controls, so as to balance the risks and returns, achieve balanced development with respect to scale, quality and efficiency, and develop itself into a wealth management and financial service institution with global influence and market competitiveness in the region, striving to create greater value for its clients and Shareholders.

FINAL DIVIDEND

The Directors recommended the payment of a final dividend of HK$0.09 per share. Subject to the approval of the Shareholders at the annual general meeting of the Company, the proposed final dividend is expected to be paid on or about 9 July 2020.

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 year ended 31 December 2019.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code of the Listing Rules as its own code of corporate governance. During the year ended 31 December 2019, with the exception of code provision A.2.1 of the Corporate Governance Code, the Company has complied with all the code provisions set out in the Corporate Governance Code.

Code provision A.2.1 of the Corporate Governance Code states that the roles of the chairman and chief executive should be separate and should not be performed by the same individual. Mr. TAN Yueheng, the Chairman of the Company, also assumes the responsibilities of Chief Executive of the Company. Mr. TAN has assumed the responsibilities of the Chief Executive since 2007. The Board believes that Mr. TAN is a suitable candidate to 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.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors confirmed that they complied with the Model Code during the year ended 31 December 2019 in response to specific enquiry made by the Company.

REVIEW OF ANNUAL 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 internal controls and financial reporting matters including the review of the consolidated financial results of the Group for the year ended 31 December 2019.

The Audit and Risk Management Committee comprises of two Independent Non-executive Directors, Mr. LIN Zhijun and Mr. TSE Yung Hoi and a Non-executive Director, Ms. LIN Zhihong.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2019 of the Group as set out in the preliminary announcement have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with the Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.bocomgroup.com). The 2019 annual report containing all the information required by the Listing Rules will be despatched to Shareholders and made available on the above websites in due course.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held in June 2020. The notice of annual general meeting and a circular to Shareholders, which sets out details of the business to be conducted at the annual general meeting, will be sent out together with the 2019 annual report.

DEFINITIONS

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

"AUM"	the amount of assets under management
"Board"	the board of Directors of the Company
"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 Group"	BOCOM and its subsidiaries (excluding the Group)
"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 Equity Investment 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"	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"	the 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
"HKAS"	the Hong Kong Accounting Standards
"HKFRS"	the Hong Kong Financial Reporting Standards
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HKD" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"IPO"	initial public offering
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"MOP"	Macau Patacas, the lawful currency of the Macau Special Administrative Region of the PRC

"PRC"	the People's Republic of China
"Prospectus"	the prospectus of the Company dated 5 May 2017
"Year"	the year ended 31 December 2019
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US"	the United States of America
"USD" or "US$"	United States dollars, the lawful currency of the United States

* *For identification purpose only*

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

Hong Kong, 25 March 2020

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