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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)

US\$500,000,000 1.75 PER CENT. GUARANTEED NOTES DUE 2026

(Stock Code: 40737)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The Board announces the audited consolidated financial results of the Group for the year ended 31 December 2022 together with the comparative figures for the year ended 31 December 2021.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue			
Commission and fee income	4	212,080	354,461
Interest income	4	684,951	760,843
Proprietary trading income	4	<u>(1,741,260)</u>	<u>399,136</u>
		(844,229)	1,514,440
Other income	4	<u>258,539</u>	<u>128,194</u>
Revenue and other income		<u>(585,690)</u>	<u>1,642,634</u>
Commission and brokerage expenses		(31,607)	(55,803)
Finance costs	5	(478,321)	(228,491)
Staff costs	6	(370,722)	(399,482)
Depreciation		(116,592)	(99,545)
Other operating expenses		(241,232)	(254,741)
Change in impairment allowance	7	<u>(1,195,191)</u>	<u>(256,724)</u>
Total expenses		<u>(2,433,665)</u>	<u>(1,294,786)</u>

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Operating (loss)/profit		(3,019,355)	347,848
Share of results of associates		7,874	(3,644)
Share of results of joint ventures		26,896	7,348
		<hr/>	<hr/>
(Loss)/profit before taxation		(2,984,585)	351,552
Income tax expense	8	785	(39,197)
		<hr/>	<hr/>
(Loss)/profit for the year		<u>(2,983,800)</u>	<u>312,355</u>
Attributable to:			
Shareholders of the Company		(2,983,800)	262,420
Non-controlling interests		–	49,935
		<hr/>	<hr/>
		<u>(2,983,800)</u>	<u>312,355</u>
(Loss)/earnings per share attributable to shareholders of the Company for the year – Basic/Diluted (in HKD per share)			
	10	<u>(1.09)</u>	<u>0.10</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR
ENDED 31 DECEMBER 2022**

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss)/profit for the year	<u>(2,983,800)</u>	<u>312,355</u>
Other comprehensive income		
<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	(867,278)	(367,458)
Amounts reclassified to profit or loss upon disposal of debt investments at fair value through other comprehensive income	<u>77,264</u>	<u>10,301</u>
	(790,014)	(357,157)
Exchange differences on translation of foreign operations	<u>(223,888)</u>	<u>49,065</u>
	(1,013,902)	(308,092)
<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>2,719</u>	<u>(2,180)</u>
Other comprehensive income, net of tax	<u>(1,011,183)</u>	<u>(310,272)</u>
Total comprehensive income	<u>(3,994,983)</u>	<u>2,083</u>
Attributable to:		
Shareholders of the Company	(3,994,983)	(61,180)
Non-controlling interests	<u>–</u>	<u>63,263</u>
	<u>(3,994,983)</u>	<u>2,083</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	<i>Notes</i>	31/12/2022 <i>HK\$'000</i>	31/12/2021 <i>HK\$'000</i>
Assets			
Non-current Assets			
Property and equipment		88,592	41,801
Right-of-use assets		177,865	247,706
Intangible assets		6,212	5,132
Interest in associates		177,311	211,778
Interest in joint ventures		648,434	279,318
Other assets		22,857	35,311
Financial assets at fair value through other comprehensive income		7,615,906	10,389,040
Loans and advances	11	608,838	479,785
Deferred tax assets		2,598	55,014
Total non-current assets		9,348,613	11,744,885
Current Assets			
Loans and advances	11	1,223,072	1,493,267
Tax recoverable		12,674	787
Accounts receivable	12	450,691	1,261,442
Other receivables and prepayments	13	913,948	659,653
Margin loans to customers	14	1,583,600	2,076,901
Receivable from reverse repurchase agreements		–	106,003
Amount due from the ultimate holding company		77,083	–
Amount due from a fellow subsidiary		24	30
Amounts due from related parties		236	619
Financial assets at fair value through other comprehensive income		1,487,254	2,157,291
Financial assets at fair value through profit or loss		7,773,434	11,239,026
Derivative financial assets		680	83,829
Cash and bank balances		1,790,544	1,838,145
Total current assets		15,313,240	20,916,993
Total assets		24,661,853	32,661,878
Equity and liabilities			
Equity attributable to shareholders of the Company			
Share capital		3,942,216	3,942,216
Retained earnings		130,483	3,251,003
Revaluation reserve		(1,247,954)	(460,659)
Foreign currency translation reserve		(148,152)	75,736
Total equity attributable to shareholders of the Company		2,676,593	6,808,296
Non-controlling interests		–	616,169
Total equity		2,676,593	7,424,465

	<i>Notes</i>	31/12/2022 HK\$'000	31/12/2021 <i>HK\$'000</i>
Liabilities			
Non-current Liabilities			
Borrowings		–	4,990,826
Subordinated loans from the ultimate holding company		1,000,000	1,000,000
Obligation under repurchase agreements		1,681,011	5,043,305
Lease liabilities		100,275	159,296
Financial liabilities at fair value through profit or loss		594,165	–
Deferred tax liabilities		14,867	51,483
Debt securities issued		3,881,848	3,878,479
		<hr/>	<hr/>
Total non-current liabilities		7,272,166	15,123,389
Current Liabilities			
Borrowings		7,679,801	5,105,198
Obligation under repurchase agreements		4,073,031	2,092,831
Tax payable		1,718	87,204
Provision for staff costs		121,898	163,465
Other payables and accrued expenses		216,286	89,802
Accounts payable	<i>15</i>	565,445	224,118
Contract liabilities		26,224	32,807
Lease liabilities		73,180	86,108
Amount due to the ultimate holding company		–	5,735
Financial liabilities at fair value through profit or loss		1,949,594	2,214,272
Derivative financial liabilities		5,917	12,484
		<hr/>	<hr/>
Total current liabilities		14,713,094	10,114,024
		<hr/>	<hr/>
Total liabilities		21,985,260	25,237,413
		<hr/>	<hr/>
Total equity and liabilities		24,661,853	32,661,878
		<hr/>	<hr/>
Net current assets		600,146	10,802,969
		<hr/>	<hr/>
Total assets less current liabilities		9,948,759	22,547,854
		<hr/>	<hr/>

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 2022 and 2021 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 2021 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 2022 in due course.

The Company’s auditor has reported on those financial statements for the year ended 31 December 2022. 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 2021, 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 2022.

(a) Amendments to HKFRSs adopted by the Group

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

- Amendments to HKAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*
- Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract*

Amendments to HKFRSs effective for the financial year ended 31 December 2022 do not have a material impact on the Group.

(b) New standards, amendments and interpretations not yet adopted by the Group

Certain new accounting standards, amendments and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

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 and financial technology business.

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 2022.

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 2022							Total HK\$'000
	Brokerage HK\$'000	Corporate finance and underwriting HK\$'000	Asset management and advisory HK\$'000	Margin financing HK\$'000	Investment and loans HK\$'000	Others HK\$'000	Elimination HK\$'000	
Total revenue								
Revenue								
Commission and fee income								
• External	108,281	59,360	44,439	–	–	–	–	212,080
• Internal	99	–	18,196	–	–	–	(18,295)	–
Interest income								
• External	–	–	–	102,394	582,557	–	–	684,951
• Internal	–	–	–	–	67,313	–	(67,313)	–
Proprietary trading income								
• External	–	–	(466,097)	–	(1,275,163)	–	–	(1,741,260)
• Internal	–	–	–	–	–	–	–	–
Other income	14,075	–	1,324	–	16,351	226,789	–	258,539
	<u>122,455</u>	<u>59,360</u>	<u>(402,138)</u>	<u>102,394</u>	<u>(608,942)</u>	<u>226,789</u>	<u>(85,608)</u>	<u>(585,690)</u>
Total expenses	(172,398)	(92,397)	(128,642)	(128,131)	(1,833,423)	(164,282)	85,608	(2,433,665)
Share of results of associates	–	–	–	–	7,874	–	–	7,874
Share of results of joint ventures	–	–	–	–	26,896	–	–	26,896
(Loss)/profit before taxation	<u>(49,943)</u>	<u>(33,037)</u>	<u>(530,780)</u>	<u>(25,737)</u>	<u>(2,407,595)</u>	<u>62,507</u>	<u>–</u>	<u>(2,984,585)</u>
Other disclosures								
Depreciation	(28,809)	(5,152)	(18,293)	(11,454)	(22,426)	(30,458)	–	(116,592)
Change in impairment allowance	(905)	–	–	(19,764)	(1,174,522)	–	–	(1,195,191)
Finance costs	<u>(310)</u>	<u>(94)</u>	<u>(524)</u>	<u>(60,647)</u>	<u>(482,961)</u>	<u>(1,098)</u>	<u>67,313</u>	<u>(478,321)</u>

	Year ended 31 December 2021							
	Corporate	Asset	Margin	Investment	Others	Elimination	Total	
	finance and	management	financing	and loans				
	Brokerage	and advisory						
	underwriting	and advisory						
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Total revenue								
Revenue								
Commission and fee income								
• External	177,282	127,179	50,000	–	–	–	354,461	
• Internal	1,915	–	14,357	–	–	(16,272)	–	
Interest income								
• External	–	–	–	176,330	584,513	–	760,843	
• Internal	–	–	–	–	51,516	–	(51,516)	
Proprietary trading income								
• External	–	–	(140,000)	–	539,136	–	399,136	
• Internal	–	–	–	–	–	–	–	
Other income	19,364	–	1,592	–	41,414	65,824	128,194	
	<u>198,561</u>	<u>127,179</u>	<u>(74,051)</u>	<u>176,330</u>	<u>1,216,579</u>	<u>65,824</u>	<u>(67,788)</u>	<u>1,642,634</u>
Total expenses	(190,648)	(118,722)	(130,810)	(152,337)	(714,060)	(55,997)	67,788	(1,294,786)
Share of results of associates	–	–	–	–	(3,644)	–	–	(3,644)
Share of results of joint ventures	–	–	–	–	7,348	–	–	7,348
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>7,348</u>	<u>–</u>	<u>–</u>	<u>7,348</u>
Profit/(loss) before taxation	<u>7,913</u>	<u>8,457</u>	<u>(204,861)</u>	<u>23,993</u>	<u>506,223</u>	<u>9,827</u>	<u>–</u>	<u>351,552</u>
Other disclosures								
Depreciation	(32,535)	(5,024)	(18,383)	(6,780)	(24,744)	(12,079)	–	(99,545)
Change in impairment allowance	(1,044)	–	–	(24,629)	(231,051)	–	–	(256,724)
Finance costs	(640)	(175)	(664)	(33,164)	(244,801)	(563)	51,516	(228,491)
	<u>(34,219)</u>	<u>(5,199)</u>	<u>(19,047)</u>	<u>(60,573)</u>	<u>(499,596)</u>	<u>(12,642)</u>	<u>51,516</u>	<u>(745,158)</u>

The geographical information of revenue is disclosed as follows:

	2022	2021
	HK\$'000	HK\$'000
Total revenue from external customers by location of operations		
– Hong Kong	(826,205)	1,478,072
– Mainland China	240,515	164,562
	<u>(585,690)</u>	<u>1,642,634</u>

4. REVENUE AND OTHER INCOME

(a) Disaggregation of revenue and other income

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
REVENUE		
COMMISSION AND FEE INCOME		
<i>Revenue from contracts with customers within the scope of HKFRS 15</i>		
Brokerage commission	108,281	177,282
Corporate finance and underwriting fee	59,360	127,179
Asset management and advisory fee	44,439	50,000
	<u>212,080</u>	<u>354,461</u>
INTEREST INCOME		
<i>Interest income calculated using the effective interest method</i>		
Interest income from margin financing	102,394	176,330
Interest income from loans and advances	97,461	171,598
Interest income from receivable from reverse repurchase agreements	–	10,394
Interest income from financial assets at fair value through other comprehensive income	485,096	402,521
	<u>684,951</u>	<u>760,843</u>
PROPRIETARY TRADING INCOME		
<i>Interest income calculated using the effective interest method</i>		
Net trading and investment income		
– Interest income from financial assets at fair value through profit or loss	122,116	253,848
<i>Revenue from other sources</i>		
Net trading and investment income		
– Net (loss)/gain on financial assets at fair value through profit or loss	(1,743,958)	(200,543)
– Net (loss)/gain on financial assets at fair value through other comprehensive income	(81,553)	38,688
– Net gain on financial liabilities at fair value through profit or loss	1,292,988	240,749
– Net loss on derivative financial instruments	(1,445,877)	(113,718)
– Fair value changes from financial liabilities to the investors of the funds consolidated	14,231	14,835
Dividend income from		
– Financial assets at fair value through profit or loss	100,793	150,308
– Financial assets at fair value through other comprehensive income	–	14,969
	<u>(1,741,260)</u>	<u>399,136</u>
	<u><u>(844,229)</u></u>	<u><u>1,514,440</u></u>

During the years ended 31 December 2022 and 2021, there was no gain or loss arising from the derecognition of financial assets at amortised cost.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
OTHER INCOME		
Handling fees	13,918	17,686
Other interest income	59,050	32,448
Computer software development and maintenance services	129,641	20,080
Information system consultancy services	10,288	16,355
Others	45,642	41,625
	<u>258,539</u>	<u>128,194</u>

(b) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As the end of the reporting period, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is HK\$26,224 thousand (2021: HK\$32,807 thousand). This amount represents revenue expected to be recognised in the future from corporate finance, asset management and advisory services business. The Group will recognise the expected revenue in future when the remaining performance obligations under the contracts are satisfied, which is expected to occur within one year.

5. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest expenses on subordinated loans from the ultimate holding company	28,247	16,036
Interest expenses on bank loans from the ultimate holding company	15,024	10,920
Interest expenses on bank loans and overdraft from other financial institutions	183,995	113,672
Interest expenses on obligation under repurchase agreements	132,530	34,485
Interest expenses on lease liabilities	2,667	2,814
Interest expenses on financial liabilities	395	4,763
Interest expenses on debt securities issued:		
– payable to the ultimate holding company	1,676	3,034
– payable to the fellow subsidiaries	4,504	462
– payable to other financial institutions	65,103	32,303
Others	60	273
	<u>434,201</u>	<u>218,762</u>
Other borrowing costs to the ultimate holding company	–	1,313
Other borrowing costs to other financial institutions	44,120	8,416
	<u>478,321</u>	<u>228,491</u>

6. STAFF COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Salaries, bonus, staff allowances	355,319	374,993
Directors' fees	1,080	1,080
Contributions to retirement benefit scheme	14,323	23,409
	<u>370,722</u>	<u>399,482</u>

7. CHANGE IN IMPAIRMENT ALLOWANCE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Receivable from reverse repurchase agreements	(127)	121
Accounts receivable	905	1,044
Margin loans to customers	19,764	24,629
Loans and advances	430,568	153,831
Debt investments at fair value through other comprehensive income	677,388	74,948
Other receivables	66,693	2,152
Amounts due from related parties	–	(1)
	<u>1,195,191</u>	<u>256,724</u>

8. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	–	88,400
PRC Enterprise Income Tax	(12,342)	239
Over provision in prior years	(3,943)	(10,902)
Total current tax	<u>(16,285)</u>	<u>77,737</u>
Deferred tax	<u>15,500</u>	<u>(38,540)</u>
Income tax expense recognised in profit or loss	<u>(785)</u>	<u>39,197</u>

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%.

9. DIVIDENDS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
No dividend was proposed after the end of the reporting period (2021: HK\$0.05 per ordinary share)	—	136,720

10. (LOSS)/EARNINGS PER SHARE

(a) Basic

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

	2022	2021
(Loss)/profit attributable to shareholders of the Company (in HK\$'000)	(2,983,800)	262,420
Weighted average number of ordinary shares in issue (in '000 shares)	<u>2,734,392</u>	<u>2,734,392</u>
(Loss)/earnings per share (in HKD per share)	<u>(1.09)</u>	<u>0.10</u>

(b) Diluted

For the years ended 31 December 2022 and 2021, there were no potential diluted ordinary shares. The diluted (loss)/earnings per share was the same as the basic (loss)/earnings per share.

11. LOANS AND ADVANCES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Gross loans and advances	2,417,491	2,128,065
Less: impairment allowance	<u>(585,581)</u>	<u>(155,013)</u>
	<u>1,831,910</u>	<u>1,973,052</u>
Net loans and advances:		
Non-current	608,838	479,785
Current	<u>1,223,072</u>	<u>1,493,267</u>
	<u>1,831,910</u>	<u>1,973,052</u>

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

12. ACCOUNTS RECEIVABLE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Corporate finance and underwriting business	15,336	17,206
Dealing in securities and futures business		
– Clients	252,935	111,479
– Brokers	132,799	728,982
– Clearing house	55,011	408,260
	<u>440,745</u>	<u>1,248,721</u>
Less: impairment allowance	<u>(5,390)</u>	<u>(4,485)</u>
	<u><u>450,691</u></u>	<u><u>1,261,442</u></u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current (not past due)	441,974	1,251,751
Less than 31 days past due	21	1,729
31 – 60 days past due	16	19
61 – 90 days past due	–	1,587
Over 90 days past due	14,070	10,841
	<u>14,107</u>	<u>14,176</u>
Less: impairment allowance	<u>(5,390)</u>	<u>(4,485)</u>
	<u><u>450,691</u></u>	<u><u>1,261,442</u></u>

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.

13. OTHER RECEIVABLES AND PREPAYMENTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Other receivables	972,892	617,029
Less: impairment allowance	<u>(80,715)</u>	<u>(14,022)</u>
	892,177	603,007
Prepayments	<u>21,771</u>	<u>56,646</u>
	<u><u>913,948</u></u>	<u><u>659,653</u></u>

14. MARGIN LOANS TO CUSTOMERS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Gross margin loans to customers	1,696,781	2,173,492
Less: impairment allowance	<u>(113,181)</u>	<u>(96,591)</u>
Net margin loans to customers	<u><u>1,583,600</u></u>	<u><u>2,076,901</u></u>

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Margin loans to customers analysed by nature		
Institutions	718,085	1,166,557
Individuals	<u>865,515</u>	<u>910,344</u>
	<u><u>1,583,600</u></u>	<u><u>2,076,901</u></u>

Total market value of securities pledged as collateral in respect of margin loans to customers analysed by collateral

Stocks	4,942,501	7,528,858
Debt securities	<u>61,001</u>	<u>362,396</u>
	<u><u>5,003,502</u></u>	<u><u>7,891,254</u></u>

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

15. ACCOUNTS PAYABLE

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

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Clients – trade settlement	397,447	177,715
Clearing house	145,971	46,384
Brokers	22,027	19
	<u>565,445</u>	<u>224,118</u>

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 house.

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 financing needs of clients. During the Year, the business performance was significantly influenced by the poor market performance which was mainly due to tightening of the monetary policy by the Federal Reserve and the high volatility of the capital market. The Group's loss for the Year was HK\$2,983.8 million comparing with a profit of HK\$312.4 million for 2021.

Securities Brokerage and Margin Financing

Our securities brokerage business includes executing trades on behalf of clients in listed companies' stocks, bonds, futures, options and other marketable securities. We execute trades on behalf of clients for 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 companies listed on the PRC stock exchanges, US stocks and bonds as well as futures and other exchange-tradable securities. Futures and options contract products including Hang Seng Index Futures and Options, Mini-Hang Seng Index Futures and Options, Hang Seng China Enterprises Index Futures and Options, Mini-Hang Seng China Enterprises Index Futures and Options and stock options.

In 2022, as the Federal Reserve started the cycle of sharp interest-rate hike, yields of cash and cash management products increased rapidly. As a result, the market sentiment has been weakening, in particular that of retail clients. As always, our wealth management platforms provided services to investors during market downturns, and effectively enhanced communication with customers through online sharing meetings and monthly wealth management journals, which were closely related to market condition and strategies. There were various cash management products listed on our platforms during different market periods to address demands for products.

In addition, with continuous and active efforts to adjust customer structure, we further strengthened resources linkage within the Group during the Year. In this regard, the Company proactively cooperated with Hong Kong offices of the BOCOM Group with a main focus on expanding customers resided in Hong Kong, and achieved an outstanding performance in general. The linkage resulted in an increase of 44.8% and 17.7% in the number of active customers and asset scale, respectively.

For the year ended 31 December 2022, our commission and fee income from the securities brokerage business was HK\$108.3 million, representing a decrease of HK\$69.0 million or 38.9% as compared with 2021.

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

	Year ended 31 December			
	2022		2021	
	<i>HK\$'million</i>	%	<i>HK\$'million</i>	%
Hong Kong stocks	76.4	70.6	130.1	73.4
Non-Hong Kong stocks	17.2	15.9	22.6	12.8
Bonds	8.6	7.9	13.0	7.3
Others	6.1	5.6	11.6	6.5
	<u>108.3</u>	<u>100.0</u>	<u>177.3</u>	<u>100.0</u>

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 general, the interest rates charged to margin clients range from prime rate minus 2% to prime rate plus 5%, with reference to client's financial background, the quality of underlying collaterals and the overall business relationship with the Company.

In response to the increasing credit risk, 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 2022, the number of margin client accounts increased to 9,661. The monthly average loan balance decreased and interest income from margin loans for the year ended 31 December 2022 was HK\$102.4 million, representing a decrease of HK\$73.9 million or 41.9% as compared with 2021.

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

	31/12/2022	31/12/2021
Number of margin accounts	9,661	9,586
Balance of gross margin loans (<i>HK\$' million</i>)	1,696.8	2,173.5
Monthly average balance (<i>HK\$' million</i>)	1,799.8	2,649.5
Highest month end balance (<i>HK\$' million</i>)	2,186.0	3,055.4
Lowest month end balance (<i>HK\$' million</i>)	1,523.2	2,173.5
Margin value (<i>HK\$' million</i>) (note 1)	1,520.9	2,439.1
Market value (<i>HK\$' million</i>) (note 2)	5,003.5	7,891.3

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), debt securities underwriting, mergers and acquisitions, pre-IPO financing, and financial advisory.

In 2022, there were a total of 90 new listings on the Stock Exchange (including the listing of Special Purpose Acquisition Companies (SPAC) and transfer of listing from GEM to Main Board). The number of new listings decreased by 8.2% as compared with 2021. The aggregate amount of funds raised through IPOs was HK\$104.6 billion in 2022, representing a decrease of 68.4% as compared with 2021.

In view that new economy has been playing a dominant role in Hong Kong's capital market, we have devoted more resources in building up execution teams specialising in the technology, media and telecommunications, new energy, healthcare and biotechnology industries in order to capture the business opportunities in the new era. During the Year, we acted as a sole sponsor for 2 IPO projects and joint sponsor for 1 IPO project. Furthermore, we acted as a bookrunner for 24 completed IPO projects. In respect of debt capital market, we completed 54 debt issuance projects and successfully assisted corporations in raising USD13.46 billion in aggregate. We also acted as financial advisor for 1 completed Financial Advisory project and acted as compliance advisor for 1 completed Financial Advisory project.

For the year ended 31 December 2022, our commission and fee income from corporate finance and underwriting services was HK\$59.4 million, representing a decrease of HK\$67.8 million or 53.3% as compared to HK\$127.2 million in 2021.

Asset Management and Advisory

We offer a full range of asset management products including both public and private equity funds, discretionary management accounts, as well as investment advisory services, and comprehensive investment solutions and high-quality services to individual investors and institutional clients. In addition to Hong Kong, we also provide asset management services in Mainland China via BOCOM International (Shanghai) and BOCOM International STI in Shanghai and BOCOM International (Shenzhen) in Qianhai, Shenzhen, and have built up a cross-border asset management platform to seize the best time for investment growth in Mainland China.

Acting as fund manager, we have established over ten BOCOM science and technology innovation equity investment series funds in cities such as Shanghai, Chongqing, Jiangsu, Zhejiang, Hubei, Shandong and Hebei, which focus on investing in quality enterprises engaged in fields such as artificial intelligence, new materials, bio-pharmaceuticals and next generation information technology. We also provided a full range of integrated financial services to these high quality science and innovation enterprises by relying on BOCOM's resources. Furthermore, we provided investors home and abroad with diversified cross-border asset management product portfolio and a full chain of QFLP and QDIE fund product services. As of the end of 2022, we have established 13 QFLP funds and 1 QDIE fund, amongst which our QFLP funds became the first of its kind established in Hainan and Qingdao.

As at 31 December 2022, the total amount of our AUM was approximately HK\$24,177.8 million, representing a decrease of 26.3% from HK\$32,823.1 million as at 31 December 2021. For the year ended 31 December 2022, asset management and advisory fee income decreased by HK\$5.6 million or 11.1% to HK\$44.4 million. Proprietary trading loss was HK\$466.1 million, which was due to the guarantee fee payment to a client in accordance with asset management agreements. In connection therewith, the Group deployed its investment mostly in debt securities, the price of which plunged significantly in 2022.

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

For structured financing and corporate loans, we launched a full spectrum of credit business, including leveraged financing, structured products, asset-backed loans, convertible bonds, etc. In terms of asset classes, we mainly focused on loans with high-quality underlying assets and counterparties with good credit track record. Our clients primarily included corporate clients in real estate industry, stated-owned enterprises, technology, financial, wholesale and retail and pharmaceuticals industries, to which the principal amount of loans granted amounted to HK\$821 million, HK\$528 million, HK\$516 million, HK\$235 million, HK\$132 million and HK\$54 million, respectively as at 31 December 2022 (in 2021: the principal amount of loans granted to corporate clients in real estate, technology, financial, manufacturing and wholesale and retail industries amounted to HK\$935 million, HK\$560 million, HK\$262 million, HK\$99 million and HK\$140 million, respectively). The funding sources of our credit business included bank and other borrowings, obligation under repurchase agreements, subordinated loans, debt securities issued and internal funding. We determined the credit limit of respective clients based on various factors, including but not limited to the total value of assets maintained with the Group as well as their background, annual income, trading patterns and credit history. During the Year, the aggregate amount of loans granted to the top 5 clients was HK\$1,617 million, accounting for 66.9% of the total amount of loans granted by the Group during the Year, in which HK\$528 million was granted to the single largest client, representing 21.8% of the total amount of loans granted by the Group during the Year (in 2021: the aggregate amount of loans granted to the top 5 clients was HK\$1,289 million, accounting for 60.6% of the total amount of loans granted by the Group during 2021, in which HK\$389 million was granted to the single largest client, representing 18.3% of the total amount of loans granted by the Group during 2021).

During the Year, the loans provided by the Group primarily included short-term and long-term loans. The interest rates we charged for the short-term loans ranged from 4.693% to 10.0% per annum, whilst the interest rates charged for the long-term loans ranged from 5.5% to 8.784% per annum (in 2021: the interest rates charged for the short-term loans ranged from 5.25% to 9.0% per annum, whilst the interest rates charged for the long-term loans lent to clients ranged from 2.0% to 7.5% per annum). We considered a number of factors when determining the interest rate to be charged to each client, including the comprehensive business relationship, risk exposure (which covers, among others, the financial capability, business prospect, credit history and background of the client) and funding cost.

For the year ended 31 December 2022, interest income from loans and advances, receivables from structured financing and financial assets at fair value through other comprehensive income was HK\$582.6 million, representing a decrease of approximately 0.3% as compared to HK\$584.5 million in 2021. Proprietary trading loss was HK\$1,275.1 million, representing a decrease of HK\$1,814.2 million or 336.5% as compared to proprietary trading gain of HK\$539.1 million in 2021.

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

	31/12/2022		31/12/2021	
	<i>HK\$'million</i>	%	<i>HK\$'million</i>	%
Fixed income securities	11,751.4	78.1	17,490.1	84.3
Bonds	11,048.0	73.4	16,671.1	80.4
Preference shares	703.4	4.7	819.0	3.9
Equity investments	73.7	0.5	97.0	0.5
Funds	3,225.4	21.4	3,155.9	15.2

Research

Our research team focuses on strategies, macroeconomics and key industries in the global market, and provides independent and objective research support to institutional clients, the Group and the Company's own businesses. We offer comprehensive analysis and forecasting in respect of sector-and-company-specific fundamentals. The total volume of research reports increased by 10% year on year, with a substantial increase in quantitative strategy and in-depth industry reports, such as thematic reports on power semiconductor, rural area digitisation, logistics technology, local services, pension pilot in Mainland China, natural gas and new energy vehicles. The team has been highly rated by institutional investors in Hong Kong, Mainland China and overseas markets.

Financial Review

Financial performance

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

	Year ended 31 December	
	2022	2021
	<i>HK\$'million</i>	<i>HK\$'million</i>
Brokerage	122.4	196.6
Corporate finance and underwriting	59.4	127.2
Asset management and advisory	(420.3)	(88.4)
Margin financing	102.4	176.3
Investment and loans	(676.4)	1,165.1
Others	226.8	65.8
Total	<u>(585.7)</u>	<u>1,642.6</u>

The Group's loss for the year ended 31 December 2022 was approximately HK\$2,983.8 million, comparing with a profit of HK\$312.4 million in 2021.

Operating expenses

Operating expenses and finance costs for the year ended 31 December 2022 amounted to HK\$2,433.6 million (2021: HK\$1,294.7 million), an analysis of which is listed below:

	Year ended 31 December			
	2022		2021	
	<i>HK\$'million</i>	<i>%</i>	<i>HK\$'million</i>	<i>%</i>
Commission and brokerage expenses	31.6	1.3	55.8	4.3
Finance costs	478.3	19.7	228.5	17.6
Staff costs	370.7	15.2	399.5	30.9
Depreciation	116.6	4.8	99.5	7.7
Other operating expenses	241.2	9.9	254.7	19.7
Change in impairment allowance	1,195.2	49.1	256.7	19.8
Total	<u>2,433.6</u>	<u>100.0</u>	<u>1,294.7</u>	<u>100.0</u>

Finance costs increased by 109.3% as a result of an increase in average interest rate.

Depreciation increased by 17.1%, mainly due to an increase in depreciation on right-of-use assets in respect of the lease of offices in Shanghai and Shenzhen.

Other operating expenses decreased by 5.3%, mainly due to a decrease in exchange loss and exchange and clearing fees.

For the year ended 31 December 2022, the Group recognised an impairment allowance totaling HK\$1,645.4 million (representing an increase of HK\$1,195.2 million when compared to the impairment allowance for the year ended 31 December 2021). The impairment losses comprise primarily of (i) impairment losses on loan and advances (the “**Loan Impairment**”) amounting to HK\$430.6 million and (ii) impairment losses on debt investments at fair value through other comprehensive income (the “**debt investments**”) amounting to HK\$677.4 million (the “**Debt Impairment**”).

The Group’s impairment losses on loans and advances and debt investments are calculated based on a three-stage expected credit loss (the “**ECL**”) model. The Group applies the ECL model to assess the Loan Impairment and the Debt Impairment and in doing such assessment, the Group, in accordance with HKFRS 9, takes into account the following factors:

- (i) the probability of default and in assessing such probability, the Group will (a) conduct past due age analysis; (b) perform due diligence on each debtor’s changes in credit rating, business, financial or economic conditions and changes in the expected performance and behavior of each debtor; and (c) consider the macro-environment and the repayment history of each debtor; and

- (ii) the loss given default and the expected cash shortfall between the cash flows due to the Group in accordance with the agreements and the cash flows that the Group expects to receive and in assessing such, the Group will take into account the collaterals (if any) provided for the debts, the seniority of the claim and potential recovery scenarios based on financial statements.

For the purpose of impairment assessment, the loans and advances and debt investments are classified as Stage 1, 2 and 3 under the ECL model. According to prevailing accounting standards, Stage 1 are debts with no significant increase in credit risk of the financial instrument since their initial recognition. Stage 2 are debts with increase in credit risk of the financial instrument since their initial recognition. Stage 3 are debts with significant increase in credit risk of the financial instrument since their initial recognition and are considered as credit-impaired.

Impairment was assessed for each of the loans and advances and debt investments and the ECL for internal impairment assessment has taken into account relevant considerations including: (i) expected life and contractual terms of the financial instrument; (ii) probability of default; and (iii) loss given default.

For the year ended 31 December 2022, Loan Impairment was made in respect of 13 individual and corporate clients, none of which is a connected person of the Group. Among such 13 borrowers, none of the borrowers falls within Stage 2 and 7 borrowers fall within Stage 3 (i.e. credit impaired) (“**Stage 3 Borrowers**”). For the year ended 31 December 2022, the aggregate outstanding principal amount owed by Stage 3 Borrowers amounted to HK\$1,084.7 million (representing approximately 44.9% of the total amount of loans and advances granted by the Group for the year ended 31 December 2022).

For the year ended 31 December 2022, Debt Impairment was made in respect of 127 debt securities invested by the Group. Among such 127 debt securities, 8 debt securities fall within Stage 2 (“**Stage 2 Debt**”) and 24 debt securities fall within Stage 3 (“**Stage 3 Debt**”). For the year ended 31 December 2022, the aggregate fair value of the Stage 2 Debt and Stage 3 Debt amounted to HK\$295.1 million and HK\$429.6 million, respectively.

The Group has adopted debt collection procedures to minimise the impairment loss, which includes (i) closely monitoring the progress of repayment by checking if there is any overdue balance or late payment each month; (ii) sending reminders to the debtors to remind them of the outstanding balance status; (iii) engaging in negotiations and discussions with debtors on repayment; (iv) issuing statutory demand letters to debtors on amounts due; and (v) where appropriate, initiating legal actions against debtors for recovery of amounts due and taking possession of collaterals pledged. The action to be taken by the Group with respect to each debtor depends on, among others, the size of the debt, the financial capability and future prospect of the debtor, the likelihood of default, the loss given if default and the value of the collaterals (if any).

Liquidity, Financial Resources and Gearing Ratio

The Group's cash and bank balances as at 31 December 2022 decreased by HK\$47.6 million to HK\$1,790.5 million (31 December 2021: HK\$1,838.1 million).

The Group's net current assets decreased by HK\$10,202.9 million to HK\$600.1 million as at 31 December 2022 (31 December 2021: HK\$10,803.0 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 1.0 time as at 31 December 2022 (31 December 2021: 2.1 times).

As at 31 December 2022, the total borrowings of the Group amounted to HK\$18,315.7 million (31 December 2021: HK\$22,110.6 million), comprising 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 2021: HK\$1,000.0 million).

Debt securities issued represented US\$500 million 1.75% guaranteed notes issued by a wholly owned subsidiary of the Company on 28 June 2021 under the medium term note programme. 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 31 December 2022, the Group's gearing ratio was 684.3% (31 December 2021: 297.8%), 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.

Capital Structure

The Group finances its working capital requirements by cash generated from its business operations, bank loans (including loans from BOCOM) and medium term notes. 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 create an exposure for the Group. Thorough risk assessment and mitigation help to ensure these risks are well managed and effectively controlled. 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 to mitigate interest rate risk by diversification of assets and regular monitoring of risk exposure so as to quantify 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 having sufficient funds to pay due debts, perform payment obligations and satisfy the 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 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, associates 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 2022, there was no charge on Group assets (31 December 2021: Nil).

Capital Commitments

As at 31 December 2022, the Group had no significant capital commitment.

Employees and Remuneration Policies

As at 31 December 2022, the Group had a total of 495 employees. Total staff costs amounted to approximately HK\$370.7 million for the year ended 31 December 2022.

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

As at 31 December 2022, the Group had no material contingent liabilities.

Impact of COVID-19 Pandemic

COVID-19 had a limited impact to our business, demonstrating the Group's thorough implementation of a forward-looking approach and effective mitigation actions. We have adopted several precautionary measures and will make adjustments in view of the latest development of the pandemic. Our operations remain stable through the extensive use of information technology. The impact of the COVID-19 pandemic on our finances was minimal. We maintain a healthy liquidity position and sufficient working capital. The COVID-19 pandemic has also made no significant impact on our cost control, funding and business plan.

OUTLOOK AND STRATEGY

After the world experienced a historically rare monetary policy tightening in 2022, the monetary policy tightening will gradually come to an end in 2023. As the economy in the US and Europe slows down cyclically and inflation falls, we are expected to witness in 2023 the end of the fastest rate hike in 40 years. However, because US inflation and jobs market are influenced by structural factors, the height and duration of the end point of the rate hike could slightly exceed market expectation. As such, we are cautious on the global economy, given potential spillover effect of high interest rate on various economies. Yet, we remain optimistic on China and expect a clear recovery trend.

Under the background of China accelerating construction of a new development pattern, the Group will seize the opportunity and insist on seeking progress in a stable manner, with a focus on the Company's principal responsibilities and business. It will strengthen professional capacity building, rationalise the allocation of resources and increase stable income. It will construct a new development pattern of licensed brokerage business and promote the healthy development of asset business. Besides, it will accelerate digital empowerment, improve risk management capabilities, further strengthen the Group's synergy, and promote the high-quality development of the Company, to create greater value for Shareholders and investors and to play an important role of financial services in the real economy.

FINAL DIVIDEND

The Directors did not recommend the payment of a final dividend of the Year to the Shareholders.

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 2022.

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 2022, save as disclosed in this announcement, the Company has complied with all the code provisions set out in the part 2 of the Corporate Governance Code.

Code provision C.2.1 of part 2 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. Before Ms. ZHU Chen was appointed as the Chief Executive Officer and an Executive Director of the Company on 11 July 2022, Mr. TAN Yueheng, the Chairman of the Company, had assumed the responsibilities of the Chief Executive of the Company. The Board believed that Mr. TAN was a suitable candidate to assume the responsibilities of the Chief Executive of the Company and the above arrangement was able to help improve the efficiency of the decision-making and execution process of the Company. The Company had 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 considered that the deviation from code provision C.2.1 of part 2 of the Corporate Governance Code before 11 July 2022 was appropriate in the circumstances of the Company. Since 11 July 2022, Ms. ZHU Chen has served as the Chief Executive Officer and an Executive Director of the Company and thus a Chief Executive of the Company, the Company has therefore complied with code provision C.2.1 of part 2 of the Corporate Governance Code.

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 had complied with the Model Code during the year ended 31 December 2022 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, KPMG, 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 2022.

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

SCOPE OF WORK OF KPMG

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 2022 of the Group as set out in the preliminary announcement have been compared by the Company's auditor, KPMG, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by KPMG 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 KPMG 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 2022 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 2023. The notice of annual general meeting and a circular to Shareholders, which set out details of the business to be conducted at the annual general meeting, will be sent out in due course.

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 Co., Ltd* (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 STI”	BOCOM International STI Private Fund Management (Shanghai) Co., Ltd* (交銀國際科創私募基金管理(上海)有限公司), a company incorporated in the PRC with limited liability on 21 August 2020 and a subsidiary of the Company
“BOCOM International (Shenzhen)”	BOCOM International Private Equity Fund Management (Shenzhen) Company Limited* (交銀國際私募股權基金管理(深圳)有限公司), a company incorporated in the PRC with limited liability on 3 February 2016, a 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”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Director(s)”	director(s) of the Company

“Federal Reserve”	the Federal Reserve System of the US
“Group” or “we” or “us”	the Company and its subsidiaries
“HKAS”	the Hong Kong Accounting Standards
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	the Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IPO(s)”	initial public offering(s)
“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
“PRC” or “China”	the People’s Republic of China
“QDIE”	Qualified Domestic Investment Entity
“QFLP”	Qualified Foreign Limited Partnership
“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
“Shanghai Stock Exchange”	the Shanghai Stock Exchange (上海證券交易所)
“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

“Year” the year ended 31 December 2022

* *For identification purpose only*

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

Hong Kong, 27 March 2023

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