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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 2021

The Board is pleased to announce the audited consolidated financial results of the Group for the year ended 31 December 2021 together with the comparative figures for the year ended 31 December 2020.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Revenue			
Commission and fee income	4	354,461	413,270
Interest income	4	760,843	675,079
Proprietary trading income	4	399,136	987,503
		<u>1,514,440</u>	<u>2,075,852</u>
Other income	4	128,194	118,943
Revenue and other income		<u>1,642,634</u>	<u>2,194,795</u>
Commission and brokerage expenses		(55,803)	(56,586)
Finance costs	5	(228,491)	(279,641)
Staff costs	6	(399,482)	(401,993)
Depreciation		(99,545)	(83,275)
Other operating expenses		(254,741)	(178,266)
Change in impairment allowance	7	(256,724)	(262,322)
Total expenses		<u>(1,294,786)</u>	<u>(1,262,083)</u>

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Operating profit		347,848	932,712
Share of results of associates		(3,644)	(10,413)
Share of results of joint ventures		<u>7,348</u>	<u>734</u>
Profit before taxation		351,552	923,033
Income tax expense	8	<u>(39,197)</u>	<u>(71,852)</u>
Profit for the year		<u>312,355</u>	<u>851,181</u>
Attributable to:			
Shareholders of the Company		262,420	843,155
Non-controlling interests		<u>49,935</u>	<u>8,026</u>
		<u>312,355</u>	<u>851,181</u>
Earnings per share attributable to shareholders of the Company for the year – Basic/Diluted (in HKD per share)	10	<u>0.10</u>	<u>0.31</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR
ENDED 31 DECEMBER 2021**

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit for the year	<u>312,355</u>	<u>851,181</u>
Other comprehensive income/(loss)		
<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	(367,458)	97,152
Amounts reclassified to profit or loss upon disposal of debt investments at fair value through other comprehensive income	<u>10,301</u>	<u>(22,473)</u>
	(357,157)	74,679
Exchange differences on translation of foreign operations	<u>49,065</u>	<u>97,901</u>
	(308,092)	172,580
<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>(2,180)</u>	<u>41,346</u>
Other comprehensive (loss)/income, net of tax	<u>(310,272)</u>	<u>213,926</u>
Total comprehensive income	<u><u>2,083</u></u>	<u><u>1,065,107</u></u>
Attributable to:		
Shareholders of the Company	(61,180)	1,025,092
Non-controlling interests	<u>63,263</u>	<u>40,015</u>
	<u><u>2,083</u></u>	<u><u>1,065,107</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Notes	31/12/2021 HK\$'000	31/12/2020 HK\$'000
Assets			
Non-current Assets			
Property and equipment		41,801	37,338
Right-of-use assets		247,706	111,830
Intangible assets		5,132	3,196
Interest in associates		211,778	211,159
Interest in joint ventures		279,318	124,320
Other assets		35,311	41,172
Financial assets at fair value through other comprehensive income		10,389,040	2,488,616
Loans and advances	11	479,785	1,095,098
Deferred tax assets		55,014	10,876
Total non-current assets		11,744,885	4,123,605
Current Assets			
Loans and advances	11	1,493,267	1,708,665
Tax recoverable		787	2,295
Accounts receivable	12	1,261,442	1,108,083
Other receivables and prepayments	13	659,653	446,139
Margin loans to customers	14	2,076,901	2,799,125
Receivable from reverse repurchase agreements		106,003	237,350
Amount due from a fellow subsidiary		30	5,857
Amounts due from related parties		619	1,269
Financial assets at fair value through other comprehensive income		2,157,291	492,641
Financial assets at fair value through profit or loss		11,239,026	10,405,548
Derivative financial assets		83,829	24,367
Cash and bank balances		1,838,145	2,004,915
Total current assets		20,916,993	19,236,254
Total assets		32,661,878	23,359,859
Equity and liabilities			
Equity attributable to shareholders of the Company			
Share capital		3,942,216	3,942,216
Retained earnings		3,251,003	3,419,833
Revaluation reserve		(460,659)	(95,069)
Foreign currency translation reserve		75,736	39,999
Total equity attributable to shareholders of the Company		6,808,296	7,306,979
Non-controlling interests		616,169	476,959
Total equity		7,424,465	7,783,938

	<i>Notes</i>	31/12/2021 HK\$'000	31/12/2020 HK\$'000
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		5,043,305	313,835
Lease liabilities		159,296	56,438
Deferred tax liabilities		51,483	45,789
Debt securities issued		3,878,479	—
Total non-current liabilities		15,123,389	1,416,062
Current Liabilities			
Borrowings		5,105,198	8,633,885
Obligation under repurchase agreements		2,092,831	3,755,772
Tax payable		87,204	13,337
Provision for staff costs		163,465	176,850
Other payables and accrued expenses		89,802	128,621
Accounts payable	15	224,118	612,645
Contract liabilities		32,807	51,431
Lease liabilities		86,108	56,169
Amount due to the ultimate holding company		5,735	33,759
Financial liabilities at fair value through profit or loss		2,214,272	663,255
Derivative financial liabilities		12,484	34,135
Total current liabilities		10,114,024	14,159,859
Total liabilities		25,237,413	15,575,921
Total equity and liabilities		32,661,878	23,359,859
Net current assets		10,802,969	5,076,395
Total assets less current liabilities		22,547,854	9,200,000

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 2021 and 2020 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 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 December 2021 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 2020, 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 2021.

(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:

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

Amendments to HKFRSs effective for the financial year ended 31 December 2021 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 2021 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 2021.

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 2021							
	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	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
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)

	Year ended 31 December 2020							
	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	180,857	130,373	102,040	–	–	–	–	413,270
• Internal	434	–	6,787	–	–	–	(7,221)	–
Interest income								
• External	–	–	–	193,846	481,233	–	–	675,079
• Internal	–	–	–	–	47,111	–	(47,111)	–
Proprietary trading income								
• External	–	–	–	–	987,503	–	–	987,503
• Internal	–	–	–	–	–	–	–	–
Other income	16,934	–	4,393	–	32,846	64,770	–	118,943
	<u>198,225</u>	<u>130,373</u>	<u>113,220</u>	<u>193,846</u>	<u>1,548,693</u>	<u>64,770</u>	<u>(54,332)</u>	<u>2,194,795</u>
Total expenses	(197,354)	(134,080)	(116,153)	(154,007)	(714,821)	–	54,332	(1,262,083)
Share of results of associates	–	–	–	–	(10,413)	–	–	(10,413)
Share of results of joint ventures	–	–	–	–	734	–	–	734
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>734</u>	<u>–</u>	<u>–</u>	<u>734</u>
Profit/(loss) before taxation	<u>871</u>	<u>(3,707)</u>	<u>(2,933)</u>	<u>39,839</u>	<u>824,193</u>	<u>64,770</u>	<u>–</u>	<u>923,033</u>
Other disclosures								
Depreciation	(32,653)	(6,099)	(15,226)	(3,700)	(25,597)	–	–	(83,275)
Change in impairment allowance	182	(3,508)	–	(34,931)	(224,065)	–	–	(262,322)
Finance costs	(771)	(267)	(213)	(50,539)	(274,962)	–	47,111	(279,641)
	<u>(33,242)</u>	<u>(9,874)</u>	<u>(15,439)</u>	<u>(89,169)</u>	<u>(524,524)</u>	<u>–</u>	<u>47,111</u>	<u>(632,805)</u>

The geographical information of revenue is disclosed as follows:

	2021 HK\$'000	2020 HK\$'000
Total revenue from external customers by location of operations		
– Hong Kong	1,478,072	2,093,629
– Mainland China	<u>164,562</u>	<u>101,166</u>
	<u>1,642,634</u>	<u>2,194,795</u>

4. REVENUE AND OTHER INCOME

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
REVENUE		
Commission and Fee Income		
Brokerage commission	177,282	180,857
Corporate finance and underwriting fee	127,179	130,373
Asset management and advisory fee	50,000	102,040
	<u>354,461</u>	<u>413,270</u>
Interest Income		
Interest income from margin financing	176,330	193,846
Interest income from loans and advances	171,598	187,386
Interest income from receivable from reverse repurchase agreements	10,394	31,618
Interest income from financial assets at fair value through other comprehensive income	402,521	262,229
	<u>760,843</u>	<u>675,079</u>
Proprietary Trading Income		
Net trading and investment income		
– Net gain on financial assets at fair value through profit or loss*	53,305	942,569
– Net gain on financial assets at fair value through other comprehensive income	38,688	11,793
– Net gain/(loss) on financial liabilities at fair value through profit or loss	240,749	(37,514)
– Net loss on derivative financial instruments	(113,718)	(17,443)
– Fair value changes from financial liabilities to the investors of the funds consolidated	14,835	(5,080)
Dividend income from		
– Financial assets at fair value through profit or loss	150,308	52,119
– Financial assets at fair value through other comprehensive income	14,969	41,059
	<u>399,136</u>	<u>987,503</u>
	<u><u>1,514,440</u></u>	<u><u>2,075,852</u></u>

* The net gain on financial assets at fair value through profit or loss comprised of net trading loss (including the realised and unrealised amounts) of HK\$200,543 thousand (2020: net trading gain of HK\$665,174 thousand) and interest income of HK\$253,848 thousand (2020: HK\$277,395 thousand) respectively.

During the years ended 31 December 2021 and 2020, there was no gain or loss arising from the derecognition of financial assets at amortised cost.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
OTHER INCOME		
Handling fees	17,686	15,892
Bank and other interest income	32,448	28,279
Exchange gains	–	22,545
Others	78,060	52,227
	<u>128,194</u>	<u>118,943</u>

5. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest expenses on subordinated loans from the ultimate holding company	16,036	25,596
Interest expenses on bank loans from the ultimate holding company	10,920	22,817
Interest expenses on bank loans and overdraft from other financial institutions	113,672	162,917
Interest expenses on obligation under repurchase agreements	34,485	43,537
Interest expenses on lease liabilities	2,814	2,825
Interest expenses on financial liabilities	4,763	–
Interest expenses on debt securities issued:		
– payable to the ultimate holding company	3,034	–
– payable to the fellow subsidiaries	462	–
– payable to other financial institutions	32,303	–
Others	273	176
	<u>218,762</u>	<u>257,868</u>
Other borrowing costs to the ultimate holding company	1,313	1,750
Other borrowing costs to other financial institutions	8,416	20,023
	<u>228,491</u>	<u>279,641</u>

6. STAFF COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Salaries, bonus, staff allowances	374,993	378,953
Directors' fees	1,080	1,080
Contributions to retirement benefit scheme	23,409	21,960
	<u>399,482</u>	<u>401,993</u>

7. CHANGE IN IMPAIRMENT ALLOWANCE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Receivable from reverse repurchase agreements	121	6
Accounts receivable	1,044	3,326
Margin loans to customers	24,629	34,931
Loans and advances	153,831	(6,575)
Debt investments at fair value through other comprehensive income	74,948	219,777
Other receivables	2,152	10,860
Amounts due from related parties	(1)	(3)
	<u>256,724</u>	<u>262,322</u>

8. INCOME TAX EXPENSE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	88,400	22,927
PRC Enterprise Income Tax	239	9,500
Over provision in prior years	(10,902)	(6,921)
Total current tax	77,737	25,506
Deferred tax	(38,540)	46,346
Income tax expense recognised in profit or loss	<u>39,197</u>	<u>71,852</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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Final dividend proposed after the end of the reporting period of HK\$0.05 per ordinary share (2020: HK\$0.16 per ordinary share)	<u>136,720</u>	<u>437,503</u>

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.

10. 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.

	2021	2020
Profit attributable to shareholders of the Company (in HK\$'000)	262,420	843,155
Weighted average number of ordinary shares in issue (in '000 shares)	<u>2,734,392</u>	<u>2,734,392</u>
Earnings per share (in HKD per share)	<u>0.10</u>	<u>0.31</u>

(b) Diluted

For the years ended 31 December 2021 and 2020, there were no potential diluted ordinary shares. The diluted earnings per share were the same as the basic earnings per share.

11. LOANS AND ADVANCES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Gross loans and advances	2,128,065	2,804,945
Less: impairment allowance	<u>(155,013)</u>	<u>(1,182)</u>
	<u>1,973,052</u>	<u>2,803,763</u>
Net loans and advances:		
Non-current portion	479,785	1,095,098
Current portion	<u>1,493,267</u>	<u>1,708,665</u>
	<u>1,973,052</u>	<u>2,803,763</u>

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

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

12. ACCOUNTS RECEIVABLE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Corporate finance and underwriting business	17,206	28,685
Dealing in securities and futures business		
– Clients	111,479	388,091
– Brokers	728,982	498,562
– Clearing house	408,260	196,186
	<u>1,248,721</u>	<u>1,082,839</u>
Less: impairment allowance	<u>(4,485)</u>	<u>(3,441)</u>
	<u>1,261,442</u>	<u>1,108,083</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Neither past due nor credit-impaired	1,251,751	1,097,714
Less than 31 days past due	1,729	2,270
31 – 60 days past due	19	–
61 – 90 days past due	1,587	–
Over 90 days past due	10,841	11,540
	<u>14,176</u>	<u>13,810</u>
Less: impairment allowance	<u>(4,485)</u>	<u>(3,441)</u>
	<u>1,261,442</u>	<u>1,108,083</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.

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

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

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

13. OTHER RECEIVABLES AND PREPAYMENTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Other receivables	617,029	430,666
Less: impairment allowance	(14,022)	(11,870)
	<u>603,007</u>	<u>418,796</u>
Prepayments	56,646	27,343
	<u>659,653</u>	<u>446,139</u>

14. MARGIN LOANS TO CUSTOMERS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Gross margin loans to customers	2,173,492	2,881,803
Less: impairment allowance	(96,591)	(82,678)
	<u>2,076,901</u>	<u>2,799,125</u>

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Margin loans to customers analysed by nature		
Institutions	1,166,557	1,652,561
Individuals	910,344	1,146,564
	<u>2,076,901</u>	<u>2,799,125</u>

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

Stocks	7,528,858	9,912,845
Debt securities	362,396	359,220
	<u>7,891,254</u>	<u>10,272,065</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:

	2021 HK\$'000	2020 HK\$'000
Clients – trade settlement	177,715	512,487
Clearing house	46,384	100,158
Brokers	19	–
	<hr/>	<hr/>
	224,118	612,645
	<hr/>	<hr/>

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 wealth management needs of clients. During the Year, the Group's revenue and other income was HK\$1,642.6 million, representing a decrease of 25.2% when compared with HK\$2,194.8 million in 2020. The Group's profit was HK\$312.4 million, representing a decrease of 63.3% when compared with HK\$851.2 million in 2020.

Securities Brokerage and Margin Financing

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

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

During the same time, we kept steady pace of digital finance transformation. For instance, based on digitalised reporting systems, we continued to improve SMARTBI, develop CRM system, upgrade infrastructure to enhance trading experiences and perform customer stratification for conducting precise marketing and differential customer management and retention of customers on the basis of customer portraits.

In response to the impacts of the prolonged pandemic and new industry policies on the market and investors, we proactively launched a series of hot-topic livestream broadcast programs (“Online Workshop with Industry Leaders (互聯互通大咖駕到)”) such as “Real Estate Industry Reform – Critical Juncture for Property Developers and Property Owners (地產的變革時代-房企和房奴的重置人生)”, “New Mission of the Internet: Balance between Equality and Efficiency

(互聯網的新使命：公平與效率的平衡)” and “Attractive Investment with Superior Return – RMB-denominated Assets (躺贏收入不能錯過的配置-人民幣資產)”, which helped to promote engagement with our customers while increasing customer activity and royalty. As we stood at this inflection point, we also rode on the current trend and kept abreast of the latest market development by continuously promoting the development and innovation of wealth management product and tools, in an effort to explore new growth driver and business mode for asset allocation in the future.

For the year ended 31 December 2021, our commission and fee income from the securities brokerage business was HK\$177.3 million, a decrease of HK\$3.6 million or 2.0% as compared with 2020.

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

	Year ended 31 December			
	2021		2020	
	<i>HK\$'million</i>	<i>%</i>	<i>HK\$'million</i>	<i>%</i>
Hong Kong stocks	130.1	73.4	136.4	75.4
Non-Hong Kong stocks	22.6	12.8	21.4	11.8
Bonds	13.0	7.3	8.0	4.4
Others	11.6	6.5	15.1	8.4
	<u>177.3</u>	<u>100.0</u>	<u>180.9</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 response to the increasing credit risk, regulatory changes in the margin financing business, and the market volatility and the liquidity risk caused by unexpected capital flows, we have adopted structural adjustments to improve the margin financing risk management.

During 2021, the number of margin client accounts increased to 9,586. The monthly average loan balance decreased and interest income from margin loans for the year ended 31 December 2021 was HK\$176.3 million, a decrease of HK\$17.5 million or 9.0% as compared with 2020.

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

	2021	2020
Number of margin accounts	9,586	8,969
Balance of gross margin loans <i>(HK\$' million)</i>	2,173.5	2,881.8
Monthly average balance <i>(HK\$' million)</i>	2,649.5	2,669.4
Highest month end balance <i>(HK\$' million)</i>	3,055.4	2,881.8
Lowest month end balance <i>(HK\$' million)</i>	2,173.5	2,434.4
Margin value <i>(HK\$' million) (note 1)</i>	2,439.1	3,475.6
Market value <i>(HK\$' million) (note 2)</i>	7,891.3	10,272.1

Notes:

- 1 Margin value refers to the market value of the securities pledged as collateral for margin loans multiplied by a collateral discount ratio for each individual security.
- 2 Market value refers to the value of the securities pledged as collateral for margin loans at the real-time price of each individual security.

Corporate Finance and Underwriting

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

In 2021, there were a total of 98 new listings on the Stock Exchange in Hong Kong (including the transfer of listing from GEM to Main Board). The number of new listings decreased by 36.4% as compared with 2020. The aggregate amount of funds raised through IPOs was HK\$328.9 billion, decreased by 17.8% as compared with 2020.

We have devoted more resources in building up execution teams specialising in the technology, media and telecommunications, healthcare and biotechnology industries in order to capture the business opportunities of a new era. During the Year, we have completed a total of 23 IPO underwriting deals including 2 US IPOs of American Depositary Shares (“ADS”) deals. In respect of debt capital markets, we completed 140 debt issuance projects and successfully assisted corporations in raising USD52.1 billion in aggregate.

For the year ended 31 December 2021, our commission and fee income from corporate finance and underwriting services was HK\$127.2 million, a decrease of HK\$3.2 million or 2.4% as compared to HK\$130.4 million in 2020.

Asset Management and Advisory

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

Our core value is to provide comprehensive investment solutions and high-quality services to individual investors and institutional clients. In addition to traditional investments, we also offer alternative investments to investors. We have built up a cross-border asset management platform through our presence in Hong Kong, Shanghai and Shenzhen to grasp the distinct sources of investment growth in Mainland China. In 2021, we became the preferred asset management service provider for many central and local state-owned enterprises, and leading Internet companies, with excellent portfolio management performance.

With a focus on investing in artificial intelligence, new materials, bio-pharmaceuticals and next-generation information technology, we also provide integrated financial services to investors, including but not limited to the sourcing of investments, project structuring, full value chain financing and tax arrangements. BOCOM Science and Technology Innovation Equity Investment Fund, which was established under our Shanghai asset management platform, is the first bank-affiliated science and technology equity investment fund in China, with underlying investments aiming to be listed on the Science and Technology Innovation Board (the “**STAR Market**”). We serve as fund manager, leveraging on the resources of the BOCOM Group to provide high-quality technology and innovation companies with full-scale comprehensive financial services. As at 31 December 2021, BOCOM science and technology innovation equity investment series funds have completed 23 equity investment projects, mainly distributed in the Yangtze River Delta region, focusing on the fields of biomedicine and information technology. To improve business influence, acting as fund manager, we set up 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）) in Shanghai, Chongqing Liangjiang New Area Boke Equity Investment Fund Partnership Enterprise (Limited Partnership)* (重慶兩江新區博科股權投資基金合夥企業（有限合夥）) in Chongqing, Nanjing BOCOM Suyan & SOHO Equity Investment Partnership Enterprise (Limited Partnership)* (南京交銀蘇鹽蘇豪股權投資合夥企業（有限合夥）) in Jiangsu, BOCOM Shunjing (Hangzhou) Equity Investment Partnership Enterprise (Limited Partnership)* (交銀舜晶（杭州）股權投資合夥企業（有限合夥）), Jiaying Hengsheng Equity Investment Fund Partnership Enterprise (Limited Partnership)* (嘉興恒昇股權投資基金合夥企業（有限合夥）), BOCOM Industrial Investment (Hangzhou) Equity Investment Partnership Enterprise (Limited Partnership)* (交銀產投（杭州）股權投資合夥企業（有限合夥）) and Jiaying Hengyu Equity Investment Fund Partnership Enterprise (Limited Partnership)* (嘉興恒昱股權投資基金合夥企業（有限合夥）) in Zhejiang, Qingdao BOCOM Haikong Science and Technology Innovation Equity Investment Partnership Enterprise (Limited Partnership)* (青島交銀海控科創股權投資合夥企業（有限合夥）) in Shandong, Dong Feng

BOCOM Yuan Jing Auto Industry Equity Investment Fund (Wuhan) Partnership Enterprise (Limited Partnership)* (東風交銀轅憬汽車產業股權投資基金（武漢）合夥企業（有限合夥）) in Hubei.

We provided a full chain of QFLP and QDIE fund product service under our asset management platform in Mainland China, and based on this to further enrich our cross-border asset management product portfolio. As of the end of 2021, we have established seven QFLP funds and one QDIE fund, amongst which our QFLP funds became the first of its kind established in Hainan and Qingdao. Our QFLP fund products allowed overseas investors to invest in quality assets in Mainland China and made it more convenient for quality domestic enterprises to attract foreign shareholders, so as to promote cross-border capital flow in the region.

Diversified products are the building blocks of our asset management business. As at 31 December 2021, the total amount of our AUM was approximately HK\$32,823.1 million, representing an increase of 18.5% from HK\$27,687.8 million as at 31 December 2020. For the year ended 31 December 2021, asset management and advisory fee income decreased by HK\$52.0 million or 51.0% to HK\$50.0 million, which comprised of management fee income of HK\$47.7 million and advisory fee income of HK\$2.3 million. Proprietary trading loss was HK\$140.0 million in relation to the Group's guarantee on the returns of certain asset management arrangement managed by the Group.

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, technological innovation and areas such as upgrading of traditional industries, and participated in debt-equity hybrid investments in enterprises with high growth potential. For bond investments, we prefer short-to-medium duration products with good credit standing and offshore premium.

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

Owing to the downturn of investment market, especially in respect of the China real estate sector in the fourth quarter of 2021, there was negative impact to our fixed income securities portfolio. For the year ended 31 December 2021, interest income from loans and advances, receivables from structured financing and financial assets at fair value through other comprehensive income was HK\$584.5 million, representing an increase of approximately 21.5% as compared to HK\$481.2 million in 2020. Proprietary trading income was HK\$539.1 million, a decrease of HK\$448.4 million or 45.4% as compared to HK\$987.5 million in 2020.

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

	2021		2020	
	<i>HK\$'million</i>	<i>%</i>	<i>HK\$'million</i>	<i>%</i>
Fixed income securities	17,490.1	84.3	10,292.7	79.7
Bonds	16,671.1	80.4	8,609.3	66.7
Preference shares	819.0	3.9	1,683.4	13.0
Equity investments	97.0	0.5	453.2	3.5
Funds	3,155.9	15.2	2,176.8	16.8

Research

Our research team focuses on market strategies, macroeconomics, key industries and companies as well as other fields 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 team has been highly rated by institutional investors in Hong Kong, Mainland China and overseas markets.

The "New Frontier Research Center" we established has made a breakthrough in cross-sector forward-looking research. Analysts from different sectors have conducted analysis and forecast on cutting-edge topics from various perspectives. Research topics over the year of 2021 include policy analysis under Common Prosperity, carbon neutrality/carbon trading, autonomous driving, new energy, medical insurance, community group-buy, financial technology, senior care real estate, vision series of energy industry, etc. As of 31 December 2021, the readership volume of in-depth research reports has doubled from last year's average. The quality of research reports has showed steady improvement and kept winning high recognition from readers.

We have doubled down on interaction between online and offline channels to stream our 2H21 Outlook Press Conference live with Zhitong Caijing, Sina Finance and Yicai for media promotion. Meanwhile, our senior researchers have shared their insights via various mainstream media in Hong Kong including Reuters, Bloomberg, Financial Times, The Wall Street Journal, Etnet, Fortune, The Economist, TVB, The Hong Kong Economic Times, etc., to boost the brand influence of BOCOM International.

Financial Review

Financial performance

For the year ended 31 December 2021, the Group's total revenue and other income was approximately HK\$1,642.6 million, representing a decrease of approximately 25.2% from HK\$2,194.8 million in 2020.

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

	Year ended 31 December			
	2021		2020	
	<i>HK\$'million</i>	<i>%</i>	<i>HK\$'million</i>	<i>%</i>
Brokerage	196.6	12.0	197.8	9.0
Corporate finance and underwriting	127.2	7.7	130.4	5.9
Asset management and advisory	(88.4)	(5.3)	106.4	4.8
Margin financing	176.3	10.7	193.8	8.8
Investment and loans	1,165.1	70.9	1,501.6	68.5
Others	65.8	4.0	64.8	3.0
Total	<u>1,642.6</u>	<u>100.0</u>	<u>2,194.8</u>	<u>100.0</u>

The Group's profit for the year ended 31 December 2021 was approximately HK\$312.4 million, representing a decrease of approximately 63.3% from HK\$851.2 million in 2020.

Operating expenses

Operating expenses and finance costs for the year ended 31 December 2021 amounted to HK\$1,294.7 million (2020: HK\$1,262.1 million), an analysis of which is listed below:

	Year ended 31 December			
	2021		2020	
	<i>HK\$'million</i>	<i>%</i>	<i>HK\$'million</i>	<i>%</i>
Commission and brokerage expenses	55.8	4.3	56.6	4.5
Finance costs	228.5	17.6	279.6	22.2
Staff costs	399.5	30.9	402.0	31.9
Depreciation	99.5	7.7	83.3	6.6
Other operating expenses	254.7	19.7	178.3	14.1
Change in impairment allowance	256.7	19.8	262.3	20.7
Total	<u>1,294.7</u>	<u>100.0</u>	<u>1,262.1</u>	<u>100.0</u>

Finance costs decreased by 18.3% as a result of reduction in interest spread.

Depreciation increased by 19.5% due to increase in depreciation on right-of-use assets in respect of the lease of new offices in Shanghai and Shenzhen.

Other operating expenses increased by 42.9%. It represented the net increase of various expenses including IT expenses, operating lease charges, exchange and clearing fees and exchange difference.

Change in impairment allowance decreased to HK\$256.7 million. The impairment mainly represented impairment on loan and advances, margin loans to customers and debt investments at fair value through other comprehensive income. The level of uncertainty and judgement for the calculation of impairment allowance was affected by the economic effects of the COVID-19 pandemic.

Liquidity, Financial Resources and Gearing Ratio

The Group's cash and bank balances as at 31 December 2021 decreased by HK\$166.8 million to HK\$1,838.1 million (31 December 2020: HK\$2,004.9 million).

The Group's net current assets increased by HK\$5,726.6 million to HK\$10,803.0 million as at 31 December 2021 (31 December 2020: HK\$5,076.4 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 2.1 times as at 31 December 2021 (31 December 2020: 1.4 times).

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

As at 31 December 2021, the total borrowings of the Group amounted to HK\$22,110.6 million (31 December 2020: HK\$13,703.5 million), comprising of bank and other borrowings, obligation under repurchase agreements, subordinated loans and debt securities issued. Among which, the subordinated loans from the ultimate holding company amounted to HK\$1,000.0 million (31 December 2020: HK\$1,000.0 million).

As at 31 December 2021, the Group's gearing ratio was 297.8% (31 December 2020: 176.0%), as calculated by dividing total borrowings by total equity.

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

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 2021, there was no charge on Group assets (31 December 2020: Nil).

Capital Commitments

As at 31 December 2021, the Group had no significant capital commitment.

Employees and Remuneration Policies

As at 31 December 2021, the Group had a total of 408 employees. Total staff costs amounted to approximately HK\$399.5 million for the year ended 31 December 2021.

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 2021, the Group had no material contingent liabilities.

Use of Proceeds

The net proceeds from the Listing in 2017 after deducting underwriting fees and commissions and expenses in connection with the Listing, were approximately HK\$1,879.2 million. As at 31 December 2021, the Group utilised all net proceeds for the purposes as set out in the section headed “Future Plans and Use of Proceeds – Use of proceeds” in the Prospectus.

An analysis of the application and utilisation of the net proceeds from the Listing as at 31 December 2021 is set out below:

Application	Net proceeds from the Listing (HK\$'million)	Utilised amount as at 31/12/2020 (HK\$'million)	Utilised amount during the Year (HK\$'million)	Utilised amount as at 31/12/2021 (HK\$'million)	Unutilised amount as at 31/12/2021 (HK\$'million)
1. Expand margin financing business	845.7	845.7	–	845.7	–
2. Expand asset management and advisory business	281.9	281.9	–	281.9	–
3. Expand investment and loans business	187.9	187.9	–	187.9	–
4. Develop IT infrastructure and internal control systems	187.9	185.0	2.9	187.9	–
5. Attract and retain talent as well as optimising human resources structure	187.9	187.9	–	187.9	–
6. Working capital and general corporate purposes	187.9	187.9	–	187.9	–
Total	<u>1,879.2</u>	<u>1,876.3</u>	<u>2.9</u>	<u>1,879.2</u>	<u>–</u>

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 impairment allowance decreases as a result of the impairment being calculated under expected credit losses model and impairment of credit-impaired assets under individual assessment. The COVID-19 pandemic has also made no significant impact on our cost control, funding and business plan.

OUTLOOK AND STRATEGY

After a faster-than-expected global economy recovery, 2022 will be a year when a wide range of unprecedented policy easing return to normal. In the post-pandemic era, economies are bouncing back at different paces. As China's short-term economic cycle is now in the final phase of slowdown, the US economic cycle will soon follow. The biggest macro risk for global markets is that the Federal Reserve has to tighten as the cycle slows. Other economies will inevitably brace for spillover effects from the Federal Reserve's policy shift. Those debt-ridden economies with lower vaccination rates and weaker economic recovery momentum will face a fundamental dilemma between adjusting the stance of their policies and maintaining a certain rate level of

economic growth. Faced with the risk of global liquidity approaching an unexpected inflection point and Covid-19 relapsing, supply chain bottlenecks remain to be alleviated in the short run, upstream price pressures are likely to persist, and stagflation expectations are constantly rising.

As the world reopens at a time of uncertainty, external demand and trade surplus could hardly replicate the story as the driving force for China's export growth. Exports strength will continue to wane due to the high comparison base and substitution effect. Peaking current account surplus and peaking growth in foreign currency deposits will cap the market's potential gains. Given the policy of "three red lines" is still in place, property investment growth will likely stabilise at a low level from last year's very high base in the coming months.

As the Federal Reserve is preparing to hike interest rate, the window of preemptive easing for the People's Bank of China ("PBoC") is rapidly closing. In the final phase of slowdown of China's short-term economic cycle, the PBoC will cut its RRR and interest rates. Investment growth will decelerate, foreign exchange reserve will peak and the CNY will weaken. China's decelerating short economic cycle and a hawkish Federal Reserve stand are the dominant macro themes that markets focus on. Under the policy mandate and overarching goal of "Common Prosperity", 2022 will continue to be a year which will see a new growth with serious reform in China's economy. Sectors ravaged by the tightening regulation (namely, consumption and internet) are expected to have the mean-reversion opportunities.

So far this year, Hong Kong has been confronting the worst outbreak since the pandemic started, and healthcare resources are under serious constraints. With stricter quarantine rules imposed, consumption of contact-intensive service industries such as catering, entertainment, tourism, and hotels showed no sign of abating in the near term. The business environment of the retail sector remains to be challenging. Yet, we expect the Hang Seng Index, which has showed allocation value, to continue its recovery from its long-term inflection point.

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

FINAL DIVIDEND

The Directors recommended the payment of a final dividend of HK\$0.05 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 14 July 2022.

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 2021.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code of the Listing Rules as its own code of corporate governance. During the year ended 31 December 2021, save as disclosed in this announcement, the Company has complied with all the code provisions set out in 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. 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 C.2.1 of part 2 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 had complied with the Model Code during the year ended 31 December 2021 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 2021.

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 2021 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 2021 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 2022. 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 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 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
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

“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”	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
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus of the Company dated 5 May 2017
“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
“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 2021

* *For identification purpose only*

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

Hong Kong, 23 March 2022

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