

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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 2023**

The Board announces the audited consolidated financial results of the Group for the year ended 31 December 2023 together with the comparative figures for the year ended 31 December 2022.

#### **CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023**

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	<b>2022</b> <i>HK\$'000</i>
Revenue			
Commission and fee income	4	<b>142,704</b>	212,080
Interest income	4	<b>536,397</b>	684,951
Proprietary trading income	4	<b>(374,190)</b>	(1,741,260)
		<b>304,911</b>	(844,229)
Other income	4	<b>308,266</b>	258,539
<b>Revenue and other income</b>		<b>613,177</b>	(585,690)
Commission and brokerage expenses		<b>(23,902)</b>	(31,607)
Finance costs	5	<b>(717,671)</b>	(478,321)
Staff costs	6	<b>(397,982)</b>	(370,722)
Depreciation		<b>(124,293)</b>	(116,592)
Other operating expenses		<b>(185,865)</b>	(241,232)
Change in impairment allowance	7	<b>(625,608)</b>	(1,195,191)
<b>Total expenses</b>		<b>(2,075,321)</b>	(2,433,665)

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
Operating loss		<b>(1,462,144)</b>	(3,019,355)
Share of results of associates		<b>407</b>	7,874
Share of results of joint ventures		<b>17,020</b>	26,896
		<hr/>	<hr/>
<b>Loss before taxation</b>		<b>(1,444,717)</b>	(2,984,585)
Income tax expense	8	<b>(24,783)</b>	785
		<hr/>	<hr/>
<b>Loss for the year attributable to shareholders of the Company</b>		<b><u>(1,469,500)</u></b>	<b><u>(2,983,800)</u></b>
<b>Loss per share attributable to shareholders of the Company for the year – Basic/Diluted (in HKD per share)</b>			
	10	<b><u>(0.54)</u></b>	<b><u>(1.09)</u></b>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR  
ENDED 31 DECEMBER 2023**

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Loss for the year</b>	<u><b>(1,469,500)</b></u>	<u>(2,983,800)</u>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Changes in fair value of debt investments at fair value through other comprehensive income	<b>359,282</b>	(867,278)
Amounts reclassified to profit or loss upon disposal of debt investments at fair value through other comprehensive income	<u><b>252,506</b></u>	<u>77,264</u>
	<b>611,788</b>	(790,014)
Exchange differences on translation of foreign operations	<u><b>(39,399)</b></u>	<u>(223,888)</u>
	<b>572,389</b>	(1,013,902)
<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><b>17,158</b></u>	<u>2,719</u>
<b>Other comprehensive income, net of tax</b>	<u><b>589,547</b></u>	<u>(1,011,183)</u>
<b>Total comprehensive income attributable to shareholders of the Company</b>	<u><u><b>(879,953)</b></u></u>	<u><u>(3,994,983)</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	<i>Notes</i>	<b>31/12/2023</b>	<i>31/12/2022</i>
		<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Assets</b>			
<b>Non-current Assets</b>			
Property and equipment		77,857	88,592
Right-of-use assets		144,665	177,865
Intangible assets		13,087	6,212
Interest in associates		173,073	177,311
Interest in joint ventures		641,160	648,434
Other assets		22,015	22,857
Financial assets at fair value through other comprehensive income		5,446,414	7,615,906
Loans and advances	<i>11</i>	581,270	608,838
Deferred tax assets		1,005	2,598
<b>Total non-current assets</b>		<b><u>7,100,546</u></b>	<b><u>9,348,613</u></b>
<b>Current Assets</b>			
Loans and advances	<i>11</i>	459,173	1,223,072
Tax recoverable		2,777	12,674
Accounts receivable	<i>12</i>	475,934	450,691
Other receivables and prepayments	<i>13</i>	454,951	913,948
Margin loans to customers	<i>14</i>	1,206,442	1,583,600
Amount due from the ultimate holding company		78,874	77,083
Amount due from a fellow subsidiary		2	24
Amounts due from related parties		185	236
Financial assets at fair value through other comprehensive income		1,341,355	1,487,254
Financial assets at fair value through profit or loss		5,791,191	7,773,434
Derivative financial assets		178	680
Cash and bank balances		1,299,438	1,790,544
<b>Total current assets</b>		<b><u>11,110,500</u></b>	<b><u>15,313,240</u></b>
<b>Total assets</b>		<b><u><u>18,211,046</u></u></b>	<b><u><u>24,661,853</u></u></b>
<b>Equity and liabilities</b>			
<b>Equity attributable to shareholders of the Company</b>			
Share capital		3,942,216	3,942,216
(Accumulated losses)/retained earnings		(1,339,017)	130,483
Revaluation reserve		(619,008)	(1,247,954)
Foreign currency translation reserve		(187,551)	(148,152)
<b>Total equity</b>		<b><u><u>1,796,640</u></u></b>	<b><u><u>2,676,593</u></u></b>

	<i>Notes</i>	<b>31/12/2023</b> <b>HK\$'000</b>	31/12/2022 <i>HK\$'000</i>
<b>Liabilities</b>			
<b>Non-current Liabilities</b>			
Subordinated loans from the ultimate holding company		<b>1,000,000</b>	1,000,000
Obligation under repurchase agreements		<b>3,864,288</b>	1,681,011
Lease liabilities		<b>75,170</b>	100,275
Financial liabilities at fair value through profit or loss		<b>519,000</b>	594,165
Deferred tax liabilities		<b>12,623</b>	14,867
Debt securities issued		<b>3,891,207</b>	3,881,848
<b>Total non-current liabilities</b>		<b>9,362,288</b>	7,272,166
<b>Current Liabilities</b>			
Borrowings		<b>4,481,264</b>	7,679,801
Obligation under repurchase agreements		<b>912,197</b>	4,073,031
Tax payable		<b>7,682</b>	1,718
Provision for staff costs		<b>118,447</b>	121,898
Other payables and accrued expenses		<b>312,319</b>	216,286
Accounts payable	<i>15</i>	<b>315,892</b>	565,445
Contract liabilities		<b>28,400</b>	26,224
Lease liabilities		<b>69,995</b>	73,180
Financial liabilities at fair value through profit or loss		<b>799,518</b>	1,949,594
Derivative financial liabilities		<b>6,404</b>	5,917
<b>Total current liabilities</b>		<b>7,052,118</b>	14,713,094
<b>Total liabilities</b>		<b>16,414,406</b>	21,985,260
<b>Total equity and liabilities</b>		<b>18,211,046</b>	24,661,853
<b>Net current assets</b>		<b>4,058,382</b>	600,146
<b>Total assets less current liabilities</b>		<b>11,158,928</b>	9,948,759

## 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 2023 and 2022 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 2022 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 2023 in due course.

The Company’s auditor has reported on those financial statements for the year ended 31 December 2023. 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. MATERIAL ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2022, 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 2023.

**(a) Amended HKFRSs adopted by the Group**

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

- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform — Pillar Two model rules*

Amendments to HKFRSs effective for the financial year ending 31 December 2023 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 2023 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 2023.

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 2023							Total HK\$'000
	Brokerage	Corporate finance and underwriting	Asset management and advisory	Margin financing	Investment and loans	Others	Elimination	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>Total revenue</b>								
Revenue								
Commission and fee income								
• External	81,577	25,211	35,916	–	–	–	–	142,704
• Internal	295	–	22,440	–	–	–	(22,735)	–
Interest income								
• External	–	–	–	109,133	427,264	–	–	536,397
• Internal	–	–	–	–	44,451	–	(44,451)	–
Proprietary trading income								
• External	–	–	45,784	–	(419,974)	–	–	(374,190)
• Internal	–	–	–	–	–	–	–	–
Other income	13,828	–	176	–	3,653	290,609	–	308,266
	<u>95,700</u>	<u>25,211</u>	<u>104,316</u>	<u>109,133</u>	<u>55,394</u>	<u>290,609</u>	<u>(67,186)</u>	<u>613,177</u>
Total expenses	(169,411)	(103,778)	(107,915)	(115,024)	(1,475,835)	(170,544)	67,186	(2,075,321)
Share of results of associates	–	–	–	–	407	–	–	407
Share of results of joint ventures	–	–	–	–	17,020	–	–	17,020
<b>(Loss)/profit before taxation</b>	<u>(73,711)</u>	<u>(78,567)</u>	<u>(3,599)</u>	<u>(5,891)</u>	<u>(1,403,014)</u>	<u>120,065</u>	<u>–</u>	<u>(1,444,717)</u>
<b>Other disclosures</b>								
Depreciation	(26,980)	(4,413)	(31,835)	(8,940)	(23,903)	(28,222)	–	(124,293)
Change in impairment allowance	(2)	–	–	(5,995)	(619,611)	–	–	(625,608)
Finance costs	(656)	(214)	(402)	(67,122)	(692,908)	(820)	44,451	(717,671)

	Year ended 31 December 2022							
	Corporate	Asset						
	finance and	management	Margin	Investment				
	Brokerage	underwriting	and advisory	financing	and loans	Others	Elimination	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Total revenue</b>								
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
<b>(Loss)/profit before taxation</b>	<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>
<b>Other disclosures</b>								
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	(310)	(94)	(524)	(60,647)	(482,961)	(1,098)	67,313	(478,321)

The geographical information of revenue is disclosed as follows:

	2023	2022
	HK\$'000	HK\$'000
Total revenue from external customers by location of operations		
– Hong Kong	333,818	(826,205)
– Mainland China	279,359	240,515
	<u>613,177</u>	<u>(585,690)</u>

#### 4. REVENUE AND OTHER INCOME

##### (a) Disaggregation of revenue and other income

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>REVENUE</b>		
<b>COMMISSION AND FEE INCOME</b>		
<i>Revenue from contracts with customers within the scope of HKFRS 15</i>		
Brokerage commission	81,577	108,281
Corporate finance and underwriting fee	25,211	59,360
Asset management and advisory fee	35,916	44,439
	<u>142,704</u>	<u>212,080</u>
<b>INTEREST INCOME</b>		
<i>Interest income calculated using the effective interest method</i>		
Interest income from margin financing	109,133	102,394
Interest income from loans and advances	136,403	97,461
Interest income from financial assets at fair value through other comprehensive income	290,861	485,096
	<u>536,397</u>	<u>684,951</u>
<b>PROPRIETARY TRADING INCOME</b>		
<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	34,325	122,116
<i>Revenue from other sources</i>		
Net trading and investment income		
– Net loss on financial assets at fair value through profit or loss	(105,272)	(1,743,958)
– Net loss on financial assets at fair value through other comprehensive income	(241,936)	(81,553)
– Net (loss)/gain on financial liabilities at fair value through profit or loss	(88,639)	1,292,988
– Net loss on derivative financial instruments	(65,006)	(1,445,877)
– Fair value changes from financial liabilities to the investors of the funds consolidated	9,500	14,231
Dividend income from		
– Financial assets at fair value through profit or loss	82,579	100,793
– Financial assets at fair value through other comprehensive income	259	–
	<u>(374,190)</u>	<u>(1,741,260)</u>
	<u><u>304,911</u></u>	<u><u>(844,229)</u></u>

During the years ended 31 December 2023 and 2022, there was no gain or loss arising from the derecognition of financial assets at amortised cost.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>OTHER INCOME</b>		
Handling fees	11,737	13,918
Other interest income	106,541	59,050
Exchange gain	15,798	–
Computer software development and maintenance services	156,634	129,641
Information system consultancy services	866	10,288
Others	16,690	45,642
	<u>308,266</u>	<u>258,539</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\$28,400 thousand (31 December 2022: HK\$26,224 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**

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest expenses on subordinated loans from the ultimate holding company	57,674	28,247
Interest expenses on bank loans from the ultimate holding company	47,906	15,024
Interest expenses on bank loans and overdraft from other financial institutions	267,387	183,995
Interest expenses on obligation under repurchase agreements	270,523	132,530
Interest expenses on lease liabilities	2,841	2,667
Interest expenses on financial liabilities	27	395
Interest expenses on debt securities issued:		
– payable to the ultimate holding company	1,374	1,676
– payable to the fellow subsidiaries	4,527	4,504
– payable to other financial institutions	65,352	65,103
Others	55	60
	<u>717,666</u>	<u>434,201</u>
Other borrowing costs to other financial institutions	5	44,120
	<u>717,671</u>	<u>478,321</u>

## 6. STAFF COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Salaries, bonus, staff allowances	379,129	355,319
Directors' fees	1,080	1,080
Contributions to retirement benefit scheme	17,773	14,323
	<u>397,982</u>	<u>370,722</u>

## 7. CHANGE IN IMPAIRMENT ALLOWANCE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Receivable from reverse repurchase agreements	–	(127)
Accounts receivable	2	905
Margin loans to customers	5,995	19,764
Loans and advances	11,448	430,568
Debt investments at fair value through other comprehensive income	597,998	677,388
Other receivables	16,304	66,693
	<u>631,747</u>	1,195,191
Bad debts recovery	(6,139)	–
	<u>625,608</u>	<u>1,195,191</u>

## 8. INCOME TAX EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax:		
PRC Enterprise Income Tax	708	(12,342)
Under/(over) provision in prior years	25,044	(3,943)
Total current tax	25,752	(16,285)
Deferred tax	(969)	15,500
Income tax expense recognised in profit or loss	<u>24,783</u>	<u>(785)</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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
No dividend was proposed after the end of the reporting period and previous financial year	—	—

## 10. LOSS PER SHARE

### (a) Basic

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

	2023	2022
Loss attributable to shareholders of the Company (HK\$'000)	<b>(1,469,500)</b>	(2,983,800)
Weighted average number of ordinary shares in issue (in '000 shares)	<b>2,734,392</b>	2,734,392
Loss per share (in HKD per share)	<b>(0.54)</b>	(1.09)

### (b) Diluted

For the years ended 31 December 2023 and 2022, there were no potential diluted ordinary shares. The diluted loss per share was the same as the basic loss per share.

## 11. LOANS AND ADVANCES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Gross loans and advances	<b>1,504,413</b>	2,417,491
Less: impairment allowance	<b>(463,970)</b>	(585,581)
	<b>1,040,443</b>	1,831,910
Net loans and advances:		
Non-current	<b>581,270</b>	608,838
Current	<b>459,173</b>	1,223,072
	<b>1,040,443</b>	1,831,910

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

## 12. ACCOUNTS RECEIVABLE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Corporate finance and underwriting business	17,690	15,336
Dealing in securities and futures business		
– Clients	83,001	252,935
– Brokers	162,868	132,799
– Clearing house	217,767	55,011
	<u>463,636</u>	<u>440,745</u>
Less: impairment allowance	<u>(5,392)</u>	<u>(5,390)</u>
	<u><u>475,934</u></u>	<u><u>450,691</u></u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current (not past due)	467,894	441,974
Less than 31 days past due	781	21
31 – 60 days past due	–	16
61 – 90 days past due	581	–
Over 90 days past due	12,070	14,070
	<u>13,432</u>	<u>14,107</u>
Less: impairment allowance	<u>(5,392)</u>	<u>(5,390)</u>
	<u><u>475,934</u></u>	<u><u>450,691</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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Other receivables	511,084	972,892
Less: impairment allowance	<u>(69,607)</u>	<u>(80,715)</u>
	441,477	892,177
Prepayments	<u>13,474</u>	<u>21,771</u>
	<u><u>454,951</u></u>	<u><u>913,948</u></u>

### 14. MARGIN LOANS TO CUSTOMERS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Gross margin loans to customers	1,325,618	1,696,781
Less: impairment allowance	<u>(119,176)</u>	<u>(113,181)</u>
Net margin loans to customers	<u><u>1,206,442</u></u>	<u><u>1,583,600</u></u>

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Margin loans to customers analysed by nature</b>		
Institutions	657,710	718,085
Individuals	<u>548,732</u>	<u>865,515</u>
	<u><u>1,206,442</u></u>	<u><u>1,583,600</u></u>

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

Stocks	3,893,155	4,942,501
Debt securities	37,559	61,001
Others	<u>97,990</u>	<u>–</u>
	<u><u>4,028,704</u></u>	<u><u>5,003,502</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:

	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Clients – trade settlement	<b>315,505</b>	397,447
Clearing house	<b>387</b>	145,971
Brokers	–	22,027
	<hr/>	<hr/>
	<b><u>315,892</u></b>	<u>565,445</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 fulfil various investment and financing needs of clients. As a result of sluggish market conditions, the Group incurred a loss of HK\$1,469.5 million for the Year as compared to that of HK\$2,983.8 million for 2022.

### ***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, Hang Seng China Enterprises Index Futures and Options, Mini-Hang Seng China Enterprises Index Futures and Options and stock options.

In 2023, due to the intertwined effects of the banking crisis in Europe and the U.S. and the implementation of the Federal Reserve's interest rate hike program, the global capital market sentiment was sluggish, yields on cash and cash management products continued to be high, and investors' willingness to invest in the market, particularly amongst retail clients, remained low. On one hand, our team continued to leverage the Group's strengths by optimising our client structure through the expansion of our portfolio to include local, corporate, and industrial investment clients. On the other hand, we deepened our collaboration with high quality asset management institutions in the industry and explored product instruments tailored to market strategies. This enabled us to provide clients with state-of-the-art strategies and product support on an ongoing basis. We also made constant and active adjustments to our client structure. During the Year, we strengthened the linkage of resources within the Group and actively cooperated with BOCOM Group's Hong Kong institutions to focus on developing local customers in Hong Kong, with significant achievements, including a significant year-on-year increase in the size of linked assets.

For the year ended 31 December 2023, our commission and fee income from the securities brokerage business was HK\$81.6 million, a decrease of HK\$26.7 million or 24.7% as compared with 2022.

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

	Year ended 31 December			
	2023		2022	
	<i>HK\$'million</i>	%	<i>HK\$'million</i>	%
Hong Kong stocks	<b>58.0</b>	<b>71.1</b>	76.4	70.6
Non-Hong Kong stocks	<b>9.4</b>	<b>11.5</b>	17.2	15.9
Bonds	<b>7.7</b>	<b>9.4</b>	8.6	7.9
Others	<b>6.5</b>	<b>8.0</b>	6.1	5.6
	<b>81.6</b>	<b>100.0</b>	108.3	100.0

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.

In 2023, the number of margin client accounts increased to 9,710. The monthly average loan balance decreased slightly and interest income from margin loans for the year ended 31 December 2023 was HK\$109.1 million, an increase of HK\$6.7 million or 6.5% as compared with 2022.

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

	31/12/2023	31/12/2022
Number of margin accounts	<b>9,710</b>	9,661
Balance of gross margin loans ( <i>HK\$' million</i> )	<b>1,325.6</b>	1,696.8
Monthly average balance ( <i>HK\$' million</i> )	<b>1,727.0</b>	1,799.8
Highest month end balance ( <i>HK\$' million</i> )	<b>1,935.2</b>	2,186.0
Lowest month end balance ( <i>HK\$' million</i> )	<b>1,325.6</b>	1,523.2
Margin value ( <i>HK\$' million</i> ) (note 1)	<b>1,156.2</b>	1,520.9
Market value ( <i>HK\$' million</i> ) (note 2)	<b>4,028.7</b>	5,003.5

*Notes:*

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

### ***Corporate Finance and Underwriting***

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

In 2023, there were a total of 73 new listings on the Stock Exchange (including transfer of listing from GEM to Main Board). The number of new listings decreased by 18.9% as compared with 2022. The aggregate amount of funds raised through IPOs was HK\$46.3 billion in 2023, representing a decrease of 55.8% as compared with 2022.

During the Year, we acted as a global coordinator and/or bookrunner for 19 completed IPO projects. In respect of debt capital market, we completed 85 debt issuance projects, including 18 green bond projects and 1 blue bond project, and successfully assisted corporations in raising USD18.35 billion in aggregate. We have built up a team of professionals to strengthen our capabilities in various financial advisory services such as pre-IPO equity financing, private credit, mergers and acquisitions and leveraged finance. As the sole financial advisor, we have completed a new energy private placement debt repayment and disposal of controlling stake project. In addition, we also acted as financial advisor for 4 other completed financial advisory projects.

For the year ended 31 December 2023, our commission and fee income from corporate finance and underwriting services was HK\$25.2 million, a decrease of HK\$34.2 million or 57.5% as compared to that of HK\$59.4 million in 2022.

### ***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, and provide comprehensive investment solutions and high-quality services to corporations, institutions, high-net-worth clients and individual investors. 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, and have built up a cross-border asset management platform to grasp the distinct sources of investment growth in Mainland China.

As a fund manager, we have continued to build up our core competitiveness in investment and research integration. By taking advantage of the high interest rate of the U.S. dollar, we strive to customise higher yielding fixed asset investment income portfolios for our clients, which have been well received by our clients. We have established over ten BOCOM science and technology innovation equity investment series funds in cities such as Shanghai, Chongqing, Jiangsu, Zhejiang, Hubei, Shandong, Hebei and Shenzhen, which focus on investing in quality enterprises engaged in fields such as new energy automobiles, new energy, semiconductors, 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 leveraging on BOCOM's resources. We, together with China Energy Capital, have initiated and established a green technology investment fund. This fund will actively seize quality investment opportunities related to the "dual-carbon" goal, in order to empower and support China's energy structure transformation and upgrade and the innovation and development of green technology through equity investments. We have established the first fund-of-funds in Hainan, with us serving as the fund manager. This fund is specifically designed to target high-quality investment institutions operating in the digital economy and other industries which receive substantial local support. It invests in their respective sub-funds, aiming to assist local governments in attracting investment and capital and foster the growth of sub-fund investors, through collaborating with the resources of BOCOM Group. 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 31 December 2023, we have established 11 QFLP funds and 1 QDIE fund, amongst which our QFLP funds became the first fund of its kind established in Hainan, Qingdao and Lianyungang.

As at 31 December 2023, the total amount of our AUM was approximately HK\$19,283.6 million, representing a decrease of 20.2% from HK\$24,177.8 million as at 31 December 2022. For the year ended 31 December 2023, asset management and advisory fee income decreased by HK\$8.5 million or 19.2% to HK\$35.9 million. Proprietary trading gain was HK\$45.8 million, representing the refund of the guarantee fee payment as compared to a proprietary trading loss of HK\$466.1 million 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. During the Reporting Period, we had 8 clients, with one individual client and 7 corporate clients. Our corporate clients primarily included corporate clients in real estate industry, stated-owned enterprises, and pharmaceuticals industries, to which the principal amount of loans granted amounted to HK\$798 million, HK\$520 million, and HK\$55 million, respectively as at 31 December 2023 (as at 31 December 2022: the principal amount of loans granted to corporate clients in real estate industry, stated-owned enterprises, technology, financial, wholesale and retail, and pharmaceuticals industries amounted to HK\$821 million, HK\$528 million, HK\$516 million, HK\$235 million, HK\$132 million and HK\$54 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 Reporting Period, the aggregate amount of loans granted to the top 5 clients was HK\$1,301 million, accounting for 86.5% of the total amount of loans granted by the Group during the Reporting Period in which HK\$520 million was granted to the single largest client, representing 34.6% of the total amount of loans granted by the Group during the Reporting Period (in 2022: 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 2022, 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 2022).

During the Reporting Period, 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 5.25% to 8.784% per annum, whilst the interest rates charged for the long-term loans ranged from 5.5% to 7.0% per annum (in 2022: the interest rates 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). 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 2023, interest income from loans and advances and financial assets at fair value through other comprehensive income was HK\$427.3 million, representing a decrease of approximately 26.7% as compared to HK\$582.6 million in 2022. Proprietary trading loss was HK\$420.0 million, a decrease in loss of HK\$855.2 million from 2022.

In general, we require our clients to provide collateral in the form of floating charge or fixed charge to secure their payment obligations under the loans granted to protect our financial position. For the secured collateral, during the Reporting Period, 90.2% of the secured collateral was in the form of securities and 9.8% was in the form of real estate properties (during 2022: 88.1% of the secured collateral was in the form of securities and 11.9% was in the form of real estate properties).

During the Reporting Period, the Group granted short-term loans with maturity of one year in the principal amount ranging from HK\$55 million to HK\$360 million to its clients having considered the concentration risk of the loan portfolio and the underlying collateral (during 2022: short-term loans with maturity of one year in the principal amount ranging from HK\$50 million to HK\$389 million were granted); whilst long-term loans with maturity ranging from two to six years in the principal amount ranging from HK\$71 million to HK\$520 million were only granted to corporate clients under syndication arrangement (during 2022: long-term loans with maturity ranging from two to five years in the principal amount ranging from HK\$54 million to HK\$528 million were granted).

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

	31/12/2023		31/12/2022	
	<i>HK\$'million</i>	%	<i>HK\$'million</i>	%
Fixed income securities	<b>8,093.8</b>	<b>72.8</b>	11,751.4	78.1
Bonds	<b>7,604.0</b>	<b>68.4</b>	11,048.0	73.4
Preference shares	<b>489.8</b>	<b>4.4</b>	703.4	4.7
Equity investments	<b>97.3</b>	<b>0.9</b>	73.7	0.5
Funds	<b>2,927.1</b>	<b>26.3</b>	3,225.4	21.4

### ***Research***

Our research team provides independent and objective research on macroeconomics, global cross-asset allocation strategies as well as investment ideas on multiple industries. We focus on high quality growth sectors including technology, healthcare, new energy, advanced manufacturing and new consumption. Going forward, we will continue to publish differentiated and in-depth research, and strive to conduct forward-looking thematic research with promising values, which can enhance our competitiveness. Based on these efforts, we are able to help our institutional clients, the Group and the Company adapt to emerging investment trends. Our research covers 130 listed companies in 15 sub-sectors, on which we offer comprehensive analysis and forecasting in respect of company-specific fundamentals and financial models as well as timely comments on data releases and events. Thematic research is an area that we are going to focus on going forward. In 2023, the publication of our in-depth reports has increased nearly two-fold year-on-year and we have attracted hundreds of thousands of audiences to our analysts' roadshows on various platforms.

## Financial Review

### *Financial performance*

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

	Year ended 31 December	
	2023	2022
	<i>HK\$'million</i>	<i>HK\$'million</i>
Brokerage	95.4	122.4
Corporate finance and underwriting	25.2	59.4
Asset management and advisory	81.9	(420.3)
Margin financing	109.1	102.4
Investment and loans	11.0	(676.4)
Others	290.6	226.8
	<u>613.2</u>	<u>(585.7)</u>

The Group's loss for the year ended 31 December 2023 was approximately HK\$1,469.5 million, comparing with a loss of HK\$2,983.8 million in 2022.

### *Operating expenses*

Operating expenses and finance costs for the year ended 31 December 2023 amounted to HK\$2,075.3 million (2022: HK\$2,433.6 million), an analysis of which is set out below:

	Year ended 31 December			
	2023		2022	
	<i>HK\$'million</i>	<i>%</i>	<i>HK\$'million</i>	<i>%</i>
Commission and brokerage expenses	23.9	1.2	31.6	1.3
Finance costs	717.7	34.6	478.3	19.7
Staff costs	398.0	19.2	370.7	15.2
Depreciation	124.3	6.0	116.6	4.8
Other operating expenses	185.8	8.9	241.2	9.9
Change in impairment allowance	625.6	30.1	1,195.2	49.1
	<u>2,075.3</u>	<u>100.0</u>	<u>2,433.6</u>	<u>100.0</u>

Finance costs increased by 50.0% as a result of an increase in average interest rate.

Other operating expenses decreased by 23.0%, mainly due to decrease in software development costs and operating lease charges as well as the shift from exchange loss to exchange gain.

As at 31 December 2023, the Group recognised an accumulated impairment allowance of HK\$1,717.8 million (an increase of HK\$72.4 million from the accumulated impairment allowance as at 31 December 2022). The accumulated impairment losses as of 31 December 2023 comprise primarily of (i) impairment losses on loans and advances amounting to HK\$464 million (the “**Loan Impairment**”) and (ii) debt investments at fair value through other comprehensive income (the “**debt investments**”) amounting to HK\$1,059.6 million (the “**Debt Impairment**”). The Loan Impairment and the Debt Impairment were primarily attributable to the volatility in the capital market and the downturn in the real estate market in Mainland China.

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.

As of 31 December 2023, Loan Impairment was made for 8 individual and corporate customers, none of which are connected with the Group. Among such 8 borrowers, none of the borrowers falls within Stage 2 and 6 borrowers fall within Stage 3 (i.e. credit impaired) (“**Stage 3 Borrowers**”). As of 31 December 2023, the aggregate outstanding principal amount owed by Stage 3 Borrowers amounted to HK\$930 million (representing approximately 61.8% of the total amount of loans and advances granted by the Group as of 31 December 2023).

As of 31 December 2023, Debt Impairment was made in respect of 94 debt securities invested by the Group. Among such 94 debt securities, no debt securities fall within Stage 2 (“**Stage 2 Debt**”) and 23 debt securities fall within Stage 3 (“**Stage 3 Debt**”). As of 31 December 2023, the total fair value of the Stage 3 Debt was HK\$96.7 million.

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 2023 decreased by HK\$491.1 million to HK\$1,299.4 million (31 December 2022: HK\$1,790.5 million).

The Group’s net current assets increased by HK\$3,458.3 million to HK\$4,058.4 million as at 31 December 2023 (31 December 2022: HK\$600.1 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 1.6 times as at 31 December 2023 (31 December 2022: 1.0 times).

As at 31 December 2023, the total borrowings of the Group amounted to HK\$14,149.0 million (31 December 2022: HK\$18,315.7 million), comprising of bank and other borrowings, obligation under repurchase agreements, subordinated loans and debt securities issued. Among these, the subordinated loans from the ultimate holding company amounted to HK\$1,000.0 million (31 December 2022: 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 2023, the Group’s gearing ratio was 787.5% (31 December 2022: 684.3%), 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 exchange rate risk, interest rate risk and price risk of other assets. The Group has implemented measures to manage and monitor such risks in order to keep potential losses to an acceptable level.

### *Material Acquisitions and Disposals*

During the Reporting Period, there was no material acquisition or disposal of subsidiaries, associates or joint ventures of the Group.

### *Significant Investments Held*

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

### *Charges on Group Assets*

As at 31 December 2023, there was no charge on Group assets (31 December 2022: Nil).

### *Capital Commitments*

As at 31 December 2023, the Group had no significant capital commitment.

### *Employees and Remuneration Policies*

As at 31 December 2023, the Group had a total of 538 employees. Total staff costs amounted to approximately HK\$398.0 million for the year ended 31 December 2023.

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 2023, the Group had no material contingent liabilities.

## **OUTLOOK AND STRATEGY**

The global economic growth for 2024 is still on a steady and positive trajectory. Despite complex geopolitical circumstances, global inflation is cooling down, major central banks are ending tightening monetary policies, and accelerated development of the AI industry will prove to have a positive effect on global growth. We expect global economic growth momentum to remain resilient in 2024. In China's case, with the solid advancement of high-quality development and the effects of policies to stabilise growth, complemented by loose fiscal and monetary policies, it is expected that its economy will continue its steady growth in 2024 and have a positive impact on the global economy. At the same time, as major central banks enter a new cycle of interest rate cuts and the high interest rate environment overseas eases, the international investment environment is expected to gradually improve, providing fresh impetus for global economic growth. Hong Kong capital market will play a critical role in the global market. As liquidity pressure eases around the globe, coupled with Hong Kong market's already low valuation, we shall expect further recoveries across all major asset classes from Hong Kong market.

The Company will actively seize the opportunities arising from China's consolidation and enhancement of Hong Kong's status as an international financial center. It will prioritise stability while seeking progress, focusing on its core responsibilities and businesses, and strengthening its capacity. Additionally, the Company will remain committed to serving the real economy, gradually deepening structural transformation, and effectively managing operational risks. Efforts will be made to develop technology finance and green finance, thereby enhancing the functionality of financial services. These actions will enable the Company to promote high-quality transformative development, creating value for Shareholders and investors.

## **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 2023.

## **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 2023, the Company has complied with all the code provisions set out in part 2 of the Corporate Governance Code.

## **COMPLIANCE WITH MODEL CODE**

The Company has adopted the Model Code as set out in Appendix C3 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 2023 in response to specific enquiry made by the Company.

## **REVIEW OF ANNUAL RESULTS**

The Audit Committee has reviewed with management and the Company's auditor, KPMG, the accounting principles and practices adopted by the Group and discussed financial reporting matters including the review of the consolidated financial results of the Group for the year ended 31 December 2023.

## **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 2023 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](http://www.hkexnews.hk)) and the Company ([www.bocomgroup.com](http://www.bocomgroup.com)). The 2023 annual report containing all the information required by the Listing Rules will be made available on the above websites in due course.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company will be held in June 2024. 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 published 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 (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
“China Energy Capital”	China Energy Capital Holdings Co., Ltd.* (國家能源集團資本控股有限公司)
“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 C1 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
“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 C3 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”, “U.S.” or “United States”	the United States of America
“USD” or “US\$”	United States dollars, the lawful currency of the United States
“Year” or “Reporting Period”	the year ended 31 December 2023

\* *For identification purpose only*

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

Hong Kong, 25 March 2024

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