

**BOCI ASIA LIMITED**  
**中銀國際亞洲有限公司**

**2015 INTERIM REPORT**

**BOCI ASIA LIMITED**  
**中銀國際亞洲有限公司**

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2015**

|  |      | Unaudited<br>Six months ended<br>30 June |                      |
|--|------|--|----------------------|
|  | Note | 2015<br>HK\$                             | 2014<br>HK\$         |
| Revenue  | 4a   | 1,960,666,947                            | 1,278,895,569        |
| Trading gain, net  | 4b   | 673,216,962                              | 359,838,346          |
| Other income   |      | 138,401,486                              | 99,063,065           |
| Total income   |      | <u>2,772,285,395</u>                     | <u>1,737,796,980</u> |
| Commission and clearing expenses                         |      | (619,099,800)                            | (316,985,185)        |
| Staff costs  |      | (235,545,263)                            | (218,407,441)        |
| Operating lease rental in respect of leased premises     |      | (29,948,856)                             | (29,823,086)         |
| Depreciation   |      | (1,008,997)                              | (1,228,031)          |
| Information technology and communications expenses       |      | (63,550,390)                             | (57,040,783)         |
| Management fee to related companies                      |      | (189,328,107)                            | (198,295,272)        |
| Other operating expenses                                 |      | (50,016,167)                             | (55,616,894)         |
|  |      | <u>(1,188,497,580)</u>                   | <u>(877,396,692)</u> |
| Finance costs  |      | (137,125,601)                            | (117,486,087)        |
| Profit before taxation                                   |      | <u>1,446,662,214</u>                     | <u>742,914,201</u>   |
| Income tax expense                                       | 5    | (218,004,330)                            | (112,233,848)        |
| Profit after taxation for the period                     |      | <u>1,228,657,884</u>                     | <u>630,680,353</u>   |
| Profit attributable to:<br>Equity holders of the Company |      | <u>1,228,657,884</u>                     | <u>630,680,353</u>   |

**BOCI ASIA LIMITED**  
**中銀國際亞洲有限公司**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2015**

|   | Unaudited<br>Six months ended 30 June |                    |
|---|---------------------------------------|--------------------|
|   | 2015<br>HK\$                          | 2014<br>HK\$       |
| Profit after taxation for the period              | 1,228,657,884                         | 630,680,353        |
| Total comprehensive income for the period         | <u>1,228,657,884</u>                  | <u>630,680,353</u> |
| Attributable to:<br>Equity holders of the Company | <u>1,228,657,884</u>                  | <u>630,680,353</u> |

**BOCI ASIA LIMITED**  
**中銀國際亞洲有限公司**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 30 JUNE 2015**

|  | Note | Unaudited<br>30 June<br>2015<br>HK\$ | Audited<br>31 December<br>2014<br>HK\$ |
|--|------|--------------------------------------|--|
| <b>NON-CURRENT ASSETS</b>                                  |      |                                      |  |
| Plant and equipment  | 6    | 987,188                              | 1,997,102                              |
| Intangible assets  |      | 49,715,218                           | 49,715,218                             |
| Available-for-sale financial assets                        | 7    | 355,000                              | 355,000                                |
| Statutory deposits and other assets                        |      | 203,941,037                          | 104,885,045                            |
| Deferred income tax assets                                 |      | 1,380,520                            | 1,138,599                              |
| Total non-current assets                                   |      | 256,378,963                          | 158,090,964                            |
| <b>CURRENT ASSETS</b>                                      |      |                                      |  |
| Financial assets at fair value through profit or loss      | 8    | 3,564,707,618                        | 2,968,101,223                          |
| Held-to-maturity financial assets                          | 9    | 2,709,585,833                        | 2,421,505,849                          |
| Derivative financial instruments                           | 10   | 229,668,649                          | 405,059,919                            |
| Loans and receivables                                      | 11   | 47,849,087,777                       | 35,169,047,436                         |
| Amounts due from the immediate holding company             | 13   | 1,450,263,449                        | 948,066,301                            |
| Amounts due from a related company                         | 13   | 529,905                              | -                                      |
| Cash and balances with banks                               |      | 10,447,228,892                       | 7,943,271,762                          |
| Total current assets                                       |      | 66,251,072,123                       | 49,855,052,490                         |
| <b>CURRENT LIABILITIES</b>                                 |      |                                      |  |
| Bank loans and other borrowings-unsecured                  |      | 3,186,984,813                        | -                                      |
| Subordinated loans from the immediate holding company      | 13   | 2,285,000,000                        | 2,285,000,000                          |
| Amounts due to the immediate holding company               | 13   | 21,994,958,438                       | 12,120,117,050                         |
| Amounts due to fellow subsidiaries                         | 12   | 1,813,264,093                        | 1,271,921,878                          |
| Amounts due to a related company                           | 13   | -                                    | 17,901,639                             |
| Accounts and other payables                                | 14   | 21,598,014,714                       | 14,469,244,626                         |
| Deposits from customers                                    | 15   | 6,652,336,880                        | 11,991,338,698                         |
| Derivative financial instruments                           | 10   | 806,971,962                          | 868,239,851                            |
| Financial liabilities at fair value through profit or loss | 16   | 562,958,714                          | 840,102,884                            |
| Taxation payable   |      | 294,135,369                          | 75,908,609                             |
| Total current liabilities                                  |      | 59,194,624,983                       | 43,939,775,235                         |
| <b>NET CURRENT ASSETS</b>                                  |      | 7,056,447,140                        | 5,915,277,255                          |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>               |      | 7,312,826,103                        | 6,073,368,219                          |
| <b>NON-CURRENT LIABILITIES</b>                             |      |                                      |  |
| Deferred income tax liabilities                            |      |                                      | -                                      |
| Accounts and other payables                                | 14   | 113,591,128                          | 102,791,128                            |
| Total non-current liabilities                              |      | 113,591,128                          | 102,791,128                            |
| <b>Net assets</b>  |      | 7,199,234,975                        | 5,970,577,091                          |

**BOCI ASIA LIMITED**  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AT 30 JUNE 2015**

|  | Note | Unaudited<br>30 June<br>2015<br>HK\$ | Audited<br>31 December<br>2014<br>HK\$ |
|--|------|--------------------------------------|--|
| <b>EQUITY</b>  |      |                                      |  |
| Capital and reserves attributable to the Company's equity holders    |      |                                      |  |
| Share capital  | 17   | 2,000,000,000                        | 2,000,000,000                          |
| Reserve for fair value change of available-for-sale financial assets |      | 15,000                               | 15,000                                 |
| Retained earnings  |      | 5,199,219,975                        | 3,970,562,091                          |
| Total equity   |      | <u>7,199,234,975</u>                 | <u>5,970,577,091</u>                   |

**BOCI ASIA LIMITED**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2015**

|                                     | Unaudited             |   |                              |                      |
|-------------------------------------|-----------------------|---|------------------------------|----------------------|
|                                     | Share capital<br>HK\$ | Reserve for fair<br>value change of<br>available-for-sale<br>financial assets<br>HK\$ | Retained<br>earnings<br>HK\$ | Total<br>HK\$        |
| Balance at 1 January 2015           | 2,000,000,000         | 15,000  | 3,970,562,091                | 5,970,577,091        |
| Comprehensive income for the period | -                     | -   | 1,228,657,884                | 1,228,657,884        |
| Balance at 30 June 2015             | <u>2,000,000,000</u>  | <u>15,000</u>   | <u>5,199,219,975</u>         | <u>7,199,234,975</u> |
| Balance at 1 January 2014           | 2,000,000,000         | 15,000  | 2,943,781,775                | 4,943,796,775        |
| Comprehensive income for the period | -                     | -   | 630,680,353                  | 630,680,353          |
| Balance at 30 June 2014             | <u>2,000,000,000</u>  | <u>15,000</u>   | <u>3,574,462,128</u>         | <u>5,574,477,128</u> |

**BOCI ASIA LIMITED**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2015**

|   | Unaudited<br>Six months ended<br>30 June |                      |
|---|--|----------------------|
|   | 2015<br>HK\$                             | 2014<br>HK\$         |
| Net cash inflow from operating activities                           | 2,765,681,000                            | 3,419,406,125        |
| Net cash outflow from investing activities                          | (285,633,047)                            | (2,546,363,359)      |
|   | <hr/>                                    | <hr/>                |
| Net increase in cash and cash equivalents                           | 2,480,047,953                            | 873,042,766          |
| Cash and cash equivalents at 1 January                              | 7,940,493,691                            | 8,446,346,953        |
|   | <hr/>                                    | <hr/>                |
| Cash and cash equivalents at 30 June                                | <u>10,420,541,644</u>                    | <u>9,319,389,719</u> |
| <br>Analysis of balance of cash and cash equivalents                |  |                      |
| Bank and cash balance with original maturity within<br>three months | <u>10,420,541,644</u>                    | <u>9,319,389,719</u> |

**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**1 Basis of preparation**

The unaudited interim report of BOCI Asia Limited and its subsidiaries (“the Group”) is prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

**2 Accounting policies**

The accounting policies and methods of computation used in the preparation of the unaudited interim report are consistent with those used in the Group’s consolidated financial statements for the year ended 31 December 2014 and should be read in conjunction with the Group’s consolidated financial statements for 2014.

**3 Segment information**

The operating business of BOC International Holdings Limited (“the BOCI Group”), the Group’s immediate holding company, are organized and managed separately according to the nature of the products and services provided, with each segment reporting a strategic business unit that offers different products. The Group’s operating business segment and structure follows that of the BOCI Group.

Business segments have been used as a primary reporting format and no geographical segment analysis is presented as most of the Group’s major business activities and assets are conducted in Hong Kong.

The main business segments of the Group are as follows:

|                                |   |
|--------------------------------|---|
| Investment banking             | <ul style="list-style-type: none"><li>• Provides a wide range of securities origination services for issuer clients, including underwriting and placement of public and private equity, debt and related securities.</li><li>• Advises clients on mergers, acquisitions and restructurings.</li></ul> |
| Brokerage & wealth management  | <ul style="list-style-type: none"><li>• Provides brokerage, and margin financing service to individual and institutional clients.</li></ul>   |
| Fixed income & equity market   | <ul style="list-style-type: none"><li>• Facilitates client transactions and makes markets in securities, derivatives, currencies, commodities and other financial instruments to satisfy client demands.</li><li>• Engages in principal and in proprietary trading activities.</li></ul>              |
| Leveraged & structured finance | <ul style="list-style-type: none"><li>• Provides structured financing and financial advisory services.</li></ul>  |
| Treasury and others            | <ul style="list-style-type: none"><li>• Provides central treasury services on behalf of Group companies.</li></ul>  |
| Private banking                | <ul style="list-style-type: none"><li>• Provides a range of services for high net-worth individual clients and corporate clients.</li></ul>   |



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**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**3 Segment information (Continued)**

The Group's segment results for six months ended 30 June 2015 are as follows:

Unaudited

|                                      | Investments<br>banking<br>HK\$'000 | Brokerage &<br>wealth<br>management<br>HK\$'000 | Private<br>banking<br>HK\$'000 | Fixed<br>income and<br>equity<br>market<br>HK\$'000 | Leveraged<br>&<br>structured<br>finance<br>HK\$'000 | Treasury<br>and others<br>HK\$'000 | Elimination<br>HK\$'000 | Total<br>HK\$'000 |
|--------------------------------------|------------------------------------|---|--------------------------------|---|---|------------------------------------|-------------------------|-------------------|
| <u>Six months ended 30 June 2015</u> |                                    |   |                                |   |   |                                    |                         |                   |
| Total income – external              | 73,939                             | 2,227,050                                       | 324,907                        | 107,446   | 9,926   | 47,017                             | -                       | 2,790,285         |
| Total income –<br>inter-segment      | -                                  | -   | 14,945                         | -   | -   | 55,429                             | (70,374)                | -                 |
| Commission and clearing<br>expense   | (5)                                | (612,041)                                       | (6,777)                        | (30)  | -   | (247)                              | -                       | (619,100)         |
| Depreciation                         | (43)                               | (921)   | (15)                           | (25)  | -   | (5)                                | -                       | (1,009)           |
| Other operating expenses             | (69,657)                           | (177,229)                                       | (88,177)                       | (45,420)  | (6,421)   | 7,844                              | -                       | (379,060)         |
| Finance costs – external             | -                                  | (3,382)   | (14,088)                       | (5)   | (5)   | (119,646)                          | -                       | (137,126)         |
| Finance costs –<br>inter-segment     | -                                  | -   | (54,538)                       | -   | (891)   | (14,945)                           | 70,374                  | -                 |
| Segment results                      | 4,234                              | 1,433,477                                       | 176,257                        | 61,966  | 2,609   | (24,553)                           | -                       | 1,653,990         |
| Unallocated cost                     |                                    |   |                                |   |   |                                    |                         | (207,328)         |
| Operating profits                    |                                    |   |                                |   |   |                                    |                         | 1,446,662         |
| <u>Six months ended 30 June 2014</u> |                                    |   |                                |   |   |                                    |                         |                   |
| Total income – external              | 79,460                             | 1,189,350                                       | 273,943                        | 147,501   | 11,876  | 49,453                             | -                       | 1,751,583         |
| Total income –<br>inter-segment      | -                                  | -   | 23,958                         | -   | -   | 65,244                             | (89,202)                | -                 |
| Commission and clearing<br>expense   | (5)                                | (309,484)                                       | (7,141)                        | (25)  | (38)  | (292)                              | -                       | (316,985)         |
| Depreciation                         | (78)                               | (1,040)   | (70)                           | (31)  | -   | (9)                                | -                       | (1,228)           |
| Other operating expenses             | (71,748)                           | (166,013)                                       | (79,722)                       | (41,953)  | (6,340)   | 4,888                              | -                       | (360,888)         |
| Finance costs – external             | -                                  | (9,522)   | (22,976)                       | (3)   | -   | (84,985)                           | -                       | (117,486)         |
| Finance costs –<br>inter-segment     | -                                  | -   | (63,916)                       | -   | (1,328)   | (23,958)                           | 89,202                  | -                 |
| Segment results                      | 7,629                              | 703,291   | 124,076                        | 105,489   | 4,170   | 10,341                             | -                       | 954,996           |
| Unallocated cost                     |                                    |   |                                |   |   |                                    |                         | (212,082)         |
| Operating profits                    |                                    |   |                                |   |   |                                    |                         | 742,914           |

**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**4 Revenue and trading gain, net**

**(a) Revenue**

|   | Unaudited<br>Six month ended<br>30 June |                      |
|---|---|----------------------|
|   | 2015<br>HK\$                            | 2014<br>HK\$         |
| Brokerage commission                                      | 1,290,209,395                           | 624,786,486          |
| Underwriting and placement commission                     | 153,450,155                             | 182,646,021          |
| Corporate finance and loan syndication fees               | 45,857,399                              | 66,952,449           |
| Interest income from bank deposits and loans to customers | 444,202,217                             | 371,271,452          |
| Dividend income from listed equities held for trading     | 26,947,781                              | 33,239,161           |
|   | <u>1,960,666,947</u>                    | <u>1,278,895,569</u> |

**(b) Trading gain, net**

|  | 2015<br>HK\$       | 2014<br>HK\$       |
|--|--------------------|--------------------|
| Net realised/unrealised gain/(loss) on financial assets and financial liabilities (note) |                    |                    |
| - Equity securities  | 677,158,942        | 45,749,216         |
| - Debt securities  | 126,596,231        | 102,557,137        |
| - Derivative financial instruments   | (130,538,211)      | 211,531,993        |
|  | <u>673,216,962</u> | <u>359,838,346</u> |

**5 Income tax expense**

Hong Kong profits tax has been provided at the rate of 16.5% (first half of 2014: 16.5%) on the estimated assessable profit for the first half of 2015. The amount of taxation charged to the condensed consolidated income statement represents:

|                            | Unaudited<br>Six months ended<br>30 June |                    |
|----------------------------|--|--------------------|
|                            | 2015<br>HK\$                             | 2014<br>HK\$       |
| Current income tax:        |  |                    |
| - Hong Kong profits tax    | 217,304,216                              | 111,117,510        |
| - Overseas taxation        | 942,034                                  | 1,222,752          |
| Deferred income tax credit | (241,920)                                | (106,414)          |
|                            | <u>218,004,330</u>                       | <u>112,233,848</u> |

**BOCI ASIA LIMITED**  
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**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**6 Plant and equipment**

During the six months ended 30 June 2015, the Group did not spend (first half of 2014: Nil) on the acquisitions of plant and equipment.

**7 Available-for-sale financial assets**

|                                   | Unaudited<br>At 30 June<br>2015<br>HK\$ | Audited<br>At 31 December<br>2014<br>HK\$ |
|-----------------------------------|---|---|
| Non-current assets, at fair value |   |   |
| - Club debentures, unlisted       | 355,000                                 | 355,000                                   |
|                                   | <u>355,000</u>                          | <u>355,000</u>                            |

**8 Financial assets at fair value through profit or loss**

|  | Unaudited<br>At 30 June<br>2015<br>HK\$ | Audited<br>At 31 December<br>2014<br>HK\$ |
|--|---|---|
| Trading securities, at fair value        |   |   |
| - Equity securities, listed in Hong Kong | 3,564,707,618                           | 2,968,101,223                             |
|  | <u>3,564,707,618</u>                    | <u>2,968,101,223</u>                      |

**9 Held-to-maturity financial assets**

|   | Unaudited<br>At 30 June<br>2015<br>HK\$ | Audited<br>At 31 December<br>2014<br>HK\$ |
|---|---|---|
| Certificates of deposits, unlisted      | 2,596,969,600                           | 2,318,951,586                             |
| Debt securities, listed in Hong Kong    | 12,642,103                              | 12,616,897                                |
| Hong Kong Exchange Fund Bills, unlisted | 99,974,130                              | 89,937,366                                |
|   | <u>2,709,585,833</u>                    | <u>2,421,505,849</u>                      |
| Analysed by type of issuers as follows: |   |   |
| Banks, unrated                          | 2,609,611,703                           | 2,331,568,483                             |
| Sovereigns                              | 99,974,130                              | 89,937,366                                |
|   | <u>2,709,585,833</u>                    | <u>2,421,505,849</u>                      |

**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**10 Derivative financial instruments**

The Group enters into the following equity and foreign exchange derivative financial instruments for trading and risk management purposes. The types of derivatives utilised by the Group are shown in the following table:

| Derivatives          | Description  |
|----------------------|--|
| Forwards and futures | These instruments are contractual obligations to buy or sell financial instruments or commodities on a future date at a specified price. Forward contracts are tailor-made agreements that are transacted between counterparties in the over-the-counter (OTC) market, whereas futures are standardised contracts transacted on regulated exchanges.   |
| Options              | Options are contractual agreements under which, typically, the seller (writer) grants the purchaser the right, but not the obligation, either to buy (call option) or to sell (put option) by or at a set date, a specified quantity of a financial instrument or commodity at a predetermined price. The purchaser pays a premium to the seller for this right. Options involving more complex payment structures are also transacted. Options may be traded OTC or on a regulated exchange, and may be traded in the form of a security (warrant). |
| Swaps                | These are transactions in which two parties exchange cash flows on a specified notional amount for a predetermined period. Most swaps are traded OTC. The major types of swap transactions undertaken by the Group are interest rate swaps, credit default swaps and equity swaps.   |

**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**10 Derivative financial instruments (Continued)**

The contract/notional amounts and fair values of derivative financial instruments held by the Group are set out in the following tables. The contract/notional amounts of these instruments indicate the volume of transactions outstanding at the balance sheet dates and certain of them provide a basis for comparison with fair value instruments recognised in the condensed consolidated statement of financial position. However, they do not necessarily indicate the amounts of future cash flows involved or the current fair values of the instruments and, therefore, do not indicate the Group's exposure to credit or market risks. The derivative financial instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate fair values of derivative financial instruments assets and liabilities can fluctuate significantly from time to time.

|                         | Notional<br>amount<br>HK\$'000 | Unaudited<br>At 30 June 2015   |                     |
|-------------------------|--------------------------------|--------------------------------|---------------------|
|                         |                                | Assets<br>HK\$                 | Liabilities<br>HK\$ |
| Exchange rate contracts | 7,272,777                      | 17,212,164                     | 15,894,667          |
| Equity contracts        | 12,931,304                     | 212,456,485                    | 791,077,295         |
|                         |                                | 229,668,649                    | 806,971,962         |
|                         |                                | 229,668,649                    | 806,971,962         |
|                         | Notional<br>amount<br>HK\$'000 | Audited<br>At 31 December 2014 |                     |
|                         |                                | Assets<br>HK\$                 | Liabilities<br>HK\$ |
| Exchange rate contracts | 5,115,804                      | 11,795,097                     | 26,768,563          |
| Equity contracts        | 15,896,842                     | 393,264,822                    | 841,471,288         |
|                         |                                | 405,059,919                    | 868,239,851         |
|                         |                                | 405,059,919                    | 868,239,851         |

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**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**11 Loans and receivables**

|  | Unaudited<br>At 30 June<br>2015<br>HK\$ | Audited<br>At 31 December<br>2014<br>HK\$ |
|--|---|---|
| Accounts receivable from dealing in securities | 19,629,616,756                          | 13,928,884,978                            |
| Accounts receivable from securities trading    | 1,640,682,299                           | 332,879,027                               |
| Loans to customers                             | 26,223,523,283                          | 20,610,340,546                            |
| Fees and commission receivable                 | 159,112,213                             | 160,465,674                               |
| Deposits, prepayments and other receivables    | 212,849,553                             | 153,173,538                               |
|  | <hr/>                                   | <hr/>                                     |
| Gross  | 47,865,784,104                          | 35,185,743,763                            |
| Impairment allowance                           | (16,696,327)                            | (16,696,327)                              |
|  | <hr/>                                   | <hr/>                                     |
|  | <u>47,849,087,777</u>                   | <u>35,169,047,436</u>                     |

Loans to customers, which include receivables from margin clients of approximately HK\$19,020 million (end of 2014: approximately HK\$15,568 million), were secured by listed securities and a cash deposit. The Group is permitted to sell or re-pledge such collateral.

The receivables have excluded the brokerage client monies maintained in the trust accounts with Hong Kong Futures Exchange Clearing Corporation Limited and the Stock Exchange Options Clearing House.

**12 Amounts due to fellow subsidiaries**

Amounts due to fellow subsidiaries are non-interest bearing with carrying balances approximating their fair value.

During the period, the Group has entered into securities borrowing and lending arrangements with a fellow subsidiary. Under securities borrowing and lending agreements, cash collateral was required for securities borrowed and lent respectively. No interest was charged on the collateral deposits received and placed.

As at 30 June 2015, the Group has borrowed equity securities with market value of HK\$456,794,411 (end of 2014: HK\$472,066,304) from a fellow subsidiary and placed a cash collateral of HK\$495,707,149 (end of 2014: HK\$388,240,669) and lent equity securities with market value of HK\$2,603,359,568 (end of 2014: HK\$1,711,128,291) to a fellow subsidiary and received a cash collateral of HK\$2,331,253,419 (end of 2014: HK\$1,656,756,050).

**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**13 Amounts due from/to the immediate holding company/a related company/subordinated loans from the immediate holding company**

Amounts due to the immediate holding company for daily administrative activities are unsecured, interest free and repayable upon demand.

Amounts due from/ to the immediate holding company for cash management and general funding purpose are unsecured and bear prevailing market interest rate and repayable within 1 year.

Amounts due from/ to a related company are unsecured, interest-free and repayable upon demand with carrying balances approximating their fair value.

Subordinated loans were borrowed from the immediate holding company of HK\$2,285,000,000 (end of 2014: HK\$2,285,000,000), which are unsecured and bear interest at commercial interest rates.

The loans were approved by the Hong Kong Securities and Futures Commission as subordinated loans for exclusion from ranking liabilities in accordance with section 53(2) of the Hong Kong Securities and Futures (Financial Resources) Rules in the computation of regulatory liquid capital.

**14 Accounts and other payables**

|   | Unaudited<br>At 30 June<br>2015<br>HK\$ | Audited<br>At 31 December<br>2014<br>HK\$ |
|---|---|---|
| Accounts payable from dealing in securities | 21,311,234,200                          | 13,837,438,708                            |
| Accounts payable from securities trading    | 156,145                                 | 200,065                                   |
| Discretionary bonus payable                 | 280,907,765                             | 548,823,965                               |
| Others payables and accrued expenses        | 119,307,732                             | 185,573,016                               |
|   | <u>21,711,605,842</u>                   | <u>14,572,035,754</u>                     |

The carrying amounts of accounts payable approximate their fair value. All accounts payables are non-interest bearing.

Accounts payable represent amounts due to brokerage clients, brokers and clearing houses, and are due within one month. Accounts payable to clients exclude those payables placed in trust accounts with authorized institutions, Hong Kong Futures Exchange Corporation Limited and Stock Exchange Options Clearing House.

**15 Deposits from customers**

Majority of the deposits from customers are time, call and notice deposits and maturing within three months.

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**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**16 Financial liabilities at fair value through profit or loss**

|  | Unaudited<br>At 30 June<br>2015<br>HK\$ | Audited<br>At 31 December<br>2014<br>HK\$ |
|--|---|---|
| Trading securities, at fair value        |   |   |
| - Equity securities, listed in Hong Kong | 562,958,714                             | 840,102,884                               |
|  | <u>562,958,714</u>                      | <u>840,102,884</u>                        |

**17 Share capital**

|   | Unaudited<br>At 30 June<br>2015<br>HK\$ | Audited<br>At 31 December<br>2014<br>HK\$ |
|---|---|---|
| Issued and fully paid:                  |   |   |
| 200,000 (2014: 200,000) ordinary shares | 2,000,000,000                           | 2,000,000,000                             |
|   | <u>2,000,000,000</u>                    | <u>2,000,000,000</u>                      |

**18 Contingent liabilities and commitments**

Commitments under operating leases

The Group had future aggregate minimum lease payments under non-cancelable operating leases as follows:

|                            | Unaudited<br>At 30 June<br>2015<br>HK\$ | Audited<br>At 31 December<br>2014<br>HK\$ |
|----------------------------|---|---|
| Land and buildings:        |   |   |
| Less than one year         | 35,055,604                              | 44,172,059                                |
| Between one and five years | 2,379,460                               | 15,914,183                                |
|                            | <u>37,435,064</u>                       | <u>60,086,242</u>                         |

Underwriting commitment

As at 30 June 2015, the Group has a non-cancellable equity underwriting commitment of HK\$1,024,512,010 (end of 2014: Nil) which expires within a month after the end of the reporting period.



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**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**19 Material related-party transactions**

Related parties are those parties that have the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties can be individuals or other entities.

During the period, save as disclosed in the above notes, the Group entered into various transactions with related parties. These transactions were conducted on normal commercial terms.

Summary of material transactions entered into during the ordinary course of business with fellow subsidiaries and associates in BOCI Group and other subsidiaries of Bank of China Limited are as follows:

|   | Unaudited<br>Six months ended<br>30 June |                  |
|---|--|------------------|
|   | 2015<br>HK\$'000                         | 2014<br>HK\$'000 |
| Condensed consolidated income statement items:        |  |                  |
| Interest income from bank deposits & others           | 61,314                                   | 82,211           |
| Brokerage commission                                  | 511,430                                  | 241,528          |
| Corporate finance and loan syndication fees           | 21,681                                   | 17,875           |
| Dividend income                                       | 1,330                                    | 5,987            |
| Underwriting and placement commission                 | 22,624                                   | 4,527            |
| Management fee income                                 | 33,515                                   | 8,733            |
| Interest expense from loans and customer deposits     | (105,883)                                | (83,218)         |
| Commission expenses arising from brokerage activities | (166,809)                                | (92,024)         |
| Management fee expense                                | (189,328)                                | (198,295)        |
| Operating lease rental in respect of leased premises  | (27,317)                                 | (26,183)         |