

**BOCI ASIA LIMITED**  
中銀國際亞洲有限公司

**2023 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 2023**

		Unaudited Six months ended 30 June	
	Notes	2023 HK\$	2022 HK\$
Revenue	4a	1,312,845,070	1,071,970,503
Trading gain, net	4b	117,824,455	19,251,227
Other income		185,170,990	88,284,657
Total income		<u>1,615,840,515</u>	<u>1,179,506,387</u>
Commission and clearing expenses		(260,699,680)	(333,851,693)
Staff costs		(199,180,204)	(215,415,679)
Operating lease rental in respect of leased premises		(5,499,335)	(5,264,387)
Depreciation		(9,902,756)	(9,805,523)
Information technology and communications expenses		(68,985,861)	(69,143,924)
Management fees to related companies		(317,630,723)	(304,053,858)
Other operating expenses		(46,135,972)	(47,890,839)
		<u>(908,034,531)</u>	<u>(985,425,903)</u>
Finance costs		<u>(113,083,287)</u>	<u>(33,795,179)</u>
Profit before taxation		594,722,697	160,285,305
Income tax expense	5	<u>(23,256,884)</u>	<u>(32,248,497)</u>
Profit for the period		<u><u>571,465,813</u></u>	<u><u>128,036,808</u></u>
Profit attributable to: Equity holders of the Company		<u><u>571,465,813</u></u>	<u><u>128,036,808</u></u>

**BOCI ASIA LIMITED**  
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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2023**

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$	HK\$
Profit for the period	571,465,813	128,036,808
Total comprehensive income for the period	<u>571,465,813</u>	<u>128,036,808</u>
Attributable to:		
Equity holders of the Company	<u>571,465,813</u>	<u>128,036,808</u>

**BOCI ASIA LIMITED**  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 30 JUNE 2023**

	Notes	Unaudited 30 June 2023 HK\$	Audited 31 December 2022 HK\$
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	6	-	-
Right-of-use assets		34,648,141	43,686,787
Intangible assets		50,579,328	51,443,439
Financial assets at fair value through other comprehensive income		299,774	299,704
Statutory deposits and other assets		155,878,683	117,449,188
Deferred income tax assets		2,689,172	708,904
Total non-current assets		<u>244,095,098</u>	<u>213,588,022</u>
<b>CURRENT ASSETS</b>			
Financial assets at fair value through profit or loss	7	308,830,647	176,824,838
Debt instruments at amortised cost	8	3,076,985,127	993,212,552
Derivative financial instruments	9	93,346,352	213,331,430
Loans and receivables	10	15,922,244,287	15,337,157,355
Amounts due from the immediate holding company	13	6,700,456,296	4,617,005,456
Cash and balances with banks	11	3,313,354,465	5,152,290,707
Tax recoverable		1,182,960	3,834,550
Total current assets		<u>29,416,400,134</u>	<u>26,493,656,888</u>
<b>CURRENT LIABILITIES</b>			
Subordinated loans from the immediate holding company	13	2,500,000,000	2,500,000,000
Amounts due to the immediate holding company	13	3,515,055,100	2,706,554,739
Amounts due to fellow subsidiaries	12	1,472,046	2,326,697
Amounts due to a related company	13	322,850	335,790
Accounts and other payables, and other provisions	14	6,456,770,720	4,553,628,563
Deposits from customers	15	3,879,811,201	4,113,345,649
Derivative financial instruments	9	150,396,592	261,625,510
Financial liabilities at fair value through profit or loss	16	4,670,520	2,982,080
Lease liabilities		18,098,292	17,852,502
Taxation payable		86,522,492	63,969,561
Total current liabilities		<u>16,613,119,813</u>	<u>14,222,621,091</u>
<b>NET CURRENT ASSETS</b>		<u>12,803,280,321</u>	<u>12,271,035,797</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>13,047,375,419</u>	<u>12,484,623,819</u>

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AT 30 JUNE 2023**

	Notes	Unaudited 30 June 2023 HK\$	Audited 31 December 2022 HK\$
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		13,047,375,419	12,484,623,819
<b>NON-CURRENT LIABILITIES</b>			
Accounts and other payables, and other provisions	14	12,435,512	12,038,712
Leased liabilities		17,030,563	26,141,576
Total non-current liabilities		<u>29,466,075</u>	<u>38,180,288</u>
<b>Net assets</b>		<u>13,017,909,344</u>	<u>12,446,443,531</u>
<b>EQUITY</b>			
Share capital	17	2,000,000,000	2,000,000,000
Reserve for fair value change of financial assets at fair value through other comprehensive income		135,000	135,000
Retained earnings		11,017,774,344	10,446,308,531
Total equity		<u>13,017,909,344</u>	<u>12,446,443,531</u>

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2023**

	Unaudited			
	Share capital	Reserve for fair value change of financial assets at fair value through other comprehensive income	Retained earnings	Total
	HK\$	HK\$	HK\$	HK\$
Balance at 1 January 2023	2,000,000,000	135,000	10,446,308,531	12,446,443,531
Profit and total comprehensive income for the period	-	-	571,465,813	571,465,813
Balance at 30 June 2023	<u>2,000,000,000</u>	<u>135,000</u>	<u>11,017,774,344</u>	<u>13,017,909,344</u>
Balance at 1 January 2022	2,000,000,000	135,000	10,092,501,685	12,092,636,685
Profit and total comprehensive income for the period	-	-	128,036,808	128,036,808
Balance at 30 June 2022	<u>2,000,000,000</u>	<u>135,000</u>	<u>10,220,538,493</u>	<u>12,220,673,493</u>

**BOCI ASIA LIMITED**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2023**

	Unaudited Six months ended 30 June	
	2023 HK\$	2022 HK\$
Net cash inflow from operating activities	15,563,245	2,252,365,747
Net cash outflow from investing activities	(8,865,223)	(198,189,177)
Net cash outflow from financing activities	(2,084,018,346)	(109,491,260)
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(2,077,320,324)	1,944,685,310
Cash and cash equivalents at 1 January	5,031,891,056	2,770,029,111
	<hr/>	<hr/>
Cash and cash equivalents at 30 June	<u>2,954,570,732</u>	<u>4,714,714,421</u>
<b>Analysis of balance of cash and cash equivalents</b>		
Cash at banks and in hand	2,102,771,668	4,219,056,670
Short-term bank deposits and placements with banks with original maturity within three months	851,799,064	495,657,751
	<hr/>	<hr/>
Cash and cash equivalents at end of period	<u>2,954,570,732</u>	<u>4,714,714,421</u>

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**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 2022 and should be read in conjunction with the Group’s consolidated financial statements for 2022.

**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 follow 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>
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>
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>



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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 2023 are as follows:

Unaudited

	Investments banking HK\$'000	Brokerage & wealth management HK\$'000	Private banking HK\$'000	Fixed income & equity market HK\$'000	Leveraged & structured finance HK\$'000	Treasury and others HK\$'000	Elimination HK\$'000	Total HK\$'000
<b>Six months ended 30 June 2023</b>								
Total income – external	22,498	1,216,595	141,497	138,627	9,467	87,156	-	1,615,840
Total income – inter-segment	-	-	-	-	-	17,883	(17,883)	-
Commission and clearing expenses	-	(236,851)	(2,324)	(21,262)	-	(263)	-	(260,700)
Depreciation	-	(4,784)	-	(4,358)	-	(761)	-	(9,903)
Other operating expenses	(50,070)	(112,889)	(66,620)	(80,815)	(3,592)	(5,813)	-	(319,799)
Finance costs – external	-	(2,460)	(4,930)	(4,073)	(1)	(101,620)	-	(113,084)
Finance costs – inter-segment	-	-	(17,883)	-	-	-	17,883	-
Segment results	(27,572)	859,611	49,740	28,119	5,874	(3,418)	-	912,354
Unallocated cost								(317,631)
Operating profits								594,723
<b>Six months ended 30 June 2022</b>								
Total income – external	18,696	890,714	170,981	77,579	10,250	11,286	-	1,179,506
Total income – inter-segment	-	-	-	-	-	15,042	(15,042)	-
Commission and clearing expenses	-	(309,438)	(3,017)	(21,231)	-	(166)	-	(333,852)
Depreciation	-	(5,033)	-	(4,019)	-	(754)	-	(9,806)
Other operating expenses	(50,636)	(127,388)	(68,889)	(87,038)	(3,541)	(222)	-	(337,714)
Finance costs – external	-	(2,952)	(1,254)	(1,121)	-	(28,468)	-	(33,795)
Finance costs – inter-segment	-	-	(15,042)	-	-	-	15,042	-
Segment results	(31,940)	445,903	82,779	(35,830)	6,709	(3,282)	-	464,339
Unallocated cost								(304,054)
Operating profits								160,285

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**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**4 Revenue and trading gain, net**

**(a) Revenue**

	Unaudited Six month ended 30 June	
	2023 HK\$	2022 HK\$
Brokerage commission	483,074,136	729,109,224
Underwriting and placement commission	15,194,387	25,929,046
Corporate finance and loan syndication fees	26,368,980	26,787,784
Interest income from bank deposits and loans to customers	774,566,722	273,712,439
Dividend income from listed equities held for trading	13,640,845	16,432,010
	<u>1,312,845,070</u>	<u>1,071,970,503</u>

**(b) Trading gain, net**

	2023 HK\$	2022 HK\$
Net realised/unrealised gain/(loss) on financial assets and financial liabilities		
- Equity securities	15,933,304	(55,476,985)
- Debt securities	27,752,224	24,357,844
- Derivative financial instruments	74,138,927	50,370,368
	<u>117,824,455</u>	<u>19,251,227</u>

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**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**5 Income tax expense**

Hong Kong profits tax has been provided at the rate of 16.5% (first half of 2022: 16.5%) on the estimated assessable profit for the first half of the year. The amount of taxation charged to the condensed consolidated income statement represents:

	Unaudited Six months ended 30 June	
	2023 HK\$	2022 HK\$
Current income tax:		
- Hong Kong profits tax	25,207,776	32,299,329
- Overseas taxation	29,376	-
Deferred income tax	(1,980,268)	(50,832)
	<u>23,256,884</u>	<u>32,248,497</u>

**6 Plant and equipment**

During the six months ended 30 June 2023, the Group did not spend (first half of 2022: Nil) on the acquisitions of plant and equipment.

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

	Unaudited At 30 June 2023 HK\$	Audited At 31 December 2022 HK\$
Trading securities, at fair value		
- Listed equity securities	308,830,647	176,824,838
	<u>308,830,647</u>	<u>176,824,838</u>

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**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**8 Debt instruments at amortised cost**

	Unaudited At 30 June 2023 HK\$	Audited At 31 December 2022 HK\$
Hong Kong Exchange Fund Bills, unlisted	1,144,050,519	797,911,003
Other debt securities, unlisted	1,933,295,218	195,416,388
Less: Allowance for impairment losses – Stage 1	(360,610)	(114,839)
	<u>3,076,985,127</u>	<u>993,212,552</u>
Analysed by type of issuers as follows:		
Sovereigns	1,143,968,315	797,866,087
Public sector entity	976,119,813	195,346,465
Banks	956,896,999	-
	<u>3,076,985,127</u>	<u>993,212,552</u>
Analysed by issue specific credit rating as follows:		
AA+ to AA-	<u>3,076,985,127</u>	<u>993,212,552</u>

**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**9 Derivative financial instruments**

The Group enters into 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. The major types of forward and futures transactions undertaken by the Group are index futures.
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 securities (warrants).
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 foreign exchange rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an exchange of currencies.

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**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**9 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 amount HK\$'000	Unaudited At 30 June 2023	
		Assets HK\$	Liabilities HK\$
Exchange rate contracts	1,422,012	1,411,534	19,231,557
Equity contracts	5,719,604	91,934,818	131,165,035
		93,346,352	150,396,592
		93,346,352	150,396,592
	Notional amount HK\$'000	Audited At 31 December 2022	
		Assets HK\$	Liabilities HK\$
Exchange rate contracts	732,505	2,539,495	3,107,690
Equity contracts	7,676,876	210,791,935	258,517,820
		213,331,430	261,625,510
		213,331,430	261,625,510

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**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**10 Loans and receivables**

	Unaudited At 30 June 2023 HK\$	Audited At 31 December 2022 HK\$
Account receivables from dealing in securities	6,132,129,907	4,788,633,421
Fees and commission receivable	94,059,932	89,599,399
Deposits, prepayments and other receivables	74,816,989	54,857,977
Loans to customers	9,681,291,916	10,464,124,075
	<u>15,982,298,744</u>	<u>15,397,214,872</u>
Gross	15,982,298,744	15,397,214,872
Less: Impairment allowance	(60,054,457)	(60,057,517)
	<u>15,922,244,287</u>	<u>15,337,157,355</u>

Loans to customers, which include receivables from margin clients of approximately HK\$7,152 million (end of 2022: approximately HK\$7,511 million), were secured by listed securities and cash deposits. 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 clearing participants and other brokers, HKFE Clearing Corporation Limited and SEHK Options Clearing House Limited.

**11 Cash and balances with banks**

	Unaudited At 30 June 2023 HK\$	Audited At 31 December 2022 HK\$
Cash at bank and in hand	2,102,771,668	2,844,955,738
Placements with banks		
– with original maturity within three months	851,799,064	2,186,935,318
– with original maturity over three months	358,853,123	120,466,373
	<u>3,313,423,855</u>	<u>5,152,357,429</u>
Gross	3,313,423,855	5,152,357,429
Less: Allowance for impairment losses – Stage 1	(69,390)	(66,722)
	<u>3,313,354,465</u>	<u>5,152,290,707</u>

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**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**11 Cash and balances with banks (continued)**

The Group maintains trust accounts with authorised institutions as part of its normal business transactions. At 30 June 2023, trust accounts with authorised institutions not otherwise dealt with in the condensed consolidated financial statements amounted to approximately HK\$24,418 million (end of 2022: HK\$28,600 million).

**12 Amounts due to fellow subsidiaries**

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

**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 to an associate of the immediate holding company are unsecured, interest free and repayable upon demand.

Subordinated loans were borrowed from the immediate holding company of HK\$2,500,000,000 (end of 2022: HK\$2,500,000,000), 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.



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**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**14 Accounts and other payables, and other provisions**

	Unaudited At 30 June 2023 HK\$	Audited At 31 December 2022 HK\$
Accounts payable from dealing in securities	6,174,613,257	4,111,209,784
Accounts payable from securities trading	-	195,416,388
Discretionary bonus payable/provision	181,434,001	153,420,657
Others payables and accrued expenses	113,158,974	105,620,446
	<u>6,469,206,232</u>	<u>4,565,667,275</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, HKFE Clearing Corporation Limited, SEHK Options Clearing House Limited and other financial institutions.

**15 Deposits from customers**

All the deposits from customers are time, call and notice deposits. The majority of them will mature within 1 year.

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

	Unaudited At 30 June 2023 HK\$	Audited At 31 December 2022 HK\$
Trading securities, at fair value		
- Listed equity securities	4,670,520	2,982,080
	<u>4,670,520</u>	<u>2,982,080</u>

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**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**17 Share capital**

	Unaudited At 30 June 2023 HK\$	Audited At 31 December 2022 HK\$
Issued and fully paid: 200,000 (2022: 200,000) ordinary shares	2,000,000,000	2,000,000,000

**18 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, 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 related parties in BOCI Group and Bank of China Limited are as follows:

	Unaudited Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Condensed consolidated income statement items:		
Interest income from bank deposits	28,066	9,956
Brokerage commission	113,410	344,817
Other handling income	25	37
Underwriting and placement commission and corporate finance fees	3,932	3,804
Management fee income	21,800	29,041
Interest expense from loans and other borrowings	(97,515)	(28,114)
Commission expenses arising from brokerage activities	(1,654)	(150,026)
Management fee expense	(317,631)	(304,054)
Operating lease rental in respect of leased premises	(5,357)	(4,390)
Marketing and business promotion expenses	(12,014)	(11,000)
Staff medical, recruitment, training & welfare expenses	(3,770)	(3,715)
Bank charges	(748)	(2,683)
	(1,000,000)	(1,000,000)