

ADDENDUM

Non-collateralised Structured Products

Addendum to Base Listing Document relating to Structured Products to be issued by BOCI ASIA LIMITED



BOCI ASIA LIMITED

(Incorporated in Hong Kong with limited liability)

Hong Kong Exchanges and Clearing Limited (“HKEX”), The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and Hong Kong Securities Clearing Company Limited (“HKSCC”) take no responsibility for the contents of this document, 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 document.

This addendum includes particulars given in compliance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) for the purpose of giving information with regard to us and our standard warrants (“Warrants”), inline warrants (the “Inline Warrant”), callable bull/bear contracts (“CBBC”) and other structured products (together, the “Structured Products”) to be listed on the Stock Exchange from time to time. We accept full responsibility for the accuracy of the information contained in the base listing document dated 28 April 2023 (the “Base Listing Document”) and this addendum and confirm that, having made all reasonable enquiries, to the best of our knowledge and belief there are no other facts the omission of which would make any statement in the Base Listing Document and this addendum misleading.

This addendum supplements and amends the Base Listing Document and should be read in conjunction with the Base Listing Document. Additional terms relating to each series of Structured Products will be set out in the relevant launch announcement and supplemental listing document (each a “Launch Announcement and Supplemental Listing Document”) which will be supplemental to, and should be read in conjunction with, the Base Listing Document and this addendum.

The Structured Products involve derivatives. Investors should not invest in the Structured Products unless they fully understand and are willing to assume the risks associated with the Structured Products.

The Structured Products are complex products. Investor should exercise caution in relation to them. Investors are warned that the price of the Structured Products may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. Prospective purchasers should therefore ensure that they understand the nature of the Structured Products and carefully study the risk factors set out in the Base Listing Document and the relevant Launch Announcement and Supplemental Listing Document and, when necessary, seek professional advice, before they invest in the Structured Products.

The Structured Products constitute our general unsecured contractual obligations of us as the Issuer and of no other person and will rank equally among themselves and with all our other unsecured obligations (save for those obligations preferred by law) upon liquidation. If you purchase the Structured Products you are relying upon our creditworthiness and have no rights under the Structured Products against (a) the company which has issued the underlying Shares; (b) the fund which has issued the underlying securities or its trustee (if applicable) or manager; or (c) the index compiler of the underlying index or any other person. If we become insolvent or default on our obligations under the Structured Products, you may not be able to recover all or even part of the amount due under the Structured Products (if any).

Addendum dated 28 September 2023

IMPORTANT INFORMATION

What is this addendum about?

This addendum is for information purposes only and does not constitute an offer, an advertisement or an invitation to the public to subscribe for or to acquire any Structured Products. You should read this addendum together with the Base Listing Document and the relevant Launch Announcement and Supplemental Listing Document, before deciding whether to invest in the Structured Products.

This addendum contains supplemental information about us and inclusion of our unaudited interim financial information for the six month period ended 30 June 2023. This addendum is a supplement to the Base Listing Document.

Where can you read the relevant documents?

This addendum, Base Listing Document and the relevant Launch Announcement and Supplemental Listing Document and other documents set out in the section headed “Where can you read copies of the relevant documents?” in the Base Listing Document (the “**Listing Documents**”) are available on the website of the HKEX at www.hkexnews.hk and our website at www.bocifp.com.

本增編、基本上市文件及有關的發行公佈及補充上市文件以及於基本上市文件「哪裡可查閱有關文件副本？」一節所列的其他文件（統稱「上市文件」）可於香港交易所披露易網站 www.hkexnews.hk 及我們的網站 www.bocifp.com 查閱。

The Listing Documents are also available on the website of HKEX at www.hkexnews.hk.

上市文件亦可於香港交易所披露易網站 www.hkexnews.hk 查閱。

The Listing Documents are also available on our website at www.bocifp.com.

上市文件亦可於本公司的網站 www.bocifp.com 查閱。

Is the Issuer subject to any litigation?

As of the date of this addendum, we and our subsidiaries are not aware of any litigation or claims of material importance pending or threatened against us or them.

Has our financial position changed since last financial year-end?

Save as disclosed in this addendum, there has been no material adverse change in our financial position or trading position since 31 December 2022 that would have a material adverse effect on our ability to perform our obligations under the Structured Products.

Is the Issuer regulated by the Hong Kong Monetary Authority referred to in Rule 15A.13(2) or the Securities and Futures Commission referred to in Rule 15A.13(3)?

We are not regulated by any of the bodies referred to in Rule 15A.13(2) of the Listing Rules but are licensed for type 1 (Dealing in securities) and type 6 (Advising on corporate finance) regulated activity by the Securities and Futures Commission.

What are the Issuer’s credit ratings?

The Issuer has not been assigned any ratings by any credit rating agencies as at the date of this addendum.

The Structured Products are not rated.

TABLE OF CONTENTS

	<u>Page</u>
SUPPLEMENTAL INFORMATION ABOUT US	4
INCLUSION OF OUR INTERIM REPORT 2023	5
PARTIES	Back page

SUPPLEMENTAL INFORMATION ABOUT US

Mr. Mak Sin Yue Michael was appointed as a director of the Board of Directors of the Issuer with effect from 1 June 2023.

INCLUSION OF OUR INTERIM REPORT 2023

The information set out in this section below includes our Interim Report 2023 which contains the unaudited interim financial information of us and our subsidiaries for the six months ended 30 June 2023. The page numbers above the page numbers of this addendum refer to the pages of our Interim Report 2023.

The principal accounting policies and methods of computation used in the preparation of the unaudited interim report are consistent with those used in our financial statements for the year ended 31 December 2022.

Our Interim Report 2023 is available on our website at www.bocifp.com.

我們的2023年中期報告可於本公司網站 www.bocifp.com 查閱。

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	(23,256,884)	(32,248,497)
Profit for the period		<u>571,465,813</u>	<u>128,036,808</u>
Profit attributable to:			
Equity holders of the Company		<u>571,465,813</u>	<u>128,036,808</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 2023

	Unaudited Six months ended 30 June	
	2023 HK\$	2022 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
中銀國際亞洲有限公司

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2023

	Notes	Unaudited 30 June 2023 HK\$	Audited 31 December 2022 HK\$
NON-CURRENT ASSETS			
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		244,095,098	213,588,022
CURRENT ASSETS			
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		29,416,400,134	26,493,656,888
CURRENT LIABILITIES			
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		16,613,119,813	14,222,621,091
NET CURRENT ASSETS		12,803,280,321	12,271,035,797
TOTAL ASSETS LESS CURRENT LIABILITIES		13,047,375,419	12,484,623,819

BOCI ASIA LIMITED
中銀國際亞洲有限公司

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

	Notes	Unaudited 30 June 2023 HK\$	Audited 31 December 2022 HK\$
TOTAL ASSETS LESS CURRENT LIABILITIES		13,047,375,419	12,484,623,819
NON-CURRENT LIABILITIES			
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>
Net assets		<u>13,017,909,344</u>	<u>12,446,443,531</u>
EQUITY			
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>

BOCI ASIA LIMITED
中銀國際亞洲有限公司

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
中銀國際亞洲有限公司

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	<u>(2,084,018,346)</u>	<u>(109,491,260)</u>
Net (decrease)/increase in cash and cash equivalents	(2,077,320,324)	1,944,685,310
Cash and cash equivalents at 1 January	<u>5,031,891,056</u>	<u>2,770,029,111</u>
Cash and cash equivalents at 30 June	<u><u>2,954,570,732</u></u>	<u><u>4,714,714,421</u></u>
Analysis of balance of cash and cash equivalents		
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	<u>851,799,064</u>	<u>495,657,751</u>
Cash and cash equivalents at end of period	<u><u>2,954,570,732</u></u>	<u><u>4,714,714,421</u></u>

BOCI ASIA LIMITED
中銀國際亞洲有限公司

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

BOCI ASIA LIMITED
中銀國際亞洲有限公司

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
<u>Six months ended 30 June 2023</u>								
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								<u>594,723</u>
<u>Six months ended 30 June 2022</u>								
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								<u>160,285</u>

BOCI ASIA LIMITED
中銀國際亞洲有限公司

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>

BOCI ASIA LIMITED
中銀國際亞洲有限公司

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	<u>308,830,647</u>	<u>176,824,838</u>

BOCI ASIA LIMITED
中銀國際亞洲有限公司

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>

BOCI ASIA LIMITED
中銀國際亞洲有限公司

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 and commitments to exchange one set of cash flows for another. Swaps result in an exchange of currencies.

BOCI ASIA LIMITED
中銀國際亞洲有限公司

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
		<u>93,346,352</u>	<u>150,396,592</u>
	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
		<u>213,331,430</u>	<u>261,625,510</u>

BOCI ASIA LIMITED
中銀國際亞洲有限公司

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
	<hr/>	<hr/>
Gross	15,982,298,744	15,397,214,872
Less: Impairment allowance	(60,054,457)	(60,057,517)
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	<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
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Gross	3,313,423,855	5,152,357,429
Less: Allowance for impairment losses – Stage 1	(69,390)	(66,722)
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	<u>3,313,354,465</u>	<u>5,152,290,707</u>

BOCI ASIA LIMITED
中銀國際亞洲有限公司

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.

BOCI ASIA LIMITED
中銀國際亞洲有限公司

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>

BOCI ASIA LIMITED
中銀國際亞洲有限公司

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	<u>2,000,000,000</u>	<u>2,000,000,000</u>

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)
	<u> </u>	<u> </u>

PARTIES

OUR REGISTERED OFFICE

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Hong Kong

LIQUIDITY PROVIDER AND AGENT

BOCI Securities Limited

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