



交銀國際控股有限公司

BOCOM International Holdings Company Limited

(Incorporated in Hong Kong with limited liability)

Stock code: 3329

INTERIM REPORT 2025



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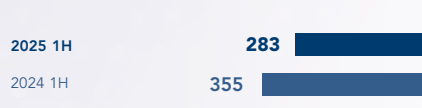
Financial Highlights

Results

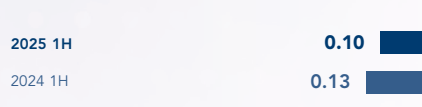
Revenue and other income (HK\$' million)



Loss attributable to Shareholders of the Company (HK\$' million)



Basic / Diluted loss per Share (HK\$)



Financial Position

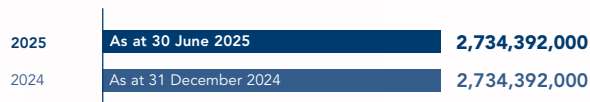
Shareholders' equity – attributable to Shareholders of the Company (HK\$' million)



Total assets (HK\$' million)



Number of Shares in issue



NAV per Share – attributable to Shareholders of the Company (HK\$)



Revenue and other income by segment

Brokerage (HK\$' million)



Corporate finance and underwriting (HK\$' million)



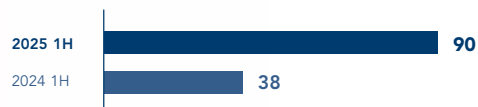
Asset management and advisory (HK\$' million)



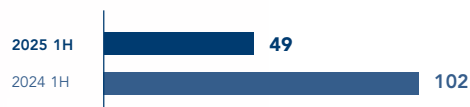
Margin financing (HK\$' million)



Investment and loans (HK\$' million)



Others (HK\$' million)



Corporate Information

BOARD OF DIRECTORS

Non-executive Directors

XIAO Ting (*Chairman*)

(appointment effective from 20 January 2025)

SHAN Zengjian

(resignation effective from 31 March 2025)

ZHU Chen

WANG Yongqing

(resignation effective from 20 January 2025)

Executive Directors

XIE Jie (*Chief Executive Officer*)

WANG Xianjia (*Deputy Chief Executive Officer and Chief Risk Officer*)

TAN Yueheng

(cessation as Chairman effective from 20 January 2025)

Independent Non-executive Directors

MA Ning

LIN Zhijun

PU Yonghao

(appointment effective from 24 April 2025)

TSE Yung Hoi

(resignation effective from 24 April 2025)

BOARD COMMITTEES

Strategy and Risk Management Committee

XIAO Ting (*Chairman*)

(appointment effective from 20 January 2025)

SHAN Zengjian

(resignation effective from 31 March 2025)

ZHU Chen

XIE Jie

WANG Xianjia

TAN Yueheng

(cessation as chairman of Strategy and Risk Management Committee effective from 20 January 2025)

WANG Yongqing

(resignation effective from 20 January 2025)

Audit Committee

LIN Zhijun (*Chairman*)

MA Ning

PU Yonghao

(appointment effective from 24 April 2025)

TSE Yung Hoi

(resignation effective from 24 April 2025)

SHAN Zengjian

(resignation effective from 31 March 2025)

WANG Yongqing

(resignation effective from 20 January 2025)

Remuneration Committee

PU Yonghao (*Chairman*)

(appointment effective from 24 April 2025)

MA Ning

LIN Zhijun

TSE Yung Hoi

(resignation effective from 24 April 2025)

ZHU Chen

SHAN Zengjian

(resignation effective from 31 March 2025)

Nomination Committee

MA Ning (*Chairman*)

LIN Zhijun

PU Yonghao

(appointment effective from 24 April 2025)

TSE Yung Hoi

(resignation effective from 24 April 2025)

ZHU Chen

WANG Yongqing

(resignation effective from 20 January 2025)

COMPANY SECRETARY

YI Li

AUTHORISED REPRESENTATIVES

WANG Xianjia

YI Li

Corporate Information

REGISTERED OFFICE

9/F, Man Yee Building, 68 Des Voeux Road Central,
Hong Kong

LEGAL ADVISER

As to Hong Kong laws
Freshfields

AUDITOR

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in accordance
with the Accounting and Financial Reporting Council
Ordinance

SHARE REGISTRAR

Computershare Hong Kong Investor Services
Limited
Shops 1712-1716, 17th Floor, Hopewell Centre, 183
Queen's Road East, Wanchai, Hong Kong

PRINCIPAL BANKERS

Bank of Communications Co., Ltd. Hong Kong
Branch
Industrial and Commercial Bank of China (Asia)
Limited
Industrial Bank Co., Ltd. Hong Kong Branch
China CITIC Bank International Limited
China Construction Bank (Asia) Corporation Limited
Ping An Bank Co., Ltd.

STOCK CODE

HKEX	3329
Reuters	3329.HK
HK Bloomberg	3329 HK

COMPANY WEBSITE

www.bocomgroup.com

Management Discussion and Analysis

MACRO ENVIRONMENT AND MARKET REVIEW

In the first half of 2025, the global macro economy faced heightened uncertainty. Global stock markets demonstrated resilience despite volatility, while intensified geopolitical risks and trade frictions led to market divergence. The newly elected U.S. government initiated a series of significant measures aimed at trade and fiscal rebalancing, which have had far-reaching implications for global supply chains and the U.S. dollar's credibility. Simultaneously, the monetary policies of major central banks became increasingly divergent, rendering the global liquidity environment complex and volatile. Although the development and application of artificial intelligence (AI) technology remains a crucial driver for economic growth, the global economic recovery process confronted challenges amid tariff policy uncertainty.

The Chinese economy displayed notable resilience amidst a complex external environment, with its GDP growing by 5.3% year-on-year in the first half of 2025, maintaining its position among the world's leading economies. In spite of facing tariff pressures, China's external demand surpassed expectations, attributed to an optimized industrial structure, the advantages of a comprehensive industrial system, and effective overseas strategies of corporations. Well-coordinated monetary and fiscal policies stabilized market expectations and supported the continued expansion of domestic demand, unlocking significant consumption potential. Hong Kong's capital market performed well, driven by the narrative of Chinese asset revaluation. The Hang Seng Index recorded a 20% increase in the first half of 2025, ranking among the top-performing major markets globally. In the first half of 2025, Hong Kong reclaimed its position as the world's top IPO market in terms of funds raised after four years. Total IPO fundraising reached HK\$107.06 billion, marking a 701.3% increase year-on-year, with the top five IPOs accounting for over 70% of the total proceeds.

BUSINESS REVIEW

As one of the earliest licensed securities firms with PRC background in Hong Kong, we are one of the largest securities firms specialising in securities brokerage and margin financing, corporate finance and underwriting, investment and loans, asset management and advisory businesses. We believe that one of our core competitive strengths is our ability to offer comprehensive and integrated financial services and products that fulfil various investment and financing needs of clients. In the first half of 2025, the Group continued to enhance its licensed businesses. Nevertheless, as a result of the impact brought by various factors, the Group incurred a loss of HK\$282.6 million for the Reporting Period as compared to that of HK\$355.3 million for the same period in 2024.

Management Discussion and Analysis

Securities Brokerage and Margin Financing

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

In the first half of 2025, the complex international situation continued to interweave with new technological forces such as artificial intelligence (AI) and digital assets. The IPO market recovered, and the Hong Kong stock market transitioned from a period of high volatility at the beginning of the year to a phase of narrow consolidation at high levels. The retail clients' willingness to invest fluctuated significantly along with the market. On one hand, our team monitored market hotspots and capital flows, and precisely activated the existing clients' demand for stock-related products. On the other hand, we continued to leverage the Group's investment and research capacity and strengths by meeting our client's demand for integrated services through the expansion of our portfolio to include local, corporate, and industrial investment clients.

For the six months ended 30 June 2025, our commission and fee income from the securities brokerage business was HK\$71.3 million, representing an increase of HK\$29.0 million or 68.3% as compared with the corresponding period in 2024.

Management Discussion and Analysis

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

	For the six months ended 30 June			
	2025		2024	
	HK\$'million	%	HK\$'million	%
Hong Kong stocks	58.1	81.5	25.5	60.3
Non-Hong Kong stocks	4.8	6.7	4.5	10.6
Bonds	5.1	7.2	9.2	21.8
Others	3.3	4.6	3.1	7.3
	<u>71.3</u>	<u>100.0</u>	<u>42.3</u>	<u>100.0</u>

Our margin financing business includes offering collateralised financing for stocks and bonds relating to securities transactions to both retail and institutional customers who require financing. In general, the interest rates charged to the margin clients range from prime rate minus 2% to prime rate plus 5%, with reference to client's financial background, the quality of underlying collaterals and the overall business relationship with the Company.

In response to complexities of international market volatility, we have adopted structural adjustments and more prudent market monitoring measures to improve the margin financing risk management.

In the first half of 2025, the number of margin client accounts increased to 9,761. The monthly average loan balance decreased and interest income from margin loans for the six months ended 30 June 2025 was HK\$25.6 million, representing a decrease of HK\$8.2 million or 24.1% as compared with the corresponding period in 2024.

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

	30/6/2025	31/12/2024
Number of margin accounts	9,761	9,741
Balance of gross margin loans (HK\$'million)	660.3	995.2
Monthly average balance (HK\$'million)	983.3	1,067.4
Highest month end balance (HK\$'million)	1,173.1	1,331.5
Lowest month end balance (HK\$'million)	660.3	796.4
Margin value (HK\$'million) (Note 1)	1,122.5	1,113.6
Market value (HK\$'million) (Note 2)	3,029.9	2,848.3

Notes:

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

Management Discussion and Analysis

Corporate Finance and Underwriting

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

In the first half of 2025, there were a total of 42 new listings on the Stock Exchange (excluding transfer of listing from GEM to Main Board and De-SPAC transaction). The number of new listings increased by 40.00% as compared with the corresponding period in 2024. The aggregate amount of funds raised through IPOs was HK\$107.06 billion, representing an increase of 701.32% as compared with the corresponding period in 2024.

During the Reporting Period, we acted as an overall coordinator, a global coordinator/bookrunner for six completed IPO Main Board listing projects. In respect of debt capital markets, we completed 30 debt issuance projects and successfully assisted corporations in raising USD11.4 billion in aggregate. We also acted as financial advisor for two completed financial advisory projects.

For the six months ended 30 June 2025, our commission and fee income from corporate finance and underwriting services was HK\$10.9 million, representing a decrease of HK\$22.8 million or 67.5% as compared to HK\$33.7 million in the corresponding period of 2024.

Asset Management and Advisory

We offer a full range of asset management products including both public and private equity funds, and discretionary management accounts, as well as investment advisory services, and provide comprehensive investment solutions and high-quality services to corporations, institutions, high-net-worth clients and individual investors. In addition to Hong Kong, we also provide asset management services in Mainland China via BOCOM International (Shanghai) in Shanghai and BOCOM International (Shenzhen) in Qianhai, Shenzhen, and have built up a cross-border asset management platform.

Management Discussion and Analysis

As a fund manager, we have continued to build up our core competitiveness in investment and research integration, and successfully launched BOCOM International Money Market Fund (USD) on 3 June 2025. The fund is our first public USD-denominated currency fund approved by the Securities and Futures Commission of Hong Kong for issuance in Hong Kong. In respect of existing funds, for the six months ended 30 June 2025, BOCOM International Dragon Core Growth Fund had a return of 15.41%, and in particular, had a monthly return of 9.27% in June, outperforming by 5.17 percentage points from the Hang Seng Index (4.1%) during the same period and ranking in the top 10 percent of its category in the Hong Kong market on a monthly basis. We have established over twenty BOCOM science and technology innovation equity investment series funds in provinces and cities such as Shanghai, Jiangsu, Zhejiang, Hubei, Shandong, Hebei, Shenzhen and Hainan, which focus on investing in high-quality enterprises engaged in fields such as new energy automobiles, new energy, semiconductors, artificial intelligence, new materials, bio-pharmaceuticals and next generation information technology. Leveraging on BOCOM's group resources, we also provided a full range of integrated financial services to these high-quality science and innovation enterprises. We have established the first fund-of-funds in Hainan, with us serving as the fund manager. This fund is specifically designed to target high-quality investment institutions operating in the digital economy and other industries that receive substantial local support. It invests in the respective sub-funds of such investment institutions, aiming to assist local governments in attracting investment and capital and foster the growth of sub-fund investors, through creating synergy in collaboration with the resources of BOCOM Group. Furthermore, we provided investors in the PRC and abroad with diversified cross-border asset management product portfolio and a full chain of QFLP and QDIE fund product services. As of 30 June 2025, we have established 18 QFLP funds and one QDIE fund, of which our QFLP fund has become the first fund of its kind to be established in Hainan and Qingdao.

As at 30 June 2025, the total amount of our AUM was approximately HK\$20,607.4 million, representing an increase of 13.5% from HK\$18,155.5 million as at 31 December 2024. For the six months ended 30 June 2025, asset management and advisory fee income increased by HK\$1.9 million or 9.7%, as compared to the same period in 2024, to HK\$21.9 million. During the Reporting Period, there was no proprietary trading gain, as compared to a proprietary trading gain of HK\$10.0 million for the same period in 2024.

Management Discussion and Analysis

Investment and Loans

Our investment and loans business comprises equity investment, bonds investment, structured financing and loans. We aim to achieve a balance between investment returns and tolerable risks.

For equity investments, in recent years, we carried out plans with foresight centered on new quality productive forces by closely monitoring strategic emerging industries, advanced manufacturing industries, areas such as those with technological innovation and upgrading of traditional industries, and participated in debt-equity hybrid investments in enterprises with high growth potential. We paid close attention to and supported the development of Hong Kong as an international innovation and technology centre, and proposed to focus on developing equity investment business in Hong Kong. For bond investments, we preferred short-to-medium duration products with good credit standing and offshore premium.

For structured financing and corporate loans, we launched credit business, including leveraged financing, structured products, asset-backed loans, etc. In terms of asset classes, we mainly focused on loans to corporate clients. During the Reporting Period, we had six corporate clients. Our corporate clients primarily included corporate clients in the real estate industry, finance industry and manufacturing industry, to which the principal amount of loans granted amounted to HK\$697 million¹, HK\$30 million and HK\$21 million, respectively, as at 30 June 2025 (as at 31 December 2024: the principal amount of loans granted to corporate clients in the real estate industry, stated-owned enterprises and manufacturing industry amounted to HK\$694 million¹, HK\$502 million and HK\$10 million, respectively). The funding sources of our credit business included bank and other borrowings, obligation under repurchase agreements, subordinated loans, debt securities issued and internal funding. We determined the credit limit of respective clients based on various factors, including but not limited to the total value of assets maintained with the Group as well as their background, annual income, trading patterns and credit history. During the Reporting Period, the aggregate amount of loans granted to the top five clients was HK\$727 million, accounting for 97.2% of the total amount of loans granted by the Group during the Reporting Period, of which HK\$330 million was granted to the single largest client, representing 44.2% of the total amount of loans granted by the Group during the Reporting Period (as at 31 December 2024: the aggregate amount of loans granted to the top five clients was HK\$1,196 million, accounting for 98.8% of the total amount of loans granted by the Group during 2024, of which HK\$502 million was granted to the single largest client, representing 41.4% of the total amount of loans granted by the Group during 2024).

¹ Such loans were granted in or before 2021, and the difference between the principal amount of such loans as at the end of the Reporting Period and the corresponding amount as at 31 December 2024 is primarily attributable to exchange rate fluctuations.

During the Reporting Period, the loans provided by the Group primarily included short-term and long-term loans. The interest rates we charged for the short-term loans ranged from 7.15% to 8.79% per annum, whilst the interest rates charged for the long-term loans ranged from 4.99% to 7.0% per annum (as at 31 December 2024: the interest rates charged for the short-term loans ranged from 5.25% to 9.51% per annum, whilst the interest rates charged for the long-term loans ranged from 6.5% to 7.0% per annum). We considered a number of factors when determining the interest rate to be charged to each client, including the comprehensive business relationship, risk exposure (which covers, among others, the financial capability, business prospect, credit history and background of the client) and funding cost.

For the six months ended 30 June 2025, interest income from loans and advances and financial assets at fair value through other comprehensive income was HK\$129.8 million, representing an increase of approximately 0.7% as compared to HK\$128.9 million for the same period in 2024. Proprietary trading loss was HK\$42.3 million, representing a decrease in loss of HK\$50.3 million compared to the same period in 2024.

In general, we require our clients to provide collateral in the form of floating charge or fixed charge to secure their payment obligations under the loans granted to protect our financial position. For secured collateral, during the Reporting Period, 92.1% of the secured collateral was in the form of securities and 7.9% was in the form of physical assets (as at 31 December 2024: all of the secured collateral was in the form of securities).

During the Reporting Period, the Group granted short-term loans with maturity of one year in the principal amount ranging from HK\$21 million to HK\$330 million to its clients having considered the concentration risks of the loan portfolio and the underlying collateral (as at 31 December 2024: short-term loans with maturity of one year in the principal amount ranging from HK\$4 million to HK\$502 million were granted); whilst long-term loans with maturity ranging from two to fifteen years in the principal amount ranging from HK\$28 million to HK\$170 million were only granted to corporate clients under syndication arrangement (as at 31 December 2024: long-term loans with maturity ranging from two to five years in the principal amount ranging from HK\$71 million to HK\$168 million were granted).

Management Discussion and Analysis

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

	30/6/2025		31/12/2024	
	HK\$'million	%	HK\$'million	%
Fixed income securities	7,327.5	70.9	5,876.8	67.0
Bonds	7,118.0	68.9	5,673.3	64.7
Preference shares	209.5	2.0	203.5	2.3
Equity investments	19.7	0.2	48.3	0.6
Funds	2,986.6	28.9	2,838.1	32.4

Research

Our research team provides independent and objective research on macroeconomics, major global asset classes, and cross-asset and multi-perspective investment strategies. In the first half of 2025, we continued to focus on forward-looking and thematic research, aiming to cover the entire industry value chain of trending sectors, identify valuable opportunities and companies. Meanwhile, we also enhanced internal research capabilities and strengthened group-wide synergy. Simultaneously, we leveraged abundant high-quality resources to provide professional services to institutional clients, meeting their diverse research and investment needs. Looking ahead, we will continue to feature forward-looking, in-depth, and differentiated insights to bolster our competitiveness. As of 30 June 2025, the research covered nine industries and related listed companies. Our analysts' roadshows on various platforms attracted nearly 0.2 million views.

FINANCIAL REVIEW

Financial Performance

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

	For the six months ended 30 June	
	2025 HK\$'million	2024 HK\$'million
Brokerage	78.5	47.7
Corporate finance and underwriting	11.0	33.7
Asset management and advisory	21.9	29.9
Margin financing	25.6	33.8
Investment and loans	90.6	38.0
Others	48.7	102.0
Total	276.3	285.1

The Group's loss for the six months ended 30 June 2025 was approximately HK\$282.6 million, compared to a loss of HK\$355.3 million for the same period in 2024.

Operating Expenses

The Group's operating expenses and finance costs for the six months ended 30 June 2025 amounted to HK\$590.3 million (2024: HK\$676.4 million), an analysis of which is set out below:

	For the six months ended 30 June			
	2025		2024	
	HK\$'million	%	HK\$'million	%
Commission and brokerage expenses	15.4	2.6	11.5	1.7
Finance costs	225.6	38.2	298.3	44.1
Staff costs	141.1	23.9	173.7	25.7
Depreciation	57.3	9.7	61.6	9.1
Other operating expenses	92.3	15.6	77.3	11.4
Change in impairment allowance	58.6	10.0	54.0	8.0
Total	590.3	100.0	676.4	100.0

Management Discussion and Analysis

Finance costs decreased by 24.4%, mainly due to a decrease in average interest rate.

As at 30 June 2025, the Group recognised an accumulated impairment allowance of HK\$864.3 million (a decrease of HK\$263.1 million from the accumulated impairment allowance as at 31 December 2024). The accumulated impairment losses as at 30 June 2025 primarily comprised (i) impairment losses on loan and advances amounting to HK\$570.6 million (the **"Loan Impairment"**) and (ii) impairment losses on debt investments at fair value through other comprehensive income (the **"debt investments"**) amounting to HK\$212.2 million (the **"Debt Impairment"**). The Loan Impairment and the Debt Impairment were primarily attributable to the volatility in the capital market and the downturn in the real estate market in Mainland China.

The Group's impairment losses on loans and advances and debt investments are calculated based on a three-stage expected credit loss (the **"ECL"**) model. The Group applies the ECL model to assess the Loan Impairment and the Debt Impairment and in doing such assessment, the Group, in accordance with HKFRS 9, takes into account the following factors:

- (i) the probability of default and in assessing such probability, the Group will (a) conduct past due age analysis; (b) perform due diligence on each debtor's changes in credit rating, business, financial or economic conditions and changes in the expected performance and behavior of each debtor; and (c) consider the macro-environment and the repayment history of each debtor; and
- (ii) the loss given default and the expected cash shortfall between the cash flows due to the Group in accordance with the agreements and the cash flows that the Group expects to receive and in assessing such, the Group will take into account the collaterals (if any) provided for the debts, the seniority of the claim and potential recovery scenarios based on financial statements.

For the purpose of impairment assessment, the loans and advances and debt investments are classified as Stage 1, 2 and 3 under the ECL model. According to prevailing accounting standards, Stage 1 are debts with no significant increase in credit risk of the financial instrument since their initial recognition. Stage 2 are debts with increase in credit risk of the financial instrument since their initial recognition. Stage 3 are debts with significant increase in credit risk of the financial instrument since their initial recognition and are considered as credit-impaired.

Impairment was assessed for each of the loans and advances and debt investments and the ECL for internal impairment assessment has taken into account relevant considerations including: (i) expected life and contractual terms of the financial instrument; (ii) probability of default; and (iii) loss given default.

As at 30 June 2025, the Loan Impairment was made for six corporate clients, one of which is connected with the Group. Among such six borrowers, none of the borrowers fell within Stage 2 and four borrowers fell within Stage 3 (i.e. credit impaired) (the **"Stage 3 Borrowers"**). As at 30 June 2025, the total outstanding principal amounts owed by Stage 3 Borrowers amounted to HK\$697.4 million (representing approximately 93.2% of the total amount of loans and advances granted by the Group as at 30 June 2025).

As at 30 June 2025, the Debt Impairment was made in respect of 86 debt securities invested by the Group. Among such 86 debt securities, one debt security fell within Stage 2 (the **"Stage 2 Debt"**) and three debt securities fell within Stage 3 (the **"Stage 3 Debt"**). As at 30 June 2025, the total fair value of the Stage 2 Debt and Stage 3 Debt amounted to HK\$37.8 million and HK\$10.3 million, respectively.

The Group has adopted debt collection procedures to minimise the impairment loss, which includes (i) closely monitoring the progress of repayment by checking if there is any overdue balance or late payment each month; (ii) sending reminders to the debtors to remind them of the outstanding balance status; (iii) engaging in negotiations and discussions with debtors on repayment; (iv) issuing statutory demand letters to debtors on amounts due; and (v) where appropriate, initiating legal actions against debtors for recovery of amounts due and taking possession of collaterals pledged. The action to be taken by the Group with respect to each debtor depends on, among others, the size of the debt, the financial capability and future prospect of the debtor, the likelihood of default, the loss given if default and the value of the collaterals (if any).

Liquidity, Financial Resources and Gearing Ratio

The Group's cash and bank balances as at 30 June 2025 increased by HK\$171.0 million to HK\$1,748.9 million (31 December 2024: HK\$1,577.9 million).

The Group's net current assets decreased by HK\$4,274.0 million to net current liabilities of HK\$579.6 million as at 30 June 2025 (31 December 2024: net current assets of HK\$3,694.4 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 1.0 times as at 30 June 2025 (31 December 2024: 1.6 times).

As at 30 June 2025, the total borrowings of the Group amounted to HK\$13,465.8 million (31 December 2024: HK\$11,649.0 million), comprising of bank and other borrowings, obligation under repurchase agreements, subordinated loans and debt securities issued. Among these, the subordinated loans from the ultimate holding company amounted to HK\$1,000.0 million (31 December 2024: HK\$1,000.0 million).

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

As at 30 June 2025, the Group's gearing ratio was 1,680.1% (31 December 2024: 1,319.6%), as calculated by dividing total borrowings by total equity.

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

Capital Structure

The Group finances its working capital requirements by cash generated from its business operations, bank loans (including loans from BOCOM) and medium term notes. Our capital structure consists of share capital and reserves.

Management Discussion and Analysis

Principal Risks

The Group faces a number of principal risks and uncertainties that if not properly managed could create an exposure for the Group. Thorough risk assessment and mitigation help to ensure these risks are well managed and effectively controlled. The Group focuses on addressing the following principal risks:

Currency Risk

The Group has certain transactions denominated in foreign currencies and is therefore exposed to exchange rate fluctuations. Our currency risk exposure mainly lies in RMB and USD at present. The exchange rate of HKD against USD is relatively stable under the current pegged rate system in Hong Kong.

Interest Rate Risk

Our interest rate risk relates primarily to margin loans to customers, loans and subordinated loans and investments in debt securities. The Group has set up an asset portfolio management system to mitigate interest rate risk by diversification of assets and regular monitoring of risk exposure so as to quantify market exposure in duration terms.

Credit Risk

Our credit risk arises from the possibility that our clients or counterparties for a transaction may default. The Group has a range of credit policies and practices in place to mitigate such risk and ensure such risk is monitored on an ongoing basis.

Liquidity Risk

Our businesses rely on having sufficient funds to pay due debts, perform payment obligations and satisfy the capital requirements. The Group has implemented internal measures to monitor the liquidity risk and the foreseeable funding requirements to ensure certain subsidiaries of the Company that are regulated under the SFO continuously comply with the relevant rules and regulations.

Operational Risk

Our operational risk arises from direct or indirect financial loss resulting from incomplete or irregular internal processes, personnel mistakes, information technology system failures, or external events. The Group has implemented a range of internal controls and other measures to mitigate such risk.

Market Risk

In addition to the currency risk and interest rate risk mentioned above, our exposure to market risk also includes price risk of assets. The Group has implemented measures to manage and monitor such risks in order to keep potential losses to an acceptable level.

Material Acquisitions and Disposals

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

Significant Investments Held

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

Charges on Group Assets

As at 30 June 2025, there was no charge on Group assets (31 December 2024: Nil).

Capital Commitments

As at 30 June 2025, the Group had no significant capital commitments.

Employees and Remuneration Policies

As at 30 June 2025, the Group had a total of 520 employees. Total staff costs amounted to approximately HK\$141.1 million for the six months ended 30 June 2025.

The Group continuously refines its remuneration and incentive policies to boost business development and ensure employees receive competitive remuneration packages. The remuneration of the Directors is determined with reference to their duties, responsibilities, experience and to the prevailing market conditions. Mandatory provident fund scheme contributions and insurance packages have been provided to employees in accordance with local laws and regulations. The Group also provides various staff benefits according to among others, the relevant internal policy of the Company. We conduct performance evaluations of our employees annually to provide feedback on their performance.

We systematically provide comprehensive and diverse trainings to improve the professional skills of our employees. Employees are subsidised for participating in training courses which keep them abreast of the latest industry and technical developments.

Contingent Liabilities

As at 30 June 2025, the Group had no material contingent liabilities.

OUTLOOK AND STRATEGY

The global economic outlook for the second half of 2025 continues to face numerous challenges, primarily driven by trade protectionism and persistent geopolitical tensions. Nevertheless, the gradual progress in trade negotiations and the implementation of fiscal stimulus policies by various countries, coupled with the emerging technological revolution and industrial upgrades, are expected to inject new growth momentum into diverse economies. While a marginal improvement in the global economy is anticipated towards the end of the second half of the year, the recovery trajectory may exhibit increased divergence and uncertainty.

China's economy is poised to maintain a balance between domestic and external demand in the second half of 2025. The consistency and predictability of macroeconomic policies will serve as a crucial confidence anchor for the market. The strategic commitment to advancing scientific and technological innovation, green energy transition, and industrial upgrading will offer vital support for economic transformation. More precise structural policy tools are anticipated to mitigate external shocks effectively. As an international financial center, Hong Kong SAR is set to assume an even more pivotal intermediary role amid the trend of global capital reconfiguration. Emerging sectors such as RMB internationalization, green finance, and financial technology are expected to fuel the economic growth in Hong Kong.

The Company will actively seize the opportunities arising from national policy of enhancing Hong Kong's status as an international financial center, continue to adhere to the working principles of strengthening the foundation, making progress amidst stability, and improving quality and efficiency, and closely focus on the "Five Subjects" of financial endeavours: sci-tech finance, green finance, inclusive finance, pension finance and digital finance. With a focus on new productive forces, the Company will develop its distinctive businesses, persistently advance the development of its licensed operations, rigorously control risks, and fully leverage financial service functions as a securities firm with banking background and the synergistic advantages of the group, so as to enhance our capability to deliver integrated financial service comprehensively and strive to create value for all of its Shareholders and investors.

Corporate Governance and Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2025, the interests and short positions of the Directors and Chief Executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix C3 to the Listing Rules were as follows:

LONG POSITIONS IN SHARES OF THE COMPANY

Name of Director	Capacity	Number of Shares held	Approximate percentage to the total number of issued Shares of the Company (%)
TAN Yueheng	Beneficial owner	2,000,000	0.07

LONG POSITIONS IN SHARES OF ASSOCIATED CORPORATION – BOCOM

Name of Director/ Chief Executive	Capacity	Class of shares held in the associated corporation	Number of shares held	Approximate percentage to the total number of relevant class of issued shares of the associated corporation (%)	Approximate percentage to the total number of issued shares of the associated corporation (%)
XIAO Ting	Beneficial owner	A shares	183,400	0.00	0.00
ZHU Chen	Beneficial owner	A shares	190,000	0.00	0.00
XIE Jie	Beneficial owner	A shares	120,000	0.00	0.00
WANG Xianjia	Beneficial owner	A shares	80,000	0.00	0.00
TAN Yueheng	Beneficial owner	H shares	244,000	0.00	0.00
		A shares	140,000	0.00	0.00

Save as disclosed above, as at 30 June 2025, none of the Directors or Chief Executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept pursuant to Section 352 of the SFO or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Corporate Governance and Other Information

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

For the six months ended 30 June 2025, none of the Company or any of its subsidiaries had signed any agreements to enable the Directors to acquire benefits by means of acquisition of shares or debt securities (including debentures) of the Company or any other body corporate and none of the Directors, their spouses or their children under the age of 18 had any rights to subscribe for securities of the Company, or had exercised any such rights.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2025, the interests and short positions of all persons (other than the Directors or Chief Executive of the Company) in the Shares and underlying Shares of the Company as required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or to the best of Directors' knowledge, were as follows:

Name of Shareholder	Capacity	Long Position/ Short Position	Total Number of Shares held	Approximate percentage to the total number of issued Shares of the Company (%)
BOCOM	Interest in a controlled corporation, beneficiary of trust ⁽¹⁾	Long Position	2,000,000,000	73.14
BOCOM Nominee	Interest in a controlled corporation, trustee (other than bare trustee) ⁽²⁾	Long Position	2,000,000,000	73.14

Notes:

- (1) Expectation Investment is an indirect subsidiary of BOCOM and is the beneficial owner of 500,000 Shares. BOCOM is deemed to be interested in an aggregate of 2,000,000,000 Shares which BOCOM Nominee is interested in as trustee (other than a bare trustee) and which Expectation Investment is interested in as beneficial owner.
- (2) BOCOM Nominee is a subsidiary of BOCOM and (a) holds 1,999,500,000 Shares on trust for BOCOM and (b) controls 50% of voting rights of Expectation Investment which is the beneficial owner of 500,000 Shares.

Save as disclosed above, as at 30 June 2025, the Company was not aware of any other persons, other than the Directors and Chief Executive of the Company, whose interests are set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had interests or short positions in the Shares or underlying Shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares, if any) during the six months ended 30 June 2025.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code of the Listing Rules as its own code of corporate governance. For further details, please refer to the "Corporate Governance Report" section contained in the Company's 2024 annual report. During the six months ended 30 June 2025, the Company has complied with all the code provisions set out in part 2 of the Corporate Governance Code.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors confirmed that they complied with the Model Code throughout the six months ended 30 June 2025 in response to specific enquiries made by the Company.

CHANGE IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVE

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors and Chief Executive are set out below:

Ms. ZHU Chen has served as a director of Bank of Communications Financial Leasing Co., Ltd.* (交銀金融租賃有限責任公司) since August 2025.

Save as disclosed above, there is no other information that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed with management and the Company's auditor, KPMG, the accounting principles and practices adopted by the Group and discussed the financial reporting matters including the review of the Company's interim report for the six months ended 30 June 2025.

The unaudited condensed consolidated interim financial information for the Reporting Period has been reviewed by the Company's auditor, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

INTERIM DIVIDEND

No dividend was paid or declared by the Company for the six months ended 30 June 2025 (2024 1H: Nil).

Report on Review of Interim Financial Information

To the board of directors of
BOCOM INTERNATIONAL HOLDINGS COMPANY LIMITED
(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 23 to 70 which comprises the condensed consolidated statement of financial position of BOCOM International Holdings Company Limited (the "Company") and its subsidiaries (together, the "Group") as of 30 June 2025 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income and the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to express a conclusion, based on our review, on this interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2025 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

26 August 2025

Condensed Consolidated Income Statement

	Notes	Six months ended	
		30/6/2025 (Unaudited) HK\$'000	30/6/2024 (Unaudited) HK\$'000
Revenue			
Commission and fee income	6	104,118	96,019
Interest income	6	155,449	162,669
Proprietary trading income	6	(42,335)	(82,593)
		217,232	176,095
Other income	6	59,040	109,053
Revenue and other income		276,272	285,148
Commission and brokerage expenses		(15,363)	(11,500)
Finance costs	8	(225,583)	(298,259)
Staff costs	8	(141,123)	(173,673)
Depreciation	8	(57,351)	(61,631)
Other operating expenses		(92,326)	(77,319)
Change in impairment allowance	7	(58,593)	(53,993)
Total expenses		(590,339)	(676,375)
Operating loss		(314,067)	(391,227)
Share of results of associates	13	620	168
Share of results of joint ventures		28,577	32,535
Loss before taxation	8	(284,870)	(358,524)
Income tax	9	2,301	3,236
Loss for the period attributable to shareholders of the Company		(282,569)	(355,288)
Loss per share attributable to shareholders of the Company for the period – Basic/Diluted (in HKD per share)	11	(0.10)	(0.13)

Condensed Consolidated Statement of Comprehensive Income

	Six months ended	
	30/6/2025 (Unaudited) HK\$'000	30/6/2024 (Unaudited) HK\$'000
Loss for the period	(282,569)	(355,288)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Changes in fair value of debt investments at fair value through other comprehensive income	88,619	181,599
Amounts reclassified to profit or loss upon disposal of debt investments at fair value through other comprehensive income	20,697	38,228
	109,316	219,827
Exchange differences on translation of foreign operations	91,994	(77,731)
	201,310	142,096
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Changes in fair value of equity investments at fair value through other comprehensive income	5	(4,751)
Other comprehensive income, net of tax	201,315	137,345
Total comprehensive income attributable to shareholders of the Company	(81,254)	(217,943)

Condensed Consolidated Statement of Financial Position

	Notes	30/6/2025 (Unaudited) HK\$'000	31/12/2024 (Audited) HK\$'000
Assets			
Non-current Assets			
Property and equipment		48,409	57,820
Right-of-use assets		102,852	145,071
Intangible assets		26,295	27,102
Interest in associates	13	169,635	165,071
Interest in joint ventures		886,819	835,766
Other assets		32,223	31,373
Financial assets at fair value through other comprehensive income	12	3,213,452	3,119,392
Loans and advances	14	27,588	11,568
Deferred tax assets		2,722	1,494
Total non-current assets		4,509,995	4,394,657
Current Assets			
Loans and advances	14	149,843	663,421
Tax recoverable		164	163
Accounts receivable	15	1,679,834	911,991
Other receivables and prepayments	16	855,628	302,697
Margin loans to customers	17	644,653	833,242
Amount due from the ultimate holding company		72,141	109,906
Amount due from a fellow subsidiary		16,701	5
Amounts due from related parties		231	269
Financial assets at fair value through other comprehensive income	12	2,907,195	2,076,117
Financial assets at fair value through profit or loss	12	4,223,562	3,644,740
Derivative financial assets	12	–	24
Cash and bank balances	18	1,748,908	1,577,935
Total current assets		12,298,860	10,120,510
Total assets		16,808,855	14,515,167
Equity and liabilities			
Equity attributable to shareholders of the Company			
Share capital	22	3,942,216	3,942,216
Accumulated losses		(2,840,399)	(2,557,830)
Revaluation reserve		(102,588)	(211,909)
Foreign currency translation reserve		(197,735)	(289,729)
Total equity		801,494	882,748

Condensed Consolidated Statement of Financial Position (Continued)

	Notes	30/6/2025 (Unaudited) HK\$'000	31/12/2024 (Audited) HK\$'000
Liabilities			
Non-current Liabilities			
Subordinated loans from the ultimate holding company	19	1,000,000	1,000,000
Obligation under repurchase agreements	19	1,800,111	1,909,512
Lease liabilities		29,930	68,019
Financial liabilities at fair value through profit or loss	12	296,407	354,478
Deferred tax liabilities		2,422	5,604
Debt securities issued	20	–	3,868,715
Total non-current liabilities		3,128,870	7,206,328
Current Liabilities			
Borrowings	19	5,443,728	3,374,566
Obligation under repurchase agreements	19	1,309,941	1,496,205
Tax payable		772	3,947
Provision for staff costs		111,348	147,544
Other payables and accrued expenses		274,066	191,468
Accounts payable	21	1,493,110	858,721
Contract liabilities		94,495	12,816
Lease liabilities		76,965	79,748
Financial liabilities at fair value through profit or loss	12	157,045	256,291
Derivative financial liabilities	12	5,012	4,785
Debt securities issued	20	3,912,009	–
Total current liabilities		12,878,491	6,426,091
Total liabilities		16,007,361	13,632,419
Total equity and liabilities		16,808,855	14,515,167
Net current (liabilities)/assets		(579,631)	3,694,419
Total assets less current liabilities		3,930,364	8,089,076

Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company				
	Share capital HK\$'000	(Accumulated losses)/ retained earnings HK\$'000	Revaluation reserve HK\$'000	Foreign currency translation reserve HK\$'000	Total equity HK\$'000
At 1 January 2025	<u>3,942,216</u>	<u>(2,557,830)</u>	<u>(211,909)</u>	<u>(289,729)</u>	<u>882,748</u>
Loss for the period	–	(282,569)	–	–	(282,569)
Other comprehensive income for the period	–	–	109,321	91,994	201,315
Total comprehensive income for the period	–	(282,569)	109,321	91,994	(81,254)
At 30 June 2025 (Unaudited)	<u>3,942,216</u>	<u>(2,840,399)</u>	<u>(102,588)</u>	<u>(197,735)</u>	<u>801,494</u>
At 1 January 2024	<u>3,942,216</u>	<u>(1,339,017)</u>	<u>(619,008)</u>	<u>(187,551)</u>	<u>1,796,640</u>
Loss for the period	–	(355,288)	–	–	(355,288)
Other comprehensive income for the period	–	12,543*	202,533	(77,731)	137,345
Total comprehensive income for the period	–	(342,745)	202,533	(77,731)	(217,943)
At 30 June 2024 (Unaudited)	<u>3,942,216</u>	<u>(1,681,762)</u>	<u>(416,475)</u>	<u>(265,282)</u>	<u>1,578,697</u>

* Amounts reclassified to retained earnings upon disposal of equity investments at fair value through other comprehensive income

Condensed Consolidated Statement of Cash Flows

	Notes	Six months ended	
		30/6/2025 (Unaudited) HK\$'000	30/6/2024 (Unaudited) HK\$'000
Operating activities			
Loss before taxation		(284,870)	(358,524)
Adjustments for:			
Dividend income	6	(21,723)	(30,262)
Interest income from loans or clients		(46,741)	(58,266)
Interest income from financial assets at fair value through other comprehensive income	6	(108,708)	(104,403)
Bank and other interest income	6	(41,655)	(45,843)
Loss on disposal of property and equipment		–	6
Finance costs	8	225,583	298,259
Depreciation	8	57,351	61,631
Change in impairment allowance	7	60,009	59,800
Unrealised loss on financial assets and liabilities at fair value through profit or loss		54,344	51,247
Unrealised loss/(gain) on derivative financial assets and liabilities		177	(10,308)
Realised loss on debt investments at fair value through other comprehensive income		20,697	38,228
Foreign exchange loss/(gain)		18,308	(38,968)
Share of results of associates		(620)	(168)
Share of results of joint ventures		(28,577)	(32,535)
Operating cash flows before movements in working capital		(96,425)	(170,106)
Increase in other assets		(850)	(6,517)
(Increase)/decrease in financial assets at fair value through profit or loss		(670,089)	626,961
Decrease in financial liabilities at fair value through profit or loss		(122,863)	(42,227)
Decrease in derivative financial assets		24	32
Increase in derivative financial liabilities		51	10,125
Increase in accounts receivable		(768,195)	(346,354)
Decrease in margin loans to customers		189,484	362,440
Decrease in loans and advances		458,265	87,359
Decrease in amount due from the ultimate holding company		37,765	10,149
Decrease/(increase) in amounts due from related parties		37	(29)
(Increase)/decrease in amount due from a fellow subsidiary		(16,696)	2
Increase in other receivables and prepayments		(550,006)	(334,931)
Increase in accounts payable		634,390	375,394
Increase in amount due to a fellow subsidiary		–	1
Decrease in provision for staff costs		(36,196)	(4,698)
Increase in other payables and accrued expenses		91,241	76,858
Increase in contract liabilities		81,679	1,020
Net cash (used in)/generated from operations		(768,384)	645,479

Condensed Consolidated Statement of Cash Flows (Continued)

	Six months ended	
	30/6/2025 (Unaudited) HK\$'000	30/6/2024 (Unaudited) HK\$'000
Income tax paid	(5,234)	(6,548)
Interest received from loans or clients	52,629	61,679
Bank and other interest income received	30,310	47,256
Interest expenses paid	(197,199)	(258,177)
Net cash (used in)/generated from operating activities	(887,878)	489,689
Investing activities		
Dividend received	21,723	30,262
Bond interest income received	101,263	191,646
Purchase of property and equipment	(4,233)	(10,247)
Proceeds on disposal of property and equipment	–	10
Purchase of intangible assets	–	(978)
Distribution from associates	–	5,797
Capital injection to joint ventures	–	(99,955)
Distribution from joint ventures	1,066	2,105
Purchase of financial assets at fair value through other comprehensive income	(2,022,065)	(438)
Proceeds on disposal of financial assets at fair value through other comprehensive income	1,264,389	960,522
Increase in time deposit with original maturity of more than three months	(80,135)	–
Net cash (used in)/generated from investing activities	(717,992)	1,078,724
Financing activities		
Net drawdown/(repayment) of bank loans and other borrowings	1,686,751	(1,137,028)
Cash payments for interest on debt securities issued	(34,208)	(34,103)
Capital element of lease rentals paid	(39,209)	(40,266)
Interest element of lease rentals paid	(2,179)	(1,179)
Net cash generated from/(used in) financing activities	1,611,155	(1,212,576)
Net increase in cash and cash equivalents	5,285	355,837
Cash and cash equivalents at 1 January	1,158,410	1,297,719
Effect of exchange rate changes on cash and cash equivalents	85,553	(63,727)
Cash and cash equivalents at 30 June	1,249,248	1,589,829

Notes to the Condensed Consolidated Financial Statements

1. GENERAL INFORMATION

BOCOM International Holdings Company Limited (the “Company”) is a company incorporated in Hong Kong. The address of its registered office is 9/F, Man Yee Building, 68 Des Voeux Road Central, Hong Kong.

The principal activity of the Company is investment holding. The Group is principally engaged in securities brokerage, margin financing, corporate finance and underwriting, investment and loans, asset management and advisory businesses. The regulated activities carried out by the Company’s licensed subsidiaries include dealing in securities and futures and advising on securities and futures contracts, providing securities margin financing, advising on corporate finance and providing asset management services.

The parent and ultimate holding company is Bank of Communications Co., Ltd., a company incorporated in the People’s Republic of China (“PRC”) and listed on the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company, unless otherwise stated.

2. BASIS OF PREPARATION

This interim financial statements has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRSs.

Notes to the Condensed Consolidated Financial Statements (Continued)

2. BASIS OF PREPARATION (continued)

The financial information relating to the financial year ended 31 December 2024, that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance (Cap. 622).

3. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRSs issued by the HKICPA to interim financial report for the current accounting period.

- Amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability*

Amendments to HKFRSs effective for the financial year ending 31 December 2025 do not have a material impact on the Group.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense on a year to date basis. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2024, with the exception of changes in estimates that are required in determining the impairment losses and valuation of financial assets and fair value of financial instruments.

Notes to the Condensed Consolidated Financial Statements (Continued)

5. SEGMENT INFORMATION

The Group manages the business operations by the following segments in accordance with the nature of the operations and services provided:

- (a) Brokerage segment provides securities trading and brokerage services;
- (b) Corporate finance and underwriting segment provides corporate finance services including equity underwriting, debt underwriting, sponsor services and financial advisory services to institutional clients;
- (c) Asset management and advisory segment offers traditional asset management products and services to third party clients. In addition, it also offers investment advisory services, portfolio management services and transaction execution services;
- (d) Margin financing segment provides securities-backed financial leverage for both retail and institutional clients;
- (e) Investment and loans segment engages in direct investment business including investments in various debt and equity securities, investments in companies and investments in loans; and
- (f) Others include headquarter operations such as bank interest income, and interest expense incurred for general working capital purposes and financial technology business.

Inter-segment transactions, if any, are conducted with reference to the prices charged to external third parties. There was no change in basis during the relevant periods.

Notes to the Condensed Consolidated Financial Statements (Continued)

5. SEGMENT INFORMATION (continued)

The following is an analysis of the segment revenue and segment profit or loss from continuing operations:

Six months ended 30 June 2025 (Unaudited)								
	Brokerage HK\$'000	Corporate finance and underwriting HK\$'000	Asset management and advisory HK\$'000	Margin financing HK\$'000	Investment and loans HK\$'000	Others HK\$'000	Elimination HK\$'000	Total HK\$'000
Total revenue								
Revenue								
Commission and fee income								
• External	71,261	10,944	21,913	-	-	-	-	104,118
• Internal	-	-	7,054	-	-	-	(7,054)	-
Interest income								
• External	-	-	-	25,612	129,837	-	-	155,449
• Internal	-	-	-	-	93,840	-	(93,840)	-
Proprietary trading income								
• External	-	-	-	-	(42,335)	-	-	(42,335)
• Internal	-	-	-	-	-	-	-	-
Other income	7,202	-	2	-	3,116	48,720	-	59,040
	<u>78,463</u>	<u>10,944</u>	<u>28,969</u>	<u>25,612</u>	<u>184,458</u>	<u>48,720</u>	<u>(100,894)</u>	<u>276,272</u>
Total expenses	(77,889)	(39,613)	(34,936)	(11,251)	(478,550)	(48,994)	100,894	(590,339)
Share of results of associates	-	-	-	-	620	-	-	620
Share of results of joint ventures	-	-	-	-	28,577	-	-	28,577
	<u>574</u>	<u>(28,669)</u>	<u>(5,967)</u>	<u>14,361</u>	<u>(264,895)</u>	<u>(274)</u>	<u>-</u>	<u>(284,870)</u>
Profit/(loss) before taxation								
	<u>574</u>	<u>(28,669)</u>	<u>(5,967)</u>	<u>14,361</u>	<u>(264,895)</u>	<u>(274)</u>	<u>-</u>	<u>(284,870)</u>
Other disclosures								
Depreciation	(11,504)	(3,005)	(7,421)	(3,358)	(9,772)	(22,291)	-	(57,351)
Change in impairment allowance	-	(350)	-	895	(59,138)	-	-	(58,593)
Finance costs	(884)	(157)	(100)	(100)	(317,990)	(192)	93,840	(225,583)

Notes to the Condensed Consolidated Financial Statements (Continued)

5. SEGMENT INFORMATION (continued)

	Six months ended 30 June 2024 (Unaudited)							Total HK\$'000
	Brokerage HK\$'000	Corporate finance and underwriting HK\$'000	Asset management and advisory HK\$'000	Margin financing HK\$'000	Investment and loans HK\$'000	Others HK\$'000	Elimination HK\$'000	
Total revenue								
Revenue								
Commission and fee income								
• External	42,331	33,717	19,971	-	-	-	-	96,019
• Internal	63	-	16,200	-	-	-	(16,263)	-
Interest income								
• External	-	-	-	33,766	128,903	-	-	162,669
• Internal	-	-	-	-	17,507	-	(17,507)	-
Proprietary trading income								
• External	-	-	10,000	-	(92,593)	-	-	(82,593)
• Internal	-	-	-	-	-	-	-	-
Other income	5,403	-	-	-	1,678	101,972	-	109,053
	<u>47,797</u>	<u>33,717</u>	<u>46,171</u>	<u>33,766</u>	<u>55,495</u>	<u>101,972</u>	<u>(33,770)</u>	<u>285,148</u>
Total expenses	(77,450)	(44,595)	(51,820)	(62,545)	(426,173)	(47,562)	33,770	(676,375)
Share of results of associates	-	-	-	-	168	-	-	168
Share of results of joint ventures	-	-	-	-	32,535	-	-	32,535
(Loss)/profit before taxation	<u>(29,653)</u>	<u>(10,878)</u>	<u>(5,649)</u>	<u>(28,779)</u>	<u>(337,975)</u>	<u>54,410</u>	<u>-</u>	<u>(358,524)</u>
Other disclosures								
Depreciation	(12,922)	(2,181)	(8,563)	(4,826)	(11,144)	(21,995)	-	(61,631)
Change in impairment allowance	-	(3,729)	-	(18,011)	(32,253)	-	-	(53,993)
Finance costs	<u>(286)</u>	<u>(98)</u>	<u>(152)</u>	<u>(29,936)</u>	<u>(284,980)</u>	<u>(314)</u>	<u>17,507</u>	<u>(298,259)</u>

	Six months ended	
	30/6/2025 HK\$'000 (Unaudited)	30/6/2024 HK\$'000 (Unaudited)
Total revenue from external customers by location of operations		
– Hong Kong	279,645	261,375
– Mainland China	(3,373)	23,773
	<u>276,272</u>	<u>285,148</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

6. REVENUE AND OTHER INCOME

(a) Disaggregation of revenue and other income

	Six months ended	
	30/6/2025 HK\$'000 (Unaudited)	30/6/2024 HK\$'000 (Unaudited)
REVENUE		
COMMISSION AND FEE INCOME		
<i>Revenue from contracts with customers within the scope of HKFRS 15</i>		
Brokerage commission	71,261	42,331
Corporate finance and underwriting fee	10,944	33,717
Asset management and advisory fee	21,913	19,971
	104,118	96,019
INTEREST INCOME		
<i>Interest income calculated using the effective interest method</i>		
Interest income from margin financing	25,612	33,766
Interest income from loans and advances	21,129	24,500
Interest income from financial assets at fair value through other comprehensive income	108,708	104,403
	155,449	162,669
PROPRIETARY TRADING INCOME		
<i>Interest income calculated using the effective interest method</i>		
Net trading and investment income		
– Interest income from financial assets at fair value through profit or loss	2,470	11,269
<i>Revenue from other sources</i>		
Net trading and investment income		
– Net loss on financial assets at fair value through profit or loss	(83,495)	(93,647)
– Net loss on financial assets at fair value through other comprehensive income	(20,697)	(42,194)
– Net loss on financial liabilities at fair value through profit or loss	(3,746)	(28,583)
– Net gain on derivative financial instruments	5,404	11,958
– Fair value changes from financial liabilities to the investors of the funds consolidated	36,006	28,342
Dividend income from		
– Financial assets at fair value through profit or loss	21,723	30,262
	(42,335)	(82,593)
	217,232	176,095

Notes to the Condensed Consolidated Financial Statements (Continued)

6. REVENUE AND OTHER INCOME (continued)

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

	Six months ended	
	30/6/2025 HK\$'000 (Unaudited)	30/6/2024 HK\$'000 (Unaudited)
OTHER INCOME		
Handling fees	6,618	4,529
Other interest income	41,655	45,843
Exchange gain	–	38,968
Computer software development and maintenance services	4,957	13,247
Digital RMB marketing service income	228	–
Others	5,582	6,466
	59,040	109,053

(b) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

At the end of the reporting period, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is HK\$94,495 thousand (31 December 2024: HK\$12,816 thousand). This amount represents revenue expected to be recognised in the future from corporate finance, asset management and advisory services business. The Group will recognise the expected revenue in future when the remaining performance obligations under the contracts are satisfied, which is expected to occur within one year.

7. CHANGE IN IMPAIRMENT ALLOWANCE

	Six months ended	
	30/6/2025 HK\$'000 (Unaudited)	30/6/2024 HK\$'000 (Unaudited)
Change in impairment allowance on:		
Accounts receivable	350	3,729
Margin loans to customers	(895)	18,011
Loans and advances	39,293	6,989
Debt investments at fair value through other comprehensive income	8,815	32,995
Other receivables	12,446	(1,924)
	60,009	59,800
Bad debts recovery	(1,416)	(5,807)
	58,593	53,993

Notes to the Condensed Consolidated Financial Statements (Continued)

8. LOSS BEFORE TAXATION

	Six months ended	
	30/6/2025 HK\$'000 (Unaudited)	30/6/2024 HK\$'000 (Unaudited)
Loss before taxation has been arrived at after charging:		
Finance costs:		
– Interest expenses on subordinated loans from the ultimate holding company	19,181	29,904
– Interest expenses on bank loans from the ultimate holding company	242	13,633
– Interest expenses on bank loans and overdraft from other financial institutions	79,304	87,866
– Interest expenses on obligation under repurchase agreements	88,882	130,087
– Interest expenses on lease liabilities	2,179	1,179
– Interest expenses on debt securities issued:		
– payable to the ultimate holding company	682	686
– payable to the fellow subsidiaries	2,634	2,267
– payable to other financial institutions	32,478	32,619
– Others	1	18
	225,583	298,259
Depreciation	57,351	61,631
Operating lease charges	1,364	1,972
Staff costs	141,123	173,673

Notes to the Condensed Consolidated Financial Statements (Continued)

9. INCOME TAX

	Six months ended	
	30/6/2025 HK\$'000 (Unaudited)	30/6/2024 HK\$'000 (Unaudited)
Current tax:		
Hong Kong Profits Tax	–	743
PRC Enterprise Income Tax	360	12
Under provision in prior periods	1,685	1,565
Total current tax	2,045	2,320
Deferred tax	(4,346)	(5,556)
Income tax credit recognised in profit or loss	(2,301)	(3,236)

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year.

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profit for the current and prior period. Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the People's Republic of China's entities is 25%.

10. DIVIDENDS

Dividends approved during the interim period

	Six months ended	
	30/6/2025 HK\$'000 (Unaudited)	30/6/2024 HK\$'000 (Unaudited)
No dividend was declared and approved for previous financial year	–	–

Dividends attributable to the interim period

No dividend was paid or declared by the Company for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

Notes to the Condensed Consolidated Financial Statements (Continued)

11. LOSS PER SHARE

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

	Six months ended	
	30/6/2025 (Unaudited)	30/6/2024 (Unaudited)
Loss attributable to shareholders of the Company (in HK\$'000)	(282,569)	(355,288)
Weighted average number of ordinary shares in issue (in '000 shares)	<u>2,734,392</u>	<u>2,734,392</u>
Loss per share (in HKD per share)	<u>(0.10)</u>	<u>(0.13)</u>

There were no potential diluted ordinary shares. The diluted loss per share was the same as the basic loss per share.

12. FINANCIAL ASSETS AND LIABILITIES

The table below summarised the information relating to the fair value hierarchy of financial assets and financial liabilities measured at fair value on a recurring basis.

Financial assets at fair value through other comprehensive income

	At 30 June 2025 (Unaudited)			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Designated at fair value through other comprehensive income upon initial recognition				
Equity security	191	–	–	191
Mandatorily measured at fair value through other comprehensive income				
Debt investments	<u>–</u>	<u>6,120,456</u>	<u>–</u>	<u>6,120,456</u>
	<u>191</u>	<u>6,120,456</u>	<u>–</u>	<u>6,120,647</u>
Analysed for reporting purposes:				
Non-current				3,213,452
Current				<u>2,907,195</u>
				<u>6,120,647</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

12. FINANCIAL ASSETS AND LIABILITIES (continued)

Financial assets at fair value through other comprehensive income (continued)

	At 31 December 2024 (Audited)			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Designated at fair value through other comprehensive income upon initial recognition				
Equity security	188	–	–	188
Mandatorily measured at fair value through other comprehensive income				
Debt investments	–	5,195,321	–	5,195,321
	<u>188</u>	<u>5,195,321</u>	<u>–</u>	<u>5,195,509</u>
Analysed for reporting purposes:				
Non-current				3,119,392
Current				<u>2,076,117</u>
				<u>5,195,509</u>

Financial assets at fair value through profit or loss

	At 30 June 2025 (Unaudited)			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Equity securities	161,844	947,317	–	1,109,161
Debt investments	–	83,614	–	83,614
Preference shares	–	–	209,550	209,550
Club debenture	–	–	1,917	1,917
Unlisted funds	–	–	1,795,878	1,795,878
Structured financial products	–	83,932	–	83,932
Unlisted equities	–	–	939,510	939,510
	<u>161,844</u>	<u>1,114,863</u>	<u>2,946,855</u>	<u>4,223,562</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

12. FINANCIAL ASSETS AND LIABILITIES (continued)

Financial assets at fair value through profit or loss (continued)

	At 31 December 2024 (Audited)			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Equity securities	138,152	339,049	–	477,201
Debt investments	2,116	138,888	–	141,004
Preference shares	–	–	203,499	203,499
Club debenture	–	–	1,859	1,859
Unlisted funds	–	–	1,755,953	1,755,953
Structured financial products	–	28,514	–	28,514
Unlisted equities	–	–	1,036,710	1,036,710
	<u>140,268</u>	<u>506,451</u>	<u>2,998,021</u>	<u>3,644,740</u>

Derivative financial assets

	At 30 June 2025 (Unaudited)			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Others	–	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

	At 31 December 2024 (Audited)			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Others	<u>–</u>	<u>24</u>	<u>–</u>	<u>24</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

12. FINANCIAL ASSETS AND LIABILITIES (continued)

Financial liabilities at fair value through profit or loss

	At 30 June 2025 (Unaudited)			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial liabilities to the investors of the funds consolidated	(89,209)	–	(296,407)	(385,616)
Notes payable	–	(67,836)	–	(67,836)
	<u>(89,209)</u>	<u>(67,836)</u>	<u>(296,407)</u>	<u>(453,452)</u>
Analysed for reporting purposes:				
Non-current				(296,407)
Current				<u>(157,045)</u>
				<u>(453,452)</u>

	At 31 December 2024 (Audited)			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial liabilities to the investors of the funds consolidated	(31,644)	–	(354,478)	(386,122)
Notes payable	–	(224,647)	–	(224,647)
	<u>(31,644)</u>	<u>(224,647)</u>	<u>(354,478)</u>	<u>(610,769)</u>
Analysed for reporting purposes:				
Non-current				(354,478)
Current				<u>(256,291)</u>
				<u>(610,769)</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

12. FINANCIAL ASSETS AND LIABILITIES (continued)

Derivative financial liabilities

	At 30 June 2025 (Unaudited)			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Total return swaps	–	(35)	–	(35)
Currency swaps	–	(830)	–	(830)
Others	–	–	(4,147)	(4,147)
	<u>–</u>	<u>(865)</u>	<u>(4,147)</u>	<u>(5,012)</u>

	At 31 December 2024 (Audited)			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Total return swaps	–	(420)	–	(420)
Others	–	–	(4,365)	(4,365)
	<u>–</u>	<u>(420)</u>	<u>(4,365)</u>	<u>(4,785)</u>

Details of disclosure for fair value measurement are set out in Note 25.

13. INTEREST IN ASSOCIATES

	30/6/2025 HK\$'000 (Unaudited)	31/12/2024 HK\$'000 (Audited)
Unlisted investment at the beginning of the period/year	<u>158,955</u>	<u>158,956</u>
Profit after acquisition		
– As at 1 January	16,281	20,148
– Share of profit for the period/year	620	3,593
Distribution for the period/year	–	(7,460)
Accumulated exchange difference arising from translation of foreign operations	<u>(6,221)</u>	<u>(10,166)</u>
	<u>169,635</u>	<u>165,071</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

14. LOANS AND ADVANCES

	30/6/2025 HK\$'000 (Unaudited)	31/12/2024 HK\$'000 (Audited)
Gross loans and advances	748,003	1,210,764
Less: impairment allowance	(570,572)	(535,775)
	177,431	674,989
Net loans and advances:		
Non-current	27,588	11,568
Current	149,843	663,421
	177,431	674,989

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

15. ACCOUNTS RECEIVABLE

	30/6/2025 HK\$'000 (Unaudited)	31/12/2024 HK\$'000 (Audited)
Corporate finance and underwriting business	16,600	2,627
Dealing in securities and futures business		
– Clients	722,229	131,346
– Brokers	206,043	91,198
– Clearing house	736,021	687,529
	1,664,293	910,073
Less: impairment allowance	(1,059)	(709)
	1,679,834	911,991

Notes to the Condensed Consolidated Financial Statements (Continued)

15. ACCOUNTS RECEIVABLE (continued)

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

	30/6/2025 HK\$'000 (Unaudited)	31/12/2024 HK\$'000 (Audited)
Current (not past due)	1,674,033	910,370
Less than 31 days past due	1,845	167
31 – 60 days past due	2,012	–
61 – 90 days past due	1,129	–
Over 90 days past due	1,874	2,163
	6,860	2,330
Less: impairment allowance	(1,059)	(709)
	1,679,834	911,991

Client receivables from securities dealing are receivable on the settlement dates of their respective transactions, normally two or three business days after the respective trade dates.

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

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

Notes to the Condensed Consolidated Financial Statements (Continued)

16. OTHER RECEIVABLES AND PREPAYMENTS

	30/6/2025 HK\$'000 (Unaudited)	31/12/2024 HK\$'000 (Audited)
Other receivables	846,437	345,591
Less: impairment allowance	(64,886)	(63,723)
	781,551	281,868
Prepayments	74,077	20,829
	855,628	302,697

17. MARGIN LOANS TO CUSTOMERS

	30/6/2025 HK\$'000 (Unaudited)	31/12/2024 HK\$'000 (Audited)
Gross margin loans to customers	660,282	995,220
Less: impairment allowance	(15,629)	(161,978)
	644,653	833,242

No ageing analysis is disclosed, as in the opinion of the Directors, an ageing analysis does not give additional view of the nature of the margin loan business. The amount of credit facilities granted to margin clients is determined by the discounted market value of the collateral securities accepted by the Group.

Notes to the Condensed Consolidated Financial Statements (Continued)

18. CASH AND BANK BALANCES

	30/6/2025 HK\$'000 (Unaudited)	31/12/2024 HK\$'000 (Audited)
Cash at bank and in hand	1,249,248	1,158,410
Time deposits with original maturity of more than three months	499,660	419,525
	<u>1,748,908</u>	<u>1,577,935</u>

As at 30 June 2025, bank balances held at the ultimate holding company and a fellow subsidiary were HK\$884,848 thousand (31 December 2024: HK\$1,064,821 thousand) and HK\$2,136 thousand (31 December 2024: HK\$5,143 thousand) respectively.

19. BORROWINGS

	30/6/2025 HK\$'000 (Unaudited)	31/12/2024 HK\$'000 (Audited)
Bank loans and other borrowings		
Current — ultimate holding company (Note 23)	697,280	—
Current — authorised institutions	4,746,448	3,374,566
	<u>5,443,728</u>	<u>3,374,566</u>
Obligation under repurchase agreements		
Non-current	1,800,111	1,909,512
Current	1,309,941	1,496,205
	<u>3,110,052</u>	<u>3,405,717</u>
Subordinated loans (Note 23)		
Non-current	1,000,000	1,000,000
	<u>9,553,780</u>	<u>7,780,283</u>

As at 30 June 2025, the carrying amount included within financial assets sold under repurchase agreements was HK\$3,655,220 thousand (31 December 2024: HK\$4,053,503 thousand).

Notes to the Condensed Consolidated Financial Statements (Continued)

19. BORROWINGS (continued)

At the reporting date, bank and other borrowings were repayable as follows:

	30/6/2025 HK\$'000 (Unaudited)	31/12/2024 HK\$'000 (Audited)
Bank loans and other borrowings		
Within 1 year	6,753,669	4,870,771
Between 1 and 2 years	502,558	1,543,507
Between 2 and 5 years	1,018,132	–
Over 5 years	279,421	366,005
	8,553,780	6,780,283
Undated	1,000,000	1,000,000
	9,553,780	7,780,283

As at 30 June 2025 and 31 December 2024, all bank borrowings were unsecured. Bank borrowings at 30 June 2025 were charged at floating interest rate ranging from base point minus 0.06% to base point plus 1% per annum (31 December 2024: base point plus 0.1% to 0.9% per annum).

20. DEBT SECURITIES ISSUED

	30/6/2025 HK\$'000 (Unaudited)	31/12/2024 HK\$'000 (Audited)
Debt securities issued	3,912,009	3,868,715

The outstanding balance of HK\$3,912,009 thousand (31 December 2024: HK\$3,868,715 thousand) measured at amortised cost represents the amount of unsecured notes issued by a wholly owned subsidiary of the Company under the US\$500 million medium term note programme. As at 30 June 2025, the debt securities issued bore fixed interest rate of 1.75% per annum (31 December 2024: 1.75% per annum). The notes will mature on 28 June 2026. Among which, debt securities of US\$10 million and US\$28 million (31 December 2024: US\$10 million and US\$28 million) were held by the ultimate holding company and a fellow subsidiary respectively. The carrying amount of the debt securities issued approximate to their fair value.

Notes to the Condensed Consolidated Financial Statements (Continued)

21. ACCOUNTS PAYABLE

Accounts payable arising from the business of dealing in securities and options are as follows:

	30/6/2025 HK\$'000 (Unaudited)	31/12/2024 HK\$'000 (Audited)
Clients — trade settlement	1,230,595	624,690
Clearing house	120,043	3,181
Brokers	142,472	230,850
	<u>1,493,110</u>	<u>858,721</u>

No ageing analysis is disclosed, as in the opinion of the Directors, an ageing analysis does not give additional view of the nature of these businesses.

The settlement terms of accounts payable arising from client businesses are normally two or three days after trade date or at specific terms agreed with clients, brokers or clearing house.

22. SHARE CAPITAL

	Number of shares		Share capital	
	Six months ended 30/6/2025 Thousand Shares (Unaudited)	Year ended 31/12/2024 Thousand Shares (Audited)	Six months ended 30/6/2025 HK\$'000 (Unaudited)	Year ended 31/12/2024 HK\$'000 (Audited)
Issued and fully paid				
At the end of the reporting period	<u>2,734,392</u>	<u>2,734,392</u>	<u>3,942,216</u>	<u>3,942,216</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

23. RELATED PARTY TRANSACTIONS

During the reporting period, in addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material transactions with related parties:

(a) Ultimate holding company

	Six months ended	
	30/6/2025 HK\$'000 (Unaudited)	30/6/2024 HK\$'000 (Unaudited)
Transaction		
Interest income from deposits	3,478	6,556
Finance costs	20,105	44,223
Computer software development and maintenance service income	972	8,681
Digital RMB marketing service income	228	–
Commission income	216	–
Commission expenses	2,656	2,281
Asset management and advisory fee	1,473	1,177
Fund management fee income	4,918	–
Underwriting fee income	39	–
Rental expenses	1,423	1,910
Other operating expenses	990	884
	30/6/2025 HK\$'000 (Unaudited)	31/12/2024 HK\$'000 (Audited)
Balance of transaction		
Right-of-use assets	610	3,796
Amount due from the ultimate holding company	72,141	109,906
Other receivables	629	610
Borrowings	697,280	–
Subordinated loans	1,000,000	1,000,000

Notes to the Condensed Consolidated Financial Statements (Continued)

23. RELATED PARTY TRANSACTIONS (continued)

(b) Fellow subsidiaries, associates and joint ventures

	Six months ended	
	30/6/2025 HK\$'000 (Unaudited)	30/6/2024 HK\$'000 (Unaudited)
Transaction		
Interest income from deposits	21	42
Interest income from loans	16	–
Finance costs	2,634	2,267
Commission income	21,516	2,282
Commission expenses	511	388
Asset management and advisory fee	9,593	8,152
Underwriting fee income	271	59
Arrangement fee income	1	–
Rental expenses	12,041	13,316
Other operating expenses	1,097	615
Impairment loss	4	–
	30/6/2025 HK\$'000 (Unaudited)	31/12/2024 HK\$'000 (Audited)
Balance of transaction		
Right-of-use assets	21,095	33,920
Other receivables	9,925	13,070
Accounts receivable	159,343	–
Accounts payable	–	103,088
Contract liabilities	1,643	–
Amount due from a fellow subsidiary	16,701	5
Loans and advances	29,684	–
Less: impairment allowance	(4)	–
	29,680	–

Notes to the Condensed Consolidated Financial Statements (Continued)

23. RELATED PARTY TRANSACTIONS (continued)

(c) Related parties

	30/6/2025 HK\$'000 (Unaudited)	31/12/2024 HK\$'000 (Audited)
Balance of transaction		
Gross amounts due from related parties	231	269
Less: impairment allowance	—	—
	<u>231</u>	<u>269</u>

24. COMMITMENTS

Investment commitments

At the end of the reporting period, the Group had certain investment commitments contracted for at the end of the reporting period but not yet incurred. The amounts will be drawn down on as-needed basis. The table below provides further information regarding the commitments.

	30/6/2025 HK\$'000 (Unaudited)	31/12/2024 HK\$'000 (Audited)
Unfunded commitments	<u>341,883</u>	<u>366,922</u>

Loan commitments

The following table indicates the contractual amounts of the Group's credit related commitments which the Group has committed to its customers:

	30/6/2025 HK\$'000 (Unaudited)	31/12/2024 HK\$'000 (Audited)
Under 1 year	<u>57,412</u>	<u>67,132</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

25. FINANCIAL RISK MANAGEMENT

The Group's major financial instruments include financial assets at fair value through other comprehensive income, financial assets and financial liabilities at fair value through profit or loss, derivative financial assets and derivative financial liabilities, other assets, accounts and other receivables, loans and advances, margin loans to customers, amounts due from/(to) the ultimate holding company, a fellow subsidiary and related parties, cash and bank balances, accounts and other payables, borrowings, obligation under repurchase agreements, debt securities issued, lease liabilities, and subordinated loans from the ultimate holding company. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The Group's activities expose it to a variety of financial risks: credit risk, market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and other price risk), and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group, from time to time, uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Risk Management Department under policies approved by the Board of Directors. Risk Management Department identifies and evaluates certain risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Apart from the above, in order to effectively manage its credit risk exposure, the Group has also adopted the following measures in order to effectively manage its credit risks:

- the Group conducts its loan business in accordance with the annual capital allocated to such business and the risk appetite thresholds;
- the relevant department carries out due diligence on the potential client, including conducting a company search at the registrar as well as litigation and bankruptcy searches, and also conducts due diligence on the potential client's affiliates, guarantors, substantial shareholders and senior management, as applicable;
- the relevant business department prepares an internal memorandum for internal review and assessment, which includes primarily an executive summary of the new projects, background, description of the potential clients (including, among others, shareholders, senior management, corporate structure, business, financial conditions, industry analysis, market position, prospects), deal structure, use of funds, transaction terms, investment highlights, risk analysis, return analysis, exit plans, due diligence report and follow up actions;

Notes to the Condensed Consolidated Financial Statements (Continued)

25. FINANCIAL RISK MANAGEMENT (continued)

- the Group conducts preliminary review and official review on the potential clients. Only those clients selected out of the preliminary review will be submitted for official review;
- during the preliminary review, the risk management department will review the internal memorandum from a risk management perspective, focusing on whether all the key aspects of an investment or loan project have been properly addressed and whether the information so provided in the internal memorandum is reasonable to address the key risks involved; and the legal and compliance department will review the internal memorandum from a legal and compliance perspective, focusing on the conflict of interests check, proposed legal terms of the transaction and overall legal compliance matters. The two departments may request further information from the relevant business department;
- during the official review, subject to the delegated authorities, the senior management or investment committee of the Company will further review the internal memorandum, which has been reviewed and agreed by the risk management department and the legal and compliance department, and convene a review meeting with the relevant business department in charge of the potential clients. At the review meeting, the relevant business department will introduce the potential client and our senior management or investment committee (as the case may be) will raise questions and recommendations, leveraging the committee members' respective experiences and expertise, in order to make well considered and comprehensive investment or lending decisions;
- if any post-approval material changes occur to the clients or its board of directors, transaction amount, guarantor, collateral, valuation, legality of relevant legal documents or other factors that affect the Group's interests, as applicable, supplemental reports explaining the changes and their effect are required to be submitted to the senior management or the investment committee (as the case may be) for review;
- the Group continually monitors all ongoing clients from off-site and obtain from time to time information about any changes in the clients' composition of senior management, industry trends, business operations and financial condition, especially cash flow status, and verify such information with the relevant clients via phone calls or emails;
- the relevant business department will communicate any material risk events to the heads of the relevant departments, and submit examination reports to the senior management and the risk management committee for advice on further risk management actions and start collection or exiting processes; and
- the relevant business departments and functional departments will together closely monitor the financial covenants and track the maturity of the respective loans during the post-investment period. If any event of default occurs, corresponding steps will be taken in accordance with the relevant facility agreement. In cases where the client fails to pay on time, the situation will be timely reported to the senior management and the business department will negotiate with the client to reach a repayment or restructuring plan and legal actions may be taken, if necessary.

Notes to the Condensed Consolidated Financial Statements (Continued)

25. FINANCIAL RISK MANAGEMENT (continued)

The interim financial statements do not include all financial risk management information and disclosures related to the interim financial statements, and should be read in conjunction with disclosure in the consolidated financial statements for the year ended 31 December 2024.

CREDIT RISK EXPOSURE OF FINANCIAL INSTRUMENTS

Analysis of the gross carrying amount of financial instruments for which an expected credit loss ("ECL") allowance is recognised as follows according to the stage of assets:

	Stage of assets			Total HK\$'000
	Stage 1 12-month ECL HK\$'000	Stage 2 Lifetime ECL HK\$'000	Stage 3 Lifetime ECL (credit- impaired) HK\$'000	
(a) Margin loans to customers				
Gross carrying amount as at 1 January 2025	830,968	164	164,088	995,220
Increases	90,559	2	–	90,561
Decreases	(276,793)	(161)	(3,091)	(280,045)
Write-off	–	–	(145,454)	(145,454)
Transfers between stages				
– Increase	4	–	–	4
– Decrease	–	(4)	–	(4)
As at 30 June 2025	<u>644,738</u>	<u>1</u>	<u>15,543</u>	<u>660,282</u>
Gross carrying amount as at 1 January 2024	1,091,551	54,532	179,535	1,325,618
Increases	159,818	53	901	160,772
Decreases	(474,690)	(132)	(16,348)	(491,170)
Transfers between stages				
– Increase	54,532	243	–	54,775
– Decrease	(243)	(54,532)	–	(54,775)
As at 31 December 2024	<u>830,968</u>	<u>164</u>	<u>164,088</u>	<u>995,220</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

25. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK EXPOSURE OF FINANCIAL INSTRUMENTS (continued)

	Stage of assets			Total HK\$'000
	Stage 1	Stage 2	Stage 3	
	12-month ECL HK\$'000	Lifetime ECL HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	
(b) Other receivables, amounts due from the ultimate holding company, a fellow subsidiary and related parties				
Gross carrying amount as at 1 January 2025	390,415	1,753	63,603	455,771
Increases	659,117	6	8,903	668,026
Decreases	(180,064)	(517)	(1,993)	(182,574)
Derecognise	–	–	(5,713)	(5,713)
Transfers between stages				
– Increase	–	–	–	–
– Decrease	–	–	–	–
As at 30 June 2025	<u>869,468</u>	<u>1,242</u>	<u>64,800</u>	<u>935,510</u>
Gross carrying amount as at 1 January 2024	520,668	–	69,477	590,145
Increases	66,731	–	32,812	99,543
Decreases	(190,114)	(5,117)	(2,239)	(197,470)
Derecognise	–	–	(36,447)	(36,447)
Transfers between stages				
– Increase	–	6,870	–	6,870
– Decrease	(6,870)	–	–	(6,870)
As at 31 December 2024	<u>390,415</u>	<u>1,753</u>	<u>63,603</u>	<u>455,771</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

25. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK EXPOSURE OF FINANCIAL INSTRUMENTS (continued)

	Stage of assets			Total HK\$'000
	Stage 1	Stage 2	Stage 3	
	12-month ECL HK\$'000	Lifetime ECL HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	
(c) Financial assets at FVOCI – debt investments				
Gross carrying amount as at 1 January 2025	4,874,331	279,404	41,586	5,195,321
Increases	2,161,637	2,455	44	2,164,136
Decreases	(963,653)	(244,051)	(31,297)	(1,239,001)
Transfers between stages				
– Increase	–	–	–	–
– Decrease	–	–	–	–
As at 30 June 2025	<u>6,072,315</u>	<u>37,808</u>	<u>10,333</u>	<u>6,120,456</u>
Gross carrying amount as at 1 January 2024	6,664,002	–	96,667	6,760,669
Increases	236,220	32,599	5,849	274,668
Decreases	(1,771,981)	(7,105)	(59,001)	(1,838,087)
Write-off	–	–	(1,929)	(1,929)
Transfers between stages				
– Increase	–	253,910	–	253,910
– Decrease	(253,910)	–	–	(253,910)
As at 31 December 2024	<u>4,874,331</u>	<u>279,404</u>	<u>41,586</u>	<u>5,195,321</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

25. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK EXPOSURE OF FINANCIAL INSTRUMENTS (continued)

	Stage of assets			Total HK\$'000
	Stage 1	Stage 2	Stage 3	
	12-month ECL HK\$'000	Lifetime ECL HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	
(d) Loans and advances				
Gross carrying amount as at 1 January 2025	511,975	–	698,789	1,210,764
Increases	40,234	–	3,891	44,125
Decreases	(501,648)	–	(742)	(502,390)
Write-off	–	–	(4,496)	(4,496)
Transfers between stages				
– Increase	–	–	–	–
– Decrease	–	–	–	–
As at 30 June 2025	50,561	–	697,442	748,003
Gross carrying amount as at 1 January 2024	574,507	–	929,906	1,504,413
Increases	10,328	–	3,995	14,323
Decreases	(72,860)	–	(157,022)	(229,882)
Derecognise	–	–	(78,090)	(78,090)
Transfers between stages				
– Increase	–	–	–	–
– Decrease	–	–	–	–
As at 31 December 2024	511,975	–	698,789	1,210,764

Notes to the Condensed Consolidated Financial Statements (Continued)

25. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK EXPOSURE OF FINANCIAL INSTRUMENTS (continued)

	Stage of assets			Lifetime ECL (simplified approach) HK\$'000	Total HK\$'000
	Stage 1	Stage 2	Stage 3		
	12-month ECL HK\$'000	Lifetime ECL HK\$'000	Lifetime ECL (credit- impaired) HK\$'000		
(e) Accounts receivable					
Gross carrying amount as at 1 January 2025	–	–	–	912,700	912,700
Increases	–	–	–	768,193	768,193
Reverses	–	–	–	–	–
As at 30 June 2025	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,680,893</u>	<u>1,680,893</u>
Gross carrying amount as at 1 January 2024	–	–	–	481,326	481,326
Increases	–	–	–	443,917	443,917
Reverses	–	–	–	(12,543)	(12,543)
As at 31 December 2024	<u>–</u>	<u>–</u>	<u>–</u>	<u>912,700</u>	<u>912,700</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

25. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK EXPOSURE OF FINANCIAL INSTRUMENTS (continued)

The following tables show reconciliation from the opening to the closing balance of an ECL allowance by the stages of assets as at 30 June 2025 and 31 December 2024:

	Stage of assets			Total HK\$'000
	Stage 1	Stage 2	Stage 3	
	12-month ECL HK\$'000	Lifetime ECL HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	
(a) Margin loans to customers				
As at 1 January 2025	108	–	161,870	161,978
Increases	4	–	–	4
Reverses	(25)	–	(874)	(899)
Write-off	–	–	(145,454)	(145,454)
Transfers between stages				
– Increase	–	–	–	–
– Decrease	–	–	–	–
As at 30 June 2025	87	–	15,542	15,629
As at 1 January 2024	570	50	118,556	119,176
Increases	3	–	43,363	43,366
Reverses	(469)	(46)	(49)	(564)
Transfers between stages				
– Increase	4	–	–	4
– Decrease	–	(4)	–	(4)
As at 31 December 2024	108	–	161,870	161,978

Notes to the Condensed Consolidated Financial Statements (Continued)

25. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK EXPOSURE OF FINANCIAL INSTRUMENTS (continued)

	Stage of assets			Total HK\$'000
	Stage 1	Stage 2	Stage 3	
	12-month ECL HK\$'000	Lifetime ECL HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	
(b) Other receivables, amounts due from the ultimate holding company, a fellow subsidiary and related parties				
As at 1 January 2025	96	27	63,600	63,723
Increases	25	–	12,481	12,506
Reverses	(45)	(15)	–	(60)
Derecognise	–	–	(1,993)	(1,993)
Write-off	–	–	(9,292)	(9,292)
Exchange adjustment	–	–	2	2
Transfers between stages				
– Increase	–	–	–	–
– Decrease	–	–	–	–
As at 30 June 2025	76	12	64,798	64,886
As at 1 January 2024	132	1	69,474	69,607
Increases	19	20	32,812	32,851
Reverses	(48)	(1)	(1,428)	(1,477)
Write-off	–	–	(37,258)	(37,258)
Transfers between stages				
– Increase	–	7	–	7
– Decrease	(7)	–	–	(7)
As at 31 December 2024	96	27	63,600	63,723

Notes to the Condensed Consolidated Financial Statements (Continued)

25. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK EXPOSURE OF FINANCIAL INSTRUMENTS (continued)

	Stage of assets			Total HK\$'000
	Stage 1	Stage 2	Stage 3	
	12-month ECL HK\$'000	Lifetime ECL HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	
(c) Financial assets at FVOCI – debt investments				
As at 1 January 2025	9,276	5,386	350,550	365,212
Increases	1,859	–	35,299	37,158
Reverses	(3,147)	(4,582)	(20,614)	(28,343)
Derecognise	–	–	(161,863)	(161,863)
Transfers between stages				
– Increase	–	–	–	–
– Decrease	–	–	–	–
As at 30 June 2025	<u>7,988</u>	<u>804</u>	<u>203,372</u>	<u>212,164</u>
As at 1 January 2024	9,321	–	1,050,292	1,059,613
Increases	4,635	4,624	93,336	102,595
Reverses	(3,918)	–	(14,013)	(17,931)
Derecognise	–	–	(663,345)	(663,345)
Write-off	–	–	(122,164)	(122,164)
Bad debts recovery	–	–	6,444	6,444
Transfers between stages				
– Increase	–	762	–	762
– Decrease	(762)	–	–	(762)
As at 31 December 2024	<u>9,276</u>	<u>5,386</u>	<u>350,550</u>	<u>365,212</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

25. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK EXPOSURE OF FINANCIAL INSTRUMENTS (continued)

	Stage of assets			Total HK\$'000
	Stage 1	Stage 2	Stage 3	
	12-month ECL HK\$'000	Lifetime ECL HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	
(d) Loans and advances				
As at 1 January 2025	228	–	535,547	535,775
Increases	18	–	39,502	39,520
Reverses	(227)	–	(1,416)	(1,643)
Write-off	–	–	(4,496)	(4,496)
Bad debts recovery	–	–	1,416	1,416
Transfers between stages				
– Increase	–	–	–	–
– Decrease	–	–	–	–
As at 30 June 2025	19	–	570,553	570,572
As at 1 January 2024	324	–	463,646	463,970
Increases	5	–	144,179	144,184
Reverses	(101)	–	–	(101)
Derecognise	–	–	(72,278)	(72,278)
Transfers between stages				
– Increase	–	–	–	–
– Decrease	–	–	–	–
As at 31 December 2024	228	–	535,547	535,775

Notes to the Condensed Consolidated Financial Statements (Continued)

25. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK EXPOSURE OF FINANCIAL INSTRUMENTS (continued)

	Stage of assets			Lifetime ECL (simplified approach) HK\$'000	Total HK\$'000
	Stage 1	Stage 2	Stage 3		
	12-month ECL HK\$'000	Lifetime ECL HK\$'000	Lifetime ECL (credit- impaired) HK\$'000		
(e) Accounts receivable					
As at 1 January 2025	–	–	–	709	709
Increases	–	–	–	357	357
Reverses	–	–	–	(7)	(7)
As at 30 June 2025	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,059</u>	<u>1,059</u>
As at 1 January 2024	–	–	–	5,392	5,392
Increases	–	–	–	3,737	3,737
Reverses	–	–	–	(986)	(986)
Write-off	–	–	–	(7,434)	(7,434)
As at 31 December 2024	<u>–</u>	<u>–</u>	<u>–</u>	<u>709</u>	<u>709</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

25. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK EXPOSURE OF FINANCIAL INSTRUMENTS (continued)

Management assessment on economic scenarios, weightings and sensitivity analysis of ECL model

The Group established ECL model by using a statistical approach for financial instruments. This approach involves estimation of four risk parameters, i.e. Probability of Default ("PD"), Loss Given Default ("LGD"), Exposure at Default ("EAD") and expected life, as well as the use of effective interest rate ("EIR") and forward-looking information.

To reflect the prevailing market condition, the forward-looking macroeconomic information including unemployment rate, current account balance, total investment balance, volume of imports and exports of goods and services are updated with revision of weightings of its three economic scenarios, i.e. "Optimistic scenario", "Basic scenario" and "Pessimistic scenario". The weighting of "Basic scenario" adopted by the Group overweight the aggregated weighting of non "Basic scenario".

Sensitivity analysis

As at 30 June 2025 and 31 December 2024, sensitivity analysis is conducted for the impact of impairment allowance results against the forward-looking macroeconomic variables on the basis that (i) Optimistic scenario weight increases by 10% and Basic scenario weight is lowered by 10%; (ii) Pessimistic scenario weight increases by 10% and Basic scenario weight is lowered by 10%, as follows:

	30/6/2025		31/12/2024	
	Optimistic +10%	Pessimistic +10%	Optimistic +10%	Pessimistic +10%
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loans and advances	1	(7)	4	(152)
Debt investments	394	(3,925)	485	(6,946)
Margin loans to customers	–	–	–	–

Notes to the Condensed Consolidated Financial Statements (Continued)

25. FINANCIAL RISK MANAGEMENT (continued)

FAIR VALUE OF THE GROUP'S FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE MEASURED AT FAIR VALUE ON RECURRING BASIS

Certain financial assets and liabilities of the Group are measured at fair value or with fair value disclosed for financial reporting purposes. The fair value has been determined using appropriate valuation techniques and inputs for fair value measurements. The appropriateness of the valuation techniques and the inputs to the fair value measurements are reviewed by the Board of Directors periodically.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2025.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Level 3 financial instruments are valued using models which utilise observable Level 1 and/or Level 2 inputs, as well as unobservable Level 3 inputs.

Notes to the Condensed Consolidated Financial Statements (Continued)

25. FINANCIAL RISK MANAGEMENT (continued)

FAIR VALUE OF THE GROUP'S FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE MEASURED AT FAIR VALUE ON RECURRING BASIS (continued)

The table below provides further information regarding the valuation of material financial assets and liabilities under Level 3.

As at 30 June 2025	Valuation technique	Unobservable inputs	Range	Relationship of unobservable inputs to fair value
Financial assets at fair value through profit or loss				
Club debenture	Recent transaction price	Liquidity discount rate	25%	(ii)
Unlisted equities	Recent transaction price	(i)	N/A	N/A
	Market approach	Sales multiples	3x-16.4x	(iii)
	Allocated net asset value	Net asset value	N/A	(iv)
Unlisted funds	Allocated net asset value	Net asset value	N/A	(iv)
	Recent transaction price	(i)	N/A	N/A
	Market approach	Volatility	49%	(v)
Preference shares	Recent transaction price	(i)	N/A	N/A
	Market approach	Sales multiples	1.5x-22.2x	(iii)
Financial liabilities at fair value through profit or loss				
Financial liabilities to the investors of the funds consolidated	Allocated net asset value	Net asset value	N/A	(iv)

Notes to the Condensed Consolidated Financial Statements (Continued)

25. FINANCIAL RISK MANAGEMENT (continued)

FAIR VALUE OF THE GROUP'S FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE MEASURED AT FAIR VALUE ON RECURRING BASIS (continued)

As at 31 December 2024	Valuation technique	Unobservable inputs	Range	Relationship of unobservable inputs to fair value
Financial assets at fair value through profit or loss				
Club debenture	Recent transaction price	Liquidity discount rate	25%	(ii)
Unlisted equities	Recent transaction price	(i)	N/A	N/A
	Market approach	Sales multiples	2.4x-14.9x	(iii)
	Allocated net asset value	Net asset value	N/A	(iv)
Unlisted funds	Market approach	Sales multiples	1.5x	(iii)
	Allocated net asset value	Net asset value	N/A	(iv)
	Recent transaction price	(i)	N/A	N/A
	Market approach	Volatility	47%	(v)
Preference shares	Recent transaction price	(i)	N/A	N/A
	Market approach	Sales multiples	1.5x-18.7x	(iii)
Financial liabilities at fair value through profit or loss				
Financial liabilities to the investors of the funds consolidated	Allocated net asset value	Net asset value	N/A	(iv)

- (i) The Directors of the Company consider that the financial position of these investments has no significant change between its recent transaction date/exit date and the reporting date, and hence no adjustment to the recent transaction price/exit price is needed.
- (ii) The higher the discount rate, the lower the fair value.
- (iii) The higher the multiples, the higher the fair value.
- (iv) The higher the net asset value, the higher the fair value.
- (v) The higher the volatility, the lower the fair value.

Notes to the Condensed Consolidated Financial Statements (Continued)

25. FINANCIAL RISK MANAGEMENT (continued)

FAIR VALUE OF THE GROUP'S FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE MEASURED AT FAIR VALUE ON RECURRING BASIS (continued)

The following tables present the changes in Level 3 instruments for the six months ended 30 June 2025 and for the year ended 31 December 2024.

	30/6/2025 HK\$'000 (Unaudited)	31/12/2024 HK\$'000 (Audited)
Financial assets at fair value through profit or loss		
Beginning of the period/year	2,998,021	4,008,882
Addition during the period/year	38,372	7,939
Disposal during the period/year	(48,404)	(446,878)
Transfer during the period/year	–	(233,064)
Net loss recognised in profit or loss	(76,947)	(317,748)
Exchange adjustments	35,813	(21,110)
End of the period/year (Note 12)	<u>2,946,855</u>	<u>2,998,021</u>
Financial liabilities at fair value through profit or loss		
Beginning of the period/year	354,478	519,000
Net gain recognised in profit or loss	(58,071)	(164,522)
End of the period/year (Note 12)	<u>296,407</u>	<u>354,478</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

25. FINANCIAL RISK MANAGEMENT (continued)

FAIR VALUE OF THE GROUP'S FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE MEASURED AT FAIR VALUE ON RECURRING BASIS (continued)

	30/6/2025 HK\$'000 (Unaudited)	31/12/2024 HK\$'000 (Audited)
Derivative financial liabilities		
Beginning of the period/year	4,365	4,381
Net gain recognised in profit or loss	(218)	(16)
End of the period/year (Note 12)	4,147	4,365

The Group has adopted consistent and transparent methodology based on these valuation techniques above for determining fair value. Regardless of the valuation methodology used, once used, it should continue to be used until a new methodology provides a better approximation of the investment's current fair value. The management expects that there would not be frequent changes in valuation techniques.

Glossary

"1H"	the first six months of a particular calendar year
"AUM"	the amount of assets under management
"Board" or "Board of Directors"	the board of Directors of the Company
"BOCOM"	Bank of Communications Co., Ltd. (交通銀行股份有限公司), established in 1908, a company registered in the PRC as a joint stock limited liability company on 24 December 2004, the H shares and A shares of which are listed on the Stock Exchange and the Shanghai Stock Exchange, respectively, and being the ultimate controlling Shareholder of the Company
"BOCOM Group"	BOCOM and its subsidiaries (excluding the Group)
"BOCOM International (Shanghai)"	BOCOM International (Shanghai) Equity Investment Management Co., Ltd. (交銀國際(上海)股權投資管理有限公司), a company incorporated in the PRC with limited liability on 25 October 2010 and a subsidiary of the Company
"BOCOM International (Shenzhen)"	BOCOM International Private Equity Fund Management (Shenzhen) Company Limited (交銀國際私募股權基金管理(深圳)有限公司), a company incorporated in the PRC with limited liability on 3 February 2016, a subsidiary of the Company
"BOCOM Nominee"	Bank of Communications (Nominee) Company Limited, a company incorporated in Hong Kong with limited liability on 21 August 1981 and a subsidiary of BOCOM and a Shareholder of the Company holding Shares on trust for BOCOM
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company"	BOCOM International Holdings Company Limited (交銀國際控股有限公司), a company incorporated in Hong Kong with limited liability on 3 June 1998, the issued Shares of which are listed on the Main Board of the Stock Exchange
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Director(s)"	director(s) of the Company
"Expectation Investment"	Expectation Investment Limited, a company incorporated in Hong Kong with limited liability on 29 January 1997, an indirect subsidiary of BOCOM and a Shareholder of the Company

Glossary (Continued)

"GDP"	Gross Domestic Product
"Group" or "we" or "us"	the Company and its subsidiaries
"HKD" or "HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IPO(s)"	initial public offering(s)
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"PRC" or "China"	the People's Republic of China
"QDIE"	Qualified Domestic Investment Entity
"QFLP"	Qualified Foreign Limited Partnership
"Reporting Period"	the six months ended 30 June 2025
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai Stock Exchange"	the Shanghai Stock Exchange (上海證券交易所)
"Share(s)"	ordinary share(s) in the capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange" or "SEHK" or "HKEX"	The Stock Exchange of Hong Kong Limited
"US" or "United States"	the United States of America
"USD" or "US\$"	United States dollars, the lawful currency of the United States