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**中銀香港(控股)有限公司**

**BOC HONG KONG (HOLDINGS) LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(the “Company”, Stock Code: 2388)**

## **CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the 2019 Announcement in relation to the Continuing Connected Transactions. As disclosed in the 2019 Announcement, the Group has been conducting the Continuing Connected Transactions with BOC Group since the Company’s listing in 2002. The Continuing Connected Transactions comprising the General Connected Transactions, Investment and Referral Connected Transactions and Inter-bank Connected Transactions, are carried out in the ordinary and usual course of business of the Group, and are regulated by the Original Services and Relationship Agreement and the specific agreements entered and to be entered into from time to time pursuant thereto by the relevant members of the Group.

The Original Services and Relationship Agreement will expire on 31 December 2022. On 30 December 2022, the parties entered into the New Services and Relationship Agreement, pursuant to which the parties will continue to carry out the General Connected Transactions, Investment and Referral Connected Transactions and Inter-bank Connected Transactions during the period commencing from 1 January 2023 and ending on 31 December 2025 (both days inclusive).

As of the date of this announcement, BOC is the controlling shareholder of the Company. Accordingly, BOC Group are connected persons of the Company under the Listing Rules. The Continuing Connected Transactions contemplated under the New Services and Relationship Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the New Caps for each of the General Connected Transactions are 0.1% or more but less than 5%, the General Connected Transactions are subject to the reporting, annual review and announcement requirements under Chapter 14A but are exempt from the independent shareholders’ approval requirement of the Listing Rules.

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the New Caps for each of the Investment and Referral Connected Transactions and the Inter-bank Connected Transactions are 5% or more, each of the Investment and Referral Connected Transactions and the Inter-bank Connected Transactions constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules, and are subject to the reporting, annual review, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Board has set up the Independent Board Committee to review the Investment and Referral Connected Transactions and the Inter-bank Connected Transactions and advise the Independent Shareholders in respect of the Investment and Referral Connected Transactions and the Inter-bank Connected Transactions. The Company has appointed Gram Capital as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Investment and Referral Connected Transactions and the Inter-bank Connected Transactions (including the relevant New Caps).

A circular containing, among other things, (i) details of the Investment and Referral Connected Transactions and the Inter-bank Connected Transactions and the New Caps in respect thereof; (ii) a letter from Gram Capital to the Independent Board Committee and the Independent Shareholders containing its advice on the Investment and Referral Connected Transactions and the Inter-bank Connected Transactions; and (iii) the recommendation of the Independent Board Committee in respect of the Investment and Referral Connected Transactions and the Inter-bank Connected Transactions, will be dispatched to the Shareholders of the Company on or about 26 January 2023. The Company will seek approval from the Independent Shareholders in respect of the Investment and Referral Connected Transactions and the Inter-bank Connected Transactions at the AGM of the Company, which is tentatively scheduled to be held in May or June 2023. A notice of the AGM, containing all resolutions to be proposed at the AGM (including the resolution to approve the Investment and Referral Connected Transactions and the Inter-bank Connected Transactions) will be dispatched to the Shareholders in April 2023.

## **BACKGROUND**

Reference is made to the announcement of the Company dated 23 December 2019 in relation to the Continuing Connected Transactions with BOC Group (the “2019 Announcement”).

As disclosed in the 2019 Announcement, the Group has been conducting the Continuing Connected Transactions with BOC Group, comprising the General Connected Transactions, Investment and Referral Connected Transactions and Inter-bank Connected Transactions, in the ordinary and usual course of its business since the listing of the Company in 2002. Pursuant to the Original Services and Relationship Agreement, the parties have agreed to enter into, and to procure their respective associates or subsidiaries (as the case may be) to enter into, transactions on an arm’s length basis, on normal commercial terms and at rates no less favourable to the Group than those available to or from independent third parties.

The Original Services and Relationship Agreement will expire on 31 December 2022. On 30 December 2022, the parties entered into the New Services and Relationship Agreement, pursuant to which the parties will continue to carry out the General Connected Transactions, Investment and Referral Connected Transactions and Inter-bank Connected Transactions during the period commencing from 1 January 2023 and ending on 31 December 2025 (both days inclusive).

As of the date of this announcement, BOC is the controlling shareholder of the Company. Hence, BOC Group are connected persons of the Company under the Listing Rules. Accordingly, the Continuing Connected Transactions contemplated under the New Services and Relationship Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

## PARTICULARS OF THE CONTINUING CONNECTED TRANSACTIONS

Details of the Continuing Connected Transactions, comprising the General Connected Transactions, the Investment and Referral Connected Transactions and the Inter-bank Connected Transactions, and the New Caps are set out below.

### General Connected Transactions

#### 1. *Information Technology Services*

The Group provides and receives various information technology services to and from BOC Group. These services include technical consultancy, specific computer systems and software development, systems maintenance, operations, support, network installation, user training and support, control and supervision of system security and safety services. The service fees have been determined following arm's length negotiations between the parties, with reference to the relevant cost incurred. The services are provided on normal commercial terms and the fees are no less favourable to the Group than those which would be payable to or receivable from independent third party service providers or users in respect of the provision of similar services.

The table below sets out the historical revenues and payments and the New Caps (for the avoidance of doubt, the amounts paid and received by the Group are not netted for the purposes of calculating the historical amounts and the New Caps) for the information technology services:

	<u>2020</u>	<u>2021</u>	<u>2022*</u>
Historical revenues and payments ( <i>HK\$ million</i> )	137.43	158.01	107.61
	<u>2023</u>	<u>2024</u>	<u>2025</u>
New Caps ( <i>HK\$ million</i> )	1,000	1,000	1,000

\* For the eight months ended 31 August 2022 while the annual caps for each of the three years ending 31 December 2022 is HK\$1,000 million.

#### 2. *Property Transactions*

##### 2.1 *Leases and licences*

The Group leases various premises from and to BOC Group in Hong Kong and the Mainland China pursuant to various leases and licences agreements at prevailing market rates at the relevant times, with reference to the rents of properties at similar location and of similar size. These arrangements are conducted on normal commercial terms.

As a result of the adoption of Hong Kong Financial Reporting Standards 16 “Leases” which was effective from 1 January 2019, cap amounts related to continuing connected transactions involving property leasing under which the Group is the lessee are determined based on the total value of right-of-use assets arising from the property leasing agreements entered into by the Group on or after that date. The value of right-of-use assets is measured at the amount of the lease liabilities which is the discounted total future lease payments, plus initial direct costs, estimated dismantling or restoring cost and adjusted by prepaid lease payments (if any). The discount rate is determined with reference to the yield of bonds issued by banks with similar credit rating of the Group, with tenor and currency matching the lease agreements concerned, ranging from 2.42% to 3.84%. Subsequently, the right-of-use assets will be depreciated on a systematic basis over the lease term. The New Caps for this transaction have already reflected the impact arising from the calculation above.

## 2.2 Property management and letting agency

Sun Chung provides property management and letting services to BOCHK at Bank of China Tower, Bank of China Building, Bank of China Centre and other properties as required from time to time. In return, Sun Chung receives (i) a monthly management fee which is partially paid by the Group’s tenants with the remainder paid by the Group in respect of the office space used by the Group, and (ii) commission payments if Sun Chung is able to find new tenants for the buildings or the existing tenants renew their leases with the Group. These arrangements are conducted on normal commercial terms and such fees and commission payments are no less favourable to the Group than those which would be payable to independent third party service providers in respect of the provision of similar services.

The table below sets out historical revenues and payments and the New Caps (for the avoidance of doubt, the amounts paid and received by the Group are not netted for the purposes of calculating the historical amounts and the New Caps) for all of the property transactions described above:

	<u>2020</u>	<u>2021</u>	<u>2022*</u>
Historical revenues and payments (HK\$ million)	179.27	181.75	132.73
	<u>2023</u>	<u>2024</u>	<u>2025</u>
New Caps (HK\$ million)	1,000	1,000	1,000

\* For the eight months ended 31 August 2022 while the annual caps for each of the three years ending 31 December 2022 is HK\$1,000 million.

### 3. *Bank-note Delivery*

BOCHK provides bank-note delivery services to BOC Group for fees based on rational market rates and with reference to the transportation costs, relevant security services and other related costs. Transactions are on an arm's length basis or on terms no less favourable to BOCHK than terms offered by BOCHK to independent third parties for the provision of similar services.

The table below sets out the historical fees and the New Caps for the bank-note delivery services:

	<u>2020</u>	<u>2021</u>	<u>2022*</u>
Historical fees ( <i>HK\$ million</i> )	72.08	33.70	27.83
	<u>2023</u>	<u>2024</u>	<u>2025</u>
New Caps ( <i>HK\$ million</i> )	1,000	1,000	1,000

\* For the eight months ended 31 August 2022 while the annual caps for each of the three years ending 31 December 2022 is HK\$1,000 million.

### 4. *Provision of Insurance Cover*

BOCG Insurance and BOC Life provide insurance cover to the Group including, without limitation, cash and cash transit insurance, group medical insurance, group life insurance, employee compensation insurance, public liability insurance, accidental damage to property insurance, Bankers' Blanket Bond and directors' and officers' liability insurance. Being one of the Group's major subsidiaries, BOC Life also provides BOC Group with group life insurance and reinsurance service.

These arrangements are conducted on normal commercial terms and the related premiums, taking into account factors such as the extent of insurance coverage, perceived insured risks and insured amount, are applicable to other independent third parties having regard to similar circumstances. The Group also takes into account the reviews of independent insurance consultants and quotations obtained from independent third parties.

The table below sets out the historical premiums and the New Caps (for the avoidance of doubt, the amounts paid and received by the Group are not netted for the purpose of calculating the New Caps) for the provision of insurance cover described above:

	<u>2020</u>	<u>2021</u>	<u>2022*</u>
Historical premiums ( <i>HK\$ million</i> )	344.47	297.33	258.29
	<u>2023</u>	<u>2024</u>	<u>2025</u>
New Caps ( <i>HK\$ million</i> )	1,000	1,000	1,000

\* For the eight months ended 31 August 2022 while the annual caps for each of the three years ending 31 December 2022 is HK\$1,000 million.

## 5. Card Services

Each of BOC Macau branch and Tai Fung Bank promotes BOCCC's cards bearing their respective names, to their customers in Macau and provides other services to BOCCC such as processing and approving applications received and collecting payments for such cards. In addition to their card issuing services, BOC Macau branch and Tai Fung Bank provide services for BOCCC's merchant acquiring business in Macau.

In addition, BOCCC also provides middle and back office support services, including but not limited to, business and product development, information technology services, customer support services, training services, project management, business consultancy, operation consultancy and support and other related support services to BOC's overseas branches and subsidiaries in relation to their credit card, debit card and prepaid card businesses. BOCCC and BOC's overseas branches and subsidiaries also enter into strategic alliance for cooperation in development of card and related services.

BOCCC provides merchant acquiring services to BOC Life, BOCG Insurance and Ford Ease Investment Limited T/A Union Medical Centre (a subsidiary of BOCG Insurance), and receives service fees from BOC Life, BOCG Insurance and Ford Ease Investment Limited T/A Union Medical Centre.

BOC Services Company Limited, a subsidiary of BOC, and BOCCC provide services to each other in relation to card business in the Mainland.

All the above arrangements and transactions are conducted on normal commercial terms and the relevant fee arrangements are determined after arm's length negotiation with reference to the scope of service provided and the relevant costs incurred.

The table below sets out the historical aggregate commissions and payments and the New Caps (for the avoidance of doubt, the amounts paid and received by the Group are not netted for the purposes of calculating the historical amounts and the New Caps) for all of the card services and transactions described above:

	<u>2020</u>	<u>2021</u>	<u>2022*</u>
Historical commissions and payments (HK\$ million)	76.67	94.58	57.15
	<u>2023</u>	<u>2024</u>	<u>2025</u>
New Caps (HK\$ million)	1,000	1,000	1,000

\* For the eight months ended 31 August 2022 while the annual caps for each of the three years ending 31 December 2022 is HK\$1,000 million.

## 6. Custody Business

The Group provides and receives custody-related services to or from its own subsidiaries and BOC Group. The custody-related services provided by the Group mainly cover safekeeping, settlement, corporate action handling, asset servicing and reporting. Most of these transactions are conducted through custody accounts opened at BOCHK under BOC's own name but for third party beneficiaries (such as qualified domestic institutional investors in the Mainland). BOC Group provides custodial services to the Group, such as clearing, settlement and safekeeping of the shares transacted by the customers of the Group through the Shanghai-Hong Kong Stock Connect Program and the RMB qualified foreign institutional investors as well as the qualified foreign institutional investors programs. BOCHK receives and pays custody fees from and to its own subsidiaries and BOC Group. Such fees are determined with reference to the transactions entered into with independent third parties and are based on normal commercial terms.

The table below sets out the historical custody fees and the New Caps (for the avoidance of doubt, the amounts paid and received by the Group are not netted for the purposes of calculating the historical amounts and the New Caps) for the custody business transactions described above:

	<u>2020</u>	<u>2021</u>	<u>2022*</u>
Historical custody fees ( <i>HK\$ million</i> )	57.42	64.90	42.51
	<u>2023</u>	<u>2024</u>	<u>2025</u>
New Caps ( <i>HK\$ million</i> )	1,000	1,000	1,000

\* For the eight months ended 31 August 2022 while the annual caps for each of the three years ending 31 December 2022 is HK\$1,000 million.

## 7. Contact Centre Services

The Group has outsourced its contact centre operations in the ordinary course of its business to a subsidiary of BOC in the Mainland. The Group pays service charges with reference to the costs incurred and services provided, after arm's length negotiation and based on normal commercial terms.

The table below sets out the historical payments and the New Caps for the contact centre services described above:

	<u>2020</u>	<u>2021</u>	<u>2022*</u>
Historical payments ( <i>HK\$ million</i> )	79.63	79.25	46.66
	<u>2023</u>	<u>2024</u>	<u>2025</u>
New Caps ( <i>HK\$ million</i> )	1,000	1,000	1,000

\* For the eight months ended 31 August 2022 while the annual caps for each of the three years ending 31 December 2022 is HK\$1,000 million.

## Investment and Referral Connected Transactions

### 8. *Securities Transactions*

BOCI Securities, is recognized as one of the leading brokerage firms in Hong Kong and ranks among the leading brokerages in terms of trading volume. BOCI Securities provides securities brokerage services to the Group and its customers from time to time in the ordinary and usual course of its business and on normal commercial terms.

In consideration of the provision of securities brokerage services to the Group and its customers by BOCI Securities, the Group pays a commission based on a fixed portion of the gross commission (subject to transaction type) to BOCI Securities. The determination of such commission is based on a number of factors, including the role and duties of BOCI Securities under these transactions as well as the level of data security control and the standard of past performance of BOCI Securities.

The table below sets out the historical commissions and the New Caps for the securities transactions described above:

	<u>2020</u>	<u>2021</u>	<u>2022*</u>
Historical commissions ( <i>HK\$ million</i> )	315.70	324.36	144.87
	<u>2023</u>	<u>2024</u>	<u>2025</u>
New Caps ( <i>HK\$ million</i> )	5,000	7,000	10,000

\* For the eight months ended 31 August 2022 while the annual caps for the years ending 31 December 2020, 2021 and 2022 were HK\$5,000 million, HK\$7,000 million and HK\$10,000 million, respectively.

### 9. *Fund Distribution Transactions*

As one of the leading financial services providers in Hong Kong, the Group provides fund distribution services to fund suppliers (including BOCI-Prudential Asset Management) in its ordinary course of business which includes mandatory provident fund. The Group promotes and sells various fund products, including guaranteed fund and open-ended fund products, in its capacity as an intermediary or referrer between the fund suppliers and the fund subscribers. The Group receives a commission on the basis of a certain percentage of the subscription fee and the management fee received by such fund suppliers in relation to the funds. All fees and commissions payable by the fund suppliers (including BOCI-Prudential Asset Management) are calculated with reference to the prevailing market rates and the underlying transaction volumes based on an agreed fee schedule, subject to factors including but not limited to (i) changes to market environment; and (ii) the Group's relationship with individual fund suppliers, and such rates shall be no less favourable to the Group than those entered into with independent third parties and on normal commercial terms.



The table below sets out the historical commissions and rebates and the New Caps for the fund distribution transactions:

	<u>2020</u>	<u>2021</u>	<u>2022*</u>
Historical commissions and rebates ( <i>HK\$ million</i> )	61.00	58.34	28.95
	<u>2023</u>	<u>2024</u>	<u>2025</u>
New Caps ( <i>HK\$ million</i> )	5,000	7,000	10,000

\* For the eight months ended 31 August 2022 while the annual caps for the years ending 31 December 2020, 2021 and 2022 were HK\$5,000 million, HK\$7,000 million and HK\$10,000 million, respectively.

#### **10. Insurance Agency and Insurance Referral**

The Group provides to BOCG Insurance and BOC Life insurance agency and insurance referral services and receives commission payments or referral fees in respect of the policies issued or renewed in accordance with the rates set out in the relevant fee schedule of BOCG Insurance and BOC Life, which are applicable to transactions conducted with independent third parties as well as the Group. The pricing policy and payment terms of the insurance agency services are determined with reference to the insurance agency arrangements and terms with other insurance providers, including the relevant product pricing information in the market, as well as the relevant commission rates. BOCG Insurance and BOC Life may, according to business need, offer sales incentive and client promotion fees to the Group. These incentives are determined with reference to the payment terms and conditions offered by independent third parties to the Group.

In conjunction with the provision of insurance referral services, the Group pays BOC Life service fees calculated as five percent of referral fees received in return for the sales and administration services provided by BOC Life on the relevant policies. The rate of referral fees after deducting the sales and administration service fees is similar to the rate of commission charged by the Group for the provision of insurance agency services with respect to the same insurance products.

Moreover, the Group provides insurance referral services to BOCI Private Wealth Management Limited (a subsidiary of BOCI), and receives a referral fee from BOCI Private Wealth Management Limited for the services provided. The fee rate for the insurance referral services is no less favourable to the Group than the fee rate charged by the Group to independent third parties.

The table below sets out the historical commissions and the New Caps for the insurance agency and insurance referral services:

	<u>2020</u>	<u>2021</u>	<u>2022*</u>
Historical commissions ( <i>HK\$ million</i> )	1,069.26	984.31	703.32
	<u>2023</u>	<u>2024</u>	<u>2025</u>
New Caps ( <i>HK\$ million</i> )	5,000	7,000	10,000

\* For the eight months ended 31 August 2022 while the annual caps for the years ending 31 December 2020, 2021 and 2022 were HK\$5,000 million, HK\$7,000 million and HK\$10,000 million, respectively.

## 11. *Investment Products Transactions*

The Group may enter into investment products transactions during the ordinary and usual course of its business with BOC Group, whereby BOC Group subscribes for investment funds of which the Group acts as the fund manager or the issuer; or the Group subscribes for investment funds of which BOC Group acts as the fund manager or the issuer. These investment funds mainly include open-ended or close-ended public or private funds.

The Group derives a management fee from both retail and institutional subscribers or pays a management fee to BOC Group when it subscribes for funds. The management fee for each investment product may vary depending on, among others, the size and nature of the investment fund, and will be determined based on the market practice and on normal commercial terms or better.

For the subscription and redemption of fund units by investors, the relevant price per fund unit is published and determined by the fund administrator, being BOCI-Prudential Trustee, which is applicable to all investors of the same fund unites (including BOC Group, the Group and independent third party investors). The rates of the associated management fee, performance fee and other applicable fees have been set out in a memorandum prepared by BOCI-Prudential Trustee and are no less favourable to the Group than those available to independent third parties.

The table below sets out the historical value and fees and the New Caps (for the avoidance of doubt, the amounts paid and received by the Group are not netted for the purpose of calculating the New Caps) for the investment products transactions described above:

	<u>2020</u>	<u>2021</u>	<u>2022*</u>
Historical value and fees ( <i>HK\$ million</i> )	1,579.87	1,361.11	384.58
	<u>2023</u>	<u>2024</u>	<u>2025</u>
New Caps ( <i>HK\$ million</i> )	200,000	250,000	350,000

\* For the eight months ended 31 August 2022 while the annual caps for the years ending 31 December 2020, 2021 and 2022 were HK\$200,000 million, HK\$250,000 million and HK\$350,000 million, respectively.

## 12. *Asset Management and Referral Services*

The Group may enter into asset management and related customer referral services transactions during the ordinary and usual course of its business with BOC Group whereby (i) the Group, as an investment manager, is engaged by BOC Group, as the client, for the provision of asset management services for a management fee; and (ii) BOC Group makes client referrals to the Group for the provision of asset management services.

The management fee charged by the Group (subject to review and approval by an internal committee of the Company) is in line with market rates or is no less favourable to the Group than those charged to independent third parties. The management fee is determined based on a number of factors, including but not limited to, the background and creditworthiness of the client and length of business relationship with the Group, and the amount of assets under the Group's management, etc.

For the customer referrals by BOC Group to the Group in connection with the Group's asset management services, where such client referrals materialise into a new business for the Group, the Group would share a percentage of management fee charged by it with BOC Group in return for its client referrals. The percentage share of management fee with BOC Group is no less favourable to the Group than those available from independent third parties.

The Group's asset management and customer referral services transactions with BOC Group are conducted in the ordinary and usual course of its business and on normal commercial terms and are fair and reasonable.

The table below sets out the historical revenues and payments and the New Caps (for the avoidance of doubt, the amounts paid and received by the Group are not netted for the purposes of calculating the historical amounts and the New Caps) for the asset management and referral services described above:

	<u>2020</u>	<u>2021</u>	<u>2022*</u>
Historical revenues and payments ( <i>HK\$ million</i> )	151.84	86.12	60.19
	<u>2023</u>	<u>2024</u>	<u>2025</u>
New Caps ( <i>HK\$ million</i> )	5,000	7,000	10,000

\* For the eight months ended 31 August 2022 while the annual caps for the years ending 31 December 2020, 2021 and 2022 were HK\$5,000 million, HK\$7,000 million and HK\$10,000 million, respectively.

## **Inter-bank Connected Transactions**

### **13. *Foreign Exchange Transactions***

In the ordinary and usual course of its business, the Group enters into foreign exchange transactions with BOC Group. Foreign exchange transactions include spot, forward and swap transactions of foreign exchange and precious metals, exercised currency options and foreign currency bank-note exchange transactions and physical precious metals transactions with BOC. All these transactions are executed on arm's length basis. Such transactions are entered into primarily for the purpose of foreign exchange risk management and in response to customer-driven transactions.

The Group conducts foreign exchange transactions (including non-physical precious metals transactions) with BOC Group in inter-bank market at the prevailing market price in line with normal business practice. For physical precious metals transactions, the fees are determined based on rational market rates with reference to the prevailing precious metal price, transportation costs, relevant security services and other related costs. The Group also enters into foreign exchange business partnership with BOC Group to provide products and financial services to customers by utilizing the price advantage of offshore RMB exchange rate. BOCHK provides offshore RMB price quoting services to BOC Mainland branches. On top of BOCHK's price, BOC Mainland branches mark up to their end clients. BOCHK earns from the difference between its trading cost and the price quoted to BOC Mainland branches, whereas BOC Mainland branches earn income from their mark up to end clients based on the quoted price from BOCHK. Income earned by BOC Mainland branches under this business model is retained in Hong Kong and can be transferred to their onshore accounts upon requests. All retained earnings on spot foreign exchange transactions will be transferred back to BOC Mainland branches. For foreign exchange forward transactions under this model, BOCHK keeps part of the retained earnings according to the split percentage set forth in the bilateral agreements between BOCHK and BOC Mainland branches. In addition, along with the development of many Chinese enterprises' "Going Global" growth strategy, as well as the Group's echo in supporting China's promotion on "The Belt and Road Initiative" national strategy, BOCHK sets up the Cross-border Referral Model with BOC Mainland branches on the joint marketing scheme to BOC Mainland branches' clients. Under the model, BOC Mainland branches refer their clients to BOCHK for, including but not limited to, account opening and carrying out foreign exchange transactions. Income generated under this model is the difference between BOCHK's trading cost and the quoted price to the client. Such earning is shared between BOCHK and BOC Mainland branches based on the split percentage bilaterally agreed. The proportion of income attributable to BOC Mainland branches will be retained in Hong Kong and will be transferred to their onshore accounts upon requests.

The price for each transaction shall be determined based on the market practice, the prevailing market conditions, the price of the trade products, and/or various risk management requirements of the Group.

The table below sets out the historical trading income and the New Caps for the foreign exchange transactions described above:

	<u>2020</u>	<u>2021</u>	<u>2022*</u>
Historical trading income ( <i>HK\$ million</i> )	95.67	884.00	994.73
	<u>2023</u>	<u>2024</u>	<u>2025</u>
New Caps ( <i>HK\$ million</i> )	5,000	7,000	10,000

\* For the eight months ended 31 August 2022 while the annual caps for the years ending 31 December 2020, 2021 and 2022 were HK\$5,000 million, HK\$7,000 million and HK\$10,000 million, respectively.

#### **14. Derivatives Transactions**

In the ordinary and usual course of its business, the Group enters into over-the-counter and on-exchange derivatives transactions with clients and counterparties. Such derivatives transactions mainly consist of (but not limited to) foreign exchange, commodity, equity and interest rate derivative products such as interest rate swaps, cross currency interest rate swaps, foreign exchange options, bond options, equity derivatives, credit derivatives, commodities swaps, etc. All transactions are executed with reference to the prevailing market price. These transactions are all executed on an arm's length basis and on normal commercial terms. Such transactions are entered into for various reasons, including allowing BOC Group to hedge its exposures to an underlying asset class or for the purpose of taking a risk position in relation to that underlying asset class, or meeting the need of their customer-driven business. The price for each transaction shall be determined based on the general financial market practice, the prevailing market conditions and price of the trade products, the price quoted by third parties and/or various risk management requirements of the Group.

The table below sets out the historical trading income and the New Caps for the derivatives transactions described above:

	<u>2020</u>	<u>2021</u>	<u>2022*</u>
Historical trading income ( <i>HK\$ million</i> )	459.54	349.13	650.89
	<u>2023</u>	<u>2024</u>	<u>2025</u>
New Caps ( <i>HK\$ million</i> )	5,000	7,000	10,000

\* For the eight months ended 31 August 2022 while the annual caps for the years ending 31 December 2020, 2021 and 2022 were HK\$5,000 million, HK\$7,000 million and HK\$10,000 million, respectively.

## 15. *Trading of Financial Assets*

The Group enters into various transactions with BOC, its branches and affiliated companies, in which BOC, its branches and affiliated companies buy or sell secondary interests in loans from and to the Group. Trading of accounts receivables, forfeiting and other similar types of financial assets are also included in this category. These transactions are conducted on normal commercial terms with reference to prevailing market rates, and where prevailing market rates are not applicable, the terms of the transactions will be determined with reference to similar transactions entered into with independent third parties, and are entered into for the purpose of risk management of assets and maintaining adequate liquidity level. The risk management unit of the Group monitors and reviews the terms of trading of financial assets to ensure the transactions are executed at prevailing market rates or at rates that are no less favourable than those available to or from independent third parties.

The table below sets out the historical value of such financial assets traded by the Group with BOC and its branches and the New Caps (for the avoidance of doubt, the amounts paid and received by the Group are not netted for the purposes of calculating the historical amounts and the New Caps) for such transactions:

	<u>2020</u>	<u>2021</u>	<u>2022*</u>
Historical value ( <i>HK\$ million</i> )	4,440.02	7,056.70	5,166.12
	<u>2023</u>	<u>2024</u>	<u>2025</u>
New Caps ( <i>HK\$ million</i> )	200,000	250,000	350,000

\* For the eight months ended 31 August 2022 while the annual caps for the years ending 31 December 2020, 2021 and 2022 were HK\$200,000 million, HK\$250,000 million and HK\$350,000 million, respectively.

## 16. *Inter-bank Capital Markets*

The Group buys and sells debt securities (issued by BOC Group or independent third parties) from and to BOC Group in the primary market and secondary market with reference to prevailing market rates for the Group's own investment or to run its customer-driven business. The Group trades all kinds of fixed income securities with BOC Group. The Group obtains fee/price quotations from other financial institutions including BOC Group. Where prevailing market rates are not applicable, the terms of the transactions will be determined with reference to similar transactions entered into with independent third parties. The control units of the Group will review the transactions to ensure that they are executed at prevailing market rates or at rates that are no less favourable than those available to or from independent third parties.

The table below sets out the historical value of debt and other securities traded by the Group with BOC Group and the New Caps (for the avoidance of doubt, the amounts paid and received by the Group are not netted for the purposes of calculating the historical amounts and the New Caps) for such transactions:

	<u>2020</u>	<u>2021</u>	<u>2022*</u>
Historical value ( <i>HK\$ million</i> )	21,355.38	35,244.38	46,247.92
	<u>2023</u>	<u>2024</u>	<u>2025</u>
New Caps ( <i>HK\$ million</i> )	200,000	250,000	350,000

\* For the eight months ended 31 August 2022 while the annual caps for the years ending 31 December 2020, 2021 and 2022 were HK\$200,000 million, HK\$250,000 million and HK\$350,000 million, respectively.

## **REASONS AND BASIS FOR THE ANNUAL CAPS AND INTERNAL CONTROL PROCEDURES**

### **General Connected Transactions**

The Company intends to set the New Caps for each of the three financial years ending 31 December 2025 in respect of each of the General Connected Transactions at HK\$1,000 million.

The General Connected Transactions are in general transactions with BOC Group for mutual benefits or synergy (e.g. information technology services, property transactions, bank-note delivery, provision of insurance cover, card services, custody business and contact centre services). Although the historical transaction amounts of the General Connected Transactions are relatively stable as compared to the Investment and Referral Connected Transactions and the Inter-bank Connected Transactions, the transaction amounts of the General Connected Transactions are subject to a number of uncertainties and may vary in the forthcoming three years. Such uncertainties include any possible increases in the inflation rate, the business environment of the banking industry, property market and insurance market etc. The New Caps are set at a standard amount of HK\$1,000 million which have been determined with reference to the expected growth of transactions with BOC Group. With further strengthening of the Group's relationship with BOC Group, the Group expects the amounts of the General Connected Transactions will be increased as compared to the historical amounts. Given the New Caps are estimated to be less than 5% of all applicable percentage ratios as defined in the Listing Rules, it is beneficial to set the annual caps at a standard amount of HK\$1,000 million so as to allow more room for the Group's planned expansion into the Mainland market and ASEAN region. Given the Group's strategy on long-term development of RMB banking business in Hong Kong, greater transaction volumes and amounts are expected between the Group and BOC Group (e.g. card services and bank-note delivery services). In addition, the implementation of the 14th Five-Year Plan will further enhance the opening up of the financial sector in the Mainland and promote the internationalisation of the RMB. This, together with other favourable conditions including the further development of the Greater Bay Area, the expansion of mutual financial market access between the Mainland and Hong Kong, the enactment of the Regional Comprehensive Economic Partnership and the development of the Hong Kong's Northern Metropolis area, will provide tremendous business opportunities for the banking sector in Hong Kong. Also, the start of the interest rate hike cycle will boost the profitability in the banking sector. All of these factors, together with the further development of two-way capital

market connections between the Mainland and Hong Kong, fueled Hong Kong's economic growth and led to enormous demand for financial services. In order to capture the enormous business opportunities arising from the development of the Greater Bay Area, the Group strengthened its collaboration with BOC's entities in the Greater Bay Area through establishing an integrated marketing and services system with a view to providing a full range of financial services to support the mutual access of infrastructures within the Greater Bay Area. Therefore, it is reasonable to set a buffer for the New Caps by taking into account the further strengthening of the Group's business relationship with BOC Group. The directors of the Company (including the independent non-executive directors) are of the view that the New Caps in respect of the General Connected Transactions are fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

### **Investment and Referral Connected Transactions and Inter-bank Connected Transactions**

The Investment and Referral Connected Transactions generally involve activities which are regulated by various regulatory bodies in Hong Kong, such as the Hong Kong Monetary Authority, the Securities and Futures Commission and the Insurance Authority. The Investment and Referral Connected Transactions are market-driven and unpredictable in nature. The securities transactions, fund distribution transactions, asset management and referral services are subject to the sentiment of the investment market whereas the Inter-bank Connected Transactions are based on customers' decision on their wealth management portfolio (e.g. stock, trust fund and foreign currency, etc.), both of which are not within the Group's control. The insurance agency and insurance referral transactions relate primarily to the insurance market and its growth trend and the volume and amounts of such transactions are also subject to external factors outside the Group's control. Accordingly, standard cap amounts of HK\$5,000 million, HK\$7,000 million and HK\$10,000 million are proposed for each of the Investment and Referral Connected Transactions (except for investment products transactions) for the three years ending 31 December 2025, which are consistent with the annual caps set for these transactions for the three years ending 31 December 2022. The annual cap for the year ending 31 December 2023 is based on 5% of the revenue of the Group (being the benchmark figure adopted internally by the Company with reference to the Company's experience in similar transactions and which the Company considers reasonable given the volatility of the capital markets) of approximately HK\$66,092 million for the year ended 31 December 2021 after taking into account the average growth rate of the revenue of the Group for the five years ended 31 December 2021 of approximately 4.34% and also an estimated annual growth rate of approximately 20%. For each of the two years ending 31 December 2025, an estimated annual growth rate of approximately 20% is applied on the annual cap for the year ending 31 December 2023 and a buffer is also incorporated with the intention to cover any significant and unexpected increase in demand of the Investment and Referral Connected Transactions (except for investment products transactions).

Investment products transactions involve subscription for investment funds of which the Group acts as the fund manager or the issuer, or the investment funds of which the BOC Group acts as the fund manager or the issuer. As the transaction nature for investment products transactions is different from that of other Investment and Referral Connected Transactions, the New Caps set for this particular category of transactions are determined with reference to the gross notional amount of the investment transactions instead of the revenue, which is the basis adopted for other Investment and Referral Connected Transactions. In addition, due to the unexpected fluctuations of the financial markets and economic conditions, the Company needs to set up a cap that can provide flexibility to accommodate future unexpected volatility in rate movements in the global market.



Since the transaction amounts of the Investment and Referral Connected Transactions may vary significantly due to the unexpected fluctuations of the financial markets and economic conditions, the directors of the Company (including the independent non-executive directors) consider setting standard cap amounts for the Investment and Referral Connected Transactions for each of the three years ending 31 December 2025 is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Inter-bank Connected Transactions involve transactions among banks or financial institutions, which are regulated by monetary authorities in all regions. For these transactions, a buy order and a sell order will be regarded as two transactions, and the amounts involved will therefore count twice. Accordingly, the historical transaction amounts are not a good indicator to estimate the future transaction amounts.

The foreign exchange transactions include spot, forward and outright swap transactions of foreign exchange and precious metals, exercised currency options and foreign currency bank-note exchange transactions and physical precious metals transactions, which may vary significantly depending on the prevailing market rates. The revenue or loss generated from these transactions is largely dependent on the relative strength or weakness of the currency, which is beyond the Group's control. Given the market-driven nature of the foreign exchange transactions, it is difficult for the Group to estimate the future transaction amounts, and the New Caps of this transaction are set at the same amounts as those of the Investment and Referral Connected Transactions (except for investment products transactions).

Derivatives transactions include both foreign exchange and interest rate plain vanilla derivatives products, such as interest rate swaps, cross currency interest rate swaps, foreign exchange options, bond options, equity derivatives, etc. The trading income generated from these transactions is largely dependent on the trend of interest rates in the global financial markets, which is beyond the control of the Group. Given the market-driven nature and the longer maturity of the derivatives transactions, it is expected that the mark-to-market value of the outstanding deals will demonstrate high fluctuation. In view of this, the Company needs to set up a cap that can provide flexibility to accommodate future unexpected volatility in rate movements in the global market.

The trading of financial assets and the inter-bank capital markets transactions involve offshore RMB bonds, Hong Kong dollar bills and exchange fund notes, of which the Group is one of the market makers in Hong Kong. The Group is currently becoming increasingly active in BOC Group's trading of Euro and US dollar bonds in the Asian market. BOC overseas branches are now part of the Group's major counterparts in inter-bank capital markets transactions. Given the great uncertainties of these kinds of transactions which may vary subject to market conditions, the annual cap for the year ending 31 December 2023 is set with reference to 5% of the total assets of the Group (adjusted to take into account the payment of the final dividend for the year ended 31 December 2021 of approximately HK\$7,221 million) of approximately HK\$3,632,209 million as at 31 December 2021 (being the benchmark figure adopted internally by the Company with reference to the Company's experience in similar transactions and which the Company considers reasonable given the volatility of the capital markets) and after taking into account the average growth rate of the total assets of the Group for the five years ended 31 December 2021, of approximately 9.17% and also an estimated annual growth rate of approximately 20%. For each of the two years ending 31 December 2025, an estimated annual growth rate of approximately 20% is applied on the annual cap for the year ending 31 December 2023 and a buffer is also incorporated with the intention to cover any significant and unexpected increase in demand of the trading of financial assets and the inter-bank capital markets transactions. The Group has taken into account several factors in determining the relevant New Caps. The Southbound Bond Connect program, which launched

in September 2019, has spurred the interest of onshore investors purchasing offshore bonds, especially in 2022. Looking ahead, the diversified asset allocation needs of domestic investors will expand along with the development of the Southbound Bond Connect program. BOC Head Office and branches, as one of the Group's major clients, would increase their purchase of offshore bonds through BOCHK (regardless of the bonds being offshore RMB or denominated in Euro or US dollar). BOCHK's bond client trading business has witnessed healthy growth in recent years and is expected to attain an annual growth rate of more than 50% consecutively in the coming 3 years. The expected target growth is in relation to institutional clients and onshore investors. BOCHK is currently also very active in the debt capital market business. As BOCHK is expected to be one of the dominant players in debt capital market, BOCHK expects to increase its direct dealings with BOC in the inter-bank capital market in order to source the bonds in which the Group's focus clients are interested. Given the great uncertainties of these kinds of transactions which may vary subject to market conditions, standard cap amounts of HK\$200,000 million, HK\$250,000 million and HK\$350,000 million are proposed for the trading of financial assets and the inter-bank capital markets transactions for the three years ending 31 December 2025, which are consistent with the annual caps set for these transactions for the three years ending 31 December 2022.

Such annual caps provide flexibility for the Group to accommodate future unexpected volatility of the financial markets, and the directors of the Company (including the independent non-executive directors) consider that the annual caps for the Inter-bank Connected Transactions for each of the three years ending 31 December 2025 are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

### **Internal Control Procedures**

The Company has formulated certain measures and policies, including connected transactions management policies and management measures for connected transactions under the Listing Rules, to ensure that all connected transactions of the Group are properly controlled and monitored. The policies aim to establish an effective framework for monitoring connected transactions (including the transactions with connected parties stipulated under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) and connected transactions under the Listing Rules), help maintain sound business operations, establish risk monitoring system and ensure that all the connected transactions are conducted in the interests of the Shareholders as a whole. The management measures aim to standardize and specify the division of management responsibilities and duties as well as monitoring mechanism in connection with the connected transactions of the Group, protect the Shareholders' overall interests and also the interests of the Company and its stakeholders. The connected transactions of the Group shall be implemented in accordance with the principles, rules and procedures stipulated in the policies and management measures.

Heads and compliance officers of all units are responsible for ensuring that employees in their relevant units have a comprehensive understanding of the policies and management measures and will implement the provisions therein to ensure that the connected transactions comply with such policies and measures. Responsible units should also formulate detailed plans and measures based on the principles stipulated in the policies and management measures in order to ensure that the Continuing Connected Transactions are in compliance with the Listing Rules.

As part of the internal control and risk management procedures, each responsible unit shall carry out certain procedures prior to the signing of any contracts or agreements, which include reviewing specific contracts between the Company and connected persons, regularly inspecting specific terms of the Continuing Connected Transactions and also comparing such terms with terms of comparable transactions to ensure that the pricing policies and/or other contract terms are on normal commercial terms, fair and reasonable, in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

Each responsible unit shall also report on and submit detailed information on the Continuing Connected Transactions to a centralized independent unit of the Company (the “Independent Unit”) for review and analysis prior to the entering into of any specific contracts, and ensure that the connected transactions are in compliance with applicable laws, rules and regulations as well as the internal policies and management measures.

In addition, as part of the internal control and risk management procedures and to ensure that the Continuing Connected Transactions do not exceed the relevant annual caps, the relevant units shall be responsible for monitoring the transaction amounts and submit the data on the transaction amounts to the Independent Unit on a regular basis. Furthermore, the Independent Unit shall report on any new Continuing Connected Transactions conducted by various units to the Board and/or relevant committees each year. In the event that the transaction amount of any Continuing Connected Transaction incurred or to be incurred for a financial year is expected to reach or exceed the relevant annual caps, the responsible unit will liaise with the Independent Unit to report to the management of the Company and consider measures to be taken to ensure compliance with requirements under the Listing Rules, including obtaining Independent Shareholders’ approval if necessary.

The Independent Unit shall report on the Continuing Connected Transactions to the Board, relevant committees and/or the management each year, such that they may conduct review to ensure that the Continuing Connected Transactions are on normal commercial terms, fair and reasonable, in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole. The independent non-executive directors will also conduct an annual review of the Continuing Connected Transactions in accordance with the Listing Rules. The Company will engage its external auditors to report on the Continuing Connected Transactions every year. The external auditors will provide a letter to the Board confirming the matters required under the Listing Rules including whether the Continuing Connected Transactions are carried out in accordance with the relevant pricing policies.

## **LISTING RULES REQUIREMENTS**

### **General Connected Transactions**

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the New Caps for each of the General Connected Transactions are 0.1% or more but less than 5%, the General Connected Transactions are subject to the reporting, annual review and announcement requirements under Chapter 14A but are exempt from the independent shareholders’ approval requirement of the Listing Rules.

## **Investment and Referral Connected Transactions and Inter-bank Connected Transactions**

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the New Caps for each of the Investment and Referral Connected Transactions and the Inter-bank Connected Transactions are 5% or more, each of the Investment and Referral Connected Transactions and the Inter-bank Connected Transactions constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules, and are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the Investment and Referral Connected Transactions and the Inter-bank Connected Transactions will continue following the expiration of the financial year ending 31 December 2022, each of the aggregate transaction values of the Investment and Referral Connected Transactions and the Inter-bank Connected Transactions will be closely monitored to ensure that they fall within 5% of the applicable percentage ratios as defined in the Listing Rules, prior to obtaining approval from the Independent Shareholders at the AGM. Various control mechanisms have been adopted by the Company to ensure that the relevant connected transactions fall within the 5% threshold. Such mechanisms include generating monthly reports showing the transaction figures for each of the relevant connected transactions, and imposing a lower threshold as an internal cap whereby a warning signal will be issued and preventive measures will be taken immediately if the relevant connected transactions reach the internal cap.

In the event that the Independent Shareholders do not grant approval for the Investment and Referral Connected Transactions and the Inter-bank Connected Transactions and the relevant New Caps at the AGM, the Company will ensure that the transaction amounts of such connected transactions fall within the 5% threshold for the remainder of the year.

The Board has set up the Independent Board Committee comprising all of the independent non-executive directors of the Company to review the Investment and Referral Connected Transactions and the Inter-bank Connected Transactions and the relevant New Caps and to give recommendations to the Independent Shareholders. The Company has appointed Gram Capital as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders for the purpose of considering whether the Investment and Referral Connected Transactions and the Inter-bank Connected Transactions are entered into in the ordinary and usual course of the Group's business, on normal commercial terms, are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole, and whether the relevant New Caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Directors (including the independent non-executive Directors) are of the view that the General Connected Transactions, the Investment and Referral Connected Transactions and the Inter-bank Connected Transactions are entered into in the ordinary and usual course of the Group's business, on normal commercial terms, are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole. The non-executive Directors of the Company, namely Mr LIU Liange, Mr LIU Jin and Mr LIN Jingzhen, are also directors of BOC and accordingly have abstained from voting on the resolutions in respect of the Continuing Connected Transactions and the New Caps at the meetings of the Board.

A circular containing, among other things, (i) details of the Investment and Referral Connected Transactions and the Inter-bank Connected Transactions and the New Caps in respect thereof; (ii) a letter from Gram Capital to the Independent Board Committee and the Independent Shareholders containing its advice on the Investment and Referral Connected Transactions and the Inter-bank Connected Transactions; and (iii) the recommendation of the Independent Board Committee in respect of the Investment and Referral Connected Transactions and the Inter-bank Connected Transactions, will be dispatched to the Shareholders of the Company on or about 26 January 2023. The Company will seek approval from the Independent Shareholders in respect of the Investment and Referral Connected Transactions and the Inter-bank Connected Transactions at the AGM of the Company, which is tentatively scheduled to be held in May or June 2023. A notice of the AGM, containing all resolutions to be proposed at the AGM (including the resolution to approve the Investment and Referral Connected Transactions and the Inter-bank Connected Transactions) will be dispatched to the Shareholders in April 2023.

BOC Group will abstain from voting on the resolution in respect of the Investment and Referral Connected Transactions and the Inter-bank Connected Transactions and the New Caps in respect thereof at the AGM.

## **INFORMATION ON THE GROUP AND BOC**

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of banking and financial services in Hong Kong.

BOC and its subsidiaries, as China's most internationalised and diversified bank, provide a comprehensive range of corporate banking, personal banking, financial market services, investment banking, insurance and other services to its customers in the Mainland China, as well as other countries and regions.

## **DEFINITIONS**

In this announcement, the following expressions shall have the meanings set out below unless the context otherwise requires:

“AGM”	the next annual general meeting of the Company, which is tentatively scheduled to be held in May or June 2023
“ASEAN”	the Association of Southeast Asian Nations
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of directors of the Company
“BOC”	Bank of China Limited, a joint stock limited liability company established under the laws of the Mainland China, the H shares and A shares of which are listed on the Stock Exchange and the Shanghai Stock Exchange respectively; being the indirect holder of approximately 66.06% of the total number of issued shares of the Company as at the date of this announcement (as recorded in the register maintained by the Company pursuant to section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))

“BOCCC”	BOC Credit Card (International) Limited, a company incorporated under the laws of Hong Kong and a wholly owned subsidiary of BOCHK
“BOC Group”	BOC and its associates (excluding the Group)
“BOC Life”	BOC Group Life Assurance Company Limited, a company incorporated under the laws of Hong Kong, in which the Group and BOCG Insurance hold equity interests of 51% and 49% respectively
“BOCG Insurance”	Bank of China Group Insurance Company Limited, a company incorporated under the laws of Hong Kong and a wholly owned subsidiary of BOC
“BOCHK”	Bank of China (Hong Kong) Limited, a company incorporated under the laws of Hong Kong and a wholly owned subsidiary of the Company
“BOCI”	BOC International Holdings Limited, a company incorporated under the laws of Hong Kong and a wholly owned subsidiary of BOC
“BOCI-Prudential Asset Management”	BOCI-Prudential Asset Management Limited, a company incorporated under the laws of Hong Kong, in which BOCI Asset Management Limited, a wholly owned subsidiary of BOCI, and Prudential Corporation Holdings Limited hold equity interests of 64% and 36%, respectively
“BOCI-Prudential Trustee”	BOCI-Prudential Trustee Limited, a company incorporated under the laws of Hong Kong, in which BOC Group Trustee Company Limited, a direct non-wholly owned subsidiary of the Company and Prudential Corporation Holdings Limited hold equity interests of 64% and 36%, respectively, and hence it is an indirect non-wholly owned subsidiary of the Company
“BOCI Securities”	BOCI Securities Limited, a company incorporated under the laws of Hong Kong and a wholly owned subsidiary of BOCI
“Company”	BOC Hong Kong (Holdings) Limited, a company incorporated under the laws of Hong Kong, the shares of which are listed on the Stock Exchange
“Continuing Connected Transactions”	the continuing connected transactions set out in the section headed “Particulars of the Continuing Connected Transactions” of this announcement
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“General Connected Transactions”	the continuing connected transactions set out in the section headed “Particulars of the Continuing Connected Transactions – General Connected Transactions” of this announcement

“Gram Capital”	Gram Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Investment and Referral Connected Transactions and the Inter-bank Connected Transactions (including the relevant New Caps)
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region
“Independent Board Committee”	a committee of the Board comprising all the independent non-executive directors of the Company
“Independent Shareholders”	Shareholders (other than BOC Group) who are not required to abstain from voting on the relevant resolution at the AGM
“Inter-bank Connected Transactions”	the continuing connected transactions set out in the section headed “Particulars of the Continuing Connected Transactions – Inter-bank Connected Transactions” of this announcement
“Investment and Referral Connected Transactions”	the continuing connected transactions set out in the section headed “Particulars of the Continuing Connected Transactions – Investment and Referral Connected Transactions” of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (and a “Rule” means a rule of the Listing Rules)
“Macau”	Macau Special Administrative Region
“Mainland China” or “Mainland”	the People’s Republic of China which, for the purposes of this announcement only, excludes Hong Kong, Macau and Taiwan
“New Caps”	the relevant annual caps in respect of each of the Continuing Connected Transactions for each of the three years ending 31 December 2025
“New Services and Relationship Agreement”	the Services and Relationship Agreement among, inter alia, the Company and BOC dated 30 December 2022
“Original Services and Relationship Agreement”	the Services and Relationship Agreement among, inter alia, the Company and BOC dated 6 July 2002 (as amended and supplemented from time to time)
“Shareholder(s)”	holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Sun Chung”

Sun Chung Property Management Company Limited, a company incorporated under the laws of Hong Kong and an indirect wholly owned subsidiary of BOC

“Tai Fung Bank”

Tai Fung Bank Limited, a company incorporated under the laws of Macau and a subsidiary of BOC

By Order of the Board  
LUO Nan  
*Company Secretary*

Hong Kong, 30 December 2022

*As at the date of this announcement, the Board comprises Mr LIU Liange\* (Chairman), Mr LIU Jin\* (Vice Chairman), Mr SUN Yu (Vice Chairman and Chief Executive), Mr LIN Jingzhen\*, Madam CHENG Eva\*\*, Dr CHOI Koon Shum\*\*, Madam FUNG Yuen Mei Anita\*\*, Mr KOH Beng Seng\*\*, Mr LAW Yee Kwan Quinn\*\*, Mr LEE Sunny Wai Kwong\*\* and Mr TUNG Savio Wai-Hok\*\*.*

\* *Non-executive directors*

\*\* *Independent non-executive directors*