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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)**

## **CONNECTED TRANSACTIONS**

The Board is pleased to announce that on the date of this announcement, BOCHK has entered into the Acquisition Agreements with Bank of China in relation to the acquisitions of (i) the entire issued share capital of BOC Thailand and (ii) the entire issued share capital of BOC Malaysia, respectively, as part of the restructuring exercise of the Group in the ASEAN region.

As Bank of China is the controlling shareholder of the Company and a connected person of the Company, the Proposed Acquisitions constitute connected transactions of the Company under Chapter 14A of the Listing Rules. Given that one or more of the applicable percentage ratios in respect of the Proposed Acquisitions are more than 0.1% but less than 5%, they are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

**As the completion of the Proposed Acquisitions is subject to the satisfaction (or, if applicable, waiver) of the conditions precedent stated in the Acquisition Agreements, the Proposed Acquisitions or any of them may or may not proceed to completion. Accordingly, shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**

## **INTRODUCTION**

References are made to the joint announcement made by Bank of China and the Company on 21 May 2015 and the announcement made by the Company on 6 June 2016 with respect to the potential restructuring of the Group in the ASEAN region.

The Board is pleased to announce that, as part of the restructuring exercise of the Group, BOCHK has on the date of this announcement entered into the Acquisition Agreements with Bank of China in relation to the acquisitions of (i) the entire issued share capital of BOC Thailand and (ii) the entire issued share capital of BOC Malaysia, respectively.

Goldman Sachs (Asia) L.L.C. acted as financial adviser to BOCHK in relation to the Proposed Acquisitions.

## **PRINCIPAL TERMS OF THE THAILAND SHARE PURCHASE AGREEMENT**

**Date:** 30 June 2016

### **Parties:**

Seller: Bank of China

Buyer: BOCHK

### **Assets agreed to be acquired:**

(i) 99.99% of the issued share capital of BOC Thailand, and (ii) the entire share capital of 14 special purpose vehicle companies incorporated in the British Virgin Islands, which in aggregate hold the remaining 0.01% of the issued share capital of BOC Thailand.

### **Consideration**

The consideration for the Proposed Thailand Share Acquisition is THB14,900 million (equivalent to approximately RMB2,675 million, calculated using the agreed exchange rate in respect of the Thailand Share Purchase Agreement), which is equivalent to approximately HK\$3,117 million. The consideration will be paid in cash at completion in Hong Kong Dollars, using the then applicable HKD-CNH exchange rate mutually agreed by the parties on an arm's length basis. The consideration is subject to adjustments as set out in the paragraph below headed "Completion Adjustments".

### **Conditions precedent**

Completion of the Proposed Thailand Share Acquisition is conditional upon the satisfaction or waiver (as appropriate) of certain conditions precedent set out in the Thailand Share Purchase Agreement:

(a) Bank of China and BOCHK each having obtained all the requisite regulatory approvals, including but not limited to, the approval of the China Banking Regulatory Commission, the Ministry of Finance of the PRC, the Hong Kong Monetary Authority, the Bank of Thailand and/or the Ministry of Finance of Thailand by the Long Stop Date; and

(b) no circumstances having arisen prior to the Thailand Share Purchase Agreement Completion Date which would have a material adverse effect on the economic environment (including but not limited to change of exchange rate and tax rate), financial condition, business prospects, regulatory status or any regulatory approval of or exemptions applicable to, Bank of China, BOCHK or BOC Thailand.

## **Completion**

Subject to the satisfaction or waiver (as appropriate) of the conditions precedent in the Thailand Share Purchase Agreement, completion will take place on the Thailand Share Purchase Agreement Completion Date. Upon completion, BOCHK will own the entire issued share capital of BOC Thailand (0.01% of which will be owned through the 14 special purpose vehicle companies incorporated in the British Virgin Islands), which will become an indirect wholly-owned subsidiary of the Company, and the assets, liabilities and financial results of BOC Thailand will be consolidated into the financial accounts of the Company.

As BOC Thailand will remain in the Group post-completion, Bank of China has given an undertaking in the Thailand Share Purchase Agreement to continue to provide support and services including but not limited to information technology support to BOC Thailand.

## **PRINCIPAL TERMS OF THE MALAYSIA SHARE PURCHASE AGREEMENT**

**Date:** 30 June 2016

### **Parties:**

Seller: Bank of China

Buyer: BOCHK

### **Assets agreed to be acquired:**

The entire issued share capital of BOC Malaysia

### **Consideration**

The consideration for the Proposed Malaysia Share Acquisition is MYR2,025 million (equivalent to approximately RMB3,230 million, calculated using the agreed exchange rate in respect of the Malaysia Share Purchase Agreement), which is equivalent to approximately HK\$3,764 million. The consideration will be paid in cash at completion in Hong Kong Dollars, using the then applicable HKD-CNH exchange rate as mutually agreed by the parties on an arm's length basis. The consideration is subject to adjustments as set out in the paragraph below headed "Completion Adjustments".

### **Conditions precedent**

Completion of the Proposed Malaysia Share Acquisition is conditional upon the satisfaction or waiver (as appropriate) of certain conditions precedent set out in the Malaysia Share Purchase Agreement:

(a) Bank of China and BOCHK each having obtained all the requisite regulatory approvals, including but not limited to, the approval of the China Banking Regulatory Commission, the Ministry of Finance of the PRC, the Hong Kong Monetary Authority, the Bank Negara Malaysia and the Minister of Finance of Malaysia by the Long Stop Date; and

(b) no circumstances having arisen prior to the Malaysia Share Purchase Agreement Completion Date which would have a material adverse effect on the economic environment (including but not limited to change of exchange rate and tax rate), financial condition,

business prospects, regulatory status or any regulatory approval of or exemptions applicable to, Bank of China, BOCHK or BOC Malaysia.

## **Completion**

Subject to the satisfaction or waiver (as appropriate) of the conditions precedent in the Malaysia Share Purchase Agreement, completion will take place on the Malaysia Share Purchase Agreement Completion Date. Upon completion, BOCHK will own the entire issued share capital of BOC Malaysia, which will become an indirect wholly-owned subsidiary of the Company, and the assets, liabilities and financial results of BOC Malaysia will be consolidated into the financial accounts of the Company.

As BOC Malaysia will remain in the Group post-completion, Bank of China has given an undertaking in the Malaysia Share Purchase Agreement to continue to provide support and services including but not limited to information technology support to BOC Malaysia.

## **COMPLETION ADJUSTMENTS**

In the event that as a result of a change in applicable laws relating to capital requirement such that Bank of China is required to make further capital injection into BOC Thailand and/or BOC Malaysia after the date of the relevant Acquisition Agreement, BOCHK will pay to Bank of China the amount of the further injected capital (together with the applicable financing cost) on the date of completion of the relevant Acquisition Agreement. The aforesaid amounts, if applicable, will be paid in Hong Kong Dollars, using the then applicable HKD-CNH exchange rate as mutually agreed by the parties on an arm's length basis.

In addition, subject to completion having taken place, in the event that a net profit (or loss) is recorded in respect of BOC Thailand and/or BOC Malaysia during the Relevant Period, as set out in their respective completion accounts, BOCHK or Bank of China, as the case may be, will pay to the other party the amount of the net profit (or loss), as the case may be. The aforesaid amounts, if applicable, will be paid in Hong Kong Dollars, using the then applicable HKD-CNH exchange rate as mutually agreed by the parties on an arm's length basis.

## **INFORMATION ON BOC THAILAND**

### **Overview**

BOC Thailand was established in Thailand as an overseas office of Bank of China in 1994, and was upgraded first to a bank branch providing full banking services and eventually a wholly-owned subsidiary of Bank of China in 1997 and 2014, respectively. As at the date of this announcement, its issued share capital is THB10,000,000,000. BOC Thailand primarily engages in commercial banking business including corporate and retail banking, fund management and financial institution banking. By leveraging its advantages in Chinese corporate business, the internationalization of RMB, businesses with Chinese background, and overseas Chinese business, BOC Thailand has successfully established its niche in the Thai banking market.

## Financial Information

The net asset value of BOC Thailand as at 31 December 2015 was THB9,953 million (equivalent to approximately HK\$2,138 million).

The audited net profit before and after tax of BOC Thailand for the two financial years ended 31 December 2014 and 31 December 2015 are as follows:

	<b>For the Year Ended 31 December 2014</b>	<b>For the Year Ended 31 December 2015</b>
Net profit before tax for the year	THB169 million (equivalent to approximately HK\$40 million)	THB58 million (equivalent to approximately HK\$13 million)
Net profit after tax for the year	THB113 million (equivalent to approximately HK\$27 million)	THB60 million (equivalent to approximately HK\$14 million)

### Notes:

- In August 2014, Bank of China Limited, Bangkok Branch (which was then a branch of Bank of China) was converted into a subsidiary of Bank of China (i.e. BOC Thailand). The above net profit before and after tax for the year ended 31 December 2014 include the profit before and after the conversion of BOC Thailand in August 2014.*
- For illustration purpose only, the amounts for the year ended 31 December 2014 in THB have been translated to HK\$ at HK\$1.00 = THB4.1938 using the relevant average exchange rates for that year, the amounts for the year ended 31 December 2015 in THB have been translated to HK\$ at HK\$1.00 = THB4.4305 using the relevant average exchange rates for that year, and the amounts as at 31 December 2015 in THB have been translated to HK\$ at HK\$1.00 = THB4.6555.*

## INFORMATION ON BOC MALAYSIA

### Overview

BOC Malaysia was incorporated in Malaysia in 2000 and is a wholly-owned subsidiary of Bank of China. As at the date of this announcement, its issued share capital is MYR760,518,480. BOC Malaysia provides comprehensive corporate lending, trade financing, global loan facility, cross border trade settlements and personal banking solutions in Malaysia to support the business development for both Malaysian and Chinese enterprises. It has also pioneered a wide range of RMB financial products and services. BOC Malaysia has a subsidiary named China Bridge (Malaysia) Sdn Bhd which handles China visa applications in Kuala Lumpur, Malaysia.

### Financial Information

The net asset value of BOC Malaysia as at 31 December 2015 was MYR1,182 million (equivalent to approximately HK\$2,133 million).

The audited net profit before and after tax of BOC Malaysia for the two financial years ended 31 December 2014 and 31 December 2015 are as follows:

	<b>For the Year Ended 31 December 2014</b>	<b>For the Year Ended 31 December 2015</b>
Net profit before tax for the year	MYR151 million (equivalent to approximately HK\$356 million)	MYR140 million (equivalent to approximately HK\$278 million)
Net profit after tax for the year	MYR106 million (equivalent to approximately HK\$251 million)	MYR103 million (equivalent to approximately HK\$203 million)

*Note: For illustration purpose only, the amounts for the year ended 31 December 2014 in MYR have been translated to HK\$ at HK\$1.00 = MYR0.4227 using the relevant average exchange rates for that year, the amounts for the year ended 31 December 2015 in MYR have been translated to HK\$ at HK\$1.00 = MYR0.5044 using the relevant average exchange rates for that year, and the amounts as at 31 December 2015 in MYR have been translated to HK\$ at HK\$1.00 = MYR0.5540.*

## **INFORMATION ON THE PARTIES**

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

BOCHK is a locally incorporated licensed bank and is one of the three note issuing banks in Hong Kong and also the clearing bank for RMB business in Hong Kong.

Bank of China and its subsidiaries, as China's most international and diversified bank, provide a comprehensive range of corporate banking, personal banking, treasury operations, investment banking, insurance and other services to its customers in China, Hong Kong, Macau and Taiwan as well as other localities.

## **REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITIONS**

The terms of each of the Acquisition Agreements were negotiated on an arm's length basis between Bank of China and BOCHK. The Directors (including the independent non-executive Directors) have confirmed that they are satisfied that the terms of the Acquisition Agreements are fair and reasonable, on normal commercial terms and are in the interests of the Company and the shareholders of the Company as a whole. Certain non-executive directors of the Company, namely Mr. Tian Guoli, Mr. Chen Siqing, Mr. Ren Deqi, Mr. Gao Yingxin and Mr. Xu Luode, are also directors and/or senior management of Bank of China, and accordingly have abstained from voting on the resolutions in respect of each of the Proposed Acquisitions at the meeting of the Board.

In determining the consideration for each of the Proposed Thailand Share Acquisition and the Proposed Malaysia Share Acquisition, the following factors, amongst others, were taken into account by BOCHK: the financial position and performance of BOC Thailand and BOC Malaysia, respectively, the immediate access to these local markets as a step towards the expansion of BOCHK's presence in the ASEAN region, the fast-growing and substantial development potential of the ASEAN markets, opportunities presented by the strengthening

of economic integration between China, Hong Kong and ASEAN countries, and opportunities presented by the continuing internationalisation of RMB for development in the ASEAN region, as well as precedent transactions in this industry and trading value of comparable companies in the region.

The Directors believe that the Proposed Acquisitions would further facilitate the development of the Company's business, accelerate the enhancement of customer service, product innovation and marketing capability and competitive edge of the Company in the ASEAN region and anchor its foothold as a regional bank which would be consistent with the long term development strategy of the BOCHK Group as a whole in the ASEAN region.

## **LISTING RULES IMPLICATIONS**

Bank of China, the controlling shareholder of the Company, currently indirectly holding approximately 66.06% of the issued share capital of the Company (as recorded in the register maintained by the Company pursuant to section 336 of the Securities and Futures Ordinance), is a connected person of the Company. As such, the Proposed Acquisitions constitute connected transactions of the Company under Chapter 14A of the Listing Rules. Given that one or more of the applicable percentage ratios in respect of the Proposed Acquisitions are more than 0.1% but less than 5%, they are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The continuing support of Bank of China to each of BOC Thailand and BOC Malaysia will, from the respective completion of the Proposed Acquisitions, constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Such continuing support will be provided pursuant to and within the annual cap assigned by the Company in respect of continuing connected transactions between BOCHK Group and Bank of China (and its associates, excluding BOCHK Group) for each of the three financial years ending 31 December 2016, which was approved by the independent shareholders of the Company at the Extraordinary General Meeting held on 11 June 2014. Please refer to the Company's announcements on continuing connected transactions dated 10 December 2013 and 11 June 2014 for further details.

## **GENERAL**

The Board wishes to emphasize that the completion of the Proposed Acquisitions is not inter-conditional and completion of each of the Proposed Acquisitions is subject to the satisfaction (or, if applicable, waiver) of its respective conditions precedent including the obtaining of requisite approvals from domestic and overseas regulatory authorities. The Company will make further announcement(s) with regard to the Proposed Acquisitions, as well as other potential acquisitions in the ASEAN region pursuant to the restructuring exercise of the Group in compliance with the Listing Rules and/or Part XIVA of the Securities and Futures Ordinance as and when appropriate or required.

**As the completion of the Proposed Acquisitions is subject to the satisfaction (or, if applicable, waiver) of the conditions precedent stated in the Acquisition Agreements, the Proposed Acquisitions or any of them may or may not proceed to completion. Accordingly, shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

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

"Acquisition Agreements"	means the Thailand Share Purchase Agreement and the Malaysia Share Purchase Agreement, collectively
"ASEAN"	means the Association of Southeast Asian Nations
"Bank of China"	means Bank of China Limited, a joint stock limited liability company established under the laws of the PRC, the H shares of which are listed on the Stock Exchange and the A shares of which are listed on the Shanghai Stock Exchange, being the indirect holder of approximately 66.06% of the share capital in 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)
"Board"	means the board of Directors
"BOC Malaysia"	means Bank of China (Malaysia) Berhad, a wholly-owned subsidiary of Bank of China in Malaysia
"BOC Thailand"	means Bank of China (Thai) Public Company Limited, a wholly-owned subsidiary of Bank of China in Thailand
"BOCHK"	means Bank of China (Hong Kong) Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company
"BOCHK Group"	means the Company and its subsidiaries
"Company"	means BOC Hong Kong (Holdings) Limited, a company incorporated under the laws of Hong Kong, the shares of which are listed on the Stock Exchange
"CNH"	means offshore RMB
"Directors"	means directors of the Company



"Group"	means Bank of China, the Company and their respective subsidiaries
"HK\$"	means Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	means the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Long Stop Date"	means 31 December 2016, or such later date as Bank of China and BOCHK may agree in writing as provided in the Acquisition Agreements
"Macau"	means the Macau Special Administrative Region of the PRC
"Malaysia Share Purchase Agreement"	means the sale and purchase agreement entered into on 30 June 2016 between Bank of China and BOCHK for the sale and purchase of the entire issued share capital of BOC Malaysia
"Malaysia Share Purchase Agreement Completion Date"	means the date of completion of the Proposed Malaysia Share Acquisition
"MYR"	means Malaysian Ringgit, the lawful currency of Malaysia
"PRC" or "China"	means the People's Republic of China, which for the purposes of this Announcement, excludes Hong Kong, Macau and Taiwan
"Proposed Acquisitions"	means the proposed acquisitions pursuant to the Thailand Share Purchase Agreement and the Malaysia Share Purchase Agreement, collectively
"Proposed Malaysia Share Acquisition"	means the proposed acquisition by BOCHK of the entire issued share capital of BOC Malaysia pursuant to the Malaysia Share Purchase Agreement
"Proposed Thailand Share Acquisition"	means the proposed acquisition by BOCHK of the entire issued share capital of BOC Thailand pursuant to the Thailand Share Purchase Agreement

"Relevant Period"	means the period between 1 January 2015 and the date of completion of the relevant Acquisition Agreement
"RMB"	means the lawful currency of the PRC
"Stock Exchange"	means The Stock Exchange of Hong Kong Limited
"Thailand Share Purchase Agreement"	means the sale and purchase agreement entered into on 30 June 2016 between Bank of China and BOCHK for the sale and purchase of the entire issued share capital of BOC Thailand
"Thailand Share Purchase Agreement Completion Date"	means the date of completion of the Proposed Thailand Share Acquisition
"THB"	means Thai Baht, the lawful currency of Thailand

*For illustration purpose only, save as otherwise stated, the amounts in currencies other than HK\$ have been translated to HK\$ at HK\$1.00 = RMB0.8582.*

By Order of the Board  
 CHAN Chun Ying  
 Company Secretary

Hong Kong, 30 June 2016

*As at the date of this announcement, the Board comprises Mr. TIAN Guoli\* (Chairman), Mr. CHEN Siqing\* (Vice Chairman), Mr. YUE Yi (Vice Chairman and Chief Executive), Mr. REN Deqi\*, Mr. GAO Yingxin\*, Mr. XU Luode\*, Mr. LI Jiuzhong, Madam CHENG Eva\*\*, Dr. CHOI Koon Shum\*\*, Mr. KOH Beng Seng\*\* and Mr. TUNG Savio Wai-Hok\*\*.*

\* *Non-executive Directors*

\*\* *Independent Non-executive Directors*