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 中國銀行
BANK OF CHINA
中國銀行股份有限公司
BANK OF CHINA LIMITED
*(a joint stock company incorporated in the People's
Republic of China with limited liability)*
("Bank of China")
(Stock Code: 3988 and 4601 (Preference Shares))

 中銀香港(控股)有限公司
BOC HONG KONG (HOLDINGS) LIMITED
(Incorporated in Hong Kong with limited liability)
("BOCHK (Holdings)")
(Stock Code: 2388)

JOINT ANNOUNCEMENT

PROPOSED DISPOSAL OF INTERESTS IN CHIYU BANK

Joint Financial Advisers to BOCHK (Holdings)

 BOC INTERNATIONAL
BOCI Asia Limited

**Goldman
Sachs**
Goldman Sachs (Asia) L.L.C.

This joint announcement is made by Bank of China and BOCHK (Holdings) pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The respective boards of directors of Bank of China and BOCHK (Holdings) hereby announce that, on 22 December 2016, BOCHK (a direct wholly-owned subsidiary of BOCHK (Holdings) and an indirect 66.06% owned subsidiary of Bank of China) entered into the Sale and Purchase Agreement with XIL and CB in relation to the Proposed Disposal.

As the completion of the Proposed Disposal is subject to the satisfaction of all the conditions precedent set out in the Sale and Purchase Agreement, the Proposed Disposal may or may not proceed to completion. Accordingly, shareholders and potential investors of Bank of China and BOCHK (Holdings) are advised to exercise caution when dealing in the securities of Bank of China and BOCHK (Holdings).

INTRODUCTION

This joint announcement is made by Bank of China and BOCHK (Holdings) (together with their respective subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements made by BOCHK (Holdings) on 23 May 2016 and 24 October 2016 and the joint announcement made by Bank of China and BOCHK (Holdings) on 26 October 2016 in respect of, among other things, the proposed disposal of a total of approximately 70.49% of the total issued shares of Chiyu Banking Corporation Limited (“**Chiyu Bank**”) (the “**Proposed Disposal**”).

THE PROPOSED DISPOSAL

The respective boards of directors of Bank of China and BOCHK (Holdings) hereby announce that, on 22 December 2016, Bank of China (Hong Kong) Limited (“**BOCHK**”) (a direct wholly-owned subsidiary of BOCHK (Holdings) and an indirect 66.06% owned subsidiary of Bank of China) entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”) with Xiamen International Investment Limited (“**XIL**”) and the Committee of Jimei Schools (“**CB**”) in relation to the proposed disposal of a total of 2,114,773 ordinary shares of Chiyu Bank (representing approximately 70.49% of the total issued shares of Chiyu Bank) by BOCHK for a total consideration of HK\$7.685 billion, of which (i) XIL has agreed to purchase, or procure the purchase through its three wholly-owned subsidiaries of, 1,929,373 ordinary shares of Chiyu Bank (representing approximately 64.31% of the total issued shares of Chiyu Bank); and (ii) CB has agreed to purchase, or procure the purchase through Chip Bee Private Institution of, 185,400 ordinary shares of Chiyu Bank (representing approximately 6.18% of the total issued shares of Chiyu Bank). As of the date of this joint announcement, Chip Bee Private Institution is an existing registered shareholder of Chiyu Bank holding 416,407 ordinary shares of Chiyu Bank (representing approximately 13.88% of the total issued shares of Chiyu Bank).

A performance bond in the amount of not more than HK\$350 million will be provided to BOCHK pursuant to the terms of the Sale and Purchase Agreement.

Completion of the Proposed Disposal is conditional upon the satisfaction of all the conditions precedent set out in the Sale and Purchase Agreement regarding the obtaining of all relevant regulatory or governmental approvals (including the necessary approval(s) from the Hong Kong Monetary Authority), and completion of filings and registrations in connection with the undertaking of the Proposed Disposal.

If the conditions precedent have not been satisfied on or before 11:59 p.m. on 31 December 2017 (or any other date as may be agreed to by BOCHK and XIL in writing), then XIL and BOCHK may terminate the Sale and Purchase Agreement. As of the date of this joint announcement, certain conditions precedent remain to be satisfied.

Subject to the satisfaction of all the conditions precedent set out in the Sale and Purchase Agreement, completion of the Proposed Disposal will take place on the completion date (the “**Completion Date**”). Upon completion of the Proposed Disposal, BOCHK will cease to hold any share in Chiyu Bank and Chiyu Bank will cease to be a subsidiary of each of Bank of China, BOCHK (Holdings) and BOCHK.

If, at any time prior to completion, the transactions contemplated under the Sale and Purchase Agreement are prohibited or otherwise restricted by a change of applicable laws before the Completion Date or any competent regulatory authority prohibits or restricts the completion of the transactions contemplated under the Sale and Purchase Agreement, then any party may

terminate the Sale and Purchase Agreement without incurring any liability under the Sale and Purchase Agreement upon giving written notice to the other parties.

In addition, if (i) there occurs any material breach of warranties or undertakings by BOCHK which result in reduction of the total net asset value of Chiyu Bank's Group as of 31 December 2015 by 10% or more; or (ii) there is any change of control of XIL prior to the Completion Date, the parties shall promptly engage in discussion and use their respective best endeavours to resolve the matter within 30 calendar days, failing which BOCHK, XIL or CB (as the case may be) may terminate the Sale and Purchase Agreement by written notice to the other parties.

To facilitate a smooth transition, BOCHK, Chiyu Bank and XIL have entered into a transitional services agreement on 22 December 2016, which will take effect from the Completion Date, pursuant to which BOCHK will provide certain transitional support, information technology and other assistance to Chiyu Bank at service charges mutually agreed for a term of four years from the Completion Date (with an option for Chiyu Bank to extend this term for two consecutive periods of one year each).

REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL

The Proposed Disposal is another strategic move in the implementation of the long-term development plan of the Group, following the completed disposal of Nanyang Commercial Bank, Limited and alongside BOCHK's ongoing expansion of its ASEAN operations. The respective boards of directors of Bank of China and BOCHK (Holdings) believe that the Proposed Disposal will streamline BOCHK's corporate structure and reinforce its core brand in the Hong Kong banking market, while unleashing the significant potential of Chiyu Bank under the new shareholding structure. The total consideration for the Proposed Disposal under the Sale and Purchase Agreement represents a premium over the net asset value of the relevant interest of Chiyu Bank, and the resultant proceeds from the Proposed Disposal will further strengthen the capital position of the Group and will facilitate the development of BOCHK's business in the ASEAN region.

GENERAL

As of the date of this joint announcement, to the best knowledge, information and belief of the respective boards of directors of Bank of China and BOCHK (Holdings) and having made all reasonable enquiries, XIL and CB (save that it is representing Chip Bee Private Institution and Chip Bee Foundation, existing registered shareholder of Chiyu Bank) and their respective ultimate beneficial owners are third parties independent of either of Bank of China or BOCHK (Holdings) (as the case may be) or their respective connected persons (as defined under the Listing Rules). Chiyu Bank is an insignificant subsidiary (as defined under the Listing Rules) of each of Bank of China and BOCHK (Holdings), and all of the applicable percentage ratios under the Listing Rules in respect of the Proposed Disposal for Bank of China and BOCHK (Holdings) are below 5%. Accordingly, CB and Chip Bee Private Institution are not connected persons (as defined under the Listing Rules) of each of Bank of China and BOCHK (Holdings), and the Proposed Disposal and the transactions contemplated under the Sale and Purchase Agreement do not constitute any notifiable transaction or connected transaction of each of Bank of China and BOCHK (Holdings) under Chapter 14 or Chapter 14A of the Listing Rules.

XIL is a wholly-owned subsidiary of Xiamen International Bank Co. Ltd. (“XIB”). XIB is a Chinese commercial bank headquartered in Xiamen City, Fujian Province, the People's Republic of China and it also owns Luso International Banking Limited in Macau. Chiyu Bank is a company incorporated in Hong Kong with limited liability and a licensed bank in Hong Kong with a network of 24 branches in Hong Kong and two branches and two sub-branches in the Mainland of China.

As the completion of the Proposed Disposal is subject to the satisfaction of all the conditions precedent set out in the Sale and Purchase Agreement, the Proposed Disposal may or may not proceed to completion. Accordingly, shareholders and potential investors of Bank of China and BOCHK (Holdings) are advised to exercise caution when dealing in the securities of Bank of China and BOCHK (Holdings).

By order of the board of directors of
Bank of China Limited
GENG Wei
*Secretary to the Board of Directors and
Company Secretary*

By order of the board of directors of
BOC Hong Kong (Holdings) Limited
LUO Nan
Company Secretary

Hong Kong, 22 December 2016

As at the date of this joint announcement, the directors of Bank of China comprise Tian Guoli, Chen Siqing, Ren Deqi, Gao Yingxin, Zhang Xiangdong, Zhang Qi*, Wang Wei*, Liu Xianghui*, Li Jucan*, Nout Wellink**, Lu Zhengfei**, Leung Cheuk Yan** and Wang Changyun**.*

As at the date of this joint announcement, the directors of BOCHK (Holdings) comprise Tian Guoli, Chen Siqing*, Yue Yi, Ren Deqi*, Gao Yingxin*, Xu Luode*, Li Jiuzhong, Cheng Eva**, Choi Koon Shum**, Koh Beng Seng** and Tung Savio Wai-Hok**.*

* *Non-executive Directors*

** *Independent Non-executive Directors*