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CONNECTED TRANSACTIONS

The Board is pleased to announce that on the date of this announcement, BOCHK has entered into the Agreements with Bank of China in relation to the transfer of (i) the Vietnam Business and (ii) the Philippines Business, respectively as part of the restructuring exercise of the Group in the ASEAN region.

As Bank of China is the controlling shareholder and a connected person of the Company, the Proposed Transfers 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 Transfers are more than 0.1% but less than 5%, the Proposed Transfers 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 each of the Proposed Transfers is subject to the satisfaction (or, if applicable, waiver) of the respective conditions precedent stated in the Agreements, the Proposed Transfers 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 by the Company on 6 June 2016 with respect to the potential restructuring of the Group in the ASEAN region, and the announcements by the Company on 30 June 2016, 17 October 2016, 6 January 2017, 28 February 2017, 6 July 2017 and 3 November 2017 with respect to the acquisition of subsidiaries and/or businesses by the Company from Bank of China in Malaysia, Thailand, Indonesia and Cambodia.

The Board is pleased to announce that on the date of this announcement, BOCHK has entered into the Agreements with Bank of China in relation to the transfer of (i) the Vietnam Business and (ii) the Philippines Business, respectively, as part of the restructuring exercise of the Group in the ASEAN region.

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

PRINCIPAL TERMS OF THE VIETNAM AGREEMENT

Date: 6 November 2017

Parties:

Transferor: Bank of China

Transferee: BOCHK

Assets agreed to be transferred:

The Vietnam Business

Consideration

The consideration for the proposed transfer of the Vietnam Business is USD152 million (equivalent to approximately RMB997 million, calculated using the agreed exchange rate in respect of the Vietnam Agreement), which 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 transfer of the Vietnam Business is conditional upon the satisfaction or waiver (as appropriate) of certain conditions precedent set out in the Vietnam Agreement:

- (a) Bank of China and BOCHK each having obtained all the requisite regulatory approvals by the Long Stop Date; and
- (b) no circumstances having arisen prior to the 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 HoChiMinh City Branch.

Completion

Subject to the satisfaction or waiver (as appropriate) of the conditions precedent in the Vietnam Agreement, completion will take place on the Completion Date pursuant to the Vietnam Agreement. Upon completion, BOC HoChiMinh City Branch will become a branch owned by BOCHK, and all the assets and liabilities arising in connection with the Vietnam Business will be transferred to and assumed by BOCHK.

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

COMPLETION ADJUSTMENTS

In the event that pursuant to mutual agreement of BOCHK and Bank of China or as a result of a change in applicable laws relating to capital requirements, such that Bank of China is required to make further head office investment injection into BOC HoChiMinh City Branch after the date of the Vietnam Agreement, BOCHK will pay to Bank of China the amount of the further head office investment (together with the applicable financing cost) on the Completion Date. 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 HoChiMinh City Branch during the Relevant Period, as set out in the completion account, 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.

PRINCIPAL TERMS OF THE PHILIPPINES AGREEMENT

Date: 6 November 2017

Parties:

Transferor: Bank of China

Transferee: BOCHK

Assets agreed to be transferred:

The Philippines Business

Consideration

The consideration for the proposed transfer of the Philippines Business is PHP4.4026 billion (equivalent to approximately RMB597.40 million, calculated using the agreed exchange rate in respect of the Philippines Agreement) which 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 transfer of the Philippines Business is conditional upon the satisfaction or waiver (as appropriate) of certain conditions precedent set out in the Philippines Agreement by the Long Stop Date:

- (a) Bank of China and BOCHK each having passed the necessary resolutions to approve the Philippines Agreement and Bank of China and BOCHK each having obtained all the requisite regulatory, governmental, supranational, trade agency or authority permits, licences, consents and approvals;
- (b) Bank of China and BOCHK having notified the Philippine Competition Commission about the transactions contemplated in this Agreement in accordance with the requirements of the Philippine Competition Act; and
- (c) no circumstances having arisen prior to the 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 Manila Branch.

Completion

Subject to the satisfaction or waiver (as appropriate) of the conditions precedent in the Philippines Agreement, completion will take place on the Completion Date pursuant to the Philippines Agreement. Upon completion, BOC Manila Branch will become a branch owned by BOCHK, and the banking licence held by BOC Manila Branch and all the assets and liabilities arising in connection with the Philippines Business will be transferred to and assumed by BOCHK.

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

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 Manila Branch after

the date of the Philippines Agreement, and/or pursuant to mutual agreement of BOCHK and Bank of China, BOCHK will pay to Bank of China the amount of the further injected capital (together with the applicable financing cost) on the Completion Date. 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 Manila Branch during the Relevant Period, as set out in the completion account, 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 HOCHIMINH CITY BRANCH

Overview

BOC HoChiMinh City Branch was established in Vietnam in 1995 as an overseas branch of Bank of China. BOC HoChiMinh City Branch holds a licence in Vietnam to operate as a branch with full banking authority (i.e. as a commercial bank) offering a wide range of commercial banking products and services, including deposit-taking, lending, foreign exchange, factoring and trade financing. BOC HoChiMinh City Branch is operating through a main branch.

Financial Information

The net asset value of the Vietnam Business as at 31 December 2016 (audited) was US\$101 million (equivalent to approximately HK\$783 million).

The audited net profit before and after tax of BOC HoChiMinh City Branch for the two financial years ended 31 December 2015 and 31 December 2016 are as follows:

	For the Year Ended 31 December 2015	For the Year Ended 31 December 2016
Net profit before tax for the year	US\$5.00 million (equivalent to approximately HK\$38.75 million)	US\$6.40 million (equivalent to approximately HK\$49.63 million)
Net profit after tax for the year	US\$3.90 million (equivalent to approximately HK\$30.23 million)	US\$5.11 million (equivalent to approximately HK\$39.63 million)

For illustration purpose only, translations of US\$ into HK\$ have been calculated by using an exchange rate of US\$1.00 = HK\$7.7500 for the year ended 31 December 2015 and US\$1.00 = HK\$7.7547 for the year ended 31 December 2016.

INFORMATION ON BOC MANILA BRANCH

Overview

BOC Manila Branch was established in the Philippines in 2001 as an overseas branch of Bank of China. BOC Manila Branch holds a licence in Philippines to operate as a branch with full banking authority (i.e. as a commercial bank) offering a wide range of commercial banking products and services, including deposit-taking, lending, foreign exchange and trade financing products and services.

Financial Information

The net asset value of the Philippines Business as at 31 December 2016 (audited) was PHP2.55 billion (equivalent to approximately HK\$398 million).

The audited net profit before and after tax of BOC Manila Branch for the two financial years ended 31 December 2015 and 31 December 2016 are as follows:

	For the Year Ended 31 December 2015	For the Year Ended 31 December 2016
Net profit before tax for the year	PHP244 million (equivalent to approximately HK\$40.31 million)	PHP227 million (equivalent to approximately HK\$35.48 million)
Net profit after tax for the year	PHP214 million (equivalent to approximately HK\$35.35 million)	PHP185 million (equivalent to approximately HK\$28.92 million)

For illustration purpose only, translations of PHP into HK\$ have been calculated by using an exchange rate of PHP1.00 = HK\$0.1652 for the year ended 31 December 2015 and PHP1.00 = HK\$0.1563 for the year ended 31 December 2016.

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 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 China, Hong Kong, Macau, Taiwan as well as other countries and regions.

REASONS FOR AND BENEFITS OF THE PROPOSED TRANSFERS

The terms of each of the 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 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. All non-executive Directors of the Company, namely Mr. CHEN Siqing, Mr. REN Deqi and Mr. GAO Yingxin, are also directors of Bank of China, and accordingly have abstained from voting on the resolutions in respect of the Proposed Transfers at the meetings of the Board.

In determining the consideration for each of the Proposed Transfers, the following factors, amongst others, were taken into account by BOCHK: the respective financial position and performance of the BOC HoChiMinh City Branch and BOC Manila Branch, the immediate access to the local market 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 the banking industry and trading value of comparable companies in the regions.

The Directors believe that the Proposed Transfers 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 total number of issued shares 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 Transfers 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 Transfers are more than 0.1% but less than 5%, the Proposed Transfers 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 BOC HoChiMinh City Branch and BOC Manila Branch will, from the respective completion of the Proposed Transfers, 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 2019 (the “New Caps”), which was approved by the independent shareholders of the Company at the Extraordinary General Meeting of the Company held on 28 June 2017.

GENERAL

The Board wishes to emphasise that the completion of the Proposed Transfers is not inter-conditional and completion of each of the Proposed Transfers is subject to the satisfaction (or, if applicable, waiver) of the 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 Transfers 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 each of the Proposed Transfers is subject to the satisfaction (or, if applicable, waiver) of the respective conditions precedent stated in the Agreements, the Proposed Transfers 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:

“Agreements”	means the Vietnam Agreement and the Philippines Agreement, collectively, and each an “Agreement”
“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 total number of issued shares 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 HoChiMinh City Branch”	means Bank of China Limited, HoChiMinh City Branch
“BOC Manila Branch”	means Bank of China Limited, Manila Branch
“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
“Completion Date”	means the date of completion of the proposed transfer of the Vietnam Business and the proposed transfer of the Philippines Business as provided in the relevant Agreement
“CNH”	means offshore RMB
“Directors”	means directors of the Company
“Group”	means Bank of China, the Company and their respective subsidiaries
“HK\$” or “HKD”	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 2017 or such later date as Bank of China and BOCHK may agree in writing as provided in the Agreements

“Macau”	means the Macau Special Administrative Region of the PRC
“Philippines”	means the Republic of the Philippines
“Philippines Agreement”	means the memorandum of agreement entered into on 6 November 2017 between Bank of China and BOCHK for the transfer of the Philippines Business
“Philippines Business”	means all properties, assets and rights owned by Bank of China or BOC Manila Branch and used in connection with the banking business of BOC Manila Branch, including without limitation, the benefit (subject to the burden) of the contracts, goodwill, properties, trade debts, cash, interbank and money market items and investments, and the liabilities and obligations of Bank of China or BOC Manila Branch in connection with or arising out of the business of BOC Manila Branch, including without limitation, the banking obligations and trade credits
“PHP”	means Philippines peso, the lawful currency of the Philippines
“PRC” or “China”	means the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, Macau and Taiwan
“Proposed Transfers”	means the proposed transfer of the Vietnam Business pursuant to the Vietnam Agreement and the proposed transfer of the Philippines Business pursuant to the Philippines Agreement, collectively, and each a “Proposed Transfer”
“Relevant Period”	means the period between 1 January 2016 and the Completion Date pursuant to the Vietnam Agreement in the case of the proposed transfer of Vietnam Business, and the period between 1 January 2015 and the Completion Date pursuant to the Philippines Agreement in the case of the proposed transfer of the Philippines Business

“RMB”	means the lawful currency of the PRC
“Securities and Futures Ordinance”	means Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“US\$” or “USD”	means United States dollar, the lawful currency of the United States of America
“Vietnam”	means the Socialist Republic of Vietnam
“Vietnam Business”	means all properties, assets and rights owned by Bank of China or BOC HoChiMinh City Branch and used in connection with the banking business of BOC HoChiMinh City Branch, including without limitation, the benefit (subject to the burden) of the contracts, goodwill, properties, trade debts, cash, interbank and money market items and investments, and the liabilities and obligations of Bank of China or BOC HoChiMinh City Branch in connection with or arising out of the business of BOC HoChiMinh City Branch, including without limitation, the banking obligations and trade credits
“Vietnam Agreement”	means the internal restructuring agreement entered into on 6 November 2017 between Bank of China and BOCHK for the transfer of the Vietnam Business

By Order of the Board
LUO Nan
Company Secretary

Hong Kong, 6 November 2017

As at the date of this announcement, the Board comprises Mr. CHEN Siqing (Chairman), Mr. YUE Yi (Vice Chairman and Chief Executive), Mr. REN Deqi*, Mr. GAO Yingxin*, 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*