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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 TRANSACTION

The Board is pleased to announce that on the date of this announcement, BOCHK has entered into the Agreement with Bank of China in relation to the transfer of the Branch Interests in BOC Vientiane Branch 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 Branch Transfer constitutes a connected transaction 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 Branch Transfer are more than 0.1% but less than 5%, the Proposed Branch Transfer is 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 Branch Transfer is subject to the satisfaction (or, if applicable, waiver) of the conditions precedent stated in the Agreement, the Proposed Branch Transfer 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

The Board is pleased to announce that on the date of this announcement, BOCHK has entered into the Agreement with Bank of China in relation to the acquisition of the Branch Interests in BOC Vientiane Branch as part of the restructuring exercise of the Group in the ASEAN region.

PRINCIPAL TERMS OF THE AGREEMENT

Date: 4 December 2018

Parties:

Seller: Bank of China

Buyer: BOCHK

Assets agreed to be acquired:

the Branch Interests

Consideration

The consideration for the Proposed Branch Transfer is LAK713,574 million (equivalent to approximately RMB561 million, calculated using the agreed exchange rate in respect of the 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 Branch Transfer is conditional upon the satisfaction or waiver (as appropriate) of certain conditions precedent set out in the 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 Vientiane Branch.

Completion

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

As BOC Vientiane Branch will remain in the Group post-completion, Bank of China has given an undertaking in the Agreement to continue to provide support and services including but not limited to information technology support to BOC Vientiane 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 capital injection into BOC Vientiane Branch after the date of the Agreement, 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 Vientiane 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 VIENTIANE BRANCH

Overview

BOC Vientiane Branch was incorporated in Laos on 26 February 2015 with registered capital and paid up capital of LAK 405,100 million as an overseas branch of Bank of China. BOC Vientiane Branch holds a banking licence granted by the Bank of Lao People's Democratic Republic ("BOL"). The BOL allows BOC Vientiane Branch 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 Vientiane Branch operates through a single branch in the business district of Vientiane, the capital of Laos.

Financial Information

The audited net asset value of BOC Vientiane Branch as at 31 December 2017 was LAK432,469 million (equivalent to approximately HK\$407 million).

The audited net profit before and after tax of BOC Vientiane Branch for the two financial years ended 31 December 2016 and 31 December 2017 are as follows:

| | For the Year Ended 31 December 2016 | For the Year Ended 31 December 2017 |
|------------------------------------|---|--|
| Net profit before tax for the year | LAK5,577 million (equivalent to approximately HK\$5.3 million) | LAK46,757 million (equivalent to approximately HK\$44.0 million) |
| Net profit after tax for the year | LAK5,577 million (equivalent to approximately HK\$5.3 million) | LAK37,210 million (equivalent to approximately HK\$35.0 million) |

For illustration purpose only, translations of LAK into HK\$ have been calculated by using an exchange rate of LAK1.00 = HK\$0.00095 for the year ended 31 December 2016 and LAK1.00 = HK\$0.00094 for the year ended 31 December 2017.

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 BRANCH TRANSFER

The terms of the Agreement 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 Agreement 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. The non-executive Director of the Company, namely Mr. CHEN Siqing is also director of Bank of China, and accordingly has abstained from voting on the resolutions in respect of the Proposed Branch Transfer at the meeting of the Board.

In determining the consideration for the Proposed Branch Transfer, the following factors, amongst others, were taken into account by BOCHK: the financial position and performance of the BOC Vientiane 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 Branch Transfer 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 Branch Transfer constitutes a connected transaction 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 Branch Transfer are more than 0.1% but less than 5%, the Proposed Branch Transfer is 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 Vientiane Branch will, from the completion of the Proposed Branch Transfer, 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 emphasize that the completion of the Proposed Branch Transfer is subject to the satisfaction (or, if applicable, waiver) of the 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 Branch Transfer 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 Branch Transfer is subject to the satisfaction (or, if applicable, waiver) of the conditions precedent stated in the Agreement, the Proposed Branch Transfer 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:

| | |
|------------------------|---|
| “Agreement” | means the Branch Transfer Agreement entered into on 4 December 2018 between Bank of China and BOCHK for the transfer of BOC Vientiane Branch |
| “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 Vientiane Branch” | means Bank of China Limited, Vientiane 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 |

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| “BOCHK Group” | means the Company and its subsidiaries |
| “Branch Interests” | means the entire ownership interests of BOC Vientiane Branch held by Bank of China as represented by the entire fully paid interests in the registered capital of BOC Vientiane Branch, and includes all the assets and liabilities of BOC Vientiane Branch as at Completion, to be transferred to BOCHK pursuant to the Agreement |
| “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” | means completion of the proposed transfer of the Branch Interests in accordance with the Agreement |
| “Completion Date” | means the date of Completion as provided in the 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 |
| “LAK” | means Lao kip, the lawful currency of Laos |
| “Laos” | means Lao People's Democratic Republic |
| “Listing Rules” | means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “Long Stop Date” | means 30 June 2019 or such later date as Bank of China and BOCHK may agree in writing as provided in the Agreement |

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|------------------------------------|---|
| “Macau” | means the Macau Special Administrative Region of the PRC |
| “PRC” or “China” | means the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, Macau and Taiwan |
| “Proposed Branch Transfer” | means the proposed acquisition of Branch Interests pursuant to the Agreement |
| “Relevant Period” | means the period between 1 January 2018 and the Completion Date pursuant to the Agreement |
| “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 |

By Order of the Board
LUO Nan
Company Secretary

Hong Kong, 4 December 2018

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