
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this document or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in BOC Hong Kong (Holdings) Limited (中銀香港(控股)有限公司), you should at once hand this document and the accompanying proxy form and, if applicable, the Annual Report 2003 or the Summary Financial Report 2003 to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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Notice of Annual General Meeting

and

Proposals for Amendments to Articles of Association and General Mandates to Issue and Repurchase Shares

A notice convening the Annual General Meeting of BOC Hong Kong (Holdings) Limited to be held at Meeting Room 401, Hong Kong Convention and Exhibition Centre, 1 Harbour Road, Wanchai, Hong Kong (please use Harbour Road entrance) on Friday, 21st May, 2004 at 3:00 p.m. (registration will begin at 2:30 p.m.) is set out in this document. **Please note that refreshments will not be served at the Annual General Meeting.**

Whether or not you are able to attend the Annual General Meeting, you are advised to read the notice and to complete and return the enclosed proxy form, in accordance with the instructions printed thereon, to the registered office of BOC Hong Kong (Holdings) Limited at 52nd Floor, Bank of China Tower, 1 Garden Road, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the Annual General Meeting. Completion of the proxy form and its return will not preclude you from attending, and voting at, the Annual General Meeting if you so wish.

13th April, 2004

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DEFINITIONS

In this document, unless the context otherwise requires, the following expressions have the following meanings :

“AGM”	means the annual general meeting of the Company convened to be held on Friday, 21st May, 2004 at 3:00 p.m. (registration will begin at 2:30 p.m.) at Meeting Room 401, Hong Kong Convention and Exhibition Centre, 1 Harbour Road, Wanchai, Hong Kong (please use the Harbour Road entrance);
“Board” or “Board of Directors”	means the Board of Directors of the Company;
“BOC”	means Bank of China, a state-owned commercial bank established under the laws of the PRC;
“BOCHK”	means Bank of China (Hong Kong) Limited (formerly known as Po Sang Bank Limited), a company incorporated under the laws of Hong Kong and a wholly owned subsidiary of the Company;
“Committee(s)”	means Committee(s) established by the Board of Directors from time to time;
“Companies Ordinance”	means the Companies Ordinance, Chapter 32 of the Laws of Hong Kong;
“Company”	means BOC Hong Kong (Holdings) Limited, a company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange;
“Group”	means the Company and its subsidiaries;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“Latest Practicable Date”	means 7th April, 2004, being the latest practicable date prior to the printing of this document for ascertaining certain information contained herein;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	means the People’s Republic of China;
“Share(s)”	means share(s) of HK\$5.00 each in the share capital of the Company;
“Share Repurchase Mandate”	means the proposed general mandate to repurchase shares;
“Share Repurchase Resolution”	means the proposed resolution to approve the grant of the Share Repurchase Mandate;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited.



中銀香港(控股)有限公司
BOC HONG KONG (HOLDINGS) LIMITED
(Incorporated in Hong Kong with limited liability)

Board of Directors :

- * Mr. XIAO Gang (Chairman)
- * Mr. SUN Changji (Vice-chairman)
- Mr. He Guangbei (Vice-chairman and Chief Executive)
- * Mr. HUA Qingshan
- * Mr. LI Zaohang
- * Mr. ZHOU Zaiqun
- * Ms. ZHANG Yanling
- ** Dr. FUNG Victor Kwok King
- ** Mr. SHAN Weijian
- ** Mr. TUNG Chee Chen
- ** Ambassador YANG Linda Tsao

Registered Office:

52nd Floor
Bank of China Tower
1 Garden Road
Hong Kong

Senior Adviser :

Mr. NEOH Anthony Francis

* *non-executive directors*

** *independent non-executive directors*

13th April, 2004

Dear Shareholder,

On behalf of the Board of Directors, I invite you to attend the AGM to be held on Friday, 21st May, 2004 at 3:00 p.m. at the Hong Kong Convention and Exhibition Centre. The AGM offers a valuable opportunity for you to meet the members of our Board and Senior Management and to raise queries on the operation, management and other issues relating to the Group.

The items of business to be considered at the AGM are described in detail in the notice of the AGM which follows this letter. Your participation at the AGM is very important and you can exercise your right to vote whether you choose to attend the meeting or not. If you are unable to attend the AGM in person, we encourage you to vote by completing and returning the enclosed proxy form. Even if you have done so, you may still attend and vote in person at the AGM if you so wish.

We believe sound corporate governance is crucial to our development in the long term and we aspire to a high standard of governance. As part of our ongoing efforts to enhance our corporate governance and transparency, we have provided in this document background information to the resolutions to be proposed at the AGM (see Appendix I), information on the retiring Directors (see Appendix II) and information on voting and other issues relating to the AGM in the form of "Frequently Asked Question" (see Appendix IV) so that shareholders have a better understanding of their rights and can make an informed decision in relation to the subject matters of the AGM. We have also proposed certain amendments to our Articles of Association not only to bring the same in line with certain changes to the Companies Ordinance which came into effect in

LETTER FROM THE CHAIRMAN

February 2004 and changes to the Listing Rules which came into effect in March 2004 but also to adopt certain code provision in the draft Code on Corporate Governance Practices released by the Stock Exchange in January 2004 ahead of the schedule proposed by the Stock Exchange. In order to enhance the transparency of shareholders' voting at the AGM, I will also direct that all the proposed resolutions be voted on by poll. We have engaged Computershare Hong Kong Investor Services Limited, the Company's share registrar, to act as the scrutineer. Results of the poll voting will be published in the press and on the Company's website at www.bochkholdings.com.

The Board considers that all resolutions proposed for consideration and approval by the shareholders at the AGM are in the best interests of the Company and its shareholders as a whole. Accordingly, the Board recommends that shareholders vote in favour of the proposed resolutions.

We look forward to seeing you and answering your questions at the AGM.

Yours faithfully,
XIAO Gang
Chairman



中銀香港(控股)有限公司

BOC HONG KONG (HOLDINGS) LIMITED

(Incorporated in Hong Kong with limited liability)

(the "Company")

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held on Friday, 21st May, 2004 at 3:00 p.m. (registration will begin at 2:30 p.m.) at Meeting Room 401, Hong Kong Convention and Exhibition Centre, 1 Harbour Road, Wanchai, Hong Kong (please use Harbour Road entrance) for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To receive and consider the audited Statement of Accounts and the Reports of the Directors and of the Auditors of the Company for the year ended 31st December, 2003.
2. To declare a final dividend of HK\$0.32 per share for the year ended 31st December, 2003.
3. To re-elect Directors.
4. With effect from 1st January, 2004 and until the shareholders resolve otherwise, to pay additional remuneration to Non-executive Directors and Senior Adviser who are also chairman or members of Committees of the Board of Directors ("Committee(s)") as follows :
 - (a) HK\$100,000 per annum per Committee to each Committee chairman, to be pro-rated in the case of an incomplete year of service; and
 - (b) HK\$50,000 per annum per Committee to each Committee member, to be pro-rated in the case of an incomplete year of service.
5. To re-appoint PricewaterhouseCoopers as Auditors of the Company and authorise the Board of Directors to determine their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modification the following resolutions, of which resolution 6 will be proposed as a special resolution and resolutions 7 to 10 will be proposed as ordinary resolutions:

6. **"THAT** the Articles of Association of the Company be amended as follows :
 - (a) In Article 2(a), by adding "'business day' means any day on which a recognised stock market in Hong Kong is open for the business of dealing in securities;" after the definition of "Board".
 - (b) In Article 15, by inserting the words "within ten business days after" before the words "lodgment of an instrument of transfer" in the 4th line.
 - (c) In Article 40, by deleting the words "two months" and substituting therefor "ten business days" in the 4th line.
 - (d) Adding a new Article 76A after Article 76 as follows :

"Where any Member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted."

NOTICE OF ANNUAL GENERAL MEETING

- (e) In Article 80(a), by deleting the last sentence and substituting therefor “The number of proxies so appointed by any Member to attend on the same occasion shall not exceed two.”
- (f) In Article 98, by deleting the word “exceeding” and substituting therefor “less than” in the 2nd line and deleting the words “, provided that no Director holding office as chairman, vice chairman or Chief Executive shall be subject to retirement by rotation or be taken into account in determining the number of Directors to retire”.
- (g) In Article 99, by deleting this Article in its entirety and substituting therefor the following :
- “No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless (a) there shall have been lodged at the Office or at the head office of the Company a notice signed by a Member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and a notice signed by the persons to be proposed of his willingness to be elected; and (b) there is deposited or tendered with the aforesaid notices a sum reasonably sufficient to meet the Company’s expenses in giving effect thereto. The period during which the aforesaid notices may be given will be at least seven days. Such period will commence on the day after the despatch of the notice of the meeting for which such notices are given and end no later than seven days prior to the date of such meeting.”
- (h) In Article 102, by deleting the words “special resolution” in both the margin and the 1st line and substituting therefor “ordinary resolution”.
- (i) In Article 106(g), by deleting the words “a special resolution” and substituting therefor “an ordinary resolution”.
- (j) In Article 109, by deleting this Article in its entirety and substituting therefor the following :
- “A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his associates is to his knowledge materially interested, and if he shall do so his vote shall not be counted (nor shall he be counted in the quorum for that resolution), but this prohibition shall not apply to any of the following matters, namely:
- (a) any contract or arrangement for the giving of any security or indemnity to the Director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
 - (b) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
 - (c) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
 - (d) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;
 - (e) any proposal concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the Director or his associate(s) is/are beneficially interested in shares of that company, other than a company in which the Director and any of his associates are in aggregate beneficially interested in 5% or more of the issued shares of any class of the equity share capital of such company (or of any third company through which his interest or that of his associates is derived) or of the voting rights (excluding for the purpose of calculating such 5% interest any indirect interest of such Director or his associates by virtue of an interest of the Company in such company);
 - (f) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to directors, his associates and employees of the Company or any of its subsidiaries and does not provide in respect of any such Director, or his associate(s), as such any privilege or advantage not generally accorded to the class of persons to whom such scheme or fund relates; and
 - (g) any proposal or arrangement concerning the adoption, modification or operation of any employees’ share scheme or any share incentive or share option scheme for the benefit of the employees of the Company or any of its subsidiaries under which the Director or his associate(s) may benefit.

If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or as to the entitlement of any Director (other than such chairman) to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive, except in a case where the nature or extent of interest of the Director concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting, such question shall be decided by a resolution of the Board (for which purpose such chairman shall not be counted in the quorum and shall not vote thereon) and such resolution shall be final and conclusive, except in a case where the nature or extent of the interest of the chairman as known to such chairman has not been fairly disclosed to the Board.”

NOTICE OF ANNUAL GENERAL MEETING

- (k) In Article 110, by deleting the words “and any Director may vote in favour of the exercise of such voting rights in manner aforesaid notwithstanding that he may be, or be about to be, appointed a director” and substituting therefor “. A Director shall not vote in relation to the exercise of such voting rights in manner aforesaid if he may be, or be about to be, appointed a director”.
7. **“THAT** with effect from 1st January, 2004 and until the shareholders resolve otherwise, each member and secretary of Committees of the Board of Directors (“Committee(s)”) who are not directors or salaried employees of the Group shall be paid a fee of HK\$50,000 per annum, to be pro-rated in the case of an incomplete year of service provided that no member or secretary shall receive any fee in excess of HK\$50,000 irrespective of the number of Committee(s) he or she has served.”
8. **“THAT:**
- (A) subject to paragraph (B) of this Resolution, the exercise by the Board of Directors during the Relevant Period of all the powers of the Company to allot, issue, grant, distribute and otherwise deal with additional Shares and to make, issue or grant offers, agreements, options, warrants and other securities which will or might require Shares to be allotted, issued, granted, distributed or otherwise dealt with during or after the end of the Relevant Period, be and is hereby generally and unconditionally approved;
- (B) the aggregate nominal amount of share capital allotted, issued, granted, distributed or otherwise dealt with or agreed conditionally or unconditionally to be allotted, issued, granted, distributed or otherwise dealt with (whether pursuant to an option, conversion or otherwise) by the Board of Directors pursuant to the approval in paragraph (A) of this Resolution, otherwise than pursuant to:
- (i) a Rights Issue; or
- (ii) the exercise of rights of subscription or conversion under the terms of any warrant issued by the Company or any securities which are convertible into Shares; or
- (iii) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares pursuant to the Articles of Association of the Company from time to time; or
- (iv) any share option scheme or savings-based share option plans or similar arrangement for the time being adopted by the Company for the grant or issue to eligible participants of such scheme, plan or arrangement of Shares or rights to acquire Shares, including without limitation pursuant to the rules of the Company's 2002 Share Option Scheme and 2002 Sharesave Plan, both of which were adopted by shareholders of the Company on 10th July, 2002,
- shall not exceed the aggregate of:
- (a) 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution; and
- (b) (if the Board of Directors is so authorised by a separate resolution of the shareholders of the Company) the aggregate nominal amount of the issued share capital of the Company purchased by the Company subsequent to the passing of this Resolution (up to a maximum equivalent to 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution),
- and the said approval shall be limited accordingly; and
- (C) for the purpose of this Resolution:
- (i) “Relevant Period” means the period from (and including) the date of passing this Resolution until whichever is the earliest of:
- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or by any applicable law to be held; and
- (c) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting;
- (ii) “Rights Issue” means an offer of Shares open for a period fixed by the Board of Directors to the holders of Shares whose names appear on the Register of Members of the Company (and, if appropriate, to the holders of warrants and other securities which carry a right to subscribe or purchase Shares on the relevant register) on a fixed record date in proportion to their holdings of such Shares (and, if appropriate, such warrants and other securities) as at that date (subject to such exclusions or other arrangements as the Board of Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any legal or practical restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any jurisdiction or territory applicable to the Company); and
- (iii) “Shares” means ordinary shares of HK\$5.00 each in the capital of the Company.”

NOTICE OF ANNUAL GENERAL MEETING

9. **“THAT:**
- (A) subject to paragraph (B) of this Resolution, the exercise by the Board of Directors during the Relevant Period of all the powers of the Company to purchase Shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange on which the Shares may be listed and which is recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws, including the Hong Kong Code on Share Repurchases and the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time), be and is hereby generally and unconditionally approved;
 - (B) the aggregate nominal amount of Shares which may be purchased or agreed conditionally or unconditionally to be purchased by the Company pursuant to the approval in paragraph (A) of this Resolution shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution, and the said approval shall be limited accordingly; and
 - (C) for the purpose of this Resolution:
 - (i) “Relevant Period” means the period from (and including) the date of passing this Resolution until whichever is the earliest of:
 - (a) the conclusion of the next annual general meeting of the Company;
 - (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or by any applicable law to be held; and
 - (c) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting;
 - (d) “Shares” means ordinary shares of HK\$5.00 each in the capital of the Company.”
10. **“THAT** conditional on the passing of Resolutions 8 and 9, the general mandate granted to the Board of Directors to exercise the powers of the Company to allot, issue, grant, distribute or otherwise deal with additional shares in the Company pursuant to Resolution 8 be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the issued share capital of the Company purchased by the Company under the general mandate granted pursuant to Resolution 9, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing Resolutions 8 and 9.”

By Order of the Board
Jason C.W. Yeung
Company Secretary

Hong Kong, 8th April, 2004

Registered Office:
52nd Floor
Bank of China Tower
1 Garden Road
Hong Kong

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. The Chairman of the Board has indicated that he would direct that each of the resolutions set out in the notice of the meeting be voted on by poll.
2. Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or two proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.
3. In order to be valid, the instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority, should be deposited at the registered office of the Company at least 48 hours before the time fixed for holding the meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the meeting or any adjournment thereof should he/she so wish.
4. The Register of Members of the Company will be closed, for the purpose of determining shareholders' entitlement to the proposed final dividend, from Wednesday, 12th May, 2004 to Wednesday, 19th May, 2004 (both days inclusive), during which period no transfer of shares can be registered. In order to qualify for the proposed final dividend, all share transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Tuesday, 11th May, 2004.
5. In relation to Resolution 6, the purpose of the amendments is set out in Appendix I of this document.
6. In relation to Resolution 9, an explanatory statement (as required by the Listing Rules) is set out in Appendix III of this document.
7. By Resolutions 8 and 10, approval is being sought from members, as a general mandate in compliance with section 57B of the Companies Ordinance (Cap. 32 of the Laws of Hong Kong) and the Listing Rules, so that in the event it becomes desirable for the Company to issue any new shares, the Board of Directors is given the flexibility and discretion to allot and issue new shares up to 20% of the issued share capital of the Company, together with such number of shares as may be purchased by the Company pursuant to the general mandate under Resolution 9, as more particularly described in Resolutions 8, 9 and 10.
8. **In case of joint shareholdings, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purpose seniority will be determined by the order in which the names stand in the Register of Members of the Company in respect of the joint shareholding. Accordingly, investors who wish to have joint shareholding in the Company should bear in mind the above provisions when they decide how they wish their shares to be registered.**

Please note that refreshments will not be served at the Annual General Meeting.

APPENDIX I BUSINESS OF THE ANNUAL GENERAL MEETING

1. Re-election of Directors

Non-executive Directors are appointed for a term of 3 years subject to, among other things, retirement in accordance with the Company's Articles of Association. The existing Articles of Association of the Company provide that (i) any Director appointed by the Board shall retire at the next annual general meeting; and (ii) apart from the Chairman, Vice Chairman and Chief Executive, one third (but not exceeding one-third) of the remaining Directors shall retire from office by rotation at each annual general meeting. Retiring Directors are eligible for re-election.

Accordingly, Ambassador Linda Yang, being a Director appointed by the Board, and Messrs. Zhou Zaiqun and Tung Chee Chen shall retire at the AGM and, being eligible, offer themselves for re-election.

To enable shareholders to make an informed decision on the re-election of the retiring Directors, we have set out in Appendix II of this document information on the retiring Directors including their biographical details and attendance records at Board and Committee meetings.

Further, with a view to enhancing our corporate governance and reinforcing the shareholders' scrutiny over the entire Board, we propose to amend the Articles of Association of the Company to require all directors be subject to retirement by rotation at least once every three years (please refer to paragraph 4 below).

2. Additional Remuneration to Non-executive Directors and Senior Adviser

Pursuant to resolutions passed by the shareholders and the Board respectively in 2003, a fee of HK\$200,000 per annum is paid to each Director and Senior Adviser of the Company with effect from 1st January, 2003. All Non-executive Directors and Senior Adviser have participated in one or more Committees. The proposed additional remuneration is to reflect their time and efforts contributed to and responsibilities in the relevant Committees. Subject to shareholders' approval at the AGM, Non-executive Directors and Senior Adviser of the Company who are also chairman and/or member of Committees will be paid an additional fee of HK\$100,000 and HK\$50,000 respectively per annum per Committee.

The chairmanship and membership of Committees held by the Directors and Senior Adviser are set out as follows (unless otherwise specified, the following represents membership in Committees):

Name	Audit Committee	Risk Management Committee	Nomination and Remuneration Committee
XIAO Gang		√ (Chairman)	
SUN Changji			√ (Chairman)
HE Guangbei			
HUA Qingshan		√	
LI Zaohang			√
ZHOU Zaiqun	√		
ZHANG Yanling		√	
FUNG Victor Kwok King	√		√
SHAN Weijian	√ (Chairman)		√
TUNG Chee Chen	√		√
YANG Linda Tsao	√		
NEOH Anthony Francis		√	

3. Re-appointment of Auditors

The Board proposes that PricewaterhouseCoopers be re-appointed as auditors of the Group and that the Board be authorised to determine their remuneration. PricewaterhouseCoopers have served as auditors of the Group since 2002.

For 2003, fees charged by PricewaterhouseCoopers were HK\$38 million, of which HK\$29 million were for audit services (including the audit of our 2003 interim results) and HK\$9 million were related to other services. For 2002, these fees totalled HK\$29 million, of which HK\$18 million were for audit services and HK\$11 million were related to other services (including the review of our 2002 interim results).

Other services in 2003 mainly related to the provision of tax, compliance and other advisory services. Details of these fees have been reported to the Audit Committee which is mainly comprised of Independent Non-executive Directors.

4. Amendment of Articles of Association

As part of our efforts to enhance our corporate governance practices and in order to bring our Articles of Association in line with certain changes to the Companies Ordinance which came into effect in February 2004, changes to the Listing Rules which came into effect in March 2004 and certain code provision in the draft Code on Corporate Governance Practices released by the Stock Exchange in January 2004, the Board proposes to amend the following Articles in the Company's Articles of Association. The full text of the proposed resolution is set out in the notice of the AGM contained in this document.

(a) Articles 2(a), 14 and 40

The purpose of the amendments is to shorten the period within which share certificates will be issued following lodgment of a transfer from 2 months to 10 business days.

(b) Article 76A

Under the amended Listing Rules which became effective from March 2004, controlling shareholders and their associates (as these terms are defined in the Listing Rules respectively) must abstain from voting in certain circumstances. A new Article 76A is added to expressly provide that in such cases any votes cast by or on behalf of such shareholders in contravention of any requirement or restriction on voting shall not be counted.

(c) Article 80(a)

The purpose of the amendment is to expressly provide that each shareholder shall have the right to appoint up to two proxies to attend and vote in his/her place at general meetings of the Company.

(d) Article 98

Under the existing Article 98, apart from the Chairman, Vice Chairman and Chief Executive, one third of the remaining Directors shall retire from office by rotation at each annual general meeting of the Company and shall be eligible for re-election.

The Stock Exchange released the draft Code on Corporate Governance Practices in January 2004 to solicit market comments on the draft Code. Code provision A.4.2 of the draft Code requires that every director should be subject to retirement by rotation at least once every three years. Though the Code has yet to be implemented, in order to enhance our corporate governance practices and reinforce the shareholders' scrutiny over the entire Board, we propose to amend Article 98 so that all Directors are subject to retirement by rotation at least once every three years.

(e) Article 99

Shareholder has the right to nominate candidate for appointment as a director by giving notice to such effect to the Company. The purpose of the amendment is to provide expressly that the period during which such notice may be given will be at least 7 days and that such period will commence on the day after the despatch of the notice of the relevant meeting and end no later than 7 days prior to the date of that meeting. Further, the shareholder should deposit or tender with such notice a sum reasonably sufficient to meet the Company's expenses in giving effect thereto.

(f) Article 102 and 106(g)

The purpose of the amendment is to bring the Articles in line with the amendment to the Companies Ordinance which, with effect from February 2004, allows directors to be removed by an ordinary resolution instead of a special resolution.

(g) Article 109

Under the existing Article, Directors are required to abstain from voting for transactions in which they themselves have a material interest. The purpose of the amendment is to require Directors to abstain from voting for transactions in which they or their associates have a material interest.

(h) Article 110

The purpose of the amendment is to require Directors to abstain from voting in favour of the Company's exercise of its voting rights in another company if he/she is or may be interested in the exercise of such voting rights.

5. Remuneration of Committee members and secretaries who are not directors or salaried employees of the Group

Apart from Non-executive Directors and Senior Adviser of the Company, certain senior executives of BOC also participate in Committees either as member or secretary and as such, render their professional advice and provide technical and administrative support to the relevant Committees. The proposed remuneration is to reflect their time and efforts contributed to and responsibilities in the relevant Committees. Subject to shareholders' approval at the AGM, each member and secretary of Committees who are not directors or salaried employees of the Group shall be paid a fee of HK\$50,000 per annum. However, no such member or secretary shall receive any fee in excess of HK\$50,000 irrespective of the number of Committee(s) he or she has served.

6. General Mandate to issue and repurchase shares

By resolutions passed by the shareholders at the annual general meeting of the Company held on 29th May, 2003, the Board was granted general mandates (i) to allot, issue and otherwise deal with Shares up to 20% of the issued share capital of the Company as at the date of passing the said resolutions, plus the aggregate number of Shares purchased by the Company; and (ii) to purchase Shares of the Company on the Stock Exchange up to 10% of the issued share capital of the Company as at the date of passing the said resolutions.

Under the Companies Ordinance and the Listing Rules, these general mandates will lapse at the conclusion of the AGM, unless renewed at that meeting. Resolutions will therefore be proposed at the AGM to renew the general mandate to allot and issue Shares and the Share Repurchase Mandate. The full text of these resolutions is set out in the notice of the AGM contained in this document. The explanatory statement required by the Listing Rules to be sent to shareholders in connection with the Share Repurchase Mandate is set out in Appendix III to this document.

APPENDIX II INFORMATION ON THE RETIRING DIRECTORS

To enable shareholders to make an informed decision on the re-election of the retiring Directors, we set out below the biographical details and attendance records at Board and Committee meetings of the retiring Directors for the information of shareholders.

1. **Mr. ZHOU Zaiqun**, *Non-executive Director*

Aged 51 and appointed on 17th June, 2002, is a Non-executive Director and a member of the Audit Committee of both the Company and BOCHK. Mr. Zhou is also a Managing Director and an Executive Vice President of BOC. Mr. Zhou has over 20 years' experience in the banking industry. Mr. Zhou was the General Manager of the Industrial and Commercial Bank of China ("ICBC"), Beijing Branch from December 1999 to November 2000. Mr. Zhou was the General Manager of the Planning and Financial Department of ICBC from January 1997 to December 1999. Mr. Zhou obtained a master's degree from Northeast Institute of Finance and Economics in 1996.

Mr. Zhou has attended 3 out of the 5 Board meetings and 2 out of the 11 Audit Committee meetings held in 2003. Mr. Zhou was incapacitated by illness during the period from May to August 2003 so that he could not attend the 2 Board meetings and the 9 Audit Committee meetings held during that period.

2. **Mr. TUNG Chee Chen**, *Independent Non-executive Director*

Aged 61 and appointed on 17th June, 2002, is an Independent Non-executive Director of both the Company and BOCHK. He is also a member of the Audit Committee and the Nomination and Remuneration Committee of both the Company and BOCHK. Mr. Tung is the Chairman and Chief Executive Officer of Orient Overseas (International) Limited. He was the Chairman of the Hong Kong Shipowners' Association from 1993 to 1995 and the Chairman of the Hong Kong General Chamber of Commerce from 1999 to 2001. Mr. Tung is an Independent Non-executive Director of a number of companies, including Zhejiang Expressway Company Limited, PetroChina Company Limited, Wing Hang Bank Limited, Chekiang First Bank Limited, Global China Group and Cathay Pacific Airways Limited. He is a member of the Hong Kong Port Development Council. Mr. Tung is also Chairman of the Hong Kong-America Centre, the Institute for Shipboard Education Foundation, the Chairman of the Court and a member of the Council of The Hong Kong Polytechnic University, a member of the Board of Trustees of the University of Pittsburgh and the Board of Visitors of the School of Foreign Service, Georgetown University. Mr. Tung was educated at the University of Liverpool, United Kingdom, where he obtained a bachelor's degree in science in 1964. He later obtained a master's degree in mechanical engineering from the Massachusetts Institute of Technology in 1966.

Mr. Tung has attended all the 5 Board meetings, 3 Nomination and Remuneration Committee meetings and 11 Audit Committee meetings held in 2003.

3. **Ambassador YANG Linda Tsao**, *Independent Non-executive Director*

Aged 77 and appointed on 12th November, 2003, is an Independent Non-executive Director and a member of the Audit Committee of both the Company and BOCHK. She currently chairs the Asian Corporate Governance Association (ACGA), a non-profit organisation based in Hong Kong for promoting corporate governance practices among Asian business enterprises. She also serves on various public organisations. Ambassador Yang was appointed by President Clinton as Ambassador and U.S. Executive Director to the Asian Development Bank ("ADB") from 1993 to 1999. Before that, she had served in various public capacities including, California's Savings and Loan Commissioner and Vice President of the Board of Administration of the Public Employees' Retirement System of the State of California (CalPERS). Ambassador Yang graduated from St. John's University in Shanghai and earned her Master of Philosophy degree (Economics) from Columbia University of New York.

Due to family bereavement, Ambassador Yang was unable to attend the only Board meeting in 2003 since her appointment to the Board in November. Ambassador Yang was appointed a member of the Audit Committee in January 2004.

APPENDIX III EXPLANATORY STATEMENT FOR SHARE REPURCHASE MANDATE

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to shareholders for their consideration of the Share Repurchase Mandate which permits the purchase of Shares up to a maximum of 10% of the issued share capital of the Company as at the date of passing the Share Repurchase Resolution. The Listing Rules provide that all purchases of shares on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a specific approval in relation to specific transactions or by a general mandate to the board of directors of the company to make such purchases.

This Appendix also constitutes a memorandum of the terms of the Share Repurchase Mandate as required under Section 49BA of the Companies Ordinance.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised of 10,572,780,266 Shares.

Subject to the passing of the Share Repurchase Resolution and on the basis that no further Shares would be issued prior to the AGM, the Company would be allowed under the Share Repurchase Resolution to purchase a maximum of 1,057,278,026 Shares based on the issued share capital of the Company as at the Latest Practicable Date.

2. REASONS FOR SHARE REPURCHASE

The Board of Directors believes that the Share Repurchase Mandate is in the interests of the Company and its shareholders as a whole. Such purchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per Share of the Company and will only be made when the Board of Directors believes that such a purchase will benefit the Company and the shareholders as a whole.

3. FUNDING OF PURCHASES

In purchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum and Articles of Association and the Companies Ordinance. The Companies Ordinance provides that the amount paid in connection with a purchase may only be made from the distributable profits of the Company and/or the proceeds of a new issue of Shares made for the purpose of the purchase to the extent permissible under the Companies Ordinance.

If the Share Repurchase Mandate were to be carried out in full at any time during the proposed purchase period, there will not be any material adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited accounts of the Company for the year ended 31st December, 2003.

4. SHARE PRICE

The highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the previous 12 months before the Latest Practicable Date were as follows:

	Share Price (HK\$)	
	Highest	Lowest
2003		
April	8.35	7.55
May	8.25	7.60
June	8.10	7.70
July	8.60	7.75
August	10.15	8.05
September	11.70	9.65
October	14.40	11.30
November	14.50	13.20
December	15.90	13.75
2004		
January	15.40	14.15
February	15.95	14.20
March	15.95	14.45

5. UNDERTAKING

The Board of Directors has undertaken to the Stock Exchange that, so far as the same may be applicable, it will exercise the powers of the Company to make purchases pursuant to the Share Repurchase Mandate and in accordance with the Listing Rules, the applicable laws of Hong Kong and the regulations set out in the Memorandum and Articles of Association of the Company.

None of the Directors and, to the best of their knowledge having made all reasonable enquiries, their associates, have any present intention to sell any Shares to the Company if the Share Repurchase Mandate is granted by the shareholders.

No connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company. Save and except the Directors, no connected persons have undertaken not to sell any Shares held by them to the Company, in the event that the Share Repurchase Mandate is granted by the shareholders.

6. EFFECT OF THE HONG KONG CODE ON TAKEOVERS AND MERGERS

The Board of Directors is not aware of any consequences which the exercise in full of the Share Repurchase Mandate would have under the Hong Kong Code on Takeovers and Mergers.

The Board of Directors shall ensure that no purchase of Shares would result in the aggregate number of Shares held by public shareholders falling below the minimum percentage specified by the Stock Exchange in respect of the Company.

7. PURCHASES MADE BY THE COMPANY

The Company has not purchased any Shares (whether on the Stock Exchange or otherwise) in the 6 months preceding the date of this document.

APPENDIX IV FREQUENTLY ASKED QUESTIONS ON VOTING AND ANNUAL GENERAL MEETING

Q : AM I ENTITLED TO VOTE ?

A : You are entitled to vote if you are a holder of Shares as of the record date on 19th May, 2004.

Q : HOW CAN I VOTE ?

A : How you vote depends on whether you are a registered or non-registered shareholder. You are a registered shareholder if you have a share certificate registered in your name. You are a non-registered shareholder if your shares are registered in the name of an intermediary (for example, a bank, a trustee or a securities broker). Please refer to the following Q&As on how to exercise your right to vote in either case.

Q : HOW CAN I VOTE IF I AM A REGISTERED SHAREHOLDER ?

A : As a registered shareholder, you may vote in one of several ways :

(a) Attend the meeting

You are entitled to attend the AGM and cast your vote in person. In the case of corporate shareholder, the corporation must have submitted a properly executed proxy or appointment of corporate representative.

OR

(b) By proxy

If you do not plan to attend the AGM, you may cast your vote by proxy in one of two ways :

- You may authorise the Chairman of the AGM to vote your shares. You may convey your voting instructions by completing the enclosed proxy form in full, sign and return it to the registered office of the Company; OR
- You may appoint some other person to attend the AGM and vote your shares on your behalf. You may appoint up to two proxies to represent you. Your proxy needs not be a shareholder of the Company but he/she must attend the AGM in person. If you choose this option, you should print your appointee's name in the blank space on the enclosed proxy form, and complete and return the proxy form by following the detailed instructions stated on the proxy form.

To ensure that your vote is recorded, your proxy must be received by the Company no later than 3:00 p.m. on 19th May, 2004.

Q : HOW CAN I VOTE IF I AM A NON-REGISTERED SHAREHOLDER ?

A : If you are a non-registered shareholder and your shares are held by an intermediary (for example, a bank, a trustee or a securities broker), you will not receive a proxy form. You should contact the intermediary if you wish to vote.

Q : HOW WILL MY SHARES BE VOTED IF I RETURN A PROXY FORM ?

A : By properly completing and returning a proxy form, you are authorising the person named in the proxy to attend the AGM and to vote your Shares. The Shares represented by your proxy form must be voted as you instruct in the form. If you do not specify in the proxy form how you wish the votes cast, your proxy will exercise his/her discretion as to how he/she may vote.

Q : CAN I REVOKE A PROXY ?

A : If you are a registered shareholder and have returned a proxy form, you may revoke it by completing and signing a proxy form bearing a later date, and delivering it to the Company's registered office. However, in order to be valid, this latter proxy form should be received by the Company no later than 3:00 p.m. on 19th May, 2004.

If you are a non-registered shareholder, you may revoke a proxy or voting instruction given to an intermediary by written notice to the intermediary, provided that the revocation is received before the deadline prescribed by the intermediary for such purpose.

Q : CAN I ATTEND AND VOTE AT THE AGM IF I HAVE RETURNED A PROXY ?

A : Even if you have completed and returned a proxy form, you can still attend and vote at the AGM if you so wish.

APPENDIX IV FREQUENTLY ASKED QUESTIONS ON VOTING AND ANNUAL GENERAL MEETING

Q : HOW ARE VOTES TAKEN AT THE AGM ?

A : Votes can be taken either by a show of hands or on a poll. On a show of hands, one shareholder has one vote whereas on a poll, one shareholder has one vote for each share he/she is holding.

In general, a resolution will be voted on by a show of hands unless a poll is demanded by :

- (a) the Chairman of the meeting; or
- (b) at least 3 shareholders present at the meeting in person or by proxy; or
- (c) any shareholder or shareholders holding in aggregate not less than 10% of the Company's issued share capital.

In order to enhance the transparency of shareholders' voting at the AGM, the Chairman of the Board (who will preside at the AGM) will direct that all the proposed resolutions be voted on by poll.

Q : HOW CAN I KNOW THE OUTCOME OF THE POLL RESULTS ?

A : The outcome of the poll results will be posted on the Company's website at www.bochkholdings.com and the Stock Exchange's website at www.hkex.com.hk and published in the press on the next business day following the AGM.

Q : HOW CAN I PUT FORWARD A PROPOSAL FOR CONSIDERATION BY THE SHAREHOLDERS AT A GENERAL MEETING ?

A : The following persons (the "requisitionists") are entitled to put forward a proposal (which may properly be put to the meeting) for consideration by the shareholders at a general meeting :

- (a) any shareholders holding together at least 2.5% of the Company's issued share capital; or
- (b) any group of at least 50 shareholders holding together at least 20,000 Shares of the Company.

The request must be made in writing, signed by the requisitionists and received by the Company not less than six weeks before the meeting if it is proposed to pass a resolution or not less than one week before the meeting in all other cases. The requisitionists must deposit a sum reasonably sufficient to meet the Company's expenses in complying with such request.

Q : WHAT IF I HAVE A QUESTION ?

A : If you have any questions regarding the AGM, please contact the Company Secretary as follows :

Address : 52nd Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong

Tel. No. : (852) 2846 2700

Fax No. : (852) 2810 5830

Email : investor_relations@bochk.com