



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)*

(Stock Code: 3988)



中銀香港(控股)有限公司

BOC HONG KONG (HOLDINGS) LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 2388)

ANNOUNCEMENT

SUBORDINATED CREDIT FACILITY BETWEEN BANK OF CHINA LIMITED AND BANK OF CHINA (HONG KONG) LIMITED

This joint announcement is made by BOC and BOCHK Holdings pursuant to the Listing Rules.

On 25 June 2008, BOC and BOCHK entered into a subordinated credit facility agreement pursuant to which BOC agreed to extend a €660,000,000 subordinated credit facility to BOCHK. The Subordinated Loan allows BOC to take advantage of its adequate capital to strengthen BOCHK's capital base and to meet BOCHK's business development needs.

The terms of the Subordinated Loan were negotiated on an arm's length basis between the two parties, and are in the overall interests of both BOC and BOCHK Holdings and the shareholders of BOC and BOCHK Holdings taken as a whole, respectively.

This joint announcement is made by Bank of China Limited ("**BOC**") and BOC Hong Kong (Holdings) Limited ("**BOCHK Holdings**") pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

On 25 June 2008, BOC and Bank of China (Hong Kong) Limited ("**BOCHK**"), the principal operating subsidiary of BOCHK Holdings and an authorized institution under the Banking Ordinance, entered into a subordinated credit facility agreement, pursuant to which BOC shall make available to BOCHK a subordinated credit facility (the "**Subordinated Loan**") of €660,000,000 for a term of 10 years from 27 June 2008. The Subordinated Loan shall be due and repayable on 27 June 2018. BOCHK may elect to repay the Subordinated Loan on or after 28 June 2013. Interest on the Subordinated Loan shall be payable every six months at 0.85%+ EURIBOR for the initial period of 5 years and, if not repaid, at 1.35%+EURIBOR for the remaining period.

The Subordinated Loan qualifies as Tier 2 Capital of BOCHK pursuant to the regulatory requirements of the Hong Kong Monetary Authority and will improve the capital structure of BOCHK. Going forward, BOCHK will continue to take proactive measures to manage its capital, with a view to meeting its strategic development needs.

The Subordinated Loan constitutes a connected transaction for both BOC and BOCHK Holdings under Chapter 14A of the Listing Rules. The Subordinated Loan was provided in the ordinary and usual course of BOC's business and on normal commercial terms. An independent board committee ("IBC") of BOCHK Holdings, comprising all of its independent non-executive directors and chaired by Mr. Tung Chee Chen, has reviewed the terms and conditions (including the pricing) of the Subordinated Loan. With the benefit of advice by an independent financial advisor, the IBC considers that they are fair and reasonable.

The Subordinated Loan allows BOC to take advantage of its adequate capital to improve the financial performance of BOC and to strengthen BOCHK's capital base. It will be used for general corporate purposes of BOCHK including to meet BOCHK's business development needs. The terms of the Subordinated Loan were negotiated on an arm's length basis between the two parties, and are in the overall interests of both BOC and BOCHK Holdings and the shareholders of BOC and BOCHK Holdings taken as a whole, respectively.

By Order of the Board
Bank of China Limited
Yeung Cheung Ying
Company Secretary

By Order of the Board
BOC Hong Kong (Holdings) Limited
Jason C. W. Yeung
Company Secretary

Hong Kong, 25 June 2008

As at the date of this announcement, the Directors of BOC are: Mr. XIAO Gang (Chairman), Mr. LI Lihui (Vice Chairman and President), Mr. LI Zaohang, Mr. ZHOU Zaiqun, Mr. ZHANG Jinghua, Mdm. HONG Zhihua*, Mdm. HUANG Haibo*, Mr. CAI Haoyi*, Mr. WANG Gang*, Mr. LIN Yongze*, Sir Frederick Anderson GOODWIN*, Mr. SEAH Lim Huat Peter*, Mr. Anthony Francis NEOH**, Mr. Alberto TOGNI**, Mr. HUANG Shizhong** and Mdm. HUANG Danhan**.*

As at the date of this announcement, the Directors of BOCHK Holdings are: Mr. XIAO Gang (Chairman), Mr. SUN Changji* (Vice-chairman), Mr. HE Guangbei (Vice-chairman and Chief Executive), Mr. LI Zaohang*, Mr. ZHOU Zaiqun*, Mdm. ZHANG Yanling*, Mr. LEE Raymond Wing Hung, Mr. GAO Yingxin, Dr. FUNG Victor Kwok King**, Mr. KOH Beng Seng**, Mr. SHAN Weijian**, Mr. TUNG Chee Chen**, Mr. TUNG Savio Wai-Hok** and Mdm. YANG Linda Tsao**.*

* *Non-executive Directors*

** *Independent Non-executive Directors*