

BOC HONG KONG (HOLDINGS) LIMITED

(the “Company”)

MINUTES OF THE SEVENTH ANNUAL GENERAL MEETING

* * * * *

Date: 21 May 2009, Thursday
Time: 3:05 p.m. to 4:05 p.m.
Venue: Meeting Room S421, Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong

Directors:

Present:

Mr. XIAO Gang - Chairman

Mr. SUN Changji

Mr. HE Guangbei

Mr. LI Zaohang

Mr. ZHOU Zaiqun

Mdm. ZHANG Yanling

Mr. LEE Raymond Wing Hung

Mr. GAO Yingxin

Mr. KOH Beng Seng

Mr. TUNG Chee Chen

Mr. TUNG Savio Wai-Hok

Mdm. YANG Linda Tsao

Absent:

Dr. FUNG Victor Kwok King

Mr. SHAN Weijian

Shareholders: As per the attached shareholders attendance sheets

In Attendance:

Mr. LAM Yim Nam David - Deputy Chief Executive

Mr. CHEUNG Yau Shing Alex - Chief Risk Officer

Mr. YEUNG Jason Chi Wai - Company Secretary

Mr. Simon TSANG - Partner of PricewaterhouseCoopers

Mr. James WONG - Chief Executive Officer of
Computershare Hong Kong Investor
Services Limited

Scrutineer: Computershare Hong Kong Investor Services Limited

Note: The meeting was conducted in Mandarin with English simultaneous translation.

1. **Chairman**

Mr. Xiao Gang took the Chair.

2. **Quorum and Notice of Meeting**

A quorum being present, the Chairman declared the meeting open. The notice convening the meeting was taken as read.

3. **Voting at the Meeting**

All resolutions put to this meeting would be voted on by poll. The votes for all resolutions would be taken at the same time, after all the resolutions have been put to the vote at the meeting. The Company has appointed Computershare Hong Kong Investor Services Limited (“Computershare”), the Company’s share registrar, as the scrutineer for the poll voting.

4. **Resolution No. 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 31 December 2008**

At the request of the Chairman, Mr. Simon Tsang, Partner of PricewaterhouseCoopers, read the Report of the Auditors to the shareholders in English and Mandarin respectively.

The audited Statement of Accounts and the Reports of the Directors and of the Auditors of the Company for the year ended 31 December 2008 were included in the 2008 Annual Report of the Company which were sent to all shareholders around mid to late April 2009 and were tabled at the meeting.

The following resolution was proposed by Mr. Liu Pei (as proxy for BOC Hong Kong (BVI) Limited) and seconded by Ms. Cheung Suk Mui, Sue (as proxy for Ms. Yam Lo Sze):

“THAT the audited Statement of Accounts and the Reports of the Directors and of the Auditors of the Company for the year ended 31 December 2008 be received, as presented.”

The Chairman invited questions from the floor, and no question was raised.

5. Resolutions Nos. 2(a), (b), (c), (d) and (e) – To re-elect Mr. Xiao Gang, Mr. Li Zaohang, Mr. Zhou Zaiqun, Mr. Koh Beng Seng and Mr. Tung Savio Wai-Hok as Directors

The Chairman informed the shareholders that according to the Company’s Articles of Association, Directors appointed by the Board of Directors shall only hold office until the next following annual general meeting and shall then be eligible for re-election. Further, all Directors are subject to rotation and retirement at general meetings of the Company. The number of Directors to retire at each general meeting shall be the number nearest to but not less than one-third of the Directors for the time being. Accordingly, five Directors, namely, Mr. Xiao Gang, Mr. Li Zaohang, Mr. Zhou Zaiqun, Mr. Koh Beng Seng and Mr. Tung Savio Wai-Hok will retire and, being eligible, offer themselves for re-election at this meeting.

(a) Re-election of Mr. Xiao Gang

As this agenda related to re-election of the Chairman himself, the Chairman invited Mr. Sun Changji to attend to this agenda. Mr. Sun Changji informed the shareholders that Mr. Xiao Gang is the Chairman of the Company.

The following resolution was proposed by Ms. Tsang Yu Kwan (as proxy for Mr. Yeung Chi Wai) and seconded by Mr. Leung Ka Chun (as a shareholder):

“THAT the re-election of Mr. Xiao Gang as a Director of the Company be approved.”

Mr. Sun Changji invited questions from the floor, and no question was raised.

(b) Re-election of Mr. Li Zaohang

The Chairman informed the shareholders that Mr. Li Zaohang is a Non-executive Director of the Company and a member of the Nomination and Remuneration Committee.

The following resolution was proposed by Mr. Yu Shao Jie (as proxy for Mr. Chong Wai Sang) and seconded by Ms. Ng Ching Shan (as proxy for Ms. Wong Ming Chu):

“THAT the re-election of Mr. Li Zaohang as a Director of the Company be approved.”

The Chairman invited questions from the floor, and no question was raised.

(c) Re-election of Mr. Zhou Zaiqun

The Chairman informed the shareholders that Mr. Zhou Zaiqun is a Non-executive Director of the Company and a member of the Audit Committee and Strategy and Budget Committee.

The following resolution was proposed by Mr. Lin Xi (as proxy for Mr. Wong Tak Ming) and seconded by Mr. Wu Yuan (as a shareholder):

“THAT the election of Mr. Zhou Zaiqun as a Director of the Company be approved.”

The Chairman invited questions from the floor, and no question was raised.

(d) Re-election of Mr. Koh Beng Seng

The Chairman informed the shareholders that Mr. Koh Beng Seng is an Independent Non-executive Director of the Company, the chairman of the Risk Committee and a member of the Audit Committee.

The following resolution was proposed by Ms. Tang Pik Yu (as proxy for Cheng Man Yan) and seconded by Mr. Po Yuen Fung (as a shareholder):

“THAT the election of Mr. Koh Beng Seng as a Director of the Company be approved.”

The Chairman invited questions from the floor, and no question was raised.

(e) Re-election of Mr. Tung Savio Wai-Hok

The Chairman informed the shareholders that Mr. Tung Savio Wai-Hok is an Independent Non-executive Director of the Company. Further, Mr. Tung is a member of the Audit Committee, Risk Committee and the Strategy and Budget Committee.

The following resolution was proposed by Ms. Cheung Suk Mui, Sue (as proxy for Ms. Yam Lo Sze) and seconded by Mr. Liu Pei (as proxy for BOC Hong Kong (BVI) Limited):

“THAT the re-election of Mr. Tung Savio Wai-Hok as a Director of the Company be approved.”

The Chairman invited questions from the floor, and no question was raised.

6. Resolution No. 3 – To re-appoint PricewaterhouseCoopers as Auditors of the Company and authorise the Board of Directors or a duly authorised Committee of the Board to determine their remuneration

The Chairman noted that the Company’s accounts for the year ended 31 December 2008 were audited by PricewaterhouseCoopers which will retire after the conclusion of this meeting and have expressed their willingness to continue in office.

The following resolution was proposed by Mr. Leung Ka Chun (as a shareholder) and seconded by Ms. Tsang Yu Kwan (as proxy for Mr. Yeung Chi Wai).

“THAT the re-appointment of PricewaterhouseCoopers as Auditors of the Company and the authorisation of the Board of Directors or a duly authorised Committee of the Board to determine their remuneration be approved.”

The Chairman invited questions from the floor, and no question was raised.

7. Resolution No. 4 - To grant a general mandate to the Board of Directors to allot, issue and deal with additional shares in the Company

Resolution No. 4 related to the proposed grant of a general mandate to the Board of Directors to allot, issue and deal with additional shares in the Company. The Chairman informed the shareholders that the Board is aware of investor concerns on potential dilution of shareholders' value resulting from the exercise of the power pursuant to such mandate. Given the Company's commitment to high standard of corporate governance, the Board proposed to restrict the general mandate to 5% of the Company's issued share capital if such shares are issued solely for cash and unrelated to any asset acquisition but otherwise, the mandate will remain at 20% of the Company's issued share capital. Further, as additional safeguards for shareholders' rights, the Board has adopted certain internal policies for the exercise of such power in the case of an issue of shares solely for cash. Such policies have been set out in the circular to the shareholders dated 14 April 2009.

The following resolution was proposed by Ms. Ng Ching Shan (as proxy for Ms. Wong Ming Chu) and seconded by Mr. Yu Shao Jie (as proxy for Mr. Chong Wai Sang):

“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 10 July 2002,

shall not exceed the aggregate of:

- (a) 20% or, in the case of issue of shares solely for cash and unrelated to any asset acquisition, 5% 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.”

The Chairman invited questions from the floor, and no question was raised.

8. Resolution No. 5 – To grant a general mandate to the Board of Directors to repurchase shares in the Company

Resolution No. 5 related to the proposed grant of a general mandate to the Board of Directors to repurchase shares in the Company, not exceeding 10% of the Company’s issued share capital. The Chairman informed the shareholders that an explanatory statement on the share repurchase mandate has been despatched to the shareholders in accordance with the requirements of the Listing Rules. Further, as a matter of good corporate governance, the Board has adopted certain internal policies for the exercise of the power under the general mandate. Such policies have been set out in the circular to the shareholders dated 14 April 2009.

The following resolution was proposed by Mr. Wu Yuan (as a shareholder) and seconded by Mr. Lin Xi (as proxy for Wong Tak Ming):

“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;
 - (ii) “Shares” means ordinary shares of HK\$5.00 each in the capital of the Company.”

The Chairman invited questions from the floor, and no question was raised.

9. Resolution No. 6 – To extend the general mandate granted by Resolution No. 4

The following resolution was proposed by Mr. Po Yuen Fung (as a shareholder) and seconded by Ms. Tang Pik Yu (as proxy for Cheng Man Yan):

“**THAT** conditional on the passing of Resolutions 4 and 5, 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 4 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 5, 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 4 and 5.”

The Chairman invited questions from the floor, and no question was raised.

10. Voting by Poll

The meeting proceeded to take the votes on all resolutions by poll. As mentioned at the beginning of this meeting, the Company has appointed Computershare as the scrutineer for the vote taking. Mr. James Wong, Chief Executive Officer of Computershare, explained the procedures of poll voting to the shareholders.

After all shareholders have finished voting, Computershare collected the voting papers and proceeded to count the votes.

The Chairman informed the shareholders that the poll results will be published on the websites of The Stock Exchange of Hong Kong Limited and the Company as soon as practicable following conclusion of the vote counting.

Following completion of the vote counting and based on the scrutineer’s certificate issued by Computershare, the Company announced the following poll results in an announcement published on the websites of The Stock Exchange of Hong Kong Limited and the Company on Thursday, 21 May 2009:

- (1) There were 7,831,679,332 (99.9998%) votes in favour of, and 19,000 (0.0002%) votes against, Resolution No. 1 as set out in the Notice of the Annual General Meeting (the “Notice”) in relation to the adoption of the audited Statement of Accounts and the Reports of the Directors and of the Auditors of the Company for the year ended 31 December 2008. As more than 50% of the votes were cast in favour of the resolution, the resolution was duly passed as an ordinary resolution.

- (2) (a) There were 8,117,804,886 (99.2283%) votes in favour of, and 63,131,913 (0.7717%) votes against, Resolution No. 2(a) as set out in the Notice in relation to the re-election of Mr. Xiao Gang as a Director of the Company. As more than 50% of the votes were cast in favour of the resolution, the resolution was duly passed as an ordinary resolution.

- (b) There were 8,175,307,896 (99.9313%) votes in favour of, and 5,618,403 (0.0687%) votes against, Resolution No. 2(b) as set out in the Notice in relation to the re-election of Mr. Li Zaohang as a Director of the Company. As more than 50% of the votes were cast in favour of the resolution, the resolution was duly passed as an ordinary resolution.

- (c) There were 8,171,738,696 (99.8877%) votes in favour of, and 9,183,103 (0.1123%) votes against, Resolution No. 2(c) as set out in the Notice in relation to the re-election of Mr. Zhou Zaiqun as a Director of the Company. As more than 50% of the votes were cast in favour of the resolution, the resolution was duly passed as an ordinary resolution.

- (d) There were 8,179,253,799 (99.9796%) votes in favour of, and 1,665,000 (0.0204%) votes against, Resolution No. 2(d) as set out in the Notice in relation to the re-election of Mr. Koh Beng Seng as a Director of the Company. As more than 50% of the votes were cast in favour of the resolution, the resolution was duly passed as an ordinary resolution.

- (e) There were 8,179,257,799 (99.9796%) votes in favour of, and 1,665,000 (0.0204%) votes against, Resolution No. 2(e) as set out in the Notice in relation to the re-election of Mr. Tung Savio Wai-Hok as a Director of the Company. As more than 50% of the votes were cast in favour of the resolution, the resolution was duly passed as an ordinary resolution.

- (3) There were 8,180,894,299 (99.9995%) votes in favour of, and 37,500 (0.0005%) votes against, Resolution No. 3 as set out in the Notice in relation to the re-appointment of PricewaterhouseCoopers as the Auditors of the Company and the authorisation of the Board of Directors or a duly authorised Committee of the Board to determine their remuneration. As more than 50% of the votes were cast in favour of the resolution, the resolution was duly passed as an ordinary resolution.
- (4) There were 7,537,909,194 (92.1410%) votes in favour of, and 642,936,730 (7.8590%) votes against, Resolution No. 4 as set out in the Notice in relation to the grant of a general mandate to the Board of Directors to allot, issue and deal with additional shares in the Company. As more than 50% of the votes were cast in favour of the resolution, the resolution was duly passed as an ordinary resolution.
- (5) There were 8,180,893,299 (99.9997%) votes in favour of, and 26,500 (0.0003%) votes against, Resolution No. 5 as set out in the Notice in relation to the grant of a general mandate to the Board of Directors to repurchase shares in the Company. As more than 50% of the votes were cast in favour of the resolution, the resolution was duly passed as an ordinary resolution.
- (6) There were 7,560,262,034 (92.4147%) votes in favour of, and 620,537,230 (7.5853%) votes against, Resolution No. 6 as set out in the Notice in relation to the extension of the general mandate to issue shares. As more than 50% of the votes were cast in favour of the resolution, the resolution was duly passed as an ordinary resolution.

11. Questions raised by shareholders

As there was no other business, Non-executive Directors left the venue. Mr. He Guangbei, Vice-chairman and Chief Executive of the Company, chaired this part of meeting. Mr. He Guangbei together with the other Executive Directors and the Management, under the authorizations of the Board and Chairpersons of the Board's Committees, answered the following questions raised by shareholders:

In reply to a shareholder's queries on (i) the Management's accountability on the damage to the reputation of Bank of China (Hong Kong) Limited ("BOCHK") arising from the demise of Lehman Brothers and the widespread complaints made against BOCHK by its customers (the "Minibond Incident") and (ii) the progress on negotiation with regulatory authorities on the Minibond Incident as announced by the Company on 28 April, Mr. He Guangbei, Vice-chairman and Chief Executive of the Group, replied that the Board and the Management of BOCHK comprehended deeply the impact of the Incident as well as the feeling of customers since the happening of the Incident. Mr. He also said that BOCHK has been seriously and proactively handling customer complaints according to established guidelines and has expeditiously communicated the result of the investigation to the complaining customers and, where appropriate, offered compensations to customers on a case by case basis. The Company has committed a lot of resources to handle the complaints so that they could be resolved as quickly as possible. As regards the negotiation with regulatory authorities, Mr. He said that the negotiation was in progress and the Company would announce the outcome of the negotiation as soon as it has been concluded in accordance with regulatory requirements.

A shareholder commented that the Company's performance has been satisfactory since its restructuring except in 2008. While there may be external factors which affected the performance of all banks, the policy and strategy of BOCHK may have played a part. He pointed out that some of the employees might have joined the Bank immediately after their secondary education and have worked for the Bank for decades. Due to recent change in business strategy, some of these loyal and hardworking staff was either demoted or had their remuneration reduced. As a result, there are discontent against senior management. In response, Mr. He Guangbei pointed out that the BOCHK Group had gone through dramatic changes since its restructuring and have been delivering decent returns to its shareholders which the Management regard as duty bound. The financial tsunami and global economic slowdown has resulted in an extremely difficult operating environment for banks in Hong Kong and the BOCHK Group is no exception. To counteract these challenges, BOCHK will use every measure available to operate its business in the most beneficial manner and Mr. He believes that with the efforts of the Management and staff, things will improve gradually in line with the market situation. Mr. He further commented that BOCHK is blessed with many loyal and dedicated staff who have been working for the Group for a long time. The Management recognized and applauded their contribution. In the course of the Group's further development, some realignment of the structure of its human resources is inevitable. In addition to market recruit, the Group has reorganized its human resources management so that staff will have a choice on different types of

positions to enable their strength being fully utilized. Despite the pressure on its financial as a result of the financial tsunami, the Board and Management have taken the position that the Group will not conduct any massive lay off of staff but instead will diligently cut other operating costs in coping with the situation. He thanked the shareholder for his support of the Group.

In reply to a shareholder's query on market rumours about privatization of the Company by Bank of China Limited, Mr. He Guangbei referred to public statements made by the Chairman before which denied the existence of any such plan.

A shareholder questioned how did the Bank select for distribution to its customers high risk derivatives products and what training had been provided to the front-line sales staff. Mr. Lam Yim Nam David, a Deputy Chief Executive of the Group, replied that the products sold by BOCHK comprise of: (i) the products developed by BOCHK itself and (ii) the products supplied by outsiders. Third party manufactured products have to go through a Due Diligence Process of the Bank. Accordingly, Lehman Products had also passed the examination carried out by an independent working group and internal approval process before being launched to the market. On staff training, Mr. Lam pointed out that all sales staff have to be qualified as a licensed intermediary and being recognized by the Bank that he/she is equipped with sufficient knowledge and skill before he/she can sell Lehman Products. The training given to the front line selling staff is quite comprehensive, including general sales technique, an overall introduction of the type of product and a specific pre-launch training focusing on the product in question. Mr. Lam stressed that additional continuous training is also provided from time to time.

A shareholder commented that the progress and transparency of the Bank's handling of the Minibond Incident is like a black box. Mr. He Guangbei replied that the Bank is deeply concerned by the hardship of the customers who suffered losses as a result of the demise of Lehman Brothers. The Bank had committed a lot of resources in handling customer complaints and, as a result, had settled more than 2,000 cases. Mr. He commented that it is unfortunate that the Minibond Incident have happened which involves very complicated issues to be dealt with, including the fact that the situation of each customer differs and hence requires to be handled on a case by case basis. The Bank hoped that with the support of the customers, the Incident can be resolved quickly so that the Bank can get on with its normal business of creating value for shareholders.

In response to a shareholder's query on the intention of Bank of China Limited in increasing shareholding in the Company, Mr. He Guangbei stated that Bank of China Limited would be in a better position to answer the question but he believes that, as the majority shareholder of the Company, BOC is confident of the future development of the Company and wished to express its support.

A shareholder asked about the future Dividend Policy of the Company and wondered whether the Company would pay any dividend for the 2009 interim results. Mr. He Guangbei said that the Board approved dividend pay out ratio of the Company is 60% to 70% of distributable profits. The Dividend Policy had not changed. The Board would decide whether to pay the 2009 Interim Dividend after the 2009 interim results have been finalized.

In reply to a shareholder's comment that BOCHK was aggressive in selling Lehman Brothers Products which resulted in an over 40% market share, Mr. He Guangbei expressed that BOCHK was not more aggressive in selling Lehman Products than other banks. The large market share in selling Lehman Products was due to the extensive branch network of BOCHK and thus the larger coverage of customers. Following the Minibond Incident, the Bank had conducted rigorous reviews on the selling process of structured products and staff training.

As regards the same shareholder's query on how would the Board and Management be held accountable to the loss and sufferings suffered by a large number of its customers, Mr. He Guangbei responded that BOCHK has been seriously and expeditiously handling individual customer complaints and has also engaged in discussions with the regulatory authorities with a view to reaching a comprehensive resolution of the Incident. The discussion was in progress and the Company would inform the shareholders at an appropriate time.

In reply to a shareholder's query on the impact of the RMB trade settlement service to be launched in Hong Kong for which BOCHK would most likely be the sole clearing house, Mr. He Guangbei pointed out that this would bring about significant business opportunities to BOCHK, such as RMB trade settlement, the opening of corporate accounts, the corporate remittance business and trade financing business, etc. BOCHK is well prepared to launch RMB trade settlement service in Hong Kong and is confident to be the market leader in the above areas of businesses.

A shareholder questioned how the Management could increase revenue and shareholders return under the current challenging economic conditions. Mr. He Guangbei commented that to cope with the current difficult business environment, BOCHK would endeavour: (i) to manage risk effectively; (ii) to exploit business opportunities arising from the slowdown, particularly taking advantage of intensified co-operation with BOC; and (iii) to vigorously control cost. He hoped that through the above measures, shareholders' return could be enhanced upon recovery of the economy.

In reply to a shareholder's query on the strategy of BOCHK in maintaining market leadership in the mortgage business, Mr. Lam Yim Nam David stated that the mortgage business is one of the core businesses of BOCHK Group. In response to the slowdown of the economy and weakened property market in the second half of last year, the Bank adopted a prudent lending strategy and strengthened risk management. Following a recent stabilization of the property market, the Bank improved its competitiveness by launching diversified products to cope with the market situation and satisfy customer needs. Through the professional service team and the widespread branch service network, the Bank will strive to maintain the market leader position in Mortgage business.

A shareholder queried whether staff of BOCHK who had bought Lehman Brothers Products were given priority in receiving compensation. Mr. Cheung Yau Shing, the Chief Risk Officer of the Group, pointed out that the Bank had established an independent panel to handle all customer complaints on an equal basis. Accordingly, no staff would be given priority in receiving compensation.

In response to the same shareholder's query that security guards of the Bank manhandled the Minibond investors and making false allegations of assault by these investors, Mr. Lam Yim Nam stressed that the Bank's security personnel has been forbearing and exercising maximum patience to the minibond customers except when the Bank has to vacate the banking premises after close of business as they are the Bank's customers and should be treated with courtesy.

In response to a shareholder's recommendation on giving preferential handling charges to the shareholders of the Company in executing securities trading through the Bank, Mr. Lam Yim Nam, explained that the handling charges of the Bank in securities brokerage is already more competitive than the peers and the Bank's strategy is to compete by offering quality services to our customers.

In response to a shareholder's question on the total amount of Minibonds sold by the BOCHK Group and the number of customers affected, Mr. Lam Yim Nam referred to Mr. He Guangbei's earlier disclosure that the Group has already settled with more than 2,000 customer complaints and has allocated more resources in expediting the complaint handling process.

As regards a shareholder's question on the strategic and business co-operation between BOCHK and Bank of China Limited, Mr. Gao Yingxin, an Executive Director and Deputy Chief Executive of the Group, replied that the two banks have been working closely in corporate lending business in the past few years as a result of referrals of large corporate customers by BOC and evidenced by significant increase in large corporate loans. The co-operation became more intensified recently after the launch of the Global Customer Management program under which important customers of the BOCHK Group will be better served by BOC. In respect of the retail business, Mr. He Guangbei added that further progress will be made on product offering and development so that BOCHK will become the product development centre of BOC's overseas branches.

12. Closure of Meeting

As all the agenda have been discussed, the Chairman declared the meeting closed.

Chairman