

# ADDITIONAL INFORMATION

## 1. Corporate information

### Board of Directors

<b>Chairman</b>	XIAO Gang <sup>#</sup>
<b>Vice Chairmen</b>	SUN Changji <sup>#</sup> HE Guangbei
<b>Directors</b>	HUA Qingshan <sup>#</sup> LI Zaohang <sup>#</sup> ZHOU Zaiqun <sup>#</sup> ZHANG Yanling <sup>#</sup> FUNG Victor Kwok King* KOH Beng Seng* SHAN Weijian* TUNG Chee Chen* TUNG Savio Wai-Hok* YANG Linda Tsao*

<sup>#</sup> Non-executive Directors

\* Independent Non-executive Directors

### Senior Management

<b>Chief Executive</b>	HE Guangbei
<b>Deputy Chief Executive</b>	LAM Yim Nam
<b>Chief Financial Officer</b>	LEE Raymond Wing Hung
<b>Deputy Chief Executive</b>	GAO Yingxin
<b>Chief Risk Officer</b>	CHEUNG Alex Yau Shing
<b>Chief Information Officer</b>	LIU Peter Yun Kwan
<b>Company Secretary</b>	YEUNG Jason Chi Wai

### Registered Office

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

### Auditors

PricewaterhouseCoopers

### Share Registrar

Computershare Hong Kong Investor Services Limited  
46th Floor  
Hopewell Centre  
183 Queen's Road East, Wan Chai  
Hong Kong

### ADS Depository Bank

Citibank, N.A.  
388 Greenwich Street  
14th Floor  
New York, NY 10013  
United States of America

### Credit Ratings (Long Term)

Standard & Poor's:	BBB+
Moody's Investors Service:	A2
Fitch Ratings:	A

### Index Constituent

The Company is a constituent of the following indices:

Hang Seng Index  
Hang Seng London Reference Index  
MSCI Index  
FTSE All-World Hong Kong Index  
Xinhua/FTSE China 25 Index

### Stock Codes

Ordinary shares:  
The Stock Exchange of  
Hong Kong Limited 2388  
Reuters 2388.HK  
Bloomberg 2388 HK

Level 1 ADR Programme:  
CUSIP No.: 096813209  
OTC Symbol: BHKLY

### Website

www.bochk.com



## 2. Dividend and closure of register of members

The Board declared an interim dividend of HK\$0.401 per share (2005: HK\$0.328), payable on Tuesday, 26 September 2006 to those persons registered as shareholders on Tuesday, 19 September 2006.

The Register of Members of the Company will be closed, for the purpose of determining shareholders' entitlement to the interim dividend, from Thursday, 14 September 2006 to Tuesday, 19 September 2006 (both days inclusive), during which period no transfer of shares will be registered. In order to rank for the interim dividend, shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged 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, Wan Chai, Hong Kong, not later than 4:00 p.m. on Wednesday, 13 September 2006. Shares of the Company will be traded ex-dividend as from Tuesday, 12 September 2006.

## 3. Substantial interests in share capital

The register maintained by the Company pursuant to section 336 of the SFO recorded that, as at 30 June 2006, the following corporations had the following interests (as defined in the SFO) in the Company set opposite their respective names:

Name of Corporation	No. of shares of HK\$5 each in the Company (% of total issued shares)	
Central SAFE	6,964,141,034	(65.87%)
BOC	6,964,141,034	(65.87%)
BOCHKG	6,953,838,825	(65.77%)
BOC (BVI)	6,953,838,825	(65.77%)

Notes:

- Following the reorganisation of BOC in August 2004, Central SAFE holds the controlling equity capital of BOC on behalf of the State. Accordingly, for the purpose of the SFO, Central SAFE is deemed to have the same interests in the Company as BOC.
- BOC holds the entire issued share capital of BOCHKG, which in turn holds the entire issued share capital of BOC (BVI). Accordingly, BOC and BOCHKG are deemed to have the same interests in the Company as BOC (BVI) for the purpose of the SFO.
- BOC (BVI) beneficially held 6,953,271,456 shares of the Company. BOC (BVI) also holds 93.64% of the issued share capital of Hua Chiao which is in members' voluntary winding-up. Accordingly, for the purpose of the SFO, BOC (BVI) is deemed to have the same interests in the Company as Hua Chiao which had an interest in 567,369 shares of the Company.
- BOC holds the entire issued share capital of BOC Insurance. Accordingly, for the purpose of the SFO, BOC is deemed to have the same interests in the Company as BOC Insurance which had an interest in 5,700,000 shares of the Company.
- BOC holds the entire issued share capital of BOCI, which in turn holds the entire issued share capital of BOCI Asia Limited and BOCI Financial Products Limited. Accordingly, BOC is deemed to have the same interests in the Company as BOCI Asia Limited and BOCI Financial Products Limited for the purpose of the SFO. BOCI Asia Limited had an interest in 4,351,500 shares of the Company and an interest in 250,000 shares held under physically settled equity derivatives while BOCI Financial Products Limited had an interest in 709 shares of the Company.

All the interests stated above represented long positions. Save as disclosed above, as at 30 June 2006, no other interests or short positions were recorded in the register maintained by the Company under section 336 of the SFO.



#### 4. Directors' rights to acquire shares

On 5 July 2002, the following Directors were granted options by BOC (BVI), the immediate holding company of the Company, pursuant to a Pre-Listing Share Option Scheme to purchase from BOC (BVI) existing issued shares of the Company at a price of HK\$8.50 per share. These options have a vesting period of four years from 25 July 2002 with a valid exercise period of ten years. Twenty-five percent of the shares subject to such options will vest at the end of each year.

Particulars of the outstanding options granted to the Directors under the Pre-Listing Share Option Scheme as at 30 June 2006 are set out below:

	Date of grant	Exercise price (HK\$)	Exercisable period	Number of share options					
				Granted on 5 July 2002	Balances as at 1 January 2006	Exercised during the period	Surrendered during the period	Lapsed during the period	Balances as at 30 June 2006
SUN Changji	5 July 2002	8.50	25 July 2003 to 4 July 2012	1,590,600	1,590,600	-	-	-	1,590,600
HE Guangbei	5 July 2002	8.50	25 July 2003 to 4 July 2012	1,446,000	1,084,500	-	-	-	1,084,500
HUA Qingshan	5 July 2002	8.50	25 July 2003 to 4 July 2012	1,446,000	1,446,000	-	-	-	1,446,000
LI Zaohang	5 July 2002	8.50	25 July 2003 to 4 July 2012	1,446,000	1,446,000	-	-	-	1,446,000
ZHOU Zaiqun	5 July 2002	8.50	25 July 2003 to 4 July 2012	1,446,000	1,446,000	-	-	-	1,446,000
ZHANG Yanling	5 July 2002	8.50	25 July 2003 to 4 July 2012	1,446,000	1,446,000	-	-	-	1,446,000
Total:				8,820,600	8,459,100	-	-	-	8,459,100

Save as disclosed above, at no time during the period was the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

#### 5. Directors' and Chief Executive's interests in shares, underlying shares and debentures

Save as disclosed above, as at 30 June 2006, none of the Directors or Chief Executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

#### 6. Purchase, sale or redemption of the Company's shares

During the period under review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.



## 7. Audit Committee

The Audit Committee consists only of Non-executive Directors, the majority of whom are Independent Non-executive Directors. It is chaired by Independent Non-executive Director Mr. Shan Weijian. Other members include Mr. Zhou Zaiqun, Dr. Fung Victor Kwok King, Mr. Tung Chee Chen, Madam Yang Linda Tsao, Mr. Tung Savio Wai-Hok and Mr. Koh Beng Seng.

Based on the principle of independence, the Audit Committee assists the Board in monitoring the financial reports, internal control, internal audit and external audit of the Group.

At the request of the Audit Committee of the Company, the Group's external auditors have carried out a review of the unaudited financial statements in accordance with the Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the HKICPA. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial reports.

## 8. Compliance with the Code on Corporate Governance Practices of the Listing Rules

In pursuit of the Company's stated objective to embrace good corporate governance principles and practices, the Company has been continuously enhancing its corporate governance practices in order to attain even higher standards. In conjunction with the implementation of the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules issued by the Stock Exchange of Hong Kong on 1 January 2005, the Company has further strengthened its corporate governance practices by reference to the requirements of the CG Code and international best practices. The Company is pleased to announce that it has been in full compliance with all the code provisions of the CG Code and that it has substantially complied with the recommended best practices set out in the CG Code throughout the period under review.

## 9. Compliance with the Codes for Securities Transactions by Directors

The Company has adopted a "Code for Securities Transactions by Directors" (the "Company's Code") to govern securities transactions by Directors. The terms of the Company's Code sets out more stringent requirements than those contained in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, the Directors confirmed that they have complied with the required standards set out in both the Company's Code and the Model Code throughout the period under review.

## 10. Compliance with the guideline on "Interim Financial Disclosure by Locally Incorporated Authorized Institutions"

The interim report for the first half of 2006 fully complies with the requirements set out in the guideline on "Interim Financial Disclosure by Locally Incorporated Authorized Institutions" under the Supervisory Policy Manual issued by the HKMA.

## 11. Compliance with HKAS 34

The interim report for the first half of 2006 complies with HKAS 34 "Interim Financial Reporting" issued by the HKICPA.

## 12. Interim Report

The Interim Report is available in both English and Chinese. The Chinese version of the Interim Report is available by writing to the Company’s Share Registrar, Computershare Hong Kong Investor Services Limited, at Hopewell Centre, 46th Floor, 183 Queen’s Road East, Wan Chai, Hong Kong. The Interim Report is also available (in both English and Chinese) on the Company’s website at [www.bochk.com](http://www.bochk.com).

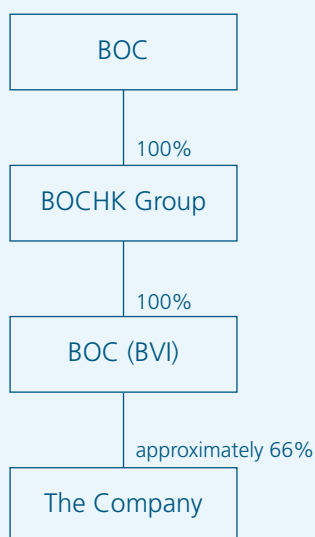
If you have any queries about how to obtain copies of the Interim Report or how to access those documents on the Company’s website, please call the Company’s hotline at (852) 2846 2700.

## 13. Reconciliation between HKFRSs vs IFRS/PRC GAAP

The Company understands that BOC, an intermediate holding company as well as controlling shareholder of the Company, will prepare and disclose consolidated financial information in accordance with IFRS and PRC GAAP for which the Company and its subsidiaries will form part of the consolidated financial statements.

The consolidated financial information of “BOC Hong Kong Group” for the periods disclosed by BOC in its consolidated financial statements is not the same as the consolidated financial information of the Group for the periods published by the Company pursuant to applicable laws and regulations in Hong Kong. There are two reasons for this.

First, the definitions of “BOC Hong Kong Group” (as adopted by BOC for the purpose of its own financial disclosure) and “Group” (as adopted by the Company in preparing and presenting its consolidated financial information) are different: “BOC Hong Kong Group” refers to BOCHK Group and its subsidiaries, whereas “Group” refers to the Company and its subsidiaries (see the below organisation chart). Though there is difference in definitions between “BOC Hong Kong Group” and “Group”, their financial results for the periods presented are substantially the same. This is because BOCHK Group and BOC (BVI) are holding companies only and have no substantive operations of their own.



### 13. Reconciliation between HKFRSs vs IFRS/PRC GAAP (continued)

Second, the Group has prepared its consolidated financial statements in accordance with HK GAAP prior to 1 January 2005 and as from 1 January 2005 onwards in accordance with HKFRSs; whereas the consolidated financial information reporting to BOC is prepared in accordance with IFRS and PRC GAAP respectively. Despite the fact that HKFRSs have been converged with IFRS, there is timing difference in the initial adoption of HKFRSs and IFRS by the Group and by BOC respectively.

The Board considers that the best way to ensure that shareholders and the investing public understand the material differences between the consolidated financial information of the Group published by the Company on the one hand, and the consolidated financial information of BOC Hong Kong Group disclosed by BOC in its financial statements on the other hand, is to present reconciliations of the profit after tax/net assets of the Group prepared under HKFRSs to the profit after tax/net assets of the Group prepared under IFRS and PRC GAAP respectively for the periods presented.

The major differences between HKFRSs and IFRS / PRC GAAP, which arise from the difference in measurement basis in IFRS or PRC GAAP and the timing difference in the initial adoption of HKFRSs and IFRS relate to the following:

- loan loss allowance;
- re-measurement of carrying value of treasury products;
- restatement of carrying value of bank premises and investment properties; and
- deferred taxation impact arising from the above different measurement basis.

#### (a) *Loan loss allowance*

Such adjustments were mainly due to the different approaches used to determine loan loss allowance under different accounting standards. Before 2005, the provisioning approach adopted by the Company mainly followed the guidelines issued by the HKMA. This approach was different from the requirements of IFRS and PRC GAAP under which impairment losses assessment is based on the estimated future cash flows of the loans or group of loans as of each balance sheet date.

Effective 1 January 2005, the provisioning approach adopted under HKFRSs and IFRS was aligned. Due to the difference in the timing of first adoption of HKFRSs and IFRS, impairment charges to the income statement under HKFRSs and IFRS for 2005 were different. The provisioning approach under IFRS and PRC GAAP is basically the same.

**13. Reconciliation between HKFRSs vs IFRS/PRC GAAP (continued)**

**(b) Re-measurement of carrying value of treasury products**

- (i) Non-trading derivatives held for hedging purposes were not required to be marked to market under HK GAAP before 2005. Since 2005, their measurement have been aligned with IFRS and PRC GAAP with merely slight difference in profit and loss and net assets in 2005 mainly due to timing differences.
- (ii) Due to the difference in the timing of first adoption of HKFRSs and IFRS, classification and measurement of certain investment securities under HK GAAP/HKFRSs and IFRS were different. Therefore, investment securities were reclassified and remeasured to align with the accounting policies of BOC for the relevant periods. Classification and measurement under IFRS and PRC GAAP is basically the same.

**(c) Restatement of carrying value of bank premises and investment properties**

The Company has elected revaluation basis rather than cost basis to account for bank premises and investment properties under HKFRSs. On the contrary, BOC has elected cost convention for bank premises and revaluation basis for investment properties under IFRS; and cost convention for both bank premises and investment properties under PRC GAAP. Therefore, adjustments have been made to restate the carrying value of bank premises and investment properties as well as to re-calculate the depreciation charge and disposal gain/loss under IFRS and PRC GAAP.

**(d) Deferred tax adjustments**

These represent the deferred tax effect of the aforesaid adjustments.

**(e) Merger accounting adjustments**

The Group has applied merger accounting to account for the purchase of the 51% equity interest in BOC Life on 1 June 2006, as if the business combination had occurred from the beginning of the relevant periods. Comparatives under HKFRSs were restated accordingly. For the purpose of segment reporting in respect of BOCHK Group in the financial statements of BOC under IFRS and PRC GAAP, comparatives were not restated.

Going forward, the differences relating to the restatement of carrying value of bank premises as a result of the election of the different measurement basis allowed under HKFRSs, IFRS and PRC GAAP will be recurring in the future, while the timing difference related to the measurement of investment securities will be reversed gradually and eliminated in the future years. The difference in the carrying value of investment properties will be eliminated next year after the convergence of PRC GAAP with HKFRSs.



## 13. Reconciliation between HKFRSs vs IFRS/PRC GAAP (continued)

## Profit after tax/Net assets reconciliation

## (i) HKFRSs Vs IFRS

	Profit after tax		Net assets	
	Half-year ended 30 June 2006 HK\$'m	Half-year ended 30 June 2005 HK\$'m	At 30 June 2006 HK\$'m	At 31 December 2005 HK\$'m
<b>Profit after tax/net assets of BOC Hong Kong (Holdings) Limited prepared under HKFRSs</b>	<b>7,229</b>	6,642	<b>82,951</b>	81,713
Add: IFRS adjustments				
Loan loss allowance	–	(172)	–	–
Re-measurement of carrying value of treasury products	<b>(84)</b>	(176)	<b>111</b>	70
Restatement of carrying value of bank premises	<b>96</b>	253	<b>(7,225)</b>	(6,248)
Deferred tax adjustments	<b>25</b>	64	<b>1,206</b>	1,027
Merger accounting adjustments	–	(47)	–	(980)
Other adjustments	–	68	–	–
<b>Profit after tax/net assets of BOC Hong Kong (Holdings) Limited prepared under IFRS</b>	<b>7,266</b>	6,632	<b>77,043</b>	75,582



13. Reconciliation between HKFRSs vs IFRS/PRC GAAP (continued)

Profit after tax/Net assets reconciliation (continued)

(ii) HKFRSs Vs PRC GAAP

	Profit after tax		Net assets	
	Half-year ended 30 June 2006 HK\$'m	Half-year ended 30 June 2005 HK\$'m	At 30 June 2006 HK\$'m	At 31 December 2005 HK\$'m
<b>Profit after tax/net assets of BOC Hong Kong (Holdings) Limited prepared under HKFRSs</b>	<b>7,229</b>	6,642	<b>82,951</b>	81,713
Add: PRC GAAP adjustments				
Loan loss allowance	–	(172)	–	–
Re-measurement of carrying value of treasury products	<b>(84)</b>	(176)	<b>108</b>	65
Restatement of carrying value of bank premises & investment properties	<b>(330)</b>	(741)	<b>(10,352)</b>	(8,949)
Deferred tax adjustments	<b>62</b>	180	<b>2,967</b>	2,920
Merger accounting adjustments	–	(47)	–	(980)
Other adjustments	<b>(26)</b>	101	<b>(97)</b>	(72)
<b>Profit after tax/net assets of BOC Hong Kong (Holdings) Limited prepared under PRC GAAP</b>	<b>6,851</b>	5,787	<b>75,577</b>	74,697

