



Report of the Directors

The Directors are pleased to present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2015.

Principal Activities

The principal activities of the Group are the provision of banking and related financial services. An analysis of the Group's performance for the year by business segments is set out in Note 46 to the Financial Statements.

Business Review

For business review of the Group for the year, please refer to "Chairman's Statement", "Chief Executive's Report", "Management's Discussion and Analysis" and "Corporate Social Responsibility" sections.

Results and Appropriations

The results of the Group for the year are set out in the consolidated income statement on page 118.

The Board has recommended a final dividend of HK\$0.679 per share, amounting to approximately HK\$7,179 million, subject to the approval of shareholders at the forthcoming annual general meeting to be held on Monday, 6 June 2016. If approved, the final dividend will be paid on Friday, 24 June 2016 to shareholders whose names appear on the Register of Members of the Company on Thursday, 16 June 2016. Together with the interim dividend of HK\$0.545 per share declared in August 2015, the total dividend payout for 2015 would be HK\$1.224 per share.

Closure of Register of Members for Entitlement to Attend and Vote at Annual General Meeting

The Register of Members of the Company will be closed, for the purpose of determining shareholders' entitlement to attend and vote at the Annual General Meeting of the Company, from Wednesday, 1 June 2016 to Monday, 6 June 2016 (both days inclusive), during which period no transfer of shares will be registered. In order to attend and vote at the Annual General Meeting of the Company, 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 4:30 p.m. on Tuesday, 31 May 2016. The Annual General Meeting of the Company will be held at 2:00 p.m. on Monday, 6 June 2016.

Closure of Register of Members for Entitlement to Final Dividend

The Register of Members of the Company will be closed, for the purpose of determining shareholders' entitlement to the proposed final dividend, from Monday, 13 June 2016 to Thursday, 16 June 2016 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the proposed final 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 4:30 p.m. on Friday, 10 June 2016. Shares of the Company will be traded ex-dividend as from Wednesday, 8 June 2016.

Donations

Charitable and other donations made by the Group during the year amounted to approximately HK\$9 million.

Note: These donations do not include the donations and sponsorships made by BOCHK Charitable Foundation ("the Foundation". For details, please refer to the "Corporate Social Responsibility" section). The Foundation is a separate legal entity established in Hong Kong and is a charitable institution exempt from tax under the Inland Revenue Ordinance.

Shares Issued

Details of the Company's issued shares are set out in Note 40 to the Financial Statements.

As at the latest practicable date prior to the issue of this Annual Report and based on publicly available information, the public float of the Company was approximately 34%. The Directors consider that there is sufficient public float in the shares of the Company.

Report of the Directors

Debentures Issued

During the year, BOCHK issued the following debentures to raise funds for general working capital purpose.

Class	Amount issued	Consideration received
Senior notes	RMB1,000,000,000	RMB1,000,000,000

Distributable Reserves

Distributable reserves of the Company as at 31 December 2015, calculated under Part 6 of the Hong Kong Companies Ordinance, amounted to approximately HK\$7,245 million.

Five-year Financial Summary

A summary of the results, assets and liabilities of the Group for the last five years is set out on page 3.

Directors

The list of Directors of the Company is set out on page 50. The biographical details of the Directors and senior management are set out on pages 52 to 60. The term of office for each Non-executive Director is approximately three years.

Mr YUE Yi has been re-designated from Non-executive Director to Executive Director and appointed as Vice Chairman and Chief Executive effective from 6 March 2015. Mr GAO Yingxin has been re-designated from Executive Director to Non-executive Director effective from 11 March 2015. Mr LI Jiuzhong was appointed as Executive Director effective from 31 March 2015. Mr REN Deqi and Mr XU Luode were appointed as Non-executive Directors effective from 20 October 2015.

Mr HE Guangbei resigned as Vice Chairman, Executive Director and Chief Executive effective from 6 March 2015. Mr ZHU Shumin resigned as Non-executive Director effective from 2 April 2015. Mr LI Zaohang retired as Non-executive Director effective from 16 June 2015. The Board would like to express its sincere gratitude and the highest respect to Mr HE, Mr ZHU and Mr LI for their valuable contributions in all aspects during their tenure of office.

In accordance with Article 98 of the Articles of Association and pursuant to Code A.4.2 of the Corporate Governance Code, the terms of office of Mr YUE Yi, Mr GAO Yingxin and Mr SHAN Weijian will expire at the forthcoming annual general meeting. Mr SHAN Weijian has notified the Company that he has decided not to stand for re-election at the forthcoming annual general meeting. The other two retiring Directors, Mr YUE Yi and Mr GAO Yingxin being eligible, will offer themselves for re-election. Further, pursuant to Article 102 of the Articles of Association, any Director appointed by the Board during the year shall hold office only until the next following annual general meeting, and shall then be eligible for re-election at such meeting. Accordingly, the terms of office of Mr REN Deqi and Mr XU Luode, who had been appointed on 20 October 2015, will expire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

Save for the list of Directors of the Company as set out on page 50, other directors of the Company's subsidiaries during the year ended 31 December 2015 are as follows:

XIAO Wei	LIN Jingzhen	YUAN Shu	HUANG Hong
ZHU Yanlai*	ZHONG Xiangqun	SUI Yang	KUNG YEUNG Ann Yun Chi
CHAN Ka Pui	CHAN Kam Lun	CHAN Lap Bong	CHAN Sai Ming
CHAN Siu Ping Chordio	CHAN Yiu Fai	CHANG Hsin Kang	CHEN Zhong Xin
CHENG Po Kee	CHENG Zeyu	CHEUNG Wai Hing	CHEUNG Wing Shing Vincent
CHOW Chak Chee	CHOW Tak Man	CHU Wing Yiu	CHUNG Chun Wa
DU Qiang	FANG Hongguang	FUNG Kam Chung Astrid	FUNG Pui Cheung
FUNG Yin Fan Kamill	GONG Huazhang	GWEE Siew Ping	HO Ka Chuen Clement
HU Haozhong	HUANG Ling	KAI Chi On	KWONG Shu Ming
LAM Man Yi	LAN Hong Tsung, David	LAU Hon Chuen	LAU Tim
LEE Hoi Yin, Stephen	LEUNG Ka Chun	LEUNG Yuen Hong	LIU Hui Jun
LIU Xin Qun	LIU Yalin	LO Kin Wing Terry	LU Ying
Neil Anthony TORPEY	NG Chui Sheung	NG Kwok Yuen	NG Leung Sing
SHING Sze Yee	SHUM Wai Chun	SO Shing Shun	SZE Ying Tat
TAN Wan Chye	TO Chi Wing	TSE Siu Ling	WANG Jian
WANG Jianqiang	WANG Tong	WANG Yunchao	WONG Chek Ming
WONG Chun Keung	WONG Kine Yuen	WONG Man Chiu	WONG Man Yee
WONG Siu Man	WOO Chia Wei	YANG Ruhai	YIP Man Kai
YU Kwok Chun	ZENG Xiaoping	ZHAO Chuntang	AU King Lun*
FONG Siu Wah*	Graham David MASON*	LEE Alex Wing Kwai*	LI Kit Mei*
LO Ping Wa*	NG Sai Keung Derek*	SO Tat Wai*	YEUNG Jason Chi Wai*
YIN Rong*	ZHU Min*		

* Resigned/retired during the year.

Directors' Service Contracts

No Director offering for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation other than the normal statutory compensation.

Directors' Interests in Transactions, Arrangements or Contracts

No transactions, arrangements or contracts of significance, in relation to the Group's business to which the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries was a party and in which a Director or his/her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Interests in Competing Business

Mr TIAN Guoli and Mr CHEN Siqing are Executive Directors of BOC. Mr REN Deqi, Mr GAO Yingxin and Mr XU Luode are Executive Vice Presidents of BOC. During the year, Mr LI Zaohang was an Executive Director of BOC, Mr YUE Yi and Mr ZHU Shumin were Executive Vice Presidents of BOC.

BOC is a joint stock commercial bank with limited liability, established under the laws of the PRC, providing a full range of commercial banking and other financial services through its associates throughout the world. Certain of the Group's operations overlap with and/or are complementary to those of BOC and its associates. To the extent that BOC or its associates compete with the Group, the Directors believe that the Group's interests are adequately protected by good corporate governance practices and the involvement of the Independent Non-executive Directors.

Report of the Directors

Further, the Board's Mandate also expressly provides that unless permissible under applicable laws or regulations, if a substantial shareholder or a Director has a conflict of interest in the matter to be considered by the Board, the matter shall not be dealt with by way of written resolutions, but a Board meeting attended by Independent Non-executive Directors who have no material interest in the matter shall be held to deliberate on the same.

Save as disclosed above, none of the Directors is interested in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business.

Directors' Rights to Acquire Shares

At no time during the year 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.

Directors' and Chief Executive's Interests in Shares, Underlying Shares and Debentures

As at 31 December 2015, none of the Directors or the Chief Executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (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 as set out in Appendix 10 of the Listing Rules.

Interest of Substantial Shareholders

The register maintained by the Company pursuant to section 336 of the SFO recorded that, as at 31 December 2015, the following parties had the following interests (as defined in the SFO) in the Company set opposite their respective names:

Name of Corporation	No. of shares held in the Company	Approximate % of total issued shares
Central Huijin	6,984,274,213	66.06%
BOC	6,984,274,213	66.06%
BOCHKG	6,984,175,056	66.06%
BOC (BVI)	6,984,175,056	66.06%

Notes:

- Following the reorganisation of BOC in August 2004, Central Huijin holds the controlling equity capital of BOC on behalf of the State. Accordingly, for the purpose of the SFO, Central Huijin is deemed to have the same interests in the Company as BOC.
- BOC holds the entire issued shares of BOCHKG, which in turn holds the entire issued shares 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 6,984,175,056 shares of the Company.
- BOC holds the entire issued shares of BOCI, which in turn holds the entire issued shares 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 24,479 shares of the Company and an interest in 72,000 shares held under physically settled equity derivatives while BOCI Financial Products Limited had an interest in 2,678 shares of the Company.

All the interests stated above represented long positions. Apart from the disclosure above, according to the register maintained by the Company pursuant to section 336 of the SFO, BOCI Financial Products Limited had an interest in 143,522 shares which represented short positions. BOC and Central Huijin are deemed to be interested in such amount of shares for the purpose of the SFO. Save as disclosed, no other interests or short positions were recorded in the register maintained by the Company under section 336 of the SFO as at 31 December 2015.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.



Permitted Indemnity Provision

Pursuant to the Articles of Association, every Director shall be indemnified out of funds of the Company against all liabilities incurred by him/her to the extent permitted by the Hong Kong Companies Ordinance. The Company has maintained insurance for the benefit of Directors against liability which may lawfully be insured by the Company.

Purchase, Sale or Redemption of the Company's Shares

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

Major Customers

During the year, the five largest customers of the Group accounted for less than 30% of the total of interest income and other operating income of the Group.

Connected Transactions

The Independent Non-executive Directors have reviewed the transactions which the Company disclosed in a public announcement on 10 December 2013 and confirmed that these transactions were:

- (i) entered into in the ordinary and usual course of business of the Group;
- (ii) conducted on normal commercial terms or better;
- (iii) entered into according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and
- (iv) in each case where an annual cap had been set, that such cap was not exceeded.

In accordance with paragraphs 14A.56 and 14A.71(6)(b) of the Listing Rules, the Board of Directors engaged the auditor of the Company to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The auditor has issued its unqualified letter containing its findings and conclusions in respect of the above continuing connected transactions. In accordance with paragraph 14A.57 of the Listing Rules, a copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Budgetary Discipline and Reporting

The annual budget of the Group is reviewed and approved by the Board of Directors prior to its implementation by the Management. Financial and business targets are allocated to business units and subsidiaries. There are defined procedures for the appraisal, review and approval of major capitalised and operating expenditures. Proposed significant expenditures outside the approved budget will be referred to the Board or the relevant Board committee for decision. Financial and business performance against targets is reported to the Board regularly. Should there be any significant changes in relation to the operations, revised financial forecast will be submitted to the Board for review and approval in a timely manner.

Compliance with the Banking (Disclosure) Rules and the Listing Rules

This Annual Report complies with the applicable requirements set out in the Banking (Disclosure) Rules under the Banking Ordinance and the applicable disclosure provisions of the Listing Rules.

Auditor

The financial statements for the year 2015 have been audited by Ernst & Young ("EY") who has been appointed as new auditor of the Company at the annual general meeting of the Company held on 28 May 2013 upon the retirement of PricewaterhouseCooper. EY will retire and offer themselves for re-appointment at the 2016 annual general meeting.

On behalf of the Board

TIAN Guoli

Chairman

Hong Kong, 30 March 2016