

The Board's Response to the Report of the Special Committee

BOC Hong Kong (Holdings) Limited
5 September 2003

Where we are coming from

- Ongoing transformation since restructuring & merger to pave the way for becoming a world-class banking institution
- Closely following the principles & practices of good corporate governance
- As an accountable and responsible company, we are taking immediate and proactive steps to ensure we are on track
- Our response below aims to restore public confidence and rebuilding our image locally and internationally

Measures to enhance risk management & internal control

- Rectification of variations of Bank policies from HKMA guidelines
- Enhancement of credit and risk management and internal control processes
- The Audit Committee to commission a more detailed review of the Bank's internal audit processes against international best practices

Measures to enhance management

- Appointment of Chief Operating Officer
- Appointment of Director of Risk

Measures to enhance corporate governance

- To increase the number of independent non-executive directors on the Board
- To increase the number of executive directors on the Board
- To create an Executive Committee of the Board

Officers responsible

- Mr Liu Jinbao
 - The Board to address a note of the Special Committee's findings to Bank of China
- Mr Or Man Ah
 - Application for early retirement accepted by the Board

Conclusion

- The episode has come to a close
- BOCHK will continue working toward its aim for becoming a world-class banking institution
- Commendation for the staff
- Commendation for the Special Committee