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(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 3988)

ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTIONS

In the ordinary course of its business, the Group conducts certain transactions with BOCHK Group pursuant to the Services and Relationship Agreement. Upon BOCHK Holdings becoming a connected person of the Company in late November 2007, these ongoing transactions constituted continuing connected transactions of the Company under the Listing Rules. The Continuing Connected Transactions, comprising the General Connected Transactions, the Investment Connected Transactions and the Inter-bank Connected Transactions, continue following the expiration of the financial year ended December 31, 2007. The Company has assigned annual caps for each of the three financial years ending December 31, 2010 (the “**Annual Caps**”) in respect of the Continuing Connected Transactions.

Given that the Annual Caps in respect of the General Connected Transactions represent less than 2.5% of the applicable percentage ratios as defined in the Listing Rules, the General Connected Transactions fall within Rule 14A.34 of the Listing Rules, and are subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 and the annual review requirements under Rules 14A.37 and 14A.38 of the Listing Rules.

Given that the Annual Caps in respect of the Investment Connected Transactions and the Inter-bank Connected Transactions represent more than 2.5% of the applicable percentage ratios as defined in the Listing Rules, the Investment Connected Transactions and the Inter-bank Connected Transactions constitute non-exempt Continuing Connected Transactions under Rule 14A.35 of the Listing Rules, and are subject to the reporting, announcement and independent shareholders’ approval requirements under Rules 14A.45 to 14A.48 and the annual review requirements under Rules 14A.37 and 14A.38 of the Listing Rules.

The Board has set up the Independent Board Committee to review and approve the Continuing Connected Transactions. The Company will retain an independent financial adviser to advise the Independent Board Committee and the shareholders of the Company for the purpose of considering the Investment Connected Transactions and the Inter-bank Connected Transactions.

A circular containing, among other things, (i) details of the Investment Connected Transactions and the Inter-bank Connected Transactions and the Annual Caps in respect of the Investment Connected Transactions and the Inter-bank Connected Transactions; (ii) a letter from the independent financial adviser to the Independent Board Committee and the shareholders of the Company containing its advice on the Investment Connected Transactions and the Inter-bank Connected Transactions; and (iii) the recommendation of the Independent Board Committee in respect of the Investment Connected Transactions and the Inter-bank Connected Transactions, will be despatched to the shareholders of the Company as soon as practicable. A notice of the AGM will be despatched to the shareholders of the Company separately.

BACKGROUND TO THE CONTINUING CONNECTED TRANSACTIONS

The Group conducts certain transactions with the BOCHK Group pursuant to the Services and Relationship Agreement in the ordinary and usual course of its business on normal commercial terms. Following the establishment of BOC Services in late November 2007, of which 55% equity interest is indirectly held by the Company and 45% equity interest is indirectly held by BOCHK Holdings, BOCHK Holdings became a connected person of the Company under the Listing Rules by virtue of it being a substantial shareholder of a subsidiary of the Company and thus these ongoing transactions constituted continuing connected transactions of the Group under the Listing Rules.

Pursuant to the Services and Relationship Agreement, the Company has agreed to, and agreed to procure its associates to, enter into all future arrangements with the BOCHK Group on an arm's-length basis, on normal commercial terms and at rates no less favourable than those offered to independent third parties, in relation to certain areas including, among others, information technology services, training services, physical bullion agency services, correspondent banking arrangements, treasury transactions, provision of insurance and syndicated loans. Pursuant to the same agreement, BOCHK Holdings has agreed to, and agreed to procure its subsidiaries to, enter into all future arrangements on the same basis, provided that the rates offered by the BOCHK Group to the Company and its associates will be no more favourable than those offered to independent third parties. The Continuing Connected Transactions are governed by the Services and Relationship Agreement and/or other specific agreements. The Services and Relationship Agreement, as amended, is for a period of three years commencing January 1, 2008. The amended duration is the only amended term of the Services and Relationship Agreement.

PARTICULARS OF THE CONTINUING CONNECTED TRANSACTIONS

Details of the Continuing Connected Transactions, comprising the General Connected Transactions, the Investment Connected Transactions and the Inter-bank Connected Transactions, and the Annual Caps are set out below.

General Connected Transactions

1. Information Technology Services

BOCHK provides various information technology services to the Group in Hong Kong, Macau, the Asia-Pacific region and China. These services include technical consultancy, specific computer systems and software development, systems maintenance, operation, support, network installation, user training and support, control and supervision of system security and safety services. In return, BOCHK receives a fee on the basis of costs plus a margin of 5%. These services are provided on normal commercial terms.

The table below sets out the historical fees and the Annual Caps for the information technology services:

	<u>2005</u>	<u>2006</u>	<u>2007*</u>
Historical fees (HK\$ million)	39.85	43.3	27.06
	<u>2008</u>	<u>2009</u>	<u>2010</u>
Annual Caps (HK\$ million)	1,100	1,100	1,100

* For the ten months ended October 31, 2007

2. Property Transactions

2.1 Leases and licences

The Group leases various premises from and to the BOCHK Group in Hong Kong and China pursuant to various leases and licences agreements at prevailing market rates at the relevant times. These arrangements are conducted on normal commercial terms.

2.2 Property management and letting agency

Sun Chung provides property management and letting services to BOCHK at Bank of China Tower, Bank of China Building, Bank of China Centre and other properties as required from time to time. In return, Sun Chung receives (i) a monthly management fee which is partially paid by the BOCHK Group's tenants with the remainder paid by the BOCHK Group in respect of the office space used by the BOCHK Group; (ii) a commission payment based on the total rents collected for the buildings, which includes notional rents in respect of office space used by the BOCHK Group; and (iii) commission payments provided that either Sun Chung is able to find new tenants for the buildings or the existing tenants renew their leases with the BOCHK Group. These arrangements are conducted on normal commercial terms.

The table below sets out historical revenues and payments and the Annual Caps (for the avoidance of doubt, the amounts paid and received by the Group are not netted for the purposes of calculating the Annual Caps) for all of the property transactions described above:

	<u>2005</u>	<u>2006</u>	<u>2007*</u>
Historical revenues and payments (HK\$ million)	94.92	96.72	86.93
	<u>2008</u>	<u>2009</u>	<u>2010</u>
Annual Caps (HK\$ million)	1,100	1,100	1,100

* For the ten months ended October 31, 2007

3. Bank-note Delivery

BOCHK provides bank-note delivery services to the Group for fees based on market rates.

The table below sets out the historical fees and the Annual Caps for the bank-note delivery services:

	<u>2005</u>	<u>2006</u>	<u>2007*</u>
Historical fees (HK\$ million)	35.61	38.15	52.76
	<u>2008</u>	<u>2009</u>	<u>2010</u>
Annual Caps (HK\$ million)	1,100	1,100	1,100

* For the ten months ended October 31, 2007

4. Provision of Insurance Cover

BOC Insurance provides insurance cover to the BOCHK Group including, without limitation, cash and cash transit insurance, group medical insurance, group life insurance, employee compensation insurance, public liability insurance, accidental damage to property insurance, banker's bond insurance and directors' and officers' liability insurance. These arrangements are conducted on normal commercial terms.

The table below sets out the historical premiums paid by the BOCHK Group and the Annual Caps for provision of insurance to the BOCHK Group:

	<u>2005</u>	<u>2006</u>	<u>2007*</u>
Historical premiums (HK\$ million)	55.58	61.73	67.80
	<u>2008</u>	<u>2009</u>	<u>2010</u>
Annual Caps (HK\$ million)	1,100	1,100	1,100

* For the ten months ended October 31, 2007

5. Credit Card Services

The Company acts as an agent bank for BOC-CC in connection with BOC-CC's merchant acquiring business in China and promotes such business for a percentage of the transaction amount. The Company also provides training to its staff in its provincial branches throughout China in connection with BOC-CC's business.

Each of the Company's Macau branch and Tai Fung Bank, a subsidiary of the Company, promotes BOC-CC's Hong Kong dollar and Macau pataca settled credit cards bearing their respective names, to their customers in Macau and provides other services to BOC-CC such as processing and approving applications received and collecting payments for such credit cards. In addition to their card issuing services, the Company's Macau branch and Tai Fung Bank provide services for BOC-CC's merchant acquiring business in Macau.

BOC-CC provides operational administrative and technical support services to the Company for the Company's Great Wall International Card and agency services for the Company's Great Wall Renminbi Card. It also provides back office settlement and other services to the Company's Macau branch and the Company's Zhuhai branch in connection with their Renminbi Cards. In addition, BOC-CC also provides business support services, such as business and product development, information technology services, customer support services and training services to the Company's overseas branches in relation to their credit card business.

The Company also co-operates with BOC-CC in China to provide back-office support services to credit card services of the Company and China business development of BOC-CC. All these arrangements and transactions are conducted on normal commercial terms.

The table below sets out the historical aggregate commissions and payments and the Annual Caps (for the avoidance of doubt, the amounts paid and received by the Group are not netted for the purposes of calculating the Annual Caps) for all of the credit card services and transactions described above:

	<u>2005</u>	<u>2006</u>	<u>2007*</u>
Historical commissions and payments (HK\$ million)	86.44	91.99	79.20
	<u>2008</u>	<u>2009</u>	<u>2010</u>
Annual Caps (HK\$ million)	1,100	1,100	1,100

* For the ten months ended October 31, 2007

Investment Connected Transactions

6. Securities Transactions

BOCI Securities, a subsidiary of the Company, is recognized as one of the leading brokerage firms in Hong Kong and ranks among the leading brokerages in terms of trading volume. BOCI Securities provides securities brokerage services to the BOCHK Group and its customers from time to time in the ordinary and usual course of its business and on normal commercial terms.

In consideration of the provision of securities brokerage services to the BOCHK Group and its customers by BOCI Securities, the BOCHK Group pays a commission, net of a rebate based on a fixed portion of the gross commission, to BOCI Securities. Accordingly, BOCHK Holdings has been receiving rebates from BOCI Securities at a fixed proportion of the gross commission paid to BOCI Securities.

In addition, since 2004, the BOCHK Group has distributed various securities products issued by BOCI Securities and its associates such as equity linked instruments, structured notes, bonds and other financial products as their agent on the basis of a commission with reference to the prevailing market rates.

The table below sets out the historical commissions (net of rebate) and revenues and the Annual Caps for the securities transactions described above:

	<u>2005</u>	<u>2006</u>	<u>2007*</u>
Historical commissions (net of rebate) and revenues (HK\$ million)	102.43	195.63	412.93
	<u>2008</u>	<u>2009</u>	<u>2010</u>
Annual Caps (HK\$ million)	2,700	4,000	6,000

* For the ten months ended October 31, 2007

7. Fund Distribution Transactions

As one of the leading financial services providers in Hong Kong, the BOCHK Group provides fund distribution services to fund houses (including BOCI-Prudential Manager) in its ordinary course of business. The BOCHK Group promotes and sells various fund products, including guaranteed fund and open-ended fund products, as an intermediary for BOCI-Prudential Manager. The BOCHK Group receives a commission rebate on the basis of a certain percentage of the management fee received by BOCI-Prudential Manager in relation to the guaranteed funds. In respect of open-ended fund products, the BOCHK Group receives a portion of the service fees received by BOCI-Prudential Manager in respect of the units it sells as a commission. All fees and commissions payable by the fund houses (including BOCI-Prudential Manager) are calculated with reference to the prevailing market rates and the underlying transaction volumes based on an agreed fee schedule.

The table below sets out the historical commissions and rebates and the Annual Caps for the fund selling transactions:

	<u>2005</u>	<u>2006</u>	<u>2007*</u>
Historical commissions and rebates (HK\$ million)	45.1	53.59	186.48
	<u>2008</u>	<u>2009</u>	<u>2010</u>
Annual Caps (HK\$ million)	2,700	4,000	6,000

* For the ten months ended October 31, 2007

8. Insurance Agency

BOCHK provides to BOC Insurance insurance agency services and receives commission payments in respect of the policies issued or renewed.

The table below sets out the historical commissions and the Annual Caps for the insurance agency services:

	<u>2005</u>	<u>2006</u>	<u>2007*</u>
Historical commissions (HK\$ million)	221.42	295.06	311.76
	<u>2008</u>	<u>2009</u>	<u>2010</u>
Annual Caps (HK\$ million)	2,700	4,000	6,000

* For the ten months ended October 31, 2007

Inter-bank Connected Transactions

9. Foreign Exchange Transactions

In the ordinary course of its business, the Group enters into foreign exchange transactions with the BOCHK Group. These transactions are executed with reference to prevailing market rates. Foreign exchange transactions include spot, forward and outright transactions, and exercised currency options. The Company also conducts foreign currency banknote exchange transactions with BOCHK Group on normal commercial terms.

The table below sets out the historical estimated revenues and the Annual Caps for the foreign exchange transactions described above:

	<u>2005</u>	<u>2006</u>	<u>2007*</u>
Historical estimated revenues (HK\$ million)	88.53	55.97	13.01
	<u>2008</u>	<u>2009</u>	<u>2010</u>
Annual Caps (HK\$ million)	2,700	4,000	6,000

* For the ten months ended October 31, 2007

10. Trading of Financial Assets

The Company and its branches enter into various transactions with the BOCHK Group, in which the Company and its branches buy or sell secondary interests in loans from and to the BOCHK Group. Trading of accounts receivables, forfeitings and other similar types of financial assets are also included in this category. These transactions are conducted on normal commercial terms.

The table below sets out the historical value of such financial assets traded by the Company and its branches with the BOCHK Group and the Annual Caps for such transactions:

Historical value (HK\$ million)	<u>2005</u> 269.71	<u>2006</u> 1,179.54	<u>2007*</u> 1,007.09
Annual Caps (HK\$ million)	<u>2008</u> 50,000	<u>2009</u> 75,000	<u>2010</u> 110,000

* For the ten months ended October 31, 2007

11. Inter-Bank Capital Markets

The Group buys and sells debt securities from and to the BOCHK Group in the secondary market with reference to prevailing market rates. The Group may trade other securities with the BOCHK Group in the future.

The table below sets out the historical value of debt and other securities traded by the Group with the BOCHK Group and the Annual Caps for such transactions:

Historical value (HK\$ million)	<u>2005</u> 3,223	<u>2006</u> 4,538.83	<u>2007*</u> 1,825.36
Annual Caps (HK\$ million)	<u>2008</u> 50,000	<u>2009</u> 75,000	<u>2010</u> 110,000

* For the ten months ended October 31, 2007

REASONS AND BASIS FOR THE ANNUAL CAPS

General Connected Transactions

The Company intends to set for each of the three financial years ending December 31, 2010 in respect of each of the General Connected Transactions the Annual Caps at HK\$1,100 million.

The General Connected Transactions in general are mainly transactions with the BOCHK Group for mutual benefits or synergy (e.g. credit card services, information technology services, property transactions, bank notes delivery and provision of insurance cover). The historical transaction amounts of the General Connected Transactions are relatively stable and the growth rates are within the range of 6.4% and 11.1% in 2006 (except for property transactions which recorded a decrease in 2006). Although the historical growth rates of the respective transaction amounts during 2006 were not significant, they are subject to a number of uncertainties, such as the business environment of the banking industry, property markets and insurance market etc., and may vary in the forthcoming three years. For the bank note delivery, provision of insurance cover and credit card services, the historical transaction amounts of which for the ten months ended October 31, 2007 have already exceeded their respective historical transaction amounts for the ten months ended October 31, 2006 and such amounts were beyond the Company's expectation. For the information technology services and property transactions, the historical transaction amounts for the ten months ended October 31, 2007 represent approximately 62.5% and 89.9%, respectively of the historical transaction amounts for the year ended December 31, 2006. However, it is difficult to predict the property price and rental in Hong Kong for the future three years. In addition, it is expected that the banking industry will place more reliance on information technology service and support, which may thus increase the transaction amounts in respect of the information technology services. The Annual Caps are set at a standard amount of HK\$1,100 million which have been determined with reference to the expected growth of transactions with BOCHK Group. With the further strengthening of the Group's relationship with the BOCHK Group, the Company expects the amounts of the General Connected Transactions to increase as compared to the historical amounts. Given the Annual Caps are estimated to be less than 2.5% of all applicable percentage ratios as defined in the Listing Rules, it is beneficial to set the Annual Caps at a standard amount of HK\$1,100 million so as to allow more room for the Group's further expansion. Given the continued growth of the PRC economy and the BOCHK Group's long-term development of RMB banking business in Hong Kong, greater transaction volumes and amounts are expected between the Group and the BOCHK Group (e.g. credit card services and bank note delivery services). Therefore, it is reasonable to set a buffer for the Annual Caps by taking into account the further strengthening of the Group's business relationship with the BOCHK Group. In this connection, the Directors (including the independent non-executive Directors) are of the view that the Annual Caps are in the interests of the Company and its shareholders as a whole.

Investment Connected Transactions and the Inter-bank Connected Transactions

The Investment Connected Transactions involve activities which are regulated by various regulatory bodies in Hong Kong, such as the Hong Kong Monetary Authority, the Securities and Future Commission and the Office of the Commissioner of Insurance. The securities transactions are subject to the turnover of the stock market in Hong Kong and the historical transaction amounts for the ten months ended October 31, 2007 increased significantly as compared to the historical transaction amounts for the year ended 2006 due to the booming stock market during 2007. For the fund distribution transactions, they are mainly determined by customers' decision on their wealth management portfolio (e.g. stock, trust fund and foreign currency etc.) which are also not within the Group's control. The historical amounts of the fund distribution transactions for the ten months ended October 31, 2007 increased significantly by over 2.5 times of the historical transaction amounts for the year ended December 31, 2006. The insurance agency transactions relate primarily to the insurance market which is also subject to external factors similar to that of the stock market in Hong Kong and the historical transaction amounts of which for the ten months ended October 31, 2007 also increased by approximately 5.66% over the historical transaction amounts for the year ended December 31, 2006. All of the transactions above increased significantly for the ten months ended October 31, 2007 and the transaction values of which are subject to a number of external

factors that are beyond the control of the Group. Accordingly, a standard cap amount of HK\$2,700 million is proposed for each of the Investment Connected Transactions for the year ending December 31, 2008. Such annual cap is based on 5% of the revenue of the BOCHK Group (being the benchmark figure adopted internally by BOCHK Holdings with reference to BOCHK Holdings' experience in similar transactions and which the Company and BOCHK Holdings considers reasonable given the volatility of the capital markets) of approximately HK\$47,165 million for the year ended December 31, 2006 after taking into account a growth rate of approximately 14.5% (being the growth rate of BOCHK Holdings' net operating income, as reflected in BOCHK Holdings' 2007 Interim Report). For each of the two years ending December 31, 2010, an annual growth rate of 50% is applied on the Annual Cap for the year ending December 31, 2008 to set the respective Annual Caps for each of the Investment Connected Transactions. Such annual growth rate has been determined after taking into account the market-driven nature of the Investment Connected Transactions which is considered to be difficult for the Group to estimate. Since the transaction amounts of the Investment Connected Transactions may vary significantly due to the unexpected fluctuations of the financial markets, the Directors (excluding the independent non-executive Directors whose views will be disclosed in the circular) consider setting the Annual Caps for the Investment Connected Transactions for each of the three years ending December 31, 2010 is in the interests of the Company and its shareholders as a whole.

The Inter-bank Connected Transactions involve transactions among bank or financial institutions, which are regulated by monetary authorities in all regions. For these transactions, a buy order and a sell order will be regarded as two transactions, and the amounts involved will therefore count twice, for example, a foreign exchange transaction needs to roll over twice every month, the total amount incurred from such transaction will therefore be rolled over 24 times. Accordingly, the historical transaction amounts are not a good indicator to estimate the future transaction amounts.

For the foreign exchange transactions, the transactions include spot, forward and outright transactions, which may vary significantly depending on the prevailing market rates. The revenue or loss generated from these transactions is largely dependent on the relative strength or weakness of the currency, which is beyond the Company's control. Given the market-driven nature of the foreign exchange transactions which is difficult for the Company to estimate the future transaction amounts, the new Annual Caps of this transaction are set at the same amounts as those of Investment Connected Transactions. The Directors (excluding the independent non-executive Directors whose views will be disclosed in the circular) consider the Annual Caps for the foreign exchange transactions for the three years ending December 31, 2010 are in the interests of the Company and its shareholders as a whole.

For the trading of financial assets and the inter-bank capital markets transactions, these transactions involve dollar bills and exchange fund notes of which the BOCHK Group is one of the market makers in Hong Kong. In 2006, the historical transaction amounts for the trading of financial assets and the inter-bank capital markets transactions increased significantly by approximately 337% and approximately 41%, respectively over those historical transaction amounts in 2005. The significant increase during 2006 was mainly due to the high demand for Hong Kong dollar notes and the increase in the corresponding Hong Kong dollar loans. For the ten months ended October 31, 2007, the demand for Hong Kong dollar notes dropped sharply and approximately HK\$1,825 million in value was transacted. Given the great uncertainties of these two transactions which may vary subject to market conditions, the Annual Cap for the year ending December 31, 2008 is set with reference to 5% of the total assets of the BOCHK Group (being the benchmark figure adopted internally by BOCHK Holdings with reference to BOCHK Holdings' experience in similar transactions and which the Company and BOCHK Holdings considers reasonable given the volatility of the capital markets) of approximately HK\$924,227 million as at December 31,

2006 after taking into account a growth rate of approximately 6.5% (being the growth rate of the interim total asset value of BOCHK Holdings in 2007, as reflected in BOCHK Holdings' 2007 Interim Report). For each of the two years ending December 31, 2010, an annual growth rate of 50% is applied on the Annual Cap for the year ending December 31, 2008 to set the respective Annual Caps for each of the trading of financial assets and the inter-bank capital markets. Such annual growth rate has been determined after taking into account the market-driven nature of the trading of financial assets and the inter-bank capital markets, which are considered to be difficult for the Group to estimate. Such Annual Caps provides flexibility for the Group to accommodate future unexpected volatility of the financial markets and the Directors (excluding the independent non-executive Directors whose views will be disclosed in the circular) consider the Annual Caps are in the interests of the Company and its Shareholders as a whole.

LISTING RULES REQUIREMENTS

General Connected Transactions

Given that the Annual Caps in respect of the General Connected Transactions represent less than 2.5% of the applicable percentage ratios as defined in the Listing Rules, the General Connected Transactions fall within Rule 14A.34 of the Listing Rules, and are subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 and the annual review requirements under Rules 14A.37 and 14A.38 of the Listing Rules. If any of the Annual Caps is exceeded or any of the relevant agreements is renewed or the terms thereof are materially varied, the Company shall comply with Rules 14A.35(3) and (4) of the Listing Rules.

Investment Connected Transactions and the Inter-bank Connected Transactions

Given that the Annual Caps in respect of the Investment Connected Transactions and the Inter-bank Connected Transactions represent more than 2.5% of the applicable percentage ratios as defined in the Listing Rules, the Investment Connected Transactions and the Inter-bank Connected Transactions constitute non-exempt continuing connected transactions under Rule 14A.35 of the Listing Rules, and are subject to the reporting, announcement and independent shareholders' approval requirements under Rules 14A.45 to 14A.48 and the annual review requirements under Rules 14A.37 and 14A.38 of the Listing Rules. As the Investment Connected Transactions and the Inter-bank Connected Transactions continue following the expiration of the financial year ended December 31, 2007, the Directors will ensure that each of the aggregate transaction values of the Investment Connected Transactions and the Inter-bank Connected Transactions falls within 2.5% of the applicable percentage ratios as defined in the Listing Rules, prior to obtaining approval from shareholders of the Company at the AGM. Various control mechanisms have been adopted by the Company to ensure that the relevant connected transactions falls within the 2.5% threshold. Such mechanisms include generating monthly reports showing the transaction figures for each of the relevant connected transactions, and imposing a lower threshold as an internal cap whereby a warning signal will be issued and preventive measures will be taken immediately if the relevant connected transactions reach the internal cap.

In the event that the shareholders of the Company do not grant approval for the Investment Connected Transactions and the Inter-bank Connected Transactions at the AGM, the Company will ensure that the transaction amounts of such connected transactions fall within the 2.5% threshold for the remaining of the year. Further, pursuant to the Services and Relationship Agreement, the Company has the right to exit the relevant connected transactions by giving prior written notice to BOCHK Group, as the case may be.

The Board has set up the Independent Board Committee comprising all of the independent non-executive Directors of the Company to review the Investment Connected Transactions and the Inter-bank Connected Transactions and give recommendations to the shareholders of the Company. The Company will retain an independent financial adviser to advise the Independent Board Committee and the shareholders of the Company for the purpose of considering the Investment Connected Transactions and the Inter-bank Connected Transactions.

A circular containing, among other things, (i) details of the Investment Connected Transactions and the Inter-bank Connected Transactions and the Annual Caps in respect of the Investment Connected Transactions and the Inter-bank Connected Transactions; (ii) a letter from an independent financial adviser to the Independent Board Committee and the shareholders of the Company containing its advice on the Investment Connected Transactions and the Inter-bank Connected Transactions; and (iii) the recommendation of the Independent Board Committee in respect of the Investment Connected Transactions and the Inter-bank Connected Transactions, will be despatched to the shareholders of the Company as soon as practicable. A notice of the AGM will be despatched to the shareholders of the Company separately.

To the best of the knowledge, information and belief of the Directors, no shareholder of the Company is required to abstain from voting on the resolutions in respect of the Investment Connected Transactions and the Inter-bank Connected Transactions at the AGM.

INFORMATION ON THE COMPANY AND BOCHK GROUP

The Company is one of the four largest commercial banks in the PRC in terms of total assets with most extensive international branch network among PRC commercial banks. The Company's core business is commercial banking, which primarily consists of corporate banking, personal banking and treasury operations. The Company also conducts investment banking and insurance activities through its subsidiaries. The combination of the commercial banking, investment banking and insurance businesses has created a universal banking platform that allows the Company to provide integrated services to its customers.

The Company has one of the most extensive domestic distribution networks, with over 10,000 branches and outlets, 580 self-service centres and 11,600 automated service machines throughout the PRC. The Company also has an extensive international network, which comprises over 600 overseas branches, subsidiaries and representative offices covering 28 countries and regions, and the Company has correspondent banking relationships with over 1,400 foreign banks. In addition, we offer electronic-banking services such as telephone banking and Internet banking.

The H shares of the Company began trading on the main board of the Stock Exchange on 1 June 2006 and the A shares of the Company began trading on the Shanghai Stock Exchange on 5 July 2006, respectively.

BOCHK Holdings was incorporated in Hong Kong on September 12, 2001 to hold the entire equity interest in BOCHK, its principal operating subsidiary. The Company holds a substantial part of its interests in the shares of BOCHK Holdings through certain direct and indirect wholly owned subsidiaries of the Company.

BOCHK is a leading commercial banking group in Hong Kong. With over 280 branches and about 450 ATMs and other delivery channels in Hong Kong, BOCHK and its subsidiaries offer a comprehensive range of financial products and services to retail and corporate customers. BOCHK is one of the three banknote issuing banks in Hong Kong. In addition, BOCHK and its subsidiaries have 16 branches and sub-branches in the PRC to provide cross-border banking services to customers in Hong Kong and the PRC. BOCHK is appointed by the People's Bank of China as the Clearing Bank for Renminbi (RMB) business in Hong Kong.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context otherwise requires:

“AGM”	an annual general meeting of the Company to be held in June 2008 to consider and approve, among other things, the Investment Connected Transactions and the Inter-bank Connected Transactions
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“BOC-CC”	BOC Credit Card (International) Limited, a company incorporated under the laws of Hong Kong and a wholly owned subsidiary of BOCHK Holdings
“BOCHK”	Bank of China (Hong Kong) Limited, a company incorporated under the laws of Hong Kong and a wholly owned subsidiary of BOCHK Holdings
“BOCHK Holdings”	BOC Hong Kong (Holdings) Limited, a company incorporated under the laws of Hong Kong, the shares of which are listed on the Stock Exchange
“BOCHK Group”	BOCHK Holdings and its subsidiaries
“BOC Insurance”	Bank of China Group Insurance Company Limited, a company incorporated under the laws of Hong Kong and a wholly owned subsidiary of the Company
“BOC Services”	BOC Services Co., Ltd, a company incorporated under the laws of PRC, of which 55% equity interest is indirectly held by the Company, and 45% equity interest is indirectly held by BOCHK Holdings
“BOCI”	BOC International Holdings Limited, a company incorporated under the laws of Hong Kong and a wholly owned subsidiary of the Company

“BOCI-Prudential Manager”	BOCI-Prudential Asset Management Limited, a company incorporated under the laws of Hong Kong, in which BOCI Asset Management Limited, a wholly owned subsidiary of BOCI, and Prudential Corporation Holdings Limited hold equity interests of 64% and 36%, respectively
“BOCI Securities”	BOCI Securities Limited, a company incorporated under the laws of Hong Kong and a wholly owned subsidiary of BOCI
“Company”	Bank of China Limited, a joint stock limited liability company established under the laws of the PRC, and the H shares of which are listed on the Stock Exchange and the A shares of which are listed on the Shanghai Stock Exchange
“Continuing Connected Transactions”	the continuing connected transactions set out in the section headed “Particulars of the Continuing Connected Transactions” of this announcement
“Directors”	the directors of the Company
“General Connected Transactions”	the continuing connected transactions set out in the section headed “Particulars of the Continuing Connected Transactions - General Connected Transactions” of this announcement
“Group”	the Company and its subsidiaries (other than the BOCHK Group)
“Hong Kong”	Hong Kong Special Administrative Region
“Independent Board Committee”	a committee of the Board comprising all the independent non-executive Directors of the Company
“Inter-bank Connected Transactions”	the continuing connected transactions set out in the section headed “Particulars of the Continuing Connected Transactions – Inter-bank Connected Transactions” of this announcement
“Investment Connected Transactions”	the continuing connected transactions set out in the section headed “Particulars of the Continuing Connected Transactions – Investment Connected Transactions” of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (and a “ Rule ” means a rule of the Listing Rules)
“Macau”	Macau Special Administrative Region
“PRC” or “China”	The People’s Republic of China which, for the purposes of this announcement only, excludes Hong Kong, Macau and Taiwan
“Services and Relationship Agreement”	the Services and Relationship Agreement among, inter alia, the Company and BOCHK Holdings dated July 6, 2002 (as amended and supplemented from time to time)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sun Chung”	Sun Chung Property Management Company Limited, a company incorporated under the laws of Hong Kong and an indirect wholly owned subsidiary of the Company
“Tai Fung Bank”	Tai Fung Bank Limited

By Order of the Board
Jason C.W. YEUNG
Company Secretary

Beijing, PRC, January 2, 2008

As at the date of this announcement, the Directors of the Company are: XIAO Gang, LI Lihui, LI Zaohang, ZHANG Jinghua, HONG Zihua*, HUANG Haibo*, CAI Haoyi*, WANG Gang*, Sir Frederick Anderson GOODWIN*, SEAH Lim Huat Peter*, Anthony Francis NEOH#, Patrick de SAINT-AIGNAN#, Alberto TOGNI#, HUANG Shizhong# and HUANG Danhan#.*

* *Non-executive Directors*

Independent Non-executive Directors