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BOCOM INTERNATIONAL HOLDINGS COMPANY LIMITED
交銀國際控股有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 3329)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

AND

**WAIVER IN RELATION TO MAXIMUM DAILY BALANCE
PURSUANT TO RULE 14A.53 OF THE LISTING RULES**

Reference is made to the Company's Relevant Disclosure in relation to, among others, the continuing connected transactions contemplated under the Framework Agreements entered into between the Company and BOCOM.

As set forth in the Relevant Disclosure, (i) the 2017 Framework Agreements came into effect on the Listing Date and shall continue up to and including 31 December 2022, and shall be renewed automatically for successive periods of three years thereafter, subject to compliance with the then applicable requirements of the Listing Rules; and (ii) the Financial Technology Services Framework Agreement is effective from 24 December 2020, up to and including 31 December 2022, and shall be renewed automatically for successive periods of three years thereafter, subject to compliance with the then applicable requirements of the Listing Rules.

For the purpose of compliance with the Listing Rules, the proposed annual caps in respect of the Transactions for each of the three years ending 31 December 2023, 2024 and 2025 are set forth in this announcement.

As at the date of this announcement, BOCOM and its associates held approximately 73.14% of the issued Shares. Therefore, BOCOM is the controlling shareholder of the Company and hence a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the proposed annual caps for the Non-exempt Transactions under the Non-exempt Agreements, on an annual basis, is 5% or more respectively, the Automatic Renewal of the Non-exempt Agreements and the Non-exempt Transactions (including the proposed annual caps therefor) will be subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee has been established to advise the Independent Shareholders on the terms of the Non-exempt Agreements and the Non-exempt Transactions (including the proposed annual caps therefor). The Independent Financial Adviser has also been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

As the highest applicable percentage ratio in respect of the proposed annual caps for the transactions contemplated under the Property Leasing Framework Agreement, on an annual basis, is more than 0.1% but is less than 5% respectively, the Automatic Renewal of the Property Leasing Framework Agreement and the Partly Exempt Transactions (including the proposed annual caps therefor) will be subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Company will convene the EGM for the purpose of, among others, considering and if thought fit, approving the Automatic Renewal of the Non-exempt Agreements and the respective Non-exempt Transactions (including the proposed annual caps therefor).

A circular containing, among other things, (i) further information on the Non-exempt Agreements, the Non-exempt Transactions and the proposed annual caps therefor; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM, will be despatched to the Shareholders on or before 11 June 2022 pursuant to Rule 14A.68(11) of the Listing Rules.

INTRODUCTION

References are made to (i) the Company's announcement dated 26 March 2019 in relation to, among others, the continuing connected transactions contemplated under the Financial Services Framework Agreement, Derivatives Transactions Framework Agreement and Property Leasing Framework Agreement and circular dated 17 May 2019 in relation to, among others, the renewal of transactions under the Financial Services Framework Agreement and Derivatives Transactions Framework Agreement; (ii) the Company's announcements dated 2 June 2020 and 2 June 2021, and circulars dated 4 June 2020 and 8 June 2021 in relation to, among others, the revision of annual caps under the Derivatives Transactions Framework Agreement, the Financial Services Framework Agreement and the Property Leasing Framework Agreement; and (iii) the Company's announcement dated 1 December 2020 and the circular dated 7 December 2020 in relation to the continuing connected transactions contemplated under the Financial Technology Services Framework Agreement (collectively, the "**Relevant Disclosure**").

As set forth in the Relevant Disclosure, (i) each of the 2017 Framework Agreements came into effect on the Listing Date and shall continue up to and including 31 December 2022, and shall be renewed automatically for successive periods of three years thereafter, subject to compliance with the then applicable requirements of the Listing Rules; and (ii) the Financial Technology Services Framework Agreement came into effect on 24 December 2020 and shall continue up to and including 31 December 2022, and shall be renewed automatically for successive periods of three years thereafter, subject to compliance with the then applicable requirements of the Listing Rules.

The Company intends to continue to enter into transactions of similar nature after 31 December 2022. The Automatic Renewal of (i) each of the Non-exempt Agreements shall, subject to the approval of the Non-exempt Transactions and the proposed annual caps therefor having been obtained from the relevant authoritative bodies (including the Board and/or the Independent Shareholders as necessary) in accordance with the applicable Listing Rules; and (ii) the Property Leasing Framework Agreement shall, take effect on 1 January 2023.

The principal terms of the Framework Agreements are summarised below.

CONTINUING CONNECTED TRANSACTIONS

(A) Principal Terms

1. *The Financial Services Framework Agreement*

Date: 25 April 2017

Parties: (1) the Company
(2) BOCOM

Scope of Service: All existing and future provision of financial services between members of the Group and members of the BOCOM Group comprising the following:

(a) *Financial services provided by the Group to the BOCOM Group*

(i) Securities brokerage settlement and subscription of new shares

Each of BOCOM (Hong Kong Branch) and BOCOM (Hong Kong) will, among other things, refer no less than 90% in terms of transaction value of the securities brokerage transactions on the Stock Exchange of its customers to the Group for securities trading and brokerage settlement and pay commission to the Group. The BOCOM Group also uses broker number under the Exchange Participantship of the Group for subscription of new shares by its customers. The Group will on-pay the entire gross brokerage commission received therefrom to the BOCOM Group.

(ii) Investment advisory and management services

The Group provides investment advisory and management services to certain funds controlled by the BOCOM Group or which have the BOCOM Group as the general partner, and receives fund management fee income from the BOCOM Group.

- (iii) Underwriting, sponsoring, securities issuance and advisory services

The Group provides underwriting, sponsoring and securities issuance services in respect of equity and debt securities and advisory services to the BOCOM Group and receives underwriting commissions, sponsor fees and advisory fees for providing such services.

(b) *Financial services provided by the BOCOM Group to the Group*

- (i) Deposit services

The Group has maintained deposit accounts with the Hong Kong, Mainland China and Macau branches of BOCOM in the ordinary and usual course of its business and on normal commercial terms. The Group places both client funds and proprietary funds as deposits in such accounts opened with BOCOM. The Group receives interest on such deposits from BOCOM.

- (ii) Customer referral services

The BOCOM Group from time to time refers its customers or potential customers who require services provided by the Group to open accounts with and become customers of the Group. The services provided by the Group to the referred customers include securities brokerage, margin financing, asset management and corporate finance services. The Group pays referral commission to certain branches of BOCOM for such customer referral services.

(iii) Fund product distribution services

As one of the marketing channels for the Group's fund products, the BOCOM Group provides product distribution services by promoting and distributing the fund products offered or managed by the Group. The Group pays commission to the BOCOM Group for such services.

(iv) Miscellaneous banking and financial services

The Group has engaged the BOCOM Group to provide miscellaneous banking and financial services including insurance and custodian services. The Group pays service fees to the BOCOM Group for such services.

General Terms:

At any time during the terms of the Financial Services Framework Agreement, the relevant member of the Group and the relevant member of the BOCOM Group may from time to time enter into definitive agreements in relation to any transaction(s) under the Financial Services Framework Agreement upon, and subject to, the terms and conditions in compliance with those of the Financial Services Framework Agreement.

The transactions under the Financial Services Framework Agreement shall be conducted:

- (a) in the ordinary and usual course of business of the Group and the BOCOM Group;
- (b) on an arm's length basis;
- (c) on normal commercial terms or better to the Group;
- (d) on terms no less favourable than those offered by the BOCOM Group to independent third parties for similar or comparable transactions (in respect of provision of financial services by the BOCOM Group to the Group);

- (e) on terms no less favourable than those offered by the Group to independent third parties for similar transactions (in respect of the provision of financial services by the Group to the BOCOM Group);
- (f) in accordance with the specified pricing policies; and
- (g) in compliance with, among other things, the Listing Rules and applicable laws and regulations.

Pricing Policies:

- (a) *Financial services provided by the Group to the BOCOM Group*
 - (i) Securities brokerage settlement and subscription of new shares

The fees and commissions payable by the BOCOM Group to the Group for securities brokerage settlement and subscriptions of new shares are normally in the region of 0.01%, which are determined by arm's length negotiation after taking into account factors including the prevailing market rates and the rates normally applicable to independent third parties for similar types of transactions at the time of the transaction, the expected significant trading volume of and revenue from the securities brokerage transactions to be referred by the BOCOM Group to the Group for securities trading and brokerage settlement, the scope and extent of the services to be provided by the Group, the fact that the transactions involve customers of the BOCOM Group but not customers of the Group and the insignificant marketing expenses and efforts required of the Group, the fact that the orders will be placed through the trading system of the BOCOM Group but not that of the Group and the immaterial additional costs to the Group for permitting the BOCOM Group to use the broker number under the Exchange Participantship of the Group for subscription of new shares by its customers as the human resources and infrastructure required have already been put in place by the Group for the purposes of conducting other businesses of the Group.

(ii) Investment advisory and management services

The fees for the investment advisory and management services provided by the Group are payable by the BOCOM Group in accordance with the rates set out in the relevant fund management agreements which are determined based on arm's length negotiation after taking into account factors including the extent of the Group's involvement in sourcing of transactions, the prevailing market rates for investment advisory and management services of similar types and nature, the assets under management of the relevant funds in respect of which the Group provides investment advisory and management services, the fees that the Group charges independent customers for similar advisory and management services and the types of the funds involved and their investment strategies and focus which may affect the resources required for providing the management services. For targeted asset management schemes, the Group charges management fees on the basis of a specified percentage of the assets under management. For specialised asset management schemes, the management fee rates will also take into account the purpose of the asset management scheme and the industry involved.

(iii) Underwriting, sponsoring, securities issuance and advisory services

The fees for the underwriting, sponsoring, securities issuance and advisory services provided by the Group are payable by the BOCOM Group in accordance with the rates set out in the relevant underwriting, sponsoring, advisory or other engagement agreements that may be entered into by the Group and the BOCOM Group. The rate for underwriting and securities issuance normally ranges from approximately 0.1% to 2.0% of the gross proceeds from the securities which the Group has underwriting commitment or the securities issued (as the case may be).

The underwriting commissions, sponsoring fees and securities issuance fees are determined by arm's length negotiation after taking into account factors including the capital market conditions, the size of the proposed issuance, the commission and fee rates charged in respect of recent issuance of similar nature and scale, the market demand for the securities to be issued and the rates that the Group charges independent third parties for similar services.

The securities underwriting market in Hong Kong is highly competitive and the underwriting commission rates, sponsor fees and securities issuance fees have become generally transparent and standardised across the market, which enables the Group to adopt a market-based pricing approach.

The fees for advisory services are determined by arm's length negotiation after taking into account factors including the nature of the advisory services involved, the scale and complexity of the transactions or advisory projects involved and the fees and the rates that the Group charges independent customers for similar services.

(b) Financial services provided by the BOCOM Group to the Group

(i) Deposit services

The interest rates of the deposits of the Group placed with BOCOM will be determined by reference to the market rates of deposits in the financial industry payable to independent customers for deposits of the same type and similar amounts during that period.

(ii) Customer referral services

The customer referral commissions payable by the Group to the BOCOM Group are determined by arm's length negotiation after taking into account factors including the nature of services required by the customers referred by the BOCOM Group, the referral commissions payable by the Group to independent parties for customers referred for similar businesses, the market conditions, the expected number of customers to be referred by the BOCOM Group for each type of services to be provided by the Group and the industry practice.

(iii) Fund product distribution services

The fees and commissions payable by the Group to the BOCOM Group for the fund product distribution services will be determined by arm's length negotiation after taking into account factors including the commissions payable by the Group to independent parties for similar product distribution services, the expected number of customers who will subscribe for fund products offered or managed by the Group through the BOCOM Group's distribution channels and the industry practice.

(iv) Miscellaneous banking and financial services

The fees payable by the Group to the BOCOM Group for the miscellaneous banking and financial services will be determined by arm's length negotiation after taking into account factors including the prevailing market rates for similar services provided by other banks and financial institutions. The market rates are generally transparent and standardised across the banking and financial industries.

The Financial Services Framework Agreement came into effect on 19 May 2017 and expired on 31 December 2019, and is automatically renewable for successive periods of three years thereafter, subject to the compliance with the then applicable requirements of the Listing Rules. The automatic renewal of the term of the Financial Services Framework Agreement for the three years ending 31 December 2022 was approved by the Independent Shareholders at the extraordinary general meeting of the Company on 14 June 2019. The revision of annual caps for the relevant revenue transactions under the Financial Services Framework Agreement for the two years ending 31 December 2022, namely annual caps on interest on deposits, was approved by the Independent Shareholders at the extraordinary general meeting of the Company on 29 June 2021.

2. The Derivatives Transactions Framework Agreement

Date: 25 April 2017

Parties: (1) the Company
(2) BOCOM

Scope of Service: All existing and future provision of derivatives transactions between members of the Group and members of the BOCOM Group.

The Group enters into derivatives transactions in order to facilitate the BOCOM Group's management of commodity risks indirectly on offshore commodity future exchanges including the New York Mercantile Exchange. The Group enters into derivatives transactions with the BOCOM Group at specified prices and terms at the over-the-counter market pursuant to the International Swaps and Derivatives Association, Inc. (ISDA) Master Agreement dated 16 June 2016 entered into by the Company and BOCOM.

Simultaneously, the Group enters into derivatives transactions at an offshore commodity futures exchange on substantially similar prices with an insignificant spread and on otherwise identical commercial terms but in the opposite direction. Pursuant to such arrangements and pricing policies, the Group expects to assume no overall risks of investment losses.

General Terms:

At any time during the terms of the Derivatives Transactions Framework Agreement, the relevant member of the Group and the relevant member of the BOCOM Group may from time to time enter into definitive agreements in relation to any transaction(s) under the Derivatives Transactions Framework Agreement upon, and subject to, the terms and conditions in compliance with those of the Derivatives Transactions Framework Agreement.

The Derivatives Transactions shall be conducted:

- (a) in the ordinary and usual course of business of the Group and the BOCOM Group;
- (b) on an arm's length basis;
- (c) on normal commercial terms or better to the Group;
- (d) on terms no less favourable than those offered by the BOCOM Group to independent third parties for similar or comparable transactions; and
- (e) in compliance with, among other things, the Listing Rules and applicable laws and regulations.

The Derivatives Transactions Framework Agreement came into effect on 19 May 2017 and expired on 31 December 2019, and is automatically renewable for successive periods of three years thereafter, subject to the compliance with the then applicable requirements of the Listing Rules. The automatic renewal of the term of the Derivatives Transactions Framework Agreement for the three years ending 31 December 2022 was approved by the Independent Shareholders at the extraordinary general meeting of the Company on 14 June 2019. The revision of annual caps for the transactions under the Derivatives Transactions Framework Agreement for the three years ending 31 December 2020, 2021 and 2022 was approved by the Independent Shareholders at the extraordinary general meeting of the Company on 19 June 2020.

3. *The Financial Technology Services Framework Agreement*

- Date:** 1 December 2020
- Parties:**
- (1) the Company
 - (2) BOCOM
- Scope of Service:** All provision of financial technology services by members of the Group to members of the BOCOM Group comprising the following:
- (a) computer software development, information system operation and maintenance services and information system integration services; and
 - (b) information system consultancy services.
- General Terms:** At any time during the term of the Financial Technology Services Framework Agreement, the relevant member of the Group and the relevant member of the BOCOM Group may from time to time enter into definitive agreements in relation to any transaction(s) under the Financial Technology Services Framework Agreement upon, and subject to, the terms and conditions being in compliance with those of the Financial Technology Services Framework Agreement.
- The transactions under the Financial Technology Services Framework Agreement shall be conducted:
- (a) in the ordinary and usual course of business of the Group and the BOCOM Group;
 - (b) on an arm's length basis;
 - (c) on normal commercial terms or better to the Group;
 - (d) on terms no less favourable than those offered by the Group to independent third parties for similar transactions;
 - (e) in accordance with the specified pricing policies; and
 - (f) in compliance with, among other things, the Listing Rules and applicable laws and regulations.

Pricing Policies:

The service fees to be charged by the Group to the BOCOM Group shall be conducted on commercial principles based on the prevailing market prices in the finance industry. The relevant market prices as at 31 December 2021 are set out below for reference only:

- (a) Computer software development, information system operation and maintenance services and information system integration services:

Computer software development	Information system operation and maintenance services	Information system integration services
High-end: RMB100,000 to 140,000 per month per staff	High-end: RMB95,000 to 135,000 per month per staff	High-end: RMB100,000 to 140,000 per month per staff
Mid-end: RMB50,000 to 80,000 per month per staff	Mid-end: RMB45,000 to 75,000 per month per staff	Mid-end: RMB50,000 to 80,000 per month per staff
Low-end: RMB40,000 per month per staff	Low-end: RMB35,000 per month per staff	Low-end: RMB40,000 per month per staff
The proportion for high-end, mid-end and low-end services is expected to be approximately 2:4:1	The proportion for high-end, mid-end and low-end services is expected to be approximately 2:4:1	The proportion for high-end, mid-end and low-end services is expected to be approximately 2:4:1

(b) Information system consultancy services

High-end: RMB120,000 to 160,000 per month per staff

Mid-end: RMB80,000 to 100,000 per month per staff

Low-end: RMB60,000 per month per staff

The proportion for high-end, mid-end and low-end services is expected to be approximately 2:4:1.

The Financial Technology Services Framework Agreement came into effect on 24 December 2020 and shall continue up to and including 31 December 2022, and is automatically renewable for successive periods of three years thereafter, subject to the compliance with the then applicable requirements of the Listing Rules.

Financial Technology Services

The financial technology services to be provided to the BOCOM Group include (but are not limited to):

- the development of basic software products and platforms;
- application development in the financial business field;
- integration of information systems (including but not limited to hardware, system software, tool software, network, database and applications);
- continuous customisation and optimisation of research and development products;
- technical support and maintenance to ensure the stable operation of information systems; and
- provision of advice and solutions for informatisation construction matters such as modifying customer systems, architecture design, process remodelling, and integration of hardware and software.

4. *The Property Leasing Framework Agreement*

Date: 25 April 2017

Parties: (1) the Company
(2) BOCOM

Scope of Service: All existing and future leasing of properties by the Group from the BOCOM Group.

General Terms: At any time during the terms of the Property Leasing Framework Agreement, the relevant member of the Group and the relevant member of the BOCOM Group may from time to time enter into definitive agreements in relation to any transaction(s) under the Property Leasing Framework Agreement upon, and subject to, the terms and conditions in compliance with those of the Property Leasing Framework Agreement.

The transactions under the Property Leasing Framework Agreement shall be conducted:

- (a) in the ordinary and usual course of business of the Group and the BOCOM Group;
- (b) on an arm's length basis;
- (c) on normal commercial terms or better to the Group;
- (d) at rentals determined by reference to the prevailing market rents and on terms no less favourable than those offered by the BOCOM Group to independent third parties for similar or comparable properties at the relevant locations; and
- (e) in compliance with, among other things, the Listing Rules and applicable laws and regulations.

The Property Leasing Framework Agreement came into effect on 19 May 2017 and expired on 31 December 2019, and is automatically renewable for successive periods of three years thereafter, subject to the compliance with the then applicable requirements of the Listing Rules, unless terminated earlier by not less than six months' prior written notice or otherwise in accordance with its terms. The Property Leasing Framework Agreement was automatically renewed for a term of three years ending 31 December 2022. The revision of annual caps for the transactions under the Property Leasing Framework Agreement for the two years ending 31 December 2021 and 2022 was approved by the Board on 2 June 2021.

TRANSACTION AMOUNTS, ANNUAL CAPS AND WAIVER

(A) Historical Transaction Amounts

The historical annual caps and transaction amounts in respect of the transactions under the Framework Agreements for each of the three years ended 31 December 2019, 2020 and 2021, the annual caps in respect of the transactions under the Framework Agreements for the year ending 31 December 2022 and the transaction amounts for the three months ended 31 March 2022 are as follows:

	2019		Year ended 31 December 2020		2021		Year ending 31 December 2022	Three months ended 31 March 2022
	Annual Caps	Transaction Amounts	Annual Caps	Transaction Amounts	Annual Caps	Transaction Amounts	Annual Caps	Transaction Amounts
1. Financial Services Framework Agreement (HK\$ million) (Approximate)								
Revenue received by the Group from the BOCOM Group in respect of:								
Securities brokerage settlement and subscription of new shares	20.0	7.4	19.6	10.8	23.5	11.2	28.2	2.3
Investment advisory and management services	84.7	23.3	77.9	22.3	82.8	22.5	88.8	4.7
Underwriting, sponsoring, securities issuance and advisory services	41.0	5.8	70.2	7.9	70.2	2.3	70.2	0
Interest on deposits	5.3	5.1	15.3	4.6	51.5	24.3	59.6	4.8
Total	151.0	41.6	183.0	45.6	228.0	60.3	246.8	11.8
Fees and commissions paid by the Group to the BOCOM Group in respect of:								
On-payment of securities brokerage commission for subscription of new shares	2.7	0.8	2.8	1.5	3.4	1.2	4.0	0
Customer referral services	27.1	2.9	15.1	5.0	20.1	8.3	26.7	1.0
Fund product distribution services	8.7	0.1	8.6	0.2	8.6	0.2	8.6	0
Miscellaneous banking and financial services	12.6	2.8	11.3	3.5	14.0	3.6	17.3	0.7
Total	51.1	6.5	37.8	10.2	46.1	13.3	56.6	1.7

	Year ended 31 December						Year ending	Three months
	2019		2020		2021		31 December	ended
	Annual Caps	Transaction Amounts	Annual Caps	Transaction Amounts	Annual Caps	Transaction Amounts	2022	31 March 2022
2. Derivatives Transactions Framework Agreement (HK\$ million) (Approximate)								
Trading Gains/(Losses) to the Group ⁽¹⁾	92.9	(15.5)	400	192.0	400	44.0	400	7.4
Maximum fair value Recorded as Financial Assets	90.6	2.3	400	71.0	400	3.2	400	0
Maximum fair value Recorded as Financial Liabilities	90.6	0	400	25.3	400	30.5	400	4.6
3. Financial Technology Services Framework Agreement (RMB million)								
Computer software development, information system operation and maintenance services and information system integration services	N/A ⁽²⁾	N/A ⁽²⁾	90 ⁽³⁾	0 ⁽³⁾	540	4.2	720	4.4
Information system consultancy services	N/A ⁽²⁾	N/A ⁽²⁾	10 ⁽³⁾	0 ⁽³⁾	60	5.6	80	5.5
4. Property Leasing Framework Agreement (HK\$ million) (Approximate)								
Rental paid by the Group to the BOCOM Group	10.0	9.2	11.4	10.0 ⁽⁴⁾	50.0	37.6 ⁽⁴⁾	63.0	12.7 ⁽⁴⁾

Note: (1) This does not include the trading gains or losses arising from the derivatives transactions in opposite directions entered into by the Group at offshore commodity futures exchanges (which do not constitute continuing connected transactions of the Company).

(2) The Financial Technology Services Framework Agreement was entered into and took effect in 2020, therefore there were no annual caps for each of the three years ended 31 December 2019.

(3) The historical annual caps and the transaction amount for 2020 of the Financial Technology Services Framework Agreement reflect the expected and actual transaction amount for the period from its effective date (i.e. 24 December 2020, being the date of extraordinary general meeting when Independent Shareholders' approval has been obtained) to 31 December 2020 (both dates inclusive).

(4) The total value of the rights-of-use assets under the Property Leasing Framework Agreement during the year ended 31 December 2020, 2021 and the three months ended 31 March 2022 were approximately HK\$44.9 million, HK\$140.9 million and HK\$135.9 million, respectively.

None of the actual transaction amounts during the relevant periods exceeded the annual caps as set out in the Relevant Disclosure. The Company expects that none of the existing annual caps for the year ending 31 December 2022 will be exceeded as at the date of the EGM.

(B) Proposed Annual Caps

The proposed annual caps in respect of the Transactions for each of the three years ending 31 December 2025 are as follows:

	Years ended 31 December		
	2023	2024	2025
1. Financial Services Framework Agreement			
<i>(HK\$ million) (Approximate)</i>			
Revenue received by the Group from the BOCOM Group in respect of:			
Securities brokerage settlement and subscription of new shares	27.5	33.0	39.6
Investment advisory and management services	89.9	93.4	97.0
Underwriting, sponsoring, securities issuance and advisory services	74.1	74.1	74.1
Interest on deposits	90.0	108.0	125.0
	<u>281.5</u>	<u>308.5</u>	<u>335.7</u>
Total	<u>281.5</u>	<u>308.5</u>	<u>335.7</u>
Fees and commissions paid by the Group to the BOCOM Group in respect of:			
On-payment of securities brokerage commission for subscription of new shares	3.4	3.7	4.1
Customer referral services	37.6	46.9	58.7
Fund product distribution services	15.6	21.3	27.9
Miscellaneous banking and financial services	19.8	25.2	31.5
	<u>76.4</u>	<u>97.1</u>	<u>122.2</u>
Total	<u>76.4</u>	<u>97.1</u>	<u>122.2</u>

	Years ended 31 December		
	2023	2024	2025
2. Derivatives Transactions			
Framework Agreement			
<i>(HK\$ million) (Approximate)</i>			
Trading Gains/(Losses) to the Group ⁽¹⁾	110.1	103.2	96.3
Maximum Fair Value Recorded as			
Financial Assets	74.9	70.2	65.5
Maximum Fair Value Recorded as			
Financial Liabilities	74.9	70.2	65.5
3. The Financial Technology Services			
Framework Agreement			
<i>(RMB million)</i>			
Computer software development, information system operation and maintenance services and information system integration services	777.0	1,250.0	1,750.0
Information system consultancy services	626.0	1,000.0	1,400.0
4. Property Leasing Framework Agreement			
<i>(HK\$ million) (Approximate)</i>			
Total value of right-of-use assets ⁽²⁾	124.0	124.0	124.0

Note: (1) This does not include the trading gains or losses arising from the derivatives transactions in opposite directions to be entered into by the Group at offshore commodity futures exchanges (which do not constitute continuing connected transactions of the Company).

(2) As the Hong Kong Financial Reporting Standards 16 is applicable to the Group, the Group will recognize the transactions contemplated under the Property Leasing Framework Agreement as acquisition of right-of-use-asset and a lease liability at the date which the leased asset is available for the use under the Property Leasing Framework Agreement where the relevant member(s) of the Group acts as a lessee. They are initially measured on a present value basis and depreciated over the shorter of the asset's useful life or the lease term on a straight line basis. The annual caps represent the total value of right-of-use assets related to the leases which has been or anticipated to be entered into by the Group in each year under the Property Leasing Framework Agreement.

(C) Basis of Determination of Proposed Annual Caps

1. *Financial Services Framework Agreement*

The proposed annual caps in respect of the financial services under the Financial Services Framework Agreement were determined by reference to the following factors:

Securities brokerage settlement and subscription of new shares

- (a) The historical revenue derived by the Group in respect of the securities brokerage transactions referred to the relevant member of the Group for securities trading and brokerage settlement and the arrangements under which the BOCOM Group used the broker number under the Exchange Participantship of the relevant member of the Group for subscription of new shares by its customers;
- (b) the annual potential growth in demand for securities trading and brokerage settlement and subscription of new shares of the customers of the BOCOM Group over the three years ending 31 December 2025 and the Group's growth plan regarding these services, in particular, the daily market turnover from securities trading and brokerage settlement, and the expected annual growth rate of 20% in such daily market turnover in each of the three years ending 31 December 2023, 2024 and 2025, which is determined with reference to the growth in the average daily turnover of the Hong Kong stock market in general, which increased by approximately 48.6% from 2019 to 2020 and a further increase by approximately 28.8% from 2020 to 2021 according to the annual market statistics published by the Stock Exchange;
- (c) the fact that the BOCOM Group would refer no less than 90% in terms of transaction value of the securities brokerage transactions on the Stock Exchange of its customers each year to the Group for securities trading and brokerage settlement; and
- (d) the market sensitivity of the brokerage transactions and the passive role of the Group.

Investment advisory and management services

- (a) The historical investment advisory and management service fees paid by the BOCOM Group to the Group during the three financial years ended 31 December 2021;
- (b) the existing funds controlled by the BOCOM Group or which have the BOCOM Group as the general partner;

- (c) the expected annual growth of 5% in AUM controlled by the BOCOM Group (excluding BOCOM (Macau Branch)) or which have the BOCOM Group as the general partner for each of the three years ending 31 December 2025, which is determined based on (i) the expected rise in the currently relatively low assets value due to the poor performance of the capital market in the long term; (ii) the potential increase in allocation of assets to the Group in light of the rapidly increasing synergy between BOCOM and the Group in terms of fund distribution arrangement; and (iii) the increase in net balance of investment securities recorded by the BOCOM Group by approximately 8.83% from approximately RMB3,237.3 billion in 2020 to approximately RMB3,523.2 billion in 2021 as disclosed in the annual report of BOCOM for the year ended 31 December 2021; and
- (d) the estimated growth of AUM of BOCOM (Macau Branch) which requires investment advisory and management services from the Group for the three years ending 31 December 2025.

Underwriting, sponsoring, securities issuance and advisory services

- (a) The historical underwriting, sponsoring, securities issuance and advisory fees paid by the BOCOM Group to the Group over the three financial years ended 31 December 2021;
- (b) the expected growth of demand for underwriting, sponsoring, securities issuance and advisory services from the Group over the three years ending 31 December 2025;
- (c) the transactions involved will likely be on an ad hoc basis and where a relevant transaction proceeds, it may involve significant fees payable by the BOCOM Group to the Group if the scale of the underwriting commitment or the securities transactions is significant; and
- (d) the fact that the BOCOM Group's demand for underwriting, sponsoring, securities issuance and advisory services from the Group is highly sensitive to and dependent upon the prevailing market conditions and sentiments. A significant proportion of the underlying transactions may take place within a short window of time during which market conditions and sentiments would favour the undertaking of such transactions by the BOCOM Group.

Interest on deposits

- (a) the potential increase in the level of deposits maintained by the Group due to future business development;

- (b) the amount of deposit that the Group currently places in branches of BOCOM;
- (c) the actual interest on the Group's deposits received from BOCOM Group during the three financial years ended 31 December 2021;
- (d) the expected interest to be paid to the Group for each of the three years ending 31 December 2025; and
- (e) the expected trends of movements in the market interest rates.

Customer referral services

- (a) the historical commissions paid by the Group to the BOCOM Group in respect of the customers referred by the BOCOM Group to the Group during the three financial years ended 31 December 2021; and
- (b) the expected growth of demand for securities brokerage, margin financing, asset management and corporate finance services of potential customers referred by the BOCOM Group over the three years ending 31 December 2025, taking into account (i) the growth potential in financial services provided by the BOCOM Group to the Group as a result of the expansion of the Group's regulated business; (ii) the significant growth potential of the client referral services from the branches of BOCOM to the Group following the commencement of referral arrangement with the Mainland China branches of BOCOM in March 2022; and (iii) the increase in the total market turnover of the Hong Kong stock market by approximately 49.8% from 2019 to 2020 and further increase by 28.2% from 2020 to 2021 as revealed in the annual market statistics published by the Stock Exchange.

Fund product distribution services

- (a) The existing funds controlled by the Group or which have the Group as general partner;
- (b) the Group's growth plan for its fund business;
- (c) the expected number of the Group's fund products which will utilise the BOCOM Group's marketing channels for distribution over the three years ending 31 December 2025; and
- (d) the expected fund distribution rates for the fund products for each of the three years ending 31 December 2025.

Miscellaneous banking and financial services

- (a) The historical fees paid by the Group to the BOCOM Group in respect of other miscellaneous banking and financial services provided by the BOCOM Group during the three financial years ended 31 December 2021; and
- (b) the expected growth of the overall business of the Group and hence, the growth of the Group's demand for miscellaneous banking and financial services such as insurance expenses, administrative and custody fees over the three years ending 31 December 2025.

2. *Derivatives Transactions Framework Agreement*

The proposed annual caps in respect of the Derivatives Transactions were determined by reference to the following factors:

- (a) the historical trading gains/losses, fair value recorded as financial assets and fair value recorded as financial liabilities in respect of the Derivatives Transactions during the three financial years ended 31 December 2021;
- (b) the expected transaction amounts in respect of the Derivatives Transactions to be entered into between the Group and the BOCOM Group for each of the three years ending 31 December 2025;
- (c) the high volatility of the commodity market, which is presumed to remain the same for the three years ending 31 December 2025 as the volatility rate of the commodity-based products relating to the Derivatives Transactions ranged from approximately 18% to 147% during the three years ended 31 December 2021;
- (d) the amount of credit facility granted by the Group to the BOCOM Group and the risk appetite of the Group towards commodity futures trading;
- (e) the expected demand for risk management of commodity price fluctuation by the BOCOM Group through the Group on offshore commodity futures exchanges for each of the three years ending 31 December 2025;
- (f) the expected spread between the closing price and the fixed price in the Derivatives Transactions; and
- (g) the expected fair value to be recorded as financial assets and the expected fair value to be recorded as financial liabilities in respect of the Derivatives Transactions, which represent the expected maximum exposure of the Company in relation to (i) the unsettled positions carried forward from the previous financial year; and (ii) the unsettled closed positions and the floating trading gains or losses of the unclosed positions during the then

current financial year, both of which are estimated based on the fair value recorded as financial assets and fair value recorded as financial liabilities for the three months ended 31 March 2022 and the historical settlement pattern of BOCOM Group.

3. *Financial Technology Services Framework Agreement*

The proposed annual caps in respect of the financial technology services under the Financial Technology Services Framework Agreement were determined by reference to the following factors:

- (a) the prevailing market prices for the provision of similar financial technology services and the expected growth in labour costs of 6% per annum taking into account (i) the nominal growth of average disposable income per capita of 8.1% and the average GDP growth of 6% in the PRC from 2017 to 2021; (ii) the nominal growth of average disposable income per capita of 9.1% and the GDP growth of 8.1% in the PRC in 2021; and (iii) the GDP growth target of 5.5% and a basically synchronized expected growth of residents' income in the PRC in 2022;
- (b) the expected demand for financial technology services and the expected expenditure for financial technology of the BOCOM Group taking into account BOCOM Group's expected annual investment in financial technology based on (1) the expected compound annual growth rate of BOCOM Group's operating income from 2021 to 2025; and (2) the expected growth rate of BOCOM Group's annual investment in financial technology; and
- (c) the Group's increased recruitment effort to expand the financial technology services team to 1,500 and 2,000 for the years ending 31 December 2024 and 31 December 2025, respectively, to satisfy the BOCOM Group's demand for financial technology services.

4. *Property Leasing Framework Agreement*

The proposed annual caps in respect of the lease transactions between the Group and the BOCOM Group under the Property Leasing Framework Agreement were determined by reference to the following factors:

- (a) the expected demand of the Group for office premises and car parking spaces in Hong Kong and Mainland China for its business operations over the three years ending 31 December 2025;
- (b) the historical transactions between the Group and the BOCOM Group for the lease of properties for the three years ended 31 December 2021; and

- (c) the expected rental levels for the relevant office premises and car parking spaces in Hong Kong and Mainland China over the three years ending 31 December 2025.

(D) Waiver from Strict Compliance with the Maximum Daily Balance Requirement in respect of the Group's Bank Deposits with the BOCOM Group

Pursuant to Rule 14A.53 of the Listing Rules, the Company is required to set a maximum daily balance for deposits which the Group places in accounts opened with the BOCOM Group. The Company has applied to the Stock Exchange for, and the Stock Exchange has granted the Company, a waiver from strict compliance with the requirements of setting a maximum daily balance for the Group's deposits placed with the BOCOM Group under Rule 14A.53 of the Listing Rules for the three years ending 31 December 2025, on the following grounds:

In respect of the deposits with the BOCOM Group representing funds of the Group's clients:

- (a) the licensed corporations within the Group are required to maintain client money in Hong Kong in segregated accounts opened with the BOCOM Group and other independent banks. The amounts of client money received or held by the Group may fluctuate significantly on a daily basis depending on the clients' daily trading volume and market price of the securities on a particular day. It would be extremely onerous and impracticable for the Group to estimate and set a maximum daily balance limit for such deposits;
- (b) the placing of funds of the Group's customers as deposits with the BOCOM Group will be on the then prevailing market interest rates, on normal commercial terms or better to the Group and in the respective ordinary and usual course of business of the Group and the BOCOM Group;
- (c) as the Group cannot control the fluctuation in, or accurately estimate the maximum daily balance of the incoming client money, the Group will not be in a position to strictly comply with a maximum daily balance limit even if such limit is set. The Group should not be required to set any limit which it understands will likely not be capable of complying; and
- (d) setting a maximum daily balance of deposits would mean that the Group may have to reject client deposits or change its CCASS designated settlement bank account that it conducts in its ordinary course of business in order not to exceed such maximum daily balance. This would be unduly burdensome to the Group's existing business operations, unduly restrictive to the potential growth of the Group's business and would not be in the best interests of the Company and the Shareholders as a whole.

In respect of the deposits with the BOCOM Group representing the Group's proprietary funds:

- (a) the placing of the Group's proprietary funds as deposits with the BOCOM Group will be on the then prevailing market interest rates, on normal commercial terms or better to the Group and in the respective ordinary and usual course of business of the Group and the BOCOM Group;
- (b) the BOCOM Group has developed familiarity of the Group's fund operation arrangement through its long-term cooperation with the Group. It may cause unnecessary interruption to the Group's business if it is to divert such accounts and operational arrangements from the BOCOM Group to another independent bank;
- (c) it is impracticable and extremely difficult for the Group to estimate the amount of incoming funds on a daily basis given that its business is closely correlated to market fluctuations. In addition, the Group may from time to time liquidate its proprietary investments, financial products and portfolios. The amount of funds arising therefrom can be substantial and highly uncertain and may only be temporary in nature. Therefore, imposing a maximum daily balance of deposits would not only cause undue administrative inconvenience to the Group but would also cause undue disruption to its operations, and would adversely impact its ability to promptly respond to volatile changes in the financial market;
- (d) the Group needs to reserve sufficient funds in its proprietary settlement bank account in order to fulfil its daily intra-day marks payment and settlement obligations in relation to clients' trading activities and to ensure that sufficient funds are maintained for inter-transfer between segregated bank accounts and proprietary bank accounts in accordance with client daily cash balance. As the trading pattern of the Group's clients and market conditions are unpredictable, the margin financing needs of the Group's securities clients are subject to factors that are beyond the Group's control, it is impracticable and extremely difficult for the Group to set a maximum balance of deposits in its CCASS designated settlement bank account in relation to its clients' trading activities and daily cash balance;
- (e) apart from the trading activities of the Group and its clients, the Group also uses its proprietary funds to support its corporate finance and underwriting business and asset management and advisory business. It would be difficult for the Company to predict and set an annual cap for (i) the funds raised by the Group's corporate clients that are deposited into or settled through its proprietary account in the course of the Group's corporate finance and underwriting business and (ii) the amount that may be transferred to and from the Group's proprietary

bank accounts when the Group's asset management clients trade their mutual fund or private equity fund, both of which are subject to factors that are beyond the Group's control;

- (f) given that the deposits placed by the Group in its proprietary bank accounts are fungible and the balance represents a total sum required to be maintained by the Group that is sufficient to support both its clients' trading and financing activities and its own trading activities, it is a lump sum figure (which changes from time to time according to market and level of trading activities of both the Group and its clients), and therefore it would not be possible for the Group to segregate or re-allocate such deposits for the Group's and its clients' purposes;
- (g) during the three years ended 31 December 2021 and up to the date of this announcement, the Group has placed its proprietary funds with various commercial banks in Hong Kong, Mainland China and Macau. The Group would choose to place deposits with banks which it considers the most suitable and prudent after taking into account the relevant factors;
- (h) most of the settlement funds of the Company's proprietary trading are placed in the Group's deposit accounts opened with the BOCOM Group, but the Group can only obtain the information about the daily amount of funds settled from proprietary trading after trading hours, and therefore does not have the information about the actual daily balance of the deposit of its proprietary funds placed with the BOCOM Group each day during trading hours of that day; and
- (i) setting a maximum daily balance of deposits would be unduly burdensome to the Group's existing business operations, unduly restrictive to the potential growth of the Group's business and would not be in the best interests of the Company and the Shareholders as a whole.

MEASURES TO SAFEGUARD SHAREHOLDERS' INTERESTS

In order to further safeguard the interests of the Shareholders as a whole, the Group has implemented the following internal approval and monitoring procedures in relation to the Transactions:

- (a) before confirming the pricing and the terms of the Transactions, the Group will review and consider the pricing offered to or quoted by, as the case may be, two or more independent third parties in respect of transactions of a similar nature and scale in order to determine whether the proposed pricing and terms of the Transactions are fair, reasonable and no less favourable to the Group than those quoted by independent third parties to the Group or no more favourable to the BOCOM Group than those offered by the Group to independent third parties, as the case may be. If no pricing quoted by or offered to independent third parties can be obtained for the purpose of

the above comparison, the relevant continuing connected transaction will have to be separately considered and approved by the head of the relevant business unit in order to ensure that the pricing will be fair and reasonable to the Group;

- (b) the Group has adopted internal guidelines which provide that if the value of any Transactions is expected to exceed certain thresholds, the relevant staff must report the Transactions to the Company Secretary and the Legal and Compliance Department of the Company (directly or through the head of the relevant business unit) in order for the Company to commence the necessary additional assessment and approval procedures and ensure that the Company will comply with the applicable requirements under Chapter 14A of the Listing Rules;
- (c) the Company will provide information and supporting documents to the independent non-executive Directors and the auditors in order for them to conduct an annual review of the Transactions entered into by the Company. In accordance with the requirements under the Listing Rules, the independent non-executive Directors will provide an annual confirmation to the Board as to whether the Transactions have been entered into in the ordinary and usual course of business of the Group, are on normal commercial terms and are in accordance with the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and the auditors will provide an annual confirmation to the Board as to whether anything has come to their attention that causes them to believe that the Transactions have not been approved by the Board, or not in accordance with the pricing policies of the Group in all material respects, or not entered into in accordance with the relevant agreement governing the Transactions in all material respects or have exceeded the annual cap;
- (d) In relation to deposits under the Financial Services Framework Agreement, the Company regularly reviews the terms (including the interest rates) offered by the BOCOM Group for the deposit of funds to ensure that such terms are no less favourable to the Group than those offered to it by independent financial institutions;
- (e) In relation to the Financial Technology Services Framework Agreement, BOCOM Financial Technology will adopt the following internal approval and monitoring procedures:

Before BOCOM Financial Technology confirms the pricing and terms of a project under the Financial Technology Services Framework Agreement, the project will be categorised into one of four progressive price levels, to be considered and approved by the following authority:

Approval unit	Price level
1. The head of department responsible for the project	Lowest
2. A responsible member of the senior management or the chief executive of BOCOM Financial Technology	Relatively low
3. Pricing committee	Relatively high
4. Executive committee comprising of the senior management of BOCOM Financial Technology	Highest

The unit responsible for the pricing review will consider the pricing for two or more independent third parties in respect of financial technology services of a similar nature and scale, in order to determine whether the proposed pricing and terms of the project under the Financial Technology Services Framework Agreement are fair, reasonable, and no less favourable than those offered to independent third parties.

Because of the inherently highly-customised nature of provision of financial technology services, should there be any cases where no pricing for independent third parties can be ascertained for the purpose of the above comparison, the unit responsible for the pricing review will take into account factors such as (i) project cost; (ii) prevailing market conditions; and (iii) pricing reasonableness, to ensure that the service fee to be charged by the Group to the BOCOM Group complies with the principle of marketisation to protect the interests of Shareholders.

The Company will continue to follow ongoing monitoring procedures, including compiling year-to-date transaction amount by the designated staff member of the Finance and Accounting Department on a monthly basis.

If the value of any proposed connected transaction is anticipated to exceed the proposed annual caps, the relevant staff responsible for overseeing the connected transactions will report the proposed transaction to the Company Secretary and the Legal and Compliance Department of the Company in order for the Company to commence the necessary additional assessment and approval procedures and ensure that the Company will comply with the applicable requirements under Chapter 14A of the Listing Rules.

In addition to the procedures adopted above, in accordance with the Company's existing internal approval and monitoring procedures in relation to continuing connected transactions, the Company will provide information and supporting documents to the independent non-executive Directors and the auditors in order for them to conduct an annual review of the transactions entered into with the BOCOM Group under the Framework Agreements as required under the Listing Rules. In accordance with the requirements under the Listing Rules, the independent non-executive Directors will

provide an annual confirmation to the Board as to whether the said transactions under the Framework Agreements have been entered into in the ordinary and usual course of business of the Group, are on normal commercial terms and are in accordance with the agreements governing them on terms that are fair and reasonable and in the interests of the Company and Shareholders as a whole, and the auditors will provide an annual confirmation to the Board as to whether anything has come to their attention that causes them to believe that the transactions have not been approved by the Board, are not in accordance with the pricing policies of the Group in all material respects, are not entered into in accordance with the relevant agreement governing the transactions in all material respects or have exceeded the annual caps for such transactions.

REASONS FOR AND BENEFITS OF THE RENEWAL OF THE FRAMEWORK AGREEMENTS

1. Financial Services Framework Agreement

The transactions contemplated under the Financial Services Framework Agreement are and will be conducted in the ordinary and usual course of business of the Group and on arm's length basis with terms that are fair and reasonable to the Company. Due to the historical and future long-term cooperation relationship between the Group and the BOCOM Group, it is beneficial to the Group to renew the Financial Services Framework Agreement as the transactions thereunder have facilitated and will continue to facilitate the overall business operations and growth of the Group's business.

Furthermore, the transactions under the Financial Services Framework Agreement will provide cost synergies by integrating advantageous resources between the Group and the BOCOM Group, thereby reducing the aggregate operational costs and general expenses so as to improve the profitability and to strengthen the leading position of the Company in the financial industry.

2. Derivatives Transactions Framework Agreement

The Group enters into derivatives transactions under the Derivatives Transactions Framework Agreement to facilitate the BOCOM Group's hedging of commodity risks indirectly at offshore commodity futures exchanges. Simultaneously, the Group enters into derivatives transactions at an offshore commodity futures exchange on substantially similar prices with an insignificant spread and on otherwise identical commercial terms but in opposite direction. Under such arrangement, the Group assumes no overall risks of investment loss due to the offsetting between the trading gains and trading losses from the derivatives transactions in opposite directions, and expects to derive net trading gains due to the spread between the trading price with the BOCOM Group and the trading price at the offshore commodity futures exchanges in the derivatives transactions.

3. Financial Technology Services Framework Agreement

The transactions contemplated under the Financial Technology Services Framework Agreement will expand the Group's business and provide cost synergies by integrating advantageous resources between the Group and the BOCOM Group, thereby reducing the aggregate operational costs and general expenses so as to improve profitability. The Financial Technology Services Framework Agreement will facilitate the overall business operations and growth of the Group's business.

4. Property Leasing Framework Agreement

The Property Leasing Framework Agreement sets out a framework of the terms of the lease arrangements for the leasing of properties by the Group from the BOCOM Group. It represents an opportunity for the Group to continue its constant and established operation in Hong Kong and in Mainland China in a prime business location without substantial costs incurred in acquiring properties for office use.

INFORMATION ON THE GROUP

The principal activity of the Company is investment holding. The Group is principally engaged in securities brokerage, margin financing, corporate finance and underwriting, investment and loans, and asset management and advisory businesses. The regulated activities carried out by the Company's licensed subsidiaries include dealing in securities and futures and advising on securities and futures contracts, providing securities margin financing, advising on corporate finance and providing asset management services.

INFORMATION ON BOCOM GROUP

BOCOM is a state-owned joint-stock commercial bank registered in the PRC, with its A shares listed on the Shanghai Stock Exchange and H shares listed on the Stock Exchange. BOCOM provides the customers with various corporate and personal financial products and services, such as deposits and loans, supply chain finance, cash management, international settlement and trade financing, investment banking, asset custody, wealth management, bank cards, private banking, treasury businesses, etc. In addition, the BOCOM Group is involved in businesses such as financial leasing, fund, wealth management, trust, insurance, overseas securities, and debt-to-equity swap through wholly-owned or controlling subsidiaries.

LISTING RULES IMPLICATIONS

As at the date of this announcement, BOCOM and its associates held approximately 73.14% of the issued Shares. Therefore, BOCOM is the controlling shareholder of the Company and hence a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Transactions constitute continuing connected transactions of the Company under the Listing Rules.

The Directors are of the view that the continuing connected transactions under the Financial Services Framework Agreement are of the same nature and are entered into by the Group with parties who are connected with one another, and therefore the relevant revenues and fees and commissions should be aggregated respectively under Rules 14A.81 and 14A.82(1) of the Listing Rules.

As the highest applicable percentage ratio in respect of the proposed annual caps for the Non-exempt Transactions under the Non-exempt Agreements, on an annual basis, is 5% or more respectively, the Automatic Renewal of the Non-exempt Agreements and the Non-exempt Transactions (including the proposed annual caps therefor) will be subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee has been established to advise the Independent Shareholders on the terms of the Non-exempt Agreements and the Non-exempt Transactions (including the proposed annual caps therefor). The Independent Financial Adviser has also been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

As the highest applicable percentage ratio in respect of the proposed annual caps for the transactions contemplated under the Property Leasing Framework Agreement, on an annual basis, is more than 0.1% but is less than 5% respectively, the Automatic Renewal of the Property Leasing Framework Agreement and the Partly Exempt Transactions (including the proposed annual caps therefor) will be subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BOARD APPROVAL

The Directors (excluding the independent non-executive Directors, who will give their opinion after considering the advice from the Independent Financial Adviser in respect of the Non-exempt Agreements) are of the view that (i) the terms of the Non-exempt Agreements and the respective Non-exempt Transactions (including the proposed annual caps therefor) are fair and reasonable in so far as the Company and the Independent Shareholders are concerned; and (ii) the Non-exempt Agreements and the respective

Non-exempt Transactions are on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors) are of the view that (i) the terms of the Property Leasing Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor) are fair and reasonable; and (ii) the Property Leasing Framework Agreement and the transactions contemplated thereunder are on normal commercial terms or better, in the ordinary course of business of the Group and in the interests of the Company and the Shareholders as a whole.

Due to the executive roles of Ms. LIN Zhihong and Ms. PO Ying in the BOCOM Group, such non-executive Directors have abstained from voting on the relevant Board resolutions in respect of the approval of the Automatic Renewal of the Framework Agreements and the Transactions. In addition, Ms. LIN Zhihong and Ms. PO Ying are also employees of BOCOM. Save as disclosed above, none of the Directors has a material interest in the Automatic Renewal of the Framework Agreements and the Transactions and none of them has abstained from voting on the relevant Board resolutions.

GENERAL

The Company will convene the EGM for the purpose of, among others, considering and if thought fit, approving the Automatic Renewal of the Non-exempted Agreements and the respective Non-exempt Transactions (including the proposed annual caps therefor).

A circular containing, among other things, (i) further information on the Non-exempt Agreements, the Non-exempt Transactions and the proposed annual caps therefor; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM, will be despatched to the Shareholders on or before 11 June 2022 pursuant to Rule 14A.68(11) of the Listing Rules.

DEFINITIONS

The following terms have the following meanings in this announcement, unless the context otherwise requires:

“2017 Framework Agreements”	collectively, the Financial Services Framework Agreement, the Derivatives Transactions Framework Agreement and the Property Leasing Framework Agreement
“applicable percentage ratio”	has the same meaning ascribed to it under the Listing Rules

“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“AUM”	assets under management
“Automatic Renewal”	the automatic renewal of the term of each of the Framework Agreements for the three years ending 31 December 2025 pursuant to the terms of each Framework Agreement
“Board”	the board of directors of the Company
“BOCOM”	Bank of Communications Co., Ltd., a joint stock limited liability company incorporated in the PRC, the A shares of which are listed and traded on Shanghai Stock Exchange (Stock Code: 601328) and the H shares of which are listed and traded on the Stock Exchange (Stock Code: 3328), and being the ultimate controlling Shareholder
“BOCOM Financial Technology”	BOCOM Financial Technology Company Limited* (交銀金融科技有限公司), a company incorporated in the PRC, and a wholly-owned subsidiary of the Company
“BOCOM (Hong Kong)”	Bank of Communications (Hong Kong) Limited, a member of the BOCOM Group
“BOCOM (Hong Kong Branch)”	the Hong Kong branch of BOCOM
“BOCOM (Macau Branch)”	the Macau branch of BOCOM
“BOCOM Group”	BOCOM and its subsidiaries (excluding the Group)
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Company”	BOCOM International Holdings Company Limited, a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 3329)
“connected person”	has the same meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the same meaning ascribed to it under the Listing Rules

“Derivatives Transactions”	the derivatives transactions under the Derivatives Transactions Framework Agreement
“Derivatives Transactions Framework Agreement”	the derivatives transactions framework agreement dated 25 April 2017 (and renewed on 1 January 2020) entered into between the Company and BOCOM in relation to the derivatives transactions between the Group and the BOCOM Group
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company (or any adjournment of that meeting) to be held for the purpose of considering and, if thought fit, approving the Automatic Renewal of the Non-exempt Agreements and the respective Non-exempt Transactions (including the proposed annual caps therefor)
“Exchange Participantship”	has the same meaning ascribed to it under the Rules of the Stock Exchange
“Financial Services Framework Agreement”	the financial services framework agreement dated 25 April 2017 (and renewed on 1 January 2020) entered into between the Company and BOCOM in relation to the provision of financial services between the Group and the BOCOM Group
“Financial Technology Services Framework Agreement”	the financial technology services framework agreement dated 1 December 2020 entered into between the Company and BOCOM in relation to the provision of financial technology services by the Group to the BOCOM Group
“Framework Agreements”	collectively, the 2017 Framework Agreements and the Financial Technology Services Framework Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	the independent committee established by the Board, consisting of all independent non-executive Directors (i.e. Mr. TSE Yung Hoi, Mr. MA Ning and Mr. LIN Zhijun) to advise the Independent Shareholders on the terms of the Non-exempt Agreements and the Non-exempt Transactions (including the proposed annual caps therefor)
“Independent Financial Adviser”	Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance of Hong Kong, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Non-exempt Agreements and the Non-exempt Transactions (including the proposed annual caps therefor)
“Independent Shareholders”	the Shareholders other than BOCOM and its associates
“Listing Date”	19 May 2017, being the date on which the Shares were first listed and from which dealings in the Shares commenced on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Non-exempt Agreements”	collectively, the Financial Services Framework Agreement, the Derivatives Transactions Framework Agreement and the Financial Technology Services Framework Agreement
“Non-exempt Transactions”	the transactions contemplated under the Non-exempt Agreements for the three years ending 31 December 2025
“Partly Exempt Transactions”	the transactions contemplated under the Property Leasing Framework Agreement for the three years ending 31 December 2025
“PRC” or “China”	the People’s Republic of China
“Relevant Disclosure”	has the meaning as ascribed to it under the section headed “Introduction” of this announcement

“Property Leasing Framework Agreement”	the property leasing framework agreement dated 25 April 2017 (and renewed on 1 January 2020) entered into between the Company and BOCOM in relation to the leasing of properties by the Group from the BOCOM Group
“RMB”	Renminbi, the lawful currency of the PRC
“right-of-use-asset(s)”	has the same meaning ascribed to it under the Hong Kong Financial Reporting Standards 16
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	the holder(s) of Shares
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the same meanings as those defined under the Listing Rules
“Transactions”	the transactions under the Framework Agreements for the three years ending 31 December 2025

* *For identification purpose only*

By Order of the Board
BOCOM International Holdings Company Limited
YI Li
Company Secretary

Hong Kong, 31 May 2022

As at the date of this announcement, the Board comprises Mr. TAN Yueheng and Mr. CHENG Chuange as Executive Directors; Ms. LIN Zhihong and Ms. PO Ying as Non-executive Directors; and Mr. TSE Yung Hoi, Mr. MA Ning and Mr. LIN Zhijun as Independent Non-executive Directors.