BOC HONG KONG (HOLDINGS) LIMITED

Mandate of the Strategy and Budget Committee

1. Purpose

1.1 The Strategy and Budget Committee (the "Committee") is a standing committee of the Board of Directors (the "Board"). The purpose of the Committee is to assist the Board in providing strategy and budget guidance to BOC Hong Kong (Holdings) Limited (the "Company"), Bank of China (Hong Kong) Limited (the "Bank") and their subsidiaries (together, the "Group"), including:

- prepare, with input from Management, the Group's medium- to long-term strategic plans for the Board's approval;
- review, propose motion and monitor the Group's medium- to long-term strategy and provide guidance to the Management;
- review the process for formulating the Group's medium- to long-term strategy to ensure that it is sufficiently robust to incorporate a range of alternative options;
- make recommendations to the Board on major investments, capital expenditure, and strategic commitments of the Group and monitor implementation of the same;
- review budget for the Board's approval and monitor performance against budgeted targets;
- review and monitor the Group's regular or periodic (including annual) business plan and financial budget.

2. Roles and Responsibilities

2.1 Medium- to Long-term Strategy

2.1.1 The Committee is responsible for reviewing the medium- to long-term growth targets for the Group and recommending for approval of the Board, i.e. to answer the questions: "Where do we want to be", and "What are the specific targets we want to achieve".

2.1.2 The Committee shall work with the Management to devise a strategic plan. Based on the plan, targets to be achieved within given timeframe are to be specified.

2.1.3 The Committee may review key strategic plans related to medium- to long-term strategic plan, including but not limited to the following subjects:

- Geographical strategy – the Group's entry to or exit from certain markets;
- Product portfolio strategy – manufacture / introduction of new products or elimination of existing product lines of the Group;
- Business line strategy – introduction of new business lines or major expansion or contraction of existing business lines;
- Other specific strategy providing overall support to the Group's medium- to long-term strategy, such as changes to the Group's organization structure, material changes to the Group's capital structure, and IT development strategy.

2.1.4 The Committee shall ensure that the process for formulating the Group's medium- to long-term strategic plan is sufficiently robust to incorporate a range of alternative options. After evaluating the strategic plans in terms of feasibility and cost-benefit analysis, the Committee shall prioritize the plan and present to the Board for approval. Such strategic plan will form the Group's development direction and implementation targets in medium- to long-term.

2.1.5 The Committee shall review and update the strategic plans timely and present recommendations to the Board for approval.

2.1.6 The Committee shall monitor the implementation of the Group's strategic plans and provide guidance to the Management as appropriate.

2.2 Budget Control

2.2.1 The Committee shall review the Group's annual business plan and financial budget as formulated by the Management on the basis of the Group's medium- to long-term strategic plans and make recommendations to the Board.

2.2.2 During the process of formulating the Group's annual business plan and financial budget, the Committee shall engage in proactive communication with the Management to ensure that such plan and budget are capable of achieving pre-determined targets.

2.2.3 The Committee shall monitor the implementation of the annual business plan and financial budget. In case of significant deviation from the business plan and financial budget, the Committee shall request the Management to identify and analyse the underlying reasons and to present solutions to the problem. The Committee is to review the Management's presentation and provide guidance to the Management in reworking the draft. The Committee will then present the revised version to the Board for discussion and approval.

2.3 Other Significant Strategic Decisions

2.3.1 With regard to opportunities for significant merger and acquisition, the Committee shall review and make recommendations to the Board on any proposal presented by the Management in this respect.

2.3.2 The Committee is responsible for making recommendations to the Board on proposed major capital expenditure, major investments, and strategic commitments by the Group and monitoring their implementation.

2.4 Reporting Responsibilities

2.4.1 The Committee shall report to the Board on the matters set out in this Mandate, regularly update the Board at Board meetings or by other means about the Committee's activities and consider other topics as defined by the Board.

2.4.2 The Committee shall regularly communicate with other Board committees.

2.4.3 The Committee shall review written reports submitted by the Management which fall within the responsibilities of the Committee.

3. Composition

3.1 Membership

3.1.1 The Committee consists of executive directors and non-executive directors (including independent non-executive directors). If requested to render advice by the Board, adviser(s) of the Board (if any) could act as the adviser(s) to the Committee.

3.1.2 Members of the Committee shall possess the authority to discharge their responsibilities and have the necessary skills and experience to determine and advise on strategy and budget issues.

3.1.3 A quorum shall be three members.

3.1.4 Members of the Committee shall:

- regularly attend the meetings of the Committee and actively express their opinions on the matters discussed during the meeting; and
- keep abreast of the roles and responsibilities of the Committee as well as their responsibilities as members of the Committee and of the operation, business activities and development of the Group.

3.2 Other Attendees

3.2.1 Any member of the Board may, at his/her own volition or at the invitation of the Chairperson of the Board or the Chairperson of the Committee, participate in all affairs of the Committee.

3.2.2 The Chief Financial Officer, representatives of the Economics & Strategic Planning Department and Financial Management Department are normally expected to attend meetings of the Committee to render their assistance to the Committee. If required, other members of the Management and representatives of external consultants are also expected to attend some or all parts of the Committee meetings. All these "other attendees" are expected to provide open, equitable and comprehensive input to the Committee as requested.

3.2.3 The appointment of the secretary/secretaries to the Committee shall be subject to the approval of the Committee, and submitted to the Board for notification thereafter.

3.3 Roles

3.3.1 The Chairperson of the Committee shall be appointed by the Board. The duties and responsibilities of the Chairperson of the Committee include but are not limited to:

- providing leadership for the Committee and ensuring that the Committee works effectively and discharges its responsibilities;

- ensuring that all key issues are discussed by the Committee in a timely manner, and clear and explicit conclusions are achieved for every agenda item discussed in the meetings;
- being primarily responsible for approving the agenda for each Committee meeting taking into account, where necessary, any matters proposed by the other Committee members and the Management for inclusion in the agenda so as to ensure that, other than exceptional circumstances, all Committee members and the Management are given an opportunity to include matters in the agenda for a Committee meeting. The Chairperson may delegate such responsibility to a designated member or the Committee Secretary;
- ensuring that all Committee members are properly briefed by the Management on issues arising at Committee meetings, and that Committee members receive timely, complete and reliable information;
- encouraging all Committee members to make a full and active contribution to the Committee's affairs and take the lead to ensure that the Committee acts in the best interests of the Group; and
- attending the annual general meeting and answering questions at the meeting, or authorising another Committee member who attends the annual general meeting to answer questions at the meeting in the capacity of the Chairperson of the Committee (if applicable).

3.3.2 The duties and responsibilities of the Committee Secretary include but are not limited to:

- providing expertise and technical advice to support the work of the Committee, the Chairperson of the Committee and other Committee members;
- organizing, administering and coordinating the operation of the Committee;
- arranging Committee meetings as coordinated by the Board Secretary;
- reviewing the materials to be presented to the Committee, ensuring the Management submits reports and documents to the Committee with sufficient lead time for members to review;
- reporting on the work of the Committee to the Board under the authorization of the Chairperson of the Committee;
- requesting the Management to provide relevant data and material to assist the Committee members to understand the relevant information;
- facilitating induction for new Committee members;

- coordinating the work of the Committee with similar functions in Bank of China group; and
- other duties and responsibilities entrusted by the Committee.

3.4 Independence

3.4.1 The Committee members who are independent non-executive directors shall observe the policy on independence of directors approved by the Board.

3.5 Nomination, Terms, Remuneration and Training

3.5.1 The Nomination and Remuneration Committee is responsible for nominating Committee members from amongst the members of the Board for approval by the Board. The terms of appointment of the Committee members shall be consistent with those of the Board members, and shall be re-appointed by the Board when the terms expire.

3.5.2 The Committee shall communicate with the Nomination and Remuneration Committee before the latter makes recommendations to the Board on selection criteria, nominated candidates and terms of appointment of the Committee members to ensure that they serve the purpose of the Committee.

3.5.3 The remuneration of the Committee members shall be approved by the Board based on the recommendations of the Nomination and Remuneration Committee if no authorization is needed from or such authorization has been granted by the shareholders.

3.5.4 The Committee shall communicate with the Nomination and Remuneration Committee when the latter reviews and approves induction / training procedures for the Board Committee members, and ensure that the procedures are applicable to the Committee. The Committee Secretary is responsible for the implementation of induction / training procedures for the Committee with the coordination of the Board Secretary.

3.6 Frequency of Meetings

3.6.1 The Committee shall meet at least 4 times a year, with the meetings timed to align with the preparation and review of the Group's strategic plan and financial budget. In addition, there shall be open dialogue between the

Management and the Committee between scheduled Committee meetings on an as-needed basis. The Chairperson of the Committee may schedule additional meeting(s) with the Management or other advisors between scheduled meetings when necessary.

4. Authority

4.1 The Committee is authorized to seek adequate administrative support from the Management and have separate and independent access to the Group's senior management.

4.2 The Management shall support the work of the Committee to ensure that the Committee is provided with timely, complete and reliable information relating to the medium- to long-term strategic plans and annual budget preparation, implementation, monitoring and other issues of the Group necessary for the Committee to discharge its responsibilities. The Committee is authorized to require any member of the Management and any employee of the Group to respond to queries raised by any member of the Committee promptly and fully. Information provided to the Committee shall be accurate and complete and be in such form and of such quality as well to enable the Committee to make an informed decision.

4.3 The Committee is authorized to invite any person it thinks fit to attend the meetings of the Committee.

4.4 The Committee shall be authorized, on its own initiative or at the request of the Board, to review the Group's medium- to long-term strategic plans or annual budget and the implementation thereof, consider any findings and the Management's response and advise the Board of the results of such review and its recommendations.

4.5 Members of the Committee are authorized to seek independent professional advice when they deem necessary to do so, at the Group's expense.

4.6 The Committee is authorized to have access to the advice and services of the Committee Secretary and the Board Secretary with a view to ensuring that Committee procedures, and all applicable rules and regulations, are followed.

5. Consultation or Special Sub-committees

5.1 As necessary, the Committee may establish and dismiss consultation or special sub-committees upon approval by the Board.

5.2 The Committee is responsible for the management of the special sub-committees and delegating sufficient power and authority to them for ensuring effective and efficient operation.

6. Annual Performance Appraisal

6.1 The Committee shall, with the assistance of the Nomination and Remuneration Committee, monitor and review its composition, evaluate the balance of skills, knowledge and experience on the Committee and monitor and review its processes and effectiveness on at least an annual basis. This will be conducted as part of the Committee's annual self-evaluation. The outcome of such review shall be reported to the Board.

6.2 The Committee shall also monitor and review the continuing adequacy of its Mandate from time to time, and report to the Board the main findings.

7. Effective Date and Amendments

7.1 This Mandate shall come into effect on the date when it is approved by the Board.

7.2 Any amendments to this Mandate shall be recommended by the Committee. The amendments shall come into effect on the date when it is approved by the Board or submitted to the Board for notification, as the case may be.