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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in the Company, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

## CONTINUING CONNECTED TRANSACTIONS REVISION OF ANNUAL CAPS UNDER DERIVATIVES TRANSACTIONS FRAMEWORK AGREEMENT

AND

## CLARIFICATIONS RELATING TO RELATED PARTY TRANSACTIONS IN ANNUAL REPORTS 2018 AND 2019;

AND

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**

**ALTUS CAPITAL LIMITED**

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A letter from the Board is set out on pages 4 to 17 of this circular.

A letter from the Independent Board Committee is set out on pages 18 to 19 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 20 to 32 of this circular.

A notice convening the EGM to be held at Salon 6 of JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong, immediately after the conclusion of the annual general meeting of the Company to be held at the same location on Friday, 19 June 2020 at 3:00 p.m. (or any adjournment thereof) is set out on pages EGM-1 to EGM-2 of this circular.

Whether or not you are able to attend and/or vote at the EGM in person, you are requested to complete the enclosed form of proxy and return it to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed on the form as soon as possible but in any event not later than 48 hours (excluding any part of a day that is a public holiday) before the time appointed for the holding of the EGM or any adjournment of the EGM (as the case may be). Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the EGM or any adjournment of the EGM (as the case may be) should you so wish.

#### PRECAUTIONARY MEASURES FOR THE EGM

To safeguard the health and safety of Shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the EGM:

- (1) Body temperature check for each attendee
- (2) Health declaration and wearing of a surgical face mask by each attendee
- (3) No distribution of corporate gifts or refreshments or drinks to attendees

For the health and safety of Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the EGM by appointing the chairman of the EGM as their proxy and to return their proxy forms by the time specified above, instead of attending the EGM in person. The form of proxy can be downloaded from the Company's website ([www.bocomgroup.com](http://www.bocomgroup.com)) or the Stock Exchange's website.

The Company will keep the evolving COVID-19 situation under review and may implement additional measures. It may announce additional measures closer to the date of the EGM where necessary.

4 June 2020

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## CONTENTS

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	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	4
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	18
<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER</b> .....	20
<b>APPENDIX I : GENERAL INFORMATION</b> .....	I-1
<b>NOTICE OF EGM</b> .....	EGM-1
<b>PRECAUTIONARY MEASURES FOR THE EGM</b> .....	EGM-3

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## DEFINITIONS

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

“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
“Board”	means the board of directors of the Company
“BOCOM”	means Bank of Communications Co., Ltd, a company incorporated in the People’s Republic of China with limited liability, the A shares of which are listed and traded on the Shanghai Stock Exchange (Stock Code: 601328) and the H shares of which are listed and traded on the Stock Exchange (Stock Code: 03328), and being the ultimate controlling Shareholder
“BOCOM Group”	means BOCOM and its subsidiaries (excluding the Group)
“BOCOM Nominee”	means Bank of Communications (Nominee) Company Limited, a company incorporated in Hong Kong with limited liability and a subsidiary of BOCOM and a shareholder of the Company holding Shares on trust for BOCOM
“Company”	means 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: 03329)
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“Current Annual Caps”	means the current annual caps for the Derivatives Transactions
“Derivatives Transactions”	means the transactions between the Group and the BOCOM Group contemplated under the Derivatives Transactions Framework Agreement for the three years ending 31 December 2022
“Derivatives Transactions Framework Agreement”	means 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
“Directors”	means the directors of the Company

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## DEFINITIONS

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“EGM”	means the extraordinary general meeting of the Company (or any adjournment thereof) to be held at Salon 6 of JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong immediately after the conclusion of the annual general meeting of the Company to be held at the same location on Friday, 19 June 2020 at 3:00 p.m. (or any adjournment thereof) for the purpose of considering and, if thought fit, approving the Proposed Revised Annual Caps
“Expectation Investment”	means Expectation Investment Limited, a company incorporated in Hong Kong with limited liability, an indirect subsidiary of BOCOM and a shareholder of the Company
“Group”	means the Company and its subsidiaries
“HK\$”	means Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	means 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 in respect of the terms of the Derivatives Transactions Framework Agreement, the Derivatives Transactions and the Proposed Revised Annual Caps
“Independent Financial Adviser”	means 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 SFO, being the independent financial adviser appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Derivatives Transactions Framework Agreement, the Derivatives Transactions and the Proposed Revised Annual Caps
“Independent Shareholders”	means the Shareholders other than BOCOM and its associates
“Latest Practicable Date”	means 1 June 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“Model Code”	means Model Code for the Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Proposed Revised Annual Caps”	means the proposed revised annual caps for the Derivatives Transactions as set out under “Current Annual Caps and Proposed Revised Annual Caps” in the section headed “Letter from the Board” in this circular
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	means the ordinary share(s) of the Company
“Shareholder(s)”	means the holder(s) of Shares
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the same meanings as those defined under the Listing Rules



**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)**

*Executive Directors:*

Mr. TAN Yueheng (*Chairman*)

Mr. CHENG Chuange (*Deputy Chief Executive Officer*)

*Registered Office*

9/F, Man Yee Building

68 Des Voeux Road Central  
Hong Kong

*Non-executive Directors:*

Mr. WANG Yijun

Ms. LIN Zhihong

Mr. SHOU Fugang

*Independent Non-executive Directors*

Mr. TSE Yung Hoi

Mr. MA Ning

Mr. LIN Zhijun

4 June 2020

*To the Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS  
REVISION OF ANNUAL CAPS UNDER  
DERIVATIVES TRANSACTIONS FRAMEWORK AGREEMENT  
AND  
CLARIFICATIONS RELATING TO RELATED PARTY  
TRANSACTIONS IN ANNUAL REPORTS 2018 AND 2019**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 2 June 2020 in relation to, among other things, (i) the Proposed Revised Annual Caps; and (ii) the annual reports 2018 and 2019 of the Company in relation to certain clarifications relating to the related party transactions.

The purposes of this circular are to provide you with, among other things, (i) further information on the Proposed Revised Annual Caps; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice

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## LETTER FROM THE BOARD

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from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) the notice of the EGM; and (v) other information as required under the Listing Rules.

Reference is also made to the Company's announcement dated 26 March 2019, circular dated 17 May 2019 and poll results announcement dated 14 June 2019 in relation to, among others, the automatic renewal of continuing connected transactions under the Derivatives Transactions Framework Agreement entered into between the Company and BOCOM for the three years ending 31 December 2022.

As part of the Company's periodic review of the Current Annual Caps and communications with the BOCOM Group, the Company has noted an increase in the transaction amount of the Derivatives Transactions between the Group and the BOCOM Group due to an increase in volatility of the commodity market, and expects that the market volatility will continue. As a result, the Board proposes to increase the Current Annual Caps to accommodate the expected volume of transactions under the Derivatives Transactions Framework Agreement.

### **PRINCIPAL TERMS OF THE DERIVATIVES TRANSACTIONS FRAMEWORK AGREEMENT**

The principal terms of the Derivatives Transactions Framework Agreement remain unchanged and are summarised as below.

**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 commodity 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 commodity derivatives transactions with the BOCOM Group at specified prices and terms at the over-the-counter market pursuant to the ISDA Master Agreement dated 16 June 2016 entered into by the Company and BOCOM.

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## LETTER FROM THE BOARD

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Simultaneously, the Group enters into commodity derivatives transactions at an offshore commodity futures exchange on substantially similar prices with an insignificant spread and on otherwise identical commercial terms 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.



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## LETTER FROM THE BOARD

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### HISTORICAL ANNUAL CAPS AND TRANSACTION AMOUNTS

#### *Trading Gains or Losses to the Group*

The historical annual caps for and the trading gains or losses to the Group in respect of the Derivatives Transactions during each of the three years ended 31 December 2019 were as follows:

	During the year ended 31 December					
	2017		2018		2019	
	<i>(HK\$ million)</i> <i>(Approximate)</i>		<i>(HK\$ million)</i> <i>(Approximate)</i>		<i>(HK\$ million)</i> <i>(Approximate)</i>	
	Annual Caps	Transaction Amount	Annual Caps	Transaction Amount <sup>(2)</sup>	Annual Caps	Transaction Amount <sup>(2)</sup>
<b>Trading Gains/(Losses) to the Group <sup>(1)</sup></b>	58.1	12.5	81.3	7.4	92.9	(15.5)
Realised Actual Trading Gains/(Losses)	—	11.2	—	2.9	—	(10.9)
Unrealised Floating Trading Gains/(Losses)	—	1.3	—	4.5	—	(4.6)

*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) To clarify the inadvertent clerical errors in the annual reports 2018 and 2019 of the Company: (1) HK\$7.42 million of “trading losses” should read “trading gains” from the derivatives transactions during the year ended 31 December 2018 on page 160 of the annual report 2018 and page 165 of the annual report 2019 of the Company; and (2) HK\$15.527 million of “trading gains” should read “trading losses” from the derivatives transactions during the year ended 31 December 2019 on page 165 of the annual report 2019 of the Company. Such trading gains or losses to the Group accounted for approximately 0.50% and 0.99% of the revenue during each of the two years ended 31 December 2019, respectively, and substantially less if taking into account the commodity derivatives transactions entered into by the Group in opposite direction for commodity risks management, as discussed in “Scope of Service” under the section headed “Principal Terms of the Derivatives Transactions Framework Agreement”. The Company confirms that the annual caps for the trading gains or losses from the Derivatives Transactions were not exceeded during each of the two years ended 31 December 2019 and all remaining information in the notes relating to the related party transactions on pages 160 to 164 of the annual report 2018 of the Company and pages 165 to 169 of the annual report 2019 of the Company remains unchanged. The auditor of the Company also confirms that having considered the above clarifications, its confirmations relating to the Derivatives Transactions for each of the two years ended 31 December 2019 as disclosed on page 33 of the annual report 2018 of the Company and page 38 of the annual report 2019 of the Company remain unchanged.

The trading gains or losses to the Group arising from the Derivatives Transactions in the above table represent the aggregate of (1) the realised actual trading gains or losses; and (2) the unrealised floating trading gains or losses, which are merely indicative gains or losses relating to unclosed positions treated as if all unrealised floating trading gains or losses had become crystallised and settled as at the end of the relevant financial periods. The trading

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## LETTER FROM THE BOARD

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positions are subject to changes from time to time, and the trading gains or losses arising from the Derivatives Transactions appearing earlier in a financial year on the book records may be reduced by the realised actual trading losses or further increased by the unrealised floating trading gains at a later time during the financial year.

Based on the above, due to the fundamental differences between the nature and characteristics of the Derivatives Transactions and those of the typical kind of transactions (such as purchase or sale of goods in conventional types of businesses), the annual caps apply to the trading gains or losses arising from the Derivatives Transactions on an annual basis as at the end of each financial year rather than on a specific time or continuous basis during the financial year. Unlike typical transactions, the Derivatives Transactions involve the trading of derivatives. The quantity of the derivatives products can go both ways and can therefore increase or decrease in either way and offset each other over a period of time depending on the commodity market conditions and decision of counterparties or holders of derivatives products that are not within the control of the Company. As such, it would be impracticable to use any interim figures recorded at any relevant time during the year to determine whether or not the annual cap for the trading gains or losses for a financial year has been exceeded. Any such interim figures are therefore used for reference purposes only and for determining and projecting whether or not the annual caps will need to be increased for annual reporting and review purposes as at the end of the relevant financial year.

## LETTER FROM THE BOARD

### *Maximum Fair Value Recorded as Financial Assets and Financial Liabilities*

The historical annual caps for and the maximum fair value recorded as financial assets and financial liabilities in respect of the Derivatives Transactions for each of the three years ended 31 December 2019 and the four months ended 30 April 2020 were as follows:

	For the year ended 31 December 2017 <i>(HK\$ million)</i> <i>(Approximate)</i>		For the year ended 31 December 2018 <i>(HK\$ million)</i> <i>(Approximate)</i>		For the year ended 31 December 2019 <i>(HK\$ million)</i> <i>(Approximate)</i>		For the four months ended 30 April 2020 <i>(HK\$ million)</i> <i>(Approximate)</i>	
	Annual Caps	Transaction Amount	Annual Caps	Transaction Amount <sup>(1)</sup>	Annual Caps	Transaction Amount	Annual Caps	Transaction Amount
Maximum Fair Value Recorded as Financial Assets	55.7	18.9	75.5	5.3	90.6	2.3	75.5	71.0
Maximum Fair Value Recorded as Financial Liabilities	55.7	1.3	75.5	0.3	90.6	0	75.5	0

*Note:*

- (1) To clarify the inadvertent clerical errors in the annual report 2018 of the Company, the “maximum fair value recorded as financial assets” and the “maximum fair value recorded as financial liabilities” of the Company for the year ended 31 December 2018 should read “HK\$5.3 million” (instead of HK\$3.1 million) and “HK\$0.3 million” (instead of HK\$2.0 million) on page 32 of the annual report 2018 of the Company, respectively. Such maximum fair value recorded as financial assets and maximum fair value recorded as financial liabilities accounted for approximately 0.36% and 0.02% of the revenue during the year ended 31 December 2018, respectively. The Company confirms that the annual caps for the maximum fair value recorded as financial assets and the maximum fair value recorded as financial liabilities were not exceeded during the year ended 31 December 2018 and all remaining information in the Directors’ report on pages 22 to 34 of the annual report 2018 of the Company remains unchanged. The auditor of the Company also confirms that having considered the above clarifications, its confirmations relating to the Derivatives Transactions for the year ended 31 December 2018 as disclosed on page 33 of the annual report 2018 of the Company remain unchanged.

Based on the information available to the Company, the maximum fair value recorded as financial assets and the maximum fair value recorded as financial liabilities in respect of the Derivatives Transactions did not exceed the Current Annual Caps as at the Latest Practicable Date, and the Company does not expect that such fair values will exceed the Current Annual Caps as at the date of the EGM.

### **CURRENT ANNUAL CAPS AND PROPOSED REVISED ANNUAL CAPS**

Due to the recent volatility of the commodity market, the Group expects that the transaction amount in respect of the Derivatives Transactions will likely exceed the Current Annual Caps and the Company is therefore taking early steps to seek Shareholders’

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## LETTER FROM THE BOARD

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approval to adopt the Proposed Revised Annual Caps. For details of the reasons for revising the Current Annual Caps, please refer to the section headed “Reasons for and Benefits of Revising the Current Annual Caps”.

Despite the proposed increase in annual caps, the Group expects to assume no overall risks of investment losses as the Company will continue to enter into derivatives transactions in opposite directions with independent third parties on offshore commodity futures exchanges and on substantially similar prices with an insignificant spread, so that the trading gains or losses arising from the Derivatives Transactions will be offset by the trading gains or losses arising from the derivatives transactions in opposite directions. For details, please refer to “Scope of Service” in the section headed “Principal Terms of the Derivatives Transactions Framework Agreement”.

### *Trading Gains or Losses to the Group*

The Current Annual Caps and the Proposed Revised Annual Caps for the trading gains or losses to the Group arising from the Derivatives Transactions during each of the three years ending 31 December 2022 are as follows:

	During the year ending 31 December		
	2020	2021	2022
	(HK\$ million)	(HK\$ million)	(HK\$ million)
<b>Trading Gains/(Losses) to the Group<sup>(1)</sup></b>			
— Current Annual Caps	81.3	81.3	81.3
— Proposed Revised Annual Caps	400	400	400

*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).

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## LETTER FROM THE BOARD

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### *Maximum Fair Value Recorded as Financial Assets and Financial Liabilities*

The Current Annual Caps and the Proposed Revised Annual Caps for the maximum fair value recorded as financial assets and financial liabilities in respect of the Derivatives Transactions for each of the three years ending 31 December 2022 are as follows:

	For the year ending 31 December		
	2020	2021	2022
	(HK\$ million)	(HK\$ million)	(HK\$ million)
<b>Maximum Fair Value Recorded as Financial Assets</b>			
— Current Annual Caps	75.5	75.5	75.5
— Proposed Revised Annual Caps	400	400	400
<b>Maximum Fair Value Recorded as Financial Liabilities</b>			
— Current Annual Caps	75.5	75.5	75.5
— Proposed Revised Annual Caps	400	400	400

### **BASIS OF DETERMINATION OF PROPOSED REVISED ANNUAL CAPS**

The Proposed Revised Annual Caps provided for the three years ending 31 December 2022 were determined mainly by reference to the following key factors based on the latest information available to the Group:

- (a) the magnitude of change of trading gains or losses (including both realised actual trading gains or losses and unrealised floating trading gains or losses) arising from the Derivatives Transactions, in particular the change from trading losses for the year ended 31 December 2019 to significant trading gains for the three months ended 31 March 2020;
- (b) the high volatility of the commodity market, which is presumed to remain the same for the three years ending 31 December 2022 as the average volatility rate of the commodity-based products relating to the Derivatives Transactions during the period from 1 January 2020 to 31 March 2020;
- (c) 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 2022 (for further details, please refer to the section headed “Reasons for and Benefits of Revising the Current Annual Caps” below);
- (d) the expected demand for risk management of commodity prices fluctuation by the BOCOM Group through the Group on offshore commodity futures exchanges for each of the three years ending 31 December 2022; and

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## LETTER FROM THE BOARD

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- (e) 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 2020 and the historical settlement pattern of BOCOM Group.

### 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 Derivatives Transactions:

- (a) before confirming the pricing and the terms of the Derivatives 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 Derivatives Transactions are fair, reasonable and no less favourable than those quoted by independent third parties to the Group or no more favourable 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 Derivatives 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 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, save where it involves any actual cash flow, the relevant information of which will be updated simultaneously upon payment or receipt of funds in respect of the relevant transactions;
- (c) if the Futures Department considers that there is a need to increase the current annual caps, the relevant staff must promptly report the Derivatives Transactions to the Company Secretary and the Legal and Compliance Department of the Company (directly or through the head of the Futures Department) 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;
- (d) due to the unexpected market volatility in early 2020, the Futures Department of the Company has reviewed the trading gains or losses (including the realised actual trading gains or losses and the unrealised floating trading gains or losses) arising from the Derivatives Transactions on a daily basis instead of a monthly

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## LETTER FROM THE BOARD

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basis from 1 January 2020 to late March 2020 and the overall funding exposure associated with such transactions, and conducted stress test to assess the likely impact of the market condition on the unrealised floating trading gains or losses. As a result of the review, the Company has decided to take precautionary steps at this early stage to seek the Independent Shareholders' approval;

- (e) in view of the significant increase of the Current Annual Caps to the Proposed Revised Annual Caps, the Company has adopted additional guidelines and internal approval procedures, including:
  - (i) requiring the Futures Department to obtain the approval from the credit risk management committee for the upward adjustment of credit limit granted to BOCOM Group in respect of the relevant Derivatives Transactions. As BOCOM Group manages its risk in commodities transactions through the Company by entering into contracts in the opposite direction on the offshore commodity exchanges, any credit amount granted to the Company's commodities trading account will have an impact on the maximum unclosed positions of BOCOM Group as the credit facility will be utilized to fulfil the requirements of initial margins and maintenance margin of the account;
  - (ii) designating a staff member from the Futures Department to assess the trading gains or losses and the funding exposure of the Derivatives Transactions at the end of each of the trading day instead of assessing the same on a monthly basis; and
  - (iii) conducting stress test on a real time basis in respect of the following: (A) the headroom left before reaching the Proposed Revised Annual Caps; (B) realised actual trading gains and unrealised floating trading gains or losses; (C) trading positions held by the Company; and (D) market conditions and volatility; and
- (f) 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 Derivatives 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 Derivatives 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 Derivatives 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 Derivatives Transactions in all material respects or have exceeded the annual cap for such transactions.



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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF REVISING THE CURRENT ANNUAL CAPS

Due to the sharp fluctuations in the commodity market (in particular the first quarter of 2020), the transaction amounts in respect of the Derivatives Transactions between the Group and the BOCOM Group have increased. As such, the Company has taken precautionary steps by proposing to revise the Current Annual Caps and re-comply with the Listing Rules well in advance before the end of the financial year ending 31 December 2020. Since January 2020, the transaction amounts (comprising both realised actual gains or losses and unrealised floating gains or losses) in respect of the Derivatives Transactions between the Group and the BOCOM Group have increased significantly. The Group expects that the transaction amounts in respect of the Derivatives Transactions between the Group and the BOCOM Group may exceed the Current Annual Caps after taking into account the following factors:

- (a) the growing transaction amounts in respect of the Derivatives Transactions between the Group and the BOCOM Group since January 2020 and the historical low commodity prices; and
- (b) in so far as the Derivatives Transactions between the Group and BOCOM Group are concerned, the period of the commodity-based products during which the holders of products can trade before the expiration of the product (depending on risk appetite, profit and loss situation and other factors).

Based on the above, the Company considers that the Current Annual Caps are very likely to be unable to satisfy the transaction demand between the Group and the BOCOM Group.

### 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 commercial and retail bank providing banking services mainly in the People's Republic of China, with its A shares listed on the Shanghai Stock Exchange and H shares listed on the Stock Exchange. The principal activities of BOCOM and the BOCOM Group include corporate and personal banking services, interbank and financial market business, fund management, trustees, financial leasing, insurance, overseas securities debt-to-equity swap, asset management and other financial services.



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## LETTER FROM THE BOARD

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### LISTING RULES IMPLICATIONS

BOCOM is a substantial Shareholder and the ultimate controlling Shareholder holding approximately 73.14% of total number of issued Shares, and hence BOCOM is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Derivatives Transactions constitute continuing connected transactions of the Company under the Listing Rules.

Pursuant to Rule 14A.54(1) of the Listing Rules, the Company must re-comply with the announcement and independent shareholders' approval requirements before the Current Annual Caps are exceeded. As such, Company proposes to adopt the Proposed Revised Annual Caps for the Derivatives Transactions under the Derivatives Transactions Framework Agreement.

Due to the different nature and unique characteristics of the Derivatives Transactions from those of the more typical transactions (such as the sale or purchase of goods), the trading gains or losses in respect of the Derivatives Transactions comprise unrealised floating gains or losses that may on the face of the book records appear to exceed the Current Annual Caps during the relevant reporting period, thereby leading to an anomalous result. Such nature and characteristics of the Derivatives Transactions include, among others, the following: (i) unlike a typical kind of transactions that can go only one-way (e.g. either sale or purchase), the Derivatives Transactions involve derivatives products with trading positions that can go both ways (i.e. the positions may increase or decrease and can offset each other over a period of time depending on the commodity market conditions and the stock market conditions as a whole); (ii) the "transaction amount" (comprising unrealised floating gains or losses in unclosed positions) of the Derivatives Transactions is subject to market conditions and decisions of the counterparties or holders of derivatives products that are not within the control of the Company; and (iii) any interim trading positions recorded during the relevant reporting periods are subject to changes from time to time. Please refer to the section headed "Historical Annual Caps and Transaction Amounts" for details.

In light of the anomalous result arising from the application of the annual caps to the Derivatives Transactions on a specific time or continuous basis during the relevant reporting periods as if they were a typical kind of transactions, it would only be reasonable and practicable for the annual caps to apply to the trading gains or losses arising from the Derivatives Transactions on an annual basis as at the end of each financial year. As precautionary measures and for compliance purposes, given the volatility of the market in recent months, the Company has taken early steps to assess the Current Annual Caps, discuss the Current Annual Caps and the Proposed Revised Annual Caps with the BOCOM Group, and decided to seek Shareholders' approval to adopt the Proposed Revised Annual Caps in advance before the end of the financial year.

As the highest applicable percentage ratio in respect of the Proposed Revised Annual Caps is 5% or more, the Proposed Revised Annual Caps will be subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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## LETTER FROM THE BOARD

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An Independent Board Committee has been established to advise the Independent Shareholders in respect of the terms of the Derivatives Transactions Framework Agreement, the Derivatives Transactions and the Proposed Revised Annual Caps. The Independent Financial Adviser has also been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

### **BOARD APPROVAL**

Due to the executive roles of Mr. WANG Yijun, Ms. LIN Zhihong and Mr. SHOU Fugang in the BOCOM Group, such non-executive Directors have abstained from voting on the Board resolution in respect of the approval of the Proposed Revised Annual Caps. Save as disclosed above, none of the Directors has a material interest in respect of the Proposed Revised Annual Caps and none of them has abstained from voting on the Board resolution in respect of the approval of the Proposed Revised Annual Caps.

### **EGM**

The Company will hold the EGM at Salon 6 of JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong immediately after the conclusion or adjournment of the annual general meeting of the Company to be held at the same location on Friday, 19 June 2020 at 3:00 p.m. (or any adjournment thereof), at which a resolution will be proposed for the purpose of, among others, considering and if thought fit, approving the Proposed Revised Annual Caps. The notice to convene the EGM is set out on pages EGM-1 to EGM-2 of this circular.

A form of proxy for use by the Shareholders at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed on the form and deposit the same at the office of the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours (excluding any part of a day that is a public holiday) before the time scheduled for the holding of the EGM or any adjournment of EGM (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment of the EGM (as the case may be).

### **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 16 June 2020 to Friday, 19 June 2020 (both dates inclusive), for the purposes of determining the entitlements of the Shareholders to attend and vote at the EGM. No transfer of the Shares may be registered during the said period. In order to qualify to attend and vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on Monday, 15 June 2020.

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## LETTER FROM THE BOARD

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### VOTING BY POLL

In accordance with Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the voting on the resolution at the EGM will be conducted by way of poll.

BOCOM and its associates hold 73.14% of the issued Shares and since BOCOM and its associates are considered to have a material interest in respect of the Proposed Revised Annual Caps, BOCOM and its associates shall abstain from voting on the relevant resolution to approve the same pursuant to the Listing Rules. Save as disclosed above, to the best of the information and knowledge of the Company, no other existing Shareholder is required to, or otherwise will, abstain from voting on the relevant resolution to approve the Proposed Revised Annual Caps for the purpose of the Listing Rules.

### RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 18 to 19 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders regarding the resolution to approve the Proposed Revised Annual Caps; (ii) the letter from the Independent Financial Adviser, set out on pages 20 to 32 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the Proposed Revised Annual Caps; and (iii) additional information set out in the appendix to this circular.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the Proposed Revised Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders vote in favour of the ordinary resolution to be proposed at the EGM in respect of the Proposed Revised Annual Caps.

The Directors (including the independent non-executive Directors, after considering the advice from the Independent Financial Adviser) are of the view that the Derivatives Transactions Framework Agreement and the Derivatives Transactions are entered into in the ordinary and usual course of business of the Group and on normal commercial terms or better, the terms of the Derivatives Transactions Framework Agreement, the Derivatives Transactions and the Proposed Revised Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Board therefore recommends you vote in favour of the resolution in respect of the Proposed Revised Annual Caps to be proposed at the EGM.

By order of the Board  
**BOCOM International Holdings Company Limited**  
**TAN Yueheng**  
*Chairman and Executive Director*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Proposed Revised Annual Caps.*



### 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)**

4 June 2020

*To the Independent Shareholders*

### CONTINUING CONNECTED TRANSACTIONS REVISION OF ANNUAL CAPS UNDER DERIVATIVES TRANSACTIONS FRAMEWORK AGREEMENT

Dear Sir or Madam,

We refer to the circular of the Company dated 4 June 2020 (the “**Circular**”) despatched to the Shareholders, of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to consider and advise the Independent Shareholders on whether (i) the terms of the Derivatives Transactions Framework Agreement, the Derivatives Transactions and the Proposed Revised Annual Caps are fair and reasonable in so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole; and (ii) the Derivatives Transactions Framework Agreement and the Derivatives Transactions are on normal commercial terms or better and in the ordinary and usual course of business of the Group.

We wish to draw your attention to (i) the letter from the Independent Financial Adviser containing details of the advice, together with the principal factors and reasons it has taken into consideration, are set out on pages 20 to 32 of the Circular; and (ii) the letter from the Board as set out on pages 4 to 17 of the Circular.

Having taken into account the opinion of the Independent Financial Adviser as set out in its letter of advice, we consider (i) the terms of the Derivatives Transactions Framework Agreement, the Derivatives Transactions and the Proposed Revised Annual Caps are fair and reasonable in so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole; and (ii) the

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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Derivatives Transactions Framework Agreement and the Derivatives Transactions are on normal commercial terms or better and in the ordinary and usual course of business of the Group.

Accordingly, we recommend that the Independent Shareholders to vote in favour of the resolution to approve the Proposed Revised Annual Caps at the EGM.

Yours faithfully,  
For and on behalf of  
the Independent Board Committee

**Mr. TSE Yung Hoi**  
*Independent non-executive  
Director*

**Mr. MA Ning**  
*Independent non-executive  
Director*

**Mr. LIN Zhijun**  
*Independent non-executive  
Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of a letter of advice from Altus Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Proposed Revised Annual Caps for the Derivatives Transactions, which have been prepared for the purpose of incorporation in this circular.*

# ALTUS.

**Altus Capital Limited**  
21 Wing Wo Street,  
Central, Hong Kong

4 June 2020

*To the Independent Board Committee and the Independent Shareholders*

**BOCOM International Holdings Company Limited**  
9/F, Man Yee Building  
68 Des Voeux Road Central  
Hong Kong

Dear Sir and Madam,

### **REVISION OF ANNUAL CAPS OF THE CONTINUING CONNECTED TRANSACTIONS UNDER THE DERIVATIVES TRANSACTIONS FRAMEWORK AGREEMENT**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Revised Annual Caps for the Derivatives Transactions, details of which are set out in the “Letter from the Board” contained in the circular of the Company dated 4 June 2020 (the “**Circular**”). Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to (i) the Company’s announcement dated 26 March 2019, circular dated 17 May 2019 and poll results announcement dated 14 June 2019 in relation to, among others, the automatic renewal of the continuing connected transaction as contemplated under the Derivatives Transactions Framework Agreement for the three years ending 31 December 2022; and (ii) the Company’s announcement dated 2 June 2020 in relation to the proposed revision of annual caps under the Derivatives Transactions Framework Agreement. As part of the Company’s periodic review of the Current Annual Caps and communications with the BOCOM Group, the Management (as defined below) has noted an increase in the transaction amount of the Derivatives Transactions between the Group and the BOCOM Group due to an increase in volatility of the commodity market and

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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expects that the market volatility will continue. As a result, the Board proposes to increase the Current Annual Caps to accommodate the expected volume of transactions under the Derivatives Transactions Framework Agreement.

### LISTING RULES IMPLICATIONS

BOCOM is a substantial Shareholder and the ultimate controlling Shareholder, holding approximately 73.14% of the issued Shares, and hence BOCOM is a connected person of the Company. The Derivatives Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.54(1) of the Listing Rules, if the Company proposes to revise the Current Annual Caps, the Company must re-comply with the announcement and Independent Shareholders' approval requirements before the Current Annual Caps are exceeded. As such, the Company proposes to adopt the Proposed Revised Annual Caps for the Derivatives Transactions under the Derivatives Transactions Framework Agreement.

As the highest applicable percentage ratio in respect of the Proposed Revised Annual Caps is 5% or more, the Proposed Revised Annual Caps will be subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Due to the executive roles of Mr. WANG Yijun, Ms. LIN Zhihong and Mr. SHOU Fugang in the BOCOM Group, such non-executive Directors have abstained from voting on the Board resolution in respect of the approval of the Proposed Revised Annual Caps. Save as disclosed above, none of the Directors has a material interest in respect of the Proposed Revised Annual Caps and none of them has abstained from voting on the Board resolution in respect of the approval of the Proposed Revised Annual Caps.

### THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. TSE Yung Hoi, Mr. MA Ning and Mr. LIN Zhijun, has been established to advise the Independent Shareholders on whether (i) the terms of the Derivatives Transactions Framework Agreement in relation to the Derivatives Transactions (including the Proposed Revised Annual Caps) are fair and reasonable as far as the Company and the Independent Shareholders are concerned; (ii) the Derivatives Transactions are on normal or better commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and Shareholders as a whole; and (iii) how to vote at the EGM, taking into account the recommendation of the Independent Financial Adviser.

### THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders on whether (i) the terms of the Derivatives Transactions Framework Agreement in relation to the Derivatives Transactions (including the Proposed Revised Annual Caps) are fair and reasonable as far as the



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Company and the Independent Shareholders are concerned; (ii) the Derivatives Transactions are on normal or better commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution relating thereto to be proposed at the EGM.

We had acted as the independent financial adviser to the Company with regards to the renewal of continuing connected transactions, details of which are set out in the circular of the Company dated 19 May 2019. Save for the aforesaid engagement, we have not acted as independent financial adviser in relation to any transactions of the Company in the last two years prior to the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the Proposed Revised Annual Caps contemplated thereunder is at market level and not conditional upon successful passing of the resolution to be proposed at the EGM, and that our engagement is on normal commercial terms, we are independent of and not associated with the Company, its controlling shareholder(s) or connected person(s).

### **BASIS OF OUR ADVICE**

In formulating our opinion, we have reviewed, amongst others (i) the Derivatives Transactions Framework Agreement; (ii) the annual report of the Company for the year ended 31 December 2019 (the “**2019 Annual Report**”); (iii) financial information/summary in relation to the Derivatives Transactions provided by the Company; (iv) the prospectus of the Company dated 5 May 2017; (v) market data such as the CBOE Volatility Index for the period from the beginning of 2019 to the Latest Practicable Date and average daily volume of futures and options in the derivatives exchange for the period from the beginning of 2019 to April 2020; and (vi) other information set out in the Circular.

We have also relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Group (the “**Management**”). We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Company, the Directors and the Management were reasonably made after due and careful enquiry and were true, accurate and complete at the time they were made and continued to be so as at the date of the Circular. The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in the Circular misleading.

We have no reason to believe that any such statements, information, opinions or representations we relied on in forming our opinion are untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render them untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions



and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Company and the Management have been reasonably made after due and careful enquiry. We have relied on such statements, information, opinions and representations. We consider that we have been provided with and have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

## **1. BACKGROUND**

### **1.1 Principal businesses and prospects of the Group**

#### *1.1.1 Principal businesses of the Group*

The Group is principally engaged in four core businesses: (i) securities brokerage and margin financing, including executing trades on behalf of clients in stocks, bonds, futures, options and other marketable securities and offering collateralized financing relating to securities transactions to both retail and institutional customers; (ii) corporate finance and underwriting, which provides services ranging from IPO sponsorship, equity securities underwriting, debt securities underwriting, mergers and acquisitions, pre-IPO financing, and financial advisory; (iii) asset management and advisory, including management of public and private funds and discretionary managed accounts, and investment advisory services; and (iv) investment and loans, entailing investment in various equity and debt securities as well as public and private funds, and structured financing and loans to enterprises.

#### *1.1.2 Prospects of the Group*

As disclosed in the 2019 Annual Report, in light of the recent outbreak of COVID-19 Pandemic, production shutdown and supply chain disruption are deepening economic slowdown. Rising fears of recession spark global sell-offs of risk assets and flight to safety; the prices of risk assets have collapsed, and the safe-haven assets trade is extremely crowded. As the crisis intensified, central banks have taken coordinated actions. Developed countries ramped up their asset purchases and the Federal Reserve slashed interest rates to zero. However, in the face of any possible recession, advanced economies trapped by unconventional monetary policies and heavy debts have little room for stimulus. The global economy faces great uncertainty under the haze of the epidemic.

To cope with the aforementioned uncertainties in global economic environment and the increasing market risks, the Group will adopt a more prudent risk management framework in response to the possible huge impact from external markets in this year of extraordinary challenges. The Group will focus on value creation and promote high-quality and large-scale development by strengthening technology empowerment and facilitating synergetic development of the licensed business and asset-based business. Meanwhile, the Group will make further improvements to its internal control system and increase efforts in

enforcing self-inspiring and prudent internal controls, so as to balance the risks and returns, achieve balanced development with respect to scale, quality and efficiency, and develop itself into a wealth management and financial service institution with global influence and market competitiveness in the region, striving to create greater value for its clients and Shareholders.

## **1.2 Principal businesses of the BOCOM Group**

BOCOM is a commercial and retail bank providing banking services mainly in the People's Republic of China, with its A shares listed on the Shanghai Stock Exchange and H shares listed on the Stock Exchange. The three principal lines of business of BOCOM and the BOCOM Group are corporate banking, personal banking, treasury and other businesses. Corporate banking business includes providing financial products and services for enterprises, government agencies and financial institutions, such as deposits and loans, value chain of financial product, cash management, international settlement and trade financing, investment banking, asset custody, wealth management and all kinds of intermediary businesses. Personal banking business includes services such as deposits and loans, wealth management, bank cards, private banking and all kinds of intermediary businesses for individual customers. Treasury businesses mainly includes money market placements and takings, financial investment, and securities sold under repurchase agreements.

The BOCOM Group's total assets increased by approximately 3.9% from 31 December 2018 to approximately RMB9,905.6 billion as at 31 December 2019. Its net profit increased by approximately 5.3% to approximately RMB78.1 billion for the year ended 31 December 2019 as compared to that recorded for the year ended 31 December 2018.

## **1.3 Relationship of the Group with the BOCOM Group**

BOCOM is a substantial Shareholder and the ultimate controlling Shareholder holding approximately 73.14% of the total number of issued Shares of the Company as at the Latest Practicable Date. The Group continues to serve as an overseas business platform of BOCOM and the BOCOM Group. Through establishing or shareholding various subsidiaries with capital injection, the Group implements the overseas strategies of the BOCOM Group and develops its overseas financial businesses. Similarly, the relationship with the BOCOM Group accelerates the Group's business growth, which is supported by the greater demand from cross-border investing and financing services. Being the international flagship of BOCOM, the Group is committed to creating a large and vibrant international integrated financial services institution with PRC background in Hong Kong.

## **2. REASONS FOR AND BENEFITS OF REVISING THE CURRENT ANNUAL CAPS**

As described in paragraph headed "1.1.1 Principal businesses of the Group" above, we noted that it is in the ordinary course of business of the Group to provide various financial services to its clients, which include the BOCOM Group. Hence, it is reasonable to expect that in view of the BOCOM Group's requirement for certain financial services and the

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Group's qualifications, expertise and experience in providing such financial services, the BOCOM Group will continue to engage the Group to provide certain financial services as contemplated under the Derivatives Transactions Framework Agreement.

In light of the increase in volatility of commodity market, the transaction amount in relation to the Derivatives Transactions between the Group and the BOCOM Group increased correspondingly and the Management expects the market volatility will continue. To facilitate the trading demand for the on-going/continuation of the existing contracts in relation to Derivatives Transactions, the Company proposes to revise the Current Annual Caps for the three years ending 31 December 2022. In this respect, we noted that the increase in volatility of commodity was evidenced by the historical peak of the CBOE Volatility Index, a widely recognized indicator of market risk and investors' sentiments towards the market volatility, which has reached its peak in March 2020 (which was five times as compared to that at the end of 2019) and approximately doubled as at the Latest Practicable Date from the end of 2019). Moreover, the futures and options average daily trading volume in relation to the energy-related assets in CME Group (one of the world's largest financial derivatives exchange) which includes NYMEX increased from 2.4 million contracts in year 2019 to approximately 3.3 million contracts in the first four months in 2020. Such increase in the trading volume and price volatility for the four months ended 30 April 2020 was mainly due to the outbreak of the COVID-19 Pandemic that brought about uncertainties of timing for the global economy to recover, rendered disruptions of supply chains of all types of commodities including energy, metal and agriculture related products and impaired consumers' demand in such products, which thus in turn resulted in the large variation in the price of commodities. Due to the abovementioned increase in trading volume and price volatility, for the three months ended 31 March 2020, the monthly transaction volume of commodities in respect of the Derivatives Transactions had increased significantly as compared to the corresponding month for the three months ended 31 March 2019. In addition, the monthly transaction volume in respect of the Derivatives Transactions for each of the three months ended 31 March 2020 increased remarkably as compared to that in the previous month.

The Group expects that the annual transaction amount in respect of the Derivatives Transactions may exceed the Current Annual Caps after taking into account (i) that the transaction volume in respect of the Derivatives Transactions between the Group and the BOCOM Group have been growing since January 2020 as commodity prices hover at historical low and the BOCOM Group's transaction amount in relation to Derivatives Transactions for the three months ended 31 March 2020 was similar to the volume transacted for the whole year in 2019; and (ii) in so far as the Derivatives Transactions between the Group and the BOCOM Group are concerned, the period of the commodity-based products during which the holders of such products can trade until the expiration of the products (depending on risk appetite, profit and loss situation and other factors). Based on the above, the Company has taken precautionary steps by proposing to revise the Current Annual Caps and re-comply with the Listing Rules in advance before the end of the financial year ending 31 December 2020.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Given that (i) the principal terms of the Derivatives Transactions Framework Agreement remain unchanged; (ii) the above-mentioned expected increased demand in the BOCOM Group's requirement for provision of such transactions by the Group; and (iii) the expected net trading gains derived by the Group from the derivatives transactions due to the back-to-back pricing policy as detailed in the paragraph headed "Pricing policy of the type of derivatives transactions" below, we consider that it is fair and reasonable to revise the Current Annual Caps.

As the principal terms of the Derivatives Transactions Framework Agreement remain unchanged, we are of the view that the terms of the Derivatives Transactions Framework Agreement in relation to the Derivatives Transactions will continue to be fair and reasonable as far as the Company and Independent Shareholders are concerned and that the Derivatives Transactions will also continue to be on normal or better commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

### **3. PARTICULARS OF THE DERIVATIVES TRANSACTIONS**

We noted that the terms of the Derivatives Transactions Framework Agreement remained unchanged. For more details of the principal terms of the Derivatives Transactions Framework Agreement, please refer to the paragraph headed "Principal terms of the Derivatives Transactions Framework Agreement" as set out in the "Letter from the Board" contained in the Circular.

#### **3.1 Pricing policy of the type of derivatives transactions**

The Group enters into Derivatives Transactions with the BOCOM Group at specified prices and terms at the over-the-counter market. 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. Under the above overall commodity derivatives transaction arrangements and the above back-to-back pricing policies with an insignificant spread, the Group assumes no overall risks of investment losses due to the set-off between the trading gains and the 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.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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**3.2 Historical annual caps and transaction amount**

*Trading gains or losses to the Group*

The historical annual caps for the trading gains or losses to the Group in respect of the Derivatives Transactions during each of the year ended 31 December 2017, 2018 and 2019 are set out below:

	For the year ended 31 December					
	2017		2018		2019	
	<i>(HK\$ million)</i> <i>(Approximate)</i>		<i>(HK\$ million)</i> <i>(Approximate)</i>		<i>(HK\$ million)</i> <i>(Approximate)</i>	
	Annual Caps	Transaction Amount	Annual Caps	Transaction Amount	Annual Caps	Transaction Amount
<b>Trading Gains/(Losses) to the Group <sup>(1)</sup></b>	58.1	12.5	81.3	7.4	92.9	(15.5)
Realised Actual Trading Gains/(Losses)	—	11.2	—	2.9	—	(10.9)
Unrealised Floating Trading Gains/(Losses)	—	1.3	—	4.5	—	(4.6)

*Note:*

- (1) Trading gains/(losses) to the Group do 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).

For more details of the trading gains or losses to the Group arising from the Derivatives Transactions, please refer to the paragraph headed “Historical annual caps and transaction amounts” in the “Letter from the Board” of the Circular.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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***Maximum fair value recorded as financial assets and financial liabilities***

The historical annual caps for and the maximum fair value recorded as financial assets and financial liabilities in respect of the Derivatives Transactions for each of the year ended 31 December 2017, 2018 and 2019 and the four months ended 30 April 2020 are set out below:

	For the year ended 31 December 2017 <i>(HK\$ million)</i> <i>(Approximate)</i>		For the year ended 31 December 2018 <i>(HK\$ million)</i> <i>(Approximate)</i>		For the year ended 31 December 2019 <i>(HK\$ million)</i> <i>(Approximate)</i>		For the four months ended 30 April 2020 <i>(HK\$ million)</i> <i>(Approximate)</i>	
	Annual Caps	Transaction Amount	Annual Caps	Transaction Amount	Annual Caps	Transaction Amount	Annual Caps <i>(Note)</i>	Transaction Amount
Maximum Fair Value Recorded as Financial Assets	55.7	18.9	75.5	5.3	90.6	2.3	75.5	71.0
Maximum Fair Value Recorded as Financial Liabilities	55.7	1.3	75.5	0.3	90.6	0	75.5	0

*Note:* This refers to the Current Annual Caps for the year ending 31 December 2020.

As advised by the Management, the trading gains/losses recorded by the Group and fair value recorded as financial assets/liabilities in relation to the Derivatives Transactions increased significantly during the three months ended 31 March 2020, which was much higher than the aggregated amount for the whole year of 2019. Such significant increase was due to the unexpected increase in the transaction amount in relation to the Derivatives Transactions between the Group and the BOCOM Group as explained in detail in the paragraph headed “2. Reasons and benefits of revising the Current Annual Caps” in this letter above.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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### 3.3 The Current Annual Caps and Proposed Revised Annual Caps

#### *Trading gains or losses to the Group*

The Current Annual Caps and Proposed Revised Annual Caps for the trading gains or losses to the Group arising from the Derivatives Transactions during each of the year ending 31 December 2020, 2021 and 2022 are set out below:

	<b>For the year ending 31 December</b>		
	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<i>(HK\$ million)</i>		
<b>Trading Gains/(Losses) to the Group</b> <i>(Note)</i>			
Current Annual Caps	81.3	81.3	81.3
Proposed Revised Annual Caps	400	400	400

*Note:* Trading gains/(losses) to the Group do 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).

#### *Maximum fair value recorded as financial assets and financial liabilities*

The Current Annual Caps and the Proposed Revised Annual Caps for the maximum fair value recorded as financial assets and financial liabilities in respect of the Derivatives Transactions for each of the year ending 31 December 2020, 2021 and 2022 are as follows:

	<b>For the year ending 31 December 2020</b>	<b>For the year ending 31 December 2021</b>	<b>For the year ending 31 December 2022</b>
	<i>(HK\$ million)</i>		
<b>Maximum Fair Value Recorded as Financial Assets</b>			
— Current Annual Caps	75.5	75.5	75.5
— Proposed Revised Annual Caps	400	400	400
<b>Maximum Fair Value Recorded as Financial Liabilities</b>			
— Current Annual Caps	75.5	75.5	75.5
— Proposed Revised Annual Caps	400	400	400



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Proposed Revised Annual Caps in respect of the Derivatives Transactions were determined mainly based on the following key factors based on the latest information available to the Group:

- (i) the magnitude of change of historical trading gains or losses (including both actual realised trading gains or losses and unrealised floating trading gains or losses) arising from the Derivatives Transactions, in particular the change from trading losses for the year ended 31 December 2019 to significant trading gains for the three months ended 31 March 2020. We noted that the trading gains/losses to the Group for the three months ended 31 March 2020 was substantially higher than that of the full year figures in 2019 in terms of absolute value;
- (ii) 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 financial liabilities for the year ended 31 December 2019 and the three months ended 31 March 2020, and the historical settlement pattern of the BOCOM Group. We noted that the fair value recorded as assets/liabilities as at 31 March 2020 was approximated to the Current Annual Caps, the increasing trend of which is in line with that of the trading gains/losses to the Group; and
- (iii) the high volatility of the commodity market which is presumed to remain the same as the average volatility rate of the commodity-based products relating to the Derivatives Transactions during the period from 1 January 2020 to 31 March 2020, the increase in transaction amount in respect of the Derivatives Transactions for the three months ended 31 March 2020, the expected demand for risk management of commodity price fluctuations by the BOCOM Group through the Group on offshore commodity futures exchanges for each of the three years ending 31 December 2022 and the expected transaction amount in respect of the Derivatives Transactions between the Group and the BOCOM Group over the three years ending 31 December 2022 after taking into account that:
  - a) due to the current increasing volatility of the commodity market as mentioned in the paragraph headed “2. Reasons and benefits of revising the Current Annual Caps” above, for the three months ended 31 March 2020, the monthly transaction volume in respect of the Derivatives Transactions between the Group and the BOCOM Group increased significantly as compared to the corresponding



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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month for the three months ended 31 March 2019. In addition, we noted that the monthly transaction volume for each of the three months ended 31 March 2020 also increased by approximately 42.7%, 16.1% and 449.6% respectively as compared to that in the previous month;

- b) historical low price of commodity whereby investors' interests in investing commodities may remain for a prolonged period of time;
- c) in so far as the Derivatives Transactions between the Group and the BOCOM Group are concerned, the period of the commodity-based during which the holders of such products can trade until the expiration of the product (depending on risk appetite, profit and loss situation and other factors); and
- d) we observed that the BOCOM Group's transaction amount in relation to the Derivatives Transactions for the three months ended 31 March 2020 accounted for over 90% of the amount transacted in the whole year of 2019, and the expected increase in the annual caps in relation to the Derivatives Transactions caters to facilitate the transaction demand between the Group and the BOCOM Group arising from the BOCOM Group's existing contracts in relation to Derivatives Transactions, which may roll forward over the three years ending 31 December 2022 given the recent large volatility in the commodity market and the period of commodity-based products as mentioned above.

Taking into consideration the above, the Management is of the view, and we concur, that the Proposed Revised Annual Caps are fair and reasonable.

#### 4. RECOMMENDATIONS

Having considered the above principal factors, we are of the view that (i) the terms of the Derivatives Transactions Framework Agreement in relation to the Derivatives Transactions (including the Proposed Revised Annual Caps) are fair and reasonable as far as the Company and the Independent Shareholders are concerned; and (ii) the Derivatives Transactions are on normal or better commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution approving the Proposed Revised Annual Caps at the EGM.

Yours faithfully,  
For and on behalf of  
**Altus Capital Limited**

**Jeanny Leung**  
*Executive Director*

**Leo Tam**  
*Assistant Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Ms. Jeanny Leung (“**Ms. Leung**”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. She is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Ms. Leung has over 30 years of experience in corporate finance advisory and commercial field in Greater China, in particular, she has participated in sponsorship work for initial public offerings and acted as financial advisor or independent financial adviser in various corporate finance transactions.*

*Mr. Leo Tam (“**Mr. Tam**”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. He has over five years of experience in corporate finance and advisory in Hong Kong, in particular, he has participated in sponsorship work for initial public offerings and acted as financial advisor or independent financial adviser in various corporate finance transactions. Mr. Tam is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this circular or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' and chief executive's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required to be entered in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

#### *Long position in Shares of the Company*

<b>Name of Director</b>	<b>Capacity/Nature of interest</b>	<b>Number of Shares</b>	<b>Approximate percentage of interest (%)</b>
TAN Yueheng	Beneficial owner	2,000,000	0.07
XI Xuanhua	Beneficial owner	1,000,000	0.04

*Long position in shares of associated corporation — BOCOM*

Name of Director	Capacity	Class of shares held in the associated corporation	Number of shares held in the associated corporation	Approximate percentage of shareholding in the associated corporation (%)	Approximate percentage to the total number of issued shares of the associated corporation (%)
TAN Yueheng	Beneficial owner	H shares	100,000	0.00	0.00
		A shares	140,000	0.00	0.00
CHENG Chuange	Beneficial owner	A shares	40,000	0.00	0.00
SHOU Fugang	Beneficial owner	H shares	20,000	0.00	0.00
		A shares	80,000	0.00	0.00
TSE Yung Hoi	Beneficial owner	H shares	1,000,000	0.00	0.00

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

**(b) Substantial Shareholders and other persons' interests in Shares and underlying Shares**

As at the Latest Practicable Date, so far as any Directors are aware, the interests or short positions owned by the following parties (other than the Directors or chief executive of the Company) in the Shares or underlying shares or debentures of the Company which were recorded in the register of the Company required to be kept under section 336 of the SFO were as follows:

Name of Shareholder	Capacity	Long Position/ Short Position	Total Number of Shares held	Approximate percentage of the total number of issued Shares of the Company (%)
BOCOM	Interest in a controlled corporation, beneficiary of trust ( <i>Note 1</i> )	Long Position	2,000,000,000	73.14
BOCOM Nominee	Interest in a controlled corporation, trustee (other than bare trustee) ( <i>Note 2</i> )	Long Position	2,000,000,000	73.14

*Notes:*

- Expectation Investment is an indirect subsidiary of BOCOM and is the beneficial owner of 500,000 Shares. BOCOM is deemed to be interested in an aggregate of 2,000,000,000 Shares which BOCOM Nominee is interested in as trustee (other than a bare trustee) and which Expectation Investment is interested in as beneficial owner.
- BOCOM Nominee is a subsidiary of BOCOM and (a) holds 1,999,500,000 Shares on trust for BOCOM and (b) controls 50% of voting rights of Expectation Investment which is the beneficial owner of 500,000 Shares.

**3. NO MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date up to which the latest published audited consolidated financial statements of the Group were made.

#### 4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

#### 5. EXPERT

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

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 SFO

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter advice and/or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above expert did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any interest, either directly or indirectly, in any assets which have been since 31 December 2019 (being the date up to which the latest published audited consolidated financial statements of the Company were made) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

#### 6. COMPETING INTERESTS

As at the Latest Practicable Date, save as disclosed in the section headed "Letter from the Board" in this circular, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interests in businesses which competed or might compete with the businesses of the Group or had any other conflict of interests with the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them was a controlling shareholder).

**7. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS**

As at the Latest Practicable Date:

- (a) none of the Directors had any direct or indirect interest in any assets which had been since 31 December 2019 (being the date up to which the latest published audited financial statements of the Group were made) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; and
- (b) none of the Directors was materially interested in any contract or arrangement subsisting at the date of this circular and which is significant in relation to the business of the Group.

**8. MISCELLANEOUS**

- (a) The registered office of the Company is situated at 9/F, Man Yee Building, 68 Des Voeux Road Central, Hong Kong.
- (b) The company secretary of the Company is Ms. YI Li.
- (c) The share registrar of the Company is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) This circular and the accompanying proxy form have been prepared in both English and Chinese. In the case of any discrepancies, the English texts shall prevail over their respective Chinese texts.

**9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be made available for inspection during normal business hours at the registered office of the Company at 9/F, Man Yee Building, 68 Des Voeux Road Central, Hong Kong from the date of this circular up to and including the date of the EGM on Friday, 19 June 2020:

- (a) the letter from the Board, the text of which is set out in the section headed "Letter from the Board" in this circular;
- (b) the letter from the Independent Board Committee, the text of which is set out in the section headed "Letter from the Independent Board Committee" in this circular;
- (c) the letter of advice from the Independent Financial Adviser, the text of which is set out in the section headed "Letter from the Independent Financial Adviser" in this circular;

- (d) the written consent referred to in the paragraph headed “Expert” in this appendix;
- (e) the Derivatives Transactions Framework Agreement; and
- (f) this circular.



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NOTICE OF EGM

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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)**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**EGM**”) of BOCOM International Holdings Company Limited (the “**Company**”) will be held at Salon 6 of JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong immediately after the conclusion of the annual general meeting of the Company to be held at the same location on Friday, 19 June 2020 at 3:00 p.m. (or any adjournment thereof), for the purpose of considering and, if thought fit, passing with or without amendments, the following ordinary resolution:

**ORDINARY RESOLUTION**

“**THAT**

- (a) the proposed revised annual caps (the “**Proposed Revised Annual Caps**”) in relation to the Derivatives Transactions (as defined in the circular of the Company dated 4 June 2020 (the “**Circular**”), a copy of which is tabled at the meeting and marked “**A**” and initialled by the chairman of the meeting for identification purpose) for each of the three years ending 31 December 2022 as set out in the Circular be and are hereby approved, confirmed and ratified; and
- (b) any one director of the Company (the “**Director**”) be and is hereby generally and unconditionally authorised to do all such further acts and things and to sign and execute all such other or further documents and to take all such steps which in the opinion of the Director may be necessary, appropriate, desirable or expedient to implement and/or give effect to the Proposed Revised Annual Caps.”

Yours faithfully,

For and on behalf of the Board of Directors  
**BOCOM International Holdings Company Limited**

**YI Li**

*Company Secretary*

Hong Kong, 4 June 2020

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## NOTICE OF EGM

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*Notes:*

1. Given the evolving 2019 novel coronavirus (COVID-19) pandemic, in order to prevent the spreading of COVID-19 and safeguard the health and safety of the shareholders of the Company (the “Shareholders”), it is suggested that the Shareholders consider appointing the chairman of the EGM as their proxy to vote at the meeting instead of attending in person.
2. In order to determine the eligibility to attend and vote at the above meeting, the register of members of the Company will be closed from Tuesday, 16 June 2020 to Friday, 19 June 2020 (both dates inclusive). To qualify to attend and vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 15 June 2020.
3. Any member of the Company entitled to attend and vote at the above meeting (or any adjournment of thereof) is entitled to appoint one or more proxies as his/her proxy to attend and vote instead of him/her. A proxy need not be a member of the Company.
4. In the case of joint registered holders of any shares in the Company, any one of such persons may vote at the above meeting, either personally or by proxy, in respect of such shares as if he/she were solely entitled thereto; but if more than one of such joint holders are present at the above meeting personally or by proxy, that one so present whose name stands first in the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
5. In order to be valid, the completed form of proxy must be deposited at the Company’s Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not less than 48 hours (excluding any part of a day that is a public holiday) before the time appointed for holding the above meeting or adjourned meeting (as the case may be). Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM and any adjournment thereof if you so wish, and if such event, the form of proxy will be deemed to be revoked.
6. Due to the evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change the meeting arrangements at short notice. Shareholders are advised to check the Company’s website for further announcements and updates on the meeting arrangements that may be issued.
7. Shareholders are suggested to telephone the Company’s hotline at (852) 3710 3328 for arrangements of the meeting in the event that a gale warning (tropical cyclone No. 8 or above) or black rainstorm warning is hoisted on the day of the meeting.

*As at the date of this circular, the board of Directors of the Company comprises Mr. TAN Yueheng and Mr. CHENG Chuange as executive Directors; Mr. WANG Yijun, Ms. LIN Zhihong and Mr. SHOU Fugang as non-executive Directors; Mr. TSE Yung Hoi, Mr. MA Ning and Mr. LIN Zhijun as independent non-executive Directors.*

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## PRECAUTIONARY MEASURES FOR THE EGM

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With the ever-evolving COVID-19 pandemic and the heightened requirements for the prevention and control of its spreading, to safeguard the health and safety of Shareholders who might be attending the EGM in person, the Company will implement the following precautionary measures.

The Company does not in any way wish to diminish the opportunity available to Shareholders to exercise their rights and to vote, but is conscious of the pressing need to protect Shareholders from possible exposure to the COVID-19 pandemic. **For the health and safety of Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the EGM by appointing the chairman of the EGM as their proxy instead of attending the EGM in person.** Physical attendance is not necessary for the purpose of exercising Shareholder rights. Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the EGM or any adjournment thereof should they subsequently so wish.

The deadline to submit completed proxy forms is Wednesday, 17 June 2020 at 3:00 p.m. Completed proxy forms must be returned to the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. The form of proxy can be downloaded from the Company's website ([www.bocomgroup.com](http://www.bocomgroup.com)) or the Stock Exchange's website.

Non-registered Shareholders whose shares are held through banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited should consult directly with their banks or brokers or custodians (as the case may be) to assist them in the appointment of proxy.

To safeguard the health and safety of Shareholders who might be attending the EGM in person, the Company will also implement the following measures at the EGM:

- (1) Compulsory temperature checks will be carried out on every attendee. Any person with a body temperature above the reference range quoted by the Department of Health from time to time, or who is exhibiting flu-like symptoms may be denied entry into the venue of the EGM and be requested to leave.
- (2) Every attendee will be required to submit a completed health declaration form prior to entry into the venue of the EGM. Please complete and sign the health declaration form such that it is ready for collection at the main entrance of the venue of the EGM to facilitate prompt and smooth processing.
- (3) Every attendee will be required to wear a surgical face mask throughout the EGM and sit at a distance from other attendees. Please note that no masks will be provided at the venue of the EGM and attendees should wear their own masks.
- (4) No corporate gifts or refreshments or drinks will be distributed to attendees at the EGM.

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## PRECAUTIONARY MEASURES FOR THE EGM

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To the extent permitted by law, the Company reserves the right to deny entry into the venue of the EGM or require any person to leave the venue of the EGM so as to ensure the health and safety of the attendees at the EGM.

Due to the constantly evolving COVID-19 pandemic situation, the Company may be required to change the arrangements of the EGM at short notice. Shareholders are advised to check the Company's website for further announcements and updates on the arrangements of EGM that may be issued.

If Shareholders have any questions relating to the EGM, please contact Computershare Hong Kong Investor Services Limited, the Hong Kong share registrar of the Company, as follows:

Computershare Hong Kong Investor Services Limited  
17M Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong  
Telephone: +852 2862 8555  
Facsimile: +852 2865 0990  
Email: [hkinfo@computershare.com.hk](mailto:hkinfo@computershare.com.hk)