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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  
FINANCIAL SERVICES FRAMEWORK AGREEMENT AND  
PROPERTY LEASING FRAMEWORK AGREEMENT**

We refer to the Company's Previous Disclosure in relation to, among others, the continuing connected transactions under the Financial Services Framework Agreement and the Property Leasing Framework Agreement.

On 2 June 2021, the Board resolved to revise (i) the current annual caps in respect of the interest on deposits received by the Group from the BOCOM Group under the Financial Services Framework Agreement for the two years ending 31 December 2021 and 2022; and (ii) the Current Property Leasing Annual Caps in respect of the rental paid by the Group to the BOCOM Group for the lease of properties under the Property Leasing Framework Agreement for the two years ending 31 December 2021 and 2022.

As at the date of this announcement, BOCOM is a substantial Shareholder and the ultimate controlling Shareholder holding approximately 73.14% of the total number of issued Shares and hence BOCOM is a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the transactions contemplated under the Financial Services Framework Agreement and the Property Leasing Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Proposed Revised Financial Services Annual Caps is 5% or more, the Proposed Revised Financial Services Annual Caps (including the Proposed Revised Interest on Deposit Annual Caps) will be subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.54 of the Listing Rules, the Company must re-comply with the announcement and independent shareholders' approval requirements before the current annual caps under the Financial Services Framework Agreement are exceeded.

As the highest applicable percentage ratio in relation to the Revised Property Leasing Annual Caps exceeds 0.1% but is less than 5%, the continuing connected transactions contemplated under the Property Leasing Framework Agreement are only subject to the reporting, announcement and annual review requirements and are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.54 of the Listing Rules, the Company must re-comply with the announcement requirement before the current annual caps under the Property Leasing Framework Agreement are exceeded.

An Independent Board Committee has been established to advise the Independent Shareholders in respect of the terms of the Financial Services Framework Agreement and the Proposed Revised Financial Services Annual Caps (including the Proposed Revised Interest on Deposit Annual Caps). The Independent Financial Adviser has also been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Company will convene the EGM for the purpose of, among others, considering and if thought fit, approving the Proposed Revised Financial Services Annual Caps (including the Proposed Revised Interest on Deposit Annual Caps).

A circular containing, among others, (i) further information on the Proposed Revised Financial Services Annual Caps (including the Proposed Revised Interest on Deposit Annual Caps); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM, will be despatched to the Shareholders on or before 10 June 2021 pursuant to Rule 14A.68(11) of the Listing Rules.

## INTRODUCTION

We refer to (i) the Prospectus disclosing, among others, the terms of the Financial Services Framework Agreement and the Property Leasing Framework Agreement entered into between the Company and BOCOM on 25 April 2017; (ii) the announcement of the Company dated 26 March 2019 in relation to, among others, the renewal of the Financial Services Framework Agreement and the Property Leasing Framework Agreement; (iii) the circular of the Company dated 17 May 2019 in relation to, among others, the renewal of the Financial Services Framework Agreement; and (iv) the poll results announcement of the Company dated 14 June 2019 in relation to, among others, the renewal of the Financial Services Framework Agreement (collectively, the “**Previous Disclosure**”).

The current annual caps for the revenue transactions under the Financial Services Framework Agreement for the two years ending 31 December 2021 and 2022 comprises annual caps in respect of four revenue streams for the Group, namely (i) securities brokerage settlement and subscription of new shares; (ii) investment advisory and management services; (iii) underwriting, sponsoring, securities issuance and advisory services; and (iv) interest on deposits. Such current annual caps have been approved by the Shareholders in the extraordinary general meeting of the Company held on 14 June 2019.

On 2 June 2021, the Board resolved to increase the annual caps in respect of the interest on deposits received by the Group from the BOCOM Group under the Financial Services Framework Agreement for the two years ending 31 December 2021 and 2022 to HK\$51.5 million and HK\$59.6 million respectively (the “**Proposed Revised Interest on Deposit Annual Caps**”), while the annual caps for the other three items of the revenue transactions under the Financial Services Framework Agreement for the two years ending 31 December 2021 and 2022 shall remain unchanged.

On 2 June 2021, the Board resolved to increase the Current Property Leasing Annual Caps in respect of the rental paid by the Group to the BOCOM Group for the lease of properties under the Property Leasing Framework Agreement for the two years ending 31 December 2021 and 2022 to HK\$50 million and HK\$63 million respectively (the “**Revised Property Leasing Caps**”).

## **PRINCIPAL TERMS OF THE FINANCIAL SERVICES FRAMEWORK AGREEMENT AND THE PROPERTY LEASING FRAMEWORK AGREEMENT**

The principal terms of the Financial Services Framework Agreement and the Property Leasing Framework Agreement remain unchanged and are summarised as below.

### **1. The Financial Services Framework Agreement**

Date: 25 April 2017

Parties: (1) the Company

(2) BOCOM

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

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

*(i) Securities brokerage settlement and subscription of new shares*

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

*(ii) Investment advisory and management services*

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

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

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

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

*(i) Deposit services*

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

*(ii) Customer referral services*

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

*(iii) Fund product distribution services*

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

*(iv) Miscellaneous banking and financial services*

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

General Terms:

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

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

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

Pricing Policies:

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

*(i) Securities brokerage settlement and subscription of new shares*

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

*(ii) Investment advisory and management services*

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

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

The fees for the underwriting, sponsoring, securities issuance and advisory services provided by the Group are payable by the BOCOM Group in accordance with the rates set out in the relevant underwriting, sponsoring, advisory or other engagement agreements that may be entered into by the Group and the BOCOM Group.



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

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

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

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

*(i) Deposit services*

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

*(ii) Customer referral services*

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

*(iii) Fund product distribution services*

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

*(iv) Miscellaneous banking and financial services*

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

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

## 2. The Property Leasing Framework Agreement

- Date: 25 April 2017
- Parties: (1) the Company  
(2) BOCOM
- Scope of Service: All existing and future leasing of properties by the Group from the BOCOM Group.
- General Terms: At any time during the terms of the Property Leasing Framework Agreement, the relevant member of the Group and the relevant member of the BOCOM Group may from time to time enter into definitive agreements in relation to any transaction(s) under the Property Leasing Framework Agreement upon, and subject to, the terms and conditions in compliance with those of the Property Leasing Framework Agreement.
- The transactions under the Property Leasing Framework Agreement shall be conducted:
- (a) in the ordinary and usual course of business of the Group and the BOCOM Group;
  - (b) on an arm's length basis;
  - (c) on normal commercial terms or better to the Group;
  - (d) at rentals determined by reference to the prevailing market rents and on terms no less favourable than those offered by the BOCOM Group to independent third parties for similar or comparable properties at the relevant locations; and
  - (e) in compliance with, among other things, the Listing Rules and applicable laws and regulations.

The Property Leasing Framework Agreement came into effect on 19 May 2017 and expired on 31 December 2019, and is automatically renewable for successive periods of three years thereafter, subject to the compliance with the then applicable requirements of the Listing Rules, unless terminated earlier by not less than six months' prior written notice or otherwise in accordance with its terms. The Property Leasing Framework Agreement was automatically renewed for a term of three years ending 31 December 2022. Please refer to the announcement of the Company dated 26 March 2019 for details.

## HISTORICAL ANNUAL CAPS AND TRANSACTION AMOUNTS

The historical annual caps and transaction amounts in respect of the transactions under the Financial Services Framework Agreement and Property Leasing Framework Agreement for each of the four years ended 31 December 2017, 2018, 2019 and 2020 as well as the annual caps for the year ending 31 December 2021 and the transaction amounts for the three months ended 31 March 2021 are as follows:

	Year ended 31 December								Year ending	Three months
	2017		2018		2019		2020		31 December	ended
	<i>(HK\$ million)</i>		<i>(HK\$ million)</i>		<i>(HK\$ million)</i>		<i>(HK\$ million)</i>		<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
	(Approximate)		(Approximate)		(Approximate)		(Approximate)		(Approximate)	(Approximate)
<b>1. Financial Services Framework Agreement</b>										
<b>Revenue received by the Group from the BOCOM Group in respect of:</b>	Annual caps	Transaction Amount	Annual caps	Transaction Amount	Annual caps	Transaction Amount	Annual caps	Transaction Amount	Annual caps	Transaction Amount
(1) Securities brokerage settlement and subscription of new shares	20.0	12.2	20.0	10.6	20.0	7.4	19.6	10.8	23.5	4.5
(2) Investment advisory and management services	68.2	34.2	72.7	27.9	84.7	23.3	77.9	22.3	82.8	5.4
(3) Underwriting, sponsoring, securities issuance and advisory services	26.2	6.0	32.8	4.8	41.0	5.8	70.2	7.9	70.2	0
(4) Interest on deposits	5.3	0.9	5.3	4.0	5.3	5.1	15.3	4.6	15.3	7.2
<b>Total</b>	<b>119.7</b>	<b>53.3</b>	<b>130.7</b>	<b>47.3</b>	<b>151.0</b>	<b>41.6</b>	<b>183.0</b>	<b>45.6</b>	<b>191.8</b>	<b>17.1</b>
<b>Fees and commissions paid by the Group to the BOCOM Group in respect of:</b>										
(1) On-payment of securities brokerage commission for subscription of new shares	1.9	1.2	2.2	0.6	2.7	0.8	2.8	1.5	3.4	0.4
(2) Customer referral services	7.8	7.5	18.5	4.1	27.1	2.9	15.1	5.0	20.1	1.3
(3) Fund product distribution services	0.2	0.1	8.7	0.1	8.7	0.1	8.6	0.2	8.6	0.1
(4) Miscellaneous banking and financial services	7.4	7.0	10.6	8.6	12.6	2.8	11.3	3.5	14.0	0.3
<b>Total</b>	<b>17.3</b>	<b>15.8</b>	<b>40.0</b>	<b>13.4</b>	<b>51.1</b>	<b>6.5</b>	<b>37.8</b>	<b>10.2</b>	<b>46.1</b>	<b>2.1</b>
<b>2. Property Leasing Framework Agreement</b>										
Rental paid by the Group to the BOCOM Group	10.0	8.8	10.0	9.3	10.0	9.2	11.4	10.0	13.7	3.4

None of the actual transaction amounts during the relevant periods exceeded the annual caps as set out in the Previous Disclosure. The Company expects that none of the existing annual caps for the year ending 31 December 2021 will be exceeded as at the date of the EGM.

## CURRENT ANNUAL CAPS AND REVISED ANNUAL CAPS

### 1. Financial Services Framework Agreement

#### *Revenue transactions under the Financial Services Framework Agreement*

The current annual caps for the revenue transactions under the Financial Services Framework Agreement for the two years ending 31 December 2021 and 2022 comprises annual caps in respect of four revenue streams for the Group, namely (i) securities brokerage settlement and subscription of new shares; (ii) investment advisory and management services; (iii) underwriting, sponsoring, securities issuance and advisory services; and (iv) interest on deposits. Such current annual caps have been approved by the Shareholders in the extraordinary general meeting of the Company held on 14 June 2019.

The Board proposed to increase the annual caps in respect of the interest on deposits received by the Group from the BOCOM Group under the Financial Services Framework Agreement for the two years ending 31 December 2021 and 2022 to HK\$51.5 million and HK\$59.6 million respectively. While the annual caps for the other three items of the revenue transactions under the Financial Services Framework Agreement for the two years ending 31 December 2021 and 2022 shall remain unchanged.

The current annual caps and the Proposed Revised Financial Services Annual Caps for the revenue transactions under the Financial Services Framework Agreement for the two years ending 31 December 2021 and 2022 are as follows:

	Year ending 31 December			
	2021		2022	
	<i>(HK\$ million)</i>		<i>(HK\$ million)</i>	
	(Approximate)		(Approximate)	
<b>Revenue received by the Group from the BOCOM Group in respect of:</b>	Current annual caps	Proposed revised annual caps	Current annual caps	Proposed revised annual caps
(1) Securities brokerage settlement and subscription of new shares	23.5	23.5 (unchanged)	28.2	28.2 (unchanged)
(2) Investment advisory and management services	82.8	82.8 (unchanged)	88.8	88.8 (unchanged)
(3) Underwriting, sponsoring, securities issuance and advisory services	70.2	70.2 (unchanged)	70.2	70.2 (unchanged)
(4) Interest on deposits	15.3	51.5	15.3	59.6
<b>Total</b>	<b>191.8</b>	<b>228.0</b>	<b>202.5</b>	<b>246.8</b>

### *Expenditure transactions under the Financial Services Framework Agreement*

The current annual caps for the expenditure transactions representing fees and commissions to be paid by the Group to the BOCOM Group under the Financial Services Framework Agreement during each of the two years ending 31 December 2021 and 2022 shall remain unchanged.

### **Property Leasing Framework Agreement**

The Current Property Leasing Annual Caps and the Revised Property Leasing Annual Caps for the rental paid by the Group to the BOCOM Group for each of the two years ending 31 December 2021 and 2022 are as follows:

	Year ending 31 December	
	2021	2022
	(HK\$ million)	(HK\$ million)
	(Approximate)	(Approximate)
<b>Rental paid by the Group to the BOCOM Group</b>		
— Current Property Leasing Annual Caps	13.7	14.0
— Revised Property Leasing Annual Caps	50.0	63.0

### **BASIS FOR DETERMINATION OF THE PROPOSED ANNUAL CAPS**

#### **1. Financial Services Framework Agreement**

##### *Interest on deposits*

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

- (i) the actual interest on the Group's deposits (including but not limited to Hainan Deposit and FinTech Deposit) received from the BOCOM Group for the three months ended 31 March 2021;
- (ii) the estimated interest income for the two years ending 31 December 2021 and 2022 based on the deposits (including but not limited to Hainan Deposit and the FinTech Deposit) placed by the Group with the BOCOM Group as at 31 March 2021;
- (iii) the latest deposit interest rates offered to the Group;
- (iv) the potential appreciation of Renminbi; and
- (v) the potential increase in the level of deposits maintained by the Group due to possible future business development.

### *The other three items of the revenue transactions*

The annual caps for the other three items of the revenue transactions under the Financial Services Framework Agreement for the two years ending 31 December 2021 and 2022 shall remain unchanged.

## **2. Property Leasing Framework Agreement**

The revised annual caps in respect of the rentals paid by the Group to the BOCOM Group for the two years ending 31 December 2022 were determined by reference to the following factors:

- (i) the expected demand of the Group for office premises and car parking spaces in Hong Kong and Mainland China for its business operations over the two years ending 31 December 2022;
- (ii) the historical rentals paid by the Group to the BOCOM Group for the lease of properties for the two years ended 31 December 2020; and
- (iii) the expected rental levels for the relevant office premises and car parking spaces in Hong Kong and Mainland China over the two years ending 31 December 2022.

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

### **1. Financial Services Framework Agreement**

The Group deposits funds as deposits with a number of financial institutions in the ordinary and usual course of its business. The Group has maintained deposit accounts with the Hong Kong, Mainland China and Macau bank branches of BOCOM Group in the ordinary and usual course of its business and on normal commercial terms. The Group places both client funds and proprietary funds as deposits in such accounts and receives interests on such deposits. Placing deposits with the BOCOM Group on normal commercial terms could diversify the business relationships with commercial banks. BOCOM is a licensed and reputable commercial bank and deposit taking is part of its ordinary and usual course of business.

During the year ended 31 December 2020, the Group deposited additional funds with the BOCOM Group as a result of two transactions as described below:

*(a) The Hainan Deposit*

As described in the announcement of the Company dated 26 October 2020 in relation to the Strategic Subscription Agreement, Hainan Subsidiary has agreed to subscribe for the Investor Shares of Ant Group Co., Ltd. in the amount of RMB600 million. Due to the suspension of listing of Ant Group Co., Ltd., Hainan Subsidiary received a refund of approximately RMB603 million, being the aggregate amount of the subscription money and the relevant brokerage fee paid under the Strategic Subscription Agreement and the accrued interest on 9 November 2020. Such refund has been deposited with a bank branch of the BOCOM Group since October 2020 (the “**Hainan Deposit**”) and generated interest income for the Group. For the three months ended 31 March 2021, the Group has recorded interest income of approximately RMB2.5 million from the Hainan Deposit.

*(b) The FinTech Deposit*

As described in the announcement of the Company dated 25 August 2020, BOCOM FinTech was established with a registered capital of RMB600 million. Subsequent to the establishment of BOCOM FinTech in August 2020, the registered capital of BOCOM FinTech has been deposited with a bank branch of the BOCOM Group since November 2020 (the “**FinTech Deposit**”) and generated interest income for the Group. For the three months ended 31 March 2021, the Group has recorded interest income of approximately RMB3.3 million from the FinTech Deposit.

The above mentioned new deposits were not anticipated when the current annual caps in respect of the interest on deposits received by the Group from the BOCOM Group under the Financial Services Framework Agreement were determined. The Company has no immediate plan for alternative deployment of the Hainan Deposit and the FinTech Deposit which have generated interest income of approximately RMB5.8 million in aggregate for the three months ended 31 March 2021.

Taking into account the expected increase of interest income generated from the Hainan Deposit and the FinTech Deposit, as well as the potential increase in the level of deposits maintained by the Group due to possible business development, the Directors consider that it would be in the interests of the Company and the Shareholders as a whole to increase the current annual caps in respect of the interest on deposits received by the Group from the BOCOM Group under the Financial Services Framework Agreement.



## 2. Property Leasing Framework Agreement

The Directors consider that, to satisfy the needs for future expansion of the business by the Group, in particular the expansion of the Group's office in Shenzhen to recruit more personnel for development of the private equity fund management business and the expected recruitment of additional technical personnel in Shanghai to build up the servicing capacity of BOCOM FinTech, it is necessary for the Group to occupy more business premises, which will be rented from the BOCOM Group. Accordingly, the Directors consider that the rental expenses to be incurred for lease of properties from the BOCOM Group for the two years ending 31 December 2022 would exceed the Current Property Leasing Annual Caps, and hence revision of annual caps is necessary.

Taking into account the expected future expansion of the business of the Group, the Directors consider that it would be in the best interests of the Company and the Shareholders as a whole to increase the Current Property Leasing Annual Caps under the Property Leasing Framework Agreement.

### **WAIVER FROM STRICT COMPLIANCE WITH THE MAXIMUM DAILY BALANCE REQUIREMENT IN RESPECT OF THE GROUP'S BANK DEPOSITS WITH THE BOCOM GROUP**

Pursuant to Rule 14A.53 of the Listing Rules, the Company is required to set a maximum daily balance for deposits which the Group places in accounts opened with the BOCOM Group. The Company has applied to the Stock Exchange for and the Stock Exchange has granted the Company a waiver from strict compliance with the requirements of setting a maximum daily balance for the Group's deposits placed with the BOCOM Group under Rule 14A.53 of the Listing Rules for the three years ending 31 December 2022. Please refer to the announcement of the Company dated 25 April 2019 for details.

### **MEASURES TO SAFEGUARD SHAREHOLDERS' INTERESTS**

In order to further safeguard the interests of the Shareholders as a whole, the Group has implemented the following internal approval and monitoring procedures in relation to the transactions contemplated under the Financial Services Framework Agreement and the Property Leasing Framework Agreement (the "**Continuing Connected Transactions**"):

- (a) before confirming the pricing and the terms of the Continuing Connected 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 Continuing Connected Transactions are fair, reasonable and no less favourable to the Group than those quoted by independent third parties to the Group or no more favourable to the Group than those offered by the Group to independent third parties, as the case may be. If no pricing quoted by or offered to independent third parties can be obtained for the

purpose of the above comparison, the relevant Continuing Connected Transaction will have to be separately considered and approved by the head of the relevant business unit in order to ensure that the pricing will be fair and reasonable to the Group;

- (b) the Group has adopted internal guidelines which provide that if the value of any Continuing Connected Transactions is expected to exceed certain thresholds, the relevant staff must report the Continuing Connected Transactions to the Company Secretary and the Legal and Compliance Department of the Company (directly or through the head of the relevant business unit) in order for the Company to commence the necessary additional assessment and approval procedures and ensure that the Company will comply with the applicable requirements under Chapter 14A of the Listing Rules; and
- (c) the Company will provide information and supporting documents to the independent non-executive Directors and the auditors in order for them to conduct an annual review of the continuing connected 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 Continuing Connected 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 Continuing Connected Transactions have not been approved by the Board, or not in accordance with the pricing policies of the Group in all material respects, or not entered into in accordance with the relevant agreement governing the Continuing Connected Transactions in all material respects or have exceeded the cap.
- (d) In relation to deposits under the Financial Services Framework Agreement, the Company regularly reviews the terms (including the interest rates) offered by the BOCOM Group for the deposit of funds to ensure that such terms are no less favourable to the Group than those offered to it by independent financial institutions.

## **INFORMATION ON THE GROUP**

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

## **INFORMATION ON BOCOM GROUP**

BOCOM is a state-owned joint-stock commercial bank registered in the People's Republic of China, with its A shares listed on the Shanghai Stock Exchange and H shares listed on the Stock Exchange. BOCOM provides the customers with corporate banking, personal banking and interbank and financial market businesses. Corporate banking businesses include offering deposits and loans, supply chain finance, cash management, international settlement and trade finance, investment banking, asset custody, wealth management and all kinds of intermediary businesses to corporate customers and government agencies. Personal banking businesses include services such as deposits and loans, wealth management, bank cards, private banking and all kinds of intermediary businesses for individual customers. Interbank and financial market businesses include cooperation with customers in the markets of interest rates, exchange rates, commodities, providing comprehensive services such as investment and financing, transactions, agency, settlement and liquidation. In addition, BOCOM Group is involved in businesses in financial leasing, fund, trust, insurance, overseas securities, debt-to-equity conversion and asset management through wholly-owned or controlling subsidiaries.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, BOCOM is the ultimate controlling Shareholder holding approximately 73.14% of the issued Shares and hence a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the transactions contemplated under the Financial Services Framework Agreement and the Property Leasing Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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

As the highest applicable percentage ratio in respect of the Proposed Revised Financial Services Annual Caps is 5% or more, the Proposed Revised Financial Services Annual Caps (including the Proposed Revised Interest on Deposit Annual Caps) will be subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.54 of the Listing Rules, the Company must re-comply with the announcement and independent shareholders' approval requirements before the current annual caps under the Financial Services Framework Agreement are exceeded.

As the highest applicable percentage ratio in relation to the Revised Property Leasing Annual Caps exceeds 0.1% but is less than 5%, the continuing connected transactions contemplated under the Property Leasing Framework Agreement are only subject to the reporting, announcement and annual review requirements and are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules. Pursuant to Rule

14A.54 of the Listing Rules, the Company must re-comply with the announcement requirement before the current annual caps under the Property Leasing Framework Agreement are exceeded.

An Independent Board Committee has been established to advise the Independent Shareholders in respect of the terms of the Financial Services Framework Agreement and the Proposed Revised Financial Services Annual Caps (including the Proposed Revised Interest on Deposit 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**

The Directors (excluding the independent non-executive Directors, who will give their opinion after considering the advice from the Independent Financial Adviser in respect of the Financial Services Framework Agreement and the Proposed Revised Financial Services Annual Caps) are of the view that (i) the terms of the Financial Services Framework Agreement, the transactions contemplated thereunder and the Proposed Revised Financial Services Annual Caps (including the Proposed Revised Interest on Deposit Annual Caps) are fair and reasonable; and (ii) the transactions contemplated under the Financial Services Framework Agreement and the Proposed Revised Financial Services Annual Caps (including the Proposed Revised Interest on Deposit Annual Caps) are on normal commercial terms or better, in the ordinary course of business of the Group and in the interests of the Company and the Shareholders as a whole.

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

Due to the executive roles of Ms. LIN Zhihong, Mr. SHOU Fugang and Ms. PO Ying in the BOCOM Group, such non-executive Directors have abstained from voting on the Board resolutions in respect of the approval of the Proposed Revised Financial Services Annual Caps (including the Proposed Revised Interest on Deposit Annual Caps) and the Revised Property Leasing Annual Caps. In addition, Ms. LIN, Mr. SHOU and Ms. PO are also employees of BOCOM. Save as disclosed above, none of the Directors has a material interest in respect of the Financial Services Framework Agreement and the Property Leasing Framework Agreement and none of them has abstained from voting on the Board resolutions in respect of the approval of the Proposed Revised Financial Services Annual Caps (including the Proposed Revised Interest on Deposit Annual Caps) and Revised Property Leasing Annual Caps.

## GENERAL

The Company will convene the EGM for the purpose of, among others, considering and if thought fit, approving the Proposed Revised Financial Services Annual Caps (including the Proposed Revised Interest on Deposit Annual Caps).

A circular containing, among other things, (i) further information on the Proposed Revised Financial Services Annual Caps (including the Proposed Revised Interest on Deposit Annual Caps); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM, will be despatched to the Shareholders on or before 10 June 2021 pursuant to Rule 14A.68(11) of the Listing Rules.

## DEFINITIONS

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

“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 Shanghai Stock Exchange (Stock Code: 601328) and the H shares of which are listed and traded on the Stock Exchange (Stock Code: 3328), and being the ultimate controlling Shareholder
“BOCOM FinTech”	means BOCOM Financial Technology Company Limited* (交銀金融科技有限公司), a company incorporated in the People’s Republic of China, and a wholly-owned subsidiary of the Company
“BOCOM Group”	means BOCOM and its subsidiaries (excluding the Group)
“BOCOM (Hong Kong)”	means Bank of Communications (Hong Kong) Limited, a member of the BOCOM Group
“BOCOM (Hong Kong Branch)”	means the Hong Kong Branch of 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: 3329)
“connected person”	has the same meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the same meaning ascribed to it under the Listing Rules
“Current Property Leasing Annual Caps”	means the current annual caps for the rental paid by the Group to the BOCOM Group for the lease of properties under the Property Leasing Framework Agreement
“Financial Services Framework Agreement”	means the financial services framework agreement dated 25 April 2017 (and renewed on 1 January 2020) entered into between the Company and BOCOM
“Directors”	means the directors of the Company
“EGM”	means the extraordinary general meeting of the Company (or any adjournment thereof) to be held for the purpose of considering and, if thought fit, approving the Proposed Revised Financial Services Annual Caps (including the Proposed Revised Interest on Deposit Annual Caps)
“Group”	means the Company and its subsidiaries
“Hainan Subsidiary”	means Hainan BOCOM International Science and Technology Innovation Shengxing Equity Investment Partnership (Limited Partnership)* 海南交銀國際科創盛興股權投資合夥企業(有限合夥), a limited partnership registered in the People’s Republic of China and a wholly-owned subsidiary of the Company
“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 Financial Services Framework Agreement and the Proposed Revised Financial Services Annual Caps (including the Proposed Revised Interest on Deposit 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 Securities and Futures Ordinance of Hong Kong, 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 Financial Services Framework Agreement and the Proposed Revised Financial Services Annual Caps (including the Proposed Revised Interest on Deposit Annual Caps)
“Independent Shareholders”	means the Shareholders other than BOCOM and its associates
“Investor Shares”	means such number of A shares to be issued by Ant Group Co., Ltd. to Hainan Subsidiary at the offer price which shall be equal to the final subscription price payable by Hainan Subsidiary under the Strategic Subscription Agreement, exclusive of brokerage and levies in respect of the Investor Shares (if any), divided by the offer price, rounded down to the nearest integer
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Property Leasing Framework Agreement”	means the property leasing framework agreement dated 25 April 2017 (and renewed on 1 January 2020) entered into between the Company and BOCOM
“Proposed Revised Financial Services Annual Caps”	means the proposed revised annual caps for the respective revenue transactions under the Financial Services Framework Agreement for the two years ending 31 December 2021 and 2022 as set out in the section headed “Current Annual Caps and Proposed Revised Annual Caps” in this announcement, comprising annual caps in respect of four revenue streams for the Group, namely (i) securities brokerage settlement and subscription of new shares; (ii) investment advisory and management services; (iii) underwriting, sponsoring, securities issuance and advisory services; and (iv) interest on deposits
“Proposed Revised Interest on Deposit Annual Caps”	means the proposed revised annual caps in respect of the interest on deposits received by the Group from the BOCOM Group under the Financial Services Framework Agreement for the two years ending 31 December 2021 and 2022

“Prospectus”	means the prospectus of the Company dated 5 May 2017
“Revised Property Leasing Annual Caps”	means the revised annual caps in respect of the rental paid by the Group to the BOCOM Group for the lease of properties under the Property Leasing Framework Agreement as set out in the section headed “Current Annual Caps and Proposed Revised Annual Caps” in this announcement
“RMB”	means Renminbi, the lawful currency of the People’s Republic of China
“Share(s)”	means the ordinary share(s) of the Company
“Shareholder(s)”	means the holder(s) of Shares
“Strategic Subscription Agreement”	means the Strategic Investor Subscription Agreement entered into by the Hainan Subsidiary, Ant Group Co., Ltd. and an underwriter in relation to the subscription of Investor Shares
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules

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

Hong Kong, 2 June 2021

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