

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **Bank of China Limited** (中國銀行股份有限公司) (the “Bank”), you should at once hand this circular and the enclosed proxy form and reply slip to the purchaser or transferee or to the bank or licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 3988 and 4601 (Preference Shares))

2019 FIRST EXTRAORDINARY GENERAL MEETING

A notice convening the Extraordinary General Meeting of the Bank (“EGM”) to be held at Bank of China Head Office Building, No.1 Fuxingmen Nei Dajie, Beijing, China at 9:30 a.m. Friday, 4 January 2019 (registration will begin at 8:30 a.m.) is set out in pages 8 to 16 of this circular.

H-Share Holders

Whether or not you are able to attend the EGM, you are advised to read the notice of the EGM and to complete and return the enclosed proxy form in accordance with the instructions printed thereon at your earliest convenience. For H-Share Holders, the proxy form should be returned to the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited in person or by post as soon as possible but in any event not less than 24 hours before the time stipulated for convening the EGM or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting at the EGM or at any adjourned meeting if you so wish, but in such event the instrument appointing a proxy shall be deemed to be revoked.

If you intend to attend the EGM in person or by proxy, you are required to complete and return the reply slip to Computershare Hong Kong Investor Services Limited or to the Bank's Board Secretariat on or before Saturday, 15 December 2018.

The English and Chinese versions of this circular and the accompanying form of proxy and reply slip are available on the Bank's website at www.boc.cn and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. You may access the aforesaid documents by clicking “Investor Relations” on the homepage of the Bank's website or browsing through the website of Hong Kong Exchanges and Clearing Limited.

Holders of Existing Offshore Preference Shares

Holders of Existing Offshore Preference Shares (i) whose names appear on the register of members of the Bank or (ii) who are holders of record in accordance with the rules of Euroclear Bank SA/NV and Clearstream Banking S.A. by 5:00 p.m. Central European time on Tuesday, 4 December 2018 are entitled to attend and vote at the EGM.

Details of the procedures for attending and voting for holders of Existing Offshore Preference Shares are set out in the Appendix to the notice of the EGM.

If there are any inconsistencies between the Chinese version and the English version of this circular, the Chinese version shall prevail.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“A Share(s)”	Domestic Share(s) with nominal value of RMB1.00 each in the share capital of the Bank which are listed on the Shanghai Stock Exchange (stock code: 601988)
“A-Share Holder(s)”	Holder(s) of A Shares
“Articles of Association”	Articles of Association of Bank of China Limited (as amended from time to time)
“Bank” or “Bank of China”	Bank of China Limited (中國銀行股份有限公司), a joint stock limited company incorporated in the PRC, the H Shares and A Shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
“Board” or “Board of Directors”	The Board of Directors of the Bank
“Board of Supervisors”	The Board of Supervisors of the Bank
“CBIRC”	China Banking and Insurance Regulatory Commission
“Company Law”	The Company Law of the PRC (as amended from time to time)
“CSRC”	China Securities Regulatory Commission
“Director(s)”	The Director(s) of the Bank
“Domestic Preference Shares”	the preference shares of an aggregate amount of not more than RMB100 billion, proposed to be issued by the Bank in the domestic market pursuant to the <i>Non-public Issuance Plan of Domestic Preference Shares of the Bank</i> as set out in Attachment B to this circular
“Executive Director(s)”	The Executive Director(s) of the Bank
“Existing Domestic Preference Shares”	RMB32,000,000,000 RMB settled 6.00 per cent, non-cumulative domestic preference shares (stock code: 360002), and RMB28,000,000,000 RMB settled 5.5 per cent, non-cumulative domestic preference shares (stock code: 360010) issued by the Bank, relevant Shares of which are listed and traded on the Shanghai Stock Exchange
“EGM” or “Extraordinary General Meeting”	The 2019 First Extraordinary General Meeting of the Bank to be held at Bank of China Head Office Building, No.1 Fuxingmen Nei Dajie, Beijing, China at 9:30 a.m. on Friday, 4 January 2019 (registration will begin at 8:30 a.m.)
“Existing Offshore Preference Shares”	RMB39,940,000,000 U.S. Dollar settled 6.75 per cent, non-cumulative offshore preference shares issued by the Bank (stock code: 4601; Regulation S; CUSIP No. YOR97UAM3, ISIN No. XS1122780106) issued by the Bank, relevant Shares of which are listed on the Hong Kong Stock Exchange
“Existing Preference Shares”	the Existing Domestic Preference Shares and the Existing Offshore Preference Shares of the Bank in issue

DEFINITIONS

“General Mandate”	the general mandate in relation to issuance of Shares to be granted by the Shareholders at the EGM to the Board pursuant to the Proposal on the General Mandate to Issue New Shares of the Bank
“H Share(s)”	overseas listed foreign investment Share(s) with a nominal value of RMB1.00 each in the ordinary share capital of the Bank, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars (stock code: 3988)
“H-Share Holder(s)”	holder(s) of H Shares
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Dollar”	the lawful currency of Hong Kong
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Non-executive Director(s)” or “Independent Director(s)”	the independent non-executive Director(s) of the Bank
“Latest Practicable Date”	12 November 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Non-executive Director(s)”	the non-executive Director(s) of the Bank
“Offshore Preference Shares”	the preference shares of an aggregate amount of not more than RMB40 billion or its equivalent, proposed to be issued by the Bank in the offshore market pursuant to the <i>Non-public Issuance Plan of Offshore Preference Shares of the Bank</i> as set out in Attachment C to this circular
“Ordinary Share(s)”	A Shares and/or H Shares
“PRC”	the People’s Republic of China
“Preference Shares”	Domestic Preference Shares and Offshore Preference Shares (or either of them, as the context requires)
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Law”	the Securities Law of the PRC (as amended from time to time)
“Shareholder(s)”	A-Share Holders, H-Share Holders and/or Preference Share holders
“Shares”	Ordinary Shares and/or Preference Shares
“Supervisor(s)”	the Supervisor(s) of the Bank

LETTER FROM THE BOARD



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

(Stock Code: 3988 and 4601 (Preference Shares))

Board of Directors:

- Mr. Chen Siqing (*Chairman*)
Mr. Liu Liange
* Mr. Zhao Jie
* Mr. Li Jucai
* Ms. Xiao Lihong
* Ms. Wang Xiaoya
* Mr. Liao Qiang
** Mr. Lu Zhengfei
** Mr. Leung Cheuk Yan
** Mr. Wang Changyun
** Ms. Angela Chao

* *Non-executive Directors*

** *Independent Non-executive Directors*

Registered Office:

No. 1 Fuxingmen Nei Dajie
Beijing 100818
PRC

Place of Business in Hong Kong:

8th Floor
Bank of China Tower
1 Garden Road
Hong Kong

16 November 2018

Dear Shareholders,

1. INTRODUCTION

On behalf of the Board of Directors, I invite you to attend the EGM to be held at Bank of China Head Office Building, No.1 Fuxingmen Nei Dajie, Beijing, China at 9:30 a.m. Friday, 4 January 2019 (registration will begin at 8:30 a.m.).

The purpose of this circular is to provide you with notice of the EGM and all the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the EGM.

2. BUSINESS TO BE CONSIDERED AT THE EGM

The items of business to be considered at the EGM are described in detail in the notice of the EGM set out in pages 8 to 16 of this circular. At the EGM, special resolutions will be proposed to approve (i) General Mandate to Issue New Shares of the Bank; (ii) Non-public Issuance Plan of Domestic Preference Shares of the Bank; (iii) Non-public Issuance Plan of Offshore Preference Shares of the Bank; and ordinary resolutions will be proposed to approve (iv) Impact on Dilution of Current Returns and Remedial Measures upon the Issuance of Preference Shares of the Bank; (v) Formulating the *Shareholder Return Plan for 2018 to 2020 of Bank of China Limited*.

In order to enable you to have a better understanding of the resolutions to be proposed at the EGM and to make an informed decision thereof, we have provided in this circular detailed background information, including the relevant information and explanation, to the resolutions to be proposed at the EGM (see Appendix).

LETTER FROM THE BOARD

3. VOTING BY POLL

Pursuant to the *Hong Kong Listing Rules*, each of the resolutions set out in the Notice of EGM will be voted on by poll. Results of the poll voting will be published on the Bank's website at www.boc.cn and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk after the EGM.

As the EGM involves the proposals in relation to the issue of Preference Shares, according to the Bank's Articles of Association, holders of the Existing Preference Shares of the Bank shall attend the EGM and vote on the relevant proposals separately with the holders of Ordinary Shares. The votes of holders of the Existing Preference Shares and holders of the Ordinary Shares at the EGM will be counted separately.

4. IMPACT OF THE ISSUANCE OF PREFERENCE SHARES ON THE CAPITAL STRUCTURE OF THE BANK

If no additional tier 1 capital trigger event or tier 2 capital trigger event as prescribed in each of the issuance plan of the Domestic Preference Shares and the issuance plan of the Offshore Preference Shares occurs, the Domestic Preference Shares and Offshore Preference Shares will not be convertible into A Shares and H Shares respectively and the issuance of Domestic Preference Shares and Offshore Preference Shares will not affect the ordinary share capital of the Bank.

The initial mandatory conversion price of the Domestic Preference Shares shall be the average trading price of the A Shares of the Bank for the 20 trading days preceding the date of announcement of the Board resolution in respect of the issuance plan of the Domestic Preference Shares (i.e. 29 October 2018), i.e. RMB3.62 per Share.

The initial mandatory conversion price of the Domestic Preference Shares is compared with relevant figures below:

	Closing Price of A Shares on the Announcement Date of the Board Resolution	Average Trading Price of the A Shares for the Five Trading Days Preceding to the Announcement Date of the Board Resolution	Closing Price of A Shares on the Latest Practicable Date	The Bank's Unaudited Net Asset Per Share as at 30 September 2018
Figures (RMB)	3.70	3.68	3.61	5.02
% Difference	-2.16%	-1.63%	0.28%	-27.89%

The initial mandatory conversion price of the Offshore Preference Shares shall be the average trading price of the H Shares of the Bank for the 20 trading days preceding the date of announcement of the Board resolution in respect of the issuance plan of the Offshore Preference Shares (i.e. 29 October 2018), i.e. HKD3.31 per Share, which is then converted to RMB2.94 per Share based on an exchange rate of 0.88658 (the central parity rate of Hong Kong Dollars to RMB published by the People's Bank of China on the trading day preceding the date of announcement of the Board resolution in respect of the issuance plan of the Offshore Preference Shares)..

LETTER FROM THE BOARD

The initial mandatory conversion price of the Offshore Preference Shares is compared with relevant figures below:

	Closing Price of H Shares on the Announcement Date of the Board Resolution	Average Trading Price of the H Shares for the Five Trading Days Preceding to the Announcement Date of the Board Resolution	Closing Price of H Shares on the Latest Practicable Date	The Bank's Unaudited Net Asset Per Share as at 30 September 2018
Figures (HKD)	3.27	3.28	3.34	—
Figures (RMB)	2.90	2.91	2.96	5.02
% Difference	1.22%	0.91%	-0.90%	-41.43%

Since the Bank proposes to issue Preference Shares in the domestic and offshore markets with an aggregate amount of no more than the equivalent of RMB120 billion:

- Assuming an issue size of RMB100 billion of the Domestic Preference Shares and the equivalent of RMB20 billion of the Offshore Preference Shares is issued (being the maximum amount of Domestic Preference Shares that may be issued) and all the Preference Shares were converted into A Shares and H Shares based on the above initial mandatory conversion price of Domestic and Offshore Preference Shares, the impact on the Bank's share capital structure is set forth in the table below (assuming that there is no change in issued share capital after the Latest Practicable Date and before completion of the issuance of the Preference Shares, for illustrative purposes only):

Share Capital	As at the Latest Practicable Date			After Issuance of the Preference Shares			After Conversion of the Preference Shares		
	Shares	Percentage of Share Capital	Public Float ^(note)	Shares	Percentage of Share Capital	Public Float ^(note)	Shares	Percentage of Share Capital	Public Float ^(note)
A Shares	210,765,514,846	71.59%	9.72%	210,765,514,846	71.59%	9.72%	238,389,824,238	72.50%	20.18%
H Shares	83,622,276,395	28.41%	100%	83,622,276,395	28.41%	100%	90,424,997,483	27.50%	100%
Total Ordinary Shares	<u>294,387,791,241</u>	<u>100.00%</u>	<u>35.37%</u>	<u>294,387,791,241</u>	<u>100.00%</u>	<u>35.37%</u>	<u>328,814,821,721</u>	<u>100.00%</u>	<u>42.13%</u>

Note: 1. Central Huijin Investment Ltd. is a substantial Shareholder of the Bank, holding 190,271,558,107 A Shares (including 1,810,024,500 A shares held through its wholly-owned subsidiary, Central Huijin Asset Management Ltd.) which would not constitute public float of the share capital of the Bank.

- Post conversion calculation assumes all converted shares are public float.

LETTER FROM THE BOARD

Impact of Conversion of Preference Shares on the Share Capital					
Share Capital	Shares	Percentage in Respective Class of Share Capital Before Conversion	Percentage in Total Ordinary Shares Before Conversion	Percentage in Respective Class of Share Capital After Conversion	Percentage in Total Ordinary Shares After Conversion
A Shares	27,624,309,392	13.11%	9.38%	11.59%	8.40%
H Shares	6,802,721,088	8.14%	2.31%	7.52%	2.07%
Total Ordinary Shares	34,427,030,480		11.69%		10.47%

- (2) Assuming an issue size of RMB80 billion of the Domestic Preference Shares and the equivalent of RMB40 billion of the Offshore Preference Shares were issued (being the maximum amount of Offshore Preference Shares that may be issued) and all Preference Shares were converted into A Shares and H Shares based on the above initial mandatory conversion price of Domestic and Offshore Preference Shares, the impact on the Bank's share capital structure is set forth in the table below (assuming that there is no change in issued share capital after the Latest Practicable Date and before completion of the issuance of the Preference Shares, for illustrative purposes only):

Share Capital	As at the Latest Practicable Date			After Issuance of the Preference Shares			After Conversion of the Preference Shares		
	Shares	Percentage of Share Capital	Public Float ^(note)	Shares	Percentage of Share Capital	Public Float ^(note)	Shares	Percentage of Share Capital	Public Float ^(note)
A Shares	210,765,514,846	71.59%	9.72%	210,765,514,846	71.59%	9.72%	232,864,962,359	70.55%	18.29%
H Shares	83,622,276,395	28.41%	100%	83,622,276,395	28.41%	100%	97,227,718,571	29.45%	100%
Total Ordinary Shares	294,387,791,241	100.00%	35.37%	294,387,791,241	100.00%	35.37%	330,092,680,930	100.00%	42.36%

Note: 1. Central Huijin Investment Ltd. is a substantial Shareholder of the Bank, holding 190,271,558,107 A Shares (including 1,810,024,500 A shares held through its wholly-owned subsidiary, Central Huijin Asset Management Ltd.) which would not constitute public float of the share capital of the Bank.

2. Post conversion calculation assumes all converted shares are public float.

Impact of Conversion of Preference Shares on the Share Capital					
Share Capital	Shares	Percentage in Respective Class of Share Capital Before Conversion	Percentage in Total Ordinary Shares Before Conversion	Percentage in Respective Class of Share Capital After Conversion	Percentage in Total Ordinary Shares After Conversion
A Shares	22,099,447,513	10.49%	7.51%	9.49%	6.69%
H Shares	13,605,442,176	16.27%	4.62%	13.99%	4.12%
Total Ordinary Shares	35,704,889,689		12.13%		10.82%

As at 30 September 2018, the Bank's core tier-1 CAR was 11.14%.

LETTER FROM THE BOARD

5. THE EGM

The proxy form and the reply slip of the EGM are also enclosed herewith.

(1) H-Shares Holders

Whether or not you are able to attend the EGM, you are advised to read the notice of the EGM and to complete and return the enclosed proxy form in accordance with the instructions printed thereon. For H-Share Holders, the proxy form should be returned to the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited in person or by post as soon as possible but in any event not less than 24 hours before the time stipulated for convening the EGM or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting at the EGM or at any adjourned meeting if you so wish, but in such event the instrument appointing a proxy shall be deemed to be revoked.

If you intend to attend the EGM in person or by proxy, you are required to complete and return the reply slip to Computershare Hong Kong Investor Services Limited or to the Bank's Board Secretariat on or before Saturday, 15 December 2018.

(2) Holders of Existing Offshore Preference Shares

Holders of Existing Offshore Preference Shares (i) whose names appear on the register of members of the Bank or (ii) who are holders of record in accordance with the rules of Euroclear Bank SA/NV and Clearstream Banking S.A. by 5:00 p.m. Central European time on Tuesday, 4 December 2018 are entitled to attend and vote at the EGM.

Details of the procedures for attending and voting for holders of Existing Offshore Preference Shares are set out in the Appendix to the notice of the EGM.

None of the holders of Ordinary Shares and holders of Existing Preference Shares of the Bank are required to abstain from the voting at the EGM.

The Bank's Board Secretariat is located at Bank of China Head Office Building, No. 1 Fuxingmen Nei Dajie, Beijing 100818, the PRC (Telephone: (8610) 6659 4582, Fax: (8610) 6659 4579, E-mail: ir@bankofchina.com). The Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited, is located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (Telephone: (852) 2862 8555).

6. RECOMMENDATION

The Board considers that each of the above proposals is in the best interests of the Bank and its Shareholders. Accordingly, the Board recommends the Shareholders to vote in favour of the relevant resolutions which will be proposed at the EGM.

The Board of Directors of Bank of China Limited

NOTICE OF THE EGM

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this notice.



(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 3988 and 4601 (Preference Shares))

NOTICE OF THE 2019 FIRST EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2019 First Extraordinary General Meeting (“**EGM**”) of Bank of China Limited (the “**Bank**”) will be held at Bank of China Head Office Building, No.1 Fuxingmen Nei Dajie, Beijing, China at 9:30 a.m. Friday, 4 January 2019 (registration will begin at 8:30 a.m.) for the purpose of considering and approving the following resolutions:

SPECIAL RESOLUTIONS

1. To consider and approve the General Mandate to Issue New Shares of the Bank in the terms as follows:

- (1) Subject to the conditions in paragraphs (i), (ii) and (iii) below, the Board be and is hereby unconditionally authorized, and be approved to delegate the authority to the Chairman, the President of the Bank and other persons authorized by the Chairman separately, to exercise, during the Relevant Period (as defined below), all powers of the Bank to allot, issue and/or deal in separately or concurrently new A Shares and/or H Shares (including those new A Shares and/or H Shares converted from Preference Shares with provisions for conversion) and/or Preference Shares and to make, grant or enter into offers, agreements, options, conversion rights or other rights (including but not limited to voting rights restoration) for such A Shares, H Shares and/or Preference Shares:
 - (i) such authority shall not extend beyond the Relevant Period save that the Board be and is hereby authorized, during the Relevant Period, to make, grant or enter into offers, agreements, options, conversion rights or other rights (including but not limited to voting rights restoration of Preference Shares) for such A Shares, H Shares and/or Preference Shares, which require or may require the exercise of such powers after the end of the Relevant Period;
 - (ii) the number of (a) A Shares and/or H Shares, and/or (b) Preference Shares (based on the A Shares and/or H Shares to be fully converted from Preference Shares at the initial compulsory conversion price, or the equivalent number of A Shares and/or H Shares which would result from the simulated conversion of the recovered voting rights of Preference Shares at the initial simulated conversion price), to be allotted, issued and/or dealt in or agreed conditionally or unconditionally to be allotted, issued and/or dealt in by the Board shall not exceed 20% of the aggregate number of each of the existing A Shares and/or H Shares as at the date of the passing of this special resolution; and
 - (iii) the Board shall only exercise the above authority in accordance with the laws and regulations of the PRC, the listing rules of the places where the Bank's securities are listed and all applicable laws, rules and regulations of any other governmental or regulatory institutions (as amended from time to time) and only if all necessary approvals from the CSRC and other relevant PRC governmental authorities are obtained.

NOTICE OF THE EGM

- (2) For the purpose of this special resolution, “Relevant Period” means the period from the date of passing of this special resolution until the earliest of:
 - (i) the conclusion of the next annual general meeting of the Bank following the passing of this special resolution;
 - (ii) the expiration of the 12-month period following the passing of this special resolution; and
 - (iii) the date on which the authority granted to the Board set out in this special resolution is revoked or amended by a special resolution of the Shareholders in a Shareholders’ meeting.
 - (3) Based on the actual conditions such as the method, class, number of Shares issued and the Bank’s capital structure after such issuance, the Board shall be authorized to delegate the authority to the Chairman, the President and other persons authorized by the Chairman separately to make, at the appropriate time, such amendments to the Articles of Association as appropriate and necessary to reflect the new capital structure and the registered capital (if applicable) of the Bank, and to take any other action and complete any formality required (including but not limited to the obtaining of approvals from the relevant regulatory authorities and the handling of industrial and commercial registration and filing procedures) to give effect to the issuance of Shares pursuant to this special resolution.
2. To consider and approve the Non-public Issuance Plan of Domestic Preference Shares of the Bank
- 2.1 Type of securities to be issued and issue size
 - 2.2 Par value and issue price
 - 2.3 Term
 - 2.4 Method of issuance
 - 2.5 Target investors
 - 2.6 Lock-up period
 - 2.7 Terms of dividend distribution
 - 2.8 Terms of compulsory conversion
 - 2.9 Terms of conditional redemption
 - 2.10 Voting rights restrictions
 - 2.11 Voting rights restoration
 - 2.12 Order of priority and method of liquidation
 - 2.13 Rating arrangement
 - 2.14 Guarantee arrangement
 - 2.15 Use of proceeds from the issuance of the Domestic Preference Shares
 - 2.16 Trading transfer arrangement

NOTICE OF THE EGM

- 2.17 Relationship between offshore and domestic issuance
- 2.18 Validity period of the resolution in respect of the issuance of the Domestic Preference Shares
- 2.19 The application and approval procedures to be completed for the issuance
- 2.20 Matters relating to authorization
- 3. To consider and approve the Non-public Issuance Plan of Offshore Preference Shares of the Bank
 - 3.1 Type of securities to be issued and issue size
 - 3.2 Par value and issue price
 - 3.3 Term
 - 4.4 Method of issuance
 - 3.5 Target investors
 - 3.6 Lock-up period
 - 3.7 Terms of dividend distribution
 - 3.8 Terms of compulsory conversion
 - 3.9 Terms of conditional redemption
 - 3.10 Voting rights restrictions
 - 3.11 Voting rights restoration
 - 3.12 Order of priority and method of liquidation
 - 3.13 Rating arrangement
 - 3.14 Guarantee arrangement
 - 3.15 Use of proceeds from the issuance of the Offshore Preference Shares
 - 3.16 Trading transfer arrangement
 - 3.17 Relationship between offshore and domestic issuance
 - 3.18 Validity period of the resolution in respect of the issuance of the Offshore Preference Shares
 - 3.19 Application and approval procedures to be completed for the issuance
 - 3.20 Matters relating to authorization

NOTICE OF THE EGM

ORDINARY RESOLUTIONS

4. To consider and approve the Impact on Dilution of Current Returns and Remedial Measures Upon the Issuance of Preference Shares of the Bank
5. To consider and approve Formulating the *Shareholder Return Plan for 2018 to 2020 of Bank of China Limited*

The Board of Directors of Bank of China Limited

16 November 2018

As at the date of this notice, the Directors of the Bank are: Chen Siqing, Liu Liange, Zhao Jie, Li Jucai*, Xiao Lihong*, Wang Xiaoya*, Liao Qiang*, Lu Zhengfei#, Leung Cheuk Yan#, Wang Changyun# and Angela Chao#.*

* *Non-executive Directors*

Independent Non-executive Directors

Notes:

1. The aforementioned special resolutions will be submitted for consideration and approval by the holders of Existing Domestic Preference Shares and the holders of Existing Offshore Preference Shares of the Bank separately. Other resolutions will be submitted for consideration and approval by the holders of Ordinary Shares of the Bank.
2. Details of the above resolutions are set out in Appendix to the circular of the EGM
3. Pursuant to the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*, each of the resolutions set out in the notice of the EGM will be voted on by poll. Results of the poll voting will be published on the Bank's website at www.boc.cn and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk after the EGM.
4. H-Share Holders
 - (1) Closure of register of members and eligibility for attending the EGM

The H-Share register of shareholders of the Bank will be closed, for the purpose of determining H-Share Holders' entitlement to attend the EGM, from Wednesday, 5 December 2018 to Friday, 4 January 2019 (both days inclusive), during which period no transfer of H Shares will be registered. In order to attend the EGM, all H Share transfers, accompanied by the relevant share certificates, must be lodged for registration with the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Tuesday, 4 December 2018. H-Share Holders who are registered with Computershare Hong Kong Investor Services Limited on or before the aforementioned date are entitled to attend the EGM.

- (2) Proxy

- i. Any Shareholder entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a Shareholder of the Bank.

NOTICE OF THE EGM

- ii. In order to be valid, the instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority, must be completed and deposited at the H Share Registrar of the Bank, Computershare Hong Kong Investor Services Limited, at least 24 hours before the EGM or any adjourned meeting thereof. Computershare Hong Kong Investor Services Limited is located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. Completion and return of a proxy form will not preclude a Shareholder from attending and voting at the EGM or any adjourned meeting thereof should he/she so wish.
- iii. In case of joint shareholdings, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of shareholders of the Bank in respect of the joint shareholding.

(3) Reply Slip

Shareholders who intend to attend the EGM in person or by proxy should return the reply slip for the EGM to the Board Secretariat of the Bank or the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited, by post, by fax or by e-mail on or before Saturday, 15 December 2018. The address of the Bank's Board Secretariat is Bank of China Head Office Building, No. 1 Fuxingmen Nei Dajie, Beijing 100818, PRC (Telephone: (8610) 6659 4582, Fax: (8610) 6659 4579, E-mail: ir@bankofchina.com). Computershare Hong Kong Investor Services Limited is located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (Telephone: (852) 2862 8555).

5. Holders of Existing Offshore Preference Shares

Eligibility for attending the EGM

Holders of Existing Offshore Preference Shares (i) whose names appear on the register of members of the Bank or (ii) who are holders of record in accordance with the rules of Euroclear Bank SA/NV and Clearstream Banking S.A. by 5:00 p.m. Central European time on Tuesday, 4 December 2018 are entitled to attend and vote at the EGM.

6. Other issues

- i. Shareholders who attend the meeting in person or by proxy shall bear their own traveling, dining and accommodation expenses. Shareholders or their proxies shall produce their identity documents when attending the EGM.
- ii. According to the Articles of Association of the Bank, if the number of shares of the Bank pledged by the shareholder is equal to or greater than 50% of the shares held by such shareholder in the Bank, the voting right attached to the pledged shares may not be exercised at the shareholders' meeting. Upon completion of the share pledge registration, the shareholder shall timely provide the Bank with information relating to the share pledge.

NOTICE OF THE EGM

Appendix: Procedures for attending and voting at the EGM for Holders of Existing Offshore Preference Shares

Definition

In the below-mentioned *Procedures for attending and voting at the EGM for Holders of Existing Offshore Preference Shares*, unless the context otherwise requires, the following expressions shall have the following meaning:

"Clearing Systems"	Euroclear, Clearstream (as applicable)
"Clearstream"	Clearstream Banking S.A.
"EC/CS Record Date"	in the case of any Existing Offshore Preference Shares held through Euroclear or Clearstream, 5:00 p.m., Central European Time on 4 December 2018, being the time and date for the determination of the Holders of the Existing Offshore Preference Shares entitled to attend and vote on the relevant resolutions at the EGM
"Electronic Instruction"	in the case of any Existing Offshore Preference Shares held through Euroclear or Clearstream, an electronic voting instruction in the form specified by the applicable Clearing System for submission by Euroclear/Clearstream Direct Participants to the Tabulation Agent via the relevant Clearing System prior to the deadlines set out in the notice of the EGM and in accordance with the requirements of such Clearing System in order for Holders of the relevant Existing Offshore Preference Shares to be able to attend the EGM
"Euroclear"	Euroclear Bank SA/NV
"Euroclear/Clearstream Direct Participants"	in the case of any Existing Offshore Preference Shares held through Euroclear or Clearstream, each person who is shown in the records of Euroclear or Clearstream as a holder of an interest in such Existing Offshore Preference Shares
"Existing Offshore Preference Shares"	RMB39,940,000,000 U.S. Dollar settled 6.75percent. non-cumulative offshore Preference Shares issued by the Bank (Stock Code: 4601; Regulation S; CUSIP No. YOR97UAM3, ISIN No.XS1122780106), relevant stocks of which are listed on the Hong Kong Stock Exchange
"Expiration Deadline"	the deadline for submitting instructions by Holders of Existing Offshore Preference Shares in the manner described in this notice for the purpose of attending and voting at the EGM, being Wednesday, 2 January 2019 at 2:30 p.m. (Beijing time)
"Holder(s) of Existing Offshore Preference Shares" or "Holder(s)"	holders of Existing Offshore Preference Shares, including the beneficial owners thereto and their respective nominee holders
"Record Date"	the EC/CS Record Date
"Tabulation Agent"	The Bank of New York Mellon, London Branch

NOTICE OF THE EGM

The Expiration Deadline for submitting instructions by Holders of Existing Offshore Preference Shares in the manner described in this notice for the purpose of attending and voting at the EGM is Wednesday, 2 January 2019 at 2:30 p.m. (Beijing time), following which such instructions will be passed on to the Bank in accordance with the relevant requirements in the Articles of Association. However, the deadlines set by each Clearing System and any intermediaries for the submission of instructions may be earlier than the relevant deadlines specified in this notice.

Holders of Existing Offshore Preference Shares will be entitled to one vote in respect of each Existing Offshore Preference Share held by them as of the relevant Record Date.

However, in order to be valid, an Electronic Instruction must be submitted in respect of a minimum amount of 20,000 Existing Offshore Preference Shares and integral multiples of 100 Existing Offshore Preference Shares in excess thereof:

Holders of Existing Offshore Preference Shares should also note that, in relation to special resolutions 2 and 3 as set out in the Notice of EGM, if you submit a vote in favour of or against, or submit an abstention vote in respect of, special resolution 2 or special resolution 3 (as applicable), then you will automatically be deemed to have also submitted an equivalent vote in favour of or against, or an abstention vote in respect of (as the case may be), each of sub-items 1 to 20 of special resolution 2 or special resolution 3 (as applicable). For example, if you vote in favour of special resolution 2, then you will be deemed to have automatically voted in favour of each of sub-items 1 to 20 of special resolution 2.

If you hold your Existing Offshore Preference Shares through Euroclear or Clearstream and wish to attend the EGM and vote on the relevant resolutions, either in person or by proxy, you shall do so by submitting or arranging for the submission of an Electronic Instruction (pursuant to which you may appoint the Tabulation Agent (or its nominee) or any other person (including the beneficial owner of the Existing Offshore Preference Share itself) to attend the EGM and vote on the relevant resolutions) in accordance with the requirements of, and procedures established by, Euroclear or Clearstream (as applicable) on or before the Expiration Deadline and in the manner described in this notice.

Reply Slip

Please confirm whether you intend to attend the EGM in person or by proxy before Saturday, 15 December 2018.

EC/CS Record Date

Only Holders of Existing Offshore Preference Shares as of 5:00 p.m., Central European Time, on the EC/CS Record Date (being Tuesday, 4 December 2018) are eligible to attend and vote at the EGM.

The transfer of any Existing Offshore Preference Shares after the EC/CS Record Date will not have the effect of revoking any Electronic Instruction previously validly given by a Holder, and each properly delivered Electronic Instruction will be counted notwithstanding any transfer of the Existing Offshore Preference Shares to which such Electronic Instruction relates, unless the procedures for revoking Electronic Instructions described in this notice have been validly complied with.

Please note that upon a sale of the Existing Offshore Preference Shares, it may take a few days for the sale of the Existing Offshore Preference Shares to be settled in the relevant transferee's account with the relevant Clearing System and for the relevant records to be updated. As such, while the Existing Offshore Preference Shares may have been sold on or prior to the EC/CS Record Date, the original transfer or may still be the Holder of record of the relevant Existing Offshore Preference Shares on the EC/CS Record Date for the purposes of the EGM, in which case such transfer or shall be entitled to submit an Electronic Instruction. If you have sold your Existing Offshore Preference Shares, or had the Existing Offshore Preference Shares sold to you, on or prior to the EC/CS Record Date, you may contact your broker, dealer, bank, custodian, trust company, nominee or other intermediary to determine whether you are the Holder of record of such Existing Offshore Preference Shares as of the EC/CS Record Date.

NOTICE OF THE EGM

Euroclear/Clearstream Direct Participants

Only Euroclear/Clearstream Direct Participants may submit Electronic Instructions. Beneficial owners of the relevant Existing Offshore Preference Shares who wish to participate in the EGM and whose Existing Offshore Preference Shares are held, as of the EC/CS Record Date, in the name of a broker, dealer, bank, custodian, trust company, nominee or other intermediary, must contact such broker, dealer, bank, custodian, trust company, nominee or other intermediary and instruct them to arrange the relevant Euroclear/Clearstream Direct Participant through which the Existing Offshore Preference Shares are held to deliver its instruction in accordance with the deadlines specified by the relevant Clearing System.

Instructions for Submission of Electronic Instructions

A Holder of Existing Offshore Preference Shares must clearly state in its Electronic Instruction:

- (a) the aggregate amount of the relevant Existing Offshore Preference Shares to which the Electronic Instruction relates; and
- (b) whether it appoints the Tabulation Agent (or its nominee) or any other person (including the beneficial owner of the Existing Offshore Preference Share itself) as proxy to attend and vote on the relevant resolutions proposed at the EGM. If you are appointing the Tabulation Agent (or its nominee) to attend the EGM and vote on the relevant resolutions on your behalf, you must indicate in your Electronic Instruction whether you wish for the Tabulation Agent (or its nominee) to vote in favour of or against, or abstain from voting on, the relevant resolutions. Alternatively, if you are appointing any other person (including the beneficial owner of the Existing Offshore Preference Share itself), you must indicate in your Electronic Instruction the name, address and passport number of the person attending, and the identity of the person attending the EGM will be verified before the EGM commences.

By submitting an Electronic Instruction, a Holder of Existing Offshore Preference Shares is deemed to represent, warrant and undertake to the Bank and the Tabulation Agent that the Existing Offshore Preference Shares are, on the EC/CS Record Date, held by it in the relevant Clearing System.

Revocation of Electronic Instructions

Subject to the Articles of Association, the requirements of Euroclear and Clearstream (as applicable) and this paragraph, Electronic Instructions are irrevocable. An Electronic Instruction submitted by or on behalf of a Holder of Existing Offshore Preference Shares may be revoked by that Holder by submission to the Tabulation Agent of a revocation instruction, by a properly transmitted message, in accordance with the procedures of Euroclear or Clearstream (as applicable) only as permitted pursuant to the Articles of Association and the requirements of Euroclear and Clearstream. Following any such revocation the vote shall lapse.

Important Information

All questions as to the validity, form and eligibility of any Electronic Instruction (including the time of receipt or the compliance of such Electronic Instruction with all applicable laws and regulations and the requirements of any Clearing System) or revocation or revision thereof or delivery of Electronic Instructions will be determined by the Bank, in its sole discretion, subject to applicable law, the Articles of Association and the requirements of any Clearing System, which determination will be final and binding.

Subject to applicable law, the Articles of Association and the requirements of any Clearing System:

- (a) the Bank's interpretation of the terms and conditions of and validity, form and eligibility of any Electronic Instruction shall be final and binding; and (b) the Bank may in its absolute discretion reject any Electronic Instruction or elect to treat as valid an Electronic Instruction, in either case, not complying in all respects with the requirements as set out in this notice, and in each case, such determination will (subject as aforesaid) be final and binding.

NOTICE OF THE EGM

Unless waived by the Bank, any irregularities in connection with any Electronic Instruction must be cured within such time as the Bank shall in its absolute discretion determine. None of the Bank, the Tabulation Agent or any other person will be under any duty to give notification of any defects or irregularities in such Electronic Instruction, nor will any of such entities or persons incur any liability for failure to give such notification. For the avoidance of doubt, the Tabulation Agent has not given, and will not give, any recommendations or representations with respect to the relevant resolutions and has not made any recommendation as to whether Holders of Existing Offshore Preference Shares should participate in the EGM or pass the relevant resolutions.

Any questions or requests for assistance in connection with the procedures for attending and voting at the EGM for Holders of Existing Offshore Preference Shares (including Electronic Instructions) may be directed to The Bank of New York Mellon, London Branch as the Tabulation Agent at One Canada Square London E14 5AL United Kingdom using the following contact details:

Email: debtstructuring@bnymellon.com

Phone: +44 (0) 1202 689578/+44 (0) 1202 689858

I. THE GENERAL MANDATE TO ISSUE NEW SHARES OF THE BANK

In order to satisfy the capital requirements of the Bank so as to ensure the continued development of its business, to flexibly and effectively utilize the Hong Kong and Shanghai fund raising platforms, after consideration of the actual conditions of the capital markets and in accordance with the relevant laws and regulations in the PRC, the listing rules of the places where the Bank's securities are listed and the Articles of Association, it is proposed to the shareholders' general meeting to consider and approve the General Mandate to issue new shares. After Shareholders' approval at the general meeting, the Board shall be authorized, and be approved to delegate the authority to the Chairman, the President of the Bank and other persons authorized by the Chairman separately, in the form and on the terms of the General Mandate, to allot, issue and/or deal in new A Shares and/or H Shares (including those new A Shares and/or H Shares converted from Preference Shares with provisions for conversion) and/or Preference Shares, and to make, grant or enter into offers, agreements, options, conversion rights or other rights (including but not limited to voting rights restoration) for such A Shares, H Shares and/or Preference Shares. The shares to be so allotted, issued and/or dealt in (to be calculated in accordance with paragraph 1(ii) below) shall not exceed 20% of the respective aggregate number of the existing A Shares and/or H Shares as at the date on which the General Mandate is approved by the Shareholders.

The special resolution in respect of the General Mandate is as follows:

1. Subject to the conditions in paragraphs (i), (ii) and (iii) below, the Board be and is hereby unconditionally authorized, and be approved to delegate the authority to the Chairman, the President of the Bank and other persons authorized by the chairman separately, to exercise, during the Relevant Period (as defined below), all powers of the Bank to allot, issue and/or deal in separately or concurrently new A Shares and/or H Shares (including those new A Shares and/or H Shares converted from Preference Shares with provisions for conversion) and/or Preference Shares and to make, grant or enter into offers, agreements, options, conversion rights or other rights (including but not limited to voting rights restoration) for such A Shares, H Shares and/or Preference Shares:
 - (i) such authority shall not extend beyond the Relevant Period save that the Board be and is hereby authorized, during the Relevant Period, to make, grant or enter into offers, agreements, options, conversion rights or other rights (including but not limited to voting rights restoration of Preference Shares) for such A Shares, H Shares and/or Preference Shares, which require or may require the exercise of such powers after the end of the Relevant Period;
 - (ii) the number of (a) A Shares and/or H Shares, and/or (b) Preference Shares (based on the A Shares and/or H Shares to be fully converted from Preference Shares at the initial compulsory conversion price, or the equivalent number of A Shares and/or H Shares which would result from the simulated conversion of the recovered voting rights of Preference Shares at the initial simulated conversion price), to be allotted, issued and/or dealt in or agreed conditionally or unconditionally to be allotted, issued and/or dealt in by the Board shall not exceed 20% of the aggregate number of each of the existing A Shares and/or H Shares as at the date of the passing of this special resolution; and
 - (iii) the Board shall only exercise the above authority in accordance with the laws and regulations of the PRC, and the listing rules of the places where the Bank's securities are listed (as amended from time to time) and all applicable laws, rules and regulations of any other governmental or regulatory institutions and only if all necessary approvals from the CSRC and other relevant PRC governmental authorities are obtained.
2. For the purpose of this special resolution, "Relevant Period" means the period from the date of passing of this special resolution until the earliest of:
 - (i) the conclusion of the next annual general meeting of the Bank following the passing of this special resolution;
 - (ii) the expiration of the 12-month period following the passing of this special resolution; and

- (iii) the date on which the authority granted to the Board set out in this special resolution is revoked or amended by a special resolution of the Shareholders in a Shareholders' meeting.
3. Based on the actual conditions such as the method, class and number of shares issued and the Bank's capital structure after such issuance, the Board shall be authorized to delegate the authority to the Chairman, the President and other persons authorized by the Chairman separately to make, at the appropriate time, such amendments to the Articles of Association as appropriate and necessary to reflect the new capital structure and the registered capital (if applicable) of the Bank, and to take any other action and complete any formality required (including but not limited to the obtaining of approvals from the relevant regulatory authorities and the handling of industrial and commercial registration and filing procedures) to give effect to the issuance of shares pursuant to this special resolution.

This proposal is to be passed by the Shareholders by way of a special resolution at the EGM. The other resolutions relating to the proposed issuance of Preference Shares (Resolution 2 and Resolution 3) will remain effective for 24 months from the date when such resolutions are approved at the EGM. The resolution on the General Mandate, if approved at the EGM, shall remain valid during the Relevant Period. If the Relevant Period of the General Mandate expires before the expiry of the 24-month validity period for the other resolutions relating to the proposed issuance of Preference Shares, the Bank may seek Shareholders' approval to renew the General Mandate or for authorization (if appropriate) to proceed further with the issuance of Preference Shares.

II. THE NON-PUBLIC ISSUANCE PLAN OF DOMESTIC PREFERENCE SHARES OF THE BANK

For the purpose of further enhancing the Bank's overall competitiveness and strengthening its sustainable development capabilities, the Bank plans to implement a non-public issuance of Preference Shares in the domestic market under the General Mandate. The Bank believes, after internal examination, that it has met the relevant conditions for non-public issuance of Preference Shares pursuant to the relevant provisions of laws, regulations and normative documents, including the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Guiding Opinions of the State Council on Launching the Pilot Program of Preferred Shares*, the *Measures for the Administration of the Pilot Program of Preferred Shares*, *Capital Rules for Commercial Banks (Provisional)*, and the *Guidelines on Commercial Banks' Replenishment of Tier 1 Capital through Issuance of Preferred Shares*.

The *Non-public Issuance Plan of Domestic Preference Shares of the Bank* is set out in Attachment B to this circular.

This proposal has been considered and approved in the meeting of the Board held on 29 October 2018, and is to be passed item by item with each item as a special resolution at the shareholders' meeting (where the Bank's ordinary shareholders and preference shareholders vote as separate classes of shares), and may not be implemented until it is approved by CBIRC and CSRC.

Independent Non-executive Directors have issued opinions on matters regarding the issuance of Preference Shares. For details, please refer to Attachment F to this circular.

The issuance of Domestic Preference Shares and the issuance of Offshore Preference Shares are independent from each other, and one does not constitute a condition for the other. That is, if either of the issuances fails to obtain the approval of the EGM, the CBIRC or the CSRC, or matters associated with one of the issuances are not approved by other relevant competent regulatory authorities, this will not have any impact on the implementation of the other issuance.

Shareholders and potential investors should be aware that the proposed issuance of Domestic Preference Shares is subject to all necessary approvals being obtained from the EGM, the CBIRC and the CSRC and various factors including market conditions, and therefore the proposed issuance of the Domestic Preference Shares may or may not proceed.

As of the Latest Practicable Date, the Company has not targeted any entities as potential investors to offer the Domestic Preference Shares. If any of the target investors will be connected persons of the Bank, the Bank will comply with the relevant requirements under Chapter 14A of the *Hong Kong Listing Rules*.

III. THE NON-PUBLIC ISSUANCE PLAN OF OFFSHORE PREFERENCE SHARES OF THE BANK

For the purpose of further enhancing the Bank's competitiveness and strengthening its sustainable development capabilities, the Bank plans to implement a non-public issuance of Preference Shares in the offshore market under the General Mandate. The Bank believes, after internal examination, that it has met the relevant conditions for non-public issuance of Preference Shares pursuant to the relevant provisions of laws, regulations and normative documents, including the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Guiding Opinions of the State Council on Launching the Pilot Program of Preferred Shares*, the *Measures for the Administration of the Pilot Program of Preferred Shares*, *Capital Rules for Commercial Banks (Provisional)*, the *Guidelines on Commercial Banks' Replenishment of Tier-1 Capital through Issuance of Preferred Shares* and the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*.

The *Non-public Issuance Plan of Offshore Preference Shares of the Bank* is set out in Attachment C to this circular.

This proposal has been considered and approved in the meeting of the Board held on 29 October 2018, and is to be passed item by item with each item as a special resolution at the shareholders' meeting (where the Bank's ordinary shareholders and preference shareholders vote as separate classes of shares), and may not be implemented until it is approved by CBIRC and CSRC.

Independent Non-executive Directors have issued opinions on the matters regarding the issuance of Preference Shares. For details, please refer to Attachment F to this circular.

The issuance of Domestic Preference Shares and the issuance of Offshore Preference Shares are independent from each other, and one does not constitute a condition for the other. That is, if either of the issuances fails to obtain the approval of the shareholders' meeting, the CBIRC or the CSRC, or matters associated with one of the issuances are not approved by other relevant competent regulatory authorities, this will not have any impact on the implementation of the other issuance.

Shareholders and potential investors should be aware that the proposed issuance of Domestic Preference Shares is subject to all necessary approvals being obtained from the EGM, the CBIRC and the CSRC and various factors including market conditions, and therefore the proposed issuance of the Domestic Preference Shares may or may not proceed.

As of the Latest Practicable Date, the Company has not targeted any entities as potential investors to offer the Offshore Preference Shares. If any of the target investors will be connected persons of the Bank, the Bank will comply with the relevant requirements under Chapter 14A of the Hong Kong Listing Rules

IV. THE IMPACT ON DILUTION OF CURRENT RETURNS AND REMEDIAL MEASURES UPON THE ISSUANCE OF PREFERENCE SHARES OF THE BANK

In accordance with the requirements under the *Opinions of the General Office of the State Council on Further Strengthening the Protection of Legitimate Rights and Interests of Minority Investors in Capital Market* (Guobanfa [2013] No.110), the *Opinions of the State Council on Further Promoting the Healthy Development of Capital Market* (Guofa [2014] No.17) and the *Guiding Opinions on Matters Relating to Diluted Immediate Returns in IPO, Refinancing and Major Asset Restructuring* (No.31 Announcement of CSRC in 2015), the Bank has analyzed the possible impact of issuance of Domestic and Offshore Preference Shares on current returns and, with reference to the actual conditions of the Bank, proposes relevant measures with details set forth below:

The details of the *Impact on Dilution of Current Returns and Remedial Measures upon the Issuance of Preference Shares of the Bank* are set out in Attachment D to this circular.

V. FORMULATING THE SHAREHOLDER RETURN PLAN FOR 2018 TO 2020 OF BANK OF CHINA LIMITED

With a view to further raising awareness in relation to returns to Shareholders and improving and effectively implementing the Bank's policy on cash dividends, pursuant to laws and regulations and relevant regulatory requirements including the *Company Law*, the *Securities Law*, the *Circular of the China Securities Regulatory Commission on Further Implementation of Relevant Issues to Listed Companies' Payment of Cash Dividends* and the *No.3 Guideline for the Supervision of Listed Companies — Cash Dividend Distribution of Listed Companies*, the Bank has formulated *the Shareholder Return Plan for 2018 to 2020 of Bank of China Limited*.

The details of formulating the *Shareholder Return Plan for 2018 to 2020 of Bank of China Limited* is set out in Attachment E to this circular.

PROPOSAL ON THE GENERAL MANDATE TO ISSUE NEW SHARES OF THE BANK

Dear Shareholders,

In order to satisfy the capital requirements of the Bank so as to ensure the continued development of its business, to flexibly and effectively utilize the Hong Kong and Shanghai capital fund raising platforms, after consideration of the actual conditions of the capital markets and in accordance with the relevant laws and regulations in the PRC, the listing rules of the places where the Bank's securities are listed and the Articles of Association, it is proposed that, the shareholders' general meeting approve of the general mandate to issue new shares. After Shareholders' approval at the general meeting, the Board being authorized, and being approved to delegate the authority to the Chairman, the President of the Bank and other persons authorized by the chairman separately, in the form and on the terms of the General Mandate, to allot, issue and/or deal in additional A Shares and/or H Shares (including those additional A Shares and/or H Shares converted from Preference Shares with provisions for conversion) and/or Preference Shares, and to make, grant or enter into offers, agreements, options, conversion rights or other rights (including, but not limited to, rights to recover voting rights) for such A Shares, H Shares and/or Preference Shares. The shares to be so allotted, issued or dealt in (to be calculated in accordance with paragraph 1(ii) below) shall be up to a maximum of 20% of the aggregate number of each of the existing A Shares and/or H Shares as at the date on which the General Mandate is approved by the Shareholders.

The special resolution in respect of the General Mandate is as follows:

1. Subject to the conditions in paragraphs (i), (ii) and (iii) below, the Board be and is hereby unconditionally authorized, and be approved to delegate the authority to the Chairman, the President of the Bank and other persons authorized by the chairman separately, to exercise, during the Relevant Period (as defined below), all powers of the Bank to allot, issue and/or deal in separately or concurrently additional A Shares and/or H Shares (including those additional A Shares and/or H Shares converted from Preference Shares with provisions for conversion) and/or Preference Shares and to make, grant or enter into offers, agreements, options, conversion rights or other rights (including rights to recover voting rights) for such A Shares, H Shares and/or Preference Shares:
 - (i) such approval shall not extend beyond the Relevant Period save that the Board be and is hereby authorized, during the Relevant Period, to make, grant or enter into offers, agreements, options, conversion rights or other rights (including, but not limited to, the rights to recover voting rights) for such A Shares, H Shares and/or Preference Shares, which require or may require the exercise of such powers after the end of the Relevant Period;
 - (ii) the number of (a) A Shares and/or H Shares, and/or (b) Preference Shares (based on the A Shares and/or H Shares to be fully converted from Preference Shares at the initial compulsory conversion price, or the equivalent number of A Shares and/or H Shares which would result from the simulated conversion of the recovered voting rights of Preference Shares at the initial simulated conversion price), to be allotted, issued and/or dealt in or agreed conditionally or unconditionally to be allotted, issued and/or dealt in by the Board shall not exceed 20% of the aggregate number of each of the existing A Shares and/or H Shares as at the date of the passing of this special resolution; and
 - (iii) the Board shall only exercise its powers given to it by this special resolution in accordance with the Company Law of the PRC and the listing rules of the places where the Bank's securities are listed (as amended from time to time) and applicable laws, rules and regulations of governmental or regulatory bodies and only if all necessary approvals from the CSRC and other relevant PRC governmental authorities are obtained.

2. For the purpose of this special resolution, “Relevant Period” means the period from the date of passing of this special resolution until the earliest of:
- (i) the conclusion of the next annual general meeting of the Bank following the passing of this special resolution;
 - (ii) the expiration of the 12-month period following the passing of this special resolution; and
 - (iii) the date on which the authority granted to the Board set out in this special resolution is revoked or varied by a special resolution of the Shareholders in a Shareholders’ meeting
3. Based on the actual conditions such as the method, class and number of shares issued and the Bank’s capital structure after such issuance, the Board shall be authorized to delegate the authority to the Chairman, the President of the Bank and other persons authorized by the chairman separately to make, at the appropriate time, such amendments to the Articles of Association as appropriate and necessary to reflect the new capital structure and the registered capital (if applicable) of the Bank, and to take any other action and complete any formality required (including but not limited to the obtaining of approvals from the relevant regulatory authorities and the handling of industrial and commercial registration and filing procedures) to give effect to the issuance of shares pursuant to this special resolution.

Board of Directors
Bank of China Limited

PROPOSAL ON THE NON-PUBLIC ISSUANCE PLAN OF DOMESTIC PREFERENCE SHARES OF THE BANK

Dear Shareholders,

For the purpose of further enhancing the Bank of China's (the "**Bank**") overall competitiveness and strengthening its sustainable development capabilities, the Bank plans to implement a non-public issuance of Preference Shares in the domestic market under the General Mandate. The Bank believes, after internal examination, that it has met the relevant conditions for non-public issuance of Preference Shares pursuant to the relevant provisions of laws, regulations and normative documents, including the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Guiding Opinions of the State Council on Launching the Pilot Program of Preferred Shares*, the *Measures for the Administration of the Pilot Program of Preferred Shares*, the *Capital Rules for Commercial Banks (Provisional)*, and the *Guidelines on Commercial Banks' Replenishment of Tier 1 Capital through Issuance of Preferred Shares*.

The Non-public Issuance Plan of Domestic Preference Shares of the Bank is as follows:

1. Type of securities to be issued and issue size

The aggregate number of the Domestic and Offshore Preference Shares will not exceed 1.2 billion and the aggregate amount of the Domestic and Offshore Preference Shares to be issued will not exceed the equivalent of RMB120 billion, among which the Domestic Preference Shares will not exceed 1 billion and the amount of the Domestic Preference Shares will not exceed RMB100 billion. The actual size of the issuance is proposed to be determined by the board of directors (the "**Board**") within the above scope, subject to the authorization at a shareholders' general meeting (which authorization can be further delegated).

2. Par value and issue price

The Domestic Preference Shares will have a par value of RMB100 per share and will be issued at par.

3. Term

The Domestic Preference Shares will have no maturity.

4. Method of issuance

Upon approval by regulatory authorities such as CBIRC and CSRC, the Domestic Preference Shares will be issued by non-public issuance either in a single or multiple series in accordance with relevant regulatory guidelines.

5. Target investors

Each issuance of Domestic Preference Shares will be offered to not more than 200 qualified investors who have met the qualification requirements under the laws and regulations including the *Measures for the Administration of the Pilot Program of Preferred Shares* and the *Measures for the Suitability Management of Securities and Futures Investors*, and the Preference Shares with the same terms will be offered to not more than 200 investors in aggregate. The investors are proposed to be determined by the Board in accordance with the relevant regulations of the CSRC and listing rules in the domestic market, subject to the authorization at the shareholders' general meeting (which authorization can be further delegated). All the investors shall subscribe for the Domestic Preference Shares in cash.

6. Lock-up period

There will be no lock-up period for the Domestic Preference Shares.

7. Terms of dividend distribution

(1) Principles for the determination of the dividend rate

The dividend rate for the Domestic Preference Shares may be adjusted at different intervals. This means the dividend rate may either remain unchanged for the term of the Domestic Preference Shares, or there will be dividend adjustment periods and the dividend rate will be fixed for a certain period after the issuance of the Domestic Preference Shares and will be readjusted once after each specified period thereafter (such dividend rate will be determined based on the sum of the benchmark rate and the fixed spread. The fixed spread will be equal to the spread between the dividend rate for the Domestic Preference Shares at the time of issuance and the benchmark rate, which will remain unchanged during the term of the Domestic Preference Shares).

The dividend rate for the Domestic Preference Shares at the time of issuance will be determined by the Bank based on price inquiry in the market or in other manners acceptable to the regulatory authorities. The actual dividend rate shall be determined by the Board with reference to factors including the State's policies, market conditions, the actual circumstances of the Bank and investor appetite, subject to the authorization at the shareholders' general meeting (which authorization can be further delegated). The dividend rate for the Domestic Preference Shares shall not be higher than the average return on weighted average equity of the Bank for the last two financial years¹ prior to the issuance.

(2) Conditions for dividend distribution

- i. If the Bank has distributable after-tax profit² after recovering losses and making allocations to its statutory common reserve fund and general reserve in accordance with laws, the Bank may distribute dividends to the holders of the Domestic Preference Shareholders, provided the capital adequacy ratio of the Bank meets the requirements of the regulatory rules. The Domestic Preference Shares issued by the Bank rank *pari passu* with the Offshore Preference Shares in terms of dividend distribution, both of which rank ahead of ordinary shareholders. Distribution of dividends to the Domestic Preference Shareholders will not be affected by the rating of the Bank and will not be adjusted as a result of any change to such rating.
- ii. In all circumstances, the Bank shall have the right to partially or entirely cancel dividend payments to the Domestic Preference Shareholders after being reviewed and approved by the shareholders' general meeting, and shall not be deemed a default. The Bank, at its discretion, may use any dividends cancelled to repay other debts that are due. The cancellation of the current Domestic Preference Share dividend shall not constitute any other restrictions on the Bank except for the dividend distribution restrictions on ordinary shares. The Bank will fully consider the rights and interests of the Domestic Preference Shareholders in this issuance when exercising the above-mentioned rights.

(3) Method of dividend payment

Dividends for the Domestic Preference Shares will be payable in cash calculated based on the aggregate par value of the relevant series of the Domestic Preference Shares that have been issued by the Bank and outstanding. Dividends for the Domestic Preference Shares shall be paid on an annual basis and will accrue from the payment due date of the relevant series of Domestic Preference Shares. Taxes payable on the holders of the Domestic Preference Shares for receiving such dividends shall be borne by such Domestic Preference Shareholders in accordance with relevant laws and regulations.

¹ As determined in accordance with the Rules for Preparation of Information Disclosure by Companies Offering Securities to the Public No.9 — Calculation and Disclosure of Return on Equity and Earnings Per Share (as amended in 2010), and calculated based on the return attributable to the holders of Ordinary Shares of the Bank.

² i.e. the undistributed profit as shown in the financial statements of the parent company prepared in accordance with Chinese Accounting Standards or International Financial Reporting Standards, whichever amount is lower.

(4) Dividend stopper

If the Bank cancels all or part of the dividends to the Domestic Preference Shareholders, the Bank shall not make any dividend distribution to the holders of Ordinary Shares before the Bank declares to pay the dividends for the current dividend period to the Domestic Preference Shareholders in full.

(5) Method of dividend accumulation

The dividends on the Domestic Preference Shares are non-cumulative, that is, the difference between the dividends actually paid to the holders of the Preference Shares and the dividends which should have been paid will not be carried forward to the following year.

(6) Distribution of remaining profits

The Domestic Preference Shareholders are entitled to receive dividends at the prescribed dividend rate, but are not entitled to any distribution of residual profits of the Bank together with the Ordinary Shareholders.

8. Terms of compulsory conversion**(1) Trigger events for compulsory conversion**

- i. Upon the occurrence of any Additional Tier-1 Capital Instrument Trigger Event, that is, the core tier-1 CAR drops to 5.125% or below, the Domestic Preference Shares shall be wholly or partly converted into A Shares so as to restore the Bank's core tier-1 CAR above the trigger point.
- ii. Upon the occurrence of any Tier-2 Capital Instrument Trigger Event, all of the Domestic Preference Shares shall be converted into A Shares. "Tier-2 Capital Instrument Trigger Event" means either of the following circumstances (whichever is earlier): ①the CBIRC having concluded that a conversion or write-off is necessary without which the Bank would become non-viable; or ②the relevant authorities having concluded that a public sector injection of capital or equivalent support is necessary without which the Bank would become non-viable.

(2) Compulsory conversion price

The initial compulsory conversion price of the Domestic Preference Shares shall be the average trading prices of A Shares of the Bank in the 20 trading days prior to the announcement date of the Board resolution on the Domestic Preference Shares issuance.

The average trading price of the A shares of the Bank for the 20 preceding trading days = total trading amount of A shares of the Bank for such 20 preceding trading days/total trading volume of A shares for such 20 trading days.

After the issuance of Domestic Preference Shares, in the event of any distribution of bonus shares, recapitalization, issuance of new shares at a price lower than the market price (excluding any increase of share capital due to conversion of financing instruments convertible to ordinary shares issued by the Bank (e.g., preference share, convertible bond etc.)), or rights issue for A Shares, the compulsory conversion price shall be subject to cumulative adjustments in the same order of the occurrence of such events. The distribution of cash dividends to the Ordinary Shareholders will not result in any adjustment to the compulsory conversion price. The compulsory conversion price will be adjusted based on the following:

In the event of any distribution of bonus shares or recapitalization: $P_1 = P_0 \times N/(N + n)$;

In the event of any new issuance of A Shares at a price lower than the market price or rights issue for A Shares: $P_1 = P_0 \times (N + k)/(N + n)$, $k = n \times A/M$;

Where, “ P_0 ” means the compulsory conversion price effective immediately preceding such adjustment; “ N ” means the total number of Ordinary Shares before such distribution of bonus shares, recapitalization, issuance of new shares or rights issuance of A Shares; “ n ” means the number of new A Shares distributed as bonus shares, capitalized, issued as new shares or subject to a rights issue; “ A ” means the price of the new A Shares issued under such new issuance or rights issue; “ M ” means the closing price of A Shares on the trading date immediately preceding the date of announcement of issuance or rights issuance of new A Shares (i.e. announcement containing the effective and irrevocable terms of issuance or placement of new Ordinary Shares); and “ P_1 ” means the compulsory conversion price effective immediately after such adjustment.

In the event that the rights and benefits of the Domestic Preference Shareholders may be affected by the change in the share class, number of shares and, or shareholders’ interests of the Bank due to share repurchase, or merger or division of the Bank or any other circumstances, the Bank will adjust the compulsory conversion price based on the actual circumstances and in accordance with the principles of fairness, justice, equity and full protection and balance of the interests of the Preference Shareholders and the Ordinary Shareholders. The contents and the mechanism relating to the adjustment of the compulsory conversion price will be formulated in accordance with applicable PRC laws and regulations.

(3) Principles for determining the ratio and number for compulsory conversion

Upon the compulsory conversion of the Domestic Preference Shares, the formula for determining the number of shares to be converted shall be: $Q = V/P$.

In the above formula: “ Q ” denotes the number of A shares that shall be converted from the Domestic Preference Shares held by each Domestic Preference Shareholder; “ V ” denotes the total par value of the Preference Shares to be converted under the compulsory conversion; and “ P ” denotes the effective compulsory conversion price for the Domestic Preference Shares.

Any fractional share less than one ordinary share resulting from the compulsory conversion of the Domestic Preference Shares shall be handled by the Bank according to relevant regulations. If partly converted, the Domestic Preference Shares shall be converted into A Shares on a pro rata basis.

(4) Compulsory conversion period

The period for compulsory conversion of the Domestic Preference Shares commences on the first trading day immediately following the completion date of the issuance of the Domestic Preference Shares and ends on the date of redemption or conversion of all the Domestic Preference Shares.

(5) Attribution of dividends of ordinary shares in the year of compulsory conversion

The new A shares to be issued as a result of the compulsory conversion of the Domestic Preference Shares will rank *pari passu* with the existing issued A shares, and all Ordinary Shareholders (including the holders of the A Shares resulting from the compulsory conversion of the Domestic Preference Shares) whose names appear on the register of members of the Bank on the record date for dividend entitlement shall be entitled to receive the dividend for the current dividend period and have equal rights and interests.

9. Terms of conditional redemption

(1) Holder of the redemption right

The Bank shall have the right to redeem the Domestic Preference Shares subject to obtaining the approval of the CBIRC. Holders of the Domestic Preference Shares have no right to request the Bank to redeem the Domestic Preference Shares.

(2) Redemption conditions and period

The Domestic Preference Shares have no maturity date. Pursuant to relevant regulations of the CBIRC, the Bank has no plan to exercise the right to redeem the Domestic Preference Shares. Therefore, the investors shall not have the expectation that the Bank will exercise the right to redeem the Domestic Preference Shares.

However, subject to the approval of the CBIRC, the Bank shall have the right to redeem all or part of the Domestic Preference Shares after expiry of five years after the date of issuance. The redemption term of the Domestic Preference Shares starts from the fifth anniversary of the date of issuance of the Domestic Preference Shares and ends on the date when all of the Domestic Preference Shares are redeemed or converted. The Shareholders' meeting is requested to authorize the Board of Directors (whose authorization can be further delegated) to decide on any redemption during the redemption term in accordance with market conditions and other factors, and handle, with full authority, all the matters relating to redemption in accordance with any approval of the CBIRC.

The Bank's exercise of its redemption rights shall be subject to the following conditions: the Bank plans to use or has capital instruments of equal or higher quality to replace the redeemed Domestic Preference Shares and such replacement shall only be made when the Bank has a sustainable income generating capacity; or the Bank's regulatory capital after such redemption will remain substantially higher than the regulatory capital requirements prescribed by the CBIRC.

(3) Redemption price and principles for pricing

The redemption price of the Domestic Preference Shares will be an amount equal to the par value plus the amount of dividend declared but unpaid for the current dividend period.

10. Voting rights restriction

Pursuant to the Articles of Association, the holders of the Domestic Preference Shares generally have no right to attend any Shareholders' meeting, nor do their Domestic Preference Shares have voting rights. Only in any of the following circumstances, the holders of the Domestic Preference Shares may attend the Shareholders' meetings and vote on the following matters as a separate class of shares from ordinary Shareholders. In this case, each Preference Share shall have one vote, but the Domestic Preference Shares held by the Bank shall have no voting right:

- i. any amendment to the provisions of the Articles of Association regarding Preference Shares;
- ii. any reduction of the registered capital of the Bank by more than 10%, whether on an individual or cumulative basis;
- iii. any merger, division, dissolution or change of organizational form of the Bank;
- iv. any issuance of Preference Shares by the Bank; or
- v. any other circumstances prescribed by the Articles of Association

Resolutions relating to the above shall be adopted by more than two thirds of votes held by the Ordinary Shareholders present at the meeting (including Preference Shareholders with voting rights restored) and by more than two thirds of votes held by the Preference Shareholders (excluding Preference Shareholders with voting rights restored).

11. Voting rights recovery**(1) Voting rights recovery clause**

According to the Articles of Association, if the Bank fails to pay dividends to the holders of the Domestic Preference Shares as agreed for three financial years in aggregate or two consecutive financial years after the issuance of the Domestic Preference Shares, the holders of the Domestic Preference Shares shall have the same right to attend and vote at Shareholders' meetings as ordinary Shareholders from the date immediately following the day when the Shareholders' meeting has approved the profit distribution plan for the year which stipulates not to pay the agreed dividends on the Domestic Preference Shares.

After the voting rights of the Domestic Preference Shares are recovered, each holder of such Preference Shares shall be entitled to such number of votes as would result from the simulated conversion of such Preference Shares in accordance with the simulated conversion price below, and the holder of such Preference Share may cast such votes at the Shareholders' meeting together with ordinary Shareholders.

The initial simulated conversion price is determined in the same way as initial compulsory conversion price is determined under Item "8. Terms of Compulsory Conversion". The number of votes resulting from such simulated conversion (i.e., the number of votes to which the holder of each such Preference Share will be entitled) shall be calculated by the formula: $Q = V/E$ (rounded to the nearest one ordinary share in rounding down method).

Where, V means the total par value of the Domestic Preference Shares held by such Shareholder; E means the effective simulated conversion price.

After the issuance of Domestic Preference Shares, in the event of any distribution of bonus shares, recapitalization, issuance of new shares at a price lower than the market price (excluding any increase of share capital due to conversion of financing instruments convertible to ordinary shares issued by the Bank (e.g., preference share, convertible bond etc.)), or rights issue for A Shares, the Bank will make an adjustment to the simulated conversion price to reflect each of such events on a cumulative basis in the order of the occurrence of the events above. The detailed adjustment method shall be consistent with the adjustment method applicable to the compulsory conversion price as specified in "8. Terms of Compulsory Conversion".

(2) Cancellation of the recovered voting rights

After the voting rights of the Domestic Preference Shares are recovered, the voting rights shall be exercisable until the Bank has fully paid the dividends payable for the year. The Articles of Association may stipulate other circumstances where voting rights attached to the Preference Shares may be recovered.

12. Order of priority and method of liquidation

Pursuant to the Articles of Association, if the Bank is subject to liquidation, the Bank's property shall be distributed according to the order below:

- (1) to pay the liquidation expenses;
- (2) to pay salaries, social security contribution and legal compensation for the Bank's employees;
- (3) to pay the principal of and interest on the personal savings deposits with the Bank;
- (4) to pay taxes in arrears and taxes arising in course of liquidation;
- (5) to repay the Bank's other debts; and
- (6) to distribute to the Shareholders according to the class and proportion of the shares held by them.

The holders of the Preference Shares shall take precedence over those of ordinary shares in distribution of residual property of the Bank. In the case of liquidation, the residual property of the Bank after the settlement of other debts of the Bank according to relevant laws and regulations shall be first used to pay undistributed dividends accrued on the Preference Shares and the par value of the Preference Shares to the holders of the Preference Shares. If the residual property is not sufficient to pay all such amounts payable to the holders of the Preference Shares, then such distribution shall be made to the holders of the Preference Shares in proportion to the Preference Shares held by them.

13. Rating arrangement

The rating arrangement of the Domestic Preference Shares will be determined with reference to the domestic market conditions and in accordance with the relevant laws and regulations of the People's Republic of China.

14. Guarantee arrangement

No guarantee arrangement will be provided in relation to the proposed issuance of the Domestic Preference Shares.

15. Use of proceeds from the issuance of the Domestic Preference Shares

Upon approval by relevant regulators, the capital raised from the Domestic Preference Shares issuance will be wholly used to replenish the Bank's additional tier-1 capital and increase its CAR, after deducting the issuance fees.

16. Trading arrangement

The Bank will apply for non-public transfer and trading of the Domestic Preference Shares on the Shanghai Stock Exchange.

17. Relationship between offshore and domestic issuance

The domestic issuance of preference shares and the offshore issuance of preference shares are mutually independent and not pre-conditions for each other. If any of the plans is not approved in the Shareholders' meeting, the CBIRC, the CSRC, or by any other authorities, the implementation of the other one will not be affected.

18. The validity period of the resolution in respect of the issuance of the Domestic Preference Shares

The resolution in respect of the issuance of the Domestic Preference Shares will be valid for 24 months from the date on which the resolution is passed by the shareholders' general meeting. The separate issuance of the Domestic Preference Shares under the framework of the issuance plan of the Preference Shares as deliberated and adopted at the shareholders' general meeting is not subject to a separate approval by the then existing holders of Preference Shares to be issued within the validity period of the resolution.

19. The application and approval procedures to be completed for the issuance

This proposal is still subject to review and approval at the shareholders' meeting of the Bank, and may not be implemented until it is approved by the CBIRC and the CSRC.

20. Matters relating to authorization**(1) Authorization in connection with the issuance of the Domestic Preference Shares**

To ensure smooth implementation of the issuance of the Domestic Preference Shares, it will be proposed to the shareholders' general meeting to authorize the Board, and the Board will then delegate the authority to the Chairman, President and other people authorized by the Chairman of the Bank, to jointly or individually exercise the full power to handle all matters relating to the issuance of the Domestic Preference Shares under the framework and principles as deliberated and adopted at the shareholders' general meeting and within the validity period of the resolution in respect of the issuance of the Domestic Preference Shares, including but not limited to those set out below:

- i. to formulate and implement the final proposal for the issuance of the Domestic Preference Shares, including but not limited to:
 - ① to determine the number of series and the issue size of each series of the Domestic Preference Shares within the approved total issue size,
 - ② to determine the method for determining the dividend rate and the specific dividend rate of the Domestic Preference Shares,
 - ③ to the extent permitted by applicable laws and regulations, to determine time of issuance (including but not limited to temporary suspension or termination of the project) and final placee,
 - ④ to determine any other issues in relation to the issuance, including but not limited to rating arrangement and special account for the proceeds, etc. and to make necessary adjustments to the issuance plan of the Domestic Preference Shares according to the latest regulations and regulatory guidance (except those matters that require a separate vote at a shareholders' general meeting in accordance with the relevant laws, regulations and the Articles of Association);
- ii. to produce, amend, execute, implement and file the application and issuance/transfer documents according to the requirements of relevant regulatory institutions in relation to the issuance or transfer of the Domestic Preference Shares and to handle all relevant matters;
- iii. to amend, execute, implement, submit and publish all contracts, agreements and documents (including but not limited to sponsorship, best efforts underwriting and underwriting agreements signed by the intermediary agencies, agreements and schemes relating to the proceeds, subscription agreements entered into with investors, announcements, circulars and other disclosure documents etc. relating to the issuance of Domestic Preference Shares) in relation to the issuance of the Domestic Preference Shares;
- iv. to deal with the matters in relation to the regulatory registration or filing procedures, the listing of the Domestic Preference Shares and other matters;
- v. to amend the relevant clauses of the Articles of Association depending on the issuance and the results, to handle with relevant approval procedures of the supervisory departments such as CBIRC for the amended Articles and to handle with the registration of industrial and commercial changes (if involved); and
- vi. to deal with all other matters relating to the issuance of the Domestic Preference Shares.

(2) Authorization in connection with matters during the term of the Preference Shares

It will be proposed to the shareholders' general meeting to authorize the Board to exercise the full power to handle matters under the framework and principles as deliberated and adopted at the shareholders' general meeting during the term of the Domestic Preference Shares, including but not limited to those set out below:

- i. to handle matters relating to conversion of the Domestic Preference Shares with reference to market conditions and in accordance with the relevant legal requirements upon occurrence of trigger events for compulsory conversion of the Domestic Preference Shares, which include but are not limited to the following: to determine the timing of conversion, conversion ratio and procedures for conversion, to amend the provisions in the Articles relating to conversion to the extent necessary, to deal with the matters in relation to obtaining regulatory approvals, to revise the registered capital accordingly and to deal with the registration with the administration for industry and commerce of the change and other matters;
- ii. to decide on matters relating to redemption during the redemption period with reference to market conditions and other factors, and to handle matters relating to redemption as approved by the CBIRC;
- iii. to declare and pay all dividends to the Domestic Preference Shareholders pursuant to issuance agreements, but the cancellation of all or part of the dividends payable to the Domestic Preference Shareholders will still require approval at a shareholders' general meeting.

Board of Directors
Bank of China Limited

PROPOSAL ON THE NON-PUBLIC ISSUANCE PLAN OF OFFSHORE PREFERENCE SHARES OF THE BANK

Dear Shareholders,

For the purpose of further enhancing the Bank of China's (the "**Bank**") overall competitiveness and strengthening its sustainable development capabilities, the Bank plans to implement a non-public issuance of Preference Shares in the offshore market under the General Mandate. The Bank believes, after internal examination, that it has met the relevant conditions for non-public issuance of Preference Shares pursuant to the relevant provisions of laws, regulations and normative documents, including the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Guiding Opinions of the State Council on Launching the Pilot Program of Preferred Shares*, the *Measures for the Administration of the Pilot Program of Preferred Shares*, the *Capital Rules for Commercial Banks (Provisional)*, the *Guidelines on Commercial Banks' Replenishment of Tier 1 Capital through Issuance of Preferred Shares* and the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*.

The Non-public Issuance Plan of Offshore Preference Shares of the Bank is as follows:

1. Type of securities to be issued and issue size

The aggregate number of the Domestic and Offshore Preference Shares will not exceed 1.2 billion and the aggregate amount of the Domestic and Offshore Preference Shares to be issued will not exceed the equivalent of RMB120 billion, among which the Offshore Preference Shares will not exceed 0.4 billion and the amount of the Offshore Preference Shares will not exceed the equivalent of RMB40 billion. The actual size of the issuance is proposed to be determined by the board of directors (the "**Board**") within the above scope, subject to the authorization at a shareholders' general meeting (which authorization can be further delegated).

2. Par value and issue price

The Offshore Preference Shares will have a par value of RMB100 per share and will be issued at par.

3. Term

The Offshore Preference Shares will have no maturity.

4. Method of issuance

Upon approval by regulatory authorities such as CBIRC and CSRC, the Offshore Preference Shares will be issued by non-public issuance either in a single or multiple series in accordance with relevant regulatory guidelines.

5. Target investors

Accordance with relevant regulatory guidelines, the Offshore Preference Shares will be issued to no more than 200 qualified offshore investors. All the investors shall subscribe for the Offshore Preference Shares in cash.

6. Lock-up period

There will be no lock-up period for the Offshore Preference Shares.

7. Terms of dividend distribution

(1) Principles for the determination of the dividend rate

The dividend rate for the Offshore Preference Shares may be adjusted at different intervals. This means the dividend rate may either remain unchanged for the term of the Offshore Preference Shares, or there will be dividend adjustment periods and the dividend rate will be fixed for a certain period after the issuance of the Offshore Preference Shares and will be readjusted once after each specified period thereafter (such dividend rate will be determined based on the sum of the benchmark rate and the fixed spread. The fixed spread will be equal to the spread between the dividend rate for the Offshore Preference Shares at the time of issuance and the benchmark rate, which will remain unchanged during the term of the Offshore Preference Shares).

The dividend rate for the Offshore Preference Shares at the time of issuance will be determined by the Bank based on price inquiry in the market or in other manners acceptable to the regulatory authorities. The actual dividend rate shall be determined by the Board with reference to factors including market conditions, the actual circumstances of the Bank and investor appetite, subject to the authorization at the shareholders' general meeting (which authorization can be further delegated). The dividend rate for the Offshore Preference Shares shall not be higher than the average return on weighted average equity of the Bank for the last two financial years³ prior to the issuance.

(2) Conditions for dividend distribution

- i. If the Bank has distributable after-tax profit⁴ after recovering losses and making allocations to its statutory common reserve fund and general reserve in accordance with laws, the Bank may distribute dividends to the holders of the Offshore Preference Shareholders, provided the capital adequacy ratio of the Bank meets the requirements of the regulatory rules. The Offshore Preference Shares issued by the Bank rank *pari passu* with the Domestic Preference Shares in terms of dividend distribution, both of which rank ahead of ordinary shareholders. Distribution of dividends to the Offshore Preference Shareholders will not be affected by the rating of the Bank and will not be adjusted as a result of any change to such rating.
- ii. In all circumstances, the Bank shall have the right to partially or entirely cancel dividend payments to the Offshore Preference Shareholders after being reviewed and approved by the shareholders' general meeting, and shall not be deemed a default. The Bank, at its discretion, may use any dividends cancelled to repay other debts that are due. The cancellation of the current Offshore Preference Share dividend shall not constitute any other restrictions on the Bank except for the dividend distribution restrictions on ordinary shares. The Bank will fully consider the rights and interests of the Offshore Preference Shareholders in this issuance when exercising the above-mentioned rights.

(3) Method of dividend payment

Dividends for the Offshore Preference Shares will be payable in cash calculated based on the aggregate par value of the relevant series of the Offshore Preference Shares that have been issued by the Bank and outstanding. Dividends for the Offshore Preference Shares shall be paid on an annual basis and will accrue from the payment due date of the relevant series of Offshore Preference Shares.

3 As determined in accordance with the Rules for Preparation of Information Disclosure by Companies Offering Securities to the Public No.9 — Calculation and Disclosure of Return on Equity and Earnings Per Share (as amended in 2010), and calculated based on the return attributable to the holders of Ordinary Shares of the Bank.

4 i.e. the undistributed profit as shown in the financial statements of the parent company prepared in accordance with Chinese Accounting Standards or International Financial Reporting Standards, whichever amount is lower.

To ensure the holders of the Offshore Preference Shares receive a fixed rate of relevant foreign currency denominated dividends after payment of the relevant withholding tax pursuant to relevant PRC tax laws and regulations, the Bank will pay dividends to the holders of the Offshore Preference Shares in the equivalent amount of relevant foreign currency as determined by the average of the relevant mid-point exchange rates of RMB-to-relevant foreign currency as announced by the People's Bank of China over the week before the pricing day (inclusive of the pricing day) of the Offshore Preference Shares. The withholding tax paid by the Bank as referred to above will be charged to distributable profits. Other taxes payable arising from the holding of the Offshore Preference Shares will be borne by the holders of the Offshore Preference Shares.

(4) Dividend stopper

If the Bank cancels all or part of the dividends to the Offshore Preference Shareholders, the Bank shall not make any dividend distribution to the holders of Ordinary Shares before the Bank declares to pay the dividends for the current dividend period to the Offshore Preference Shareholders in full.

(5) Method of dividend accumulation

The dividends on the Offshore Preference Shares are non-cumulative, that is, the difference between the dividends actually paid to the holders of the Preference Shares and the dividends which should have been paid will not be carried forward to the following year.

(6) Distribution of remaining profits

The Offshore Preference Shareholders are entitled to receive dividends at the prescribed dividend rate, but are not entitled to any distribution of residual profits of the Bank together with the Ordinary Shareholders.

8. Terms of compulsory conversion

(1) Trigger events for compulsory conversion

- i. Upon the occurrence of any Additional Tier-1 Capital Instrument Trigger Event, that is, the core tier-1 CAR drops to 5.125% or below, the Offshore Preference Shares shall be wholly or partly converted into H Shares so as to restore the Bank's core tier-1 CAR above the trigger point.
- ii. Upon the occurrence of any Tier-2 Capital Instrument Trigger Event, all of the Offshore Preference Shares shall be converted into H Shares. "Tier-2 Capital Instrument Trigger Event" means either of the following circumstances (whichever is earlier): ①the CBIRC having concluded that a conversion or write-off is necessary without which the Bank would become non-viable; or ②the relevant authorities having concluded that a public sector injection of capital or equivalent support is necessary without which the Bank would become non-viable.

(2) Compulsory conversion price

The initial compulsory conversion price of the Offshore Preference Shares shall be the average trading prices of H Shares of the Bank in the 20 trading days prior to the announcement date of the Board resolution on the Offshore Preference Shares issuance (which shall be converted into RMB with reference to the mid-point exchange rate of Hong Kong Dollars to RMB as announced by the People's Bank of China on the trading day prior to the announcement date of the Board resolution on the Offshore Preference Shares issuance).

The average trading price of the H shares of the Bank for the 20 preceding trading days = total trading amount of H shares of the Bank for such 20 preceding trading days/total trading volume of H shares for such 20 trading days.

After the issuance of Offshore Preference Shares, in the event of any distribution of bonus shares, recapitalization, issuance of new shares at a price lower than the market price (excluding any increase of share capital due to conversion of financing instruments convertible to ordinary shares issued by the Bank (e.g., preference share, convertible bond etc.)), or rights issue for H Shares, the compulsory conversion price shall be subject to cumulative adjustments in the same order of the occurrence of such events. The distribution of cash dividends to the Ordinary Shareholders will not result in any adjustment to the compulsory conversion price. The compulsory conversion price will be adjusted based on the following:

In the event of any distribution of bonus shares or recapitalization: $P1^* = P0^* \times N^*/(N^* + n^*)$;

In the event of any new issuance of H Shares at a price lower than the market price or rights issue for H Shares: $P1^* = P0^* \times (N^* + k^*)/(N^* + n^*)$, $k^* = n^* \times A^*/M^*$;

Where, $P0^*$ means the compulsory conversion price effective immediately preceding such adjustment; N^* means the total number of Ordinary Shares before such distribution of bonus shares, recapitalization, issuance of new shares or rights issuance of H Shares; n^* means the number of new H Shares distributed as bonus shares, capitalized, issued as new shares or subject to a rights issue; A^* means the price of the new H Shares issued under such new issuance or rights issue; M^* means the closing price of the H Shares on the trading day prior to the announcement of such new issuance or rights issuance of H Shares; $P1^*$ means the compulsory conversion price effective immediately after such adjustment.

In the event that the rights and benefits of the Offshore Preference Shareholders may be affected by the change in the share class, number of shares and, or shareholders' interests of the Bank due to share repurchase, or merger or division of the Bank or any other circumstances, the Bank will adjust the compulsory conversion price based on the actual circumstances and in accordance with the principles of fairness, justice, equity and full protection and balance of the interests of the Preference Shareholders and the Ordinary Shareholders. The contents and the mechanism relating to the adjustment of the compulsory conversion price will be formulated in accordance with applicable PRC laws and regulations.

(3) Principles for determining the ratio and number for compulsory conversion

Upon the compulsory conversion of the Offshore Preference Shares, the formula for determining the number of shares to be converted shall be: $Q^* = V^*/P^*$.

In the above formula: "Q*" denotes the number of H shares that shall be converted from the Offshore Preference Shares held by each Offshore Preference Shareholder; "V*" denotes the total par value of the Offshore Preference Shares to be converted under the compulsory conversion; and "P*" denotes the effective compulsory conversion price for the Offshore Preference Shares.

Any fractional share less than one ordinary share resulting from the compulsory conversion of the Offshore Preference Shares shall be handled by the Bank according to relevant regulations. If partly converted, the Offshore Preference Shares shall be converted into H Shares on a pro rata basis.

(4) Compulsory conversion period

The period for compulsory conversion of the Offshore Preference Shares commences on the first trading day immediately following the completion date of the issuance of the Offshore Preference Shares and ends on the date of redemption or conversion of all the Offshore Preference Shares.

(5) Attribution of dividends of ordinary shares in the year of compulsory conversion

The new H shares to be issued as a result of the compulsory conversion of the Offshore Preference Shares will rank *pari passu* with the existing issued H shares, and all Ordinary Shareholders (including the holders of the H Shares resulting from the compulsory conversion of the Offshore Preference Shares) whose names appear on the register of members of the Bank on the record date for dividend entitlement shall be entitled to receive the dividend for the current dividend period and have equal rights and interests.

9. Terms of conditional redemption**(1) Holder of the redemption right**

The Bank shall have the right to redeem the Offshore Preference Shares subject to obtaining the approval of the CBIRC. Holders of the Offshore Preference Shares have no right to request the Bank to redeem the Offshore Preference Shares.

(2) Redemption conditions and period

The Offshore Preference Shares have no maturity date. Pursuant to relevant regulations of the CBIRC, the Bank has no plan to exercise the right to redeem the Offshore Preference Shares. Therefore, the investors shall not have the expectation that the Bank will exercise the right to redeem the Offshore Preference Shares.

However, subject to the approval of the CBIRC, the Bank shall have the right to redeem all or part of the Offshore Preference Shares after expiry of five years after the date of issuance. The redemption term of the Offshore Preference Shares starts from the fifth anniversary of the date of issuance of the Offshore Preference Shares and ends on the date when all of the Offshore Preference Shares are redeemed or converted. The Shareholders' meeting is requested to authorize the Board of Directors (whose authorization can be further delegated) to decide on any redemption during the redemption term in accordance with market conditions and other factors, and handle, with full authority, all the matters relating to redemption in accordance with any approval of the CBIRC.

The Bank's exercise of its redemption rights shall be subject to the following conditions: ①the Bank plans to use or has capital instruments of equal or higher quality to replace the redeemed Offshore Preference Shares and such replacement shall only be made when the Bank has a sustainable income generating capacity; or ②the Bank's regulatory capital after such redemption will remain substantially higher than the regulatory capital requirements prescribed by the CBIRC.

(3) Redemption price and principles for pricing

The redemption price of the Offshore Preference Shares will be an amount equal to the par value plus the amount of dividend declared but unpaid for the current dividend period.

10. Voting rights restriction

Pursuant to the Articles of Association, the holders of the Offshore Preference Shares generally have no right to attend any Shareholders' meeting, nor do their Offshore Preference Shares have voting rights. Only in any of the following circumstances, the holders of the Offshore Preference Shares may attend the Shareholders' meetings and vote on the following matters as a separate class of shares from ordinary Shareholders. In this case, each Preference Share shall have one vote, but the Offshore Preference Shares held by the Bank shall have no voting right:

- i. any amendment to the provisions of the Articles of Association regarding Preference Shares;
- ii. any reduction of the registered capital of the Bank by more than 10%, whether on an individual or cumulative basis;

- iii. any merger, division, dissolution or change of organizational form of the Bank;
- iv. any issuance of Preference Shares by the Bank; or
- v. any other circumstances prescribed by the Articles of Association.

Resolutions relating to the above shall be adopted by more than two thirds of votes held by the Ordinary Shareholders present at the meeting (including Preference Shareholders with voting rights restored) and by more than two thirds of votes held by the Preference Shareholders (excluding Preference Shareholders with voting rights restored).

11. Voting rights recovery

(1) Voting rights recovery clause

According to the Articles of Association, if the Bank fails to pay dividends to the holders of the Offshore Preference Shares as agreed for three financial years in aggregate or two consecutive financial years after the issuance of the Offshore Preference Shares, the holders of the Offshore Preference Shares shall have the same right to attend and vote at Shareholders' meetings as ordinary Shareholders from the date immediately following the day when the Shareholders' meeting has approved the profit distribution plan for the year which stipulates not to pay the agreed dividends on the Offshore Preference Shares.

After the voting rights of the Offshore Preference Shares are recovered, each holder of such Preference Shares shall be entitled to such number of votes as would result from the simulated conversion of such Preference Shares in accordance with the simulated conversion price below, and the holder of such Preference Share may cast such votes at the Shareholders' meeting together with ordinary Shareholders.

The initial simulated conversion price is determined in the same way as initial compulsory conversion price is determined under Item "8. Terms of Compulsory Conversion". The number of votes resulting from such simulated conversion (i.e., the number of votes to which the holder of each such Preference Share will be entitled) shall be calculated by the formula: $Q^* = V^*/E^*$ (rounded to the nearest one ordinary share in rounding down method).

Where, V^* means the total par value of the Offshore Preference Shares held by such Shareholder; E^* means the effective simulated conversion price.

After the issuance of Offshore Preference Shares, in the event of any distribution of bonus shares, recapitalization, issuance of new shares at a price lower than the market price (excluding any increase of share capital due to conversion of financing instruments convertible to ordinary shares issued by the Bank (e.g., preference share, convertible bond etc.)), or rights issue for H Shares, the Bank will make an adjustment to the simulated conversion price to reflect each of such events on a cumulative basis in the order of the occurrence of the events above. The detailed adjustment method shall be consistent with the adjustment method applicable to the compulsory conversion price as specified in "8. Terms of Compulsory Conversion".

(2) Cancellation of the recovered voting rights

After the voting rights of the Offshore Preference Shares are recovered, the voting rights shall be exercisable until the Bank has fully paid the dividends payable for the year. The Articles of Association may stipulate other circumstances where voting rights attached to the Preference Shares may be recovered.

12. Order of priority and method of liquidation

Pursuant to the Articles of Association, if the Bank is subject to liquidation, the Bank's property shall be distributed according to the order below:

- (1) to pay the liquidation expenses;
- (2) to pay salaries, social security contribution and legal compensation for the Bank's employees;
- (3) to pay the principal of and interest on the personal savings deposits with the Bank;
- (4) to pay taxes in arrears and taxes arising in course of liquidation;
- (5) to repay the Bank's other debts; and
- (6) to distribute to the Shareholders according to the class and proportion of the shares held by them.

The holders of the Preference Shares shall take precedence over those of ordinary shares in distribution of residual property of the Bank. In the case of liquidation, the residual property of the Bank after the settlement of other debts of the Bank according to relevant laws and regulations shall be first used to pay undistributed dividends accrued on the Preference Shares and the par value of the Preference Shares to the holders of the Preference Shares. If the residual property is not sufficient to pay all such amounts payable to the holders of the Preference Shares, then such distribution shall be made to the holders of the Preference Shares in proportion to the Preference Shares held by them.

13. Rating arrangement

The rating arrangement of the Offshore Preference Shares will be determined with reference to the market conditions and in accordance with the relevant laws and regulations.

14. Guarantee arrangement

No guarantee arrangement will be provided in relation to the proposed issuance of the Offshore Preference Shares.

15. Use of proceeds from the issuance of the Offshore Preference Shares

Upon approval by relevant regulators, the capital raised from the Offshore Preference Shares issuance will be wholly used to replenish the Bank's additional tier-1 capital and increase its CAR, after deducting the issuance fees.

16. Trading arrangement

Application for listing of the Offshore Preference Shares on the Hong Kong Stock Exchange will be made in accordance with relevant regulatory requirements. The Offshore Preference Shares will be transferred in accordance with the relevant trading and settlement rules.

17. Relationship between offshore and domestic issuance

The domestic issuance of preference shares and the offshore issuance of preference shares are mutually independent and not pre-conditions for each other. If any of the plans is not approved in the Shareholders' meeting, the CBIRC, the CSRC, or by any other authorities, the implementation of the other one will not be affected.

18. The validity period of the resolution in respect of the issuance of the Offshore Preference Shares

The resolution in respect of the issuance of the Offshore Preference Shares will be valid for 24 months from the date on which the resolution is passed by the shareholders' general meeting. The separate issuance of the Offshore Preference Shares under the framework of the issuance plan of the Preference Shares as deliberated and adopted at the shareholders' general meeting is not subject to a separate approval by the then existing holders of Preference Shares to be issued within the validity period of the resolution.

19. The application and approval procedures to be completed for the issuance

This proposal is still subject to review and approval at the shareholders' meeting of the Bank, and may not be implemented until it is approved by the CBIRC and the CSRC.

20. Matters relating to authorization**(1) Authorization in connection with the issuance of the Offshore Preference Shares**

To ensure smooth implementation of the issuance of the Offshore Preference Shares, it will be proposed to the shareholders' general meeting to authorize the Board, and the Board will then delegate the authority to the Chairman, President and other people authorized by the Chairman of the Bank, to jointly or individually exercise the full power to handle all matters relating to the issuance of the Offshore Preference Shares under the framework and principles as deliberated and adopted at the shareholders' general meeting and within the validity period of the resolution in respect of the issuance of the Offshore Preference Shares, including but not limited to those set out below:

- i. to formulate and implement the final proposal for the issuance of the Offshore Preference Shares, including but not limited to:
 - ① to determine the number of series and the issue size of each series of the Offshore Preference Shares within the approved total issue size,
 - ② to determine the method for determining the dividend rate and the specific dividend rate of the Offshore Preference Shares,
 - ③ to the extent permitted by applicable laws and regulations, to determine time of issuance (including but not limited to temporary suspension or termination of the project) and final placee,
 - ④ to determine any other issues in relation to the issuance, including but not limited to rating arrangement and special account for the proceeds, etc. and to make necessary adjustments to the issuance plan of the Offshore Preference Shares according to the latest regulations and regulatory guidance (except those matters that require a separate vote at a shareholders' general meeting in accordance with the relevant laws, regulations and the Articles of Association);
- ii. to produce, amend, execute, implement and file the application and issuance/transfer documents according to the requirements of relevant regulatory institutions in relation to the issuance or transfer of the Offshore Preference Shares and to handle all relevant matters;
- iii. to amend, execute, implement, submit and publish all contracts, agreements and documents (including but not limited to sponsorship, best efforts underwriting and underwriting agreements signed by the intermediary agencies, agreements and schemes relating to the proceeds, subscription agreements entered into with investors, announcements, circulars and other disclosure documents etc. relating to the issuance of Offshore Preference Shares) in relation to the issuance of the Offshore Preference Shares;

- iv. to deal with the matters in relation to the regulatory registration or filing procedures, the listing of the Offshore Preference Shares and other matters;
- v. to amend the relevant clauses of the Articles of Association depending on the issuance and the results, to handle with relevant approval procedures of the supervisory departments such as CBIRC for the amended Articles and to handle with the registration of industrial and commercial changes (if involved); and
- vi. to deal with all other matters relating to the issuance of the Offshore Preference Shares.

(2) Authorization in connection with matters during the term of the Preference Shares

It will be proposed to the shareholders' general meeting to authorize the Board to exercise the full power to handle matters under the framework and principles as deliberated and adopted at the shareholders' general meeting during the term of the Offshore Preference Shares, including but not limited to those set out below:

- i. to handle matters relating to conversion of the Offshore Preference Shares with reference to market conditions and in accordance with the relevant legal requirements upon occurrence of trigger events for compulsory conversion of the Offshore Preference Shares, which include but are not limited to the following: to determine the timing of conversion, conversion ratio and procedures for conversion, to amend the provisions in the Articles relating to conversion to the extent necessary, to deal with the matters in relation to obtaining regulatory approvals, to revise the registered capital accordingly and to deal with the registration with the administration for industry and commerce of the change and other matters;
- ii. to decide on matters relating to redemption during the redemption period with reference to market conditions and other factors, and to handle matters relating to redemption as approved by the CBIRC;
- iii. to declare and pay all dividends to the Offshore Preference Shareholders pursuant to issuance agreements, but the cancellation of all or part of the dividends payable to the Offshore Preference Shareholders will still require approval at a shareholders' general meeting.

Board of Directors
Bank of China Limited

PROPOSAL ON THE IMPACT ON DILUTION OF CURRENT RETURNS AND REMEDIAL MEASURES
UPON THE ISSUANCE OF PREFERENCE SHARES OF THE BANK

Dear Shareholders,

In accordance with the requirements under the *Opinions of the General Office of the State Council on Further Strengthening the Protection of Legitimate Rights and Interests of Minority Investors in Capital Market* (Guobanfa [2013] No.110), the *Opinions of the State Council on Further Promoting the Healthy Development of Capital Market* (Guofa [2014] No.17) and the *Guiding Opinions on Matters Relating to Diluted Immediate Returns in IPO, Refinancing and Major Asset Restructuring* (No.31 Announcement of CSRC in 2015), Bank of China Limited (the “**Bank**”) has analyzed the possible impact of issuance of domestic and Offshore Preference Shares (the “**Preference Shares**”) on current returns and, with reference to the actual conditions of the Bank, proposes relevant measures with details set forth below:

1. Analysis of the Impact of Dilution of Current Returns by Issuance of Preference Shares on the Bank’s Major Financial Indicators**(1) Assumptions and preconditions**

- (i) Assume that there are no material adverse changes in macroeconomic environment, industry development trend and the Bank’s operation in 2018.
- (ii) Assume that the net profit attributable to the ordinary shareholders of the parent company and the net profit attributable to the ordinary shareholders of the parent company after extraordinary items will increase respectively based on relevant data in 2017 in three situations: ①with zero growth rate; ②with a growth rate of 2.5%; and ③with a growth rate of 5%, and the corresponding amounts will be RMB165,653 million, RMB169,794 million and RMB173,936 million for the net profit attributable to the ordinary shareholders of the parent company, and RMB163,341 million, RMB167,425 million and RMB171,508 million for the net profit attributable to the ordinary shareholders of the parent company after extraordinary items.
- (iii) Assume the total proceeds of the Preference Shares raised from domestic and offshore markets will not exceed the equivalent of RMB120 billion, if not considering the impact of issuance expenses.
- (iv) Assume not considering the impact on the Bank’s operation status and financial position after receiving the proceeds raised in the Preference Share issuance. Such assumption is only for the purpose of calculating financial statistics and financial indicators, and the specific financial returns of the proceeds raised are subject to the actual circumstances after the completion of issuance.
- (v) For the purpose of precaution, assume that the Preference Shares were already issued in early 2018 (illustrative only and not indicating the actual issuance time of the Preference Shares, which shall be the actual completion time of the issuance of the Preference Shares as approved by regulatory institutions), and dividends for a dividend year will be distributed in full within the year of 2018, with a dividend rate of 5.5% for Preference Shares (illustrative only and not indicating the Bank’s expected dividend rate for Preference Shares).
- (vi) The total share capital of ordinary shares of the Bank is estimated based on the total outstanding ordinary shares of 294.4 billion shares issued by December 31, 2017, without consideration of changes in ordinary equity caused by other factors.
- (vii) The measurement only takes the dilution impact of the Preference Shares on of current returns into consideration, without considering the impact of other capital instruments issued or to be issued.

(2) Impact of the dilution of current return by the issuance of Preference Shares on major financial indicators

Based on the assumptions and preconditions above, the impact of the dilution of current return by the issuance of Preference Shares on the Bank's major financial indicators is as follows:

- (i) Scenario 1: Assume that the net profit attributable to the ordinary shareholders of the parent company and net profit attributable to the ordinary shareholders of the parent company after extraordinary items in 2018 are RMB165,653 million and RMB163,341 million respectively.

Major financial data and indicators	2017	2018	
		Not consider the issuance	consider the issuance
Net profit attributable to the ordinary shareholders of the parent company (RMB100 million)	1,656.53	1,656.53	1,590.53
Net profit attributable to the ordinary shareholders of the parent company after extraordinary items (RMB100 million)	1,633.41	1,633.41	1,567.41
Basic earnings per share (RMB)	0.56	0.56	0.54
Diluted earnings per share (RMB)	0.56	0.56	0.54
Basic earnings per share after extraordinary items (RMB)	0.55	0.55	0.53
Diluted earnings per share after extraordinary items (RMB)	0.55	0.55	0.53

- (ii) Scenario 2: Assume that the net profit attributable to the ordinary shareholders of the parent company and net profit attributable to the ordinary shareholders of the parent company after extraordinary items in 2018 are RMB169,794 million and RMB167,425 million respectively.

Major financial data and indicators	2017	2018	
		Not consider the issuance	consider the issuance
Net profit attributable to the ordinary shareholders of the parent company (RMB100 million)	1,656.53	1,697.94	1,631.94
Net profit attributable to the ordinary shareholders of the parent company after extraordinary items (RMB100 million)	1,633.41	1,674.25	1,608.25
Basic earnings per share (RMB)	0.56	0.58	0.55
Diluted earnings per share (RMB)	0.56	0.58	0.55
Basic earnings per share after extraordinary items (RMB)	0.55	0.57	0.55
Diluted earnings per share after extraordinary items (RMB)	0.55	0.57	0.55

- (iii) Scenario 3: Assume that the net profit attributable to the ordinary shareholders of the parent company and net profit attributable to the ordinary shareholders of the parent company after extraordinary items in 2018 are RMB173,936 million and RMB171,508 million respectively.

Major financial data and indicators	2017	2018	
		Not consider the issuance	consider the issuance
Net profit attributable to the ordinary shareholders of the parent company(RMB100 million)	1,656.53	1,739.36	1,673.36
Net profit attributable to the ordinary shareholders of the parent company after extraordinary items(RMB100 million)	1,633.41	1,715.08	1,649.08
Basic earnings per share (RMB)	0.56	0.59	0.57
Diluted earnings per share (RMB)	0.56	0.59	0.57
Basic earnings per share after extraordinary items (RMB)	0.55	0.58	0.56
Diluted earnings per share after extraordinary items (RMB)	0.55	0.58	0.56

(3) Statement of the measurement

- (i) The above assumption analysis in relation to the measurement of the Bank shall not be considered as its profit forecast, nor shall it be relied upon by investors when making investment decisions. The Bank will not be liable for any losses that an investor may suffer from the investment decisions made on basis of the assumption analysis;
- (ii) The total proceeds of the issuance of Preference Shares are estimated, and the assumption that the Preference Shares were already issued in early 2018 and the dividend rate are illustrative only, and issuance amount, completion time of issuance and dividend rate shall be subject to actual proceeds with the approval by regulatory institutions.

2. Risk Alert of the Dilution of Current Return by the Issuance of Preference Shares

Since the Preference Shareholders shall take precedence of the holders of ordinary shares in profit distribution, after the completion of the issuance of Preference Shares, without taking into account any financial returns that may be generated from the use of proceeds, the net profit attribute to the holders of ordinary shares of the parent company will decrease, thus the basic earnings per share and diluted earnings per share of the Bank are likely to slightly decrease in the short term, posing the risk of dilution of current return to the holders of ordinary shares.

However, after the proceeds from the issuance are in place, the capital adequacy ratio of the Bank will be further improved. Based on maintaining the current capital management efficiency, the revenue and the level of net profit will increase and be improved. Therefore, such issuance will have positive impact on the return on equity to the holders of ordinary shares and the earnings per share attributable to the holders of ordinary shares.

We remind investors of the risk arising from the dilution of current return by the issuance of the Preference Shares. The Bank will continuously disclose in its regular reports the completion of measures to make up the diluted current return and the fulfillment of commitments by related parties.

3. Necessity and Reasonableness of Issuance of Preference Shares

(1) To comply with regulatory requirements on capital adequacy

Commercial banks are subject to increasingly strict regulatory requirements regarding capital adequacy. As a global systemically important bank (GSIB), the Bank's core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio are required to be not less than 8.5%, 9.5% and 11.5% respectively. As the importance of the Bank within GSIBs, the minimum regulatory requirements are increased to 9%, 10% and 12% respectively from 2019. To ensure compliance with regulatory requirements, the Bank will need to replenishment capital through external channels.

(2) Diversification of channels for capital replenishment

The Bank will adhere to the principle of "equal importance in internal capital accumulation and external capital supplementation", raising capital through multiple channels and methods, expanding capital sources and striving to maintain adequate capital levels. On the one hand, the Bank will strengthen its internal capital generation capabilities, by further optimisation of business and customer structure, improvements in product innovation and implementation capabilities, focusing on the deepening of existing and the quality of new businesses, emphasizing on the management of cost of debt, enhance risk-pricing ability, continuously improve the group's level of return on capital, strengthen internal capital accumulation, and promote the stable growth of internal capital. On the other hand, considering factors including regulatory requirements, capital structure and market window, the Bank will explore multiple channels and methods to replenish capital. The issuance of Preference Shares will increase the Bank's additional tier 1 capital and improve the Bank's capital structure.

(3) Strengthening the ability to provide services to the Real Economy

With the strategic goal of building "a world first-class bank in the new era", the Bank will take the initiative to assume the responsibility of the large state-owned bank, by serving the Real Economy and macro-economy more effectively. The Bank will fully utilise its advantages in globalization and business integration to promote cross-border development; advantages in trade finance to promote the diversification of foreign trade; advantages of cross-border settlement to promote the internationalization of RMB; continuous work in Inclusive Finance to alleviate financing difficulties and high financing costs. The Bank will strive to improve its ability to serve domestic needs and supports the improvement of people's livelihood. Through the implementation of external capital supplement, the capital strength of the Bank will be further enhanced to provide effective support to the Bank in serving the real economy.

4. Relationship between the Investment Projects of Proceeds and the Bank's Existing Business and the Bank's Reserves in Personnel, Technology and Market with Respect to the Investment Projects

The proceeds of the issuance of domestic and offshore Preference Shares are not more than the equivalent of RMB120 billion. According to applicable laws and regulations and the approvals of regulatory institutions, the proceeds will be fully used to replenish the Bank's additional tier 1 capital, raise tier 1 CAR and optimize capital structure. The proceeds of the Preference Share issuance will provide capital support to the stable development of the Bank's business, help meet the Bank's capital demand for continuous and stable development of its business and enhance its competence.

The Bank adheres to a strategy-oriented and performance-based human resources allocation mechanism, the Bank endeavored to improve its staff structure and allocate more human resources to strategic, core and emerging businesses, so as to consistently enhance staff efficiency. It formulated a layered, classified and long-term mechanism for the development of international talent, continued to develop international and comprehensive talent and reinforced the building of a talent pool of employees fluent in minority languages. Following national strategies, the Bank made more efforts regarding talent support and development in relation to key fields such as targeted poverty alleviation, the Belt and Road Initiative, the coordinated development of the Beijing-Tianjin-Hebei region, the development of the Xiong'an New Area, inclusive finance and the economic development of county areas. In addition, in line with

the Group's strategic priorities, the Bank improved the allocation mechanism for staff costs, put more resources into strategic and fundamental fields and made great efforts to increase input-output efficiency of resources. It refined its performance assessment system and implemented a wide-ranging honors and rewards system to encourage all institutions and employees to be hardworking, enterprising, and to strive for excellence.

The Bank gave full play to the driving force of FinTech in transforming business models and expanding financial services, actively embraced new techniques emerging in the FinTech sector, and promoted the deep integration of innovative techniques within financial services, so as to optimize key aspects of its businesses and improve customer experience. It successfully built a cloud architecture-based environment for FinTech innovation tests, completed the preliminary verification of its distributed IT architecture, and made plans to apply such techniques to all the related businesses of the Bank. The Bank has devoted efforts to the R&D of a digital wallet based on block-chain technology, and successfully applied block-chain technology to "BOC for Public Welfare", a targeted poverty alleviation platform. It also conducted researches on foreign exchange price forecasting and intelligent SWIFT routing with the aid of AI technologies. By integrating advanced technologies, such as deep learning, with the knowledge and experience accumulated by traders over time and SWIFT messaging features, the Bank has established a foreign exchange price forecast model and an intelligent SWIFT routing forecast model for various scenarios through independent R&D, both of which are reach the level of auxiliary production. Unswervingly guided by innovations in information technology, the Bank kept improving its IT governance system and promoted the integrated development of information technology within the Group.

The Bank has a reasonable, extensive and efficient distribution channel. As at the end of June of 2018, the Bank had a total of 11,634 institutions worldwide, including 11,082 institutions in the Chinese mainland and 552 institutions in Hong Kong, Macao, Taiwan and other countries and regions. Its domestic commercial banking business comprised 10,689 institutions, including 38 tier-1 and direct branches, 344 tier-2 branches and 10,306 outlets.

5. Remedial Measures for the Dilution of Current Return as a Result of Issuance of Preference Shares

(1) Operating status, development trend, key risk and improvement measures of the Bank's existing business

The Bank's core business segments are corporate banking, retail banking, and financial market business.

With respect to corporate banking business, the Bank makes great efforts to expedite the transformation of its corporate banking business. It promotes product innovation, continuously optimizes customer structure, further expands its customer base, enhances its diversified operations as well as the integration of its domestic and overseas operations and improves its global service capabilities for corporate banking customers, to achieve steady development in its corporate banking business. With respect to retail banking business, the Bank seizes opportunities arising from the positive development momentum of China's macro-economy, promotes innovation, focuses on its characteristic strengths, continuously enhances market competitiveness of personal banking businesses and further improves customer experience. With respect to financial market business, the Bank actively aligns itself with trends towards interest rate and exchange rate liberalisation and RMB internationalisation, closely tracks developments in financial markets, leveraged its specialised advantages, continues to deepen the adjustment of its business structure, enhances its efforts in financial market innovation and makes steady progress in compliance with international regulatory requirements, to further enhance its influence in financial markets.

The Bank's business operations are subject to risks including Credit Risk, Market Risk, Liquidity Risk, Reputational Risk and Operational Risk. The Bank actively adapts to the new stage of high-quality development of economy and continues to improve its risk management system in line with its business model. The Bank comprehensively follows local and overseas regulatory requirements, earnestly carries out risk inspection and pushes forward its compliance work of effective risk data aggregation and risk reporting, so as to ensure compliant operations. In addition, the Bank improves its comprehensive risk management mechanism, strengthens the consolidated risk management of the Group and refines the risk assessment process for new

products. It promotes the implementation of advanced capital management approaches, actively refines and updates its risk measurement model and increases the management coverage ratio of the internal ratings-based approach. In addition, the Bank speeds up the construction of its risk management information system, integrates its risk database, strengthens its risk data governance, improves its risk reporting capability and earnestly promotes the application of big data and other technologies in risk management.

(2) Detailed measures on improving the daily operation efficiency, reducing operating cost and improving business performance of the Bank

The Bank has not made any commitment on the business performance with respect to the issuance of Preference Shares. In order to effectively utilize the proceeds of the preference share issuance, fully protect the interests of ordinary shareholders, especially minority shareholders, the Bank will take the following measures to enhance its business performance and the medium to long term investment returns for shareholders,

- i. sturdy implementation of strategy. The Bank will persistently follow Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and earnestly implement the important national decisions and plans made by the with the focus on the strategic goal of building “a world first-class bank in the new era”. The Bank will fully utilise its competitive advantages in globalization and business integration, to push ahead with key works related to the tasks of serving the real economy, preventing and controlling financial risks, and deepening reform and innovation. The Bank will persistently enable advancement through technology, drive development through innovation, deliver performance through transformation and enhance strength through reform. Last but not least, the Bank will adhere to the general principle of pursuing progress while ensuring stability and devote efforts in all areas regarding reform and development.
- ii. strengthen internal capital generation capabilities. To continuously promote the Risk-Return balance system which centers on capital and build new governance system of value creation, the Bank aims to develop the realization of high quality development with less capital consumption, more intensive operations, and more effective management, so that the Bank may sustain high quality development. The Bank is dedicated to sustaining value creation, improving internal management system, and increasing the standard of precise capital management, in order to accelerate the development of capital-light business and upgrade the level of value creation.
- iii. effective prevention and elimination of risks. Taking account of the overall economic and social development situation, the Bank attaches great importance to the prevention and mitigation of financial risks. The Bank continues to improve our comprehensive risk management system in order to safeguard our business development and contribute to financial stability. The Bank effectively guards against credit risks, steps up the risk control and prevention in key areas, makes further moves to mitigate the potential risks, deals with existing non-performing assets, and makes consistent efforts in compliance and internal control.
- iv. effectively manage and leverage proceeds from the issuance of the Preference Shares. The Bank will increase the capital management efficiency and fully leverage the proceeds from the issuance of the Preference Shares, so as to effectively remedy the dilution on current returns of the holders of ordinary shares as an effect of the issuance of the Preference Shares and to increase the level of returns on capital.
- v. maintain stable return for shareholders, the Bank recognises the protection of shareholder's interest of great importance, and will maintain a continuous and stable dividend policy, to provide shareholders with long term value

The Bank believes that the issuance of the Preference Shares will strengthen its capital base, improve its capital structure, to ensure the compliance with more stringent capital regulatory requirements, and thus has great significance in promoting healthy and sustainable development of the Bank.

6. Commitments of the Bank's Directors and Senior Management on Effective Implementation of the Remedial Measures

The Bank's directors and senior management will faithfully and diligently perform their duties and safeguard the legitimate rights and interests of the Bank and its shareholders. In order to ensure the measures to make up the return can be effectively implemented, the Bank's Directors and senior management make the commitments pursuant to relevant provisions of CSRC, which include:

- (1) Not funneling interests to any other entity or individual for free or under unfair conditions, or damaging the company's interests by other means;
- (2) Undertaking to regulate the post-related consumption;
- (3) Undertaking not to engage in investment or consumption activities unrelated to the performance of duties using the Bank's assets;
- (4) Undertaking to link the remuneration system developed by the board of directors or the Personnel and Remuneration Committee to the implementation of the Bank's remedial measures; and
- (5) Undertaking to link the conditions for exercising the equity incentive proposed by the Bank to the implementation of the Bank's remedial measures if the Bank releases equity incentive policy in the future.

It is submitted to the general meeting of shareholders:

- (i) To approve "Proposal on the Impact on Dilution of Current Returns and Remedial Measures upon the Issuance of Preference Shares of the Bank".
- (ii) To authorize the board of directors, and make the Board to delegate the chairman or President of the Bank, to make necessary modifications and additions to the measures regarding the filling of returns as required by the regulatory authority.

Board of Directors
Bank of China Limited

**PROPOSAL ON FORMULATING THE SHAREHOLDER RETURN PLAN
FOR 2018 TO 2020 OF BANK OF CHINA LIMITED**

Dear Shareholders,

With a view to further raising awareness in relation to returns to Shareholders and improving and effectively implementing the Bank's policy on cash dividends, pursuant to laws and regulations and relevant regulatory requirements including the *Company Law*, the *Securities Law*, the *Circular of the China Securities Regulatory Commission on Further Implementation of Relevant Issues to Listed Companies' Payment of Cash Dividends* and the *No.3 Guideline for the Supervision of Listed Companies — Cash Dividend Distribution of Listed Companies*, the Bank has formulated this *Proposal on Formulating Bank of China Limited Shareholder Return Plan for 2018 to 2020*.

The above proposal shall be considered and approved by the Bank's general meeting.

Attachment: *The shareholder return plan for 2018 to 2020 of Bank of China Limited*

Board of Directors
Bank of China Limited

Shareholder Return Plan for 2018 to 2020 of Bank of China Limited

With a view to further raising awareness in relation to returns to Shareholders and improving and effectively implementing the policy on cash dividends, pursuant to laws and regulations and relevant regulatory requirements including the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Circular of the China Securities Regulatory Commission on Further Implementation of Relevant Issues to Listed Companies' Payment of Cash Dividends* and the *No.3 Guideline for the Supervision of Listed Companies — Cash Dividend Distribution of Listed Companies*, the Board of Directors has formulated "*Shareholder Return Plan for 2018 to 2020 of Bank of China Limited*" (the "**Plan**").

I. Basic Principles

1. Giving due consideration to returns to Shareholders while taking into account the Bank's long-term interests, the overall interests of all Shareholders and the sustainable development of the Bank;
2. Distributing profits at the ratio provided in the Articles of Association of the Bank each year;
3. Adopting cash dividends as the preferred method of profit distribution; and
4. Maintaining a continuous and stable profit distribution policy.

II. Shareholder Return Plan for 2018 to 2020

1. The Bank will implement a positive profit distribution policy. It will maintain the consistency, reasonableness and stability of the cash dividends policy while ensuring the accuracy of information disclosed in relation to cash dividends.
2. The Bank may distribute dividends in cash, stocks or a mix of cash and stocks.
3. Other than in special circumstances, if the Bank is profitable and the cumulative undistributed profits are positive in a given year, it will distribute dividends in cash, and the profits distributed in cash in a given year shall be no less than 10% of after-tax profits attributable to the ordinary Shareholders of the Bank. The special circumstances referred to above include: undertaking significant investments; the Bank's capital adequacy ratio falling below the level required by the CBIRC and other regulatory institutions of the Bank, or such regulatory institutions adopting regulatory measures restricting the payment of dividends by the Bank; and the occurrence of any force majeure event, including war and natural disaster, which has a material effect on the Bank's operations.

4. When the Bank is operating under favorable conditions and the Board of Directors believes that the Bank's share price does not match the size of its share capital, and that the distribution of stock dividends would be in the best interests of all Shareholders of the Bank, the Bank may formulate a proposal for the distribution of stock dividends provided that the abovementioned conditions for distributing cash dividends have been met. The distribution of stock dividends shall be subject to authorization at a Shareholders' meeting and approval by the CBIRC.

III. Decision-making and Supervisory Mechanisms on the Formulation, Implementation and Amendment of the Plan

1. The Board of Directors of the Bank shall formulate the Plan in accordance with relevant laws and regulations, regulatory requirements, the Articles of Association of the Bank and the specific prevailing circumstances, in consideration of the opinions of all of the Shareholders (especially small and medium-sized Shareholders), the Independent Directors and the Board of Supervisors. The Plan will be implemented after consideration and approval by both the Board of Directors and the Shareholders' meeting.
2. The Bank may amend the Plan on the occurrence of any of the following: any force majeure event, such as war or natural disaster; any material change to regulatory policy; any change to the external operating environment of the Bank that has a material impact on the Bank's operations; or any material change to the Bank's state of operations. Any amendment of the Plan should be first considered specifically by the Board of Directors, with the Board to identify in detail the reasons for such change and prepare a written report on point which also considers fully the opinions of Independent Directors. Such report should ultimately be submitted to the Shareholders' meeting for consideration and approval.
3. Where the cash dividends ratio fails to reach the ratio provided in the Articles of Association of the Bank due to special circumstances as described above, the Board of Directors shall explain the reasons for this in the relevant proposal submitted to the Shareholders' meeting. Where the Bank fails to pay cash dividends due to the special circumstances, the Board of Directors shall provide an express explanation of various matters, such as the specific reasons for the failure, the exact purpose of the retained earnings and the expected return on investment. Once the comments of the Independent Directors are received, such explanation shall be submitted to the Shareholders' meeting for consideration, and shall also be disclosed in the disclosure statements made by the Bank.
4. The Bank encourages small and medium investors and institutional investors to actively participate in the decision-making process for profit distribution. Where applicable laws, administrative regulations and listing rules of the place of listing permit, the bank shall provide the network voting method for shareholders when reviewing the profit distribution scheme. Before the specific plan for distribution of cash dividends is deliberated at the Shareholders' meeting, the Shareholders' Meeting of the Bank should communicate with Shareholders, in particular small and medium-sized Shareholders, through various channels so as to give appropriate attention to their opinions and requests and promptly respond to their concerns.

- IV. The Shareholder return referred to in this Plan applies to the return to ordinary Shareholders only. Returns to the Preference Shareholders shall be subject to the Articles of Association of the Bank and the relevant contents of the plan on the issuance of Preference Shares. Any matter not covered in the Plan shall be governed by relevant laws and regulations, normative documents and the Articles of Association of the Bank. This Plan shall be interpreted by the Board of Directors of the Bank and shall take effect from the date of approval at the Shareholders' meeting of the Bank.

OPINIONS OF INDEPENDENT DIRECTORS OF BANK OF CHINA LIMITED
REGARDING THE ISSUANCE OF PREFERENCE SHARES

The meeting of the board of directors (the “**Meeting**”) of the Bank was held on 29 October 2018, at which the Proposal on the Non-public Issuance Plan of Domestic Preference Shares of the Bank, the Proposal on the Non-public Issuance Plan of Offshore Preference Shares of the Bank and other proposals were considered and approved. The Bank proposes to issue domestic and offshore preference shares with an aggregate amount of not more than RMB120 billion (the “**Issuance**”), among which the aggregate amount of domestic preference shares will be not more than RMB100 billion, and the aggregate amount of offshore preference shares will be not more than RMB40 billion.

In accordance with the relevant requirements of the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Guiding Opinions of the State Council on Launching the Pilot Program of Preferred Shares*, the *Measures for the Administration of the Pilot Program of Preferred Shares*, *Capital Rules for Commercial Banks (Provisional)*, the *Guidelines on Commercial Banks' Replenishment of Tier 1 Capital through Issuance of Preferred Shares*, the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange*, the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*, and other laws, regulations and regulatory documents, the *Articles of Association of Bank of China Limited* (the “**Articles**”), as well as *Work Rules of Independent Directors of Bank of China Limited*, we, as the independent directors of the Bank, have carefully reviewed the proposals relating to the Issuance, and hereby issue our opinions on certain matters relating to the Issuance as follows:

1. The specific plan for the Issuance is in compliance with the relevant laws, regulations and the Articles, and all proceeds from the Issuance will, after deduction of expenses relating to the Issuance, be fully used to replenish additional tier 1 capital of the Bank. After completion of the Issuance, the Bank's net assets will increase and its capital strength and capital structure will be further improved and optimized, which will be beneficial to the sustainable and stable growth of the Bank.
2. Under normal circumstances, holders of preference shares do not attend shareholders' meetings and their preference shares have no voting rights. However, on the occurrence of special circumstances as provided in laws, regulations, the Articles and the proposals, the holders of such preference shares shall be entitled to attend the shareholders' meetings and conduct a class voting separate from holders of ordinary shares. In addition, upon completion of the Issuance, if the terms of restoration of voting rights provided by laws and regulations, the Articles and the proposal are triggered, each holder of such preference shares will be entitled to a certain proportion of voting rights in accordance with the agreed proposal, and to exercise voting rights together with the holders of ordinary shares in the shareholders' meeting in such proportion. This may impact the voting rights of the existing holders of ordinary shares to a certain extent. However, the method of calculating the restored voting rights of the preference shares will be fair and reasonable to the existing holders of ordinary shares.
3. In accordance with the regulations stipulated by the China Banking and Insurance Regulatory Commission and the specific plan for the Issuance, upon the occurrence of trigger events for compulsory conversion of preference shares and the implementation of such compulsory conversion, the ordinary share capital of the Bank will be increased accordingly and thus the rights and interests of existing holders of ordinary shares will be affected to a certain extent.
4. The holders of preference shares of the Issuance will take precedence over the holders of ordinary shares in the distribution of profits, the existence of preference share dividends may lead to the reduction of distributable profits of the Bank's holders of ordinary shares and thus may result in decrease in dividends distribution to the holders of ordinary shares of the Bank. However, the Bank can deliver a reasonable return on capital and support the healthy and sustainable development of the Bank's various businesses by increasing the efficiency of capital allocation since the proceeds from the Issuance are classified as additional tier 1 capital.

5. Upon completion of the Issuance, the dividends payable for the preference shares of this period will increase. If the Bank's distributable after-tax profit of a year cannot cover the dividends of the issued preference shares before the Issuance and of the Issuance, the dividends received by the holders of the issued preference shares before the Issuance (the "**Former Preference Shareholders**") may decrease (the cancellation of dividends is subject to the approval of the shareholders' meeting). Moreover, the Issuance will increase the number of the preference shares of the Bank. Under the circumstances that the holders of preference shares have voting rights after the Issuance, the voting rights of the Former Preference Shareholders will be diluted. Besides, upon the occurrence of the compulsory conversion and restoration of voting rights, the Former Preference Shareholders' proportion of ordinary shares after conversion and restored voting rights will also be diluted.
6. The Meeting was convened, held and concluded in voting in compliance with the provisions of relevant laws, regulations, regulatory documents and the Articles of the Bank. The resolutions passed at such Meeting are therefore legal and effective.
7. In accordance with the Articles, the specific plan for the Issuance shall be submitted to the shareholders' meeting for consideration and approval item by item. The legitimate rights and interests of minority investors will be fully respected and protected by going through the above procedures.

Based on the above, the Issuance is in the interest of the Bank and the shareholders as a whole and there exist no circumstance which prejudices the interest of the Bank or any class of shareholders, and accordingly all the independent directors of the Bank approved the terms of the Issuance.

Independent Directors of Bank of China Limited:
Lu Zhengfei, Leung Cheuk Yan, Wang Changyun, Angela Chao

29 October 2018