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

*(incorporated in Hong Kong with limited liability)*

**(Stock Code: 3329)**

**WAIVER IN RELATION TO THE CONTINUING CONNECTED  
TRANSACTIONS**

Reference is made to the announcement of BOCOM International Holdings Company Limited (the “**Company**”) dated 26 March 2019 (the “**Announcement**”) in relation to the Automatic Renewal of the Framework Agreements upon their expiration on 31 December 2019 for three years ending 31 December 2022. The Automatic Renewal of each of the Framework Agreements shall take effect upon the approval of the Transactions and the proposed annual caps therefor having been obtained from the relevant authoritative bodies (including the Board and/or the Independent Shareholders as necessary) in accordance with the applicable Listing Rules. Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Announcement also mentioned that the Group places deposits in accounts opened with the BOCOM Group in relation to the funds of the Group’s clients and the Group’s proprietary funds, which the Company is required to set a maximum daily balance pursuant to Rule 14A.53 of the Listing Rules and the Company has applied to the Stock Exchange for a waiver from strict compliance with such requirements (the “**Waiver**”).

The Board is pleased to announce that it has received a waiver letter from the Stock Exchange on 18 April 2019, which waives the Company’s obligation from strict compliance with the requirements under Rule 14A.53 of the Listing Rules to set a maximum daily deposit balance limit for the Group’s deposits placed with the BOCOM Group for three years ending 31 December 2022.

The Company’s application for the Waiver is based on the following reasons:

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

- (a) pursuant to the Securities and Futures (Client Money) Rules, subject to certain exceptions, a corporation licensed under the SFO that receives or holds client money is required to establish and maintain a segregated account with an authorised institution under the Banking Ordinance

(Chapter 155 of the Laws of Hong Kong) for the client money in Hong Kong. The licensed corporations within the Group maintain client money in segregated accounts opened with the BOCOM Group and other independent banks. The amounts of client money received or held by the Group may fluctuate significantly on a daily basis depending on the volume of the trading transactions and client activities on a particular day. It would be extremely onerous and impracticable for the Group to estimate and set a maximum daily balance limit for such deposits;

- (b) the placing of funds of the Group's clients as deposits with the BOCOM Group will be on the then prevailing market interest rates, on normal commercial terms or better to the Group and in the respective ordinary and usual course of business of the Group and the BOCOM Group;
- (c) as the Group cannot control the fluctuation in, or accurately estimate the maximum daily balance of the incoming client money, the Group will not be in a position to strictly comply with a maximum daily balance limit even if such limit is set. The Group should not be required to set any limit which it understands will likely not be complied with; and
- (d) setting a maximum daily balance of deposits would mean that the Group may have to reject client deposits or change its CCASS designated settlement bank account that it conducts in its ordinary course of business in order not to exceed such maximum daily balance. This would be unduly burdensome to the Group's existing business operations, unduly restrictive to the potential growth of the Group's business and would not be in the best interests of the Company and the Shareholders as a whole.

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

- (a) the placing of the Group's proprietary funds as deposits with the BOCOM Group will be on the then prevailing market interest rates, on normal commercial terms or better to the Group and in the respective ordinary and usual course of business of the Group and the BOCOM Group;
- (b) the BOCOM Group has developed familiarity of the Group's fund operation arrangement through its long-term cooperation with the Group. It may cause unnecessary interruption to the Group's business if it is to divert such accounts and operational arrangements from the BOCOM Group to another independent bank;
- (c) it is impracticable and extremely difficult for the Group to estimate the amount of incoming funds on a daily basis given that its corporate finance and underwriting business, asset management and advisory business and securities brokerage and margin financing business are closely correlated to market fluctuations, dependant upon the amount of funds raised by the Group's clients from financing activities and subject to the clients' trading instructions, which are all beyond the Group's control. In addition, the Group may from time to time liquidate its proprietary investments, financial products and portfolios in order to satisfy its operational, business and treasury needs. The amount of funds arising therefrom can be substantial and highly uncertain and may only be temporary in nature. Therefore, imposing a maximum daily

balance of deposits would not only cause undue administrative inconvenience to the Group but would also cause undue disruption to its operations, and would adversely impact its ability to promptly respond to volatile changes in the financial market;

- (d) in addition to maintaining a sufficient balance of deposits in the Group's CCASS designated settlement bank account for the Group's own trading activities described above, the Group also needs to reserve sufficient funds in this proprietary bank account in order to fulfil its daily intra-day marks payment and settlement obligations in relation to clients' trading activities. Furthermore, pursuant to the Securities and Futures (Client Money) Rules, the Group is required to ensure that sufficient funds are maintained for inter-transfer between segregated bank accounts and proprietary bank accounts in accordance with client daily cash balance. As the trading pattern of the Group's clients and market conditions are unpredictable, the margin financing needs of the Group's securities clients are subject to the investors' sentiment, the quality of the underlying collaterals, the prevailing interest rate and other factors that are beyond the Group's control, it is impracticable and extremely difficult for the Group to set a maximum balance of deposits in its CCASS designated settlement bank account in relation to its clients' trading activities and daily cash balance;
- (e) given that the deposits placed by the Group in its proprietary bank accounts are fungible and the balance represents a total sum required to be maintained by the Group that is sufficient to support both its clients' trading and financing activities and its own trading activities, it is a lump sum figure (which changes from time to time according to market and level of trading activities of both the Group and its clients), and therefore it would not be possible for the Group to segregate or re-allocate such deposits for the Group's and its clients' purposes;
- (f) during the two years ended 31 December 2018 and up to the date of this announcement, the Group has placed its proprietary funds with various commercial banks in Hong Kong, Mainland China and Macau, which are regulated by the Hong Kong Monetary Authority, the China Banking and Insurance Regulatory Commission (or the China Banking Regulatory Commission before 9 April 2018), the People's Bank of China and/or Macau Monetary Authority, as the case may be. In choosing which banks to place deposits with, the Group considers various factors including the interest rates offered by the banks, the solvency and financial viability of the banks and other commercial considerations. The Group would choose to place deposits with banks which it considers the most suitable and prudent after taking into account the relevant factors. The Group would also ensure that the terms offered to the Group by the BOCOM Group are fair, reasonable and no less favourable than those offered by independent commercial banks;
- (g) most of the settlement funds of the Company's proprietary trading are placed in the Group's deposit accounts opened with the BOCOM Group, but the Group can only obtain the information about the daily amount of funds settled from proprietary trading after trading hours, and therefore does not have the information about the actual daily balance of the deposit of its proprietary funds placed with the BOCOM Group each day during trading hours of that day; and

- (h) setting a maximum daily balance of deposits would be unduly burdensome to the Group's existing business operations, unduly restrictive to the potential growth of the Group's business and would not be in the best interests of the Company and the Shareholders as a whole.

As disclosed in the Announcement, the Company will convene the EGM for the purpose of, among others, considering and if thought fit, approving the Automatic Renewal of the Financial Services Framework Agreement and the Derivatives Transactions Framework Agreement and the Non-exempt Transactions (including the proposed annual caps therefor).

A circular containing, among other things, (i) further information on the Financial Services Framework Agreement and the Derivatives Transactions Framework Agreement, the Non-exempt Transactions and the proposed annual caps therefor; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM, will be despatched to the Shareholders in due course.

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

Hong Kong, 25 April 2019

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