

Bank of China Limited 2007 Annual Report - BOCG Investment

12 Dec, 2008

BOCG Investment

The Bank is engaged in the direct investment and investment management business through its wholly-owned subsidiary, Bank of China Group Investment Limited ('BOCG Investment'). As an important vehicle of the Bank for making direct investments and managing investments, BOCG Investment conducts businesses in Hong Kong, Macau, the Chinese mainland and overseas through corporate equity investment, fixed asset investment, acquisition and disposal of distressed assets, and asset management.

Business Operation

In 2007, in accordance with the development strategy of the Bank and the goal of improving core competitiveness, BOCG Investment focused on improving its market operational capacity in the market by diversifying its portfolio, exploring new investments and perfecting organisational structure, all of which yielded good results. During the year, BOCG Investment made considered investments by hedging price movement risks in order to ensure stable returns. It also improved the value management of its investment projects to increase returns on its business operations and to preserve and appreciate the value of investments.

At the same time, BOCG Investment was able to achieve satisfactory returns by predicting market movements and making the right exit decisions. As of the end of 2007, BOCG Investment earned a profit after tax of HKD5.683 billion, an increase of 191.88% compared with the previous year.

In 2007, BOCG Investment strengthened cooperation with major investment banks, professional funds, asset management companies, Chinese government authorities and other strategic partners, which led to a number of successful corporate equity investments. BOCG Investment endeavored to extend its value chain during the year by testing new business models. In 2007, in addition to the further expansion of its IPO investments, it achieved substantial progress in private equity investments, expanded the scale of its fund investments, and investigated overseas investment opportunities. In an environment of rapid economic growth and improved asset quality, BOCG Investment explored the possibility of acquiring equities and collateralised assets within the Bank and loan acquisition at book value after examining mature models of solely funded or jointly funded buyouts and structured transactions. BOCG Investment played an important role in disposing of collateralised assets, further developing business of mergers and reorganisation.