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## **THIS EXPLANATORY STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this explanatory statement 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 Chong Hing Bank Limited (the “Bank”), you should at once hand this explanatory statement and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer and other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**創興銀行有限公司**  
**Chong Hing Bank Limited**

*(a Hong Kong-incorporated limited liability company)*

(Stock Code: 01111)

**PROPOSED ADOPTION OF A NEW SHARE OPTION SCHEME,  
RENEWAL OF GENERAL MANDATES FOR THE REPURCHASE  
BY THE BANK OF ITS OWN SHARES AND  
THE ISSUE OF NEW SHARES,  
RE-ELECTION OF RETIRING DIRECTORS, AND  
VOTING BY POLL**

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A notice convening the 2012 annual general meeting of the shareholders of the Bank to be held on the 27th Floor, Chong Hing Bank Centre, 24 Des Voeux Road Central, Hong Kong on Wednesday, 9 May 2012 at 11:15 am is set out on pages 16 to 20 in the annual report of the Bank for the year ended 31 December 2011. A form of proxy for use at the 2012 annual general meeting of the shareholders and any adjournment thereof is attached. If you are unable to attend and vote at the 2012 annual general meeting of the shareholders and any adjournment thereof in person, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Bank’s registered office at Ground Floor, Chong Hing Bank Centre, 24 Des Voeux Road Central, Hong Kong, as soon as possible, but in any event not less than 48 hours before the time appointed for holding the annual general meeting of the shareholders and any adjournment thereof. Completion and return of the form of proxy shall not preclude the shareholders of the Bank from attending and voting in person at the annual general meeting of the shareholders and any adjournment thereof should they so wish.

28 March 2012

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## DEFINITIONS

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

“2012 AGM”	the annual general meeting of the shareholders of the Bank to be held on the 27th Floor, Chong Hing Bank Centre, 24 Des Voeux Road Central, Hong Kong on Wednesday, 9 May 2012 at 11:15 am, notice of which is set out on pages 16 to 20 in the annual report of the Bank for the year ended 31 December 2011
“Adoption Date”	the date on which the New Share Option Scheme is adopted, conditionally or unconditionally by the Bank at the 2012 AGM
“Articles of Association”	the articles of association of the Bank for the time being in force
“Bank”	Chong Hing Bank Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Board”	the board of directors of the Bank
“Code”	The Codes on Takeovers and Mergers and Share Repurchases published by the Securities and Futures Commission of Hong Kong
“Directors”	the directors of the Bank
“Eligible Person”	(a) any Group Director and Employee (and any proposed Group Directors and Employees); (b) any customer, supplier or provider of services, landlord or tenant, agent, partner, consultant, or adviser of or a contractor to or person doing business with any Group Company; (c) the trustee of any trust the principal beneficiary of which is, or any discretionary trust the discretionary objects of which include, any person referred to in (a) or (b) above; (d) a company controlled by any person referred to in (a) or (b) above; and (e) such other persons (or classes of persons) as the Board may in its absolute discretion determine should be Eligible Persons
“Employee”	any full-time employee for the time being of any Group Company
“Exercise Period”	in respect of any particular Option, the period to be determined by the Board in its absolute discretion as the period during which the Option may (subject as provided in the New Share Option Scheme) be exercised
“Exercise Price”	the price per share at which a Grantee may subscribe for Shares upon the exercise of an Option pursuant to the New Share Option Scheme
“Existing Share Option Scheme”	the share option scheme adopted by the Bank on 25 April 2002
“Explanatory Statement”	this explanatory statement

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## DEFINITIONS

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“Grantee”	any Eligible Person who accepts an offer by the Bank of an Option or (where the context permits) the Personal Representative of that Eligible Person (being an individual)
“Group”	the Bank and its Subsidiaries for the time being
“Group Company”	a member company within the Group
“Group Director”	a director of any Group Company for the time being
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	21 March 2012, being the latest practicable date before the printing for despatch of the Explanatory Statement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Share Option Scheme”	the new share option scheme proposed to be adopted by a resolution of the Shareholders at the 2012 AGM, a summary of the principal terms of which is set out in the Appendix 1
“Option(s)”	option(s) to subscribe for Shares granted pursuant to the New Share Option Scheme
“Personal Representative”	the person or persons who, in accordance with the laws of succession applicable in respect of the death of a Grantee (being an individual), is or are entitled to exercise any Option granted to such Grantee (to the extent not already exercised)
“Relevant Period”	the date of the passing of the resolutions in question until the conclusion of the next annual general meeting of the shareholders or the expiration of the period within which the next annual general meeting of the shareholders is required by law or the Articles of Association to be held or when revoked or varied by ordinary resolution(s) of shareholders in general meeting of the Bank, whichever occurs first
“Share(s)”	ordinary share(s) of HK\$0.50 each in the Bank (or of such other nominal amount as shall result from a subdivision, consolidation, reclassification or reconstruction of such shares from time to time of the Bank)
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	a subsidiary (within the meaning of the Companies Ordinance) for the time being of the Bank

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## EXPLANATORY STATEMENT FROM THE BOARD

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# 創興銀行有限公司 Chong Hing Bank Limited

*(a Hong Kong-incorporated limited liability company)*

(Stock Code: 01111)

### **Executive directors**

Dr LIU Lit Mo, LLD, MBE, JP  
*(Chairman)*

Mr LIU Lit Chi  
*(Managing Director & Chief Executive Officer)*

Mr Don Tit Shing LIU  
*(Deputy Chief Executive Officer)*

Mr LAU Wai Man  
*(Deputy Chief Executive Officer)*

Mr Wilfred Chun Ning LIU

Mr TSANG Chiu Wing

Mr WONG Har Kar

### **Registered Office**

Ground Floor  
Chong Hing Bank Centre  
24 Des Voeux Road Central  
Hong Kong

### **Non-executive directors**

Mr Timothy George FRESHWATER

Mr WANG Xiaoming

Mr Andrew LIU

Mr Hidemitsu OTSUKA

Mr Christopher Kwun Shing LIU

Mr Alfred Cheuk Yu CHOW, BBS, JP

Mr MENG Qinghui

### **Independent non-executive directors**

Dr Robin Yau Hing CHAN, GBS, LLD, JP

Mr Wanchai CHIRANAKHORN

Mr CHENG Yuk Wo

Mr Andrew Chiu Cheung MA

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# EXPLANATORY STATEMENT FROM THE BOARD

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28 March 2012

To the Shareholders,

Dear Sir / Madam,

**PROPOSED ADOPTION OF A NEW SHARE OPTION SCHEME,  
RENEWAL OF GENERAL MANDATES FOR THE REPURCHASE  
BY THE BANK OF ITS OWN SHARES AND  
THE ISSUE OF NEW SHARES,  
RE-ELECTION OF RETIRING DIRECTORS, AND  
VOTING BY POLL**

**A. Proposed Adoption of a New Share Option Scheme**

**Reasons for adoption of the New Share Option Scheme**

The Existing Share Option Scheme will expire on 24 April 2012. The Board proposed that the New Share Option Scheme be approved and adopted at the 2012 AGM. The purpose of the New Share Option Scheme is to provide incentives or rewards to the Eligible Persons for their contribution to the Group and / or to enable the Group to recruit and retain high-calibre employees are valuable to the Group.

**Conditions**

The New Share Option Scheme:

- (i) shall take effect subject to the passing of an ordinary resolution by the Shareholders approving the adoption of the New Share Option Scheme; and
- (ii) is conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in any Shares to be issued by the Bank pursuant to the exercise of Options in accordance with the New Share Option Scheme.

**Maximum number of Shares subject to the New Share Option Scheme**

Subject to the terms of the New Share Option Scheme, the maximum number of Shares in respect of which options may be granted under the New Share Option Scheme and all other schemes (if any) involving the issue or grant by the Bank of options or similar rights in respect of Shares or other securities of the Bank (“Other Schemes”) shall not exceed in aggregate 10% of the Shares in issue as at the Adoption Date. Such limit may be altered from time to time pursuant to the terms of the New Share Option Scheme, provided that the maximum number of Shares which may be issued upon the exercise of all outstanding options granted but yet to be exercised under the New Share Option Scheme and any of the Other Schemes must not, in aggregate, exceed 30% of the Shares in issue from time to time.

As at the date hereof, no options have been granted or agreed to be granted under the Existing Share Option Scheme and any Other Schemes. The Bank will comply with the terms of the New Share Option Scheme and the requirements of Chapter 17 of the Listing Rules in granting, dealing in or otherwise disposing of any Option.

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## EXPLANATORY STATEMENT FROM THE BOARD

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### **Value of the Options**

The Directors consider that it is not appropriate to state the value of all the Options that can be granted under the New Share Option Scheme as if they had been granted at the Latest Practicable Date prior to the approval of the New Share Option Scheme given that the variables which are crucial for the calculation of the value of such Option cannot be determined. The variables which are critical for the determination of the value of such Options include the subscription price payable for the Shares upon the exercise of the Options, whether or not Options will be granted under the New Share Option Scheme, and if so, the number of Options to be granted and the timing of the granting of such Options, the period during which the subscription rights may be exercised, the discretion of the Board to impose any performance target that has to be achieved before the subscription right attaching to the Options can be exercised and any other conditions that the Board may impose with respect to the Options and whether or not such Options if granted will be exercised by the holders of the Options. Accordingly, the Directors believe that any calculation of the value of the Options will not be meaningful and may be misleading to Shareholders in the circumstances.

### **Application for Listing**

Application will be made to the Listing Committee of the Stock Exchange for approval of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any Options that may be granted under the New Share Option Scheme.

### **Principal terms of the New Share Option Scheme**

A summary of the principal terms of the rules of the New Share Option Scheme which is proposed to be approved and adopted by the Bank at the 2012 AGM is set out in Appendix 1 to this circular. A copy of the rules of the New Share Option Scheme is available for inspection at the Bank's registered office in Hong Kong at Ground Floor, Chong Hing Bank Centre, 24 Des Voeux Road Central, Hong Kong during normal business hours from the date hereof up to and including the date of the 2012 AGM and at the 2012 AGM.

## **B. Renewal of General Mandates for the Repurchase by the Bank of its Own Shares and the Issue of New Shares**

1. At the annual general meeting of the shareholders of the Bank held on 4 May 2011, ordinary resolutions were passed giving general and unconditional mandates to the Directors to exercise all powers of the Bank (i) to allot, issue and deal with, otherwise than by way of rights issue or pursuant to the exercise of options granted under the Share Option Scheme of the Bank adopted on 25 April 2002 or pursuant to any scrip dividend or similar arrangement providing for the allotment and issue of shares in lieu of the whole or part of a dividend on shares of the Bank in accordance with the Articles of Association, Shares (as defined in the Appendix 1) with an aggregate nominal value not exceeding the sum of (a) 20 per cent of the aggregate nominal amount of the issued share capital of the Bank as at the date of the passing of the relevant resolution and (b) the aggregate nominal amount of the share capital of the Bank repurchased under the authority referred to under (ii); and (ii) to repurchase up to 10 per cent of the share capital of the Bank as at the date of resolution granting the general mandate, such authority relating only to repurchases made on the Stock Exchange or any other stock exchange on which Shares may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose and otherwise in accordance with the Listing Rules; such mandates shall remain in effect during the Relevant Period and shall not extend beyond the Relevant Period save that the Directors may during the Relevant Period make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period. No Shares have been allotted, issued, repurchased or otherwise dealt with under the mandates in question.

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## EXPLANATORY STATEMENT FROM THE BOARD

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2. Under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) and the Listing Rules, these general mandates lapse at the conclusion of the 2012 AGM, unless renewed at that meeting. Resolutions will be proposed to renew these mandates and the Explanatory Statement required by the Listing Rules to be sent to shareholders in connection with the proposed share repurchase resolution is set out in Appendix 2. The Explanatory Statement also constitutes the memorandum required under section 49BA of the Companies Ordinance.
3. With reference to Resolutions 5, 6 and 7 set out in the Notice of the 2012 AGM, the Directors wish to state that they have no immediate plans to repurchase any existing Shares or to allot and issue any new Shares pursuant to the relevant mandates.
4. It is proposed that general mandate be granted to allot and issue additional shares in the Bank not exceeding 20 per cent of its issued share capital. On the basis of 435,000,000 Shares in issue as of the Latest Practicable Date and assuming no further Shares will be allotted and issued between 22 March 2012 and the date of the passing of such resolution, the maximum number of shares to be issued under the proposed general mandate is 87,000,000 Shares.

### C. Re-election of Retiring Directors

1. Article 101 of the Articles of Association stipulates that, among other things, one-third of the Directors for the time being, who have been longest in office since their last election, shall be subject to retirement by rotation and re-election at each annual general meeting of the shareholders. Accordingly, the following Directors shall retire and offer themselves for re-election at the 2012 AGM:

**Name**

Mr Liu Lit Chi

Mr Timothy George Freshwater

Mr Christopher Kwun Shing Liu

Mr Alfred Cheuk Yu Chow

Mr Tsang Chiu Wing

Mr Wong Har Kar

2. Biographical data about the retiring Directors who are proposed to be re-elected at the 2012 AGM are set out in Appendix 3.



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## EXPLANATORY STATEMENT FROM THE BOARD

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### **D. Voting by Poll**

The Listing Rules require that any vote of shareholders on all resolutions at general meetings (including the 2012 AGM) must be taken by poll.

As at the Latest Practicable Date, and to the best knowledge, belief and information of the Directors having made all reasonable enquiries, no Shareholder is required under the Listing Rules to abstain from voting on the resolution regarding the proposed adoption of the New Share Option Scheme at the 2012 AGM.

### **E. Recommendation**

Your Directors believe that the proposed adoption of the New Share Option Scheme, the renewal of general mandates for both the repurchase by the Bank of its own Shares and the issue of new Shares, the re-election of the retiring Directors as well as poll voting are in the interests of the Bank and its Shareholders as a whole. As such, your Directors recommend that you vote in favour of all the relevant resolutions to be proposed for passage at the 2012 AGM.

### **F. Responsibility Statement**

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

By Order of the Board

**Liu Lit Mo**

*Chairman*

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## APPENDIX 1 - SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

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*This Appendix summarises the principal terms of the New Share Option Scheme but does not form part of, nor was it intended to be, part of the New Share Option Scheme nor should it be taken as effecting the interpretation of the rules of the New Share Option Scheme. References in this Appendix to “Company” mean Chong Hing Bank Limited, unless specified otherwise.*

### **(a) Purpose**

The purpose of the New Share Option Scheme is to provide the Company with a flexible means of recognising and acknowledging the contributions of the Eligible Persons and to attract and retain and appropriately remunerate the best possible quality of Employees and other Eligible Persons.

### **(b) Eligible Persons of the New Share Option Scheme**

The following persons shall be eligible for participation in the New Share Option Scheme:

- (i) any Group Director and Employee (and any proposed Group Directors and Employees);
- (ii) any customer, supplier or provider of services, landlord or tenant, agent, partner, consultant, or adviser of or a contractor to or person doing business with any Group Company;
- (iii) the trustee of any trust the principal beneficiary of which is, or any discretionary trust the discretionary objects of which include, any person referred to in (i) or (ii) above;
- (iv) a company controlled by any person referred to in (i) or (ii) above; and
- (v) such other persons (or classes of persons) as the Board may in its absolute discretion determine should be Eligible Persons. In exercising such discretion, the Board shall have regard to factors such as any contributions which have been made, or may be made, by such persons to the Group and other factors as the Board may consider appropriate.

### **(c) Duration of the New Share Option Scheme**

The New Share Option Scheme shall be valid and effective for the period commencing on (and from) the Adoption Date up to midnight on the date which falls 10 years after the Adoption Date, after which period no further Options may be granted or offered but the provisions of the New Share Option Scheme shall otherwise remain in full force and effect.

### **(d) Grant of Options**

An Offer shall be made to an Eligible Person in writing in such form as the Board may from time to time determine. Such Offer shall specify the Exercise Price and the Exercise Period (which shall not in any event be longer than 10 years from the date of grant of the relevant Option).

The letter to an Eligible Person containing an Offer (“Offer Letter”) shall state, among other things, the minimum period (if any) for which an Option must be held before it can be exercised. Subject to the provisions of the New Share Option Scheme, the Listing Rules and other applicable rules and regulations, the Board may at its discretion, on a case by case basis or generally, when making an Offer impose such conditions, restrictions, limitations or requirements which may include conditions, restrictions, limitations relating to the achievement of operating or financial targets, or satisfactory conduct or performance by the Grantee) in relation thereto.

An Offer may be accepted by an Eligible Person for a period of 28 days (or such shorter period as the Board may decide) from the date of the Offer. A consideration of HK\$10.00 is payable on acceptance of the Offer. Once such acceptance is made, the grant of the Option(s) shall be deemed to have become unconditional.

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## APPENDIX 1 - SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

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### (e) Maximum number of Shares

Subject to the terms of the New Share Option Scheme, the maximum number of Shares in respect of which options may be granted under the New Share Option Scheme and all other schemes (if any) involving the issue or grant by the Company of options or similar rights in respect of Shares or other securities of the Company (“Other Schemes”) shall not exceed in aggregate exceed 10% of the Shares in issue as at the Adoption Date. Such limit (the “Scheme Limit”) may be altered from time to time:

- (i) the Scheme Limit may be increased, provided that: (A) the Company shall have issued a circular to its shareholders containing such information as is required under the Listing Rules at the relevant time in connection with such an increase; (B) such increase shall have been approved by shareholders of the Company in general meeting; and (C) the total number of Shares which may be issued upon the exercise of all options to be granted under this Scheme and all of the Other Schemes after such increase in the Scheme Limit must not exceed 10% of the Shares in issue as at the date of such approval; and
- (ii) Options may be granted in excess of, or which are not counted in calculating the Shares under option in connection with, the Scheme Limit (“Excess Options”), provided that: (A) the Company shall have issued a circular to its shareholders containing such information as is required under the Listing Rules at the relevant time in connection with such grants; (B) such grants shall have been approved by shareholders of the Company in general meeting; and (C) Excess Options are granted only to Eligible Persons identified by the Company (specifically or generically, in such manner and detail as is required by the Listing Rules at the relevant time) in a circular to the Company’s shareholders or otherwise before such approval is sought.

Notwithstanding the above, the maximum number of Shares which may be issued upon the exercise of all outstanding options granted but yet to be exercised under the New Share Option Scheme and any of the Other Schemes must not, in aggregate, exceed 30% of the Shares in issue from time to time.

Options which have lapsed in accordance with the terms of the New Share Option Scheme and all of the Other Schemes shall not be counted for the purpose of calculating the number of Shares under option in connection with the Scheme Limit.

### (f) Maximum entitlement of each Eligible Person

No Option may be granted to any person which, if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of the Options already granted and to be granted to such person (including exercised, cancelled and outstanding Options but excluding lapsed Options) in the 12-month period up to and including the date of such new grant exceeding 1% of the Shares in issue as at the date of such new grant, provided that Options may be issued in excess of such limit if:

- (i) the Company shall have issued a circular to its shareholders containing such information about the proposed grant as is required by the Listing Rules at the relevant time;
- (ii) such grant shall have been separately approved by shareholders of the Company in a general meeting at which that proposed Grantee and his Associates (as defined in the Listing Rules) shall have abstained from voting; and
- (iii) the number and terms (including the Exercise Price) of Options to be granted to such person shall have been fixed before the aforesaid shareholders’ approval.

**(g) Grant of Options to connected persons**

Where any grant of Options to a substantial shareholder (as defined in the Listing Rules) or an independent non-executive director of the Company or their respective Associates will result in the total number of the Shares issued and to be issued upon full exercise of the Options granted and to be granted to such person (including exercised, cancelled and outstanding Options but excluding lapsed Options) in any 12-month period up to and including the date of grant of the relevant Option:

- (i) exceeding an aggregate of 0.1% of the Shares in issue; and
- (ii) having an aggregate value, based on the closing price of the Shares at the date of grant of the relevant Option, in excess of HK\$5 million,

then the proposed grant must be subject to the approval of shareholders of the Company in general meeting taken on a poll and all connected persons (as defined in the Listing Rules) must abstain from voting, except that any connected person may vote against the resolution provided that its intention to do so has been stated in the circular dispatched to the shareholders of the Company for convening such general meeting.

**(h) Exercise Price**

Subject to the adjustment made in accordance with the terms of the New Share Option Scheme, the Exercise Price in respect of any Shares the subject of any particular Option shall be a price determined by the Board and notified to each Grantee (in the letter containing the Offer) and shall not be less than the highest of:

- (i) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant Option;
- (ii) an amount equivalent to the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the 5 Business Days immediately preceding the date of grant of the relevant Option; and
- (iii) the nominal value of a Share.

**(i) Ranking of Shares**

The Shares to be allotted and issued upon the exercise of an Option shall be subject to all the provisions of the articles of association for the time being and shall rank *pari passu* in all respects with the existing fully paid Shares in issue on the date on which a notice exercising that Option (together with the remittance relating to such exercise) is received by the Company ("Exercise Date") and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made, or other rights or benefits accruing if the record date therefor shall be on or before the Exercise Date.

Save as aforesaid, a Share allotted upon the exercise of an Option shall not carry any voting or other rights until the name of the Grantee has been duly entered into the register of shareholders of the Company as the holder thereof.

**(j) Restrictions on the time of grant of Options**

The Board shall not make any grant or Offer:

- (i) after a price sensitive development has occurred or a price sensitive matter has been the subject of a decision, until such price sensitive information has been announced pursuant to the relevant requirements of the Listing Rules; or
- (ii) during the period commencing one month (or such other period as the Listing Rules may require from time to time) immediately preceding the earlier of:
  - (A) the date of the board meeting (as first notified to the Stock Exchange) for the approval of the Company's results for any year, half year or any other interim period (whether or not required by the Listing Rules), and
  - (B) the deadline for the Company to publish an announcement of its results for any year, half year or any other interim period (whether or not required by the Listing Rules),

until the date on which such results have been announced.

**(k) Rights on ceasing employment and resignation, etc**

If the Grantee of an Option is an Employee, the Option (to the extent such Option has not already been exercised) shall lapse and not be exercisable (and the Exercise Period in respect of that Option shall automatically terminate): (i) on the date on which the Employee resigns from (or gives notice terminating) his employment with any Group Company; or (ii) on the date on which his employment with any Group Company is terminated by the employer on any one or more of the grounds that he has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay debts which are due or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty, or any other ground on which an employer would be entitled to terminate his employment without notice (or the normal notice period) at common law or pursuant to any applicable laws or under the Grantee's employment contract with any Company Group.

If the Grantee of an Option is a Group Director, the Option (to the extent such Option has not already been exercised) shall lapse and not be exercisable (and the Exercise Period in respect of that Option shall automatically terminate) on the effective date on which the Group Director ceases to be a Group Director (whether by resignation, removal or pursuant to any order or requirement of any law, court or the Stock Exchange, or in accordance with the provisions of any applicable law, or otherwise) in circumstances: (A) involving the dishonesty or lack of integrity or misdemeanour (or the bona fide alleged dishonesty or lack of integrity or misdemeanour) of such Group Director or a breach of law or the Listing Rules by (or instructed or procured or connived in by) such Group Director; or (B) where the Stock Exchange has stated publicly that in its opinion the retention of office as a Director by such Group Director is prejudicial to the interests of investors.

**(l) Rights on ceasing to be an Eligible Person**

If the Grantee (being a Group Director or an Employee) ceases to be a Group Director or an Employee (as the case may be) for any reason, other than his death or the termination of his directorship or employment on one or more of the grounds specified in paragraph (k) above, the Option (to the extent exercisable and not already exercised at the date of cessation) may be exercised within:

- (i) (in the case of a Grantee being an Employee) 12 months (or such longer period as the Board may determine) after the date of cessation of such employment if such cessation is by reason of retirement in accordance with his contract of employment (or otherwise by agreement with the relevant company);
- (ii) 3 months (or such longer period as the Board may determine) following the date of cessation of such directorship or employment in all other circumstances,

provided that this paragraph shall not apply in circumstances where a Grantee is both a Group Director and an Employee and ceases to be a Group Director but does not at that time cease to be an Employee (or vice versa); for the above purposes the date of cessation of employment shall be the last actual working day with the relevant Group Company, whether salary is paid in lieu of notice or not.

**(m) Rights on death**

If the Grantee dies before exercising an Option in full, his Personal Representatives may exercise the Option (in whole or in part) up to the Grantee's entitlement (to the extent exercisable as at the date of his death and not exercised) within the period of 12 months following his death or such longer period as the Board may determine.

**(n) Rights on breach of contract**

If the Grantee commits a breach (which the Board in its absolute discretion considers to be material) of any term of an Option and the Board (after careful consideration of the views of the Independent Directors) shall resolve that the Option shall lapse in connection with that breach, the Option (to the extent such Option has not already been exercised) shall lapse and not be exercisable.

**(o) Rights on a general offer**

If a general or partial general offer (whether by way of take-over offer, share repurchase offer, scheme of arrangement or otherwise in like manner) is made to all the holders of Shares, or all such holders other than the offeror and / or any person controlled by the offeror and / or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, shareholders of the Company, and / or that an option cancellation offer (on fully comparable terms) is made by the offeror to all the Grantees. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to shareholders in the Company, the Grantee shall, notwithstanding any other terms on which his Options were granted, be entitled to exercise the Option (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company at any time thereafter and up to the close of such offer (or any revised offer) or the date on which the scheme of arrangement becomes effective, as the case may be.

**(p) Rights on winding up**

- (i) If notice is given by the Company to its shareholders to convene a shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall forthwith give notice thereof to the Grantee and the Grantee may, by notice in writing to the Company accompanied by the remittance for the total Exercise Price payable in respect of the exercise of the relevant Option (such notice to be received by the Company not later than 3 business days (excluding any period(s) of closure of the Company's share registers) prior to the proposed meeting), exercise the Option (to the extent exercisable as at the date of the notice to the Grantee and not exercised) either in full or in part and the Company shall, as soon as possible and in any event no later than the business day (excluding any period(s) of closure of the Company's share registers) immediately prior to the date of the proposed shareholders' meeting, allot and issue such number of Shares to the Grantee as falls to be issued on such exercise.
  
- (ii) If (x) an effective resolution has been passed for the voluntary winding up of the Company during the Exercise Period, or (y) an order of the court is made for the winding up of the Company (other than a winding up to which (i) above has applied), the Grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company within 21 days after the date of such resolution or the date of such order of the court, elect to be treated as if the Option (to the extent not already exercised) had been exercised immediately before the passing of such resolution or the making of such order either to its full extent or to the extent specified in such notice and shall accordingly be entitled to receive out of the assets available in the liquidation *pari passu* with the holders of the Shares such sum (if any) as he would have received had he been allotted and issued on the day prior to the date of such resolution or order as aforesaid the Shares in respect of which such election was made, reduced by an amount equal to the Exercise Price which would otherwise have been payable in respect thereof.

**(q) Rights on compromise or arrangement between the Company and its creditors**

If a compromise or arrangement between the Company and its shareholders or creditors is proposed in connection with a scheme or proposal for the reconstruction or amalgamation of the Company (other than any relocation schemes as contemplated in Rule 7.14(3) of the Listing Rules), the Company shall give notice thereof to all Grantees on (or as soon as practicable after) the date on which it gives notice of the meeting to its shareholders or creditors to consider such a scheme of arrangement, and thereupon the Grantee may, by notice in writing to the Company accompanied by the remittance for the total Exercise Price payable in respect of the exercise of the relevant Option (such notice to be received by the Company not later than 2 business days (excluding any period(s) of closure of the Company's share registers) prior to the proposed meeting), exercise the Option (to the extent exercisable as at the date of the notice to the Grantee and not exercised) either in full or in part and the Company shall, as soon as possible and in any event no later than the business day (excluding any period(s) of closure of the Company's share registers) immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee as falls to be issued on such exercise.

**(r) Exercise of Options in respect of proposed Group Directors and proposed Employees**

For any Option granted to any person who is: (i) a proposed Group Director or a proposed Employee, (ii) the trustee of any trust the principal beneficiary of which is, or any discretionary trust the discretionary objects of which include, such proposed Group Director or proposed Employee, or (iii) a company controlled by such proposed Group Director or proposed Employee, the exercise of the relevant Option is conditional upon such proposed Group Director or proposed Employee having taken office.

**(s) Effect of reorganisation of capital structure**

In the event of any alteration in the capital structure of the Company while any Option remains exercisable, which involves a capitalisation of profits or reserves, a rights issue or other offer of Shares and / or other securities made by the Company to holders of Shares (or the majority of them), consolidation, subdivision or reduction of capital of the Company, or a dividend in specie or other distribution which (in the opinion of the relevant expert (“Relevant Expert”), i.e. the auditors of the Company for the time being or, in relation to any matter, an independent financial adviser to the Company (or, as the case may be, the independent non-executive directors of the Company ) appointed in relation to that matter by the Board) is in the nature of a special dividend or a return of capital or surplus assets and such other events as the Board may specify with the prior written approval of the Stock Exchange (“Relevant Event”), appropriate corresponding alterations (if any) shall be made to: (i) the number or nominal amount of Shares subject to the Option so far as unexercised; (ii) the Exercise Price; (iii) the method of exercise of the Option; and / or (iv) the various maximum numbers of Shares referred to in paragraphs (e) and (f) above.

Such adjustments must result in the number of Shares issuable to the Grantee on full exercise of an Option bearing, to the extent practicable, the same proportion to the total number of issued Shares after the Relevant Event as they bore to the total number of issued Shares immediately prior to the Relevant Event; and the total Exercise Price payable by a Grantee on the full exercise of any Option shall, where appropriate, remain as nearly as possible the same as (but shall in any event not be greater than) it was before the Relevant Event.

**(t) Cancellation of Options**

Subject to the Listing Rules and all applicable laws and requirements from time to time, any Option may be cancelled in whole or in part and at any time or from time to time: (i) by agreement between the Company and the Grantee (on such terms as they may agree); or (ii) at the absolute discretion of the Board.

Where an Option is cancelled and a new Option is proposed to be granted to the same Grantee, the grant of such new Option may only be made with available unissued Options subject to and within the limits referred to in paragraph (e) above (and for this purpose all Options which have been cancelled shall be treated as still outstanding).

**(u) Termination of the New Share Option Scheme**

The Company by a resolution of shareholders in general meeting, of the Board, may at any time terminate the operation of this Scheme and, in such event, no further Options will be granted or offered but the provisions of this Scheme shall otherwise remain in force in all other respects.



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## APPENDIX 1 - SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

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### **(v) Rights are personal to the Grantee**

An Option shall be personal to the Grantee and shall not be assignable or transferable. No Grantee shall in any way sell, transfer, dispose of, charge, mortgage, encumber, or create or dispose of any interest of any nature in favour of any third party over or in relation to, any Option or any interest therein (or enter into any agreement to, or otherwise attempt to, do any of the foregoing). In the event of any breach of the foregoing, the relevant Option (to the extent not already exercised) shall lapse automatically on the date of the relevant breach, unless the Board shall resolve otherwise.

### **(w) Alteration to the New Share Option Scheme**

The New Share Option Scheme may be altered in any respect by resolution of the Board except that alterations of the provisions of the New Share Option Scheme relating to:

- (i) any alteration of the provisions of the New Share Option Scheme as to the definitions of “Eligible Person”, “Grantee” and “Exercise Period”, and the matters set out in Rule 17.03 of the Listing Rules which is to the advantage of Grantees or potential Grantees;
- (ii) any alteration to:
  - (x) the terms and conditions of the New Share Option Scheme which are of a material nature; or
  - (y) the terms and conditions of any Option granted which is to the advantage of the Grantee, except where such alterations take effect automatically under the existing terms of this Scheme; and
- (iii) any change to the authority of the Board in relation to any alteration to the terms of the New Share Option Scheme,

provided always that the amended terms of this Scheme must continue to comply with the relevant provisions of the Listing Rules at the relevant time.

### **(x) Administration of the New Share Option Scheme**

The New Share Option Scheme shall be administered by the Board, whose decision shall (save as otherwise provided herein) be final and binding on all persons who may be affected thereby.

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## APPENDIX 2 - EXPLANATORY STATEMENT ON THE PROPOSED GENERAL MANDATE FOR THE REPURCHASE OF SHARES

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The following is the Explanatory Statement required to be sent to shareholders under the Listing Rules in connection with the proposed general mandate for repurchase of shares and also constitutes the memorandum required under section 49BA of the Companies Ordinance. References in this Appendix to “Shares” mean share(s) of all classes in the capital of the Bank and include, where the context so requires, Shares of HK\$0.50 each of the Bank:

- (i) It is proposed that up to 10 per cent of the Shares in issue, at the date of the passing of the resolution to approve the general mandate, may be repurchased. On the basis of 435,000,000 Shares in issue as of the Latest Practicable Date and assuming no further Shares will be issued and / or repurchased between 22 March 2012 and the date of the passing of such resolution, the Directors would be authorised to repurchase up to 43,500,000 Shares.
- (ii) The Directors believe that the ability to repurchase Shares is in the interests of the Bank and its shareholders. Repurchases may, depending on the circumstances, result in an increase in net assets and / or earnings per share. The Directors are seeking the grant of a general mandate to repurchase Shares to give the Bank the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which such Shares are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then prevailing.
- (iii) It is envisaged that the funds required for any repurchase would be derived from the distributable profits of the Bank which shall be funds legally available for such purpose in accordance with the Bank’s constitutive documents and the laws of Hong Kong.
- (iv) There could be a material adverse impact on the working capital or gearing position of the Bank (as compared with the position disclosed in its latest published audited accounts for the financial year ended 31 December 2011) in the event that the proposed share repurchases were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the general mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Bank or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Bank.
- (v) There are no Directors or (to the best of the knowledge of the Directors, having made all reasonable enquiries) any associates (as defined in the Listing Rules) of Directors of the Bank who have a present intention, in the event that the general mandate is granted by shareholders, to sell Shares to the Bank.
- (vi) The Directors have undertaken to the Stock Exchange to exercise the power of the Bank to make repurchases pursuant to the general mandate in accordance with the Listing Rules and the laws of Hong Kong.

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**APPENDIX 2 - EXPLANATORY STATEMENT ON THE PROPOSED GENERAL MANDATE FOR THE REPURCHASE OF SHARES**

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- (vii) The Directors are not aware of any consequences which would arise under the Code as a result of any repurchases under the general repurchase mandate in question other than the restriction that the controlling shareholding of Liu Chong Hing Estate Company, Limited (which currently stands at 49.09 percent of the Bank's Shares in issue) should not rise more than 2 percentage points for the 12-month period in question. If the general repurchase mandate were to be fully exercised, the above shareholding would exceed the limit concerned and move up to 54.55 percent, thereby triggering Rule 26 of the Code in respect of mandatory offer. Neither should that of Liu Chong Hing Estate Company, Limited and those persons acting in concert within the meaning of the Code (which currently stands at 49.96 percent of the Bank's Shares in issue) rise more than 2 percentage points for the 12-month period in question. If the general repurchase mandate were to be fully exercised, the above shareholding would exceed the limit concerned and move up to 55.51 percent, thereby triggering Rule 26 of the Code in respect of mandatory offer. The Directors, however, have no present intention of exercising the general repurchase mandate in such a way (if it were to be exercised at all) that would trigger any such mandatory offer.
- (viii) No repurchase has been made by the Bank of its Shares in the six months before the Latest Practicable Date.
- (ix) No connected persons (as defined in the Listing Rules) of the Bank have notified it of a present intention to sell Shares to the Bank and no such persons have undertaken not to sell such Shares to the Bank in the event that the general mandate is granted by shareholders.
- (x) The highest and lowest unit prices at which the Shares had been traded on the Stock Exchange during each of the previous twelve calendar months before the Latest Practicable Date and up to the Latest Practicable Date are as follows:

	<b>Highest HK\$</b>	<b>Lowest HK\$</b>
March 2011	20.900	19.000
April 2011	20.700	19.520
May 2011	19.900	17.820
June 2011	18.160	16.440
July 2011	17.740	16.380
August 2011	16.500	14.000
September 2011	15.660	13.600
October 2011	15.800	13.020
November 2011	15.120	13.620
December 2011	14.420	13.520
January 2012	14.360	13.560
February 2012	14.380	13.740
March 2012 ( <i>up to and including the Latest Practicable Date</i> )	14.700	13.780

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## APPENDIX 3 - BIOGRAPHICAL DATA ABOUT RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED

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Biographical data about the retiring Directors who are proposed to be re-elected at the 2012 AGM are as follows:

### **Mr LIU Lit Chi**

aged 72, is the Managing Director and Chief Executive Officer of the Bank. Mr Liu, who was educated in Hong Kong and the United Kingdom, has been appointed as a Director since 1958 and an Executive Director since 1961. Mr Liu has also been an Executive Director of Liu Chong Hing Investment Limited since 1972 and holds directorship in a number of companies in Hong Kong and elsewhere. Mr Liu is a member of the Liu's family, some of whose members are directors, members of the senior management and / or substantial / controlling shareholders of the Bank.

Mr Liu is the Chairman or a director of certain members of the Bank Group.

Save as disclosed above, Mr Liu has been appointed to the board of Liu Chong Hing Investment Limited as an Executive Director since its listing in 1972 on the Stock Exchange. Save as disclosed above, in the last three years, Mr Liu did not hold any directorship in any other listed public company.

Other than that mentioned above, Mr Liu does not hold any other position with the Bank or any other members of the Bank's group, and does not have any relationship with any directors, members of the senior management or substantial / controlling shareholders of the Bank. As of the Latest Practicable Date, Mr Liu is interested in 256,120,087 shares in the Bank (amounting to some 58.87818 percent of its existing issued and fully paid share capital) within the meaning of Part XV of the Securities and Futures Ordinance. Mr Liu, who has not entered into any service contract with the Bank in relation to his role as its director, is subject to retirement by rotation and, as the case may be, re-election under the Articles of Association.

Mr Liu was entitled to receive an emolument package comprising director's fee, contribution to retirement benefits scheme, and salary and other benefits amounting to HK\$6,701,000 in 2011 having reference to his position as the Bank's Managing Director and Chief Executive Officer.

Save as disclosed above, there is no other information required to be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules (particularly in relation to sub-paragraphs (h) to (v) therein) nor are there other matters that need to be brought to the attention of the shareholders of the Bank.

### **Mr Timothy George Freshwater**

aged 67, was redesignated from Independent Non-executive Director, an office that he had held since April 1997, to Non-executive Director of the Bank in September 2004. He is a solicitor in the United Kingdom and Hong Kong and is a past President of the Law Society of Hong Kong. After graduating from Cambridge University, he joined the international law firm Slaughter and May in 1967 and remained with them for 29 years, leaving in July 1996 to join Jardine Fleming. He became Chairman of Jardine Fleming in 1999. In 2001, Mr Freshwater joined Goldman Sachs (Asia) L.L.C. and is now Vice Chairman.

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### **APPENDIX 3 - BIOGRAPHICAL DATA ABOUT RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED**

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In addition to his directorship in the Bank, Mr Freshwater is an Independent Non-executive Director of COSCO Pacific Limited (since June 2005) and Swire Pacific Limited (since January 2008). The foregoing are public companies listed on the Stock Exchange. Besides, Mr Freshwater is a Non-executive Director of Aquarius Platinum Limited (since August 2006) which is a public company listed on the Australian Stock Exchange, the London Stock Exchange, and the JSE Securities Exchange South Africa. Mr Freshwater is also an Independent Non-executive Director of Savills PLC (since January 2012) which is a public company listed on the London Stock Exchange. Save as disclosed above, Mr Freshwater did not hold any directorship in any other public listed company in the last three years.

Other than that mentioned above, Mr Freshwater does not hold any other position with the Bank or any other members of the Bank's group, and does not have any relationship with any director, senior management, substantial or controlling shareholders of the Bank. As of the Latest Practicable Date, Mr Freshwater is interested in 396 shares in the Bank (amounting to some 0.00009 percent of its existing issued and fully paid share capital) within the meaning of Part XV of the Securities and Futures Ordinance. Mr Freshwater, who has not entered into any service contract with the Bank in relation to his role as director, shall retire by rotation, but shall then be eligible for re-election under the Articles of Association. Mr Freshwater was entitled to receive an emolument package in the form of director's fee and other benefits amounting to HK\$280,000 in 2011 having reference to his position as the Bank's Non-executive Director with committee responsibilities.

Save as disclosed above, there is no other information required to be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules (particularly in relation to sub-paragraphs (h) to (v) therein) nor are there other matters that need to be brought to the attention of the shareholders of the Bank.

#### **Mr Christopher Kwun Shing Liu**

aged 36, became a Director of the Bank in 2002 after having served as Alternate Director to Dr Liu Lit Chung (a former Director of the Bank) between July 2000 and July 2002. Mr Liu is an Executive Director of Liu Chong Hing Investment Limited (the Bank's controlling shareholder), a post which he has held since August 2008 following a re-designation from his previous role since 2000 as Non-executive Director of the company and Alternate Director to Dr Liu Lit Chung (who is a Non-executive Director of the company). A holder of a Master of Arts degree in Jurisprudence from the University of Oxford, Mr Liu is a qualified solicitor in both England & Wales and Hong Kong. Prior to his joining Liu Chong Hing Investment Limited on a full-time basis, he was a partner of Deacons in Hong Kong focusing on corporate finance, mergers and acquisitions and private equity matters, and currently remains as an advisory legal counsel of the international law firm.

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### APPENDIX 3 - BIOGRAPHICAL DATA ABOUT RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED

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Mr Liu is a member of the Foshan Municipal Committee of the Chinese People's Political Consultative Conference (CPPCC) as well as a Director of Beijing Chinese Overseas Friendship Association (COFA). Mr Liu is also an Executive Director of Guangdong Chamber of Foreign Investors, a Vice-chairman of Foshan Investment Chamber of Private Enterprises, a board member of Entrepreneur Organisation (both Hong Kong and Pearl River Delta chapters) and a member of the Young Executives Committee of Hong Kong Chiu Chow Chamber of Commerce. With a passion for the betterment of society and education, he is also a member of the Institutional Review Board of Hong Kong University / Hospital Authority Hong Kong West Cluster and a school manager of Liu Po Shan Memorial College.

Within the Group, Mr Liu also holds directorships in various subsidiaries of Liu Chong Hing Investment Limited. He is a nephew of Dr Liu Lit Mo (Chairman of the Bank) and a member of the Liu's family, some members of which are directors, members of senior management and / or substantial / controlling shareholders of the Bank. Save as disclosed above, Mr Liu (i) did not hold any directorship in any other public listed company in the last three years; (ii) does not hold any other position within the Bank or any other members of the Bank's group; and (iii) does not have any relationship with any other director, members of senior management, substantial or controlling shareholders of the Bank.

As of the Latest Practicable Date, Mr Liu has no interest (nor any short position) in the securities or underlying securities in the Bank or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance. Mr Liu, who has not entered into any service contract with the Bank in relation to his role as director, shall retire by rotation, but shall then be eligible for re-election under the Articles of Association. Mr Liu was entitled to receive an emolument in the form of director's fee amounting to HK\$150,000 in 2011 having reference to his position as the Bank's Non-executive Director.

Save as disclosed above, there is no other information required to be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules (particularly in relation to sub-paragraphs (h) to (v) therein) nor are there other matters that need to be brought to the attention of the shareholders of the Bank.

**Mr Alfred Cheuk Yu Chow, BBS, JP**

aged 61, has been a member of the Board since February 2003, was redesignated from Independent Non-executive Director to Non-executive Director of the Bank in September 2004. He graduated from the University of Hong Kong with a Bachelor of Laws degree and a Master of Social Sciences (Public Administration) degree. With 17 years working experience in the civil service and over 29 years as a solicitor, Mr Chow is presently the senior partner of Kwan & Chow, Solicitors, a law firm in Hong Kong. He is also a China-Appointed Attesting Officer.

Mr Chow is a director of Chong Hing Insurance Company Limited, which is a wholly-owned subsidiary of the Bank. Save as disclosed above, Mr Chow did not hold any directorship in any other public listed company in the last three years.

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### **APPENDIX 3 - BIOGRAPHICAL DATA ABOUT RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED**

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Other than that mentioned above, Mr Chow does not hold any other position with the Bank or any other members of the Bank's group, and does not have any relationship with any director, senior management, substantial or controlling shareholders of the Bank. As of the Latest Practicable Date, Mr Chow has no interest (nor any short position) in the securities or underlying securities in the Bank or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance. Mr Chow, who has not entered into any service contract with the Bank in relation to his role as director, shall retire by rotation, but shall then be eligible for re-election under the Articles of Association. Mr Chow was entitled to receive an emolument in the form of director's fee amounting to HK\$200,000 in 2011 having reference to his position as the Bank's Non-executive Director with committee responsibilities.

Save as disclosed above, there is no other information required to be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules (particularly in relation to sub-paragraphs (h) to (v) therein) nor are there other matters that need to be brought to the attention of the shareholders of the Bank.

#### **Mr Tsang Chiu Wing**

aged 54, is an Executive Director in charge of the Information Technology Division of the Bank. He holds a Master of Science degree in Electronic Commerce and Internet Computing from the University of Hong Kong, and is a member of the Institute of Chartered Accountants in England and Wales and a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr Tsang joined the Bank in 2000 and became a Director of the Bank in August 2005. Before joining the Bank, he held senior positions in an international accounting firm and a major international bank in Hong Kong.

In addition to his directorship in the Bank, Mr Tsang is a Director of certain members of the Bank Group. Save as disclosed above, Mr Tsang did not hold any directorship in any other public listed company in the last three years.

Other than that mentioned above, Mr Tsang does not hold any other position with the Bank or any other members of the Bank's group, and does not have any relationship with any director, senior management, substantial or controlling shareholders of the Bank. As of the Latest Practicable Date, Mr Tsang has no interest (nor any short position) in the securities or underlying securities in the Bank or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance. Mr Tsang, who has not entered into any service contract with the Bank in relation to his role as director, shall retire by rotation, but shall then be eligible for re-election under the Articles of Association.

Mr Tsang was entitled to receive an emolument package comprising director's fee, contribution to retirement benefits scheme, and salary and other benefits amounting to HK\$2,584,000 in 2011 having reference to his position as the Bank's Executive Director in charge of its Information Technology Division.

Save as disclosed above, there is no other information required to be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules (particularly in relation to sub-paragraphs (h) to (v) therein) nor are there other matters that need to be brought to the attention of the shareholders of the Bank.

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### APPENDIX 3 - BIOGRAPHICAL DATA ABOUT RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED

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#### **Mr Wong Har Kar**

aged 59, is an Executive Director in charge of the Credit Risk Management Division of the Bank. He is a fellow of the Institute of Chartered Accountants in England & Wales and a member of the Hong Kong Institute of Certified Public Accountants. Mr Wong joined the Bank in 2002 and became a Director of the Bank in August 2005. Before joining the Bank, he held senior positions in an international accounting firm and a major international bank in Hong Kong.

In addition to his directorship in the Bank, Mr Wong is a Director of certain members of the Bank Group. Save as disclosed above, Mr Wong did not hold any directorship in any other public listed company in the last three years.

Other than that mentioned above, Mr Wong does not hold any other position with the Bank or any other members of the Bank's group, and does not have any relationship with any director, senior management, substantial or controlling shareholders of the Bank. As of the Latest Practicable Date, Mr Wong has no interest (nor any short position) in the securities or underlying securities in the Bank or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance. Mr Wong, who has not entered into any service contract with the Bank in relation to his role as director, shall retire by rotation, but shall then be eligible for re-election under the Articles of Association.

Mr Wong was entitled to receive an emolument package comprising director's fee, contribution to retirement benefits scheme, and salary and other benefits amounting to HK\$2,496,000 in 2011 having reference to his position as the Bank's Executive Director in charge of its Credit Risk Management Division.

Save as disclosed above, there is no other information required to be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules (particularly in relation to sub-paragraphs (h) to (v) therein) nor are there other matters that need to be brought to the attention of the shareholders of the Bank.