
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 an exchange participant or other securities dealer licensed as a licensed person under the Securities and Futures Ordinance, 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 circular and the accompanying proxy form to the purchaser or transferee or to the bank, exchange participant or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**PROPOSALS RELATING TO
RE-ELECTION OF DIRECTORS AND
GENERAL MANDATES TO BUY BACK SHARES AND TO ISSUE SHARES
AND
NOTICE OF 2018 ANNUAL GENERAL MEETING**

The notice convening the 2018 Annual General Meeting of the Bank to be held on the 27th Floor, Chong Hing Bank Centre, 24 Des Voeux Road Central, Hong Kong on Friday, 18 May 2018 at 11 am, at which, among other things, the proposals relating to the Buy-back Mandate and the Issue Mandate will be considered, is set out on pages 5 to 8 of this circular.

Whether or not you are able to attend the 2018 Annual General Meeting, you are requested to complete and return the proxy form to the Bank's share registrar and transfer office, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or adjourned meeting (as the case may be). Such proxy form can also be downloaded from the Bank's website (www.chbank.com) or the Stock Exchange's website (www.hkexnews.hk). Submission of a proxy form will not preclude you from attending and voting in person at the 2018 Annual General Meeting (or any adjournment of such meeting) should you so wish.

16 April 2018

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DEFINITIONS

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

“2018 AGM”	the annual general meeting of the Bank to be held on the 27th Floor, Chong Hing Bank Centre, 24 Des Voeux Road Central, Hong Kong on Friday, 18 May 2018 at 11 am, notice of which is set out on pages 5 to 8 of this circular
“Articles”	the articles of association of the Bank
“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
“Buy-back Mandate”	the general and unconditional mandate proposed under ordinary resolution numbered 5 in the notice of the 2018 AGM set out on pages 5 to 8 of this circular
“Companies Ordinance”	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong, as amended from time to time
“Directors”	the directors of the Bank
“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
“Issue Mandate”	the general and unconditional mandate proposed under ordinary resolution numbered 6 in the notice of the 2018 AGM set out on pages 5 to 8 of this circular
“Latest Practicable Date”	10 April 2018, being the latest practicable date before the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Share(s)”	Share(s) in the capital of the Bank
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers approved by the Securities and Futures Commission of Hong Kong, as amended from time to time

LETTER FROM THE BOARD



Executive Directors

Mrs LEUNG Ko May Yee Margaret SBS, JP
(Deputy Chairman and Managing Director)
Mr ZONG Jianxin
(Deputy Managing Director and Chief Executive)
Mr LAU Wai Man
(Deputy Managing Director)

Registered Office

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

Non-executive Directors

Mr ZHANG Zhaoxing
(Chairman)
Mr ZHU Chunxiu
Mr WANG Shuhui
Mr LI Feng
Mr CHOW Cheuk Yu Alfred BBS, JP

Independent Non-executive Directors

Mr CHENG Yuk Wo
Mr MA Chiu Cheung Andrew
Mr LEE Ka Lun
Mr YU Lup Fat Joseph

Hong Kong, 16 April 2018

Dear Shareholders,

**PROPOSALS RELATING TO
RE-ELECTION OF DIRECTORS AND
GENERAL MANDATES TO BUY BACK SHARES AND TO ISSUE SHARES
AND
NOTICE OF 2018 ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with notice of the 2018 AGM together with the relevant information regarding the resolutions for, inter alia, (i) the re-election of Directors; and (ii) the grant of the Buy-back Mandate and the Issue Mandate that are proposed for the Shareholders to consider and, if thought fit, approve at the 2018 AGM.

LETTER FROM THE BOARD

2. RE-ELECTION OF DIRECTORS

In accordance with Article 100 of the Articles, Mrs Leung Ko May Yee Margaret, Messrs Chow Cheuk Yu Alfred, Cheng Yuk Wo and Ma Chiu Cheung Andrew shall retire from office by rotation at the 2018 AGM. Except for Mrs Leung who has informed the Bank that she will retire as Executive Director, Deputy Chairman and Managing Director of the Bank after the conclusion of the 2018 AGM and will not offer herself for re-election at the 2018 AGM, all other retiring Directors, being eligible, have offered themselves for re-election at the 2018 AGM.

The Nomination Committee had reviewed the annual confirmation of independence provided by each Independent Non-executive Director and was satisfied that each of the Independent Non-executive Directors meets the independence criteria as set out in Rule 3.13 of the Listing Rules. Particular attention was given to reviewing the independence of Messrs Cheng Yuk Wo and Ma Chiu Cheung Andrew, who have served on the Board for more than 9 years. During their tenure, both Mr Cheng and Mr Ma have demonstrated their abilities to provide independent views to the Bank's matters. The Nomination Committee was satisfied that each of Messrs Cheng Yuk Wo and Ma Chiu Cheung Andrew has the required character, integrity and experience to continue fulfilling the role of Independent Non-executive Director, and their long service on the Board would not affect their exercise of independent judgment.

On 9 February 2018, the Nomination Committee, having reviewed the Board's composition, nominated Messrs Chow Cheuk Yu Alfred, Cheng Yuk Wo and Ma Chiu Cheung Andrew to the Board for it to recommend to Shareholders for re-election at the 2018 AGM. The nominations were made in accordance with the Policy for Appointment / Re-appointment of Directors of the Bank and the objective criteria (including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service), with due regard for the benefits of diversity as set out in the Bank's Board Diversity Policy. The Nomination Committee had also taken into account the respective contributions of Messrs Chow Cheuk Yu Alfred, Cheng Yuk Wo and Ma Chiu Cheung Andrew to the Board and their commitment to their roles.

The Board considers that the re-election of Messrs Chow Cheuk Yu Alfred, Cheng Yuk Wo and Ma Chiu Cheung Andrew is in the interests of the Bank and its Shareholders as a whole.

Biographical details of the above-mentioned retiring Directors who are proposed to be re-elected at the 2018 AGM are set out in Appendix 1 to this circular.

3. BUY-BACK MANDATE AND ISSUE MANDATE

Pursuant to the ordinary resolutions passed by the Shareholders at the last annual general meeting of the Bank held on 18 May 2017, general and unconditional mandates were given to the Directors to (i) buy back Shares up to an aggregate number of Shares not exceeding 10% of the number of issued Shares as of the date of passing such resolution; and (ii) allot, issue and deal with additional Shares not exceeding 20% of the number of issued Shares as of the date of passing such resolution. Such general mandates will lapse at the conclusion of the 2018 AGM. Accordingly, resolutions will be proposed at the 2018 AGM to renew these mandates. No Shares have been bought back, allotted, issued or otherwise dealt with pursuant to the general mandates granted by the Shareholders at the last annual general meeting.

LETTER FROM THE BOARD

The Board takes the view that it would be in the interests of the Bank and its Shareholders as a whole if the general mandates were renewed. In this connection, the Board seeks Shareholders' approval to renew the Buy-back Mandate and the Issue Mandate subject to the restrictions described in Resolutions 5 and 6 respectively. The Board has no immediate plans to exercise the general mandates to buy back Shares or to issue additional Shares.

The explanatory statement giving certain information regarding the Buy-back Mandate as required by the Listing Rules is set out in Appendix 2 to this circular.

The purpose of the Issue Mandate is to give the Directors some flexibility to allot and issue Shares where they believe it is in the best interests of the Shareholders to do so, in particular pursuant to any capital raising or other strategic needs that may arise from time to time.

As at the Latest Practicable Date, the number of Shares in issue of the Bank was 652,500,000 Shares. On the basis that no further Shares are issued and/or bought back by the Bank following the Latest Practicable Date and up to the date of the 2018 AGM, the maximum number of Shares to be allotted and issued under the Issue Mandate will be up to 130,500,000 Shares, representing 20% of the number of Shares in issue of the Bank.

Conditional upon the passing of Resolutions 5 and 6, an ordinary resolution to authorise the Directors to exercise the powers to allot, issue and deal with additional Shares under the Issue Mandate in respect of the aggregate number of Shares bought back under the Buy-back Mandate will also be proposed for approval by the Shareholders at the 2018 AGM.

4. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions set out in the notice of the 2018 AGM will be decided by poll at the 2018 AGM. The chairman of the 2018 AGM will exercise his right to demand a poll pursuant to Article 64 of the Articles on each of the resolutions to be proposed at the 2018 AGM except where the chairman of the 2018 AGM, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

After closure of the 2018 AGM, the poll results will be published on the websites of the Stock Exchange and the Bank.

5. RECOMMENDATION

The Directors consider that the re-election of Directors and the grant of the Buy-Back Mandate and the Issue Mandate are in the best interests of the Bank and its Shareholders as a whole, and recommend all Shareholders to vote in favour of the resolutions to be proposed at the 2018 AGM.

Yours faithfully,
On behalf of the Board
Zhang Zhaoxing
Chairman

NOTICE OF 2018 ANNUAL GENERAL MEETING



NOTICE IS HEREBY GIVEN THAT the annual general meeting of Chong Hing Bank Limited (the “Bank”) for the year of 2018 will be held on the 27th Floor, Chong Hing Bank Centre, 24 Des Voeux Road Central, Hong Kong on Friday, 18 May 2018 at 11 am for the following purposes:

- (1) To receive the Consolidated Financial Statements and the Reports of the Directors and Auditor for the year ended 31 December 2017.
- (2) To declare a final cash dividend of HK\$0.39 per share for the year ended 31 December 2017.
- (3) To re-elect directors.
- (4) To re-appoint PricewaterhouseCoopers as the Auditor of the Bank and to authorise the directors of the Bank to fix its remuneration.

As special business, to consider and, if thought fit, pass, with or without modification, the following resolutions as ordinary resolutions:

- (5) **THAT**
 - (a) subject to paragraph (b) of this resolution, the exercise by the directors of the Bank during the Relevant Period (as defined below) of all the powers of the Bank to buy back Shares (as defined below), subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
 - (b) the total number of Shares which may be bought back on The Stock Exchange of Hong Kong Limited or any other stock exchange recognised for this purpose by the Securities and Futures Commission of Hong Kong and The Stock Exchange of Hong Kong Limited under the Code on Share Buy-backs pursuant to the approval in paragraph (a) of this resolution shall not exceed 10 per cent of the aggregate number of Shares in issue as at the date of passing this resolution and the said approval shall be limited accordingly; and
 - (c) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Bank;
- (ii) the expiration of the period within which the next annual general meeting of the Bank is required by law to be held; and
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Bank in general meeting.

“Shares” means shares in the capital of the Bank.

NOTICE OF 2018 ANNUAL GENERAL MEETING

(6) **THAT**

- (a) subject to paragraph (c) of this resolution and pursuant to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the exercise by the directors of the Bank during the Relevant Period (as defined below) of all the powers of the Bank to allot, issue and deal with additional Shares (as defined below) and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorise the directors of the Bank during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Bank pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as defined below); (ii) 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 of the Bank; (iii) an issue of Shares upon the exercise of options granted under any share option scheme or similar arrangement for the time being adopted by the Bank; or (iv) the exercise of any rights of subscription or conversion under the terms of any existing warrants, bonds, debentures, notes or similar rights issued by the Bank or any securities which are convertible into Shares, shall not exceed the aggregate of:
 - (aa) 20 per cent of the total number of Shares in the capital of the Bank in issue as at the date of passing this resolution; and
 - (bb) conditional upon the passing of Resolution 5, the aggregate number of Shares bought back by the Bank pursuant to the exercise by the directors of the powers of the Bank in accordance with the said Resolution 5,

and the said approval shall be limited accordingly; and

- (d) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Bank;
- (ii) the expiration of the period within which the next annual general meeting of the Bank is required by law to be held; and
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Bank in general meeting.

NOTICE OF 2018 ANNUAL GENERAL MEETING

“Rights Issue” means an offer of Shares or an issue of options, warrants or other securities giving the right to subscribe for Shares open for a period fixed by the directors of the Bank to holders of Shares on the register of members on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusion or other arrangements as the directors of the Bank may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).

“Shares” means shares in the capital of the Bank.

- (7) **THAT**, conditional upon the passing of Resolutions 5 and 6, the directors of the Bank be and are hereby authorised to exercise the powers of the Bank referred to in paragraph (a) of Resolution 6 in respect of the aggregate number of Shares of the Bank referred to in sub-paragraph (bb) of paragraph (c) of Resolution 6.

By Order of the Board
Chong Hing Bank Limited
Lai Wing Nga
Company Secretary

Hong Kong, 16 April 2018

NOTICE OF 2018 ANNUAL GENERAL MEETING

Notes:

- (i) A shareholder entitled to attend and vote at the 2018 annual general meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy does not have to be a shareholder of the Bank. Proxy forms are to be lodged with the Bank's share registrar and transfer office, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 48 hours before the time for the holding of the 2018 annual general meeting and any adjournment thereof.
- (ii) For the purpose of ascertaining the shareholders who are entitled to attend and vote at the 2018 annual general meeting, the register of members of the Bank will be closed from Monday, 14 May 2018 to Thursday, 17 May 2018 (both days inclusive), during which period no transfer of shares can be registered. In order to qualify for attending and voting at the 2018 annual general meeting, all transfer documents, together with the relevant share certificates, must be lodged for registration with the Bank's share registrar and transfer office, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 pm on Friday, 11 May 2018.
- (iii) For the purpose of ascertaining the shareholders who are qualified to receive the final cash dividend, the register of members of the Bank will be closed from Friday, 25 May 2018 to Tuesday, 29 May 2018 (both days inclusive), during which period no transfer of shares can be registered. In order to qualify for receiving the 2017 final cash dividend, all transfer documents, together with the relevant share certificates, must be lodged for registration with the Bank's share registrar and transfer office, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 pm on Thursday, 24 May 2018.
- (iv) The biographical details of the retiring directors who offer themselves for re-election at the 2018 annual general meeting and the Explanatory Statement containing information on the renewal of the general mandate for the buy-back by the Bank of its own shares are set out in the circular of which this notice forms part.
- (v) If a Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal is in force at or at any time after 8 am on the date of the 2018 annual general meeting, the meeting will be postponed or adjourned. The Bank will post an announcement on the Bank's website (www.chbank.com) and The Stock Exchange of Hong Kong Limited's website (www.hkexnews.hk) to notify shareholders of the date, time and place of the rescheduled meeting.

The meeting will be held as scheduled when an Amber or a Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the meeting under bad weather condition bearing in mind their own situations.

As of the date of this notice, the Board of the Bank comprises:

- *Executive Directors*

Mrs Leung Ko May Yee Margaret (Deputy Chairman and Managing Director), Mr Zong Jianxin (Deputy Managing Director and Chief Executive) and Mr Lau Wai Man (Deputy Managing Director);

- *Non-executive Directors*

Mr Zhang Zhaoxing (Chairman), Mr Zhu Chunxiu, Mr Wang Shuhui, Mr Li Feng and Mr Chow Cheuk Yu Alfred; and

- *Independent Non-executive Directors*

Mr Cheng Yuk Wo, Mr Ma Chiu Cheung Andrew, Mr Lee Ka Lun and Mr Yu Lup Fat Joseph.

APPENDIX 1 - BIOGRAPHICAL DETAILS OF DIRECTORS STANDING FOR RE-ELECTION

Biographical details of the retiring Directors proposed to be re-elected at the 2018 AGM are set out as follows:

Mr CHOW Cheuk Yu Alfred BBS, JP

aged 67, has been a Board member of the Bank since February 2003, and was re-designated from Independent Non-executive Director to Non-executive Director of the Bank in September 2004. Mr Chow has been a Non-executive Director of Yuexiu Financial Holdings Limited (the immediate holding company of the Bank) since February 2014. He is also the Chairman and a Non-executive Director of Chong Hing Insurance Company Limited, a wholly-owned subsidiary of the Bank. With 17 years' working experience in the civil service and over 30 years as a solicitor, Mr Chow is presently the senior partner of Kwan & Chow, Solicitors in Hong Kong. He is also a China-Appointed Attesting Officer. Mr Chow is a director and legal advisor of Hong Kong Chiu Chow Chamber of Commerce Limited and Federation of HK Chiu Chow Community Organizations Limited; and legal advisor to Jao Tsung-I Petite Ecole Fan Club and various community bodies. He was the Chairman of the HKSAR Passports Appeal Board and Chief Adjudicator of the Registration of Persons Tribunal, and currently serves on other statutory boards.

Mr Chow graduated from The University of Hong Kong with a Bachelor of Laws degree and a Master of Social Sciences (Public Administration) degree.

As of the Latest Practicable Date, Mr Chow does not have any interest or short position in the shares or underlying shares of the Bank or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr Chow has not held any other directorships in other Hong Kong or overseas listed public companies in the last three years. Other than the positions disclosed above, Mr Chow does not hold any position in the Bank or any of its subsidiaries. Mr Chow does not have any relationship with any Directors, senior management, substantial or controlling shareholders of the Bank.

Mr Chow, who has not entered into any service contract with the Bank, shall retire by rotation, but shall then be eligible for re-election under the Articles of the Bank. Details of Mr Chow's remuneration are set out in note 42 to the consolidated financial statements in the Bank's Annual Report 2017.

Save as disclosed above, there is no other information about Mr Chow that is required to be disclosed pursuant to Rule 13.51(2)(h) – (v) of the Listing Rules, and there are no other matters in relation to his re-election that need to be brought to the attention of the Shareholders of the Bank.

APPENDIX 1 - BIOGRAPHICAL DETAILS OF DIRECTORS STANDING FOR RE-ELECTION

Mr CHENG Yuk Wo

aged 57, has been appointed an Independent Non-executive Director of the Bank since September 2004. He has also been an Independent Non-executive Director of Yuexiu Financial Holdings Limited (the immediate holding company of the Bank) since February 2014. He has been an Independent Non-executive Director of Chong Hing Insurance Company Limited, a wholly-owned subsidiary of the Bank, since May 2017. Mr Cheng, a co-founder of a Hong Kong merchant banking firm, is currently the proprietor of a certified public accountant practice in Hong Kong. Mr Cheng has more than 30 years of expertise in financial and corporate advisory services in mergers, acquisitions and investments. He had worked at Coopers and Lybrand (now known as PricewaterhouseCoopers) in London and Swiss Bank Corporation (now known as UBS AG) in Toronto, and held senior management positions in a number of Hong Kong listed companies.

In addition to his directorship in the Bank, Mr Cheng is also an Independent Non-executive Director of a number of companies listed on the Stock Exchange, including CSI Properties Limited (Stock Code: 00497), HKC (Holdings) Limited (Stock Code: 00190), C.P. Lotus Corporation (Stock Code: 00121), Goldbond Group Holdings Limited (Stock Code: 00172), CPMC Holdings Limited (Stock Code: 00906), Top Spring International Holdings Limited (Stock Code: 03688), Liu Chong Hing Investment Limited (Stock Code: 00194), Chia Tai Enterprises International Limited (Stock Code: 03839), DTXS Silk Road Investment Holdings Company Limited (formerly known as UDL Holdings Limited) (Stock Code: 00620), Miricor Enterprises Holdings Limited (Stock Code: 08358), Somerley Capital Holdings Limited (Stock Code: 08439) and Kidsland International Holdings Limited (Stock Code: 02122). Besides, Mr Cheng was an Independent Non-executive Director of Imagi International Holdings Limited (Stock Code: 00585), a company listed on the Stock Exchange, from July 2010 to January 2016.

Mr Cheng obtained a Master of Science (Economics) degree in Accounting and Finance from the London School of Economics, England and a Bachelor of Arts (Honours) degree in Accounting from the University of Kent, England. He is a fellow of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants, and a member of the Institute of Chartered Professional Accountants of Canada.

As of the Latest Practicable Date, Mr Cheng does not have any interest or short position in the shares or underlying shares of the Bank or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr Cheng has not held any other directorships in other Hong Kong or overseas listed public companies in the last three years. Other than the positions disclosed above, Mr Cheng does not hold any position in the Bank or any of its subsidiaries. Mr Cheng does not have any relationship with any Directors, senior management, substantial or controlling shareholders of the Bank.

Mr Cheng, who has not entered into any service contract with the Bank, shall retire by rotation, but shall then be eligible for re-election under the Articles of the Bank. Details of Mr Cheng's remuneration are set out in note 42 to the consolidated financial statements in the Bank's Annual Report 2017.

Save as disclosed above, there is no other information about Mr Cheng that is required to be disclosed pursuant to Rule 13.51(2)(h) – (v) of the Listing Rules, and there are no other matters in relation to his re-election that need to be brought to the attention of the Shareholders of the Bank.

APPENDIX 1 - BIOGRAPHICAL DETAILS OF DIRECTORS STANDING FOR RE-ELECTION

Mr MA Chiu Cheung Andrew

aged 76, has been appointed an Independent Non-executive Director of the Bank since August 2007. He has also been an Independent Non-executive Director of Yuexiu Financial Holdings Limited (the immediate holding company of the Bank) since February 2014. He has been an Independent Non-executive Director of Chong Hing Insurance Company Limited, a wholly-owned subsidiary of the Bank, since January 2018. Mr Ma is a founder and former director of AMA CPA Limited (formerly known as Andrew Ma DFK (CPA) Limited). He is presently a Director of Mayee Management Limited and also a Director of several other private companies. Mr Ma has more than 40 years' experience in the fields of accounting, auditing and finance.

In addition to his directorship in the Bank, Mr Ma is also an Independent Non-executive Director of a number of companies listed on the Stock Exchange, including Asia Financial Holdings Limited (Stock Code: 00662), China Resources Power Holdings Company Limited (Stock Code: 00836), C.P. Pokphand Co. Ltd. (Stock Code: 00043), Asiaray Media Group Limited (Stock Code: 01993) and C-MER Eye Care Holdings Limited (Stock Code: 03309). Mr Ma was an Independent Non-executive Director of Southwest Securities International Securities Limited (formerly known as Tanrich Financial Holdings Limited) (Stock Code: 00812), a company listed on the Stock Exchange, from April 2005 to January 2015.

Mr Ma received his Bachelor's degree in Economics from The London School of Economics and Political Science (University of London) in England. He is a fellow member of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants, The Hong Kong Institute of Directors and The Taxation Institute of Hong Kong.

As of the Latest Practicable Date, Mr Ma does not have any interest or short position in the shares or underlying shares of the Bank or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr Ma has not held any other directorships in other Hong Kong or overseas listed public companies in the last three years. Other than the positions disclosed above, Mr Ma does not hold any position in the Bank or any of its subsidiaries. Mr Ma does not have any relationship with any Directors, senior management, substantial or controlling shareholders of the Bank.

Mr Ma, who has not entered into any service contract with the Bank, shall retire by rotation, but shall then be eligible for re-election under the Articles of the Bank. Details of Mr Ma's remuneration are set out in note 42 to the consolidated financial statements in the Bank's Annual Report 2017.

Save as disclosed above, there is no other information about Mr Ma that is required to be disclosed pursuant to Rule 13.51(2)(h) – (v) of the Listing Rules, and there are no other matters in relation to his re-election that need to be brought to the attention of the Shareholders of the Bank.

APPENDIX 2 - EXPLANATORY STATEMENT ON THE BUY-BACK MANDATE

This Appendix serves as an explanatory statement required to be sent to the Shareholders under the Listing Rules in connection with the Buy-back Mandate and also constitutes the memorandum required under Section 239(2) of the Companies Ordinance.

1. SHARE CAPITAL

As at the Latest Practicable Date, the number of Shares in issue was 652,500,000 Shares. Subject to the passing of the resolution in relation to the Buy-back Mandate and on the basis that no further Shares are issued and/or bought back by the Bank following the Latest Practicable Date and up to the date of the 2018 AGM, exercise in full of the Buy-back Mandate would result in up to 65,250,000 Shares being bought back by the Bank during the period from the date of passing of Resolution 5 in the notice of the 2018 AGM set out on pages 5 to 8 of this circular up to whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Bank; or
- (ii) the expiration of the period within which the next annual general meeting of the Bank is required by law to be held; or
- (iii) the revocation or variation of the authority given under Resolution 5 by an ordinary resolution of the Shareholders in general meeting.

2. REASONS FOR THE BUY-BACK

The Directors believe that it is in the best interests of the Bank and its Shareholders as a whole to have a general authority from the Shareholders to enable the Bank to buy back the Shares in the market. Such buy-backs may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the Bank's net asset value and/or its earnings per Share and will only be made when the Directors believe that such buy-backs will benefit the Bank and the Shareholders as a whole.

3. FUNDING OF BUY-BACK

In buying back Shares, the Bank may only apply funds legally available for such purpose in accordance with its Articles, the applicable laws of Hong Kong and the Listing Rules.

There might be a material adverse impact on the working capital or gearing position of the Bank (as compared with the position disclosed in the Annual Report for the year ended 31 December 2017) in the event that the Buy-back Mandate is exercised in full at any time. However, the Directors do not propose to exercise the Buy-back Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Bank or its gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Bank.

APPENDIX 2 - EXPLANATORY STATEMENT ON THE BUY-BACK MANDATE

4. GENERAL

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Bank if the Buy-back Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that they will exercise the Buy-back Mandate in accordance with the Listing Rules and the applicable laws of Hong Kong.

If, as a result of any buy-back of Shares, a Shareholder's proportionate interest in the voting rights of the Bank increases, such increase will be treated as an acquisition of voting rights for the purpose of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), could obtain or consolidate control of the Bank and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

Based on the disclosure made to the Bank under Part XV of the Securities and Futures Ordinance, as at the Latest Practicable Date, Yuexiu Financial Holdings Limited, the immediate holding company of the Bank, is interested in 489,375,000 Shares, representing 75 per cent of the number of Shares in issue of the Bank.

If the Directors were to exercise the Buy-back Mandate in full, the percentage shareholding of Yuexiu Financial Holdings Limited would be increased from 75 per cent to approximately 83.33 per cent of the number of Shares in issue of the Bank. Such an increase would not give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Takeovers Code.

The Directors, however, have no present intention of exercising the Buy-back Mandate in such a way (if it were to be exercised at all) that would result in the public shareholding falling below the minimum percentage prescribed under the Listing Rules.

No core connected persons (as defined in the Listing Rules) have notified the Bank that they have a present intention to sell any Shares to the Bank, or have undertaken not to do so, if the Buy-back Mandate is approved by the Shareholders.

5. SHARE BUY-BACK MADE BY THE BANK

No buy-back has been made by the Bank of its Shares in the six months before the Latest Practicable Date.

APPENDIX 2 - EXPLANATORY STATEMENT ON THE BUY-BACK MANDATE

6. SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the previous twelve months before and up to the Latest Practicable Date were as follows:

	Price per share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2017		
April	17.300	16.600
May	17.100	16.300
June	17.180	16.100
July	16.640	15.880
August	16.300	14.380
September	16.180	15.580
October	16.220	15.860
November	16.100	15.580
December	16.940	15.380
2018		
January	17.080	16.480
February	16.960	15.500
March	16.740	15.540
April (<i>up to and including the Latest Practicable Date</i>)	15.700	15.280