

THE BANK OF EAST ASIA, LIMITED

TERMS OF REFERENCE

of

THE NOMINATION COMMITTEE

1. CONSTITUTION

The Board of Directors had resolved to establish a committee known as the Nomination Committee (the "Committee") to identify, select and nominate suitable individuals for appointment as Directors, Chief Executive, Senior Management¹ and Division Heads of the Bank.

2. MEMBERSHIP

2.1 The Committee members shall be appointed by the Board from amongst the Directors of the Bank and shall consist of not less than two members. A majority of the members of the Committee should be non-executive Directors.

2.2 The Chairman of the Committee shall be appointed by the Board.

2.3 The Committee comprises the following members:

Chairman	:	Mr. Eric Li Fook-chuen*
Members	:	Dr. David Li Kwok-po
		Dr. Lee Shau-kee**
		Dr. Allan Wong Chi-yun**
		Mr. Aubrey Li Kwok-sing*
		Dr. Isidro Fainé Casas*

* Non-executive Directors

** Independent Non-executive Directors

The quorum of any Committee meeting is two members, of which at least one should be non-executive Director.

2.4 The Company Secretary shall act as the Secretary of the Committee.

3. FREQUENCY OF MEETINGS

Meetings shall be held not less than once a year.

¹ Senior Management: Deputy Chief Executives.

4. DUTIES

The specific duties of the Committee shall be:

- (a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes;
- (b) to identify individuals suitably qualified to become Directors, Chief Executive, Senior Management and Division Heads and select or make recommendations to the Board on the selections;
- (c) to assess the independence of Independent Non-executive Directors;
- (d) to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors, Chief Executive, Senior Management and Division Heads and succession planning for Directors (in particular the Chairman), Chief Executive, Senior Management and Division Heads; and
- (e) to attend to the matters as prescribed under the Management Succession Policy of the Bank and other prevailing guidelines.

5. REPORTING PROCEDURES

- (a) The Secretary shall present the minutes of meetings of the Committee to all members of the Board.
- (b) Corporate Governance Report in the Annual Report

Disclosures² should include:

- (i) the role and function of the Committee;
- (ii) the composition of the Committee (including names and identifying in particular the Chairman of the Committee);
- (iii) the nomination procedures and the process and criteria adopted by the Committee to select and recommend candidates for directorship during the year;

² Pursuant to paragraphs 2(g) (i) to (v) of Appendix 23 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

- (iv) a summary of the work, including determining the policy for the nomination of Directors, performed by the Committee during the year; and
- (v) the number of meetings held by the Committee during the year and the record of individual attendance of members, on a named basis, at meetings held during the year.

6. NOMINATION PROCEDURES

Pursuant to Paragraph A.4 of Appendix 14 “Code on Corporate Governance Practices” of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, there should be a formal, considered and transparent procedure for the appointment of new Directors to the Board. The nomination procedures and the process and criteria to select and recommend candidates for directorship are appended.

7. REMUNERATION

An amount of HK\$60,000 should be paid to the Chairman of the Committee and HK\$35,000 should be paid to each of the other Committee members each year.

8. FREQUENCY OF REVIEW

This Terms of Reference should be reviewed on an annual basis and as required.

The Bank of East Asia, Limited
Terms of Reference - Nomination Committee

Nomination procedures and process and criteria to select and recommend candidates for directorship:

A. Procedures and process for Nomination of Directors by Board of Directors/Shareholders

1. The Chairman, or other Directors (after consultation with the Chairman), may nominate a suitably qualified candidate to serve as a Director of The Bank of East Asia, Limited (“the Bank”) for consideration by the Nomination Committee.
2. Pursuant to Article 77 of the Articles of Association of the Bank, no person other than a retiring Director shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless there has been given to the Secretary notice in writing by a Member of the Bank (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected within 7 days after the day of despatch of the notice of the meeting (or such other period, being a period of not less than 7 days, commencing no earlier than the day after the despatch of the notice of such meeting and ending no later than 7 days prior to the date appointed for such meeting, as may be determined by the Directors from time to time).
3. The proposed candidate shall provide a curriculum vitae containing his relevant personal information, qualification, background, work history, directorships, public offices and membership of professional bodies and, if applicable, an Independence Confirmation, to the Nomination Committee for consideration.
4. The Nomination Committee should review the curriculum vitae before recommendation is made to the Board for consideration and approval.
5. The Board should consider the recommendation of the Nomination Committee and form its opinion as to whether the proposed candidate shall be appointed as a Director, subject to the approval of the Hong Kong Monetary Authority (“HKMA”).
6. The Nomination Committee should assess the independence of the proposed candidate and ensure that the proposed candidate meets the independence criteria as set out in Rule 3.13 of the Listing Rules if the proposed candidate shall be appointed as an Independent Non-Executive Director of the Bank.
7. Any Director appointed shall hold office until the next following general meeting and shall then be eligible for re-election.

8. Any Director elected at a general meeting shall serve a term of not more than approximately three years expiring at the conclusion of the annual general meeting of the Bank held in the third year following the year of his appointment and for the avoidance of doubt, on expiration of his term he shall be deemed a retiring Director and eligible for re-appointment.
9. The Bank shall publish an announcement on the website of The Stock Exchange of Hong Kong Limited (through e-submission in accordance with Rule 2.07C of the Listing Rules) or issue a supplementary circular upon receipt of a notice from a shareholder to propose a person for election as a Director at the general meeting where such notice is received by the issuer after the publication of the notice of meeting. The Bank shall include particulars of the proposed director in the announcement or supplementary circular.

B. Directors' Duties and Basic Selection Criteria

Directors, including non-executive directors and independent non-executive directors, share joint responsibility as members of the Board for the proper direction and management of the Bank. Directors have various obligations under common law, statutes, rules and regulations imposed and guidelines issued by local regulators. In order to fulfil such obligations, prospective director of the Bank should be able to do the following in the performance of his duties and possess the following qualities as a minimum:

Rule 3.08 of the Listing Rules

1. shall act honestly and in good faith in the interests of the Bank as a whole;
2. shall act for proper purpose;
3. shall be answerable to the Bank for the application or misapplication of its assets;
4. shall avoid actual and potential conflicts of interest and duty;
5. shall disclose fully and fairly his interests in contracts with the Bank;
6. shall apply such degree of skill, care and diligence as may reasonably be expected of a person of his knowledge and experience and holding his office within the Bank;

Rule 3.09 of the Listing Rules

7. has the character, experience and integrity and is able to demonstrate a standard of competence commensurate with his position as a Director of the Bank;

Paragraph 4 of the Seventh Schedule to the Banking Ordinance

8. is a fit and proper person to hold the Director position of the Bank;

Other applicable laws and regulations

9. fulfils the requirements on the qualities of a director as stipulated in other applicable laws and regulations in Hong Kong and any revisions thereof.