
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 registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in The Bank of East Asia, Limited, you should at once hand this circular 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.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



The Bank of East Asia, Limited

(Incorporated in Hong Kong with limited liability in 1918)

(Stock Code: 23)

**NOTICE OF ANNUAL GENERAL MEETING,
RE-ELECTION OF DIRECTORS,
AMENDMENTS TO ARTICLES OF ASSOCIATION
AND
GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES**

The notice of Annual General Meeting of The Bank of East Asia, Limited to be held at the Ballroom, The Ritz-Carlton, 3 Connaught Road Central, Hong Kong on Friday, 8th April, 2005 at 11:00 a.m. ("AGM") is set out in Appendix IA to this circular.

Whether or not you are able to attend the AGM, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Bank's Share Registrars, Standard Registrars Limited, G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the AGM. Completion and delivery of the form of proxy will not preclude you from attending and voting at the AGM should you so wish.

11th March, 2005

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Chairman	
1. Introduction	2
2. Annual General Meeting	2
3. Re-election of Directors	3
4. Amendments to the Articles of Association	3
5. General mandates to issue shares and repurchase shares	3
6. Recommendation	3
Appendix IA — Notice of Annual General Meeting	4
Appendix IB — Right to Demand Poll	9
Appendix II — Details (including Biographies) of Directors Offering Themselves for Re-election	10
Appendix IIIA — Summary of Major Changes to the Existing Articles of Association	14
Appendix IIIB — Existing Articles of Association to be amended	15
Appendix IV — Explanatory Statement on Repurchase of Shares	17

DEFINITIONS

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

"AGM"	the annual general meeting of the Bank to be held at the Ballroom, The Ritz-Carlton, 3 Connaught Road Central, Hong Kong on Friday, 8th April, 2005 at 11:00 a.m., the notice of which is set out in Appendix IA to this circular or, where the context so admits, any adjournment thereof;
"Articles of Association"	the articles of association of the Bank, as from time to time altered;
"Bank"	The Bank of East Asia, Limited, a company incorporated in Hong Kong with limited liability;
"Directors"	the directors of the Bank;
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China;
"Latest Practicable Date"	3rd March, 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Ordinance"	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong;
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
"Shareholders"	holders of Shares;
"Shares"	shares of HK\$2.50 each in the share capital of the Bank;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited; and
"Takeover Code"	the Hong Kong Code on Takeovers and Mergers.

The Bank of East Asia, Limited

Executive Directors:

Dr. The Hon. David LI Kwok-po (*Chairman and Chief Executive*)
Mr. Joseph PANG Yuk-wing (*Deputy Chief Executive*)
Mr. CHAN Kay-cheung (*Deputy Chief Executive*)

Registered Office:

10 Des Voeux Road Central
Hong Kong.

Non-executive Directors:

Dr. LI Fook-wo
Dr. The Hon. Simon LI Fook-sean
Mr. Aubrey LI Kwok-sing
Dr. William MONG Man-wai
Tan Sri Dr. KHOO Kay-peng
Mr. Richard LI Tzar-kai

Independent Non-executive Directors:

Mr. WONG Chung-hin
Dr. LEE Shau-kee
Dr. Allan WONG Chi-yun
Mr. Winston LO Yau-lai
Mr. Thomas KWOK Ping-kwong
Mr. TAN Man-kou

To the Shareholders

11th March, 2005

Dear Sir or Madam,

**NOTICE OF ANNUAL GENERAL MEETING,
RE-ELECTION OF DIRECTORS,
AMENDMENTS TO ARTICLES OF ASSOCIATION AND
GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES**

1. INTRODUCTION

The purpose of this circular is to provide you with information in connection with the proposals: (i) to notify Shareholders the convening of the AGM, (ii) to re-elect Directors, (iii) to amend the Articles of Association, and (iv) to grant the general mandates to issue Shares and repurchase Shares.

2. ANNUAL GENERAL MEETING

A notice convening the AGM is set out in Appendix IA to this circular. At the AGM, resolutions will be proposed to approve, inter alia, the re-election of Directors, the proposed amendments to the Articles of Association and the general mandates to issue Shares and repurchase Shares.

The procedure by which Shareholders may demand a poll at any general meeting of the Bank is set out in Appendix IB to this circular.

LETTER FROM THE CHAIRMAN

A proxy form for use at the AGM is enclosed. Whether or not you are able to attend the AGM, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Bank's Share Registrars, Standard Registrars Limited, G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the AGM. Completion and delivery of the form of proxy will not preclude you from attending and voting at the AGM should you so wish.

3. RE-ELECTION OF DIRECTORS

In accordance with Article 75 of the Articles of Association, Mr. TAN Man-kou who was appointed on 1st December, 2004, will retire at the AGM and, being eligible, offers himself for re-election. In accordance with Articles 80, 81 and 82 of the Articles of Association, Dr. LI Fook-wo, Mr. Joseph PANG Yuk-wing, Mr. Thomas KWOK Ping-kwong and Mr. Richard LI Tzar-kai will retire by rotation at the AGM and, being eligible, offer themselves for re-election. Details of the Directors who are proposed to be re-elected at the AGM are set out in Appendix II to this circular.

4. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Directors proposed to amend the Articles of Association to, inter alia, reflect the amendments to the Listing Rules which came into effect on 31st March, 2004.

A summary of the major changes to the existing Articles of Association is set out in Appendix IIIA to this circular.

Existing Articles 77, 89(H), (I), (J) and (K) of the Articles of Association, which will be amended/replaced as described above, are set out in Appendix IIIB to this circular.

5. GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES

At the annual general meeting of the Bank held on 31st March, 2004, approval was given by Shareholders for the granting of, inter alia, the general mandates to the Directors to (i) to allot, issue and otherwise deal with Shares not exceeding 20% of the aggregate nominal amount of the Share capital of the Bank in issue; and (ii) to repurchase Shares on the Stock Exchange up to 10% of the aggregate nominal amount of the Share capital of the Bank in issue, at the date of passing the relevant resolutions. In accordance with the terms of the approval, that general mandates will shortly expire on 8th April, 2005 upon the conclusion of the AGM. To keep in line with current corporate practice, the grant of fresh general mandates for the same purpose is being sought from Shareholders and the ordinary resolutions to grant these general mandates to the Directors will be proposed at the AGM.

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 IV to this circular.

6. RECOMMENDATION

Your Directors consider that the above proposals are in the interests of the Bank and its Shareholders and accordingly recommend that all Shareholders vote in favour of the resolutions to be proposed at the AGM.

Yours faithfully,

David LI Kwok-po

Chairman & Chief Executive

The Bank of East Asia, Limited

Notice of Eighty-Sixth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eighty-sixth Annual General Meeting of the members of the Bank will be held in the Ballroom, The Ritz-Carlton, 3 Connaught Road Central, Hong Kong on Friday, 8th April, 2005 at 11:00 a.m. for the following purposes:

1. To consider and adopt the Audited Accounts and the Reports of the Directors and of the Auditors for the year ended 31st December, 2004;
2. To declare a final dividend;
3. To elect Directors;
4. To appoint Auditors and authorise the Directors to fix their remuneration;

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

Special Resolution

5. "THAT the Articles of Association of the Company be and are hereby amended as follows:
 - (a) by adding the following new definition immediately after the definition of "these Articles" in Article 2:

""associate" shall have the meaning attributed to it in the Listing Rules;";
 - (b) by adding the following new definition immediately after the definition of "Board" in Article 2:

""Director" means a director from time to time of the Company;";
 - (c) by deleting the definition of "Recognised Clearing House" in Article 2 in its entirety and substituting therefor the following new definition:

""Recognised Clearing House" shall have the meaning ascribed thereto in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) or a clearing house recognised by the laws of the jurisdiction in which the shares of the Company are listed or quoted with the permission of the Company on a stock exchange in such jurisdiction;";
 - (d) by adding the following new Article 66A immediately after Article 66:

'66A. Where any Member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.';

- (e) by deleting Article 77 in its entirety (except the margin note thereof) and substituting therefor the following new Article:

‘77. 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 Company (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 and the minimum length of the period, during which such notice(s) is/are given, shall be at least 7 days and that the period for lodgement of such notice(s) shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.’;

- (f) by deleting sub-clause (H) of Article 89 in its entirety and substituting therefor the following new sub-paragraph:

‘(H) Save as otherwise provided by these Articles, a Director shall not be entitled to vote on (nor shall he be counted in the quorum in relation thereto) any resolution of the Board approving any contract or arrangement or any other proposal whatsoever in which he or any of his associates has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

- (i) the giving of any security or indemnity either:
 - (a) to the Director or his associate(s) in respect of money lent or obligations incurred by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;
 - (b) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (ii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iii) any proposal concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director or his associate(s) is/are beneficially interested in the shares of that company, provided that, the Director and any of his associates are not in aggregate beneficially interested in 5 per cent. or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associates is derived) or of the voting rights;

- (iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:
 - (a) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which he or his associates may benefit; or
 - (b) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
 - (v) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.';
- (g) by deleting the words “, as defined in the Listing Rules” wherever they appear in sub-clauses (I) and (J) of Articles 89; and
- (h) by deleting sub-clause (K) of Article 89 in its entirety and substituting therefor the following new sub-paragraph:
- '(K) If any question shall arise at any meeting of the Board as to the materiality of a Director's interest or that of his associate(s) or the significance of a contract, arrangement or transaction or proposed contract, arrangement or transaction or as to the entitlement of any Director to vote or form part of a quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the Chairman of the meeting (or, where question relates to the interest of the Chairman or that of his associate(s) to the other Directors at the meeting) and his ruling (or, as appropriate, the ruling of the other Directors) in relation to any other Director (or, as appropriate, the Chairman) shall be final and conclusive except in a case where the nature or extent of the interests of the Director and/or his associate(s) concerned (or, as appropriate, the Chairman and/or his associate(s)) as known to such Director (or, as appropriate, the Chairman) has not been fairly disclosed to the Board.'"

Ordinary Resolutions

6. "THAT

(a) a general mandate be and is hereby unconditionally given to the Directors to exercise during the Relevant Period all the powers of the Bank to allot, issue and dispose of additional shares of the Bank and to make or grant offers, agreements, options or warrants which would or might require the exercise of such powers either during or after the Relevant Period, not exceeding 20% of the aggregate nominal amount of the share capital of the Bank in issue as at the date of this Resolution as increased by the scrip dividend issue approved pursuant to item 2 of the Notice of this Meeting; otherwise than any shares which may be issued pursuant to the following events:

- (i) a rights issue;
- (ii) any option scheme or similar arrangement for the time being adopted for the grant or issue to the employees of the Bank and its subsidiaries of shares or rights to acquire shares of the Bank; or
- (iii) any scrip dividend or similar arrangement in accordance with the Articles of Association of the Bank; and

(b) for the purposes of this Resolution:

'Relevant Period' means the period from the passing of this Resolution until whichever is the earlier 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 date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the members in general meeting."

7. "THAT

(a) a general mandate be and is hereby unconditionally granted to the Directors to exercise during the Relevant Period all the powers of the Bank to repurchase ordinary shares of HK\$2.50 each in the capital of the Bank in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or of any other stock exchange as amended from time to time provided however that the aggregate nominal amount of the shares to be repurchased pursuant to the approval in this paragraph shall not exceed 10% of the share capital of the Bank in issue as at the date of this Resolution as increased by the scrip dividend issue approved pursuant to item 2 of the Notice of this Meeting; and

(b) for the purposes of this Resolution:

‘Relevant Period’ means the period from the passing of this Resolution until whichever is the earlier 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 date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the members in general meeting.”

8. “THAT, conditional on the passing of Resolutions in item 6 and item 7 of the Notice of this Meeting, the general mandate granted to the Directors to allot shares pursuant to the Resolution set out in item 6 of the Notice of this Meeting be and is hereby extended by the addition to the aggregate nominal amount of the share capital which may be allotted or agreed to be allotted by the Directors pursuant to such general mandate an amount representing the aggregate nominal amount of the share capital of the Bank repurchased by the Bank under the authority granted pursuant to the Resolution set out in item 7 of the Notice of this Meeting.”

By Order of the Board

Molly HO Kam-lan

Company Secretary

Hong Kong, 11th March, 2005

Notes:

- (a) *The Register of Members of the Bank will be closed from Monday, 14th March, 2005 to Wednesday, 16th March, 2005. In order to qualify for the final dividend, all transfer documents should be lodged for registration with Standard Registrars Limited, G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, by 4:00 p.m. Friday, 11th March, 2005.*
- (b) *The Chairman of the Board has indicated that he would direct that each of the resolutions set out in the notice of the meeting be voted on by poll.*
- (c) *A member entitled to attend and vote at the above Meeting may appoint a proxy to attend and vote in his place. A proxy need not be a member.*
- (d) *The Memorandum and Articles of Association of the Bank is written in English. There is no official Chinese translation in respect thereof. Therefore, the Chinese version of the Resolution as set out in item 5 above on amendments of Articles of Association is purely a translation for reference only. Should there be any discrepancies, the English version will prevail.*

Article 57 of the Articles of Association sets out the procedure by which Shareholders may demand a poll:

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded. Subject to the Ordinance, a poll may be demanded by:

- (a) the chairman of the meeting; or
- (b) at least five Members present in person or by proxy and entitled to vote; or
- (c) any Member or Members present in person or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all Members having the right to attend and vote at the meeting; or
- (d) any Member or Members present in person or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

Unless a poll is so demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has, on a show of hands, been carried or carried unanimously or by a particular majority or not carried by a particular majority or lost shall be final and conclusive, and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against such resolution.

The following are the particulars of the five Directors proposed to be re-elected at the AGM:

1. **Mr. TAN Man-kou**

FCPA, FCA, Independent Non-executive Director and Member of the Audit Committee

Mr. Tan, aged 68, was appointed a Director in 2004. Mr. Tan currently serves as a consultant to Deloitte Touche Tohmatsu. He is a fellow of both the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. Mr. Tan, who has over 30 years of public accounting experience, was until 2002 a partner with Deloitte Touche Tohmatsu. As partner, he was responsible for leading Deloitte's professional services in the areas of audit, tax, corporate finance, insolvency and listings. He had client responsibilities in China, Hong Kong, Europe and the United States.

Mr. Tan is a member of the Chinese People's Political Consultative Conference. He was also a member of the Selection Committee of the Hong Kong Special Administrative Region. Mr. Tan is active in public service, and has been a member, an honorary treasurer, and a chairman of the Hong Kong Housing Society over the course of more than 20 years. He also served as a member of the Airport Consultative Committee.

Mr. Tan is an Independent Non-executive Director of Harbour Centre Development Limited. He has not held any directorship in other listed public companies during the last three years.

Save as disclosed, Mr. Tan does not hold any position with the Bank or with other members of the Bank Group. Mr. Tan has not entered into any service contract with the Bank. No terms have been fixed or proposed for Mr. Tan's length of service with the Bank, although he is subject to retirement by rotation and re-election at an annual general meeting of the Bank in accordance with the Articles of Association. The fees payable to directors are determined by the Board with reference to market trends. Mr. Tan receives a directors' fee of HK\$100,000 per annum.

Mr. Tan is not connected with any director, the senior management nor any substantial shareholder of the Bank. The Bank does not have a controlling shareholder as at the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Tan is not interested in any Shares within the meaning of Part XV of the SFO.

Save as disclosed herein, there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders.

2. **Dr. LI Fook-wo**

CBE, BS, MCS, Hon. LLD, Hon. DSSc, FCIB, FHKIB, JP, Non-executive Director and Member of the Nomination Committee

Dr. Li, aged 88, is a former member of the Executive and Legislative Councils. He joined the Bank in 1940. He was appointed a Director in 1958 and was the Chief Manager from 1972 to 1976. He was appointed Chairman from 1984 to 1997.

Dr. Li was a director of Hutchison Whampoa Limited and Johnson Electric Holdings Limited. Save as disclosed, he has not held any directorship in other listed public companies during the last three years.

Save as disclosed above, Dr. Li does not hold any position with the Bank or with other members of the Bank Group. Dr. Li has not entered into any service contract with the Bank. No terms have been fixed or proposed for Dr. Li's length of service with the Bank, although he is subject to retirement by rotation and re-election at an annual general meeting of the Bank in accordance with the Articles of Association. The fees payable to directors are determined by the Board with reference to market trends. Dr. Li receives a directors' fee of HK\$100,000 per annum.

Dr. Li is the father of Mr. Aubrey LI Kwok-sing, a Non-executive Director of the Bank. He is the uncle of Dr. David LI Kwok-po, the Chairman and Chief Executive of the Bank and a cousin of Dr. Simon LI Fook-sean, a Non-executive Director of the Bank. Save as disclosed, Dr. Li is not connected with any other director, the senior management nor any substantial shareholder of the Bank. The Bank does not have a controlling shareholder as at the Latest Practicable Date.

As at the Latest Practicable Date, Dr. Li is the beneficial owner of 1,235,804 (0.08%) Shares. In addition, 30,955,378 (2.07%) Shares are held by The Fook Wo Trust, of which Dr. Li is the founder, but he has no influence on how the trustee exercises his discretion. The disclosure of the 30,955,378 Shares was made on a voluntary basis.

Save as disclosed herein, there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders.

3. **Mr. Joseph PANG Yuk-wing**

BSSc, MBA, Hon. DSocSc, Hon. Fellow (CUHK), ACIB, FHKIB, JP, Executive Director and Deputy Chief Executive

Mr. Pang, aged 55, joined the Bank in 1973. He was appointed Alternate Chief Executive in 1991 and was promoted to General Manager in 1992. He was further promoted to Deputy Chief Executive and was appointed a Director in 1995. He assists the Chief Executive in the overall management and control of the Group. Mr. Pang is also a director of various members of the Bank Group. He is also the Chairman and a Member of various Committees appointed by the Board.

Mr. Pang is the Chairman of the Banking and Finance Industry Training Board of the Vocational Training Council and Vice President of the Hong Kong Institute of Bankers. He is also the Chairman of the Correctional Services Children's Education Trust Investment Advisory Board. He is a Member of the Board of Hong Kong Applied Science and Technology Research Institute Co., Ltd., the Leveraged Foreign Exchange Arbitration Panel, the Investor Education Advisory Committee and the Process Review Panel for the Securities and Futures Commission. He is a Lay Observer of Independent Police Complaints Council Observers Scheme and a Trustee of the Retirement Schemes of The University of Hong Kong.

Mr. Pang has not held any directorship in other listed public companies during the last three years.

Mr. Pang has not entered into any service contract with the Bank. No terms have been fixed or proposed for Mr. Pang's length of service with the Bank, although he is subject to retirement by rotation and re-election at an annual general meeting of the Bank in accordance with the Articles of Association. The fees payable to directors are determined by the Board with reference to market trends. Mr. Pang receives a directors' fee of HK\$100,000 per annum.

Mr. Pang is not connected with any director, the senior management nor any substantial shareholder of the Bank. The Bank does not have a controlling shareholder as at the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Pang is interested in 349,718 (0.02%) Shares within the meaning of Part XV of the SFO, in addition to the share options being granted to him to subscribe for 1,930,000 Shares pursuant to the Staff Share Option Scheme of the Bank.

Save as disclosed herein, there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders.

4. **Mr. Thomas KWOK Ping-kwong**

MSc (Bus Adm), BSc (Eng), FCPA, JP, Independent Non-executive Director, Member of the Audit Committee and the Remuneration Committee

Mr. Kwok, aged 53, was appointed a Director in 2001. Mr. Kwok is the Vice Chairman and Managing Director of Sun Hung Kai Properties Limited, Chairman of Route 3 (CPS) Company Limited, Joint Chairman of IFC Development Limited and an Executive Director of SUNeVision Holdings Limited. Mr. Kwok was also a director of USI Holdings Limited. Save as disclosed, he has not held any directorship in other listed public companies during the last three years.

Mr. Kwok is Chairman of the Board of Directors of the Faculty of Business and Economics of the University of Hong Kong and Executive Vice President of The Real Estate Developers Association of Hong Kong. He also serves as a government appointed Member of the Exchange Fund Advisory Committee, the Economic and Employment Council, the Provisional Construction Industry Co-ordination Board and the Council for Sustainable Development. He is an Honorary Citizen of Guangzhou and a Standing Committee Member of the Ninth Chinese People's Political Consultative Conference Shanghai Committee. Mr. Kwok holds a Master's degree in Business Administration from The London Business School, University of London and a Bachelor's degree in Civil Engineering from Imperial College, University of London.

Save as disclosed above, Mr. Kwok does not hold any position with the Bank or with other members of the Bank Group. Mr. Kwok has not entered into any service contract with the Bank. No terms have been fixed or proposed for Mr. Kwok's length of service with the Bank, although he is subject to retirement by rotation and re-election at an annual general meeting of the Bank in accordance with the Articles of Association. The fees payable to directors are determined by the Board with reference to market trends. Mr. Kwok receives a directors' fee of HK\$100,000 per annum.

Mr. Kwok is not connected with any director, the senior management nor any substantial shareholder of the Bank. The Bank does not have a controlling shareholder as at the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Kwok is not interested in any Shares within the meaning of Part XV of the SFO.

Save as disclosed herein, there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders.

5. **Mr. Richard LI Tzar-kai**

Non-executive Director

Mr. Li, aged 38, was appointed a Director in 2001. Mr. Li is the Chairman of PCCW Limited, one of Asia's leading information technology and telecommunications companies. He is also the Chairman and Chief Executive of the Pacific Century Group, the Chairman of Pacific Century Premium Developments Limited and Singapore-based Pacific Century Regional Developments Limited. He is a governor of the World Economic Forum for Information Technologies and Telecommunications and a member of the Center for Strategic and International Studies' International Councillors' Group in Washington, D.C. Mr. Li is also a

member of the Global Information Infrastructure Commission and an advisor to the United Nations Information and Communication Technologies Task Force. Save as disclosed above, Mr. Li has not held any directorship in other listed public companies during the last three years.

Save as disclosed, Mr. Li does not hold any position with the Bank or with other members of the Bank Group. Mr. Li has not entered into any service contract with the Bank. No terms have been fixed or proposed for Mr. Li's length of service with the Bank, although he is subject to retirement by rotation and re-election at an annual general meeting of the Bank in accordance with the Articles of Association. The fees payable to directors are determined by the Board with reference to market trends. Mr. Li receives a directors' fee of HK\$100,000 per annum.

Mr. Li is not connected with any director, the senior management nor any substantial shareholder of the Bank. The Bank does not have a controlling shareholder as at the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Li is not interested in any Shares within the meaning of Part XV of the SFO.

Save as disclosed herein, there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders.

The following is a summary of the major changes to the existing Articles of Association:

- (a) “Recognised Clearing House” shall have the meaning ascribed thereto in the SFO or a clearing house recognised by the laws of the jurisdiction in which the Shares are listed or quoted with the permission of the Bank on a stock exchange in such jurisdiction;
- (b) where any Shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted;
- (c) no person other than a retiring Director shall, unless recommended by the board of Directors, be eligible for election to the office of Director at any general meeting unless there has been given to the secretary of the Bank notice in writing by a Shareholder (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 and the minimum length of the period, during which such notice(s) are given, shall be at least 7 days and that the period for lodgement of such notice(s) shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting; and
- (d) subject to such exceptions specified in the Articles of Association, a Director shall not be entitled to vote on (nor shall he be counted in the quorum in relation thereto) any resolution of the board of Directors approving any contract or arrangement or any other proposal whatsoever in which he or any of his associates has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution).

The proposed amendments to the Articles of Association are subject to the approval of the Shareholders by way of passing a special resolution at the AGM.

Full text of the proposed amendments to the Articles of Association is set out in resolution 5 of the Notice of AGM in Appendix IA to this circular.

The following are the existing Articles 77, 89(H), (I), (J) and (K) of the Articles of Association:

Article 77

“No person other than a Director retiring at the meeting shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless, not less than seven and not more than twenty-eight clear days before the day appointed for the meeting, there has been given to the Secretary notice in writing by a Member (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.”

Article 89(H)

“Save as otherwise provided by these Articles, a Director shall not vote (nor be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement in which he is to his knowledge materially interested, and if he shall do so his vote shall not be counted, but this prohibition shall not apply to any of the following matters namely:

- (i) any contract or arrangement for giving to such Director any security or indemnity in respect of money lent by him or obligations undertaken by him for the benefit of the Company;
- (ii) any contract or arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company which the Director has himself guaranteed or secured in whole or in part;
- (iii) any contract or arrangement by a Director to subscribe for shares, debentures or other securities of the Company issued or to be issued pursuant to any offer or invitation to Members or debenture holders of the Company or any class thereof or to the public or any section thereof, or to underwrite any shares, debentures or other securities of the Company;
- (iv) any contract or arrangement in which he is interested by virtue of his interest in shares or debentures or other securities of the Company or by reason of any other interest in or through the Company;
- (v) any contract or arrangement concerning any other company (not being a company in which the Director (together with any of his associates, as defined in the Listing Rules) owns 5 per cent. or more) in which he is interested directly or indirectly whether as an officer, shareholder, creditor or otherwise howsoever;
- (vi) any proposal concerning the adoption, modification or operation of a pension fund or retirement death or disability benefits scheme which relates both to Directors and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director as such any privilege or advantage not accorded to the employees to which such scheme or fund relates;
- (vii) any arrangement for the benefit of employees of the Company or of any of its subsidiaries under which the Director benefits in a similar manner as the employees and which does not accord to any Director as such any privilege or advantage not accorded to the employees to whom such arrangement relates.”

Article 89(I)

"A company shall be deemed to be a company in which a Director (together with any of his associates, as defined in the Listing Rules) owns 5 per cent. or more if and so long as (but only if and so long as) he (together with any of his associates, as defined in the Listing Rules) is (either directly or indirectly) the holder of or beneficially interested in 5 per cent. or more of any class of the equity share capital of such company or of the voting rights available to members of such company. For the purpose of this paragraph there shall be disregarded any shares held by a Director as bare or custodian trustee and in which he has no beneficial interest, any shares comprised in a trust in which the Director's interest is in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director is interested only as a unit holder."

Article 89(J)

"Where a company in which a Director (together with any of his associates, as defined in the Listing Rules) holds 5 per cent. or more is materially interested in a transaction, then that Director shall also be deemed materially interested in such transaction."

Article 89(K)

"If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or as to the entitlement of any Director (other than such chairman) to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall be counted in the quorum but shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board."

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:

- (i) At the AGM a resolution will be proposed that the Directors be given a general mandate to exercise all powers of the Bank to repurchase on the Stock Exchange fully paid-up Shares representing up to a maximum of 10% of the Share capital of the Bank in issue on the date the resolution is passed (the "Repurchase Mandate"). Based on the 1,492,964,551 Shares in issue as at the Latest Practicable Date (and assuming that there is no change in respect of the issued Share capital of the Bank after the Latest Practicable Date and up to the passing of the relevant resolution), the Bank will therefore be allowed under the Repurchase Mandate to repurchase a maximum of 149,296,455 Shares.
- (ii) Although the Directors have no present intention of repurchasing any Shares, they believe that the flexibility afforded by the Repurchase Mandate will be beneficial to the Bank and its Shareholders. Trading conditions on the Stock Exchange have sometimes been volatile in recent years and if there are occasions in the future when depressed market conditions arise and Shares are trading at a discount to their underlying value, the ability of the Bank to repurchase Shares will be beneficial to those Shareholders who retain their investment in the Bank since their percentage interests in the assets of the Bank will increase in proportion to the number of Shares repurchased by the Bank. Furthermore, the Directors' exercise of the mandate granted under the Repurchase Mandate may lead to an increased volume of trading in Shares on the Stock Exchange.
- (iii) The Directors propose that repurchases of Shares under the Repurchase Mandate will be financed from the available cash flow or working capital facilities of the Bank and its subsidiaries. In repurchasing Shares, the Bank may only apply funds legally available for such purpose in accordance with its Memorandum and Articles of Association and the laws of Hong Kong.
- (iv) There may be material adverse impact on the working capital or gearing position of the Bank (as compared with the position disclosed in its most recent published audited accounts) in the event that the proposed share repurchases are to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as will, 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 of the Directors of the Bank who have a present intention, in the event that the Repurchase 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 purchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and the laws of Hong Kong.
- (vii) If as a result of a share repurchase 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 purpose of the Takeover Code. As a result, a shareholder, or group of shareholders acting in concert, would obtain or consolidate control of the Bank and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code. As at the Latest Practicable Date, according to the Register kept pursuant to Section 336 of the SFO, East Asia International Trustees Limited ("EAIT") was deemed to be interested in 113,301,397 Shares, representing 7.59% of the issued Shares, held by various trusts of which EAIT was the trustee. However, the Directors are not aware of any consequence which would arise under the Takeover Code as a consequence of any purchases pursuant to the Repurchase Mandate.
- (viii) No purchases have been made by the Bank of its Shares in the six months prior to the date of this circular.

- (ix) No connected persons of the Bank (as defined in the Listing Rules) have notified it of a present intention to sell Shares to the Bank and no such persons have undertaken not to sell any such Shares to the Bank in the event that the Repurchase Mandate is granted by Shareholders.
- (x) The highest and lowest prices at which Shares had traded on the Stock Exchange in each of the previous twelve months were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2004: February	25.90	23.10
March	25.50	22.00
April	25.30	22.40
May	23.10	19.50
June	23.30	21.35
July	23.05	21.90
August	21.90	20.35
September	22.35	21.25
October	22.40	21.60
November	24.70	22.25
December	24.60	23.35
2005: January	24.40	22.50