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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, a licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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BEA 東亞銀行

The Bank of East Asia, Limited

(Incorporated in Hong Kong with limited liability in 1918)

(Stock Code: 23)

**DISCLOSEABLE TRANSACTION
INVESTMENT IN AFH**

A letter from the Board is set out on pages 4 to 7 of this circular.

15th May, 2007

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DEFINITIONS

In this Circular, the following expressions have the meanings set out below unless the context otherwise requires:

“Affiliates”	with respect to a corporation, means any corporation that is controlled by, controls or is under common control with that corporation and includes (i) a related corporation of the first-mentioned corporation; and (ii) any corporation where the first-mentioned corporation and its related corporations together, directly or indirectly, have an interest of 20% or more of its voting share capital
“AFH”	AFFIN Holdings Berhad, a company incorporated in Malaysia and the ordinary shares of which are listed on the main board of Bursa Malaysia Securities Berhad, the stock exchange of Malaysia
“AFH Shares”	ordinary shares of par value of RM1.00 each in the share capital of AFH
“Agreement”	the legally binding agreement dated 24th April, 2007 entered into between the Bank and AFH in respect of the Bank’s investment in AFH
“Bank”	The Bank of East Asia, Limited, a company incorporated in Hong Kong and the ordinary shares of which are listed on the main board of the Stock Exchange
“Board”	the board of Directors or a duly authorised committee thereof
“Chairman”	chairman of the Bank
“Chief Executive(s)”	chief executive(s) of the Bank
“Circular”	this circular in relation to the Transaction
“Completion”	the completion of the issue, allotment and subscription of the New AFH Shares and the sale and purchase of the Existing AFH Shares to be agreed by the relevant parties in the Share Subscription Agreement and the Share Sale and Purchase Agreement respectively
“connected person”	has the meaning ascribed to it under the Listing Rules
“control”	with respect to a corporation, the possession, directly or indirectly, of the power to direct or cause the direction of management or policies of such corporation
“Definitive Agreements”	the Share Subscription Agreement and the Share Sale and Purchase Agreement
“Director(s)”	director(s) of the Bank

DEFINITIONS

“Enlarged Share Capital”	the enlarged share capital of AFH, after taking into account the issue and allotment of the new AFH Shares (including the New AFH Shares to be issued and allotted pursuant to the Share Subscription Agreement) and assuming all outstanding stock options and warrants issued by AFH are exercised and all other outstanding convertible securities which are convertible into new AFH Shares, if any, are converted
“Existing AFH Shares”	the relevant existing AFH Shares currently held by the Vendors to be purchased by the Bank (or one or more of its Affiliates) pursuant to the Share Sale and Purchase Agreement
“Group”	the Bank and its subsidiaries
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	9th May, 2007, being the latest practicable date prior to the printing of this Circular for ascertaining certain information herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange for the time being in force
“Malaysian FRS”	the Financial Reporting Standards issued by the Malaysian Accounting Standards Board
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules
“New AFH Shares”	the new AFH Shares to be allotted and issued by AFH to the Bank (or one or more of its Affiliates) pursuant to the Share Subscription Agreement
“NTA per AFH Share”	the amount equal to the consolidated net asset value based on AFH’s audited consolidated financial statements for the year ended 31st December, 2006 minus goodwill over the total number of AFH Shares issued and paid-up as at 31st December, 2006
“RM”	Malaysian Ringgit, the lawful currency of Malaysia
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Sale and Purchase Agreement”	the definitive share sale and purchase agreement to be entered into between the Bank (or one or more of its Affiliates) and the Vendors in respect of the sale and purchase of the Existing AFH Shares

DEFINITIONS

“Share Subscription Agreement”	the definitive share subscription agreement to be entered into between the Bank (or one or more of its Affiliates) and AFH in respect of the issue, allotment and subscription of the New AFH Shares
“Shareholders”	holders of the Shares as recorded on the register of shareholders of the Bank in Hong Kong
“Share Option(s)”	share option(s) granted under the Staff Share Option Scheme 2002, entitling the holders thereof to subscribe for Shares
“Share(s)”	fully paid ordinary shares of HK\$2.50 each of the Bank (or such other nominal amount prevailing from time to time)
“Staff Share Option Scheme 2002”	the staff share option scheme 2002 for the employees of the Group adopted by the Bank at its annual general meeting on 26th March, 2002
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it in section 2(4) of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Transaction”	the transactions contemplated under the Agreement
“Vendors”	the relevant shareholders holding the Existing AFH Shares
“%”	per cent.

For illustration purpose only, translation of RM to HK\$ is based on the rate of RM1 to HK\$2.28. No representation is made that such amount was or could be exchanged at such rate.

LETTER FROM THE BOARD

The Bank of East Asia, Limited

(Incorporated in Hong Kong with limited liability in 1918)

Executive Directors:

Dr. The Hon. Sir David LI Kwok-po (*Chairman and Chief Executive*)

Mr. Joseph PANG Yuk-wing (*Deputy Chief Executive*)

Registered Office:

10 Des Voeux Road Central
Hong Kong

Non-executive Directors:

Dr. LI Fook-wo

Mr. Aubrey LI Kwok-sing

Dr. William MONG Man-wai

Tan Sri Dr. KHOO Kay-peng

Mr. Richard LI Tzar-kai

Mr. Eric LI Fook-chuen

Mr. Stephen Charles LI Kwok-sze

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

Mr. Kenneth LO Chin-ming

15th May, 2007

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION INVESTMENT IN AFH

1. INTRODUCTION

Reference is made to the announcement of the Bank dated 24th April, 2007 in connection with the Transaction.

On 24th April, 2007, the Bank entered into the Agreement with AFH in respect of its investment in AFH. Pursuant to the Agreement, the Bank (or one or more of its Affiliates) will subscribe for the New AFH Shares to be issued by AFH and purchase the Existing AFH Shares from the Vendors. Upon Completion, the Bank (or one or more of its Affiliates) will be interested in approximately 25% of the Enlarged Share Capital of AFH.

The Transaction constitutes a discloseable transaction for the Bank under Chapter 14 of the Listing Rules. The purpose of this Circular is to provide the Shareholders with further information of the Transaction.

LETTER FROM THE BOARD

2. THE AGREEMENT

Date: 24th April, 2007

Parties: (1) the Bank
(2) AFH

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, AFH and its ultimate beneficial owners, including the Vendors, are third parties independent of the Bank and the Bank's connected persons and are not connected persons of the Bank.

Subscription and purchase of AFH Shares

Pursuant to the Agreement, the Bank (or one or more of its Affiliates) will subscribe for the New AFH Shares to be issued by AFH and purchase the Existing AFH Shares from the Vendors. The Bank (or one or more of its Affiliates) will negotiate with the relevant shareholders of AFH for the sale of the Existing AFH Shares to the Bank, hence the identity of the Vendors is yet to be determined.

Upon Completion, the Bank (or one or more of its Affiliates) will be interested in approximately 25% of the Enlarged Share Capital of AFH.

Issue and purchase price

The subscription price per New AFH Share and the purchase price per Existing AFH Share payable by the Bank (or one or more of its Affiliates) shall each be an amount equal to the higher of (a) 1.3 times of the NTA per AFH Share; or (b) the par value of each AFH Share.

The pricing formula on the subscription price per New AFH Share and the purchase price per Existing AFH Share was arrived at arm's length among the Bank and AFH with reference to the NTA per AFH Share and the par value of each AFH Share. As the exact percentage of AFH Shares to be subscribed and acquired by the Bank has not been determined, the actual amount of consideration payable by the Bank under the Transaction has not been finalised. The estimated amount of consideration payable by the Bank under the Transaction is approximately HK\$1,863,000,000.

The terms for payment of the subscription price for the New AFH Shares and the purchase price for the Existing AFH Shares will be agreed by the relevant parties in the Share Subscription Agreement and the Share Sale and Purchase Agreement respectively. The consideration payable under the Transaction will be financed by the Bank's internal resources. Accordingly, the Transaction is not expected to have any material impact on the assets and liabilities of the Bank.

Definitive Agreements

The Bank (or one or more of its Affiliates) will enter into (a) a definitive Share Subscription Agreement with AFH with respect to the subscription of the New AFH Shares and (b) a definitive Share Sale and Purchase Agreement with the Vendors with respect to the purchase of the Existing AFH Shares. AFH shall use its best endeavour to procure the Vendors to enter into the Share Sale and Purchase Agreement with the Bank (or one or more of its Affiliates).

LETTER FROM THE BOARD

Conditions

The Definitive Agreements will be conditional upon, among other things, the receipt of written approvals with respect to the Transaction from:

- (a) the board of directors of AFH and the Board;
- (b) the shareholders of AFH;
- (c) Bank Negara Malaysia, the central bank of Malaysia;
- (d) Securities Commission of Malaysia; and
- (e) any other applicable regulatory authority in Malaysia, Hong Kong or elsewhere.

An announcement will be made by the Bank as soon as the Definitive Agreements have been entered into.

3. INFORMATION ON THE BANK

The Bank is a licensed bank incorporated and domiciled in Hong Kong. The principal activities of the Bank and its subsidiaries are the provision of banking and related financial services, and business, corporate and investor services.

4. INFORMATION ON AFH

AFH is a company incorporated in Malaysia and is regulated by the Bank Negara Malaysia, the central bank of Malaysia. It was listed on the main board of Bursa Malaysia Securities Berhad, the stock exchange of Malaysia, on 4th November, 1991. The principal activity of AFH is investment holding. The principal activities of its subsidiaries are commercial banking, hire purchase business, Islamic banking, investment banking, stock-broking, money broking, fund and unit trusts management. The principal activity of its jointly controlled entity and associate is underwriting of life insurance business and general insurance business respectively.

Based on the audited consolidated financial statements of AFH for the year ended 31st December, 2006 prepared under the Malaysian FRS, the net profits of AFH before and after taxation and zakat (an Islamic concept of tithing and alms on the Islamic banking business) but before minority interests were approximately RM314,411,000 (equivalent to approximately HK\$716,857,000) and RM226,918,000 (equivalent to approximately HK\$517,373,000) respectively. Based on the audited consolidated financial statements of AFH for the year ended 31st December, 2005 prepared under the Malaysian FRS, the net profits of AFH before and after taxation and zakat but before minority interests for the year ended 31st December, 2005 were approximately RM326,538,000 (equivalent to approximately HK\$744,507,000) and RM251,538,000 (equivalent to approximately HK\$573,507,000) respectively. The audited consolidated net asset value of AFH was approximately RM3,476,843,000 (equivalent to approximately HK\$7,927,202,000) as at 31st December, 2006.

LETTER FROM THE BOARD

5. REASONS FOR AND BENEFITS OF THE TRANSACTION

The Transaction is in line with the business strategy of the Bank to grow its business organically through mergers and acquisitions as and when the Board sees appropriate. The Board believes that the investment in AFH will further strengthen the Bank's international markets and enhance the Bank's earnings in the future.

In connection with the Transaction, the Bank intends to enter into other collaborative agreements with AFH to enable their co-operation in the development and operation of AFH's banking business.

The Directors believe that, the Transaction is entered into on normal commercial terms and the terms of the Transaction are fair and reasonable and in the interest of the shareholders of the Bank as a whole.

6. GENERAL

The Transaction constitutes a discloseable transaction of the Bank under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, AFH and its ultimate beneficial owners, including the Vendors, are third parties independent of the Bank and the Bank's connected persons and are not connected persons of the Bank.

7. ADDITIONAL INFORMATION

Your attention is also drawn to the general information set out in the appendix to this Circular.

Yours faithfully,

For and on behalf of

The Bank of East Asia, Limited

Molly HO Kam-lan

Company Secretary

1. RESPONSIBILITY STATEMENT

This Circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Bank. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at the Latest Practicable Date, the interests and short positions of the Directors and Chief Executives of the Bank in the shares, underlying shares and debentures of the Bank or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Bank and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) to be entered into the register kept by the Bank pursuant to section 352 of the SFO; or (c) to be notified to the Bank and the Stock Exchange pursuant to the Model Code were as follows:

2.1 Interests in the Shares

Nature of interests/capacity in which such interests were held

Name of Director	Beneficial owner	Interests of spouse/ children	Interests of controlled corporation	Founder/ Beneficiary of discretionary trusts	Total ⁽¹¹⁾	Percentage of issued Shares
David LI Kwok-po	30,339,985	1,277,242	–	–	31,617,227 ⁽¹¹⁾	2.02
LI Fook-wo	1,235,804	–	–	30,655,378	31,891,182 ⁽²⁾	2.04
WONG Chung-hin	46,810	344,131	–	–	390,941 ⁽³⁾	0.02
LEE Shau-kee	647,985	–	1,000,000	–	1,647,985 ⁽⁴⁾	0.11
Allan WONG Chi-yun	–	124	–	10,729,192	10,729,316 ⁽⁵⁾	0.68
Aubrey LI Kwok-sing	23,391	16,107	–	30,655,378	30,694,876 ⁽⁶⁾	1.96
Joseph PANG Yuk-wing	1,000,000	–	–	–	1,000,000	0.06
William MONG Man-wai	908,467	–	5,242,661	–	6,151,128 ⁽⁷⁾	0.39
Winston LO Yau-lai	–	–	–	–	–	–
KHOO Kay-peng	–	–	1,023,494	–	1,023,494 ⁽⁸⁾	0.07
Thomas KWOK Ping-kwong	–	–	–	–	–	–
Richard LI Tzar-kai	–	–	–	–	–	–
TAN Man-kou	–	–	–	–	–	–
Kenneth LO Chin-ming	–	–	–	–	–	–
Eric LI Fook-chuen	1,040,201	–	14,039,595	18,769,731	33,849,527 ⁽⁹⁾	2.16
Stephen Charles LI Kwok-sze	11,432,260	456,545	–	1,875,800	13,764,605 ⁽¹⁰⁾	0.88

Notes:

As at the Latest Practicable Date:

- (1) David LI Kwok-po was the beneficial owner of 30,339,985 Shares and he was deemed to be interested in 1,277,242 Shares through the interests of his spouse, Penny POON Kam-chui.
- (2) LI Fook-wo was the beneficial owner of 1,235,804 Shares. The remaining 30,655,378 Shares were held by The Fook Wo Trust, of which LI Fook-wo was the founder, but he had no influence on how the trustee exercises his discretion. The disclosure of these 30,655,378 Shares was made on a voluntary basis. Aubrey LI Kwok-sing was also interested in this same block of 30,655,378 Shares as one of the discretionary beneficiaries of the trust (please refer to note 6 below).
- (3) WONG Chung-hin was the beneficial owner of 46,810 Shares and he was deemed to be interested in 344,131 Shares through the interests of his spouse, LAM Mei-lin.
- (4) LEE Shau-kee was the beneficial owner of 647,985 Shares.

LEE Shau-kee was deemed to be interested in 1,000,000 Shares held through Superfun Enterprises Limited ("Superfun"). Superfun was wholly owned by The Hong Kong and China Gas Company Limited which was 38.47% held by Henderson Investment Limited which in turn was 67.94% held by Kingslee S.A., a wholly-owned subsidiary of Henderson Land Development Company Limited ("Henderson Land").

Henderson Land was 57.80% held by Henderson Development Limited ("Henderson Development"). Hopkins (Cayman) Limited ("Hopkins") as trustee of a unit trust (the "Unit Trust") owned all the issued ordinary shares of Henderson Development. Rimmer (Cayman) Limited ("Rimmer") and Riddick (Cayman) Limited ("Riddick"), as trustees of respective discretionary trusts, held units in the Unit Trust. The entire issued share capital of Hopkins, Rimmer and Riddick were owned by LEE Shau-kee.

- (5) Allan WONG Chi-yun was deemed to be interested in 124 Shares through the interests of his spouse, Margaret KWOK Chi-wai. He was also deemed to be interested in 10,729,192 Shares held by a discretionary trust, The Wong Chung Man 1984 Trust, of which Allan WONG Chi-yun was a founder.
- (6) Aubrey LI Kwok-sing was the beneficial owner of 23,391 Shares and he was deemed to be interested in 16,107 Shares through the interests of his spouse, Elizabeth WOO. The remaining 30,655,378 Shares were held by The Fook Wo Trust, a discretionary trust in which Aubrey LI Kwok-sing was one of the discretionary beneficiaries. LI Fook-wo had also made disclosure in respect of the same block of 30,655,378 Shares as founder of the discretionary trust (please refer to note 2 above).
- (7) William MONG Man-wai was the beneficial owner of 908,467 Shares. Of the remaining 5,242,661 Shares, (i) 4,502,798 Shares were held through Shun Hing Electronic Trading Co. Ltd., (ii) 668,323 Shares were held through Shun Hing Technology Co. Ltd., and (iii) 71,540 Shares were held through Shun Hing Advertising Co. Ltd. Such corporations are accustomed to act in accordance with the directions or instructions of William MONG Man-wai who is the chairman of these corporations.
- (8) KHOO Kay-peng was deemed to be interested in 1,023,494 Shares which were held through Bonham Industries Limited, a company in which he held 99.9% of the issued capital.
- (9) Eric LI Fook-chuen was the beneficial owner of 1,040,201 Shares, and 18,769,731 Shares were held by New Jerico Limited in the capacity of trustee of The Jerico Unit Trust. Eric LI Fook-chuen is the sole director of New Jerico Limited. All the units in The Jerico Unit Trust are held by The New Elico Trust, of which Eric LI Fook-chuen is the founder and a discretionary beneficiary. Eric LI Fook-chuen was also deemed to be interested in 14,039,595 Shares held by The Kowloon Dairy Limited of which he is the chairman and chief executive officer.
- (10) Stephen Charles LI Kwok-sze was the beneficial owner of 11,432,260 Shares, and he was deemed to be interested in 456,545 Shares through the interests of his children under the age of 18. Of the remaining 1,875,800 Shares, (i) 1,720,800 Shares were held by a discretionary trust of which Stephen Charles LI Kwok-sze, his spouse and his children under the age of 18 were beneficiaries and (ii) 155,000 Shares were held by a discretionary trust of which his children under the age of 18 were beneficiaries.

- (11) There was no duplication in arriving at the total interest.
- (12) All the above interests represented long positions in the Shares and excluded those in the underlying Shares through Share Options or equity derivatives. Interests of the respective Directors set out in this subsection 2.1 need to be aggregated with (i) their interests in the underlying Shares through Share Options or equity derivatives of the Bank set out in subsection 2.2 below and (ii) their interests in the debentures of the Bank set out in subsection 2.3 below in order to give the total interests of the respective Directors in the Bank pursuant to the SFO or as otherwise notified to the Bank and the Stock Exchange pursuant to the Model Code.

2.2 Interests in the underlying Shares of the Bank through Share Options or equity derivatives

As at the Latest Practicable Date, details of the outstanding Share Options granted to the Directors under the Staff Share Option Scheme 2002 were as follows:

Name of Director	Date granted	Exercise price per Share	Exercisable period	Number of Shares over which Share Options are exercisable	Percentage of issued Shares
David LI Kwok-po	02/5/2003	HK\$14.90	02/5/2004-02/5/2008	1,000,000	0.064%
	22/4/2004	HK\$23.23	22/4/2005-22/4/2009	1,000,000	0.064%
	03/5/2005	HK\$22.95	03/5/2006-03/5/2010	1,000,000	0.064%
	03/5/2006	HK\$33.05	03/5/2007-03/5/2011	1,000,000	0.064%
				4,000,000	0.26%
Joseph PANG Yuk-wing	02/5/2003	HK\$14.90	02/5/2004-02/5/2008	500,000	0.032%
	22/4/2004	HK\$23.23	22/4/2005-22/4/2009	500,000	0.032%
	03/5/2005	HK\$22.95	03/5/2006-03/5/2010	500,000	0.032%
	03/5/2006	HK\$33.05	03/5/2007-03/5/2011	500,000	0.032%
				2,000,000	0.13%
Grand Total				6,000,000	0.39%

Notes:

As at the Latest Practicable Date:

- (1) The Directors had personal interests in the relevant underlying Shares held through Share Options granted under the Staff Share Option Scheme 2002.
- (2) All the above interests in Share Options represented long positions in the underlying Shares in respect of physically settled derivatives of the Bank. Interests of the respective Directors set out in this subsection 2.2 need to be aggregated with their interests in the Shares set out in subsection 2.1 above in order to give the total interests of the respective Directors in the Bank pursuant to the SFO or as otherwise notified to the Bank and the Stock Exchange pursuant to the Model Code.

The outstanding Share Options under the Staff Share Option Scheme 2002 vest over a period of one year (the "Vesting Period") following their respective original dates of grant and generally become exercisable as to 100% of the amount granted over a period of four years from the end of the Vesting Period, subject to further terms and conditions set out in the relevant offer letters and provisions of the Staff Share Option Scheme 2002. The scheme period of the Staff Share Option Scheme 2002 ended on 25th March, 2007.

2.3 *Interests in debentures of the Bank*

Name of Director	Capacity and nature	Amount of debentures
Richard LI Tzar-kai	Founder of discretionary trust ⁽¹⁾	US\$4,000,000
	Founder of discretionary trust ⁽¹⁾	HK\$50,000,000

Notes:

As at the Latest Practicable Date:

- (1) These interests were held through a discretionary investment company, PCI Investment Management Limited, being a controlled corporation of two discretionary trusts, The Ocean Trust and The Starlite Trust, of which Richard LI Tzar-kai was the founder.

Save as disclosed in this Circular, as at the Latest Practicable Date, none of the Directors or Chief Executives of the Bank had any interests or short positions in any shares, underlying shares or debentures of the Bank or any of its associated corporations (as defined in Part XV of the SFO) which would be required: (a) to be notified to the Bank and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they would be taken or deemed to have under such provisions of the SFO); (b) to be entered in the register kept by the Bank pursuant to section 352 of the SFO; or (c) to be notified to the Bank and the Stock Exchange pursuant to the Model Code.

3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to any Director or Chief Executive of the Bank, the following persons, not being a Director or Chief Executive of the Bank, had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Bank under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or had any options in respect of such capital:

3.1 *Interests in the Shares*

Nature of interests/capacity in which such interests were held

Name of shareholder	Nature of interests	Number of Shares	Percentage of issued Shares
Silchester International Investors Limited	Investment manager	92,445,800 ⁽¹⁾	5.9%

Note:

As at the Latest Practicable Date:

(1) All these interests represented long positions in the Shares and excluded those in the underlying Shares through Share Options or equity derivatives.

3.2 *Interests in other members of the Group*

Name of subsidiary	Name of shareholder	Number of shares held	Holding percentage
East Asia Secretaries (BVI) Limited	Essential Skill Management Limited	73,170,000 ordinary shares	24.4%
Blue Care JV (BVI) Holdings Limited	Bioworld Investments Limited	400,000 ordinary shares	20.0%

Save as disclosed in this Circular and so far as the Directors or Chief Executive of the Bank were aware, as at the Latest Practicable Date, there were no other persons (other than the Directors or Chief Executive of the Bank), who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Bank under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or had any option in respect of such capital.

4. SERVICE CONTRACTS

Dr. The Hon. Sir David LI Kwok-po, Chairman and Chief Executive of the Bank, is employed as the Chief Executive of the Bank. His service contract is on a five-year term commencing on 1st April, 2004.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group, excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

6. DIRECTOR'S INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their respective associates were interested in any business apart from the Bank's business that competes or is likely to compete, either directly or indirectly, with the Bank's business.

7. MISCELLANEOUS

- (a) The qualified accountant of the Bank is Mr. Daniel Wan Yim-keung. Mr. Wan is a fellow of both The Hong Kong Institute of Certified Public Accountants ("FCPA") and The Chartered Association of Certified Accountants ("FCCA").
- (b) The secretary of the Bank is Ms. Molly Ho Kam-lan. Ms. Ho is a fellow of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.
- (c) The registered office of the Bank is situated at 10 Des Voeux Road Central, Hong Kong.
- (d) The share registrar of the Bank is Standard Registrars Limited located at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (e) The English text of this Circular shall prevail over the Chinese text.