
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 a licensed securities dealer or registered institution 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, 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

東亞銀行有限公司

(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,
PROPOSAL INVOLVING ADOPTION OF
THE STAFF SHARE OPTION SCHEME 2016
AND
GENERAL MANDATES TO ISSUE SHARES AND BUY-BACK SHARES**

The notice of Annual General Meeting of The Bank of East Asia, Limited to be held in the Grand Ballroom, Four Seasons Hotel, 8 Finance Street, Central, Hong Kong on Friday, 8th April, 2016 at 11:30 a.m. is set out on pages 5 to 15 of this Circular.

Whether or not you are able to attend the 2016 AGM, please complete the accompanying proxy form in accordance with the instructions printed thereon and return it to the Bank's Share Registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the 2016 AGM or adjourned meeting (as the case may be). Completion and delivery of the proxy form will not preclude you from attending and voting at the 2016 AGM should you so wish. In such event, the instrument appointing a proxy shall be deemed to be revoked.

29th February, 2016

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This Circular (both English and Chinese versions) is now available in printed form and on the websites of the Bank at www.hkbea.com and Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk.

Notwithstanding any choice of means for the receipt of Corporate Communications (i.e. either receiving a printed copy or by electronic means through the Bank’s website) previously made by Shareholders and communicated to the Bank, Shareholders may at any time change their choice, free of charge, by giving reasonable notice in writing to the Bank’s Share Registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong or by fax to (852) 2861 1465 or by email to BEA0023-ecom@hk.tricorglobal.com specifying your request together with your full name and contact telephone number.

DEFINITIONS

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

“2016 AGM”	an annual general meeting of the Bank to be held in the Grand Ballroom, Four Seasons Hotel, 8 Finance Street, Central, Hong Kong on Friday, 8th April, 2016 at 11:30 a.m. or any adjournment thereof;
“Adoption Date”	19th April, 2016, being the date immediately following expiry of the Staff Share Option Scheme 2011 adopted by the Bank on 19th April, 2011;
“Allotment Date”	the date on which Shares are allotted and issued to a Grantee pursuant to the exercise of the rights attaching to an Option granted and exercised under the Staff Share Option Scheme 2016;
“Articles of Association”	the articles of association of the Bank (as amended, modified or otherwise supplemented from time to time);
“Associate(s)”	shall have the meaning ascribed to it under the Listing Rules;
“Audit Committee”	the Audit Committee of the Bank;
“Auditors”	the auditors of the Bank for the time being;
“Bank”	The Bank of East Asia, Limited, a limited liability company incorporated in Hong Kong;
“Bank Group” or “Group”	the Bank and its subsidiaries;
“Board”	the board of Directors or a duly authorised committee thereof;
“Business Day”	shall have the meaning ascribed to it under the Listing Rules;
“Chief Executive”	shall have the meaning ascribed to it under the Listing Rules;
“Circular”	the circular to the Shareholders dated 29th February, 2016;
“Close Associate(s)”	shall have the meaning ascribed to it under the Listing Rules;
“Companies Ordinance” or “Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
“Connected Person(s)”	shall have the meaning ascribed to it under the Listing Rules;

DEFINITIONS

“Core Connected Person(s)”	shall have the meaning ascribed to it under the Listing Rules;
“Controlling Shareholder”	shall have the meaning ascribed to it under the Listing Rules;
“Date of Grant”	the date on which an option letter is issued upon acceptance of an Offer provided that the option letter shall be issued within 7 days after the end of the acceptance period stipulated in the provisions of the Staff Share Option Scheme 2016;
“Director(s)”	includes any person who occupies the position of a director, by whatever name called, of the Bank or otherwise as the context may require;
“Eligible Person”	any Employee (including executive Directors and the Chief Executive), as the Directors may determine, in the service of the Bank or a Subsidiary;
“Employee”	any full-time or part-time employee of the Bank or its Subsidiaries;
“Exercise Period”	in respect of any particular Option or any part thereof, save as provided in clause 8.3 in Appendix 3, the period beginning on the Vesting Date and ending on the fifth anniversary of the Vesting Date during which the Option may be exercised;
“Grantee”	any Eligible Person who accepts an Offer or (where the context permits) the legal personal representative(s) entitled to any such Option in consequence of the death of the Eligible Person (being an individual);
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong for the time being;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	25th February, 2016, being the latest practicable date prior to the printing of this Circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time;
“Nomination Committee”	the Nomination Committee of the Bank;

DEFINITIONS

“Notice of Annual General Meeting”	the notice convening the 2016 AGM as set out on pages 5 to 15 of this Circular;
“Offer”	an offer by the Bank to an Eligible Person to accept an Option in accordance with the Staff Share Option Scheme 2016;
“Option(s)”	a right to subscribe for Shares granted pursuant to the Staff Share Option Scheme 2016;
“Option Price”	the price per share at which a Grantee may subscribe for Shares upon the exercise of an Option pursuant to the terms and conditions of the Staff Share Option Scheme 2016;
“Register of Members”	register of members of the Bank;
“Remuneration Committee”	the Remuneration Committee of the Bank;
“Senior Management”	the Deputy Chief Executives of the Bank;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholders”	holders of the Shares;
“Share(s)”	fully paid ordinary shares of the Bank;
“Staff Share Option Scheme 2011”	the Staff Share Option Scheme 2011 for the Employees adopted by the Bank at its annual general meeting on 19th April, 2011;
“Staff Share Option Scheme 2016”	the Staff Share Option Scheme 2016 to be adopted by the Bank pursuant to the Ordinary Resolution No. 5 as set out in the Notice of Annual General Meeting in its present or any amended form;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary” or “Subsidiaries”	a subsidiary or subsidiaries (within the meaning of the Companies Ordinance) for the time being and from time to time of the Bank;
“Substantial Shareholder(s)”	shall have the meaning ascribed to it under the Listing Rules;
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs;

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“Unvested Option”	an Option or part thereof which has not been vested and has not yet become exercisable pursuant to the terms on which the Option is granted;
“Vesting Date”	in respect of any particular Option or any part thereof, the date on which such Option is vested and becomes exercisable in accordance with clauses 7 and 8.3 in Appendix 3 and the terms and conditions on which the Option is granted, and the terms “vest”, “vested” and “vesting” shall be construed accordingly;
“Vested Option”	an Option or part thereof which has been vested and has become exercisable pursuant to the terms on which the Option is granted; and
“Vesting Period”	in respect of any particular Option or any part thereof, the period between the Date of Grant and the Vesting Date as set out in clause 7 in Appendix 3.

NOTICE OF ANNUAL GENERAL MEETING

The Bank of East Asia, Limited

(Incorporated in Hong Kong with limited liability in 1918)

Notice of Ninety-seventh Annual General Meeting

NOTICE IS HEREBY GIVEN that the Ninety-seventh Annual General Meeting of the members of The Bank of East Asia, Limited (the "Bank") will be held in the Grand Ballroom, Four Seasons Hotel, 8 Finance Street, Central, Hong Kong on Friday, 8th April, 2016 at 11:30 a.m. ("2016 AGM") for the following purposes:

1. To consider and adopt the Audited Accounts and the Report of the Directors and the Independent Auditor's Report for the year ended 31st December, 2015.
2. To re-appoint KPMG as Auditors of the Bank and authorise the Directors to fix their remuneration.
3. To re-elect Directors:
 - (a) Dr. the Hon. Sir David LI Kwok-po
 - (b) Dr. Allan WONG Chi-yun
 - (c) Mr. Aubrey LI Kwok-sing
 - (d) Mr. Winston LO Yau-lai
 - (e) Mr. Stephen Charles LI Kwok-sze
 - (f) Mr. Daryl NG Win-kong
 - (g) Mr. Masayuki OKU
 - (h) Dr. Rita FAN HSU Lai-tai

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

Special Resolution

4. **"THAT** the Articles of Association of the Bank be and are hereby amended as follows:
 - (a) Article 4 be amended by:
 - (i) deleting the words "lithography," and "telex," from the sentence relating to references in writing;
 - (ii) adding the following sentence relating to the interpretation of persons:

"words importing persons shall include partnerships, firms, companies and corporations";
and
 - (iii) deleting the sentence relating to the interpretation of singular words and words importing a gender and replacing it with the following:

"words importing the singular shall include the plural and vice versa, words importing the masculine gender shall include the feminine gender and vice versa;"

NOTICE OF ANNUAL GENERAL MEETING

- (b) Article 16 be amended by deleting the words “2.5 Hong Kong Dollars (or such other amount as shall for the time being be approved by the Stock Exchange)” and replacing them with the following:

“the maximum amount as shall from time to time be prescribed or permitted by the Stock Exchange”;

- (c) Article 37(c) be amended by deleting it in its entirety and replacing it with the following:

“(c) the Company has caused an advertisement to be published in one specified English language newspaper and one specified Chinese language newspaper (within the meaning of section 203 of the Ordinance) circulating in Hong Kong giving notice of its intention to sell such shares and a period of three months has elapsed since the date of such advertisement.”;

- (d) Article 41(b) be amended by deleting the word “and”;

- (e) Article 41(c) be amended by deleting the punctuation mark “.” and replacing it with “,”;

- (f) New Articles 41(d), 41(e), 41(f) and 41A be inserted immediately after Article 41(c) as follows:

“(d) the shares concerned are free from any lien in favour of the Company;

(e) the instrument of transfer is properly stamped; and

(f) a fee not exceeding the maximum fee prescribed or permitted from time to time by the Stock Exchange is paid to the Company in respect thereof.

41A. No transfer may be made to an infant or to a person of unsound mind or under other legal disability.”;

- (g) Article 42 be amended by inserting the following sentence immediately after the end of the Article:

“If the transferor or transferee requests a statement of reasons for the refusal, the Board shall, within twenty-eight days after receiving the request, send the person who made such request a statement of the reasons for the refusal.”;

- (h) Article 51 be amended by deleting the words “an extraordinary general meeting” and replacing them with “a general meeting”;

- (i) Article 52 be amended by:

(i) deleting the word “extraordinary” from the subheading; and

(ii) deleting the phrases “an extraordinary general meeting” and “An extraordinary general meeting” and replacing them with “a general meeting” and “A general meeting” respectively;

NOTICE OF ANNUAL GENERAL MEETING

- (j) Article 53 be amended by inserting the words “the Ordinance and” immediately after “Subject to” in the first sentence;
- (k) Article 55 be amended by deleting each of the words “place” and replacing each with “place(s)”;
- (l) Article 56 be amended by deleting the words “an extraordinary general meeting” and replacing them with “a general meeting”;
- (m) Article 63 be amended by deleting it in its entirety and replacing it with the following:

“63. Subject to (a) any special rights or restrictions as to voting for the time being attached to any shares, (b) the provisions of these Articles and (c) the Ordinance, at any general meeting, on a show of hands every Member who (being an individual) is present in person or by proxy or, in the case of a Member being a corporation, by its duly authorised representative or by proxy, shall have one vote and on a poll every Member who (being an individual) is present in person or by proxy or, in the case of a Member being a corporation, by its duly authorised representative or proxy, shall have one vote for every fully paid share of which he is the holder. If a Member appoints more than one proxy, the proxies so appointed shall not be entitled to vote on the resolution on a show of hands, provided that where more than one proxy is appointed by a Member which is a clearing house or its nominee, each such proxy shall have one vote on a show of hands.”;
- (n) Article 80 be amended by deleting the sentence “The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit”;
- (o) Article 87 be amended by:
 - (i) deleting the words “of not more than approximately three years” and replacing them with “which is no longer than the period”;
 - (ii) deleting the word “appointment” and replacing it with “election or re-election”; and
 - (iii) deleting the word “re-appointment” and replacing it with “re-election”;
- (p) Article 96(B) be amended by deleting the words “Chief Executive(s)” and replacing them with “Chief Executive”;
- (q) Article 96(C) be amended by deleting the words “Chief Executive(s)” and replacing them with “Chief Executive”;
- (r) Article 97 be amended by deleting the words “Chief Executive(s)” and replacing them with “Chief Executive”;
- (s) Article 100(A) be amended by inserting the words “(subject to the Ordinance)” immediately after the words “A Director may hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period”;

NOTICE OF ANNUAL GENERAL MEETING

- (t) Article 100(D) be amended by deleting the word “on” and replacing it with “in respect of”;
- (u) Article 100(G) be amended by deleting it in its entirety and replacing it with the following:

“(G) If a Director or any of his associates or an entity connected with the Director is in any way, whether directly or indirectly, interested in a transaction, contract or arrangement or proposed transaction, contract or arrangement with the Company, the Director shall if such transaction, contract or arrangement or proposed transaction, contract or arrangement is significant in relation to the Company’s business and the Director’s interest or the interest of his associate or the entity connected with the Director (as applicable) is material, declare the nature and extent of his interest or the interest of his associate or the entity connected with the Director (as applicable), in the case of a transaction, contract or arrangement that has been entered into, as soon as reasonably practicable, or in the case of a proposed transaction, contract or arrangement, before the Company enters into the transaction, contract or arrangement.

Such declaration must be made at a meeting of the Board or by notice in writing to the other Directors or by general notice. A notice in writing must be sent in hard copy form (by hand or by post) or if the recipient has agreed to receive it in electronic form, in the electronic form so agreed (by the means so agreed). If a declaration is made by notice in writing the making of the declaration is to be regarded as forming part of the proceedings at the next Directors’ meeting after the notice is given and section 481 of the Ordinance applies as if the declaration had been made at that meeting.

For the purposes of this Article, a general notice to the Board by a Director is a notice to the effect that (a) he has an interest (as a member, officer, employee or otherwise) in a body corporate or firm specified in the notice and is to be regarded as interested in any transaction, contract or arrangement which may after the effective date of the notice be entered with the specified body corporate or firm or (b) he is connected with a person specified in the notice (other than a body corporate or firm) and is to be regarded as interested in any transaction, contract or arrangement which may after the effective date of the notice be entered into with the specified person. A general notice must state the nature and extent of the Director’s interest in the specified body or firm or the nature of the Director’s connection with the specified person and must be given at a Directors’ meeting or in writing and sent to the Company. A general notice given at a Directors’ meeting takes effect on the date of the Directors’ meeting. A general notice given in writing and sent to the Company takes effect on the twenty-first day after the day on which it is sent to the Company.”;

- (v) Article 100(H) be amended by deleting it in its entirety and replacing it with the following:

“(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 transaction, contract or arrangement or any other proposal whatsoever in which he or any of his associates or any entity connected with him 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:

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- (i) the giving of any guarantee, security or indemnity either:
 - (a) to the Director or any of his associates or any entity connected with him in respect of money lent or obligations incurred by him or any of them 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 any of his associates or any entity connected with him has assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (ii) where the Company or any of its subsidiaries is offering securities in which offer the Director or any of his associates or any entity connected with him is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which any of them is to participate;
- (iii) 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 or any entity connected with him 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, any entity connected with them and employees of the Company or any of its subsidiaries and does not provide in respect of any Director, or any of his associates or any entity connected with him, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (iv) any transaction, contract or arrangement in which the Director or any of his associates or any entity connected with him 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.

References in this Article 100(H) to a contract include references to any proposed contract and to any transaction or arrangement whether or not constituting a contract.”;

- (w) Article 100(I) be amended by deleting it in its entirety and replacing it with the following:
 - “(I) For the purposes of this Article, references to an entity connected with a Director shall be construed in accordance with section 486 of the Ordinance.”;
- (x) Article 100(J) be amended by deleting it in its entirety;

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- (y) Article 100(K) be amended by deleting it in its entirety and replacing it with a new Article 100(J) as follows:

“(J) If any question shall arise at any meeting of the Board as to the materiality of a Director’s interest or any of his associates or any entity connected with him or the significance of a transaction, contract or arrangement or proposed transaction, contract or arrangement 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 such question relates to the interest of the Chairman or that of any of his associates or any entity connected with him 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 any of his associates or any entity connected with him concerned (or, as appropriate, the Chairman and/or any of his associates or any entity connected with him) as known to such Director (or, as appropriate, the Chairman) has not been fairly disclosed to the Board.”;

- (z) Article 100(L) be amended by deleting it in its entirety and replacing it with a new Article 100(K) as follows:

“(K) Subject to the Ordinance, the Company may by ordinary resolution suspend or relax the provisions of this Article to any extent or ratify any transaction not duly authorised by reason of a contravention of this Article.”;

- (aa) Article 113 be amended by deleting the words “or by telex or telegram at the address from time to time notified to the Company by such Director”;

- (bb) Article 116 be amended by deleting the first sentence and replacing it with the following:

“The Board may elect a Chairman and one or more Deputy Chairmen and determine the period for which they are respectively to hold such office. The Chairman or, in his absence, a Deputy Chairman shall preside as chairman at every Board meeting.”;

- (cc) Article 121 be amended by deleting it in its entirety and replacing it with the following:

“121. Any decision that may be made or any action that may be taken by the Directors or a committee of Directors at a meeting may be passed as a resolution of the Directors or the committee of Directors if such resolution is signed or otherwise approved in writing by all the Directors or all the members of the committee, as the case may be, except those Director(s) or member(s) of the committee who are absent from Hong Kong or temporarily unable to act through ill-health or disability. Any resolution so passed shall be as valid and effectual as a resolution passed at a meeting of the Board or, as the case may be, of such committee duly called and constituted. Such resolution may be contained in one document or in several documents in like form each signed or otherwise approved by one or more of the Directors or members of the committee concerned. A copy of a resolution signed or otherwise approved by a Director or a member of the committee by facsimile or electronic mail shall be deemed to be a document signed or approved by him for the purposes of this Article.

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Provided that this Article shall not apply in relation to any transaction, contract or arrangement (not being one of the types specified in Article 100(H)) in which a Director or Directors are interested, unless the number of Directors signing or otherwise approving the resolution who are not interested in the transaction, contract or arrangement would have constituted a quorum of Directors if a meeting had been held for the purpose of considering the transaction, contract or arrangement.”;

- (dd) Article 137 be amended by deleting each of the phrases “unissued shares” and replacing each with “shares”;
- (ee) Article 145(iii) be amended by:
 - (i) inserting the word “specified” immediately before each of the phrases “English language newspaper” and “Chinese language newspaper”; and
 - (ii) inserting the words “(within the meaning of section 203 of the Ordinance)” immediately after the words “in Hong Kong”;
- (ff) Article 145(v) be amended by deleting each of the numbers “48” and replacing each with “24”; and
- (gg) Article 152(B) be amended by:
 - (i) deleting each of the words “any related company” and “a related company” and replacing each with “any associated company” and “an associated company” respectively; and
 - (ii) deleting the sentence “For the purpose of this Article 152(B), “related company” means any company that is the Company’s subsidiary or holding company or a subsidiary of that holding company.” and replacing it with the following:

“For the purpose of this Article 152(B), “associated company” in relation to the Company, shall have the meaning attributed to it in the Ordinance.”.”

Ordinary Resolutions

5. **“THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) granting approval for the listing of and permission to deal in the shares to be issued and allotted pursuant to the exercise of the options in accordance with the terms and conditions of the Staff Share Option Scheme 2016 of the Bank (the “Scheme 2016”), the rules of which are contained in the document marked “A” produced to the meeting and for the purposes of identification signed by the Chairman thereof, the Scheme 2016 be and is hereby approved and be adopted on 19th April, 2016, being the date immediately following the expiry of the Staff Share Option Scheme 2011 adopted on 19th April, 2011, and the Directors be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Scheme 2016 including but without limitation:

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- (a) to administer the Scheme 2016 under which options will be granted to Eligible Persons under the Scheme 2016 to subscribe for ordinary shares of the Bank (the "Shares");
- (b) to modify and/or amend the Scheme 2016 from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the Scheme 2016 relating to modification and/or amendment, provided always that the total number of Shares subject to the Scheme 2016 shall not exceed the limits referred to therein;
- (c) to issue and allot from time to time such number of Shares as may be required to be issued pursuant to the exercise of the options under the Scheme 2016 provided always that the total number of Shares subject to the Scheme 2016, when aggregated with any shares subject to any other share option schemes, shall not exceed 5% of the relevant class of the issued shares of the Bank as at the date of passing this Resolution, but the Bank may seek approval of its shareholders in general meeting for refreshing the 5% limit under the Scheme 2016 and the maximum number of Shares in respect of which options may be granted under the Scheme 2016 and any other share option schemes of the Bank in issue shall not exceed 15% of the relevant class of the issued shares of the Bank from time to time;
- (d) to make application at the appropriate time or times to the Stock Exchange; and any other stock exchanges upon which the issued Shares may for the time being be listed, for listing of and permission to deal in any Shares which hereafter from time to time be issued and allotted pursuant to the exercise of the options under the Scheme 2016; and
- (e) to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the Scheme 2016."

6. **"THAT:**

- (a) Subject to paragraph (b) of this Resolution, a general mandate be and is hereby unconditionally given to the Directors of the Bank to exercise during the Relevant Period all the powers of the Bank to allot, issue and otherwise deal with 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;
- (b) the number of ordinary shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the mandate in paragraph (a) of this Resolution, otherwise than pursuant to:
 - (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;
 - (iii) any scrip dividend or similar arrangement in accordance with the Articles of Association of the Bank; or

NOTICE OF ANNUAL GENERAL MEETING

- (iv) the exercise of rights of subscription or conversion under the terms of any options, warrants or similar rights which may be issued by the Bank or any securities which are convertible into shares of the Bank,

shall not exceed 10% of the number of ordinary shares of the Bank in issue as at the date of this Resolution (subject to adjustment in the case of any conversion of any or all of the shares of the Bank into a larger or smaller number of shares during the Relevant Period), and the said approval shall be limited accordingly; and

- (c) 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 shareholders of the Bank in general meeting.

'Rights Issue' means an offer of shares of the Bank or an issue of options, warrants or other securities giving the right to subscribe for shares of the Bank, open for a period fixed by the Board of Directors of the Bank to holders of shares of the Bank on the register of members on a fixed record date in proportion to their then holdings of such shares of the Bank (subject to such exclusions or other arrangements as the Board of Directors of the Bank may deem necessary or expedient in relation to fractional entitlements or having regard to any legal or practical restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any jurisdiction or territory applicable to the Bank)."

7. **"THAT:**

- (a) a general mandate be and is hereby unconditionally granted to the Directors of the Bank to exercise during the Relevant Period all the powers of the Bank to buy back ordinary shares 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 maximum number of the shares to be bought back pursuant to the approval in this paragraph shall not exceed 10% of the number of ordinary shares of the Bank in issue as at the date of this Resolution (subject to adjustment in the case of any conversion of any or all of the shares of the Bank into a larger or smaller number of shares during the Relevant Period), and the said approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(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 shareholders of the Bank 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 of the Bank 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 maximum number of shares which may be allotted or agreed to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate number of shares of the Bank bought back 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
Alson LAW Chun-tak
Company Secretary

Hong Kong, 29th February, 2016

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (a) *For the purpose of determining the Shareholders who are entitled to attend and vote at the 2016 AGM, the Register of Members of the Bank will be closed on Thursday, 7th April, 2016 and Friday, 8th April, 2016. In order to qualify for attending and voting at the 2016 AGM, all transfer documents should be lodged for registration with Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:00 p.m. Wednesday, 6th April, 2016.*
- (b) *A member entitled to attend and vote at the 2016 AGM may appoint a proxy to attend and vote in his place. A proxy need not be a member.*
- (c) *The Articles of Association of the Bank are written in English. The Chinese version of the proposed amendments to the Articles of Association as set out in Appendix 2 to the circular to the Shareholders dated 29th February, 2016 (the "**Circular**") is a translation for reference only. Should there be any discrepancies, the English version will prevail.*
- (d) *As set out in the Letter from the Chairman included in the Circular, each of the resolutions set out in this Notice shall be voted on by poll and the Board recommends the Shareholders to vote in favour of the resolutions to be proposed at the 2016 AGM. Please refer to the Circular for details of the matters for which the resolutions are concerned.*
- (e) *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 8:30 a.m. on the date of the 2016 AGM, the meeting will be postponed or adjourned. The Bank will post an announcement on the Hong Kong Exchanges and Clearing Limited's website (www.hkex.com.hk) and the Bank's website (www.hkbea.com) to notify Shareholders of the date, time and place of the rescheduled meeting.*

The 2016 AGM 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.

LETTER FROM THE CHAIRMAN

The Bank of East Asia, Limited

(Incorporated in Hong Kong with limited liability in 1918)

Board of Directors:

Dr. the Hon. Sir David LI Kwok-po[#] *(Chairman & Chief Executive)*
Professor Arthur LI Kwok-cheung* *(Deputy Chairman)*
Dr. Allan WONG Chi-yun** *(Deputy Chairman)*
Mr. WONG Chung-hin**
Mr. Aubrey LI Kwok-sing*
Mr. Winston LO Yau-lai**
Tan Sri Dr. KHOO Kay-peng**
Mr. Richard LI Tzar-kai**
Mr. Kenneth LO Chin-ming**
Mr. Eric LI Fook-chuen*
Mr. Stephen Charles LI Kwok-sze*
Mr. William DOO Wai-hoi**
Mr. KUOK Khoon-ean**
Mr. Valiant CHEUNG Kin-piu**
Dr. Isidro FAINÉ CASAS*
Dr. Peter LEE Ka-kit*
Mr. Adrian David LI Man-kiu[#]
Mr. Brian David LI Man-bun[#]
Mr. Daryl NG Win-kong**
Mr. Masayuki OKU*
Dr. Rita FAN HSU Lai-tai**

Registered Office:

10 Des Voeux Road Central
Hong Kong

[#] *Executive Director*

^{*} *Non-executive Director*

^{**} *Independent Non-executive Director*

To the Shareholders

29th February, 2016

Dear Sir or Madam,

INTRODUCTION

The purpose of this Circular is to provide you with information in connection with the convening of the 2016 AGM and explanation in connection with the matters to be dealt with at the 2016 AGM. In accordance with the relevant requirements under the Listing Rules and the Articles of Association, each of the resolutions set out in the Notice of Annual General Meeting shall be voted on by poll.

A notice convening the 2016 AGM is set out on pages 5 to 15 of this Circular.

LETTER FROM THE CHAIRMAN

A proxy form for use at the 2016 AGM is enclosed. Whether or not you are able to attend the 2016 AGM, please complete the accompanying proxy form in accordance with the instructions printed thereon and return it to the Bank's Share Registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the 2016 AGM or adjourned meeting (as the case may be). Completion and delivery of the proxy form will not preclude you from attending and voting at the 2016 AGM should you so wish. In such event, the instrument appointing a proxy shall be deemed to be revoked.

RESOLUTION (1) — ADOPTION OF THE AUDITED ACCOUNTS AND THE REPORT OF THE DIRECTORS AND THE INDEPENDENT AUDITOR'S REPORT

The audited accounts of the Bank for the year ended 31st December, 2015 together with the Report of the Directors and the Independent Auditor's Report, are set out in the 2015 Annual Report which will be sent to the Shareholders on 16th March, 2016. The 2015 Annual Report may then be viewed and downloaded from the column entitled "Investor Communication – Annual Reports/Interim Reports" under the "About BEA" section of the Bank's website (www.hkbea.com) and Hong Kong Exchanges and Clearing Limited's website (www.hkexnews.hk). The audited accounts have been reviewed by the Audit Committee.

RESOLUTION (2) — RE-APPOINTMENT OF AUDITORS

The Board (which agreed with the view of the Audit Committee) recommended that, subject to the approval of the Shareholders at the 2016 AGM, KPMG be re-appointed as the external auditors of the Bank for 2016.

RESOLUTION (3) — RE-ELECTION OF DIRECTORS

In accordance with Articles 87, 88, 93 and 94 of the Articles of Association, Dr. the Hon. Sir David LI Kwok-po, Dr. Allan WONG Chi-yun, Mr. Aubrey LI Kwok-sing, Mr. Winston LO Yau-lai, Tan Sri Dr. KHOO Kay-peng, Mr. Stephen Charles LI Kwok-sze, Mr. Daryl NG Win-kong, Mr. Masayuki OKU and Dr. Rita FAN HSU Lai-tai shall retire at the 2016 AGM.

Tan Sri Dr. KHOO Kay-peng has informed the Board that he would not offer himself for re-election and accordingly will retire as a Director at the conclusion of the 2016 AGM. Save for Tan Sri Dr. KHOO Kay-peng, the other retiring Directors, being eligible, shall offer themselves for re-election at the 2016 AGM. Details of the Directors who are proposed to be re-elected at the 2016 AGM are set out in Appendix 1 to this Circular.

The re-election of Directors has been reviewed by the Nomination Committee which made recommendation to the Board that the re-election be proposed for Shareholders' approval at the 2016 AGM. The Nomination Committee has also assessed the independence of all Independent Non-executive Directors ("INEDs") of the Bank including those to be re-elected at the 2016 AGM, in particular, Dr. Allan WONG Chi-yun and Mr. Winston LO Yau-lai who have served the Board for more than 9 years. All the INEDs of the Bank satisfy the independence guidelines set out in Rule 3.13 of the Listing Rules.

LETTER FROM THE CHAIRMAN

Dr. Allan WONG Chi-yun was appointed a Director of the Bank in 1995 and was re-designated as an INED of the Bank in 1999. He was appointed as a Deputy Chairman of the Bank in 2009. As Chairman and Group Chief Executive Officer of the leading electronic products manufacturer VTech Holdings Limited, Dr. Wong provides valuable insights into innovative technology and manufacturing practices that facilitates the Digital transformation of the Bank. The Nomination Committee believes that Dr. Wong's extensive knowledge and experience in the manufacturing sector will continue to benefit the Bank and the Shareholders of the Bank as a whole.

Dr. Wong met the independence criteria set out in Rule 3.13 of the Listing Rules and has provided an annual written confirmation of his independence to the Bank. Dr. Wong is not involved in the daily management of the Bank nor in any relationships or circumstances which would interfere with the exercise of his independent judgment. Dr. Wong continues to demonstrate his ability to provide an independent, balanced and objective view to the affairs of the Bank. The Nomination Committee is satisfied that Dr. Wong remains independent notwithstanding the length of his service. The Board, on the recommendation of the Nomination Committee, is of the view that Dr. Wong should be re-elected at the 2016 AGM. For Dr. Wong's details (including his position with the Bank, experience and other directorships), please refer to Appendix 1.2 to this Circular.

Mr. Winston LO Yau-lai was appointed as an INED of the Bank in 2000. Mr. Lo is the Executive Chairman of Vitasoy International Holdings Limited, a home-grown Hong Kong company that has today, become a leading manufacturer and distributor of plant based food and beverages, with presence in more than 40 markets worldwide. The Nomination Committee believes that Mr. Lo's management experience and expertise of bringing a local Hong Kong company onto the world stage will continue to provide a wide range of insights that will benefit the Bank and the Shareholders of the Bank as a whole. Mr. Lo is also a life member of Cornell University Council.

Mr. Lo met the independence criteria set out in Rule 3.13 of the Listing Rules and has provided an annual written confirmation of his independence to the Bank. Mr. Lo is not involved in the daily management of the Bank nor in any relationships or circumstances which would interfere with the exercise of his independent judgment. Mr. Lo continues to demonstrate his ability to provide an independent, balanced and objective view to the affairs of the Bank. The Nomination Committee is satisfied that Mr. Lo remains independent notwithstanding the length of his service. The Board, on the recommendation of the Nomination Committee, is of the view that Mr. Lo should be re-elected at the 2016 AGM. For Mr. Lo's details (including his position with the Bank, experience and other directorships), please refer to Appendix 1.4 to this Circular.

RESOLUTION (4) — AMENDMENTS TO THE ARTICLES OF ASSOCIATION

A special resolution will be proposed at the 2016 AGM to amend the Articles of Association.

The Bank proposes certain amendments to the Articles of Association for consistency with the Ordinance and the Listing Rules. The proposal also contains some housekeeping amendments.

The proposed amendments are set out in full in the Notice of Annual General Meeting.

LETTER FROM THE CHAIRMAN

Our legal advisers, Deacons, have confirmed that the proposed amendments comply with the requirements of the Listing Rules and the laws of Hong Kong. The Bank also confirms that there is nothing unusual about the proposed amendments for a bank listed in Hong Kong.

Details of the proposed amendments to the Articles of Association are set out in Appendix 2 to this Circular.

The Articles of Association are currently published on the websites of the Bank at www.hkbea.com and Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. After the relevant special resolution has been approved by the Shareholders, the revised Articles of Association will be made available on the aforesaid two websites on or about 8th April, 2016.

RESOLUTION (5) — ADOPTION OF THE STAFF SHARE OPTION SCHEME 2016 IMMEDIATELY FOLLOWING THE EXPIRY OF THE STAFF SHARE OPTION SCHEME 2011

The Staff Share Option Scheme 2011 was adopted by the Bank on 19th April, 2011 and will expire on 18th April, 2016. As at the Latest Practicable Date, the Bank has not adopted any share option scheme other than the Staff Share Option Scheme 2011.

It is proposed that, subject to the approval of the Shareholders of its adoption at the 2016 AGM and the Stock Exchange granting the necessary approvals for the listing of and dealing in the Shares to be issued and allotted pursuant to the exercise of Options to be granted thereunder in accordance with the terms and conditions thereof, the Staff Share Option Scheme 2016 shall take effect on 19th April, 2016, being the date immediately following expiry of the Staff Share Option Scheme 2011. Operation of the Staff Share Option Scheme 2016 will commence after all conditions precedent have been fulfilled.

The Directors consider that in order to enable the Group to attract and retain Eligible Persons of appropriate qualifications and with the necessary experience to work for the Group, it is important that the Group should continue to provide such Eligible Persons with an additional incentive by offering them an opportunity to obtain an ownership interest in the Bank and to reward them for contributing to the long term success of the business of the Group. By offering the Options to the Eligible Persons upon such terms as may be permitted under the Staff Share Option Scheme 2016, such Eligible Persons may exercise their Options at any time within the Exercise Period (where applicable, subject to any terms of the grant of such Options) to acquire a monetary gain or ownership interest in the Bank which may in turn provide a further incentive to them for advancing their performance. It is therefore proposed that the Staff Share Option Scheme 2016 for the benefit of the Eligible Persons be adopted at the 2016 AGM. The terms of the Staff Share Option Scheme 2016 are set out in Appendix 3 to this Circular.

Under the Staff Share Option Scheme 2011, a total of 29,637,500 options had been granted, out of which 3,116,000 options had been exercised, 250,000 options have lapsed, no options have been cancelled and 26,271,500 options (including vested and unvested options) remain outstanding as at the Latest Practicable Date. The 26,271,500 outstanding options under the Staff Share Option Scheme 2011 are subject to different exercise periods but shall all lapse by 5th May, 2023 if unexercised. Save as aforesaid and up to the Latest Practicable Date, no other options which remain exercisable have been granted under the Staff Share Option Scheme 2011 or any other schemes.

LETTER FROM THE CHAIRMAN

As at the Latest Practicable Date, the Bank has 2,640,928,316 Shares in issue. Assuming that there is no change in the Shares in issue between the period from the Latest Practicable Date and the date of the approval of the Staff Share Option Scheme 2016 by Shareholders, the number of Shares that may be issued upon exercise of all Options which may be granted under the Staff Share Option Scheme 2016 and options to be granted under any other schemes of the Bank will be 132,046,415 Shares, being 5 per cent. of the Shares in issue as at the Latest Practicable Date. Such 5 per cent. limit under the Staff Share Option Scheme 2016 is lower than the 10 per cent. limit allowable under the Listing Rules and is set voluntarily by the Bank, as the Bank does not intend or anticipate the need to grant Options beyond the 5 per cent. limit.

In respect of the operation of the Staff Share Option Scheme 2016, the Bank will comply with all relevant requirements under Chapter 17 of the Listing Rules.

VALUE OF THE OPTIONS

The Directors consider that it is inappropriate to value the Options that can be granted under the Staff Share Option Scheme 2016 on the assumption that they had been granted at the Latest Practicable Date, as a number of variables which are crucial for the calculation of the value of the Options cannot be reasonably fixed at this stage. Such variables include the exercise price, exercise period, vesting period, any performance targets set and other relevant variables. The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date which is subject to these variables would not be meaningful and to a certain extent would be misleading to the Shareholders. However, in compliance with the Listing Rules, estimated fair valuations as at the end of the relevant financial period for any interim or final results of the Bank will be provided and disclosed to the Shareholders in the relevant interim or annual report of the Bank.

CONDITIONS PRECEDENT OF THE STAFF SHARE OPTION SCHEME 2016

The adoption of the Staff Share Option Scheme 2016 is subject to the following conditions:

- (a) the approval of the Shareholders for the adoption of the Staff Share Option Scheme 2016 at the 2016 AGM; and
- (b) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the Shares to be issued and allotted pursuant to the exercise of the Options to be granted thereunder in accordance with the terms and conditions of the Staff Share Option Scheme 2016.

Subject to satisfaction of the above conditions, the total number of Shares which may be issued upon exercise of all Options to be granted under the Staff Share Option Scheme 2016 and options to be granted under any other schemes of the Bank shall not, in aggregate, exceed 5 per cent. of the Shares in issue as at the date of approval of the Staff Share Option Scheme 2016. Under the terms of the Staff Share Option Scheme 2016, the Bank may obtain approval from its Shareholders to refresh the 5 per cent. limit. However, the maximum number of Shares which may be issued upon exercise of all options outstanding and yet to be exercised under the Staff Share Option Scheme 2016 and any other schemes shall not exceed 15 per cent. of the Shares in issue from time to time.

LETTER FROM THE CHAIRMAN

An application has been made to the Stock Exchange for obtaining the approval above-mentioned.

The Staff Share Option Scheme 2016 may be altered in any respect by resolution of the Board except that the terms referred to in Rule 17.03 of the Listing Rules shall not be altered to the advantage of Grantees or prospective Grantees except with the prior approval of the Shareholders in general meeting. Once the Staff Share Option Scheme 2016 is adopted, any alterations to the terms and conditions thereof, which are of a material nature, must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Staff Share Option Scheme 2016. The amended terms of the Staff Share Option Scheme 2016 and all Options must continue to comply with the relevant requirements of Chapter 17 of the Listing Rules.

The proposal involving adoption of the Staff Share Option Scheme 2016 has been reviewed by the Remuneration Committee which made recommendation to the Board that the proposal be proposed for Shareholders' approval at the 2016 AGM.

A copy of the rules of the Staff Share Option Scheme 2016 is available for inspection at the registered office of the Bank at 10 Des Voeux Road Central, Hong Kong during normal business hours on any Business Day for the period from the date hereof and including the date of the 2016 AGM and at the 2016 AGM.

RESOLUTIONS (6), (7) AND (8) — GENERAL MANDATES TO ISSUE SHARES AND BUY-BACK SHARES

At the annual general meeting of the Bank held on 8th May, 2015, approval was given by the Shareholders for the granting of, inter alia, the general mandates to the Directors (i) to allot, issue and otherwise deal with Shares not exceeding 10% of the number of ordinary shares in issue in the share capital of the Bank; and (ii) to buy back Shares on the Stock Exchange up to 10% of the number of ordinary shares in issue in the share capital of the Bank, as at the date of passing the relevant resolutions. In accordance with the terms of the approval, these general mandates will shortly expire on 8th April, 2016 upon the conclusion of the 2016 AGM. The grant of fresh general mandates to the Directors (i) to allot, issue and otherwise deal with Shares not exceeding 10% of the number of ordinary shares in issue in the share capital of the Bank; and (ii) to buy back Shares on the Stock Exchange up to 10% of the number of ordinary shares in issue in the share capital of the Bank is being sought from the Shareholders and the ordinary resolutions to grant these mandates to the Directors will be proposed at the 2016 AGM.

Based on the 2,640,928,316 Shares in issue as at the Latest Practicable Date (and assuming that there is no change in respect of the number of issued Shares 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 mandate to issue a maximum of 264,092,831 Shares.

The purpose of the general mandate is to ensure the Board has the flexibility to issue additional shares should the need ever arise, or if there is a suitable opportunity to broaden the Bank's capital base and strengthen its capital position to effectively support business development initiatives. As banking regulators globally continue to raise the bar of capital requirements, the Board considers it prudent to maintain certain flexibility through the general mandate.

LETTER FROM THE CHAIRMAN

The Board acknowledges the concern of minority Shareholders with respect the possible dilution of their shareholding interest resulting from the exercise of the general mandate to issue shares, and reaffirmed its commitment to only use the mandate in the interest of all Shareholders. Should the Board consider a re-issuance or re-purchase of shares, the Board will clearly communicate the rationale behind that decision and ensure it is fair and reasonable, and in the interest of the Shareholders as a whole.

While the Directors have no present intention to initiate a Share buy-back programme, the flexibility granted by the Share buy-back Mandate will enable the Bank to buy back Shares if Shares continue to trade at a significant discount to their underlying value.

The Directors wish to state that they have no immediate plan to issue any new Shares other than relating to scrip dividends and exercise of employee share options as described above.

The detailed Explanatory Statement required by the Listing Rules to be sent to the Shareholders in connection with the proposed share buy-back resolution is set out in Appendix 4 to this Circular.

Conditional upon the passing of Resolutions (6) and (7), an ordinary resolution to authorise the Directors to also exercise the power to allot, issue and otherwise deal with additional Shares of the Bank under the general mandate to issue shares in respect of the number of ordinary shares in the share capital of the Bank bought back by the Bank will also be proposed for approval by the Shareholders at the 2016 AGM.

RECOMMENDATION

The 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 2016 AGM.

Yours faithfully,

David LI Kwok-po

Chairman & Chief Executive

The following are the particulars of the 8 Directors proposed to be re-elected at the 2016 AGM:

1. **Dr. the Hon. Sir David LI Kwok-po**, *GBM, GBS, OBE, JP, MA Cantab. (Economics & Law), Hon. LLD (Cantab), Hon. DSc. (Imperial), Hon. LLD (Warwick), Hon. DBA (Edinburgh Napier), Hon. D.Hum.Litt. (Trinity, USA), Hon. LLD (Hong Kong), Hon. DSocSc (Lingnan), Hon. DLitt (Macquarie), Hon. DSocSc (CUHK), FCA, FCPA, FCPA (Aust.), FCIB, FHKIB, FBCS, CITP, FCIArb, Officier de l'Ordre de la Couronne, Grand Officer of the Order of the Star of Italian Solidarity, The Order of the Rising Sun, Gold Rays with Neck Ribbon, Commandeur dans l'Ordre National de la Légion d'Honneur*
Chairman & Chief Executive, Chairman of the Nomination Committee and the Risk Committee, and Member of the Remuneration Committee

Sir David, aged 76, joined the Bank in 1969. He was appointed a Director in 1977, Chief Executive in 1981, Deputy Chairman in 1995 and Chairman in 1997. Sir David is the Chairman or a Director of various members of the Bank Group, and he is also the Chairman or a Member of various committees appointed by the Board. Save as disclosed, Sir David does not hold any position with the Bank or with other members of the Bank Group.

Sir David is a Member of the Council of the Treasury Markets Association. He is the Pro-Chancellor of the University of Hong Kong, an Advisory Committee Member of the Chinese University of Hong Kong S.H. Ho College, Chairman of the ICAEW Hong Kong Chapter Advisory Board, an Honorary Fellow of the School of Accountancy, Central University of Finance and Economics and a Companion of the Chartered Management Institute. He was a Member of the Legislative Council of Hong Kong from 1985 to 2012.

Sir David is the Chairman of The Chinese Banks' Association Limited. He is the Honorary Chairman of The Chamber of Hong Kong Listed Companies. Sir David is Vice President of the Council of the Hong Kong Institute of Bankers, Chairman of the Saint Joseph's College Foundation Limited and Founding Chairman of The Friends of Cambridge University in Hong Kong Limited. He is also an Emeritus Trustee of the Cambridge Foundation and a Trustee Emeritus of the Institute for Advanced Study in Princeton. Sir David is Chairman of the Advisory Board of The Salvation Army, Hong Kong and Macau Command, Chairman of the Executive Committee of St. James' Settlement and he also serves on the Hong Kong Red Cross Advisory Board. He is a Council Member of the Employers' Federation of Hong Kong, a Director of the David Li Kwok-po Charitable Foundation Limited, a Founder Member and an Executive Committee Member of the Heung Yee Kuk Foundation Limited, Chairman of The Légion d'Honneur Club Hong Kong Chapter Association Limited and Chairman of the Executive Committee of The Marco Polo Society Limited.

Sir David is an Independent Non-executive Director of Guangdong Investment Limited, The Hong Kong and China Gas Company Limited, The Hongkong and Shanghai Hotels, Limited, PCCW Limited, San Miguel Brewery Hong Kong Limited, SCMP Group Limited and Vitasoy International Holdings Limited. He is also a Director of Hong Kong Interbank Clearing Limited. He was a Director of CaixaBank, S.A.^{Note 1} (listed in Spain), a Non-independent Non-executive Director of AFFIN Holdings Berhad (listed in Malaysia) and an Independent Non-executive Director of China Overseas Land & Investment Limited. Save as disclosed, Sir David has not held any directorship in other listed public companies during the last 3 years.

Sir David is a Member of the Board of Trustees of the Asia Society International Council, a Member of the Asia Business Council, a Member of la Caixa International Advisory Board, Tokai Tokyo Global Advisory Board, Lafarge International Advisory Board and the Munich Re Greater China Advisory Board, and Chairman Emeritus of the Asian Youth Orchestra Board. He serves on the advisory boards of Federal Reserve Bank of New York's International Advisory Committee and Hospital for Special Surgery. Sir David is the Chairman of the INSEAD North East Asia Council and a Senior Adviser of Metrobank.

Sir David is the brother of Professor Arthur LI Kwok-cheung, the nephew of Mr. Eric LI Fook-chuen, the cousin of Mr. Aubrey LI Kwok-sing and Mr. Stephen Charles LI Kwok-sze, and the father of Mr. Adrian David LI Man-kiu and Mr. Brian David LI Man-bun. Save as disclosed, Sir David is not connected with any Directors, Senior Management and Substantial Shareholders of the Bank. As at the Latest Practicable Date, the Bank did not have a Controlling Shareholder.

In accordance with the Articles of Association, Sir David shall retire as a Director at the 2016 AGM and, being eligible, shall be re-elected for a term of not more than approximately 3 years expiring at the conclusion of the annual general meeting of the Bank to be held in the third year following the year of his re-election and on expiration of his term he shall be deemed a retiring Director and eligible for re-election.

The fees payable to the Directors are determined by the Board with reference to market trends. Sir David receives a fee of HK\$460,000 per annum for being the Chairman of the Board, a Nomination Committee Chairman's fee of HK\$80,000 per annum, a Risk Committee Chairman's fee of HK\$160,000 per annum, and a Remuneration Committee member's fee of HK\$50,000 per annum. Sir David is employed as the Chief Executive of the Bank, whose service contract is on a three-year term commencing in April, 2015 and ending in March, 2018. As a Chief Executive of the Bank, Sir David receives an annual salary of approximately HK\$10.6 million and is entitled to a discretionary bonus and share options to be determined with reference to the remuneration policy of the Bank each year.

As at the Latest Practicable Date, Sir David was interested in 91,951,653 (3.48%) Shares within the meaning of Part XV of the SFO. Of these Shares, (i) Sir David was the beneficial owner of 72,612,419 Shares; (ii) he was deemed to be interested in 1,950,620 Shares through the interests of his spouse, Penny POON Kam-chui; (iii) he was deemed to be interested in 177,611 Shares held by David LI Kwok-po Charitable Foundation Limited, a charitable institution of which David LI Kwok-po is a director and the sole member; and (iv) he was also deemed to be interested in 9,877,003 Shares held by an estate of which he is one of the executors, in addition to the share options being granted to him to subscribe for 7,334,000 Shares pursuant to the Staff Share Option Scheme 2011 (details of such share options were disclosed in the 2015 Annual Report of the Bank under the "Information on Share Options" section of the Report of the Directors).

There is no information relating to Sir David that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

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

Note 1 CaixaBank, S.A. is a substantial shareholder of the Bank as defined under the Listing Rules and within the meaning of Part XV of the SFO, the details of which are disclosed in the "Interest of Substantial Shareholders and Other Persons" section of the Report of the Directors in the Bank's 2015 Annual Report.

2. **Dr. Allan WONG Chi-yun**, *GBS, MBE, BSc, MSEE, Hon. DTech, JP*
Deputy Chairman, Independent Non-executive Director, Chairman of the Remuneration Committee, Member of the Audit Committee and the Nomination Committee

Dr. Wong, aged 65, was appointed a Director in 1995 and a Deputy Chairman in 2009. He is the Chairman and Group Chief Executive Officer of VTech Holdings Limited. Dr. Wong is an Independent Non-executive Director of China-Hongkong Photo Products Holdings Ltd., Li & Fung Ltd. and MTR Corporation Limited. Save as disclosed, Dr. Wong has not held any directorship in other listed public companies during the last 3 years.

Save as disclosed, Dr. Wong does not hold any position with the Bank or with other members of the Bank Group. Dr. Wong has not entered into any service contract with the Bank.

Dr. Wong holds a Bachelor of Science degree in electrical engineering from the University of Hong Kong, a Master of Science degree in electrical and computer engineering from the University of Wisconsin and an honorary degree of Doctor of Technology from the Hong Kong Polytechnic University.

Dr. Wong is the nephew of Mr. Wong Chung-hin. Save as disclosed, Dr. Wong is not connected with any Directors, Senior Management and Substantial Shareholders of the Bank. As at the Latest Practicable Date, the Bank did not have a Controlling Shareholder.

In accordance with the Articles of Association, Dr. Wong shall retire as a Director at the 2016 AGM and, being eligible, shall be re-elected for a term of not more than approximately 3 years expiring at the conclusion of the annual general meeting of the Bank held in the third year following the year of his re-election and on expiration of his term he shall be deemed a retiring Director and eligible for re-election. The fees payable to the Directors are determined by the Board with reference to market trends. Dr. Wong receives a fee of HK\$330,000 per annum for being a Deputy Chairman of the Bank, a Remuneration Committee Chairman's fee of HK\$80,000 per annum, an Audit Committee member's fee of HK\$120,000 per annum and a Nomination Committee member's fee of HK\$50,000 per annum.

As at the Latest Practicable Date, Dr. Wong was interested in 15,740,273 (0.60%) Shares within the meaning of Part XV of the SFO. Of these Shares, Dr. Wong was the beneficial owner of 408,826 Shares and he was deemed to be interested in 136 Shares through the interests of his spouse, Margaret KWOK Chi-wai (deceased). He was also deemed to be interested in 15,331,311 Shares held by a discretionary trust, Allan Wong 2011 Trust, of which he is a founder and an eligible beneficiary.

Dr. Wong has met the independence guidelines set out in Rule 3.13 of the Listing Rules.

There is no information relating to Dr. Wong that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

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

3. **Mr. Aubrey LI Kwok-sing**, *ScB, MBA*

Non-executive Director, Member of the Nomination Committee, the Remuneration Committee and the Risk Committee

Mr. Li, aged 66, was appointed a Director in 1995. He is Chairman of IAM Holdings (Hong Kong) Limited (formerly known as MCL Partners Limited) and Chairman of the Advisory Board of MCL Financial Group Limited, both Hong Kong based investment firms. Mr. Li possesses extensive experience in the fields of investment banking, merchant banking and capital markets. He is also an Independent Non-executive Director of Cafe de Coral Holdings Limited, China Everbright International Limited, Kunlun Energy Company Limited, Kowloon Development Co. Ltd, Pokfulam Development Company Limited, Tai Ping Carpets International Limited and a Director of AFFIN Bank Berhad. Save as disclosed, Mr. Li has not held any directorship in other listed public companies during the last 3 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.

Mr. Li has an ScB in Civil Engineering from Brown University and a Master of Business Administration from Columbia University.

Mr. Li is the nephew of Mr. Eric LI Fook-chuen, the cousin of Dr. the Hon. Sir David LI Kwok-po, Professor Arthur LI Kwok-cheung and Mr. Stephen Charles LI Kwok-sze, and the uncle of Mr. Adrian David LI Man-kiu and Mr. Brian David LI Man-bun. Save as disclosed, Mr. Li is not connected with any Directors, Senior Management and Substantial Shareholders of the Bank. As at the Latest Practicable Date, the Bank did not have a Controlling Shareholder.

In accordance with the Articles of Association, Mr. Li shall retire as a Director at the 2016 AGM and, being eligible, shall be re-elected for a term of not more than approximately 3 years expiring at the conclusion of the annual general meeting of the Bank held in the third year following the year of his re-election and on expiration of his term he shall be deemed a retiring Director and eligible for re-election. The fees payable to the Directors are determined by the Board with reference to market trends. Mr. Li receives a director's fee of HK\$300,000 per annum, a Nomination Committee member's fee of HK\$50,000 per annum, a Remuneration Committee member's fee of HK\$50,000 per annum, and a Risk Committee member's fee of HK\$100,000 per annum.

As at the Latest Practicable Date, Mr. Li was interested in 36,581,946 (1.39%) Shares within the meaning of Part XV of the SFO. Of these Shares, Mr. Li was the beneficial owner of 1,116,309 Shares and he was deemed to be interested in 21,520 Shares through the interests of his spouse, Elizabeth WOO. He was also deemed to be interested in 16,096,301 Shares held by Hope Lake Ltd., which is wholly-owned by him. The remaining 19,347,816 Shares were held by The Fook Wo Trust, a discretionary trust in which Aubrey LI Kwok-sing is one of the discretionary beneficiaries.

There is no information relating to Mr. Li that is required to be disclosed pursuant to Rules 13.51(2) (h) to (v) of the Listing Rules.

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

4. **Mr. Winston LO Yau-lai**, *SBS, BSc, MSc*

Independent Non-executive Director, Chairman of the Audit Committee, Member of the Nomination Committee, the Remuneration Committee and the Risk Committee

Mr. Lo, aged 74, was appointed a Director in 2000. He is the Executive Chairman of Vitasoy International Holdings Limited. Save as disclosed, he has not held any directorship in other listed public companies during the last 3 years.

Save as disclosed, Mr. Lo does not hold any position with the Bank or with other members of the Bank Group. Mr. Lo has not entered into any service contract with the Bank.

Mr. Lo graduated from the University of Illinois with a Bachelor of Science degree in Food Science and gained his Master of Science degree in Food Science from Cornell University.

Mr. Lo is a Director of Ping Ping Investment Company Ltd.

Mr. Lo is a Life Member of the Cornell University Council.

Mr. Lo is not connected with any Directors, Senior Management and Substantial Shareholders of the Bank. As at the Latest Practicable Date, the Bank did not have a Controlling Shareholder.

In accordance with the Articles of Association, Mr. Lo shall retire as a Director at the 2016 AGM and, being eligible, shall be re-elected for a term of not more than approximately 3 years expiring at the conclusion of the annual general meeting of the Bank held in the third year following the year of his election and on expiration of his term he shall be deemed a retiring Director and eligible for re-election. The fees payable to the Directors are determined by the Board with reference to market trends. Mr. Lo receives a director's fee of HK\$300,000 per annum, an Audit Committee Chairman's fee of HK\$210,000 per annum, a Nomination Committee member's fee of HK\$50,000 per annum, a Remuneration Committee member's fee of HK\$50,000 per annum, and a Risk Committee member's fee of HK\$100,000 per annum.

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

Mr. Lo has met the independence guidelines set out in Rule 3.13 of the Listing Rules.

There is no information relating to Mr. Lo that is required to be disclosed pursuant to Rules 13.51(2) (h) to (v) of the Listing Rules.

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

5. **Mr. Stephen Charles LI Kwok-sze**, *BSc (Hons.), ACA*
Non-executive Director

Mr. Li, aged 56, was appointed a Director in 2006. He is a Member of the Institute of Chartered Accountants in England and Wales. Mr. Li holds a Bachelor of Science (Hons.) Degree in Mathematics from King's College, University of London, U.K. He is a Director of hedge funds based in the UK and the EU and Affin Hwang Investment Bank Berhad. He has extensive experience in investment banking, having held senior capital markets positions with international investment banks in London and Hong Kong. Save as disclosed, Mr. Li has not held any directorship in other listed public companies during the last 3 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.

Mr. Li is the nephew of Mr. Eric LI Fook-chuen, the cousin of Dr. the Hon. Sir David LI Kwok-po, Professor Arthur LI Kwok-cheung and Mr. Aubrey LI Kwok-sing, and the uncle of Mr. Adrian David LI Man-kiu and Mr. Brian David LI Man-bun. Save as disclosed, Mr. Li is not connected with any Directors, Senior Management and Substantial Shareholders of the Bank. As at the Latest Practicable Date, the Bank did not have a Controlling Shareholder.

In accordance with the Articles of Association, Mr. Li shall retire as a Director at the 2016 AGM and, being eligible, shall be re-elected for a term of not more than approximately 3 years expiring at the conclusion of the annual general meeting of the Bank held in the third year following the year of his re-election and on expiration of his term he shall be deemed a retiring Director and eligible for re-election. The fees payable to the Directors are determined by the Board with reference to market trends. Mr. Li receives a director's fee of HK\$300,000 per annum.

As at the Latest Practicable Date, Mr. Li was interested in 16,529,920 (0.63%) Shares within the meaning of Part XV of the SFO. Of these Shares, Mr. Li was the beneficial owner of 12,163,925 Shares, and he was deemed to be interested in 601,446 Shares through the interests of his children under the age of 18. He was also deemed to be interested in 1,183,200 Shares held by an estate of which he is one of the administrators. Of the remaining 2,581,349 Shares, (i) 2,363,000 Shares were held by a discretionary trust, Settlement of Dr. Simon F. S. Li, of which Stephen Charles LI Kwok-sze, his spouse and his children were beneficiaries and (ii) 218,349 Shares were held by a discretionary trust, Longevity Trust, of which his children were beneficiaries.

There is no information relating to Mr. Li that is required to be disclosed pursuant to Rules 13.51(2) (h) to (v) of the Listing Rules.

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

6. **Mr. Daryl NG Win-kong**, BA, MSc, DHL, JP
Independent Non-executive Director

Mr. Ng, aged 37, was appointed a Director in June 2015. He is currently an Executive Director of Sino Land Company Limited, Tsim Sha Tsui Properties Limited and Sino Hotels (Holdings) Limited. Save as disclosed, he has not held any directorship in other listed public companies during the last 3 years.

Save as disclosed, Mr. Ng does not hold any position with the Bank or with other members of the Bank Group. Mr. Ng has not entered into any service contract with the Bank.

Mr. Ng holds a Bachelor of Arts Degree in Economics, a Master Degree of Science in Real Estate Development from Columbia University in New York and an Honorary Doctor of Humane Letters Degree from Savannah College of Art and Design.

Mr. Ng is a General Committee member of The Chamber of Hong Kong Listed Companies, a member of the Global Leadership Council of Columbia University in the City of New York, a member of the 10th Sichuan Committee of the Chinese People's Political Consultative Conference ("CPPCC"), a member of the 12th Beijing Municipal Committee of the CPPCC, a member of the 10th and 11th Committees of the All-China Youth Federation and the Deputy Chairman of the Chongqing Youth Federation. He is a trustee member of World Wide Fund for Nature Hong Kong, the Vice Chairman of Hong Kong United Youth Association, a member of the Social Welfare Advisory Committee, a member of the Executive Committee of Hong Kong Sheng Kung Hui Welfare Council Limited, a member of Friends of Hong Kong Association Limited, a co-opted member of the Community Care Fund Task Force of Commission on Poverty, a member of the Council for Sustainable Development, a member of the Court of the Hong Kong University of Science and Technology, a member of the Steering Committee on the Promotion of Electric Vehicles of the Government of Hong Kong Special Administrative Region and a member of the Council of the University of Hong Kong. He is a Director of The Community Chest of Hong Kong, The Real Estate Developers Association of Hong Kong and Ocean Park Corporation.

Mr. Ng is not connected with any Directors, Senior Management and Substantial Shareholders of the Bank. As at the Latest Practicable Date, the Bank did not have a Controlling Shareholder.

In accordance with the Articles of Association, Mr. Ng shall retire as a Director at the 2016 AGM and, being eligible, shall be re-elected for a term of not more than approximately 3 years expiring at the conclusion of the annual general meeting of the Bank held in the third year following the year of his re-election and on expiration of his term he shall be deemed a retiring Director and eligible for re-election. The fees payable to the Directors are determined by the Board with reference to market trends. Mr. Ng receives a director's fee of HK\$300,000 per annum.

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

Mr. Ng has met the independence guidelines set out in Rule 3.13 of the Listing Rules.

There is no information relating to Mr. Ng that is required to be disclosed pursuant to Rules 13.51(2) (h) to (v) of the Listing Rules.

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

7. **Mr. Masayuki OKU**, LL.B, LL.M, the Order of Industrial Service Merit Silver Tower
Non-executive Director

Mr. Oku, aged 71, was appointed a Director in August 2015. He is Chairman of the Board of Sumitomo Mitsui Financial Group, Inc. ("SMFG", since June 2005)^{Note 2} (listed in Japan and USA). He is an Independent Non-executive Director of Panasonic Corporation, Kao Corporation, Komatsu Ltd. and Chugai Pharmaceutical Co., Ltd., all of which are companies listed in Japan. Mr. Oku is also an Auditor of Nankai Electric Railway Co. Ltd. (listed in Japan). Save as disclosed, Mr. Oku has not held any directorship in other listed public companies during the last 3 years.

Save as disclosed, Mr. Oku does not hold any position with the Bank or with other members of the Bank Group. Mr. Oku has not entered into any service contract with the Bank.

Mr. Oku began his career in 1968 at The Sumitomo Bank, Limited. After engaging in the bank's key acquisitions and investments in the 1980's, he was transferred to New York and appointed General Manager of Chicago Branch in 1991. He returned to Tokyo in 1992, assumed the position of General Manager of the Corporate Planning Department, and was elected as a member of the Board of Directors of the bank in 1994. In 1999, Mr. Oku was appointed Secretary General of the Integration Strategy Committee of the bank, leading its merger process with The Sakura Bank, Limited, which culminated in the formation of Sumitomo Mitsui Banking Corporation ("SMBC")^{Note 2} in 2001. In 2003, he became Deputy President of SMBC, heading Corporate Banking and International Banking Units. In 2005, he was appointed President and CEO of SMBC and Chairman of the Board of SMFG, the holding company of SMBC. During his tenure as President and CEO of SMBC, he also served as Chairman of Japanese Bankers Association in 2007 and 2010. In April 2011, he resigned as President and CEO of SMBC to devote himself to his duties as Chairman of the Board of SMFG. Mr. Oku also served as Vice Chairman of Keidanren (Japan Business Federation) from 2011 to 2015.

Mr. Oku received his Bachelor of Law degree from Kyoto University in 1968 and his Master of Laws (LL.M) degree from Michigan Law School in 1975. He was awarded the Order of Industrial Service Merit Silver Tower by the Government of the Republic of Korea in 2009.

Saved as disclosed, Mr. Oku is not connected with any Directors, Senior Management and Substantial Shareholders of the Bank. As at the Latest Practicable Date, the Bank did not have a Controlling Shareholder.

In accordance with the Articles of Association, Mr. Oku shall retire as a Director at the 2016 AGM and, being eligible, shall be re-elected for a term of not more than approximately 3 years expiring at the conclusion of the annual general meeting of the Bank held in the third year following the year of his re-election and on expiration of his term he shall be deemed a retiring Director and eligible for re-election. The fees payable to the Directors are determined by the Board with reference to market trends. Mr. Oku receives a Director's fee of HK\$300,000 per annum.

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

There is no information relating to Mr. Oku that is required to be disclosed pursuant to Rules 13.51(2) (h) to (v) of the Listing Rules.

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

Note 2 SMFG owns a 100% interest in SMBC. Both SMFG and SMBC are substantial shareholders of the Bank as defined under the Listing Rules and within the meaning of Part XV of the SFO, the details of which are disclosed in the "Interest of Substantial Shareholders and Other Persons" section of the Report of the Directors in the Bank's 2015 Annual Report.

8. **Dr. Rita FAN HSU Lai-tai**, *GBM, GBS, DSocSc, JP*
Independent Non-executive Director

Dr. Fan, aged 70, was appointed a Director on 25th February, 2016. She is currently an Independent Non-executive Director of China Overseas Land & Investment Limited, China Shenhua Energy Company Limited, COSCO Pacific Limited and China COSCO Holdings Company Limited. Save as disclosed, she has not held any directorships in other listed public companies in the last three years.

Save as disclosed, Dr. Fan does not hold any position with the Bank or with other members of the Bank Group. Dr. Fan has not entered into any service contract with the Bank.

Dr. Fan is one of Hong Kong's best-known public figures and has an outstanding track record of service to the community. Dr. Fan was appointed to the Legislative Council from 1983 to 1992 and was a Member of the Executive Council from 1989 to 1992. She became the President of the Provisional Legislative Council in 1997, and has since been re-elected as the President of the First, Second and Third Legislative Council. Her term of office ended on 30th September, 2008. Dr. Fan has served as President of the legislature of the Hong Kong Special Administrative Region ("HKSAR") for 11 years.

In the lead-up to Hong Kong's reunification with China, Dr. Fan played a valuable role as a Member of the Preliminary Working Committee for the Preparatory Committee for the HKSAR from 1993 to 1995 and of the Preparatory Committee for the HKSAR from 1995 to 1997. She was elected as a Hong Kong Deputy to both the Ninth and Tenth sessions of the National People's Congress ("NPC") between 1998 and 2008. She was also a Member of the Standing Committee of the Eleventh session of the NPC from 2008 to 2013 and is currently a Member of the Standing Committee of the Twelfth session of the NPC.

Outside the political arena, Dr. Fan is the Patron of the Hong Kong Kidney Foundation and the Hong Kong Transplant Sports Association. She is also the Honorary President of the Hong Kong Breast Cancer Foundation. She was Chairman of the Board of Education from 1986 to 1989 and Chairman of the Education Commission from 1990 to 1992. Dr. Fan was the first female steward of The Hong Kong Jockey Club.

After graduating from St. Stephen's Girls' College, Dr. Fan studied at the University of Hong Kong, and was awarded a Bachelor degree in Science, and later on, received a Master degree in Social Science. She also received the Honorary Doctorate in Social Science from the University of Hong Kong, the City University of Hong Kong and The Hong Kong Polytechnic University respectively, and an Honorary Doctorate in Law from the China University of Political Science and Law of the People's Republic of China. Her record of public service has been acknowledged by the HKSAR Government through the award of the Gold Bauhinia Star in 1998 and Hong Kong's top award, the Grand Bauhinia Medal, in 2007.

Dr. Fan is not connected with any Directors, Senior Management and Substantial Shareholders of the Bank. As at the Latest Practicable Date, the Bank did not have a Controlling Shareholder.

In accordance with the Articles of Association, Dr. Fan shall retire as a Director at the 2016 AGM and, being eligible, shall be re-elected for a term of not more than approximately 3 years expiring at the conclusion of the annual general meeting of the Bank held in the third year following the year of her re-election and on expiration of her term she shall be deemed a retiring Director and eligible for re-election. The fees payable to the Directors are determined by the Board with reference to market trends, Dr. Fan receives a director's fee of HK\$300,000 per annum.

As at the Latest Practicable Date, Dr. Fan was not interested in any Shares within the meaning of Part XV of the SFO.

Dr. Fan has met the independence guidelines set out in Rule 3.13 of the Listing Rules.

There is no information relating to Dr. Fan that is required to be disclosed pursuant to Rules 13.51(2) (h) to (v) of the Listing Rules.

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

This appendix sets out the proposed amendments, as marked up for ease of reference, to the Articles of Association, as follows:

Article 4 – Interpretation

references to writing shall include typewriting, printing, ~~lithography~~, photography and other modes (including ~~telex~~, facsimile transmission and other electronic means) of representing or reproducing words in a legible and non-transitory form;

words importing persons shall include partnerships, firms, companies and corporations;

~~words importing the singular include the plural and vice versa, words importing a gender include every gender~~ words importing the singular shall include the plural and vice versa, words importing the masculine gender shall include the feminine gender and vice versa;

Article 16 – Replacement of certificates

16. If a share certificate is defaced worn out lost or destroyed it may, subject to the Ordinance, be replaced on payment of a fee not exceeding ~~2.5 Hong Kong Dollars (or such other amount as shall for the time being be approved by the Stock Exchange)~~ the maximum amount as shall from time to time be prescribed or permitted by the Stock Exchange and on such terms (if any) as to evidence and indemnity and to payment of any exceptional costs and the reasonable out-of-pocket expenses of the Company in investigating such evidence and preparing such indemnity as the Board may think fit and, where it is defaced or worn out, after delivery of the old certificate to the Company.

Article 37 – Sale in respect of untraceable shareholders

37. The Company may sell any shares in the Company if:

- (a) all cheques or warrants, being not less than three in total number, for any sum payable in cash to the holder of such shares in respect of them sent during the relevant period in the manner authorised by the Articles of the Company have remained uncashed;
- (b) so far as it is aware at the end of the relevant period, the Company has not at any time during the relevant period received any indication of the existence of the Member who is the holder of such shares or of a person entitled to such shares by death, bankruptcy or operation of law; and
- (c) ~~the Company has caused an advertisement to be published in one leading English newspaper and one leading Chinese newspaper circulating in Hong Kong giving notice of its intention to sell such shares and a period of three months has elapsed since the date of such advertisement~~ the Company has caused an advertisement to be published in one specified English language newspaper and one specified Chinese language newspaper (within the meaning of section 203 of the Ordinance) circulating in Hong Kong giving notice of its intention to sell such shares and a period of three months has elapsed since the date of such advertisement.

For the purpose of the foregoing, the “relevant period” means the period commencing twelve years before the date of publication of the advertisement referred to in paragraph (c) above and ending at the expiry of the period referred to in that paragraph.

To give effect to any such sale the Board may authorise some person to transfer the said shares and an instrument of transfer signed or otherwise executed by or on behalf of such person shall be as effective as if it had been executed by the registered holder or the person entitled by transmission to such shares, and the purchaser shall not be bound to see to the application of the purchase moneys nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale. The net proceeds of the sale will belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former Member for an amount equal to such net proceeds. No trust shall be created in respect of such debt and no interest shall be payable in respect of it and the Company shall not be required to account for any moneys earned from the net proceeds which may be employed in the business of the Company or as it thinks fit. Any sale under this Article shall be valid and effective notwithstanding that the Member holding the shares sold is dead, bankrupt or otherwise under any legal disability or incapacity.

Article 41 – Further cases where Board may refuse to register

41. The Board may also decline to register any transfer unless:
- (a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
 - (b) the instrument of transfer is in respect of only one class of share; ~~and~~
 - (c) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;₁
 - (d) the shares concerned are free from any lien in favour of the Company;
 - (e) the instrument of transfer is properly stamped; and
 - (f) a fee not exceeding the maximum fee prescribed or permitted from time to time by the Stock Exchange is paid to the Company in respect thereof.

41A. No transfer may be made to an infant or to a person of unsound mind or under other legal disability.

Article 42 – Notice of refusal

42. If the Board declines to register a transfer it shall, within two months after the date on which the instrument of transfer was lodged, send to the transferee notice of the refusal. If the transferor or transferee requests a statement of reasons for the refusal, the Board shall, within twenty-eight days after receiving the request, send the person who made such request a statement of the reasons for the refusal.

Article 51 – Annual general meetings to be held

51. The Board shall convene and the Company shall hold general meetings as annual general meetings in accordance with the requirements of the Ordinance at such times and places as the Board shall appoint. Any general meeting of the Company other than an annual general meeting shall be called ~~an extraordinary general meeting~~ a general meeting.

Article 52 – Board may convene ~~extraordinary~~ general meeting

52. The Board may, whenever it thinks fit, convene ~~an extraordinary general meeting~~ a general meeting. ~~An extraordinary general meeting~~ A general meeting shall also be convened on requisition, as provided by the Ordinance, or, in default, may be convened by the requisitionists.

Article 53 – Notice of meetings

53. Subject to the Ordinance and such other minimum period as may be specified in the Listing Rules from time to time: (a) an annual general meeting shall be called by not less than twenty-one days' notice or twenty clear business days' notice, whichever is the longer; and (b) a meeting other than an annual general meeting shall be called by not less than fourteen days' notice or ten clear business days' notice, whichever is the longer. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place (and if the meeting is to be held in two or more places (in accordance with the requirements of the Ordinance), the principal place of the meeting and the other place or places of the meeting), day and time of meeting, and, in the case of special business, the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given in manner hereinafter mentioned to all Members other than such as, under the provisions of these Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the Auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that specified in this Article, it shall be deemed to have been duly called if it is so agreed:

- (a) in the case of a meeting called as an annual general meeting, by all the Members entitled to attend and vote thereat; and
- (b) in the case of any other meeting, by a majority in number of the Members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. of the total voting rights at the meeting of all the Members.

Article 55 – Postponement of general meeting

55. If the Board, in its absolute discretion, considers that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time or ~~place~~place(s) specified in the notice calling the general meeting, it may postpone the general meeting to another date, time and/or ~~place~~place(s). The Board shall take reasonable steps to ensure that notice of the date, time and ~~place~~place(s) of the postponed meeting is provided to any Member trying to attend the meeting at the original time and ~~place~~place(s). When a meeting is so postponed, notice of the date, time and ~~place~~place(s) of the postponed meeting shall be given in such manner as the Board may in its absolute discretion determine. Notice of the business to be transacted at such postponed meeting shall not be required. If a meeting is postponed in accordance with this Article, the instrument of a proxy will be valid if it is delivered and received as required by these Articles not less than 48 hours before the time appointed for holding the postponed meeting. The Board may (for the avoidance of doubt) also postpone any meeting which has been rearranged under this Article.

Article 56 – Special business

56. All business shall be deemed special that is transacted at ~~an extraordinary general meeting~~ a general meeting and also all business that is transacted at an annual general meeting with the exception of:
- (a) the declaration and sanctioning of dividends;
 - (b) the consideration and adoption of the accounts and balance sheet and the reports of the Directors and other documents required to be annexed to the accounts;
 - (c) the election of Directors in place of those retiring (upon expiration of his term or otherwise);
 - (d) the appointment of Auditors where special notice of the resolution for such appointment is not required by the Ordinance; and
 - (e) the fixing of, or the determining of the method of fixing, the remuneration of the Directors and of the Auditors.

Article 63 – Voting rights at general meetings

63. ~~Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Articles, at any general meeting on a poll every Member present in person or by proxy or, in the case of a Member being a corporation, by its duly authorised representative, shall have one vote for every fully paid share of which he is the holder. Subject to (a) any special rights or restrictions as to voting for the time being attached to any shares, (b) the provisions of these Articles and (c) the Ordinance, at any general meeting, on a show of hands every Member who (being an individual) is present in person or by proxy or, in the case of a Member being a corporation, by its duly authorised representative or by proxy, shall have one vote and on a poll every Member who (being an individual) is present in person or by proxy or, in the case of a Member being a corporation, by its duly authorised representative or proxy, shall have one vote for every fully paid share of which he is the holder. If a Member appoints more than one proxy, the proxies so appointed shall not be entitled to vote on the resolution on a show of hands, provided that where more than one proxy is appointed by a Member which is a clearing house or its nominee, each such proxy shall have one vote on a show of hands.~~

Article 80 – Form of proxy

80. Instruments of proxy shall be in any common form or in such other form as the Board may approve and the Board may, if it thinks fit, send out with any posted or delivered notice of any meeting forms of instrument of proxy for use at the meeting. ~~The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit.~~ The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

Article 87 – Terms of elected Directors

87. Subject to any express terms to the contrary in the relevant resolution for appointing any Director under Article 86, any Director so elected by the Company shall be elected for a term of ~~not more than approximately three years~~ which is no longer than the period expiring at the conclusion of the annual general meeting of the Company held in the third year following the year of his ~~appointment~~ election or re-election and for the avoidance of doubt, on expiration of his term he shall be deemed a retiring Director and eligible for ~~re-appointment~~ re-election.

Article 96 – Power of Board to appoint Directors to executive offices

96. (B) Subject to any express directions of the Board, the ~~Chief Executive(s)~~ Chief Executive shall have the authority for implementing the policies of the Company as determined by the Board and shall have the general supervision of its operations.
- (C) In addition to the foregoing, the Board may entrust to and confer upon the ~~Chief Executive(s)~~ Chief Executive any other powers exercisable by it upon such terms and conditions and with such restrictions as it may think fit, and either collaterally with or to the exclusion of its own powers and may from time to time revoke, withdraw, alter or vary all or any of such powers but no person dealing in good faith and without notice of such revocation shall be affected thereby.

Article 97 – Remuneration of Executive Directors

97. The ~~Chief Executive(s)~~ Chief Executive and any other Executive Director shall receive such remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine, and either in addition to or in lieu of his remuneration as a Director.

Article 100 – Directors' interests

100. (A) A Director may hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period (subject to the Ordinance) and upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine, and such extra remuneration shall be in addition to any remuneration provided for by or pursuant to any other Article.
- (D) A Director shall not vote or be counted in the quorum ~~on~~ in respect of any resolution of the Board concerning his own appointment as the holder of any office or place of profit with the Company or any other company in which the Company is interested (including the arrangement or variation of the terms thereof, or the termination thereof).
- (G) ~~A Director who to his knowledge~~ If a Director or any of his associates or an entity connected with the Director is in any way, whether directly or indirectly, interested in a transaction, contract or arrangement or proposed transaction, contract or arrangement with the Company—shall, the Director shall if such transaction, contract or arrangement or proposed transaction, contract or arrangement is significant in relation to the Company's business and the Director's interest or the interest of his associate or the entity connected with the Director (as applicable) is material, declare the nature and extent of his interest or the interest of his associate or the entity connected with the Director (as applicable), in the case of a transaction, contract or arrangement that has been entered into, as soon as reasonably practicable, or in the case of a proposed transaction, contract or arrangement, before the Company enters into the transaction, contract or arrangement.

Such declaration must be made at a meeting of the Board or by notice in writing to the other Directors or by general notice ~~and in accordance with the Ordinance~~. A notice in writing must be sent in hard copy form (by hand or by post) or if the recipient has agreed to receive it in electronic form, in the electronic form so agreed (by the means so agreed). If a declaration is made by notice in writing the making of the declaration is to be regarded as forming part of the proceedings at the next Directors' meeting after the notice is given and section 481 of the Ordinance applies as if the declaration had been made at that meeting.

For the purposes of this Article, a general notice to the Board by a Director is a notice to the effect that (a) he has an interest (as a member, officer, employee or otherwise) in a specified company body corporate or firm specified in the notice and is to be regarded as interested in any transaction, contract or arrangement which may after the effective date of the notice be made with that company be entered with the specified body corporate or firm or (b) he is connected with a person specified in the notice (other than a body corporate or firm) and is to be regarded as interested in any transaction, contract or arrangement which may after the effective date of the notice be made with a entered into with the specified person who is connected with him, shall be deemed to be a sufficient declaration of interest under this Article in relation to any such transaction, contract or arrangement. A general notice must be given at a Board meeting, in which case it shall take effect on the date of the Board meeting, or in writing, in which case it shall take effect on the twenty-first day after the day on which it is sent to the Company. If the Company receives a general notice in writing from a Director, it must send a copy to the other Directors within 15 days after the day of receipt. A general notice must state the nature and extent of the Director's interest in the specified body or firm or the nature of the Director's connection with the specified person and must be given at a Directors' meeting or in writing and sent to the Company. A general notice given at a Directors' meeting takes effect on the date of the Directors' meeting. A general notice given in writing and sent to the Company takes effect on the twenty-first day after the day on which it is sent to the Company.

- (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 transaction, contract or arrangement or any other proposal whatsoever in which he or any of his associates or any entity connected with him 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 guarantee, security or indemnity either:
 - (a) to the Director or any of his associate(s) associates or any entity connected with him in respect of money lent or obligations incurred by him or any of his associates them 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 any of his associate(s) himself/themselves associates or any entity connected with him has 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 where the Company or any of its subsidiaries is offering securities in which offer the Director or any of his associates or any entity connected with him is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of the offer which any of them is to participate;~~
- (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)(iii) 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 or any entity connected with him 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 any entity connected with them and employees of the Company or any of its subsidiaries and does not provide in respect of any Director, or any of his associate(s) associates or any entity connected with him, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (v)(iv) any transaction, contract or arrangement in which the Director or any of his associate(s) associates or any entity connected with him 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.

References in this Article 100(H) to a contract include references to any proposed contract and to any transaction or arrangement whether or not constituting a contract.

- (I) ~~A company shall be deemed to be a company in which a Director (together with any of his associates) 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) 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. For the purposes of this Article, references to an entity connected with a Director shall be construed in accordance with section 486 of the Ordinance.~~
- (J) ~~Where a company in which a Director (together with any of his associates) holds 5 per cent. or more is materially interested in a transaction, then that Director shall also be deemed materially interested in such transaction.~~
- ~~(K)~~(J) If any question shall arise at any meeting of the Board as to the materiality of a Director's interest or ~~that~~ any of his associate(s) associates or any entity connected with him or the significance of a transaction, contract or arrangement or proposed transaction, contract or arrangement 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 such question relates to the interest of the Chairman or that of any of his associate(s) associates or any entity connected with him 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 any of his associate(s) associates or any entity connected with him concerned (or, as appropriate, the Chairman and/or any of his associate(s) associates or any entity connected with him) as known to such Director (or, as appropriate, the Chairman) has not been fairly disclosed to the Board.
- ~~(L)~~(K) ~~The Company may by resolution suspend or relax the provisions of this Article to any extent or ratify any transaction not duly authorised by reason of a contravention of this Article. Subject to the Ordinance, the Company may by ordinary resolution suspend or relax the provisions of this Article to any extent or ratify any transaction not duly authorised by reason of a contravention of this Article.~~

Article 113 – Notice of Board meetings

113. Notice of a Board meeting shall be deemed to be duly given to a Director if it is given to him either in writing or by word of mouth or by telephone or by facsimile at the facsimile number from time to time notified to the Company by such Director ~~or by telex or telegram at the address from time to time notified to the Company by such Director~~ or by electronic mail at the electronic mail address from time to time notified to the Company by such Director or in such other manner as the Board may from time to time determine. A Director absent or intending to be absent from Hong Kong may request the Board that notices of Board meetings shall during his absence be sent to him in such manner as described above, but such notices need not be given any earlier than notices given to Directors not so absent and in the absence of any such request it shall not be necessary to give notice of a Board meeting to any Director who is for the time being absent from Hong Kong. A Director may waive notice of any meeting either prospectively or retrospectively.

Article 116 – Chairman of Board meetings

116. ~~The Board may elect a Chairman and one or more Deputy Chairmen of its meetings and determine the period for which they are respectively to hold such office. The Board may elect a Chairman and one or more Deputy Chairmen and determine the period for which they are respectively to hold such office. The Chairman or, in his absence, a Deputy Chairman shall preside as chairman at every Board meeting.~~ The Board may elect a Chairman and one or more Deputy Chairmen and determine the period for which they are respectively to hold such office. The Chairman or, in his absence, a Deputy Chairman shall preside as chairman at every Board meeting. If no such Chairman or Deputy Chairman is elected, or if at any meeting neither the Chairman nor any Deputy Chairman is present within fifteen minutes after the time appointed for holding the same, the Directors present may choose one of their number to be chairman of the meeting.

Article 121 – Resolution in writing

121. ~~A resolution in writing signed by all the Directors or by all the members of a committee for the time being entitled to receive notice of a meeting of the Board or, as the case may be, of such committee (provided that number is sufficient to constitute a quorum) shall be as valid and effectual as a resolution passed at a meeting of the Board or, as the case may be, of such committee duly called and constituted. Such resolution may be contained in one document or in several documents in like form each signed by one or more of the Directors or members of the committee concerned. Any decision that may be made or any action that may be taken by the Directors or a committee of Directors at a meeting may be passed as a resolution of the Directors or the committee of Directors if such resolution is signed or otherwise approved in writing by all the Directors or all the members of the committee, as the case may be, except those Director(s) or member(s) of the committee who are absent from Hong Kong or temporarily unable to act through ill-health or disability. Any resolution so passed shall be as valid and effectual as a resolution passed at a meeting of the Board or, as the case may be, of such committee duly called and constituted. Such resolution may be contained in one document or in several documents in like form each signed or otherwise approved by one or more of the Directors or members of the committee concerned. A copy of a resolution signed and sent or otherwise approved by a Director or a member of the committee by telex or cable or facsimile or electronic mail shall be deemed to be a document signed or confirmed approved by him for the purposes of this Article.~~ A resolution in writing signed by all the Directors or by all the members of a committee for the time being entitled to receive notice of a meeting of the Board or, as the case may be, of such committee (provided that number is sufficient to constitute a quorum) shall be as valid and effectual as a resolution passed at a meeting of the Board or, as the case may be, of such committee duly called and constituted. Such resolution may be contained in one document or in several documents in like form each signed by one or more of the Directors or members of the committee concerned. Any decision that may be made or any action that may be taken by the Directors or a committee of Directors at a meeting may be passed as a resolution of the Directors or the committee of Directors if such resolution is signed or otherwise approved in writing by all the Directors or all the members of the committee, as the case may be, except those Director(s) or member(s) of the committee who are absent from Hong Kong or temporarily unable to act through ill-health or disability. Any resolution so passed shall be as valid and effectual as a resolution passed at a meeting of the Board or, as the case may be, of such committee duly called and constituted. Such resolution may be contained in one document or in several documents in like form each signed or otherwise approved by one or more of the Directors or members of the committee concerned. A copy of a resolution signed and sent or otherwise approved by a Director or a member of the committee by telex or cable or facsimile or electronic mail shall be deemed to be a document signed or confirmed approved by him for the purposes of this Article.

Provided that this Article shall not apply in relation to any transaction, contract or arrangement (not being one of the types specified in Article 100(H)) in which a Director or Directors are interested, unless the number of Directors signing or otherwise approving the resolution who are not interested in the transaction, contract or arrangement would have constituted a quorum of Directors if a meeting had been held for the purpose of considering the transaction, contract or arrangement.

Article 137 – Capitalisation issues

137. The Company may, upon the recommendation of the Board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including the profit and loss account) whether or not the same is available for distribution and accordingly that such amount be set free for distribution among the Members or any class of Members who would be entitled thereto if it were distributed by way of dividend and in the same proportions, on the footing that the same is not paid in cash but is applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by such Members respectively or in payment up in full of ~~unissued shares~~ shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid up among such Members, or partly in one way and partly in the other, and the Board shall give effect to such resolution provided that, for the purposes of this Article, any reserve or fund representing unrealised profits, may be applied only in paying up in full ~~unissued shares~~ shares of the Company to be allotted to such Members credited as fully paid.

Article 145 – Time of service

145. Subject to the Ordinance, any notice or document (including any “corporate communication” within the meaning ascribed thereto in the Listing Rules) sent, supplied, given or issued by or on behalf of the Company:

- (i) if sent by hand, shall be deemed to have been served when the notice or document is delivered;
- (ii) if sent by post, shall be deemed to have been served on the business day following that on which the envelope or wrapper containing the same is put into a post office situated within Hong Kong and in proving such service it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly prepaid, addressed and put into such post office (airmail if posted from Hong Kong to an address outside Hong Kong) and a certificate in writing signed by the Secretary or other person appointed by the Board that the envelope or wrapper containing the notice or document was so properly prepaid, addressed and put into such post office shall be conclusive evidence thereof;
- (iii) if published by way of a newspaper advertisement, shall be deemed to have been served on the date on which it is advertised in one specified English language newspaper and one specified Chinese language newspaper in Hong Kong (within the meaning of section 203 of the Ordinance);

- (iv) if sent by electronic means, shall be deemed to have been served at the time which is 48 hours after the notice or document is transmitted electronically provided that no notification that the notice or document sent by electronic means has not reached its recipient has been received by the sender, except that any failure in transmission beyond the sender's control shall not invalidate the effectiveness of the notice or document being served; and
- (v) if made available on a website, shall be deemed to have been served on the later of the following: (a) ~~48~~24 hours after the notice or document is first made available on the website; or (b) ~~48~~24 hours after a notification by the Company containing matters required under the Ordinance is received by the recipient.

Article 152 – Indemnity

152. (B) The Company may purchase and maintain insurance for the benefit of the Company and/or ~~any related company~~ any associated company and/or of any Director, Executive Director, manager, secretary or officer of the Company against:
- (a) (in the case of the Company and/or ~~any related company~~ any associated company) any loss, damage, liability and claim which it may suffer or sustain in connection with any breach by the Directors (and/or other officers and/or other persons) or any of them of their duties to the Company;
 - (b) (in the case of any Director, Executive Director, manager, secretary or officer of the Company) any liability to the Company, a related company or any other party in respect of any negligence, default, breach of duty or breach of trust (save for fraud) of which he may be guilty in relation to the Company or ~~a related company~~ an associated company; and
 - (c) (in the case of any Director, Executive Director, manager, secretary or officer of the Company) any liability incurred by him in defending any proceedings, whether civil or criminal, taken against him for any negligence, default, breach of duty or breach of trust (including fraud) of which he may be guilty in relation to the Company or ~~a related company~~ an associated company.

~~For the purpose of this Article 152(B), "related company" means any company that is the Company's subsidiary or holding company or a subsidiary of that holding company. For the purpose of this Article 152(B), "associated company" in relation to the Company, shall have the meaning attributed to it in the Ordinance.~~

RESPONSIBILITY STATEMENT

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

THE STAFF SHARE OPTION SCHEME 2016

The following are the terms of the Staff Share Option Scheme 2016 to be submitted to the Shareholders for adoption at the 2016 AGM:

1. Purpose of the Staff Share Option Scheme 2016

- 1.1 The Staff Share Option Scheme 2016 is a share incentive scheme and is established to recognise and acknowledge the contributions that Eligible Persons have made or may make to the Group.
- 1.2 The Staff Share Option Scheme 2016 will provide Eligible Persons with an opportunity to have a personal stake in the Bank with the view to motivating Eligible Persons to optimise their performance and efficiency for the benefit of the Group.

2. Conditions of the Staff Share Option Scheme 2016

- 2.1 The Staff Share Option Scheme 2016 shall take effect subject to the passing of the necessary resolution to adopt the Staff Share Option Scheme 2016 by the Shareholders in the 2016 AGM of the Bank and is conditional upon the Stock Exchange granting approval for the listing of and permission to deal in any Shares to be issued and allotted by the Bank pursuant to the exercise of Options to be granted thereunder in accordance with the terms and conditions of the Staff Share Option Scheme 2016.
- 2.2 If any of the above conditions is not satisfied on or before 8th May, 2016, the Staff Share Option Scheme 2016 shall forthwith determine and no person shall be entitled to any rights or benefits or be under any obligation under or in respect of the Staff Share Option Scheme 2016.
- 2.3 References in clause 2.1 to the Stock Exchange granting the approval referred to therein shall include where such approval is granted subject to conditions.

3. Duration and Administration

- 3.1 Subject to clauses 2 and 14, the Staff Share Option Scheme 2016 shall be valid and effective for a period of 5 years commencing on the Adoption Date, after which no further Options will be granted but the provisions of the Staff Share Option Scheme 2016 shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the Staff Share Option Scheme 2016.
- 3.2 The Staff Share Option Scheme 2016 shall be subject to the administration of the Board whose decision (save as otherwise provided herein) shall be final and binding on all parties. Without prejudice to the generality of the foregoing, the Board shall have the absolute discretion to:
- (a) interpret and construe the provisions of the Staff Share Option Scheme 2016;
 - (b) subject to clauses 4, 5, 6 and 9, determine the persons who will be awarded Options under the Staff Share Option Scheme 2016, the number of Shares subject to such Options and the Option Price awarded thereto;
 - (c) determine the relevant terms and conditions for the grant and/or vesting of each Option;
 - (d) subject to clauses 11 and 13, make such appropriate and equitable adjustments to the terms of Options granted under the Staff Share Option Scheme 2016 as it deems necessary;
 - (e) subject to clause 13, adopt rules and regulations for carrying out the Staff Share Option Scheme 2016;
 - (f) prescribe the form or forms of instruments to be issued as evidence of any Options granted under the Staff Share Option Scheme 2016; and
 - (g) make such other decisions or determinations as it shall deem appropriate in the administration of the Staff Share Option Scheme 2016.

4. Eligibility Criteria

The Board may at its discretion grant Options to any Eligible Person.

5. Grant of Options

- 5.1 On and subject to the terms of the Staff Share Option Scheme 2016, the Board shall be entitled at any time on a Business Day within 5 years commencing on the Adoption Date to offer the grant of an Option to any Eligible Person as the Board may in its absolute discretion select in accordance with clause 4.
- 5.2 No fee shall be payable upon acceptance of an Offer. For value received, an Offer of the grant of an Option shall be accepted when the Bank receives the duly signed offer letter from the Grantee, which shall be no later than 14 days after the date of the offer letter. Upon acceptance of an Offer, the Bank shall on the Date of Grant issue an option letter in such form as the Board may from time to time determine.
- 5.3 Subject to the provisions of the Staff Share Option Scheme 2016, the Listing Rules and other applicable rules and regulations and having regard to applicable guidelines and standards, the Board may, on a case by case basis and at its discretion when offering the grant of an Option, impose any criteria, conditions, restrictions or limitations in relation thereto additional to those expressly set forth in the Staff Share Option Scheme 2016 as it may think fit (but which shall be stated in the letter containing the Offer of the grant of the Option). These additional criteria, conditions, restrictions and limitations include (without prejudice to the generality of the foregoing), financial and non-financial factors, the continuing compliance of such terms and conditions that may be attached to the grant of the Option and fulfillment and validation of conditions for vesting of the Option, failing which the Option (to the extent that it has not already been vested or exercised, as the case may be) shall lapse unless otherwise resolved to the contrary by the Board.
- 5.4 Without prejudice to the generality of the foregoing and subject to the Listing Rules and clause 6, the Board may grant Options in respect of which the Option Price is fixed at different prices for different periods during the Exercise Period.
- 5.5 The Bank shall not offer the grant of an Option to any Eligible Person (i) after inside information (as defined in the Listing Rules) has come to its knowledge, until such inside information has been announced pursuant to the relevant requirements of applicable laws and the Listing Rules; or (ii) within such period (as the Listing Rules may require from time to time) immediately preceding the earlier of the date of the Board meeting for the approval of the Bank's results and the deadline for the Bank to publish its results announcement under the Listing Rules, until such information has been announced pursuant to the relevant requirements of the Listing Rules.

- 5.6 Without prejudice to clauses 5.1 to 5.5 above, any grant of Options to an executive Director, Chief Executive or Substantial Shareholder of the Bank or any of their respective Associates must be approved by the independent non-executive Directors (excluding the independent non-executive Director who is the Grantee). Where Options are proposed to be granted to a Substantial Shareholder of the Bank or an independent non-executive Director or any of their respective Associates, which will result in the total number of Shares issued and to be issued upon exercise of the share options granted or to be granted to such person under the Staff Share Option Scheme 2016 and any other schemes (which are subject to regulation under Chapter 17 of the Listing Rules) of the Bank (including exercised, cancelled and outstanding share options) in the 12-month period immediately preceding and including the date of such grant to such person exceeding 0.1% of the Shares in issue as at the date of such grant and HK\$5 million in value in aggregate, based on the closing price of the Shares at the date of each grant, then the proposed grant must be subject to the approval by the Shareholders at a general meeting taken on a poll. The Grantee, his or her Associates and all Core Connected Persons of the Bank must abstain from voting in favour of the proposed grant at such general meeting. A circular must be despatched to the Shareholders explaining the proposed grant, disclosing the number and terms of the Options to be granted and containing a recommendation from the independent non-executive Directors (excluding the independent non-executive Director who is the Grantee) on whether or not to vote in favour of the proposed grant.
- 5.7 For the avoidance of doubt, the requirements for the granting of Options to an executive Director or Chief Executive of the Bank do not apply where the Eligible Person is only a proposed executive Director or Chief Executive of the Bank.

6. Option Price

- 6.1 The Option Price shall be a price determined by the Board and notified to each Grantee (in the letter containing the Offer of the grant of the Option) and shall not be less than the highest of:
- (a) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the Date of Grant of the relevant Option, which must be a Business Day; and
 - (b) an amount equivalent to the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the 5 Business Days immediately preceding the Date of Grant of the relevant Option.
- 6.2 The Option Price shall also be subject to any adjustments made in a situation contemplated under clause 11.

7. Vesting of Options

Save as provided in clause 8.3, an Option granted hereunder shall be vested and become exercisable as follows:

- (a) not more than one third of the Option shall be vested and become exercisable on the first anniversary of the Date of Grant;
- (b) not more than one third of the Option shall be vested and become exercisable on the second anniversary of the Date of Grant; and
- (c) the remaining balance of the Option shall be vested and become exercisable on the third anniversary of the Date of Grant.

8. Exercise of Options

8.1 An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option, failing which the Option (to the extent it has not already been vested or exercised) shall lapse.

8.2 Subject to the relevant Exercise Period and the other terms and conditions of the grant, an Option shall be exercised in whole or in part by the Grantee (but only in respect of such multiples of Shares as may be determined by the Bank in the Offer) by giving notice in writing to the Bank stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be given on a Business Day (excluding any period(s) of closure of the Bank's register of Shareholders) no later than 5:00 p.m. (Hong Kong time) of such date and must be accompanied by a remittance for the full amount of the Option Price for the Shares in respect of which the notice is given. Any notice given without such relevant remittance shall be invalid. Upon receipt of such notice by the Bank (unless received during any period(s) of closure of the Bank's register of Shareholders) together with remittance of the relevant Option Price in full and, where appropriate, receipt of the Auditors' certificate or the independent financial adviser's certificate pursuant to clause 11, the Bank shall allot the relevant number of Shares to the Grantee credited as fully paid and shall within two Business Days of such date issue to the Grantee share certificate(s) or in scripless form to the extent permitted by and in accordance with the Listing Rules and other applicable rules and regulations in respect of the Shares so allotted.

8.3 Subject as hereinafter provided, an Option or any part thereof may be exercised by the Grantee at any time during the applicable Exercise Period, provided that:

- (a) in the event of death of the Grantee:
 - (i) his legal personal representative(s) may exercise the Vested Options which the Grantee is entitled to as at the date of death in whole or in part (to the extent not exercised) within the relevant Exercise Period; and

- (ii) any Unvested Options of the Grantee shall become Vested Options as at the date of death, and his legal personal representative(s) may exercise such Options in whole or in part within the period beginning on such Vesting Date and ending on the fifth anniversary of the Vesting Date,

and any of his Options not exercised shall lapse on the date immediately after the expiry of the relevant period;

- (b) where the Grantee's employment is terminated on the ground of disability due to physical injury or ill-health:

- (i) the Grantee may exercise the Vested Options which he is entitled to as at the date of cessation as an Employee in whole or in part (to the extent not exercised) within the relevant Exercise Period; and

- (ii) any Unvested Options of the Grantee shall become Vested Options as at the date of cessation, and the Grantee may exercise such Options in whole or in part within the period beginning on such Vesting Date and ending on the fifth anniversary of the Vesting Date,

and any of his Options not exercised shall lapse on the date immediately after the expiry of the relevant period;

- (c) if the Grantee ceases to be an Employee by reason of retirement:

- (i) the Grantee may exercise the Vested Options which he is entitled to as at the date of retirement in whole or in part (to the extent not exercised) within the relevant Exercise Period; and

- (ii) any Unvested Options of the Grantee as at the date of retirement shall continue to vest in accordance with the terms on which they are granted (unless the Board shall determine that the vesting of such Unvested Options or any part thereof shall be accelerated in the relevant circumstances such as on compassionate grounds for ill-health), and the Grantee may exercise such Options in whole or in part within the period beginning on such Vesting Date and ending on the fifth anniversary of the Vesting Date,

and any of his Options not exercised shall lapse on the date immediately after the expiry of the relevant period;

- (d) if the Grantee ceases to be an Employee by reason of termination of his employment by the Bank or the Subsidiary (as the case may be) employing him upon any of the following grounds, then all his Options (whether vested or not, and to the extent not exercised) shall lapse and terminate on the date of such cessation:
- (i) wilfully disobeying a lawful and reasonable order;
 - (ii) misconducting himself, such conduct being inconsistent with the due and faithful discharge of his duties;
 - (iii) being guilty of fraud or dishonesty;
 - (iv) being habitually neglectful in his duties; or
 - (v) upon any other grounds on which the Bank or the Subsidiary (as the case may be) employing him would be entitled to terminate the contract of employment without notice at common law;
- (e) if the Grantee ceases to be an Employee by resignation:
- (i) the Grantee may exercise the Vested Options which he is entitled to as at the date of cessation in whole or in part (to the extent not exercised) within the relevant Exercise Period or the period beginning on the date of cessation and ending on the first anniversary of such date (whichever expires earlier); and
 - (ii) any Unvested Options of the Grantee shall lapse on the date of cessation, unless the Board shall determine that, in the relevant circumstances, such Unvested Options or any part thereof shall continue to vest in accordance with the terms on which they are granted, in which event the Grantee may exercise such Options in whole or in part within the period beginning on the relevant Vesting Date and ending on the first anniversary of the Vesting Date;
- and any of his Options not exercised shall lapse on the date immediately after the expiry of the relevant period;
- (f) if any of the following events occurs, all of the Vested Options (to the extent not exercised) and Unvested Options of the Grantee shall lapse immediately:
- (i) any liquidator, provisional liquidator, receiver or any person carrying out any similar function has been appointed anywhere in the world in respect of the whole or any part of the asset or undertaking of the Grantee;
 - (ii) there is unsatisfied judgment, order or award outstanding against the Grantee or the Bank has reason to believe that the Grantee is unable to pay or have no reasonable prospect of being able to pay his debts;

- (iii) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the type mentioned in sub-clauses (i) and (ii) above;
 - (iv) a bankruptcy order has been made against the Grantee in any jurisdiction; or
 - (v) a petition for bankruptcy has been presented against the Grantee in any jurisdiction;
- (g) if the Grantee ceases to be an Employee for any reason other than as described in sub-clauses (a), (b), (c), (d), (e) and (f) above, then:
- (i) any Vested Options which the Grantee is entitled to as at the date he so ceases may be exercised to the extent then exercisable within the relevant Exercise Period or the period beginning on the date of cessation and ending on the first anniversary of the date of cessation (whichever expires earlier); and
 - (ii) any Unvested Options shall continue to vest in accordance with the terms on which they are granted (unless the Board shall determine that the vesting of such Unvested Options or any part thereof shall be accelerated in the relevant circumstances such as on compassionate grounds for ill-health) and the Grantee may exercise such Options in whole or in part within the period beginning on such Vesting Date and ending on the first anniversary of the Vesting Date;

and any of his Options not exercised shall lapse on the date immediately after the expiry of the relevant period, and provided that in any such case the Board may in its absolute discretion determine that any Vested Options (to the extent not exercised) or Unvested Options shall be cancelled or otherwise subject to such conditions or limitations as the Board may decide;

- (h) if a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such offer becomes or is declared unconditional (within the meaning of the Takeovers Code), the Grantee shall be entitled to exercise the Vested Option which the Grantee is entitled to as at the date on which the general offer becomes or is declared unconditional (within the meaning of the Takeovers Code) ("Unconditional Date") (to the extent not exercised) and any Unvested Options which shall become Vested Options as at the Unconditional Date in whole or in part at any time within the period beginning on the Unconditional Date and ending on the date which is 30 days after the Unconditional Date. Any of his Options not exercised shall lapse on the date immediately after the expiry of the relevant period;

- (i) in the event notice is given by the Bank to its Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up the Bank, the Bank shall forthwith give notice thereof to the Grantee and the Grantee may, by notice in writing to the Bank accompanied by the remittance for the total Option Price payable in respect of the exercise of the relevant Option (such notice to be received by the Bank not later than two Business Days (excluding any period(s) of closure of the Bank's register of Shareholders) prior to the proposed meeting) exercise the Vested Option which the Grantee is entitled to as at the date of the notice to the Grantee (to the extent not exercised) and any Unvested Options which shall become Vested Options as at such date in whole or in part. The right of the Grantees to exercise their respective Options shall be suspended immediately thereafter and shall be restored in full on the date immediately after the date of the relevant Shareholders' meeting if such resolution is not approved. The Bank shall, as soon as possible and in any event no later than the Business Day (excluding any period(s) of closure of the Bank's register of Shareholders) immediately prior to the date of the proposed Shareholders' meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise. Any of the Options not exercised shall lapse on the date on which such resolution is approved by the Shareholders; and
- (j) in the event of a compromise or arrangement between the Bank and its Shareholders or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Bank (other than any relocation schemes as contemplated in Rule 7.14(3) of the Listing Rules), the Bank shall give notice thereof to all Grantees on the same date as it gives notice of the meeting to its Shareholders or creditors to consider such a scheme of arrangement, and thereupon the Grantee may, by notice in writing to the Bank accompanied by the remittance for the total Option Price payable in respect of the exercise of the relevant Option (such notice to be received by the Bank not later than two Business Days (excluding any period(s) of closure of the Bank's register of Shareholders) prior to the proposed meeting) exercise the Vested Option which the Grantee is entitled to as at the date of the notice to the Grantee (to the extent not exercised) and any Unvested Options which shall become Vested Options as at such date in whole or in part. The right of the Grantees to exercise their respective Options shall be suspended immediately thereafter and shall be restored in full on the date immediately after the date of the relevant meeting if such resolution is not approved. The Bank shall, as soon as possible and in any event no later than the Business Day (excluding any period(s) of closure of the Bank's register of Shareholders) immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise credited as fully paid and registered the Grantee as holder thereof. Any of his Options not exercised shall lapse on the date on which the proposed compromise or arrangement becomes effective.

- 8.4 The Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the Articles of Association in force as at the Allotment Date and shall rank *pari passu* in all respects with the existing fully paid Shares in issue on the Allotment Date and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made after the Allotment Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the Allotment Date. A Share allotted upon the exercise of an Option shall not carry voting rights until the name of the Grantee has been duly entered into the register of Shareholders as the holder thereof.
- 8.5 Without prejudice to the generality of the foregoing, the Grantee may only exercise an Option subject to any restrictions as may be reasonably imposed by the Board from time to time with a view to ensure or facilitate compliance with any relevant law, mandatory rules and/or regulations binding the Bank, particularly those relating to insider dealing and other prohibitions under the Listing Rules.

9. Lapse of Option

An Option (to the extent such Option has not already been vested or exercised, as the case may be) shall lapse and not be exercisable on the earliest of:

- (a) the date immediately after the expiry of the Exercise Period;
- (b) the date immediately after the expiry of any of the periods referred to in clauses 8.3(a), (b), (c), (d), (e) and (f);
- (c) the date on which a situation as contemplated under clause 8.3(g) arises;
- (d) in respect of the situation contemplated in clause 8.3(h), the date immediately after the expiry of the period referred to therein;
- (e) the date of the commencement of the winding-up of the Bank in respect of the situation contemplated in clause 8.3(i);
- (f) the date when the proposed compromise or arrangement becomes effective in respect of the situation contemplated in clause 8.3(j);
- (g) the date on which a situation as contemplated under clause 8.1 arises;
- (h) the date on which the Grantee commits a breach of any terms or conditions attached to the grant or vesting of the Option, unless otherwise resolved to the contrary by the Board; or
- (i) the date on which it is established that any data previously taken into account in assessing the performance of the Grantee and in granting the Option is later proven to have been manifestly misstated, or that there has been fraud or other malfeasance on the part of the Grantee or violation by the Grantee of internal control policies of the Bank.

10. Maximum Number of Shares

- 10.1 Subject to clauses 10.2, 10.3 and 10.4, the maximum number of Shares in respect of which Options may be granted under the Staff Share Option Scheme 2016 and any other schemes (which are subject to regulation under Chapter 17 of the Listing Rules) involving the issue or grant of options or similar rights over Shares or other securities by the Bank shall not, in aggregate, exceed 5% of the Shares in issue as at the date of approval of the Staff Share Option Scheme 2016 (the "Scheme Mandate Limit") unless such issue or grant is approved by the Shareholders pursuant to clause 10.3.
- 10.2 Subject to clauses 10.3 and 10.4, the Scheme Mandate Limit may be refreshed by the Shareholders in general meeting from time to time provided always that the Scheme Mandate Limit so refreshed must not exceed 5% of the Shares in issue as at the date of approval of such refreshment by Shareholders in general meeting. Upon such refreshment, all options granted under the Staff Share Option Scheme 2016 and any other share option schemes (which are subject to regulation under Chapter 17 of the Listing Rules) of the Bank (including those exercised, outstanding, cancelled, lapsed in accordance with the terms of the Staff Share Option Scheme 2016 or such other share option schemes of the Bank) prior to the approval of such refreshment shall not be counted for the purpose of calculating whether the refreshed Scheme Mandate Limit has been exceeded. A circular must also be sent to the Shareholders containing such information from time to time required by the Stock Exchange.
- 10.3 Subject to clause 10.4, the Board may seek separate Shareholders' approval in general meeting to grant Options beyond the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to the Eligible Persons specified by the Bank before such approval is sought and the Bank must issue a circular to the Shareholders containing such information from time to time required by the Stock Exchange in relation to any such proposed grant to such Eligible Persons.
- 10.4 The maximum number of Shares which may be issued upon the exercise of all outstanding Options granted and yet to be exercised under the Staff Share Option Scheme 2016 and any other schemes (which are subject to regulation under Chapter 17 of the Listing Rules) involving the issue or grant of options or similar rights over Shares or other securities by the Bank must not, in aggregate, exceed 15% of the Shares in issue from time to time. Notwithstanding anything contrary to the terms of the Staff Share Option Scheme 2016, no options may be granted under any schemes of the Bank (including the Staff Share Option Scheme 2016) if this will result in the said 15% limit being exceeded.
- 10.5 No Option may be granted to any Eligible Persons which if exercised in full would result in the total number of Shares issued and to be issued upon exercise of the share options already granted or to be granted to such Eligible Person under the Staff Share Option Scheme 2016 and any other schemes (which are subject to regulation under Chapter 17 of the Listing Rules) of the Bank (including exercised, cancelled and outstanding share options) in the 12-month period up to and including the date of such new grant exceeding 1% of the Shares in issue as at the date of such new grant. Any grant of further Options above this limit shall be subject to the following requirements:

- (a) approval of the Shareholders at general meeting, with such Eligible Person and its Close Associates (or its Associates if the Eligible Person is a Connected Person) abstaining from voting;
- (b) a circular in relation to the proposal for such further grant having been sent by the Bank to its Shareholders with such information from time to time required by the Listing Rules;
- (c) the number and terms (including the Option Price) of the Options to be granted to such proposed Grantee shall be fixed before the Shareholders' approval mentioned in sub-clause (a) above; and
- (d) for the purpose of calculating the Option Price for the Shares in respect of the further Options proposed to be so granted as described under clause 6, the date of Board meeting for proposing such grant of further Options shall be taken as the Date of Grant.

10.6 The maximum number of Shares referred to in clause 10 shall be adjusted, in such manner as the Auditors shall certify as fair and reasonable in accordance with clause 11.

11. Reorganisation of Capital Structure

11.1 In the event of any alteration in the capital structure of the Bank while an Option remains exercisable, and such event arises from a capitalisation of profits or reserves (other than any scrip dividend or similar arrangement in accordance with the Articles of Association), rights issue, consolidation, subdivision or reduction of capital of the Bank, such corresponding alterations (if any) shall be made in:

- (a) the number of Shares subject to the Option so far as unexercised; and/or
- (b) the Option Price.

11.2 In the event of any alteration in the capital structure of the Bank while an Option remains exercisable, and such event arises from a consolidation or subdivision such corresponding alterations (if any) shall be made to the maximum number of Shares referred to in clause 10.

11.3 The Auditors or the independent financial adviser of the Bank shall certify in writing to the Board the alterations, and according to their opinion based on fairness and reasonableness either generally or as regards any particular Grantee (except in the case of a capitalisation issue where no such certification shall be required unless otherwise expressly required by the Board) and satisfy the requirement that such alterations give the Grantee the same proportion of the equity capital as that to which that the Grantee was previously entitled, provided that:

- (a) any such alterations shall be made on the basis that the relevant total Option Price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event; and

- (b) no such alterations shall be made the effect of which would be to increase the proportion of the Shares in issue for which any Grantee is entitled to subscribe pursuant to the Options held by him.

11.4 For the avoidance of doubt, the issue of securities as consideration in a transaction to which the Bank is a party shall not be regarded as a circumstance requiring any such alterations.

11.5 The costs of the Auditors or the independent financial adviser of the Bank relating to the Staff Share Option Scheme 2016 shall be borne by the Bank.

11.6 In giving any certificate under this clause 11, the Auditors or the independent financial adviser of the Bank shall be deemed to be acting as experts and not as arbitrators and their certificate shall, in the absence of manifest error, be final, conclusive and binding on the Bank and all persons who may be affected thereby.

12. Disputes

Any dispute arising in connection with the Staff Share Option Scheme 2016 (whether as to the number of Shares, the subject of an Option (where applicable), whether all or part of an Option has been vested, the amount of the Option Price or otherwise) shall be referred to the decision of the Auditors or the independent financial adviser of the Bank who shall act as experts and not as arbitrators and whose decision shall be final and binding on the Grantee.

13. Alteration of The Staff Share Option Scheme 2016

13.1 The Staff Share Option Scheme 2016 may be altered in any respect by resolution of the Board except that the following matters shall require Shareholders' approval at general meeting:

- (a) the provisions of the Staff Share Option Scheme 2016 as to the definitions of "Eligible Person", "Grantee", "Exercise Period" and "Vesting Period" and the provisions of clauses 1, 3.1, 4, 5.2, 5.3, 6, 7, 8.1, 8.3, 8.4, 9, 10, 11, 13, 14 and 15 shall not be altered to the advantage of Grantees or prospective Grantees except with the prior approval of the Shareholders in general meeting;
- (b) any alterations to the terms and conditions of the Staff Share Option Scheme 2016 which are of a material nature, except where such alterations take effect automatically under the existing terms of the Staff Share Option Scheme 2016; and
- (c) any change to the authority of the Board in relation to any alteration to the terms of the Staff Share Option Scheme 2016,

provided always that the amended terms of the Staff Share Option Scheme 2016 must continue to comply with the relevant provisions of the Listing Rules as may be amended from time to time.

13.2 Subject to clause 13.1, the Board may at any time alter, amend or modify the terms and conditions of the Staff Share Option Scheme 2016 such that the provisions of the Staff Share Option Scheme 2016 would comply with all relevant legal and regulatory requirements in all relevant jurisdictions to the extent as considered necessary by the Board to implement the terms of the Staff Share Option Scheme 2016.

14. Termination

The Bank by resolution in general meeting or the Board may at any time terminate the operation of the Staff Share Option Scheme 2016 and in such event, no further Options will be offered but the provisions of the Staff Share Option Scheme 2016 shall remain in force in all other respects.

15. Cancellation

The Board shall have the absolute discretion to cancel any Options granted but not vested or exercised (as the case may be) at any time at the request of the Grantee provided that where an Option is cancelled and a new Option is proposed to be issued to the same Grantee, the issue of such new Option may only be made with available and ungranted Options within the limits referred to in clause 10 (but excluding for this purpose all cancelled Options).

16. Miscellaneous

16.1 The Staff Share Option Scheme 2016 shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Bank directly or indirectly or give rise to any cause of action at law or in equity against the Bank.

16.2 The Bank shall bear the costs of establishing and administering the Staff Share Option Scheme 2016.

16.3 A Grantee shall be entitled to receive copies of all notices and other documents sent by the Bank to holders of Shares.

16.4 Any notice or other communication between the Bank and a Grantee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Bank, its registered office in Hong Kong from time to time and, in the case of the Grantee, his address or fax number or e-mail address as notified to the Bank from time to time.

16.5 Any notice or other communication served:

- (a) by the Bank shall be deemed to have been served 24 hours after the same was put in the post or delivered by hand or by courier or by fax or by internet to the e-mail address of the Grantee as notified to the Bank from time to time; and
- (b) by the Grantee shall not be deemed to have been received until the same shall have been received by the Bank, and if received after 5:00 p.m. (Hong Kong time) on a Business Day shall be deemed received on the next following Business Day.

- 16.6 A Grantee shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction in order to permit the grant or exercise of his Option. The Bank shall not be responsible for any failure by a Grantee to obtain any such consent or for any tax or other liability to which a Grantee may become subject as a result of his participation in the Staff Share Option Scheme 2016.
- 16.7 By accepting an Option, a Grantee shall be deemed irrevocably to have accepted the grant subject to the provisions of the Staff Share Option Scheme 2016 and to have waived any entitlement, by way of compensation for loss of office or otherwise howsoever, to any sum or other benefit to compensate him for loss of any rights under the Staff Share Option Scheme 2016.
- 16.8 The Staff Share Option Scheme 2016 and all Options granted hereunder shall comply with the requirements of the Listing Rules, and be governed by and construed in accordance with the laws of Hong Kong.

The following is the Explanatory Statement required to be sent to the Shareholders under the Listing Rules in connection with the proposed general mandate for buy-back of Shares and also constitutes the memorandum required under Section 239 of the Companies Ordinance:

- (i) At the 2016 AGM a resolution will be proposed that the Directors be given a general mandate to exercise all powers of the Bank to buy back on the Stock Exchange Shares representing up to a maximum of 10% of number of Shares in issue in the share capital of the Bank as at the date of passing the resolution (the “Share Buy-back Mandate”). Based on the 2,640,928,316 Shares in issue as at the Latest Practicable Date (and assuming that there is no change in respect of the number of issued Shares 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 Share Buy-back Mandate to buy-back a maximum of 264,092,831 Shares.
- (ii) Although the Directors have no present intention of any Share buy-back, they believe that the flexibility afforded by the Share Buy-back 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 buy back 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 bought back by the Bank. Furthermore, the Directors’ exercise of the mandate granted under the Share Buy-back Mandate may lead to an increased volume of trading in Shares on the Stock Exchange.
- (iii) The Directors propose that buy-back of Shares under the Share Buy-back Mandate will be financed from the available cash flow or working capital facilities of the Bank and its subsidiaries. In the buy-back of Shares, the Bank may only apply funds legally available for such purpose in accordance with its Articles of Association and the laws of Hong Kong.
- (iv) There may be a 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 buy-back is to be carried out in full at any time during the proposed buy-back period. However, the Directors do not propose to exercise the Share Buy-back 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 Close Associates of the Directors who have a present intention, in the event that the Share Buy-back 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 Share Buy-back Mandate in accordance with the Listing Rules and the laws of Hong Kong.
- (vii) If as a result of a share buy-back 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 Takeovers Code. As a result, a Shareholder, or group of Shareholders acting in concert, may be treated as having obtained or consolidated control of the Bank and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequence which would arise under the Takeovers Code as a consequence of any purchases pursuant to the Share Buy-back 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 Core Connected Persons of the Bank have notified it of a present intention to sell Shares to the Bank and no such persons have undertaken not to sell any such Shares to the Bank in the event that the Share Buy-back Mandate is granted by the 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	Lowest
		<i>HK\$</i>	<i>HK\$</i>
2015	:		
	February	32.75	31.45
	March	31.40	29.00
	April	34.50	30.45
	May	35.85	33.10
	June	35.80	33.60
	July	35.60	29.80
	August	31.25	25.55
	September	27.40	25.00
	October	30.00	25.90
	November	30.00	27.15
	December	28.90	25.85
2016	:		
	January	28.20	21.50