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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, PROPOSAL INVOLVING ADOPTION OF THE STAFF SHARE OPTION SCHEME 2021 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 Thursday, 6th May, 2021 at 11:30 a.m. is set out on pages 7 to 11 of this Circular.

Whether or not you are able to attend the 2021 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 54, 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 2021 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 2021 AGM should you so wish.

PRECAUTIONARY MEASURES FOR THE 2021 AGM

According to the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (the "Regulation") in force and taking into account the "Joint Statement in relation to General Meetings in light of the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation" issued by the Securities and Futures Commission and the Stock Exchange, in order to safeguard the health and safety of Shareholders and participants and to prevent the spreading of the COVID-19 pandemic, the Bank will implement, in addition to the hygiene measures that may be implemented by Four Seasons Hotel, the following precautionary measures at the 2021 AGM, including but not limited to:

- (i) compulsory body temperature screening/check;
- (ii) mandatory wearing of face mask throughout the 2021 AGM;
- (iii) no distribution of gifts or gift coupons;
- (iv) no provision of food or beverages;
- (v) limited seating capacity to maintain social distancing and/or limit the number of attendees to avoid over-crowding; and
- (vi) dividing partitioned areas within the AGM venue according to the requirement under the Regulation.

Any person, who (1) does not comply with the precautionary measures referred to in (i) and (ii) above; (2) is having a body temperature of over 37.3 degree Celsius; (3) is subject to any mandatory quarantine imposed by the Hong Kong Government on the 2021 AGM date or has close contact with any person under quarantine; or (4) has any flu-like symptoms or is otherwise unwell, may be denied entry into the 2021 AGM venue at the absolute discretion of the Bank so as to ensure the health and safety of the attendees of the 2021 AGM.

Shareholders should not attend the 2021 AGM if they have contracted or are suspected to have contracted COVID-19 or have been in close contact with anybody who has contracted or is suspected to have contracted COVID-19.

The Bank strongly encourages Shareholders to appoint the chairman of the 2021 AGM as his/her proxy to vote on the resolutions and to return his/her proxy form(s) by the time specified in note (c) to the Notice of AGM, instead of attending the 2021 AGM in person.

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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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong or by fax to (852) 2810 8185 or by email to BEA0023-ecom@hk.tricorglobal.com specifying your request together with your full name and contact telephone number.

PRECAUTIONARY MEASURES FOR THE 2021 AGM

According to the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (the “Regulation”) in force and taking into account the “Joint Statement in relation to General Meetings in light of the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation” issued by the Securities and Futures Commission and the Stock Exchange, in order to safeguard the health and safety of Shareholders and participants and to prevent the spreading of the COVID-19 pandemic, the Bank will implement, in addition to the hygiene measures that may be implemented by Four Seasons Hotel, the following precautionary measures at the 2021 AGM, including but not limited to:

- (i) at the entrance to the venue, a compulsory body temperature screening/check will be conducted on every person (including but not limited to, Shareholder or proxy or corporate representative) attending the 2021 AGM;
- (ii) every attendee (including but not limited to, Shareholder or proxy or corporate representative) is required to wear a face mask at any time within the venue;
- (iii) no gifts or gift coupons will be distributed;
- (iv) no food or beverages will be served;
- (v) the Bank will limit seating capacity to maintain social distancing and/or limit the number of attendees to avoid over-crowding;
- (vi) the AGM venue will be divided into partitioned areas according to the requirement under the Regulation; and
- (vii) voting boxes will be arranged outside and inside the venue for Shareholders to place their completed voting papers.

The Bank would like to remind all attendees to observe and practise good personal hygiene at all times at the 2021 AGM venue. The Bank reserves the right to deny entry into or require any person to leave the 2021 AGM venue at the absolute discretion of the Bank, if such person:

- (1) does not comply with the precautionary measures referred to in (i) and (ii) above;
- (2) is having a body temperature of over 37.3 degree Celsius;
- (3) is subject to any mandatory quarantine imposed by the Hong Kong Government on the 2021 AGM date or has close contact with any person under quarantine; or
- (4) has any flu-like symptoms or is otherwise unwell.

PRECAUTIONARY MEASURES FOR THE 2021 AGM

Shareholders should not attend the 2021 AGM if they have contracted or are suspected to have contracted COVID-19 or have been in close contact with anybody who has contracted or is suspected to have contracted COVID-19.

In addition, the Bank would like to remind all attending Shareholders that physical attendance in person at the 2021 AGM is not necessary for the purpose of exercising voting rights. The Bank strongly encourages Shareholders to appoint the chairman of the 2021 AGM as his/her proxy to vote on the resolutions and to return his/her proxy form(s) to the Bank's Share Registrar, Tricor Standard Limited, at Level 54, 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 2021 AGM or any adjournment thereof (as the case may be), instead of attending the 2021 AGM in person.

For those non-registered holders whose shares are held in the Central Clearing and Settlement System, they are strongly encouraged to vote through HKSCC Nominees Limited by giving instructions to their brokers or custodians.

Subject to the development of the COVID-19 pandemic, the Bank may be required to change the meeting arrangements for the 2021 AGM at short notice. Shareholders are advised to check the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Bank (www.hkbea.com) for further announcement(s) and update(s) on such arrangements and/or further precautionary measures to be taken.

DEFINITIONS

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

“2021 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 Thursday, 6th May, 2021 at 11:30 a.m. or any adjournment thereof;
“Adoption Date”	6th May, 2021, being the date on which the Staff Share Option Scheme 2021 is conditionally adopted by resolution of the Shareholders in the 2021 AGM or any adjournment thereof;
“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 2021;
“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” or “Auditor”	the auditor of the Bank for the time being of the Bank;
“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 March, 2021;
“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;
“Controlling Shareholder”	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;
“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 2021;
“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 2, 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);
“Guidance on Empowerment of INEDs”	the guidance on Empowerment of Independent Non-Executive Directors (INEDs) in the Banking Industry in Hong Kong issued by the Hong Kong Monetary Authority;
“HK\$”	Hong Kong dollar, 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”	22nd March, 2021, 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 of Hong Kong Limited 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 2021 AGM as set out on pages 7 to 11 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 2021;
“Option(s)”	a right to subscribe for Shares granted pursuant to the Staff Share Option Scheme 2021;
“Option Letter”	a letter in such form as the Board may from time to time determine issued by the Bank to the Grantee in respect of the Option granted;
“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 2021;
“Ordinary Resolution”	the proposed ordinary resolution as referred to in item 4 of the Notice of Annual General Meeting;
“Register of Members”	register of members of the Bank;
“Remuneration Committee”	the Remuneration Committee of the Bank;
“Senior Management”	Co-Chief Executives and Deputy Chief Executives of the Bank;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholders”	holders of Shares;
“Share(s)”	fully paid ordinary share(s) of the Bank;
“Staff Share Option Scheme 2016”	the Staff Share Option Scheme 2016 for the employees of the Bank and its Subsidiaries adopted by the Bank on 19th April, 2016;
“Staff Share Option Scheme 2021”	the Staff Share Option Scheme 2021 to be adopted by the Bank pursuant to the Ordinary Resolution No. 4 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;

DEFINITIONS

“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;
“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 2 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 2.

NOTICE OF ANNUAL GENERAL MEETING

The Bank of East Asia, Limited

(Incorporated in Hong Kong with limited liability in 1918)

Notice of One Hundred and Second Annual General Meeting

NOTICE IS HEREBY GIVEN that the One Hundred and Second Annual General Meeting (the “**2021 AGM**”) 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 Thursday, 6th May, 2021 at 11:30 a.m. for the following purposes:

1. To receive the Audited Financial Statements for the year ended 31st December, 2020 together with the Report of the Directors and the Independent Auditor’s Report thereon.
2. To re-appoint KPMG as Auditor of the Bank and authorise the Directors to fix the Auditor’s remuneration.
3. To re-elect the following Directors:
 - (a) Mr. Adrian David LI Man-kiu
 - (b) Mr. Brian David LI Man-bun
 - (c) Dr. David MONG Tak-yeung
 - (d) Dr. Francisco Javier SERRADO TREPAT

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

4. “**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (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 in accordance with the terms and conditions of the Staff Share Option Scheme 2021 of the Bank (the “**Scheme 2021**”), 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 2021 be and is hereby approved and be adopted on 6th May, 2021, 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 2021 including but without limitation:
 - (a) to administer the Scheme 2021 under which options will be granted to Eligible Persons under the Scheme 2021 to subscribe for ordinary shares of the Bank (the “**Shares**”);
 - (b) to modify and/or amend the Scheme 2021 from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the Scheme 2021 relating to modification and/or amendment, provided always that the total number of Shares subject to the Scheme 2021 shall not exceed the limits referred to therein;

NOTICE OF ANNUAL GENERAL MEETING

- (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 2021 provided always that the total number of Shares in respect of which options may be granted under the Scheme 2021 (and any other share option schemes) shall not, in aggregate, 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 2021 and the maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme 2021 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 2021; 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 2021.”

5. **“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 (as defined below) all the powers of the Bank to allot, issue and otherwise deal with additional shares of the Bank and to make, issue or grant offers, agreements, options, warrants, rights to subscribe for or convert any securities into shares of the Bank or other securities which would or might require shares in the Bank to be allotted, issued or otherwise dealt with either during or after the Relevant Period;
- (b) the total number of ordinary shares allotted, issued or otherwise dealt with or agreed conditionally or unconditionally to be allotted, issued or otherwise dealt with (whether pursuant to an option, warrant, right to subscribe for or convert or otherwise) by the Directors pursuant to the mandate in paragraph (a) of this Resolution, otherwise than pursuant to:
 - (i) a Rights Issue (as defined below);
 - (ii) any option scheme or similar arrangement for the time being adopted and approved by the shareholders of the Bank for the grant or issue to employees of the Bank and its subsidiaries of options or rights to subscribe for or acquire shares of the Bank;
 - (iii) any scrip dividend or similar arrangement in accordance with the Articles of Association of the Bank; or
 - (iv) the exercise of rights of subscription or conversion under the terms of any existing options, warrants, rights of subscription, convertible securities or similar rights granted or issued by the Bank,

NOTICE OF ANNUAL GENERAL MEETING

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, consolidation or subdivision 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 earliest of:

- (i) the conclusion of the next Annual General Meeting of the Bank;
- (ii) the expiration of the period within which the next Annual General Meeting of the Bank is required by law to be held; and
- (iii) the 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 options, warrants or other securities giving the right to subscribe for shares of the Bank or which are convertible into 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 outside of Hong Kong).”

6. **“THAT:**

- (a) a general mandate be and is hereby unconditionally granted to the Directors of the Bank to exercise during the Relevant Period (as defined below) all the powers of the Bank to buy back ordinary shares of the Bank in accordance with all applicable laws and regulations and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or of any other relevant 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, consolidation or subdivision 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 earliest of:

- (i) the conclusion of the next Annual General Meeting of the Bank;
- (ii) the expiration of the period within which the next Annual General Meeting of the Bank is required by law to be held; and
- (iii) the 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."

7. "THAT, conditional on the passing of the Resolutions in item 5 and item 6 of the Notice of this Meeting, the general mandate granted to the Directors of the Bank to allot, issue and otherwise deal with additional shares of the Bank pursuant to the Resolution set out in item 5 of the Notice of this Meeting be and is hereby extended by the addition thereto of the number of shares of the Bank bought back by the Bank under the authority granted pursuant to the Resolution set out in item 6 of the Notice of this Meeting."

By Order of the Board

Alson LAW Chun-tak

Company Secretary

Hong Kong, 29th March, 2021

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (a) For the purpose of determining the Shareholders who are entitled to attend and vote at the 2021 AGM, the Register of Members of the Bank will be closed from Thursday, 29th April, 2021 to Thursday, 6th May, 2021 (both days inclusive). In order to qualify for attending and voting at the 2021 AGM, all transfer documents accompanied by the relevant share certificates should be lodged for registration with the Bank's Share Registrar, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:00 p.m. on Wednesday, 28th April, 2021.
- (b) A member entitled to attend and vote at the 2021 AGM may appoint one or more proxies to attend and vote in his/her place at the 2021 AGM (or at any adjournment thereof) provided that each proxy is appointed to represent the respective number of shares held by the member as specified in the relevant proxy form. A proxy need not be a member of the Bank.
- (c) To be valid, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney, shall be delivered to the Bank's Share Registrar, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the 2021 AGM or any adjournment thereof (as the case may be). Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned.
- (d) In view of the ever-evolving COVID-19 pandemic situation in Hong Kong, the Bank strongly encourages the Shareholders to appoint the chairman of the 2021 AGM as his/her proxy to vote on the resolutions, instead of attending the 2021 AGM in person, for the sake of the Shareholders' and other participants' health and safety.

Subject to the development of the COVID-19 pandemic, the Bank may be required to change the meeting arrangements for the 2021 AGM at short notice. Shareholders are advised to check the websites of Hong Kong Exchanges and Clearing Limited ("**HKEX**") (www.hkexnews.hk) and the Bank (www.hkbea.com) for further announcement(s) and update(s) on such arrangements and/or further precautionary measures to be taken.

- (e) As set out in the Letter from the Executive Chairman included in the circular to the Shareholders dated 29th March, 2021 (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 2021 AGM. Please refer to the Circular for details of the matters for which the resolutions are concerned.
- (f) The biographical details of all Directors who offer themselves for re-election at the 2021 AGM, the terms of the Staff Share Option Scheme 2021 and an explanatory statement on share buy-back mandate are set out in Appendices 1 to 3 to the Circular, respectively.
- (g) 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 2021 AGM, the meeting will be postponed or adjourned. The Bank will post an announcement on the websites of HKEX and the Bank to notify Shareholders of the date, time and place of the rescheduled meeting.

The 2021 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 EXECUTIVE 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[#] *(Executive Chairman)*
Professor Arthur LI Kwok-cheung* *(Deputy Chairman)*
Dr. Allan WONG Chi-yun** *(Deputy Chairman)*
Mr. Aubrey LI Kwok-sing*
Mr. Winston LO Yau-lai*
Mr. Stephen Charles LI Kwok-sze*
Mr. Adrian David LI Man-kiu[#] *(Co-Chief Executive)*
Mr. Brian David LI Man-bun[#] *(Co-Chief Executive)*
Dr. Daryl NG Win-kong*
Mr. Masayuki OKU*
Dr. the Hon. Rita FAN HSU Lai-tai**
Mr. Meocre LI Kwok-wing**
Dr. the Hon. Henry TANG Ying-yen**
Dr. Delman LEE**
Mr. William Junior Guilherme DOO**
Dr. David MONG Tak-yeung**
Dr. Francisco Javier SERRADO TREPAT*

Registered Office:

10 Des Voeux Road Central
Hong Kong

[#] *Executive Director*

* *Non-executive Director*

** *Independent Non-executive Director*

29th March, 2021

To the Shareholders

Dear Sir or Madam,

INTRODUCTION

The purpose of this Circular is to provide you with information in connection with the convening of the 2021 AGM and explanation in connection with the matters to be dealt with at the 2021 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 2021 AGM is set out on pages 7 to 11 of this Circular.

A proxy form for use at the 2021 AGM is enclosed. Whether or not you are able to attend the 2021 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 54, 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 2021 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 2021 AGM should you so wish.

LETTER FROM THE EXECUTIVE CHAIRMAN

RESOLUTION (1) — RECEIVING THE AUDITED FINANCIAL STATEMENTS

The audited financial statements of the Bank for the year ended 31st December, 2020 together with the Report of the Directors and the Independent Auditor's Report, are set out in the Annual Report 2020 which will be sent to the Shareholders on 29th March, 2021. The Annual Report 2020 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 financial statements have been reviewed by the Audit Committee.

RESOLUTION (2) — RE-APPOINTMENT OF AUDITOR

The Board (which agreed with the view of the Audit Committee) recommended that, subject to the approval of the Shareholders at the 2021 AGM, KPMG be re-appointed as the external auditor of the Bank for 2021.

RESOLUTION (3) — RE-ELECTION OF DIRECTORS

In accordance with Articles 87, 88, 93 and 94 of the Articles of Association, Mr. Adrian David LI Man-kiu ("**Mr. Adrian Li**"), Mr. Brian David LI Man-bun ("**Mr. Brian Li**"), Dr. David MONG Tak-yeung ("**Dr. Mong**") and Dr. Francisco Javier SERRADO TREPAT ("**Dr. Serrado**") shall retire at the 2021 AGM and, being eligible, shall offer themselves for re-election.

Details (including biographies) of the Directors who are proposed to be re-elected at the 2021 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 2021 AGM. The recommendations were made in accordance with the Procedures for Nomination of Directors, and Board Diversity Policy and its objective criteria including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, independence and length of service. A Board Skill Matrix is set out on page 70 of the Corporate Governance Report of the Bank's Annual Report 2020. Biographical details of Directors of the Bank are also available on the Bank's website (www.hkbea.com).

The Nomination Committee has also assessed the independence of all Independent Non-executive Directors ("**INEDs**") of the Bank in particular, Dr. Mong, who will seek re-election as INED at the 2021 AGM. All the INEDs of the Bank satisfy the independence guidelines set out in Rule 3.13 of the Listing Rules and the requirements of the Guidance on Empowerment of INEDs.

Dr. Mong was appointed as an INED of the Bank in January 2021. He is the Chairman and Chief Executive Officer of Shun Hing Group. The Nomination Committee believes that Dr. Mong's extensive experience and industry expertise in, among others, entrepreneurship, innovation, manufacturing, wholesale and retail, will continue bring valuable insights that support the development and growth of the Bank and enhance the diversified representation of the Board. His re-election will continue to benefit the Board, the Bank and its Shareholders as a whole. For Dr. Mong's details (including his position with the Bank, experience and other directorships), please refer to Appendix 1.3 to this Circular.

LETTER FROM THE EXECUTIVE CHAIRMAN

Dr. Mong met the independence criteria set out in Rule 3.13 of the Listing Rules and the Guidance on Empowerment of INEDs. He has provided an annual written confirmation of his independence to the Bank. He 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. He 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. Mong remains independent.

All Directors offering for re-election at the 2021 AGM have provided valuable advice and contributed their respective experience and expertise to the Board and the Bank. In view of the Directors' invaluable experience and their commitment to their roles, the Board believes that their re-elections are in the best interests of the Bank and its Shareholders.

After taking into account the above factors, the Board, on the recommendation of the Nomination Committee, is of the view that Mr. Adrian Li, Mr. Brian Li, Dr. Mong and Dr. Serrado should be re-elected at the 2021 AGM.

Procedures for the appointment and re-election of Directors are disclosed on pages 86 and 88 of the Bank's Annual Report 2020.

RESOLUTION (4) — ADOPTION OF THE STAFF SHARE OPTION SCHEME 2021

The Staff Share Option Scheme 2016 was adopted by the Bank on 19th April, 2016 and will expire on 18th April, 2021. As at the Latest Practicable Date, the Bank has not adopted any share option scheme other than the Staff Share Option Scheme 2016.

It is proposed that, subject to the approval of the Shareholders of its adoption of the Staff Share Option Scheme 2021 at the 2021 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 2021 shall take effect on 6th May, 2021. Operation of the Staff Share Option Scheme 2021 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 2021, 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 2021 for the benefit of the Eligible Persons be adopted at the 2021 AGM. The terms of the Staff Share Option Scheme 2021 are set out in Appendix 2 to this Circular.

LETTER FROM THE EXECUTIVE CHAIRMAN

Under the Staff Share Option Scheme 2016, a total of 24,319,329 options had been granted, out of which no options had been exercised, 100,000 options have lapsed, 2,778,000 options have been cancelled and 21,441,329 options (including vested and unvested options) remain outstanding as at the Latest Practicable Date. The 21,441,329 outstanding options under the Staff Share Option Scheme 2016 are subject to different exercise periods but shall all lapse on 8th April, 2028 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 2016 or any other schemes.

As at the Latest Practicable Date, the Bank has 2,916,587,963 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 adoption of the Staff Share Option Scheme 2021, the number of Shares that may be issued upon exercise of all Options which may be granted under the Staff Share Option Scheme 2021 and options to be granted under any other schemes of the Bank will be 145,829,398 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 2021 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 2021, 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 2021 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 2021

The adoption of the Staff Share Option Scheme 2021 is subject to the following conditions:

- (a) the approval of the Shareholders for the adoption of the Staff Share Option Scheme 2021 at the 2021 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 2021.

LETTER FROM THE EXECUTIVE CHAIRMAN

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 2021 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 2021. Under the terms of the Staff Share Option Scheme 2021, 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 2021 and any other schemes shall not exceed 15 per cent. of the Shares in issue from time to time.

An application will be made to the Stock Exchange for obtaining the approval as mentioned above.

The Staff Share Option Scheme 2021 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 2021 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 2021. The amended terms of the Staff Share Option Scheme 2021 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 2021 has been reviewed by the Remuneration Committee which made recommendation to the Board that the proposal be proposed for Shareholders' approval at the 2021 AGM.

A copy of the rules of the Staff Share Option Scheme 2021 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 2021 AGM and at the 2021 AGM.

RESOLUTIONS (5), (6) AND (7) — GENERAL MANDATES TO ISSUE SHARES AND BUY-BACK SHARES

At the annual general meeting of the Bank held on 24th April, 2020, 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 of the Bank; and (ii) to buy back Shares on the Stock Exchange up to 10% of the number of ordinary shares in issue 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 6th May, 2021 upon the conclusion of the 2021 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 of the Bank; and (ii) to buy back Shares on the Stock Exchange up to 10% of the number of ordinary shares in issue 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 2021 AGM.

Based on the 2,916,587,963 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 291,658,796 Shares.

LETTER FROM THE EXECUTIVE CHAIRMAN

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.

The Board acknowledges the concern of minority Shareholders with respect to 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 3 to this Circular.

Conditional upon the passing of Resolutions (5) and (6), 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 of the Bank bought back by the Bank will also be proposed for approval by the Shareholders at the 2021 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 2021 AGM.

Yours faithfully,

David LI Kwok-po

Executive Chairman

The following are the particulars of the 4 Directors proposed to be re-elected at the 2021 AGM:

1. **Mr. Adrian David LI Man-kiu**, *MA (Cantab), MBA, LPC, JP*
Co-Chief Executive and Member of the Environmental, Social, and Governance Committee

Mr. Li, aged 47, was appointed an Executive Director in 2014. He first joined the Bank in 2000 as General Manager & Head of Corporate Banking Division. He was appointed Deputy Chief Executive in April 2009 and Co-Chief Executive in July 2019, and is responsible for overall management and control of the Bank Group with a particular focus on its Hong Kong Business. He serves on the boards of several Bank Group members as Chairman or Member.

Save as disclosed, Mr. Li does not hold any other positions with the Bank or other members of the Bank Group.

Mr. Li is currently an Independent Non-executive Director of two listed companies under the Sino Group (Sino Land Company Limited (listed in Hong Kong) and Tsim Sha Tsui Properties Limited (listed in Hong Kong)), China State Construction International Holdings Limited (listed in Hong Kong) and COSCO SHIPPING Ports Limited (listed in Hong Kong), and is a Non-executive Director of The Berkeley Group Holdings plc (listed in London). He is also a Member of Mastercard's Asia Pacific Advisory Board. Save as disclosed, Mr. Li has not held any directorships in other listed public companies in the last 3 years.

Mr. Li is a Member of the Anhui Provincial Committee of the Chinese People's Political Consultative Conference and a Counsellor of the Hong Kong United Youth Association. He is Chairman of The Chinese Banks' Association, Vice President of The Hong Kong Institute of Bankers' Council and a Member of the MPF Industry Schemes Committee of the Mandatory Provident Fund Schemes Authority. He is a Board Member of The Community Chest of Hong Kong and serves on its Executive Committee, a Member of the Advisory Board of The Salvation Army, Hong Kong and Macau Command, and a Trustee of The University of Hong Kong's occupational retirement schemes. Furthermore, he serves as a Member of the Election Committees responsible for electing the Chief Executive of the Hong Kong Special Administrative Region ("**HKSAR**") and deputies of the HKSAR to the 13th National People's Congress. He also sits on the Judging Panel of the BAI Global Innovation Awards.

Mr. Li holds a Master of Management Degree from Kellogg School of Management, Northwestern University in the US, and a Master of Arts Degree and Bachelor of Arts Degree in Law from the University of Cambridge in Britain. He is a Member of The Law Society of England and Wales, and The Law Society of Hong Kong. He is also a Member of the Hong Kong Academy of Finance.

Mr. Adrian Li is the son of Dr. the Hon. Sir David LI Kwok-po, the nephew of Professor Arthur LI Kwok-cheung, Mr. Aubrey LI Kwok-sing and Mr. Stephen Charles LI Kwok-sze, and the brother of Mr. Brian David LI Man-bun.

Save as disclosed, Mr. Li does not have any relationship 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.

Mr. Adrian Li is employed as a Co-Chief Executive of the Bank. In accordance with the Articles of Association, Mr. Li shall retire as a Director at the 2021 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\$400,000 per annum and an Environmental, Social, and Governance Committee member's fee of HK\$60,000 per annum. As a Co-Chief Executive of the Bank, Mr. Li receives salaries and allowances of approximately HK\$7.8 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, Mr. Li was interested in 3,200,799 (0.11%) Shares within the meaning of Part XV of the SFO. Of these Shares, Mr. Li was the beneficial owner of 1,095,959 Shares. He made a voluntary disclosure of 2,104,840 Shares indirectly held by a discretionary trust of which he was the settlor/founder but has no influence on how the trustee exercises its discretion. In addition, he has been granted share options to subscribe for 4,399,277 Shares of the Bank pursuant to the Bank's Staff Share Option Schemes.

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. Adrian Li's re-election that need to be brought to the attention of the Shareholders.

2. **Mr. Brian David LI Man-bun**, *JP, MA (Cantab), MBA, FCA*
Co-Chief Executive and Member of the Environmental, Social, and Governance Committee

Mr. Li, aged 46, was appointed an Executive Director in 2014. He first joined the Bank Group in 2002. He was General Manager & Head of Wealth Management Division of the Bank from July 2004 to March 2009. He was appointed Deputy Chief Executive in April 2009 and Co-Chief Executive in July 2019. He is responsible for the overall management and control of the Bank Group with a particular focus on its China and international businesses. He serves on the boards of several Bank Group members as Chairman or as a Member.

Save as disclosed, Mr. Li does not hold any other positions with the Bank or other members of the Bank Group.

Mr. Li is currently an Independent Non-executive Director of Towngas China Company Limited (listed in Hong Kong), Shenzhen Investment Holdings Bay Area Development Company Limited (listed in Hong Kong) and China Overseas Land & Investment Limited (listed in Hong Kong). Save as disclosed, Mr. Li has not held any directorships in other listed public companies in the last 3 years.

Mr. Li holds a number of public and honorary positions, including being a Member of the National Committee of the Chinese People's Political Consultative Conference, a Member of the Chief Executive's Council of Advisers on Innovation & Strategic Development of the Government of the Hong Kong Special Administrative Region, a Council Member of the Hong Kong Trade Development Council, a Director of the Financial Services Development Council, a Member of the Aviation Development and Three-runway System Advisory Committee, and Vice Chairman of the Executive Committee of St. James' Settlement.

He is a Member of the Hong Kong-Europe Business Council, a Member of the Hongkong-Japan Business Co-operation Committee, and a Vice Chairman of the Asian Financial Cooperation Association.

Mr. Li is a Fellow of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. He is also a Member of the Hong Kong Academy of Finance and a Full Member of the Treasury Markets Association. He holds an MBA degree from Stanford University as well as a BA degree from the University of Cambridge.

Mr. Brian Li is the son of Dr. the Hon. Sir David LI Kwok-po, the nephew of Professor Arthur LI Kwok-cheung, Mr. Aubrey LI Kwok-sing and Mr. Stephen Charles LI Kwok-sze, and the brother of Mr. Adrian David LI Man-kiu.

Save as disclosed, Mr. Li does not have any relationship 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.

Mr. Brian Li is employed as a Co-Chief Executive of the Bank. In accordance with the Articles of Association, Mr. Li shall retire as a Director at the 2021 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\$400,000 per annum and an Environmental, Social, and Governance Committee member's fee of HK\$60,000 per annum. As a Co-Chief Executive of the Bank, Mr. Li receives salaries and allowances of approximately HK\$7.8 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, Mr. Li was interested in 3,400,184 (0.12%) Shares within the meaning of Part XV of the SFO. Of these Shares, Mr. Li was the beneficial owner of 2,579,902 Shares. He was deemed to be interested in 820,282 Shares held by Triple Kingdom Limited which is wholly-owned by Mr. Li. In addition, he has been granted share options to subscribe for 3,799,545 Shares of the Bank pursuant to the Bank's Staff Share Option Schemes.

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. Brian Li's re-election that need to be brought to the attention of the Shareholders.

3. **Dr. David MONG Tak-yeung**, *BScEE, DSocSc, DBA, The Order of the Rising Sun, Gold Rays with Neck Ribbon Independent Non-executive Director, Member of the Remuneration Committee and the Environmental, Social, and Governance Committee*

Dr. Mong, aged 58, was appointed a Director in January 2021. He is currently the Chairman and Chief Executive Officer of Shun Hing Group, which has been the exclusive regional representative of a famous brand of home appliances, Panasonic (formerly National), for many decades. He is the President of the Hong Kong & Kowloon Electrical Appliances Merchants Association Limited and a Member of Occupational Safety and Health Council. Save as disclosed, Dr. Mong has not held any directorships in other listed public companies in the last 3 years.

Dr. Mong is an Independent Non-executive Director and the chairman of the nomination committee of Blue Cross (Asia-Pacific) Insurance Limited (“**Blue Cross**”) and an Independent Non-executive Director of BEA Life Limited (“**BEA Life**”), the Bank’s wholly-owned subsidiaries, and an Independent Non-executive Director of Blue Care JV (BVI) Holdings Limited (“**Blue Care**”) which is an 80% owned subsidiary of the Bank.

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

Dr. Mong obtained a Bachelor of Science in Electrical Engineering, University of California, Los Angeles and a Master of Business Administration, Santa Clara University, California. Dr. Mong was conferred Doctoral Degrees of Social Sciences, honoris causa from the University of Hong Kong and Hong Kong Baptist University and Doctoral Degree of Business Administration, honoris causa from Hong Kong Polytechnic University. Dr. Mong is an Honorary Fellow of the University of Hong Kong and the Chinese University of Hong Kong, as well as a Fellow of The Hong Kong Management Association. He was awarded the Order of the Rising Sun, Gold Rays with Neck Ribbon by the Government of Japan.

Dr. Mong does not have any relationship 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. Mong shall retire as a Director at the 2021 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. Mong receives a Director’s fee of HK\$400,000 per annum, a Remuneration Committee member’s fee of HK\$60,000 per annum and an Environmental, Social, and Governance Committee member’s fee of HK\$60,000 per annum. He also receives a fee of HK\$30,000 per annum for being a director of each of Blue Cross, BEA Life, respectively and a fee of HK\$10,000 per annum for being a director of Blue Care.

As at the Latest Practicable Date, Dr. Mong is deemed to be interested in 6,041,926 (0.21%) shares within the meaning of Part XV of the SFO. Of these Shares, 5,306,771 shares are held by Shun Hing Electronic Trading Co., Ltd. and 735,155 shares are held by Shun Hing Technology Co. Ltd. Dr. Mong directly/indirectly controls one-third or more of the voting power at a general meeting of these corporations.

Dr. Mong has met the independence guidelines set out in Rule 3.13 of the Listing Rules and the guidance on Empowerment of INEDs.

There is no information relating to Dr. Mong 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. Mong's re-election that need to be brought to the attention of the Shareholders.

4. Dr. Francisco Javier SERRADO TREPAT

Non-executive Director and Member of the Nomination Committee

Dr. Serrado, aged 62, was appointed a Director in January 2021. He is currently the Asia Regional Manager of Criteria Caixa, S.A., Sociedad Unipersonal (“**Criteria**”) and CaixaBank, S.A., Hong Kong Office which is Criteria’s associate. He possesses extensive knowledge and skills and has more than 34 years of experience in banking and finance-related industries, including about 29 years of experience working in Mainland China. His major responsibilities include overseeing the operations (including establishment) of banking and finance entities of Criteria and CaixaBank S.A. in Mainland China and other regions in Asia. Save as disclosed, Dr. Serrado has not held any directorships in other listed public companies in the last 3 years.

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

Among other academic and professional qualifications, Dr. Serrado holds a PhD degree in Economics from Columbia University; a PhD in Economics from the University of Philippines Diliman; and an MBA degree from The London School of Economics and Political Science. He was awarded the Cross of the Order of Civil Merit (2020) at the behest of His Majesty King Felipe VI of Spain in recognition for his achievements in economic cooperation, investment and trade between the People’s Republic of China and Spain.

Dr. Serrado is an employee of Criteria which is 100% owned by Fundació Bancaria Caixa d’Estalvis i Pensions de Barcelona, “la Caixa” (“**la Caixa**”). Both Criteria and “la Caixa” are Substantial Shareholders of the Bank. Saved as disclosed, Dr. Serrado does not have any relationship with any Directors, Senior Management and other 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. Serrado shall retire as a Director at the 2021 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. Serrado receives a Director’s fee of HK\$400,000 per annum and a Nomination Committee member’s fee of HK\$60,000 per annum.

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

There is no information relating to Dr. Serrado 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. Serrado’s re-election that need to be brought to the attention of the Shareholders.

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 2021

The following are the terms of the Staff Share Option Scheme 2021 to be submitted to the Shareholders for adoption at the 2021 AGM:

1. Purpose of the Staff Share Option Scheme 2021

- 1.1 The Staff Share Option Scheme 2021 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 2021 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 2021

- 2.1 The Staff Share Option Scheme 2021 shall take effect subject to the passing of the necessary resolution to adopt the Staff Share Option Scheme 2021 by the Shareholders in the 2021 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 2021.
- 2.2 If any of the above conditions is not satisfied on or before 6th June, 2021, the Staff Share Option Scheme 2021 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 2021.
- 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 2021 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 2021 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 2021.
- 3.2 The Staff Share Option Scheme 2021 shall be subject to the administration of the Board whose decision (save as otherwise provided in the Staff Share Option Scheme 2021) 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 2021;
 - (b) subject to clauses 4, 5, 6 and 9, determine the persons who will be awarded Options under the Staff Share Option Scheme 2021, 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 2021 as it deems necessary;
 - (e) subject to clause 13, adopt rules and regulations for carrying out the Staff Share Option Scheme 2021;
 - (f) prescribe the form or forms of instruments to be issued as evidence of any Options granted under the Staff Share Option Scheme 2021; and
 - (g) make such other decisions or determinations as it shall deem appropriate in the administration of the Staff Share Option Scheme 2021.

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 2021, 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.
- 5.3 Subject to the provisions of the Staff Share Option Scheme 2021, 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 2021 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 the Business Day after 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 the Business Day after 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 2021 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 in aggregate 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 Option Letter) and shall not be less than the highest of:
- (a) the closing price of a Share as stated in the Stock Exchange's daily quotation 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 under the Staff Share Option Scheme 2021 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 and specified in the Option Letter) 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 or uncertificated 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 and register the Grantee as holder thereof.
- 8.3 Subject as provided in the Staff Share Option Scheme 2021, 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. The determination of whether the Grantee ceases to be an Employee by reason of retirement shall be determined by the Bank in its absolute discretion;

- (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 (i) 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 (ii) 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) to 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 credited as fully paid and register the Grantee as holder thereof. 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) to 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 register 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 shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to other 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, dividend, transfer and other 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 ensuring or facilitating 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 2021 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 2021 (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 2021 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 or lapsed in accordance with the terms of the Staff Share Option Scheme 2021 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 2021 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 2021, no options may be granted under any schemes of the Bank (including the Staff Share Option Scheme 2021) 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 2021 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 or the reduction in the number of the Bank's total issued Shares as a result of share buy-back conducted on the Stock Exchange 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 2021 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 2021 (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 2021

13.1 The Staff Share Option Scheme 2021 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 2021 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 2021 which are of a material nature or any change to the Options granted, except where such alterations take effect automatically under the existing terms of the Staff Share Option Scheme 2021; and
- (c) any change to the authority of the Board in relation to any alteration to the terms of the Staff Share Option Scheme 2021,

provided always that the amended terms of the Staff Share Option Scheme 2021 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 2021 such that the provisions of the Staff Share Option Scheme 2021 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 2021.

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 2021 and in such event, no further Options will be offered but the provisions of the Staff Share Option Scheme 2021 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 2021 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 2021.

16.3 A Grantee shall be entitled to request to be sent 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 or (where applicable) by fax or e-mail, 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, if served by fax or by internet to the e-mail address of the Grantee as notified to the Bank from time to time, shall be deemed to have been served immediately upon despatch; and

(b) by the Grantee shall not be deemed to have been served 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 2021.

- 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 2021 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 2021.
- 16.8 The Staff Share Option Scheme 2021 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 2021 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 of the Bank as at the date of passing the resolution (the “**Share Buy-back Mandate**”). Based on the 2,916,587,963 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 291,658,796 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 financial statements) 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>
2020	:		
	March	19.98	14.82
	April	17.74	15.48
	May	16.40	13.98
	June	19.18	14.00
	July	19.16	16.82
	August	18.64	16.92
	September	17.66	13.80
	October	14.86	13.80
	November	17.22	14.06
	December	17.34	16.32
2021	:		
	January	17.18	16.22
	February	19.10	16.68