
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect about this Prospectus or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Chong Hing Bank Limited, you should immediately hand the Prospectus Documents (as defined herein) to the purchaser or transferee, or to the bank or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

You should read the whole of the Prospectus Documents including the discussions of certain risks and other factors as set out in the paragraph headed "Letter from the Board – Warning of the risks of dealing in the Shares and the Nil Paid Rights" in this Prospectus.

A copy of each of the Prospectus Documents, together with copies of the documents specified in "Appendix IV – General Information – Documents Delivered to the Registrar of Companies", has been registered with the Registrar of Companies in Hong Kong as required by section 38D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Registrar of Companies in Hong Kong, the Stock Exchange and the Securities and Futures Commission in Hong Kong take no responsibility for the contents of any of these documents.

Subject to the granting of listing of, and permission to deal in, the Rights Shares (as defined herein) in both nil-paid and fully-paid forms on the Stock Exchange (as defined herein) and compliance with the stock admission requirements of HKSCC (as defined herein), the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS (as defined herein) with effect from their respective commencement dates of dealings on the Stock Exchange or such other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. You should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

Shareholders with registered addresses in the Excluded Jurisdiction and Beneficial Owners who are resident in the Excluded Jurisdiction should refer to the important information set out in "Letter from the Board – Rights Issue – Non-Qualifying Shareholders". For the entitlement of the PRC Stock Connect Investors in participation of the Rights Issue, please refer to "Letter from the Board – Rights Issue – PRC Stock Connect Investors" in this Prospectus.

The Rights Issue and securities described herein have not been registered under the U.S. Securities Act or the laws of any state in the United States, and may not be offered or sold within the United States, absent registration or an exemption from the registration requirements of the U.S. Securities Act and applicable state laws. There is no intention to register any portion of the Rights Issue or any securities described herein in the United States or to conduct a public offering of securities in the United States. Neither the Prospectus Documents nor any of their copies may be circulated, distributed, forwarded, delivered or redistributed, electronically or otherwise, directly or indirectly, to any U.S. persons (as defined in Regulation S), and may not be relied upon as a basis for any investment decision or for any other purpose by any person within the United States. Any failure to comply with this restriction may constitute a violation of U.S. securities laws.

The Rights Shares (both in nil-paid and fully-paid forms), the PAL(s) and the EAF(s) are being offered outside the United States in reliance on Regulation S. Each purchaser or subscriber of the Rights Shares (both in nil-paid and fully-paid forms), the PAL(s) or the EAF(s) being offered and sold outside the United States will be deemed to have represented and agreed, among other things, that the purchaser or subscriber is acquiring the Rights Shares (both in nil-paid and fully-paid forms), the PAL(s) or the EAF(s) in an offshore transaction meeting the requirements of Regulation S.

Distribution of this Prospectus into jurisdictions other than Hong Kong may be restricted by law. Persons into whose possession this Prospectus comes should inform themselves of and observe any such restrictions. This Prospectus is not for release, publication or distribution, directly or indirectly, in or into the United States. This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, any Rights Shares in their nil-paid form or fully paid form or to take up any entitlements to the Rights Shares in their nil-paid or fully paid form in any jurisdiction in which such an offer or solicitation is unlawful.



RIGHTS ISSUE OF UP TO 361,313,000 RIGHTS SHARES AT THE SUBSCRIPTION PRICE OF HK\$14.26 PER RIGHTS SHARE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO SHARES HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS



Financial Advisers to the Rights Issue

The latest time for acceptance of, and payment for, the Rights Shares is 4:00 p.m. on Friday, 14 September 2018. The procedure for acceptance and payment for or transfer of the Rights Shares is set out in "Letter from the Board – Rights Issue – Procedures for Acceptance or Transfer".

The Rights Issue is on a non-underwritten basis. Pursuant to the Articles (as defined below) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as defined below), there are no requirements for minimum levels of subscription. Subject to fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level.

The Shares have been dealt in on an ex-rights basis from Thursday, 23 August 2018. Dealings in the Nil Paid Rights are expected to take place from 9:00 a.m. on Tuesday, 4 September 2018 to 4:00 p.m. on Tuesday, 11 September 2018 (both days inclusive). The Rights Issue is conditional upon the fulfilment of the conditions as set out in "Letter from the Board – Rights Issue – Conditions of the Rights Issue". If any of those conditions is not fulfilled or becomes incapable of fulfilment on or prior to the Latest Time for Termination, the Rights Issue will not proceed. Any dealings in the Shares during the period from the date hereof to the latest time at which all the conditions to which the Rights Issue is subject are fulfilled, which is currently expected to be 5:00 p.m. on Monday, 17 September 2018, or in the Rights Shares during the period in which they may be traded in their nil-paid form, will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Any Shareholders or other persons contemplating selling or purchasing the Shares and/or the Nil Paid Rights during such periods are advised to exercise caution when dealing in the Shares and/or the Nil Paid Rights and if they are in doubt about their position, they are recommended to consult their own professional advisers.

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The Shares have been dealt in on an ex-rights basis from Thursday, 23 August 2018 and that the Nil Paid Rights are expected to be dealt from 9:00 a.m. on Tuesday, 4 September 2018 to 4:00 p.m. on Tuesday, 11 September 2018 (both days inclusive). Such dealings will take place when the conditions of the Rights Issue remain unfulfilled.

Any Shareholders or other persons dealing in the Shares up to the latest time at which all the conditions to which the Rights Issue is subject are fulfilled, which is expected to be 5:00 p.m. on Monday, 17 September 2018, and any persons dealing in the Nil Paid Rights from 9:00 a.m. on Tuesday, 4 September 2018 to 4:00 p.m. on Tuesday, 11 September 2018 (both days inclusive), will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed and should exercise caution.

Any Shareholder or other person who is in any doubt about his/her/its position is recommended to consult his or her own professional adviser.

EXCEPT AS OTHERWISE SET OUT IN THIS PROSPECTUS, THE RIGHTS ISSUE IS NOT BEING MADE TO SHAREHOLDERS, BENEFICIAL OWNERS OR INVESTORS IN THE EXCLUDED JURISDICTION. This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the Nil Paid Rights or Rights Shares or to take up any entitlements to the Nil Paid Rights or Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. None of the Nil Paid Rights, the Rights Shares, this Prospectus, the PAL and the EAF will be registered under the securities laws of the Excluded Jurisdiction and none of the Nil Paid Rights, the Rights Shares, this Prospectus, the PAL and the EAF will qualify for distribution under any of the relevant securities laws of the Excluded Jurisdiction (other than pursuant to any applicable exceptions as agreed by the Bank). Accordingly, the Nil Paid Rights and the Rights Shares may not be offered, sold, pledged, taken up, resold, renounced, transferred or delivered, directly or indirectly, into or within the Excluded Jurisdiction absent registration or qualification under the respective securities laws of such Excluded Jurisdiction, or exemption from the registration or qualification requirement under applicable rules of such Excluded Jurisdiction.

Shareholders with registered addresses in the Excluded Jurisdiction and Shareholders and Beneficial Owners who are resident in the Excluded Jurisdiction should refer to “*Letter from the Board – Rights Issue – Non-Qualifying Shareholders*”.

Each person acquiring the Nil Paid Rights and/or Rights Shares under the Rights Issue will be required to confirm, or be deemed by his/her/its acquisition of the Nil Paid Rights and/or Rights Shares to confirm, that he/she/it is aware of the restrictions on offers and sales of Nil Paid Rights and/or Rights Shares as described in this Prospectus.

NOTICE TO PRC STOCK CONNECT INVESTORS

The PRC Stock Connect Investors can participate in the Rights Issue through ChinaClear. ChinaClear will provide nominee services for the PRC Stock Connect Investors to (i) sell (in full or in part) their Nil Paid Rights on the Stock Exchange; and/or (ii) subscribe (in full or in

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part) for their pro-rata entitlement in respect of Shares held on the Record Date under the Rights Issue in accordance with the relevant laws and regulations. However, ChinaClear will not provide services relating to excess Rights Shares under the Rights Issue, and the PRC Stock Connect Investors are not permitted to purchase any other Nil Paid Rights.

The PRC Stock Connect Investors cannot sell or subscribe for Rights Shares until after the Bank completes its filing with the CSRC.

NOTICE TO INVESTORS IN AUSTRALIA

This Prospectus does not constitute a prospectus or other disclosure document under Part 6D.2 of the Corporations Act 2001 of the Commonwealth of Australia (the “**Corporations Act**”) nor does it constitute a product disclosure statement under Part 7.9 of the Corporations Act. This Prospectus has not been and will not be lodged with the Australian Securities and Investments Commission (“**ASIC**”). Accordingly, this Prospectus may not contain all of the information which would otherwise be required by Australian law to be disclosed in a disclosure document or product disclosure statement prepared in accordance with the Corporations Act and ASIC does not take any responsibility for its contents. This Prospectus is only being made available to existing investors in the Bank in circumstances which fall within ASIC Corporations (Foreign Rights Issues) Instrument 2015/356 or which otherwise do not require disclosure under the Corporations Act. This Prospectus does not constitute an offer to any other person or to the public generally in Australia. No action has been taken which would permit any public offering of Shares in the Bank in Australia. The distribution of this Prospectus in Australia may be restricted by law and any failure to comply with such restrictions may constitute a violation of applicable securities laws. If you are in doubt about the contents of this Prospectus, you should obtain independent professional advice.

The Bank is not licensed in Australia to provide financial product advice in respect of the Rights Shares offered by the Bank. There is no cooling off period in respect of the Bank’s Rights Shares offered.

NOTICE TO INVESTORS IN CANADA

Neither the Nil Paid Rights nor the Rights Shares may be distributed, directly or indirectly, in any province or territory of Canada or to or for the benefit of any resident of any province or territory of Canada except pursuant to an exemption from the requirement to file a prospectus or rights offering circular with regulatory bodies in the province or territory of Canada in which the offer or sale is made and as agreed by the Bank. This Prospectus is being provided to persons resident in Canada for information purposes only. RIGHTS SHARES WHICH WOULD OTHERWISE HAVE BEEN ALLOTTED TO PERSONS RESIDENT IN CANADA WILL BE SOLD AND THE NET PROCEEDS IN EXCESS OF HK\$100 WILL BE PAID TO SUCH SHAREHOLDERS.

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This Prospectus should not be construed as legal, financial or tax advice to any individual, as each individual's circumstances are different. Investors should consult with their own professional advisors regarding their particular circumstances.

This Prospectus is not, and under no circumstances is to be construed as, a prospectus, an advertisement or a public offering of the Nil Paid Rights or the Rights Shares described herein in any province or territory of Canada. No securities commission or similar authority in Canada has reviewed or in any way passed upon this Prospectus or the merits of the Nil Paid Rights or the Rights Shares, and any representation to the contrary is an offence.

NOTICE TO INVESTORS IN JAPAN

The Nil Paid Rights and the Rights Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan, as amended (the "FIEA"). This Prospectus is not an offer of securities for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organised under the laws of Japan) or to others for re-offer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements under the FIEA and otherwise in compliance with such law and any other applicable laws, regulations and ministerial guidelines of Japan.

The solicitation of offer for acquisition of the Nil Paid Rights and Rights Shares described in this Prospectus is made to less than 50 persons who are Japanese residents, so, in reliance upon the requirements provided in Article 2, paragraph 3, item 2 (iii) of the FIEA, no registration statement has been or will be filed with respect to the Nil Paid Rights and Rights Shares under Article 4, paragraph 1 of the FIEA.

A holder of the Nil Paid Rights is prohibited from transferring the Nil Paid Rights in Japan or to a person who is a Japanese resident, unless he or she transfers all of his or her Nil Paid Rights to another person in one batch.

The above statements are considered to satisfy the requirements provided in Article 23-13, paragraph 4 of the FIEA.

NOTICE TO INVESTORS IN MACAU

The Nil Paid Rights and the Rights Shares are not required to be registered with the Macau Monetary Authority or with any other authority under the laws and regulations of Macau and this Prospectus may be despatched to Overseas Shareholders with registered addresses in Macau without any restrictions. In view of this, the Directors have decided to extend the Rights Issue to Overseas Shareholders with registered addresses in Macau, and such Overseas Shareholders are Qualifying Shareholders.

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NOTICE TO INVESTORS IN PANAMA

The Nil Paid Rights and the Rights Shares are not required to be registered with the Superintendence of Securities Markets of Panama under the laws and regulations of Panama and this Prospectus may be despatched to Overseas Shareholders with registered addresses in Panama without any restrictions, provided that this Prospectus and other documents related to the Rights Issue are delivered to Overseas Shareholders with registered address in Panama under Private Placement and/or Corporate Transfers securities offering registration exemptions, as provided by Articles 129 (ii) and 129 (iv) of Panama's Unified Text of Law Decree 1 of 1999, as amended and restated, and that the Nil Paid Rights and Rights Shares are not offered publicly in Panama. In view of the above, the Directors have decided to extend the Rights Issue to Overseas Shareholders with registered addresses in Panama, and such Overseas Shareholders are Qualifying Shareholders.

NOTICE TO INVESTORS IN THE PRC

If a Shareholder resident in the PRC wishes to invest in the Rights Shares (both in their nil-paid and fully-paid forms), it shall be responsible for complying with relevant laws of the PRC. The Bank will not be responsible for verifying the PRC legal qualification of such Shareholder and thus, should the Bank suffer any losses and damages due to non-compliance with the relevant laws of the PRC by any such Shareholder, the Shareholder shall be responsible to compensate the Bank for the same. The Bank shall not be obliged to issue the Rights Shares (both in their nil-paid and fully-paid forms) to any such Shareholder, if the Bank, in its absolute discretion, is satisfied that issuing the Rights Shares (both in their nil-paid and fully-paid forms) to such Shareholder does not comply with the relevant laws of the PRC.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

Neither this Prospectus nor any other document relating to the Rights Issue has been delivered for approval to the Financial Conduct Authority in the United Kingdom. No prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (“**FSMA**”)) has been published or is intended to be published in relation to the Rights Issue. Accordingly the Nil Paid Rights and the Rights Shares referred to in this Prospectus may not be, and are not being, offered to the public in the United Kingdom under section 85(1) FSMA except in circumstances where section 86(1) FSMA applies. Any Shareholder or Beneficial Owner in the United Kingdom who takes up Rights Shares shall be deemed to represent and warrant that he/she/it is not taking up those Rights Shares on behalf of other persons in the United Kingdom. This Prospectus should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

This Prospectus is not a financial promotion to which section 21(1) FSMA applies since article 43 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”), as amended, removes the financial promotion restriction from communications (which are communicated by a body corporate to its members) which relates to shares in the

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share capital of the body corporate. The investments to which this Prospectus relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, persons (i) who fall within article 43 of the Order, as amended, or (ii) to whom it may otherwise be lawfully communicated (the “**relevant persons**”). Any person who is not a relevant person should not act or rely on this Prospectus or any of its contents.

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA (“EEA”)

In relation to the EEA States that have implemented the European Union’s Directive 2003/71/EC (and any amendments thereto, including those made by Directive 2010/73/EU) (the “**Prospectus Directive**”) (each, a “**relevant member state**”), with effect from and including the date on which the Prospectus Directive was implemented in that relevant member state (the “**relevant implementation date**”), no Shares, Nil Paid Rights or fully paid Rights Shares have been offered or will be offered pursuant to the Rights Issue to the public in that relevant member state prior to the publication of a prospectus in relation to the Shares, Nil Paid Rights and fully paid Rights Shares which has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in the relevant member state, all in accordance with the Prospectus Directive, except that with effect from and including the relevant implementation date, offers of Shares, Nil Paid Rights and fully paid Rights Shares may be made to the public in that relevant member state at any time under the following exemptions under the Prospectus Directive, if they are implemented in that relevant member state:

- (a) to any legal entity which is a qualified investor, as defined in the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in such relevant member states; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Shares, Nil Paid Rights and fully paid Rights Shares shall result in a requirement for the publication by the Bank of a prospectus pursuant to Article 3 of the Prospectus Directive.

For this purpose, the expression “an offer of any Shares, Nil Paid Rights and fully paid Rights Shares to the public” in relation to any Shares, Nil Paid Rights and fully paid Rights Shares in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the Rights Issue and any Shares, Nil Paid Rights and fully paid Rights Shares to be offered so as to enable an investor to decide to subscribe for or acquire any Shares, Nil Paid Rights and fully paid Rights Shares, as the same may be varied in that relevant member state by any measure implementing the Prospectus Directive in that relevant member state.

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NOTICE TO INVESTORS IN THE UNITED STATES

The Prospectus Documents, the Nil Paid Rights and the Rights Shares have not been and will not be registered under the U.S. Securities Act or securities laws of any state or other jurisdiction of the United States and may not be offered, sold, allotted, taken up, exercised, resold, renounced, pledged, transferred or delivered, directly or indirectly, in or into the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer of the Prospectus Documents, the Nil Paid Rights or the Rights Shares in the United States.

The Prospectus Documents, the Nil Paid Rights and the Rights Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Rights Issue, the Prospectus Documents, the Nil Paid Rights or the Rights Shares or the accuracy or adequacy of any of the Prospectus Documents. Any representation to the contrary is a criminal offence in the United States.

Subject to certain exceptions, none of the Prospectus Documents constitutes or will constitute, or forms or will form, part of any offer to sell or invitation to issue, purchase or acquire the Nil Paid Rights or the Rights Shares to any person with a registered address, or who is located, in the United States. The Nil Paid Rights and the Rights Shares are being offered outside the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Nil Paid Rights and the Rights Shares, any offer, sale or transfer of the Nil Paid Rights or the Rights Shares in or into the United States by a dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the U.S. Securities Act.

REPRESENTATIONS AND WARRANTIES

Each purchaser of the Nil Paid Rights or subscriber for the Rights Shares will be deemed (by accepting delivery of this Prospectus) to have agreed and given each of the following representations and warranties to the Bank and to any person acting on their behalf, unless in their sole discretion the Bank waive such requirement expressly in writing:

- (i) he/she/it was a Qualifying Shareholder as at 5:00 p.m. on the Record Date, or he/she/it lawfully acquired or may lawfully acquire the Nil Paid Rights, directly or indirectly, from such a person;
- (ii) he/she/it may lawfully be offered, take up, obtain, subscribe for and receive the Nil Paid Rights and/or the Rights Shares in the jurisdiction in which he/she/it resides or is currently located;

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- (iii) he/she/it is not resident or located in, or a citizen of, the United States;
- (iv) he/she/it is not accepting an offer to acquire or take up the Nil Paid Rights or Rights Shares on a non-discretionary basis for a person who is resident or located in, or a citizen of, the United States at the time the instruction to accept was given;
- (v) he/she/it is not taking up for the account of any person who is located in the United States, unless (a) the instruction to purchase or take up the Nil Paid Rights or to subscribe for or accept Rights Shares was received from a person outside the United States and (b) the person giving such instruction has confirmed that it (1) has the authority to give such instruction and (2) either (A) has investment discretion over such account or (B) is an investment manager or investment company that is acquiring the Nil Paid Rights and/or the Rights Shares in an “offshore transaction” within the meaning of Regulation S;
- (vi) he/she/it is acquiring the Nil Paid Rights and/or the Rights Shares in an “offshore transaction” as defined in Regulation S;
- (vii) he/she/it has not been offered the Rights Shares by means of any “directed selling efforts” as defined in Regulation S;
- (viii) he/she/it is not acquiring the Nil Paid Rights or Rights Shares with a view to the offer, sale, allotment, take up, exercise, resale, renouncement, pledge, transfer, delivery or distribution, directly or indirectly, of such Nil Paid Rights or Rights Shares into the United States; and
- (ix) he/she/it understands that neither the Nil Paid Rights nor the Rights Shares have been or will be registered under the U.S. Securities Act or with any securities regulatory authority of any state, territory, or possession of the United States and the Nil Paid Rights and Rights Shares are being distributed and offered only outside the United States in reliance on Regulation S. Consequently he/she/it understands the Nil Paid Rights or Rights Shares may not be offered, sold, allotted, taken up, exercised, resold, renounced, pledged, delivered, distributed or otherwise transferred in or into the United States, except in reliance on an exemption from, or in transactions not subject to, the registration requirements of the U.S. Securities Act.

For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the representations and warranties above.

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FORWARD-LOOKING STATEMENTS

All statements in this Prospectus other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements may be identified by the use of words such as “might”, “may”, “could”, “would”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue”, “illustration”, “projection” or similar expressions and the negative thereof. Forward-looking statements in this Prospectus include, without limitation, statements in respect of the Group’s business strategies, product offerings, market position, competition, financial prospects, performance, liquidity and capital resources, as well as statements regarding trends in the relevant industries and markets in which the Group operates, technological advances, financial and economic developments, legal and regulatory changes and their interpretation and enforcement.

The forward-looking statements in this Prospectus are based on management’s present expectations about future events. Management’s present expectations reflect many assumptions regarding the Group’s strategy, operations, industry, developments in the credit and other financial markets and trading environment. By their nature, they are subject to known and unknown risks and uncertainties, which could cause actual results and future events to differ materially from those implied or expressed by forward-looking statements. Should one or more of these risks or uncertainties materialise, or should any assumptions underlying forward-looking statements prove to be incorrect, the Group’s actual results could differ materially from those expressed or implied by forward-looking statements. Additional risks not known to the Group or that the Group does not currently consider material could also cause the events and trends discussed in this Prospectus not to occur, and the estimates, illustrations and projections of financial performance not to be realised.

Prospective investors are cautioned that forward-looking statements speak only as at the date of publication of this Prospectus. Except as required by applicable law, the Group does not undertake, and expressly disclaims, any duty to revise any forward-looking statement in this Prospectus, be it as a result of new information, future events or otherwise.

DEFINITIONS

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

“2020 Subordinated Notes”	US\$204.024 million 6% Subordinated Notes due 2020 issued by the Bank on 5 November 2010 and listed on the Stock Exchange (Stock Code: 04327)
“2027 Subordinated Notes”	US\$382.903 million 3.876% Tier 2 Subordinated Notes due 2027 issued by the Bank on 26 July 2017 and listed on the Stock Exchange (Stock Code: 05249)
“75% Threshold”	the threshold of 75% of total number of issued Shares calculated based on (i) the aggregate of (a) the number of Rights Shares being validly accepted and (b) the Rights Shares subject to valid excess applications, or (ii) in the event of full subscription or over-subscription of Rights Shares, the number of all Rights Shares
“Acceptance Date”	Friday, 14 September 2018
“Additional Tier 1 Capital Securities”	US\$300 million Undated Non-Cumulative Subordinated Additional Tier 1 Capital Securities issued by the Bank on 25 September 2014 and listed on the Stock Exchange (Stock Code: 05804)
“Announcement”	the announcement of the Bank dated 14 August 2018 relating to the Subscription and the Rights Issue
“Articles”	the articles of association of the Bank, as amended from time to time
“associate”	has the meaning ascribed to it in the Listing Rules
“Bank”, “we” or “us”	Chong Hing Bank Limited, a limited liability company incorporated in Hong Kong, the Shares (Stock Code: 01111) and debt securities (Stock Codes: 04327 and 05249) and capital securities (Stock Code: 05804) of which are listed on the Stock Exchange
“Banking (Capital) Rules”	the Banking (Capital) Rules (Chapter 155L of the Laws of Hong Kong), as amended from time to time
“Banking Ordinance”	the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), as amended from time to time

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“Beneficial Owner”	any beneficial owner of Shares whose Shares are registered in the name of a Registered Owner
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday and Sunday, or a day on which a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.) on which licensed banks are open for normal banking business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted by HKSCC to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted by HKSCC to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“ChinaClear”	China Securities Depository and Clearing Corporation Limited
“Chong Hing Insurance”	Chong Hing Insurance Company Limited, a wholly-owned subsidiary of the Bank
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time
“connected person”	has the meaning ascribed to it under the Listing Rules

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“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“CSRC”	the China Securities Regulatory Commission
“CSRC Notice”	the notice of the CSRC titled “Filing Requirements for Hong Kong Listed Issuers Making Rights Issues to Mainland Shareholders through Mainland–Hong Kong Stock Connect” (《關於港股通下香港上市公司向境內原股東配售股份的備案規定》) (Announcement [2016] No. 21)
“Director(s)”	the director(s) of the Bank
“EAF(s)”	the excess application form(s) issued to the Qualifying Shareholders (other than the PRC Stock Connect Investors) in respect of applications for excess Rights Shares in connection with the Rights Issue
“Excluded Jurisdiction”	Canada, being the jurisdiction in respect of which the Directors have determined, in accordance with Rule 13.36(2)(a) of the Listing Rules, that it is necessary or expedient not to offer Rights Shares to Shareholders in such jurisdiction on account either of the legal restrictions under the laws of such jurisdiction or the requirements of a relevant regulatory body or stock exchange in such jurisdiction
“Group”	the Bank and its subsidiaries
“Guangzhou Yue Xiu Holdings”	Guangzhou Yue Xiu Holdings Limited* (廣州越秀集團有限公司), a limited liability company established in the PRC which is beneficially wholly-owned by the Guangzhou Municipal People’s Government of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKMA”	Hong Kong Monetary Authority
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Intermediary”	in relation to a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means the Beneficial Owner’s broker, custodian, nominee or other relevant person who is a CCASS Participant or who has deposited the Beneficial Owner’s Shares with a CCASS Participant
“Irrevocable Undertaking”	the irrevocable undertaking given by Yue Xiu Enterprises and Yuexiu Financial Holdings in favour of the Bank to take up (in the case of Yuexiu Financial Holdings) or procure Yuexiu Financial Holdings to take up (in the case of Yue Xiu Enterprises) the Undertaken Shares to be provisionally allotted to Yuexiu Financial Holdings
“Last Trading Day”	Monday, 13 August 2018, being the last full trading day of the Shares on the Stock Exchange immediately prior to the publication of the Announcement
“Latest Practicable Date”	27 August 2018, being the latest practicable date prior to the printing of this Prospectus for ascertaining certain information contained in this Prospectus
“Latest Time for Termination”	5:00 p.m. on Monday, 17 September 2018
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nil Paid Rights”	rights to subscribe for Rights Shares (in the form of Rights Shares in nil-paid form) before the Subscription Price is paid
“Non-Qualifying Shareholder(s)”	those Shareholder(s) whose registered address(es) as shown on the register of members of the Bank at 5:00 p.m. on the Record Date was/were in the Excluded Jurisdiction, and any Shareholder(s) and Beneficial Owner(s) of Shares who is/are otherwise known to the Bank to be resident in the Excluded Jurisdiction

DEFINITIONS

“Overseas Shareholder(s)”	those Shareholder(s) whose name(s) appeared on the register of members of the Bank at 5:00 p.m. on the Record Date and whose address(es) as shown on such register was/were in a place(s) outside Hong Kong, and any Shareholder(s) and Beneficial Owner(s) at that time who is/are otherwise known to the Bank to be resident in a place(s) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) issued to the Qualifying Shareholders in respect of their assured entitlements in connection with the Rights Issue
“PRC”	the People’s Republic of China, which for the purpose of this Prospectus excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“PRC Stock Connect Investor(s)”	the PRC southbound trading investor(s) through Shanghai-Hong Kong Stock Connect who hold Shares through ChinaClear as nominee
“Prospectus”	this prospectus issued by the Bank in connection with the Rights Issue
“Prospectus Documents”	this Prospectus, the PAL and the EAF
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appeared on the register of members of the Bank at 5:00 p.m. on the Record Date
“Record Date”	Thursday, 30 August 2018
“Registered Owner”	in respect of a Beneficial Owner, means a nominee, trustee, depository or any other authorised custodian or third party which is the registered holder in the register of members of the Bank of the Shares in which the Beneficial Owner is beneficially interested
“Registrar”	the Bank’s share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Regulation S”	Regulation S under the U.S. Securities Act

DEFINITIONS

“Rights Issue”	the proposed issue of the Rights Shares by the Bank at the Subscription Price on the basis of one Rights Share for every two Shares held on the Record Date, payable in full on acceptance and subject to the terms set out in the Prospectus Documents
“Rights Share(s)”	the new Share(s) proposed to be allotted and issued under the Rights Issue
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Shanghai-Hong Kong Stock Connect”	the securities trading and clearing links programme developed by Hong Kong Exchanges and Clearing Limited, Shanghai Stock Exchange and ChinaClear
“Share(s)”	ordinary share(s) in the capital of the Bank
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Guangzhou Metro Investment Finance (HK) Limited (廣州地鐵投融資(香港)有限公司), a limited liability company incorporated in Hong Kong
“Subscription”	the subscription for 70,126,000 Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 14 August 2018 and entered into between the Bank and Subscriber in relation to the subscription of 70,126,000 Shares
“Subscription Price”	the subscription price of HK\$14.26 per Rights Share pursuant to the Rights Issue
“subsidiary”	has the meaning ascribed to it under the Companies Ordinance
“U.K.” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland

DEFINITIONS

“U.S.” or “United States”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“U.S. Securities Act”	the U.S. Securities Act of 1933, as amended
“US\$”	United States dollar, the lawful currency of the United States
“Undertaken Shares”	244,687,500 Rights Shares to be subscribed for by Yuexiu Financial Holdings pursuant to the Irrevocable Undertaking
“Waived Excess Shares”	such excess Rights Shares (rounded up to the nearest integral multiples of a board lot) that will result in Yuexiu Financial Holdings’ shareholding in the Bank exceeding the 75% Threshold and the Bank failing to comply with the public float requirement under Rule 8.08 of the Listing Rules
“Waived Pro Rata Entitlement Shares”	such Undertaken Shares (rounded up to the nearest integral multiples of a board lot) that will result in Yuexiu Financial Holdings’ shareholding in the Bank exceeding the 75% Threshold and the Bank failing to comply with the public float requirement under Rule 8.08 of the Listing Rules
“Yue Xiu Enterprises”	Yue Xiu Enterprises (Holdings) Limited (越秀企業(集團)有限公司), a limited liability company incorporated in Hong Kong which is wholly-owned by Guangzhou Yue Xiu Holdings
“Yuexiu Financial Holdings”	Yuexiu Financial Holdings Limited (越秀金融控股有限公司), a limited liability company incorporated in Hong Kong which is wholly-owned by Yue Xiu Enterprises and is the controlling shareholder of the Bank
“Yuexiu Group”	Guangzhou Yue Xiu Holdings and its subsidiaries from time to time (excluding the Group)

DEFINITIONS

“Yuexiu Property”	Yuexiu Property Company Limited (越秀地產股份有限公司), a limited liability company incorporated in Hong Kong and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00123) and which is a connected person of the Bank
“Yuexiu Transport Infrastructure”	Yuexiu Transport Infrastructure Limited (越秀交通基建有限公司), a limited liability company incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 01052), and which is a connected person of the Bank
“%”	per cent.

* *For identification purposes only*

In this Prospectus, unless the context otherwise requires, any reference to the singular includes the plural and *vice versa* and any reference to a gender includes a reference to the other gender and the neuter.

For the purpose of this Prospectus, translations of HK\$ into RMB or vice versa have been calculated by using an exchange rate of HK\$1.15 equal to RMB1, and translations of HK\$ into US\$ or vice versa have been calculated by using an exchange rate of HK\$7.85 equal to HK\$1. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at these or any other rates or at all.

If there is any inconsistency between the Chinese names of the entities, companies or legal entities incorporated in the PRC mentioned in this Prospectus and their English translations, the Chinese names shall prevail. The English translations of the Chinese names of such entities, companies or legal entities are provided for illustration purposes only.

SUMMARY OF THE RIGHTS ISSUE

The following information is derived from, and should be read in conjunction with, the full text of this Prospectus:

Basis of Rights Issue:	One Rights Share for every two existing Shares held at 5:00 p.m. on the Record Date
Number of Shares in issue on the Record Date:	722,626,000 Shares
Number of Rights Shares to be issued:	Up to 361,313,000 Rights Shares
Number of issued Shares as enlarged upon completion of the Rights Issue:	Up to 1,083,939,000 Shares
Subscription Price:	HK\$14.26 per Rights Share
Excess applications:	Qualifying Shareholders (other than the PRC Stock Connect Investors) may apply for Rights Shares in excess of their provisional allotments.
Status:	The Rights Shares, when allotted, issued and fully paid, will rank <i>pari passu</i> in all respects among themselves and with the Shares then in issue. Following issuance of the fully paid Rights Shares, holders of the fully paid Rights Shares will be entitled to receive all future dividends and distributions the record dates of which are on or after the date of issue of the fully paid Rights Shares, including the Bank's 2018 interim cash dividend of HK\$0.17 per Share for the six months ended 30 June 2018 as announced by the Bank on 14 August 2018.
Latest time for payment and acceptance:	4:00 p.m. on Friday, 14 September 2018
Amount to be raised by the Rights Issue before expenses:	Up to approximately HK\$5.15 billion

EXPECTED TIMETABLE

EXPECTED TIMETABLE FOR THE RIGHTS ISSUE

Latest time for lodging transfers of Shares and related documents in order to qualify for the Rights Issue.	4:30 p.m. on Friday, 24 August 2018
Register of members closes.	Monday, 27 August 2018 to Thursday, 30 August 2018 (both days inclusive)
Record Date	Thursday, 30 August 2018
Despatch of the Prospectus Documents	Friday, 31 August 2018
Register of members re-opens	Friday, 31 August 2018
Dealings in Nil Paid Rights commence	9:00 a.m. on Tuesday, 4 September 2018
Latest time for splitting of Nil Paid Rights	4:30 p.m. on Thursday, 6 September 2018
Dealings in Nil Paid Rights close	4:00 p.m. on Tuesday, 11 September 2018
Latest time for payment for and acceptance of Rights Shares and the application and payment for excess Rights Shares.	4:00 p.m. on Friday, 14 September 2018
Latest Time for Termination.	5:00 p.m. on Monday, 17 September 2018
Announcement of results of acceptances of and excess applications for the Rights Issue	Friday, 21 September 2018
Despatch of refund cheques for wholly and partially unsuccessful excess applications on or before	Monday, 24 September 2018
Despatch of share certificates for Rights Shares on or before	Monday, 24 September 2018
Dealings in fully paid Rights Shares commence	9:00 a.m. on Wednesday, 26 September 2018

EXPECTED TIMETABLE

Register of members closes⁽¹⁾ Thursday, 27 September 2018

Register of members re-opens Friday, 28 September 2018

Notes:

- (1) The register of members of the Bank will be closed on Thursday, 27 September 2018 to ascertain the Shareholders who are entitled to receive the 2018 interim cash dividend. In order to qualify for the 2018 interim cash dividend, all transfer documents along with relevant share certificates must be lodged for registration with the Registrar by not later than 4:30 p.m. on Wednesday, 26 September 2018. Further details of the closure of register of members in relation to the 2018 interim cash dividend are set out in the interim results announcement of the Bank dated 14 August 2018.
- (2) Shareholders should note that the dates or deadlines specified in the expected timetable of the Rights Issue as set out above, and in other parts of this Prospectus, are indicative only and may be subject to changes. In the event any special circumstances arise, the Board may extend, or make adjustment to, the timetable if it considers it appropriate. The Bank will make an announcement to notify Shareholders and the Stock Exchange of any such extension or adjustment to the expected timetable.
- (3) All times and dates in this Prospectus refer to Hong Kong local times and dates.

EFFECT OF BAD WEATHER ON LATEST TIME FOR ACCEPTANCE OF, AND PAYMENT FOR, RIGHTS SHARES AND EXCESS RIGHTS SHARES

The latest time for acceptance of, and payment for, the Rights Shares and for application of, and payment for, excess Rights Shares will not take place as shown in “*Expected Timetable for the Rights Issue*” above if there is a “black” rainstorm warning or a tropical cyclone warning signal no. 8 or above in force in Hong Kong:

- (i) at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 14 September 2018. Instead, the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) at any local time between 12:00 noon and 4:00 p.m. on Friday, 14 September 2018. Instead, the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the next following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place at 4:00 p.m. on Friday, 14 September 2018, the dates as shown in “*Expected Timetable for the Rights Issue*” above may be affected. The Bank will notify Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

LETTER FROM THE BOARD



Executive Directors

Mr. ZONG Jianxin (*Deputy Chairman and
Chief Executive*)
Mr. LAU Wai Man (*Deputy Chief Executive*)

Non-executive Directors

Mr. ZHANG Zhaoxing (*Chairman*)
Mr. LI Feng
Mr. CHOW Cheuk Yu Alfred *BBS, JP*
Ms. CHEN Jing

Independent Non-executive Directors

Mr. CHENG Yuk Wo
Mr. MA Chiu Cheung Andrew
Mr. LEE Ka Lun
Mr. YU Lup Fat Joseph

Registered Office

Ground Floor
Chong Hing Bank Centre
24 Des Voeux Road Central
Hong Kong

31 August 2018

*To the Qualifying Shareholders, and, for information only,
certain Non-Qualifying Shareholders*

Dear Sir or Madam,

**RIGHTS ISSUE OF UP TO 361,313,000 RIGHTS SHARES
AT THE SUBSCRIPTION PRICE OF HK\$14.26 PER RIGHTS SHARE
ON THE BASIS OF ONE RIGHTS SHARE FOR
EVERY TWO SHARES HELD ON THE RECORD DATE
ON A NON-UNDERWRITTEN BASIS**

INTRODUCTION

On 14 August 2018, the Bank announced, among other things, the Rights Issue. Subject to the fulfilment of the conditions of the Rights Issue, the Bank proposes to raise up to approximately HK\$5.15 billion, before expenses, by way of the Rights Issue of up to 361,313,000 Rights Shares at the Subscription Price of HK\$14.26 per Rights Share.

LETTER FROM THE BOARD

The Bank has provisionally allotted one Nil Paid Right for every two Shares held by each Qualifying Shareholder on the Record Date on a *pro rata* basis. Fractional entitlements have not been provisionally allotted to Qualifying Shareholders but will be aggregated and sold for the benefit of the Bank.

The Rights Issue is not available to the Non-Qualifying Shareholders.

As at the Latest Practicable Date, the Bank had 722,626,000 Shares in issue.

The Rights Issue is subject to the fulfilment of certain conditions as set out in “*Letter from the Board – Rights Issue – Conditions of the Rights Issue*” in this Prospectus. If any of such conditions is not fulfilled, or becomes incapable of fulfilment, on or prior to the Latest Time for Termination, the Rights Issue will not proceed.

The Bank intends to use the net proceeds of the Rights Issue to strengthen the capital base of the Bank, which will lead to a stronger capital adequacy ratio position to support the ongoing growth of business development.

The purpose of this Prospectus is to provide you with further details of the Rights Issue, including information on dealings in and transfers of the Nil Paid Rights, the procedure for the acceptance of provisional allotments of Rights Shares and certain financial and other information of the Group.

RIGHTS ISSUE

Terms of the Rights Issue

Rights Issue Statistics

Basis of Rights Issue:	One Rights Share for every two Shares held at 5:00 p.m. on the Record Date
Number of Shares in issue on the Record Date:	722,626,000 Shares
Number of Rights Shares to be issued:	Up to 361,313,000 Rights Shares
Number of issued Shares as enlarged upon completion of the Rights Issue:	Up to 1,083,939,000 Shares
Subscription Price:	HK\$14.26 per Rights Share

LETTER FROM THE BOARD

Excess applications: Qualifying Shareholders (other than the PRC Stock Connect Investors) may apply for Rights Shares in excess of their provisional allotments. The Rights Shares available for excess application would be those Rights Shares (if any) representing (i) any unsold Nil Paid Rights to which the Non-Qualifying Shareholders would otherwise have been entitled (if any); (ii) any Rights Shares representing unsold fractional entitlements; (iii) any Rights Shares provisionally allotted but not validly accepted by Qualifying Shareholders or otherwise subscribed for by renounees or transferees of Nil Paid Rights (if any); (iv) any Waived Pro Rata Entitlement Shares (if any); and (v) any Waived Excess Shares (if any). For further details of the Waived Pro Rata Entitlement Shares and the Waived Excess Shares, please refer to “*Public Float*” below.

Status: The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects among themselves and with the Shares then in issue. **Following issuance of the fully paid Rights Shares, holders of the fully paid Rights Shares will be entitled to receive all future dividends and distributions the record dates of which are on or after the date of issue of the fully paid Rights Shares, including the Bank’s 2018 interim cash dividend of HK\$0.17 per Share for the six months ended 30 June 2018 as announced by the Bank on 14 August 2018.**

Latest time for payment and acceptance: 4:00 p.m. on Friday, 14 September 2018

Amount to be raised by the Rights Issue before expenses: Up to approximately HK\$5.15 billion

As at the Latest Practicable Date, save for the 2020 Subordinated Notes and the 2027 Subordinated Notes, the Bank had no outstanding convertible securities, options or warrants in issue or similar rights which confer any right to subscribe for, or convert or exchange into, Shares.

The Nil Paid Rights proposed to be provisionally allotted represent:

- (i) 50.00% of the Bank’s issued Shares as at the Latest Practicable Date; and

LETTER FROM THE BOARD

- (ii) approximately 33.33% of the Bank's total number of issued Shares as enlarged by the allotment and issue of the Rights Shares (assuming no change of total number of issued Shares from the Latest Practicable Date to immediately after completion of the Rights Issue other than the allotment and issue of the Rights Shares).

Subscription Price

The Subscription Price for the Rights Shares is HK\$14.26 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of Rights Shares or, where applicable, upon application for excess Rights Shares under the Rights Issue, or when a renouncee or transferee of Nil Paid Rights applies for the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 2.06% to the closing price of HK\$14.56 per Share as quoted on the Stock Exchange on 14 August 2018, being the date on which the Subscription Price for the Rights Issue is fixed;
- (ii) a discount of approximately 2.99% to the closing price of HK\$14.70 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 1.82% to the theoretical ex-rights price of HK\$14.52 per Share, which is calculated on the basis of the closing price of HK\$14.70 per Share as quoted on the Stock Exchange on the Last Trading Day (assuming the Subscription is completed and all Rights Shares are subscribed);
- (iv) a discount of approximately 2.46% to the average of the closing prices per Share as quoted on the Stock Exchange for the five trading days ending on the Last Trading Day of approximately HK\$14.62 per Share;
- (v) a discount of approximately 1.72% to the average of the closing prices per Share as quoted on the Stock Exchange for the ten trading days ending on the Last Trading Day of approximately HK\$14.51 per Share;
- (vi) a premium of approximately 0.42% over the closing price of HK\$14.20 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (vii) a discount of approximately 39.68% to the audited consolidated net asset value (excluding additional equity instruments and before the 2018 interim cash dividend) attributable to Shareholders as at 30 June 2018 of approximately HK\$23.64 per Share.

Each Rights Share has no par value.

LETTER FROM THE BOARD

The Subscription Price was determined by the Directors with reference to the market price of the Shares of the Last Trading Day and is the same as the Subscription Price under the Subscription Agreement.

After taking into consideration the reasons for the Rights Issue as stated in “*Reasons for the Rights Issue and Use of Proceeds of the Rights Issue*” below, the Directors (including the independent non-executive Directors) consider the terms of the Rights Issue, including the Subscription Price (and the discounts to the relative values as indicated above), to be fair and reasonable and to be in the interests of the Bank and the Shareholders as a whole.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must:

- (i) have been registered as a member of the Bank at 5:00 p.m. on the Record Date; and
- (ii) be a Qualifying Shareholder.

Each Qualifying Shareholder is entitled to subscribe for the Rights Shares in proportion to his/her/its shareholding in the Bank held at 5:00 p.m. on the Record Date. Qualifying Shareholders who take up their *pro rata* entitlements in full will not suffer any dilution to their interests in the Bank (save in respect of fractions). If a Qualifying Shareholder does not take up his/her/its entitlement under the Rights Issue in full, his/her/its proportionate shareholding in the Bank will be diluted.

For the entitlement of the PRC Stock Connect Investors in participation of the Rights Issue, please refer to “*PRC Stock Connect Investors*” below.

The latest time for acceptance and payment of Rights Shares is expected to be 4:00 p.m. on the Acceptance Date.

Basis of Provisional Allotment of Rights Shares

Qualifying Shareholders will receive a PAL in respect of the Rights Issue. The Rights Shares have been provisionally allotted on the *pro rata* basis of one Nil Paid Right for every two existing Shares held by a Qualifying Shareholder at 5:00 p.m. on the Record Date (i.e. the number of Rights Shares to be allotted to each Qualifying Shareholder shall be the number of Shares held at 5:00 p.m. on the Record Date multiplied by 1/2, rounded down to the nearest whole number). The board lot of the Nil Paid Rights will be 1,000 Shares.

Application for all of a Qualifying Shareholder’s provisional allotment of Rights Shares should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for. Please refer to “*Procedures for Acceptance or Transfer*” below for further details.

LETTER FROM THE BOARD

If a Qualifying Shareholder wishes to accept only part of, or to renounce or transfer a part of, the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer his/her/its rights to more than one person, please refer to “*Procedures for Acceptance or Transfer – Transfers and “Splitting” of Nil Paid Rights*” below.

Distribution of this Prospectus and the other Prospectus Documents

The Bank will only send this Prospectus accompanied by the other Prospectus Documents to the Qualifying Shareholders. However, to the extent reasonably practicable and legally permitted, the Bank will send this Prospectus, for information purposes only, to the Non-Qualifying Shareholders. The Bank will not send any PAL or EAF to the Non-Qualifying Shareholders. The Prospectus Documents do not constitute an offer or invitation to the Non-Qualifying Shareholders to subscribe for the Rights Issue (whether in their nil-paid or fully-paid form).

Distribution of this Prospectus and the other Prospectus Documents into jurisdictions other than Hong Kong may be restricted by law. Persons into whose possession the Prospectus Documents come (including, without limitation, agents, custodians, nominees and trustees) should inform themselves of and observe any such restriction. Any failure to comply with those restrictions may constitute a violation of the securities laws of any such jurisdiction. Any Shareholder or Beneficial Owner who is in any doubt as to his/her/its position should consult an appropriate professional adviser without delay. In particular, this Prospectus and the other Prospectus Documents should not be distributed, forwarded to or transmitted in, into or from the Excluded Jurisdiction. **The Bank reserves the right to refuse to permit any Shareholder to take up his/her/its Nil Paid Rights or apply for excess Rights Shares where it believes that doing so would violate the Listing Rules or any applicable securities legislation or other laws or regulations of any jurisdiction.**

It is the responsibility of any person (including, but not limited to, any agent, custodian, nominee or trustee) outside Hong Kong wishing to make an application for the Rights Shares to satisfy himself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including obtaining any governmental or other consents and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. Any acceptance of the offer of the Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Bank that these local laws and requirements have been fully complied with. Such persons should consult their own professional advisers if in doubt.

The Prospectus Documents will not be registered under the applicable securities legislation of any jurisdiction other than: (i) the PRC, in accordance with the CSRC Notice; and (ii) Hong Kong.

LETTER FROM THE BOARD

Non-Qualifying Shareholders

Non-Qualifying Shareholders are those Overseas Shareholders and those Shareholders and Beneficial Owners who are known by the Bank to be resident in places outside Hong Kong and in respect of whom the Directors, based on relevant enquiries made by the Directors, consider it necessary or expedient not to offer the Rights Shares on account either of the legal restrictions under the laws of the relevant place in which the Shareholder is located or the requirements of the relevant regulatory body or stock exchange in that place.

Based on the register of members of the Bank, as at the Latest Practicable Date, the Bank had 11 Overseas Shareholders with registered addresses located in Australia, Canada, Japan, Macau, Panama, the PRC and the United Kingdom.

The Board has made due enquiries pursuant to Rule 13.36(2)(a) of the Listing Rules as to the applicable securities legislation of the aforementioned jurisdictions (including the Excluded Jurisdiction) and the requirements of any relevant regulatory body or stock exchange for the issue of the Rights Shares in such jurisdictions (whether or not in relation to the PRC Stock Connect Investors). Having considered the circumstances, the Directors have formed the view that it is necessary or expedient not to offer either the Nil Paid Rights or the Rights Shares to Shareholders or Beneficial Owners in the Excluded Jurisdiction due to the time and costs involved in the registration or filing of this Prospectus and/or approval required by the relevant authorities in the Excluded Jurisdiction and/or additional steps the Bank and/or Shareholders and/or Beneficial Owners need to take to comply with the local legal requirements and/or other requirements to be satisfied in order to comply with relevant local legal or regulatory requirements in the Excluded Jurisdiction.

Accordingly, for the purposes of the Rights Issue, Non-Qualifying Shareholders are:

- (i) Shareholders whose name(s) appeared in the register of members of the Bank on the Record Date and whose address(es) as shown in such register was/were in the Excluded Jurisdiction; and
- (ii) any Shareholders or Beneficial Owners on the Record Date who are otherwise known by the Bank to be residing in the Excluded Jurisdiction.

Notwithstanding any other provision in this Prospectus, the PAL or the EAF, the Bank reserves the right to permit any Shareholder to take up his/her/its Nil Paid Rights and/or to apply for excess Rights Shares if the Bank, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question.

Receipt of this Prospectus and/or a PAL and/or an EAF or the crediting of Nil Paid Rights to a stock account in CCASS does not and will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus and/or a PAL and/or an EAF must be treated as sent for information only and should not be copied

LETTER FROM THE BOARD

or redistributed. Persons (including, without limitation, agents, custodians, nominees and trustees) who receive a copy of this Prospectus and/or a PAL and/or an EAF or whose stock account in CCASS is credited with Nil Paid Rights should not, in connection with the Rights Issue, distribute or send the same in, into or from, or transfer Nil Paid Rights to any person in, into or from, the Excluded Jurisdiction. If a PAL or an EAF or a credit of Nil Paid Rights in CCASS is received by any person in any such territory, or by his/her/its agent, custodian, nominee or trustee, he/she/it should not seek to take up the rights referred to in the PAL or transfer the PAL (or apply for any excess Rights Shares under the EAF) or transfer the Nil Paid Rights in CCASS unless the Bank determines that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, agents, custodians, nominees and trustees) who does forward this Prospectus, a PAL or an EAF in, into or from the Excluded Jurisdiction (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

Arrangements will be made for the Nil Paid Rights which would otherwise have been allotted to Non-Qualifying Shareholders, had they been Qualifying Shareholders, to be provisionally allotted to the Bank or its nominee and be sold in the market after dealings in the Nil Paid Rights commence on the Stock Exchange and in any event before the latest time for acceptance of Rights Shares, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, above HK\$100 will be paid to the relevant Non-Qualifying Shareholder(s) (pro rata to their entitlements at 5:00 p.m. on the Record Date). The Bank will retain individual amounts of HK\$100 or less for the benefit of the Bank. Any Rights Shares representing (i) any unsold Nil Paid Rights to which the Non-Qualifying Shareholders would otherwise have been entitled (if any); (ii) any Rights Shares representing unsold fractional entitlements; (iii) any Rights Shares provisionally allotted but not validly accepted by Qualifying Shareholders or otherwise subscribed for by renounees or transferees of Nil Paid Rights (if any); (iv) any Waived Pro Rata Entitlement Shares (if any); and (v) any Waived Excess Shares (if any), will be made available for excess application on EAFs by Qualifying Shareholders (other than the PRC Stock Connect Investors).

The arrangements described in the above paragraph will not apply to any Shareholder or Beneficial Owner who resides in the Excluded Jurisdiction but (in the case of a Shareholder) whose address, or (in the case of a Beneficial Owner) who holds his/her/its interest in Shares through a Registered Owner whose address, was shown in the register of members of the Bank on the Record Date as not being in a Excluded Jurisdiction. Such Shareholders and Beneficial Owners are referred to herein as “**Non-Qualifying Beneficial Owners**” and may include Beneficial Owners holding interests in Shares through CCASS (which Shares are registered in the register of members of the Bank in the name of HKSCC Nominees Limited, a company incorporated in Hong Kong). The Bank is unable to extend those arrangements to such Non-Qualifying Beneficial Owners as the Bank does not have the necessary information in relation to such Non-Qualifying Beneficial Owners to make a unilateral determination as to whether those Shareholders or Beneficial Owners are Non-Qualifying Shareholders for the purposes of the Rights Issue. Instead of the arrangements described above, the Nil Paid Rights which would otherwise have been available to be taken up by those Non-Qualifying Beneficial Owners will not be sold in the market and the relevant Non-Qualifying Beneficial Owners will

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not receive the proceeds of any such sale. All Non-Qualifying Beneficial Owners are advised to seek their own legal advice as to whether or not they may be permitted, having regard to their own particular circumstances (including the laws and regulations of the relevant jurisdiction in which they are resident), to sell their Nil Paid Rights in the market. Any such Nil Paid Rights which are not sold in the market by Non-Qualifying Beneficial Owners will be made available for excess applications on EAFs by Qualifying Shareholders (other than the PRC Stock Connect Investors).

With respect to Non-Qualifying Shareholders who hold interests in Shares through CCASS, their nominees, custodians or other Intermediaries may sell, on such Non-Qualifying Shareholders' behalf, their entitlements to the Nil Paid Rights in compliance with applicable securities laws and distribute the proceeds thereof as appropriate.

The Bank reserves the right to treat as invalid any acceptance of or application for the Nil Paid Rights where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders and Beneficial Owners who are residing outside Hong Kong should exercise caution when dealing in the Shares and/or the Nil Paid Rights.

PRC Stock Connect Investors

According to the "CCASS Shareholding Search" available on the Stock Exchange's website (www.hkexnews.hk), as at the Latest Practicable Date, ChinaClear held 1,273,000 Shares, representing approximately 0.17% of the total issued Shares. ChinaClear is a CCASS Participant with HKSCC Nominees Limited.

The Directors have made the relevant enquiries and were advised that the PRC Stock Connect Investors can participate in the Rights Issue through ChinaClear. ChinaClear will provide nominee services for the PRC Stock Connect Investors to (i) sell (in full or in part) their Nil Paid Rights on the Stock Exchange; and/or (ii) subscribe (in full or in part) for their pro-rata entitlement in respect of Shares held on the Record Date under the Rights Issue in accordance with the relevant laws and regulations. However, ChinaClear will not provide services relating to excess Rights Shares under the Rights Issue, and the PRC Stock Connect Investors are not permitted to purchase any other Nil Paid Rights.

The PRC Stock Connect Investors cannot sell or subscribe for Rights Shares until after the Bank completes its filing with the CSRC.

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The PRC Stock Connect Investors should seek advice from their Intermediary (including broker, custodian, nominee or ChinaClear participant) and/or other professional advisers for details of the logistical arrangements as required by ChinaClear, and provide instructions for such Intermediary in relation to the acceptance and/or sale of the Nil Paid Rights. Such instructions should be given in advance of the relevant dates stated in “*Expected Timetable*” in this Prospectus and otherwise in accordance with the requirements of the Intermediary of the PRC Stock Connect Investors and/or ChinaClear in order to allow sufficient time to ensure that such instructions are given effect.

The Rights Shares issued to the PRC Stock Connect Investors shall not be offered and may not be offered or sold directly or indirectly in the PRC to any person or entity, unless through the Shanghai-Hong Kong Stock Connect (subject to certain limitations in relation to the PRC Stock Connect Investors’ rights to participate in the Rights Issue as explained in this Prospectus), or the person or entity has otherwise been exempt by or has obtained the necessary and appropriate approvals from the relevant PRC authorities in accordance with the applicable PRC laws and regulations.

Procedures for Acceptance or Transfer

General

Any person (including, without limitation, agents, custodians, nominees and trustees) wishing to take up his/her/its rights under the Rights Issue must satisfy himself/herself/itself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. The attention of Shareholders with registered addresses in, and Shareholders or Beneficial Owners who are otherwise residing in, the Excluded Jurisdiction (other than the PRC Stock Connect Investors) and persons holding Shares on behalf of persons with such addresses or residences is drawn to “*Non-Qualifying Shareholders*” above.

Each purchaser of the Nil Paid Rights or subscriber for the Rights Shares will be deemed (by accepting delivery of this Prospectus) to have agreed and given each of the following representations and warranties to the Bank and to any person acting on their behalf, unless in their sole discretion the Bank waive such requirement expressly in writing:

- (i) he/she/it was a Qualifying Shareholder as at 5:00 p.m. on the Record Date, or he/she/it lawfully acquired or may lawfully acquire the Nil Paid Rights, directly or indirectly, from such a person;
- (ii) he/she/it may lawfully be offered, take up, obtain, subscribe for and receive the Nil Paid Rights and/or the Rights Shares in the jurisdiction in which he/she/it resides or is currently located;

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- (iii) he/she/it is not resident or located in, or a citizen of, the United States;
- (iv) he/she/it is not accepting an offer to acquire or take up the Nil Paid Rights or Rights Shares on a non-discretionary basis for a person who is resident or located in, or a citizen of, the United States at the time the instruction to accept was given;
- (v) he/she/it is not taking up for the account of any person who is located in the United States, unless (i) the instruction to purchase or take up the Nil Paid Rights or to subscribe for or accept Rights Shares was received from a person outside the United States and (ii) the person giving such instruction has confirmed that it (1) has the authority to give such instruction and (2) either (A) has investment discretion over such account or (B) is an investment manager or investment company that is acquiring the Nil Paid Rights and/or the Rights Shares in an “offshore transaction” within the meaning of Regulation S;
- (vi) he/she/it is acquiring the Nil Paid Rights and/or the Rights Shares in an “offshore transaction” as defined in Regulation S;
- (vii) he/she/it has not been offered the Rights Shares by means of any “directed selling efforts” as defined in Regulation S;
- (viii) he/she/it is not acquiring the Nil Paid Rights or Rights Shares with a view to the offer, sale, allotment, take up, exercise, resale, renouncement, pledge, transfer, delivery or distribution, directly or indirectly, of such Nil Paid Rights or Rights Shares into the United States; and
- (ix) he/she/it understands that neither the Nil Paid Rights nor the Rights Shares have been or will be registered under the U.S. Securities Act or with any securities regulatory authority of any state, territory, or possession of the United States and the Nil Paid Rights and Rights Shares are being distributed and offered only outside the United States in reliance on Regulation S. Consequently he/she/it understands the Nil Paid Rights or Rights Shares may not be offered, sold, allotted, taken up, exercised, resold, renounced, pledged, delivered, distributed or otherwise transferred in or into the United States, except in reliance on an exemption from, or in transactions not subject to, the registration requirements of the U.S. Securities Act.

For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the representations and warranties above.

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Action to be taken by Qualifying Shareholders

Subscription for all Rights Shares provisionally allotted

For each Qualifying Shareholder, a PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown thereon. If a Qualifying Shareholder wishes to take up his/her/its right to subscribe for any or all of the Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by not later than 4:00 p.m. on the Acceptance Date, i.e. Friday, 14 September 2018. All remittances must be made by cheques or cashier's orders in Hong Kong dollars. Cheques must be drawn on a bank account with, or cashier's orders issued by, a licensed bank in Hong Kong and made payable to "**Chong Hing Bank Limited – Rights Issue Account**" and crossed "**Account Payee Only**".

It should be noted that unless the PAL, together with the appropriate remittance, has been lodged with the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:00 p.m. on the Acceptance Date, whether by the original allottee or any person in whose favour the rights have been validly renounced or transferred, that provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. The Bank may, at its discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it has not been completed in accordance with the relevant instructions.

The PAL contains further information regarding the procedure to be followed for acceptance of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

All cheques and cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Bank. Any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation is liable to be rejected, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. Completion and return of a PAL together with a cheque or cashier's order in payment for the Rights Shares accepted will constitute a warranty by the applicant(s) that the cheque or cashier's order will be honoured on first presentation. If the Rights Issue does not proceed, the monies received in respect of the relevant provisional allotments will be refunded to the Qualifying Shareholders or such other person to whom the Nil Paid Rights have been validly renounced or transferred or, in the case of joint acceptances, to the first-named person, without interest and by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses by the Registrar on or before Monday, 24 September 2018. No receipt will be given for such remittance.

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Transfers and “Splitting” of Nil Paid Rights

The Nil Paid Rights can be traded on the Stock Exchange. A Qualifying Shareholder can accept all of his/her/its provisional allotment of Rights Shares, or sell all of his/her/its provisional allotment on the Stock Exchange or accept only part of his/her/its provisional allotment and sell the remaining part on the Stock Exchange.

If a Qualifying Shareholder wishes to accept only part of, or to renounce or transfer a part of, the Rights Shares provisionally allotted to him/her/it under a PAL or to renounce or transfer his/her/its rights to more than one person, the entire PAL must be surrendered and lodged for cancellation together with a covering letter stating clearly the number of split PALs required and the number of Nil Paid Rights to be comprised in each split PAL (which, in aggregate, should be equal to the number of Rights Shares provisionally allotted to such holder as stated in Box B of the original PAL), by not later than 4:30 p.m. on Thursday, 6 September 2018 to the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong. The Registrar will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at the above address after 9:00 a.m. on the second Business Day after the surrender of the original PAL. This process is commonly known as “splitting” the Nil Paid Rights.

Having “split” the Nil Paid Rights, a Qualifying Shareholder who wishes to accept the provisional allotment of Rights Shares represented by a new PAL should do so in accordance with the instructions given above in “*Subscription for all Rights Shares provisionally allotted*” above.

If a Qualifying Shareholder wishes to renounce or transfer all of his/her/its Nil Paid Rights under a PAL (or a split PAL, as the case may be) to another person, he/she/it should complete and sign the “Form of Transfer and Nomination” (Form B) in the PAL and hand the PAL to the person to or through whom he/she/it is transferring his/her/its Nil Paid Rights. The transferee must then complete and sign the “Registration Application Form” (Form C) in the PAL and lodge the PAL intact together with a remittance for the full amount payable on acceptance with the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, by not later than 4:00 p.m. Friday, 14 September 2018. No receipt will be given for such remittance.

A holder of the Nil Paid Rights is prohibited from transferring the Nil Paid Rights in Japan or to a person who is a Japanese resident, unless he or she transfers all of his or her Nil Paid Rights to another person in one batch.

It should be noted that Hong Kong stamp duty is payable by the transferor(s) and the transferee(s) in connection with the transfer of Nil Paid Rights to the transferee(s) and the acceptance by the transferee(s) of such rights.

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The PAL contains further information regarding the procedures to be followed for transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

The Bank reserves the right to refuse to register any transfer in favour of any person in respect of which the Bank believes such transfer may violate applicable legal or regulatory requirements.

For further details of the taking up of the Rights Shares by Yuexiu Financial Holdings, please refer to “*Irrevocable Undertaking*” and “*Public Float*” below.

Important notice and representations and warranties relating to Qualifying Shareholders in the Excluded Jurisdiction

As described above, Shareholders with registered addresses in the Excluded Jurisdiction and Shareholders and Beneficial Owners who are otherwise known by the Bank to be residing in the Excluded Jurisdiction are only permitted to take up their rights under the Rights Issue if they fulfil the relevant requirements to the satisfaction of the Bank.

Any Qualifying Shareholder accepting and/or transferring a PAL or requesting registration of the Rights Shares comprised therein represents and warrants to the Bank that, except where proof has been provided to the satisfaction of the Bank that such person’s use of the PAL will not result in the contravention of any applicable legal requirement in any jurisdiction, he/she/it: (i) is not accepting and/or renouncing and/or transferring the PAL, or requesting registration of the relevant Nil Paid Rights or Rights Shares from within the Excluded Jurisdiction; (ii) is not in the Excluded Jurisdiction or in any territory in which it is otherwise unlawful to make or accept an offer to acquire the Nil Paid Rights or the Rights Shares or to use the PAL in any manner in which such person has used or will use it; (iii) is not acting on a non-discretionary basis for a person resident in the Excluded Jurisdiction at the time the instruction to accept or transfer was given; and (iv) is not acquiring the Nil Paid Rights and/or the Rights Shares with a view to the offer, sale, allotment, take up, exercise, resale, renouncement, pledge, transfer, delivery or distribution, directly or indirectly, of any such Nil Paid Rights or Rights Shares into the Excluded Jurisdiction.

The Bank may treat as invalid any acceptance or purported acceptance of the allotment of Rights Shares comprised in, or transfer or purported transfer of, a PAL if it: (i) appears to the Bank to have been executed in, or despatched from, the Excluded Jurisdiction and the acceptance or transfer may involve a breach of the laws of the Excluded Jurisdiction or the acceptance or transfer is otherwise in a manner which may involve a breach of the laws of any jurisdiction or if it or its agents believe the same may violate any applicable legal or regulatory requirement; (ii) provides an address in the Excluded Jurisdiction for delivery of definitive share certificates for Rights Shares and such delivery would be unlawful or provides an address for delivery of definitive share certificates in any other jurisdiction outside Hong Kong in which it would be unlawful to deliver such certificates; or (iii) purports to exclude the representation and/or warranty required by the paragraph immediately above.

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Action to be taken by Beneficial Owners whose Shares are held by a Registered Owner (other than Shares deposited in CCASS)

Subscription for Rights Shares provisionally allotted and transfers and “splitting” of Nil Paid Rights

If you are a Beneficial Owner whose Shares are registered in the name of a Registered Owner and you wish to subscribe for the Rights Shares provisionally allotted to such Registered Owner in respect of your Shares or sell the respective Nil Paid Rights or “split” those Nil Paid Rights and accept part of the provisional allotment and sell the remaining part, you should contact the Registered Owner and provide the Registered Owner with instructions or make arrangements with the Registered Owner in relation to the acceptance, transfer and/or “splitting” of the Nil Paid Rights.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in “*Expected Timetable*” and otherwise in accordance with the requirements of the Registered Owner in order to allow the Registered Owner sufficient time to ensure that your instructions are given effect.

Important notice and representations and warranties relating to Beneficial Owners in the Excluded Jurisdiction whose Shares are held by a Registered Owner (other than HKSCC Nominees Limited)

As described above, Beneficial Owners resident in the Excluded Jurisdiction are only permitted to take up their rights under the Rights Issue if they fulfil relevant requirements to the satisfaction of the Bank.

Any Beneficial Owner instructing a Registered Owner to accept and/or transfer a PAL or request registration of the Rights Shares comprised therein, and the Registered Owner accepting and/or transferring or requesting registration, represents and warrants to the Bank that, except where proof has been provided to the satisfaction of the Bank that such person’s use of the PAL will not result in the contravention of any applicable legal requirement in any jurisdiction, he/she/it: (i) is not accepting and/or renouncing and/or transferring the PAL, or requesting registration of the relevant Nil Paid Rights or Rights Shares from within the Excluded Jurisdiction; (ii) is not in the Excluded Jurisdiction or in any territory in which it is otherwise unlawful to make or accept an offer to acquire the Nil Paid Rights and/or the Rights Shares or to use the PAL in any manner in which such person has used or will use it; (iii) is not acting on a non-discretionary basis for a person resident in the Excluded Jurisdiction at the time the instruction to accept or transfer was given; and (iv) is not acquiring Nil Paid Rights and/or the Rights Shares with a view to the offer, sale, allotment, take up, exercise, resale, renouncement, pledge, transfer, delivery or distribution, directly or indirectly, of any such Nil Paid Rights and/or Rights Shares into the Excluded Jurisdiction.

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The Bank may treat as invalid any acceptance or purported acceptance of the allotment of Rights Shares comprised in, or transfer or purported transfer of, a PAL if it: (i) appears to the Bank to have been executed in, or despatched from, the Excluded Jurisdiction and the acceptance or transfer may involve a breach of the laws of the Excluded Jurisdiction or the acceptance or transfer is otherwise in a manner which may involve a breach of the laws of any jurisdiction or if it or its agents believe the same may violate any applicable legal or regulatory requirement; (ii) provides an address in the Excluded Jurisdiction for delivery of definitive share certificates for Rights Shares and such delivery would be unlawful or provides an address for delivery of definitive share certificates in any other jurisdiction outside Hong Kong in which it would be unlawful to deliver such certificates; or (iii) purports to exclude the representation and/or warranty required by the paragraph immediately above.

Action to be taken by Beneficial Owners holding interests in Shares deposited in CCASS

Subscription for Rights Shares provisionally allotted and transfers and “splitting” of Nil Paid Rights

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to subscribe for the Rights Shares provisionally allotted to HKSCC Nominees Limited in respect of your Shares, or sell the respective Nil Paid Rights or “split” those Nil Paid Rights and accept part of the provisional allotment and sell the remaining part, you should (unless you are a CCASS Investor Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the acceptance, transfer and/or “splitting” of your Nil Paid Rights.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the “*Expected Timetable*” and otherwise in accordance with the requirements of your Intermediary in order to allow your Intermediary sufficient time to ensure that your instructions are given effect. The procedure for acceptance, transfer and/or “splitting” by CCASS Participants of the Rights Shares provisionally allotted to CCASS stock accounts in respect of the Shares registered in the name of HKSCC Nominees Limited shall be in accordance with the “General Rules of CCASS”, the “CCASS Operational Procedures” and any other requirements of CCASS.

Beneficial Owners who are CCASS Investor Participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to the manner in which such Beneficial Owners’ interests in Rights Shares should be dealt with. The procedures for acceptance, transfer and/or “Splitting” of Rights Shares provisionally allotted to Beneficial Owners who have been admitted to participate in CCASS as CCASS Investor Participants shall be in accordance with “An Operating Guide for Investor Participants” and any other requirements of CCASS.

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Important notice and representations and warranties relating to Beneficial Owners in the Excluded Jurisdiction holding interests in Shares deposited in CCASS

As described above, Beneficial Owners resident in the Excluded Jurisdiction are only permitted to take up their rights under the Rights Issue if they fulfil relevant requirements to the satisfaction of the Bank.

Any Beneficial Owner holding interests in Shares deposited in CCASS and any CCASS Participant who instructs its Intermediary to make an acceptance and/or transfer in accordance with the procedures set out above represents and warrants to the Bank that, except where proof has been provided to the satisfaction of the Bank that his/her/its acceptance or transfer will not result in the contravention of any applicable legal requirement in any jurisdiction, he/she/it: (i) is not accepting and/or renouncing and/or transferring or requesting registration of the relevant Nil Paid Rights and/or Rights Shares from within the Excluded Jurisdiction; (ii) is not in the Excluded Jurisdiction or in any territory in which it is otherwise unlawful to make or accept an offer to acquire Nil Paid Rights or Rights Shares; (iii) is not acting on a non-discretionary basis for a person located within the Excluded Jurisdiction at the time the instruction to accept was given; and (iv) is not acquiring the Nil Paid Rights or Rights Shares with a view to the offer, sale, allotment, take up, exercise, resale, renouncement, pledge, transfer, delivery or distribution, directly or indirectly, of any such Nil Paid Rights or Rights Shares into the Excluded Jurisdiction.

The Bank may treat as invalid any instruction (i) which appears to the Bank to have been despatched from the Excluded Jurisdiction and which may involve a breach of the laws of the Excluded Jurisdiction or any instruction which otherwise appears to the Bank may involve a breach of the laws of any jurisdiction; (ii) if the Bank or its agents believe the same may violate any applicable legal or regulatory requirement; or (iii) which purports to exclude the representation and/or warranty required by the paragraph immediately above.

For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the representations and warranties above.

Share Certificates and Refund Cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all Rights Shares are expected to be despatched on or before Monday, 24 September 2018 to those applicants who have accepted and paid for the Rights Shares by ordinary post at their own risk. Applicant(s) will receive one share certificate for all Rights Shares allotted and issued to him/her/it.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be despatched on or before Monday, 24 September 2018 by ordinary post to the applicants at their own risk.

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Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects among themselves and with the Shares then in issue. **Following issuance of the fully paid Rights Shares, holders of the fully paid Rights Shares will be entitled to receive all future dividends and distributions the record dates of which are on or after the date of issue of the fully paid Rights Shares, including the Bank's 2018 interim cash dividend of HK\$0.17 per Share for the six months ended 30 June 2018 as announced by the Bank on 14 August 2018.**

Fractions of Rights Shares

The Bank will not provisionally allot or issue fractions of Rights Shares to the Qualifying Shareholders. All fractions of Rights Shares will be aggregated (rounded down to the nearest whole number). All Nil Paid Rights arising from such aggregation will be provisionally allotted to the Bank or its nominee, and will be sold in the market on behalf of the Bank after the commencement of dealing in the Nil Paid Rights and in any event before the latest time for acceptance of Rights Shares. If a premium (net of expenses) can be obtained, the Bank will retain the proceeds for its own benefit. Any unsold fractions of Rights Shares will be made available to meet excess applications by Qualifying Shareholders (other than the PRC Stock Connect Investors) (please refer to “*Application for Excess Rights Shares*” below for details).

No odd lot matching services will be provided as the Directors are of the view that, having compared the fees to be charged by a designated securities broker and the market value of the odd lots of Shares, it will not be cost-effective for the Bank to appoint such a securities broker to provide matching services for odd lots of Shares.

Application for Excess Rights Shares

Qualifying Shareholders (other than the PRC Stock Connect Investors) may apply, by way of excess applications, for (i) any unsold Nil Paid Rights to which the Non-Qualifying Shareholders would otherwise have been entitled (if any); (ii) any Rights Shares representing unsold fractional entitlements; (iii) any Rights Shares provisionally allotted but not validly accepted by Qualifying Shareholders or otherwise subscribed for by renounees or transferees of Nil Paid Rights (if any); (iv) any Waived Pro Rata Entitlement Shares (if any); and (v) any Waived Excess Shares (if any). For further details of the Waived Pro Rata Entitlement Shares and the Waived Excess Shares, please refer to “*Public Float*” below.

Action to be taken by Registered Shareholders who wish to apply for excess Rights Shares

Excess Rights Shares application procedures

Applications for excess Rights Shares can be made only by Qualifying Shareholders (other than the PRC Stock Connect Investors). If a Qualifying Shareholder (other than the PRC Stock Connect Investors) wishes to apply for any Rights Shares in addition to his/her/its

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provisional allotment, he/she/it may do so only by completing and signing the enclosed EAF in accordance with the instructions printed thereon and lodging it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by not later than 4:00 p.m. on Friday, 14 September 2018. All remittances must be made by cheques or cashier's orders in Hong Kong dollars. Cheques must be drawn on an account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "**Chong Hing Bank Limited – Excess Application Account**" and crossed "**Account Payee Only**".

The Directors will, subject to the compliance with the Listing Rules and the applicable laws and regulations of the relevant jurisdictions, allocate the excess Rights Shares at their discretion on a fair and equitable basis according to the principle that any excess Rights Shares will be allocated to Qualifying Shareholders (other than the PRC Stock Connect Investors) who apply for them on a pro rata basis by reference to the number of excess Rights Shares applied for, but no reference will be made to the number of Rights Shares applied for under a PAL or the existing number of Shares held by such Qualifying Shareholders. The Bank will also disregard such number of Rights Shares applied for through EAFs of Yuexiu Financial Holdings and its associates in excess of the difference between the total number of the Rights Shares and the Undertaken Shares. If the aggregate number of Rights Shares available for excess application is greater than the aggregate number of excess Rights Shares applied for through EAFs, the Directors will allocate in full to each Qualifying Shareholder (other than the PRC Stock Connect Investors) the number of excess Rights Shares applied for under the EAFs. No preference will be given to topping up odd lots to whole board lots. For further details of the allocation of excess Rights Shares to Yuexiu Financial Holdings, please refer to "*Public Float*" below.

In applying the above principles, reference will only be made to the number of excess Rights Shares being applied for subject to the compliance with the Listing Rules and the applicable laws and regulations of the relevant jurisdictions. Where the number of excess Rights Shares applied for under an EAF by a Qualifying Shareholder (other than a PRC Stock Connect Investor) is greater than the total number of Rights Shares being offered under the Rights Issue, being 361,313,000 Rights Shares, such application (other than from a nominee company) would be treated as invalid and be rejected.

All cheques and cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Bank. Any EAF in respect of which a cheque or cashier's order is dishonoured on first presentation is liable to be rejected. Completion and return of an EAF together with a cheque or cashier's order in payment for the Rights Shares accepted will constitute a warranty by the applicant(s) that the cheque or cashier's order will be honoured on first presentation. The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or cashier's orders for amounts due, will be sent at the risk of the person(s) entitled thereto to their

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registered addresses by the Registrar. The Bank may, at its discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it has not been completed in accordance with the relevant instructions. No receipt will be given for such remittance.

If no excess Rights Shares are allotted and issued to a Qualifying Shareholder, the amount tendered on application is expected to be refunded to that Qualifying Shareholder in full without any interest by means of cheque(s) despatched by ordinary post and at the risk of such Shareholder on or before Monday, 24 September 2018. If the number of excess Rights Shares allotted and issued to a Qualifying Shareholder is less than that applied for, the surplus application monies are also expected to be refunded to such Shareholder without any interest by means of cheque(s) despatched by ordinary post and at the risk of such Shareholder on or before Monday, 24 September 2018.

If the Rights Issue does not proceed, the monies received in respect of relevant applications for excess Rights Shares will be refunded to the relevant persons without interest, by means of cheque(s) to be despatched by ordinary post at the risk of such persons on or before Monday, 24 September 2018.

Important notice and representations and warranties relating to Qualifying Shareholders in the Excluded Jurisdiction

The matters set out in “*Procedures for Acceptance or Transfer – Action to be taken by Qualifying Shareholders – Important notice and representations and warranties relating to Qualifying Shareholders in the Excluded Jurisdiction*” above also apply to applications for excess Rights Shares, with appropriate changes to reflect that the context is an application for excess Rights Shares.

Important notice to Beneficial Owners

Beneficial Owners whose Shares are held by a Registered Owner, or which are held in CCASS, should note that the Board will regard the Registered Owner (including HKSCC Nominees Limited) as a single Shareholder on the register of members of the Bank. Accordingly, Beneficial Owners whose Shares are registered in the name of a Registered Owner, or which are held in CCASS, should note that the above arrangement in relation to the allocation of excess Rights Shares will not be extended to them individually.

Action to be taken by Beneficial Owners whose Shares are held by a Registered Owner (other than Shares deposited in CCASS) who wish to apply for excess Rights Shares

Excess Rights Shares application procedures

If you are a Beneficial Owner whose Shares are registered in the name of a Registered Owner and you wish to apply for excess Rights Shares, you should contact the Registered Owner and provide the Registered Owner with instructions or make arrangements with the Registered Owner in relation to such application. Such instructions and/or arrangements should

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be given or made in advance of the latest time for application and payment for excess Rights Shares stated in “*Expected Timetable*” and otherwise in accordance with the requirements of the Registered Owner, in order to allow the Registered Owner sufficient time to ensure that your instructions are given effect.

Important notice and representations and warranties relating to Beneficial Owners whose Shares are held by a Registered Owner (other than HKSCC Nominees Limited) in relation to the Excluded Jurisdiction

The matters set out in “*Procedures for Acceptance or Transfer – Action to be taken by Beneficial Owners whose Shares are held by a Registered Owner (other than Shares deposited in CCASS) – Important notice and representations and warranties relating to Beneficial Owners in the Excluded Jurisdiction whose Shares are held by a Registered Owner (other than HKSCC Nominees Limited)*” also apply to applications for excess Rights Shares, with appropriate changes to reflect that the context is an application for excess Rights Shares.

Action to be taken by Beneficial Owners holding interests in Shares deposited in CCASS who wish to apply for excess Rights Shares

Excess Rights Shares application procedures

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to apply for excess Rights Shares, you should (unless you are a CCASS Investor Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the application for excess Rights Shares. Such instructions and/or arrangements should be given or made in advance of the date stated in “*Expected Timetable*” and otherwise in accordance with the requirements of your Intermediary, in order to allow your Intermediary sufficient time to ensure that your instructions are given effect.

Beneficial Owners who are CCASS Participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to any applications for excess Rights Shares. HKSCC Nominees Limited will allocate the excess Rights Shares it receives to the relevant CCASS Participants *pro rata* to the number of excess Rights Shares each has applied for, or in such other manner as HKSCC Nominees Limited considers fair and appropriate which is pursuant to the allocation basis stipulated in Rule 8.10.4(ix) of the CCASS Operational Procedures. The procedures for application for excess Rights Shares shall be in accordance with the “General Rules of CCASS”, the “CCASS Operational Procedures” and any other requirements of CCASS.

For the avoidance of doubt, ChinaClear, a CCASS Participant, will not support applications by the PRC Stock Connect Investors for excess Rights Shares under the Rights Issue through Shanghai-Hong Kong Stock Connect.

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Important notice and representations and warranties relating to Beneficial Owners in the Excluded Jurisdiction holding interests in Shares deposited in CCASS

Please note that the contents of “*Procedures for Acceptance or Transfer – Action to be taken by Beneficial Owners holding interest in Shares deposited in CCASS – Important notice and representations and warranties relating to Beneficial Owners in the Excluded Jurisdiction holding interests in Shares through CCASS*” also apply to applications for excess Rights Shares, with appropriate changes to reflect that the context is an application for excess Rights Shares.

Application for Listing and Dealings of the Rights Shares

The Bank has made an application to the Listing Committee for the listing of, and permission to deal in, the Nil Paid Rights and the Rights Shares on the Stock Exchange. It is expected that dealings in the Nil Paid Rights will take place from 9:00 a.m. on Tuesday, 4 September 2018 to 4:00 p.m. on Tuesday, 11 September 2018 (both days inclusive).

Save for the 2020 Subordinated Notes, the 2027 Subordinated Notes and the Additional Tier 1 Capital Securities, no part of the equity or debt securities of the Bank is listed or dealt in or for which listing or permission to deal in is being or is proposed to be sought on any stock exchange (other than the Stock Exchange).

The Rights Shares shall have the same board lot size as the Shares (i.e. 1,000 Shares in one board lot).

Dealings in the Nil Paid Rights and the Rights Shares will be subject to the payment of stamp duty and any other applicable fees and charges in Hong Kong.

Rights Shares will be Eligible for Admission into CCASS

Subject to the granting of listing of, and permission to deal in, the Nil Paid Rights and the Rights Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Nil Paid Rights and the Rights Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Nil Paid Rights and the Rights Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

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Irrevocable Undertaking by Yuexiu Financial Holdings

Pursuant to the Irrevocable Undertaking, each of Yuexiu Financial Holdings (which was interested as at the Latest Practicable Date in 489,375,000 Shares representing 67.72% of the total number of issued Shares) and Yue Xiu Enterprises (which holds all issued shares of Yuexiu Financial Holdings) has irrevocably undertaken to the Bank that it will (in the case of Yuexiu Financial Holdings) subscribe for or (in the case of Yue Xiu Enterprises) procure Yuexiu Financial Holdings to subscribe for the Undertaken Shares to be provisionally allotted to Yuexiu Financial Holdings, subject to the terms and conditions of the Rights Issue. The obligation of Yuexiu Financial Holdings and Yue Xiu Enterprises is, however, subject to the public float requirement under Rule 8.08 of the Listing Rules.

As at the Latest Practicable Date, save for the Irrevocable Undertaking, the Bank had not obtained undertakings from any other Shareholders that they will subscribe for any or all of the Rights Shares to be provisionally allotted to them.

Pursuant to the Irrevocable Undertaking, each of Yuexiu Financial Holdings and Yue Xiu Enterprises has undertaken to the Bank that, it will not, among other things, acquire any further Shares on or before the Record Date.

Subject to the Rights Shares expected to be taken up by Yuexiu Financial Holdings pursuant to the Irrevocable Undertaking, there is no minimum amount to be raised under the Rights Issue in order for the Rights Issue to proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares and the level of subscription of the excess Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or transferees of Nil Paid Rights will not be issued by the Bank and the size of the Rights Issue will be reduced accordingly.

Public Float

Yuexiu Financial Holdings will take up the Undertaken Shares under the Irrevocable Undertaking and may apply for excess Rights Shares. Depending on the level of subscription of the Rights Shares, the taking up of the entitlement to the Rights Shares by Yuexiu Financial Holdings or the allotment and issue of the excess Rights Shares applied for by Yuexiu Financial Holdings to it may cause its shareholding in the Bank to exceed the 75% Threshold and the Bank may therefore fail to comply with the public float requirement under Rule 8.08 of the Listing Rules.

Notwithstanding any provisions of the Irrevocable Undertaking and any terms and conditions of the PAL as may be lodged by Yuexiu Financial Holdings, Yuexiu Financial Holdings will waive, and Yue Xiu Enterprises will procure Yuexiu Financial Holdings to waive, the right of taking up the Waived Pro Rata Entitlement Shares and the Bank shall be entitled to allot and issue the Undertaken Shares less the Waived Pro Rata Entitlement Shares to Yuexiu

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Financial Holdings. The obligations of Yuexiu Financial Holdings and Yue Xiu Enterprises in respect of the Undertaken Shares under the Irrevocable Undertaking will be reduced accordingly. The Waived Pro Rata Entitlement Shares will be made available to meet excess applications on EAFs by other Qualifying Shareholders (other than the PRC Stock Connect Investors).

Notwithstanding any terms and conditions of the EAF as may be submitted by Yuexiu Financial Holdings, Yuexiu Financial Holdings will waive, and Yue Xiu Enterprises will procure Yuexiu Financial Holdings to waive, the right of taking up the Waived Excess Shares and the Bank shall be entitled to allot and issue the excess Rights Shares allocated to Yuexiu Financial Holdings upon fair and equitable basis as described in “*Application for Excess Rights Shares*” above less the Waived Excess Shares to Yuexiu Financial Holdings. The Waived Excess Shares will be made available to meet excess applications on EAFs by other Qualifying Shareholders (other than the PRC Stock Connect Investors).

Conditions of the Rights Issue

The Rights Issue is conditional upon the fulfilment of the following conditions:

- (i) permission for the listing of and to deal in the Rights Shares (in their nil-paid and fully-paid forms) on the Main Board of the Stock Exchange being granted (subject only to allotment and despatch of the appropriate documents of title) by no later than the Business Day prior to the commencement of trading of the Rights Shares (in their nil-paid and fully-paid forms, respectively), and such permission not being withdrawn or amended prior to the Latest Time for Termination;
- (ii) the Stock Exchange issuing a certificate authorising registration of this Prospectus with the Hong Kong Companies Registry under section 38D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Business Day prior to the date of the Prospectus and, following registration of this Prospectus as referred to in (iii) below, a copy of this Prospectus having been submitted to the Stock Exchange for publication on its website not later than the date of this Prospectus;
- (iii) a duly certified copy of this Prospectus (and other required documents) having been lodged with the Hong Kong Companies Registry not later than the Business Day prior to the date of this Prospectus, and the Hong Kong Companies Registry issuing a confirmation of registration letter not later than the Business Day prior to the date of this Prospectus;
- (iv) each condition to enable the Nil Paid Rights to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied on or before the Business Day prior to the commencement of trading of the Rights Shares (in their

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nil-paid and fully-paid forms, respectively) and no notification having been received by the Bank from HKSCC by such time that such admission or facility for holding and settlement has been or is to be refused;

- (v) compliance by each of Yuexiu Financial Holdings and Yue Xiu Enterprises with its obligations under the Irrevocable Undertaking and the Irrevocable Undertaking remaining in full force and effect; and
- (vi) completion of the Subscription.

If any of the above conditions is not fulfilled, or becomes incapable of fulfilment, on or prior to the Latest Time for Termination, the Rights Issue will not proceed and a further announcement will be made by the Bank.

WARNING OF THE RISKS OF DEALING IN SHARES AND NIL PAID RIGHTS

The Shares have been dealt in on an ex-rights basis from Thursday, 23 August 2018. Dealings in the Nil Paid Rights are expected to take place from 9:00 a.m. on Tuesday, 4 September 2018 to 4:00 p.m. on Tuesday, 11 September 2018 (both days inclusive). The Rights Issue is subject to the fulfilment of certain conditions as set out in “*Conditions of the Rights Issue*” above. If any of such conditions is not fulfilled, or becomes incapable of fulfilment, on or prior to the Latest Time for Termination, the Rights Issue will not proceed and a further announcement will be made by the Bank.

Any Shareholders or other persons dealing in the Shares up to the latest time at which all the conditions to which the Rights Issue is subject are fulfilled, which is expected to be 5:00 p.m. on Monday, 17 September 2018, and any persons dealing in the Nil Paid Rights during the period from 9:00 a.m. on Tuesday, 4 September 2018 to 4:00 p.m. on Tuesday, 11 September 2018 (both days inclusive), will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Any Shareholders or other persons contemplating selling or purchasing the Shares and/or the Nil Paid Rights are advised to exercise caution when dealing in the Shares and/or the Nil Paid Rights and if they are in any doubt about their position, they are recommended to consult their own professional advisers.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS OF THE RIGHTS ISSUE

The Bank is engaged in the provision of banking and related financial services. The Directors (including the independent non-executive Directors) are of the view that the Rights Issue is appropriate means of raising additional capital in order to promote steady and healthy development of the Bank’s business and sustainably enhance its capital base. The Rights Issue will provide the Bank with immediate funding, broaden the shareholders’ base of the Bank, and enable the Bank to improve risk resistance and profitability.

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As disclosed in the 2017 annual report of the Bank, the Bank plans to continue to promote its business growth by (i) keeping pace with finance and technology integration trend by devoting resources to build a dedicated digital transformation team and upgrade its electronic platforms, as well as participating in various digital and innovative projects, and (ii) continuing to deepen the regional synergies between Guangdong and Hong Kong, as well as expanding its Mainland operations to attract high-quality Mainland customers, thereby establishing its unique role in the Pearl River Delta region.

The Bank is committed to building an intelligent platform to increase the income stream and to further enhance customer experience. The Bank successfully launched the treasury receipt and payment system in 2017 and completed the land security deposit system in early 2018. In February 2018, the Bank became one of the first Hong Kong banks to provide JETCO Pay services, a mobile application which enables the Bank to provide safe and convenient remittance and billing settlement service to its customers. The Bank will continue to devote its effort to upgrading the electronic platforms and information infrastructure as well as developing the digital banking services, with a vision to build a modern operation platform which will support the Bank's ongoing business growth.

In March 2018, the Bank entered into an agreement with Administration for Industry and Commerce of Guangzhou on "Hong Kong and Guangzhou Pass" Commercial Service Co-operation, which officially launched the "Cross-Border Link". Under the Cross-Border Link and by utilising the Bank's service network to the electronic commercial registration online platform, a more convenient and efficient remote commercial registration service will be provided to applicants who are interested in setting up foreign-invested enterprises in Guangzhou. As a core member of the financial sector of the Guangzhou-based Yuexiu Group, the Bank will continue to leverage on Yuexiu Group's regional resources and synergies with the Group's wide range of business segments to accelerate its business growth in Mainland and particularly the Guangdong-Hong Kong-Macao Greater Bay Area.

As regards the proceeds of the Rights Issue, if only Yuexiu Financial Holdings participates in the Rights Issue, the estimated gross proceeds of the Rights Issue and the estimated net proceeds of the Rights Issue after the deduction of all estimated expenses will be HK\$3.00 billion and HK\$2.97 billion, respectively; and if all Rights Shares are subscribed, the estimated gross proceeds of the Rights Issue and the estimated net proceeds of the Rights Issue after the deduction of all estimated expenses will be HK\$5.15 billion and HK\$5.12 billion, respectively.

The Bank intends to use the net proceeds of the Rights Issue to strengthen the capital base of the Bank, which will lead to a stronger capital adequacy ratio position to support the ongoing growth of business development. The Directors confirm that the proceeds from the Rights Issue can satisfy the expected capital needs for the next 12 months.

The estimated expenses of the Rights Issue (including printing, registration, translation, legal and accounting charges and other related expenses) amount to approximately HK\$30 million and will be borne by the Bank.

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The net subscription price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares is expected to be approximately HK\$14.12 per Rights Share (if only Yuexiu Financial Holdings participates in the Rights Issue) or HK\$14.18 per Rights Share (if all Rights Shares were subscribed).

EFFECT OF THE RIGHTS ISSUE ON SHAREHOLDINGS IN THE BANK AND THE 2018 INTERIM CASH DIVIDEND

For illustrative purpose only, set out below is the shareholding structure of the Bank (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Rights Issue assuming there is no change in the shareholding structure of the Bank from the Latest Practicable Date to immediately after completion of the Rights Issue other than the allotment and issue of the Rights Shares.

Shareholders	As at the Latest Practicable Date		Immediately after completion of the Rights Issue			
	No. of Shares	% of issued Shares (Approx.) (Note)	Assuming all Rights Shares are fully subscribed for by Qualifying Shareholders		Assuming only Yuexiu Financial Holdings but no other Qualifying Shareholders subscribes for the Rights Shares	
			No. of Shares	% of issued Shares (Approx.) (Note)	No. of Shares	% of issued Shares (Approx.) (Note)
Yuexiu Financial Holdings	489,375,000	67.72%	734,062,500	67.72%	699,753,000	75.00%
Public Shareholders						
The Subscriber	70,126,000	9.70%	105,189,000	9.70%	70,126,000	7.52%
Other Shareholders (being public Shareholders)	163,125,000	22.57%	244,687,500	22.57%	163,125,000	17.48%
Sub-total	233,251,000	32.28%	349,876,500	32.28%	233,251,000	25.00%
Total	722,626,000	100%	1,083,939,000	100%	933,004,000	100%

Note: Certain percentage figures included in the table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

As disclosed in the announcement of the Bank dated 14 August 2018 in relation to the results for the six months ended 30 June 2018, the Bank has declared to pay the 2018 interim cash dividend for the period at HK\$0.17 per Share to Shareholders whose names appear on the register of members of the Bank on Thursday, 27 September 2018. Assuming the Rights Issue becomes unconditional and is fully subscribed, the total amount of interim dividend to be paid will amount to HK\$184,269,630.

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EQUITY FUND RAISING BY THE BANK IN THE PAST 12 MONTHS

Save for the Subscription and the Rights Issue, the Bank had not raised any funds by an issue of equity securities in the 12 months preceding the Latest Practicable Date.

BUSINESS REVIEW, TRENDS AND PROSPECTS OF THE GROUP

Overview

The Bank is a full-service bank which operates primarily in Hong Kong with a market capitalisation of approximately HK\$10.26 billion as at the Latest Practicable Date. As at the Latest Practicable Date, the Bank operated a network of 39 branches in Hong Kong. Together with its subsidiaries (Chong Hing Securities Limited and Chong Hing Insurance), the Bank offers a wide range of banking services to individual and corporate customers. The Bank has branches in Guangzhou, Shenzhen, Shantou and Macau, sub-branches in Guangzhou Tianhe, Foshan, Nansha and Hengqin, and representative offices in Shanghai and San Francisco.

Financial Performance

For the first half of 2018, on an unaudited and consolidated basis, the profit attributable to equity owners of the Bank amounted to approximately HK\$854 million, representing an increase of approximately 66.9% over the corresponding period in 2017, while the operating profit before impairment allowances amounted to approximately HK\$1,045 million, representing an improvement of approximately 49.7% as compared to the corresponding period in 2017. The increase in consolidated profit for the period was mainly attributable to a widened net interest margin and higher non-interest income as well as lower impairment allowances on financial assets. Net interest income of approximately HK\$1,360 million was approximately 22.1% higher than in the same period last year. Net interest margin of approximately 1.72% was 18 basis points more than the corresponding period in the previous year. Net fee and commission income improved by approximately 53.7% to approximately HK\$226 million, which was mainly attributable to higher loan fees, securities dealings and wealth management income. Net income (loss) from trading and investments recorded a gain of approximately HK\$108 million.

As at 30 June 2018, total loans and advances to customers had increased by approximately 5.1% to approximately HK\$91.1 billion when compared to the position as at 31 December 2017. With careful management of the credit risk exposure, the asset quality of loans and advances continued to be sound with an impaired loan ratio at approximately 0.67% and a non-performing loan ratio at approximately 0.58%. Total customer deposits as at 30 June 2018 had increased by 2% to approximately HK\$121.1 billion when compared to the position as at 31 December 2017. Total assets as at 30 June 2018 decreased by approximately 3.3% to HK\$158.4 billion when compared with last year end as at 31 December 2017.

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Overall, the Bank's core businesses, financial position and asset quality are strong, while the impaired loan ratio remains low. The Bank expects that upon receipt of the proceeds of the Rights Issue, the capital and financial position of the Bank will be further strengthened.

Business Environment

In the first half of 2018, the global economy continued to recover in general, with investment and trade activities remaining positive, and the International Monetary Fund predicted a global economic growth of 3.9% for the year. Driven by the positive contributions from personal consumption expenditures and exports, the Gross Domestic Product ("GDP") of the US for the second quarter grew by 4.1% year-on-year. The US Federal Reserve ("Fed") announced its second interest rate hike in 2018 at the meeting of the Federal Open Market Committee in June 2018, and is expected to raise interest rates twice more during the year. At the same time, the Fed warned that trade tensions and high asset value estimates will heat up global economic risks. In recent months, the US announced that it had introduced restrictions on imported goods and investment from Mainland China, in response to which the Chinese government has staged corresponding countermeasures. The dispute between China and the US on trade issues has been affecting the global trade and economic atmosphere. Economic growth in the Eurozone slowed down with GDP growth of 2.1% year-on-year for the second quarter of 2018, following which the European Central Bank announced that it would end its quantitative easing policy by the end of the year and keep interest rates unchanged until next summer.

The Asian economy has benefited from the expansion of the global economy, and recorded impressive export growth for the year despite the gloom spreading from geopolitical and trade risks. The Central Bank of Japan maintained its super-loose monetary policy and expected that its economy would have moderate growth this year. The economy in Mainland China slowed down in the first half of the year, with GDP growth of 6.8% in real terms. Investment growth declined as the scale of new loans and social financing continued to fall. Domestic consumption has become a stabiliser for economic growth while Mainland China is also facing such factors affecting its economic performance as the uncertainties in the external environment and domestic structural adjustment. As for the core cities in the Pearl River Delta, Guangzhou's economy maintained its steady growth, with GDP growth of 6.2% year-on-year for the first half of 2018, while the main economic indicators of Shenzhen continued to rise, with GDP growth of 8.0% year-on-year for the second quarter of the year. The People's Bank of China's comprehensive use of monetary policy tools in the first half of the year has reflected its preference for a stable, neutral and moderate monetary policy while maintaining reasonable and adequate liquidity. The exchange rate of the RMB against the U.S. dollar fluctuated due to factors such as the strengthening of the U.S. dollar and external uncertainties, with the onshore price (CNY) and offshore price (CNH) of RMB depreciating by 1.7% and 1.85%, respectively in the first half of the year.

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Benefiting from the general improvement of the global economy, Hong Kong's economy remained prosperous, with GDP growth of 4.0% for the first half of the year in real terms over the same period of the previous year. The growth in external demand has been accelerating, with trade volume constantly rising and private consumption expenditure increasing significantly. The active financial market has also contributed to driving up Hong Kong's exports of services, total exports of goods and overall investment expenditure by 6.1%, 4.6% and 0.4% year-on-year, respectively in the second quarter of 2018. Meanwhile the monetary foundation remained solid, with the total money supply (M3) increasing by 7.8% year-on-year as at the end of June. As at June 2018, the private residential price index rose for the 27th consecutive month, hitting the record high. Hong Kong stocks fluctuated repeatedly in the first half of the year as the Hang Seng Index fell after hitting the record high in January and then repeatedly fell amidst the surrounding uncertainties, finally closing at 28,955 points on the last trading day of the first half of the year, down by 3.2% for the first half of 2018.

Business Development

The Bank will continuously devote itself to realising its corporate vision of establishing itself as an “integrated commercial bank with cross-border expertise”. The Bank is committed to consolidating its business base in Hong Kong, while grasping development opportunities presented by the Guangdong-Hong Kong-Macao Greater Bay Area initiative. The goal is to actively expand the Bank's businesses in the Mainland, establish a cross-border linking mechanism, and offer differentiated cross-border products and services focusing on the targeted customer bases in the Greater Bay Area. Over the year, the Bank has commissioned a dedicated office to conduct a strategic study on the Greater Bay Area. The objective is to develop professional service solutions for cross-border customers, and to further improve synergy and establish an efficient cooperation mechanism by capitalising on the resources of the Yuexiu Group and its professional advantage in the industry.

In view of the emerging Fintech trend, the Bank dedicates its best efforts to the development of digital banking, and strengthens the building of e-payment channels, as well as optimising e-banking and offering more convenient banking services to customers in the Mainland and Hong Kong. The Bank began its transformation two years ago and leveraged technologies to improve operational efficiency and customer experience. To this end, the Bank launched a Digital Banking Transformation Office with a focus on setting up its digital transformation strategy. This drove the development of digital channels and the application of Fintech by making use of big data and business analysis, and launched new products and services tailored to customers' needs.

Looking ahead, the Bank will continuously enhance its banking services for its customers and continue to build its business network in the Mainland by utilising its superior business management, corporate governance and risk management, the extensive resources provided by the Yuexiu Group and the beneficial policies between Hong Kong and the Mainland, and lead the Bank to achieve new milestones through implementing its sustainable development strategy.

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TAXATION

Qualifying Shareholders are advised to consult their own professional advisers if they are in any doubt as to the taxation implications of holding or disposal of, or dealing in the Rights Shares and, as regards the Non-Qualifying Shareholders (if any), their receipt of the net proceeds of sale of the Nil Paid Rights on their behalf.

It is emphasised that none of the Bank, the Directors or any other parties involved in the Rights Issue accept responsibility for any tax effects or liability of holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in the Rights Shares.

LISTING RULES IMPLICATIONS

As the Rights Issue will not increase the total number of issued Shares or the market capitalisation of the Bank by more than 50%, the Rights Issue is not subject to the approval of minority Shareholders in general meeting pursuant to Rule 7.19A of the Listing Rules.

The Bank has not conducted any rights issue or open offer within the 12-month period immediately preceding the Latest Practicable Date, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period. The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own.

GENERAL

If you have questions in relation to the Rights Issue, please address your questions to the Registrar, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong during business hours from 9:00 a.m. to 6:00 p.m., Monday to Friday (other than Hong Kong public holidays).

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in Appendices I to IV to this Prospectus.

Yours faithfully,
For and on behalf of the Board of
Chong Hing Bank Limited
Zhang Zhaoxing
Chairman

1. PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. ZONG Jianxin

ZONG Jianxin, aged 52, was appointed Deputy Managing Director and Head of China Business of the Bank in May 2015 and ceased to act as Deputy Managing Director in May 2018. Mr. Zong has been appointed an Executive Director, the Chief Executive and Deputy Chairman of the Bank since September 2015, April 2017 and May 2018, respectively. He also acted as Alternate Chief Executive of the Bank from May 2016 to April 2017. Mr. Zong has been appointed an Executive Director of Yuexiu Financial Holdings since November 2015 and the Deputy Chairman and Chief Executive of Yuexiu Financial Holdings since May 2018. He acted as Alternate Chief Executive of Yuexiu Financial Holdings from June 2016 to May 2018. He has been a Director and the Chief Executive of Chong Hing Finance Limited, a wholly-owned subsidiary of the Bank, since August 2017. Mr. Zong has more than 20 years of banking experience, specialising in corporate banking, international business and investment banking business. He was an Executive Director and Alternate Chief Executive of Industrial and Commercial Bank of China (Asia) Limited (“**ICBC Asia**”) from October 2010 to May 2015, and was also a Director of various subsidiaries of ICBC Asia from December 2010 to May 2015. Mr. Zong held various positions in Industrial and Commercial Bank of China Limited, Shenzhen Branch from October 1999 to December 2009, with his last position as the Vice President of the Branch from June 2006 to December 2009. Mr. Zong holds a Master Degree in Business Administration awarded by Shanghai Jiao Tong University.

Mr. LAU Wai Man

LAU Wai Man, aged 60, has been an Executive Director of the Bank since August 2001. He was appointed as Deputy Managing Director of the Bank in May 2016, and such title was changed to Deputy Chief Executive of the Bank in May 2018. Mr. Lau also acts as Alternate Chief Executive of the Bank. He has been an Executive Director and Alternate Chief Executive of Yuexiu Financial Holdings since February 2014, and has acted as Deputy Chief Executive of Yuexiu Financial Holdings since May 2018. He is also a Director of all the subsidiaries of the Bank. Mr. Lau holds a Bachelor of Law degree and a Master of Business Administration degree. He is a Vice President of the Council of the Hong Kong Institute of Bankers, a Certified Financial Planner^{CM} and a member of the Hong Kong Institute of Certified Public Accountants. He was a fellow of the Association of Chartered Certified Accountants and a senior associate of the Australian Institute of Bankers. Mr. Lau joined the Bank as the Chief Auditor in 1988, and was Deputy Chief Executive Officer from July 2007 to March 2013 and Chief Executive Officer from March 2013 to May 2016. Before joining the Bank, he had worked for an international bank and a global accounting firm.

Non-executive Directors**Mr. ZHANG Zhaoxing**

ZHANG Zhaoxing, aged 55, has been the Chairman and a Non-executive Director of the Bank since February 2014. Mr. Zhang is the Chairman of Guangzhou Yue Xiu Holdings and Yue Xiu Enterprises. He was also a Non-executive Director and the Chairman of Yuexiu Financial Holdings until August 2018. Mr. Zhang holds an Executive Master of Business Administration degree awarded by Huazhong University of Science and Technology and possesses the qualification of senior accountant in China. He has extensive experience in the financial management, industrial operation, capital operation and corporate culture development of large enterprises. Prior to joining Yue Xiu Enterprises in 2008, Mr. Zhang was the Director and General Manager of Guangzhou Radio Group Co., Ltd., Chairman and General Manager of Haihua Electronics Enterprise (China) Corporation, Chairman of Guangzhou Guangdian Real Estate Development Co., Ltd. and a Director of GRG Banking Equipment Co., Ltd. (Stock Code: 002152), a company listed on the Shenzhen Stock Exchange. He was also the Chairman and an Executive Director of Yuexiu Transport Infrastructure from July 2008 to March 2014, General Manager of Yuexiu Property from July 2008 to March 2014, an Executive Director of Yuexiu Property from July 2008 to August 2018 and the Chairman of Yuexiu Property from July 2013 to August 2018, respectively. Mr. Zhang is a deputy to the 12th National People's Congress of the People's Republic of China.

Mr. LI Feng

LI Feng, aged 50, has been a Non-executive Director of the Bank since February 2014. Mr. Li is the Chief Capital Officer of Guangzhou Yue Xiu Holdings and Yue Xiu Enterprises, managing the Capital Department, Customer Resource Management and Synergy Department and Information Centre of Guangzhou Yue Xiu Holdings and Yue Xiu Enterprises, mainly responsible for formulating and implementing major capital management plans, organising and coordinating the investor relationship of listed companies, optimising and upgrading the customer resource management and synergy, and facilitating and enhancing the development of information technology, etc. Mr. Li is also a Non-executive Director and the Chairman of Yuexiu Financial Holdings and a Director of Guangzhou City Construction & Development Co., Ltd. He is an Executive Director of Yuexiu Property and Yuexiu Transport Infrastructure; a Non-executive Director of Yuexiu REIT Asset Management Limited (the Manager of Yuexiu Real Estate Investment Trust (Stock Code: 00405), which is listed on the Stock Exchange); and a Director of Guangzhou Yuexiu Financial Holdings Group Co., Ltd. (formerly known as Guangzhou Friendship Group Co., Ltd.), a company listed on the Shenzhen Stock Exchange (Stock Code: 000987). Mr. Li graduated from the Faculty of Naval Architecture and Ocean Engineering of South China University of Technology majoring in Naval Architecture, and obtained a Master of Business Administration degree from Jinan University. He holds the qualification of a Senior Engineer in China and the certificate in Major Administrative Decision-Making and Argumentation (廣州市重大行政決策論證專家) conferred by the Guangzhou Municipal Government. Mr. Li joined Yue Xiu Enterprises in December 2001 and has successively held positions in Guangzhou Yue Xiu Holdings and Yue Xiu Enterprises,

including the Assistant to General Manager, Assistant Manager of Corporate Management Department, Assistant to General Manager of Supervision and Auditing Department, Deputy General Manager of Capital Department, and Deputy General Manager of Yue Xiu International Development Limited. Mr. Li is familiar with business of listed companies and the operations of capital markets. Since 2008, he has participated in all of the major capital operation projects of Guangzhou Yue Xiu Holdings and Yue Xiu Enterprises; before that, he was also involved in the successful listing of Yuexiu Real Estate Investment Trust, and has extensive practical experience in capital operations.

Mr. CHOW Cheuk Yu Alfred *BBS, JP*

CHOW Cheuk Yu Alfred, aged 67, has been a Board member of the Bank since February 2003, and was re-designated from Independent Non-executive Director to Non-executive Director of the Bank in September 2004. Mr. Chow has been a Non-executive Director of Yuexiu Financial Holdings since February 2014. He is also the Chairman and a Non-executive Director of Chong Hing Insurance. He graduated from The University of Hong Kong with a Bachelor of Laws degree and a Master of Social Sciences (Public Administration) degree. With 17 years' working experience in the civil service and over 30 years as a solicitor, Mr. Chow is presently the senior partner of Kwan & Chow, Solicitors in Hong Kong. He is also a China-Appointed Attesting Officer. Mr. Chow is a director and legal advisor of Hong Kong Chiu Chow Chamber of Commerce Limited and Federation of HK Chiu Chow Community Organizations Limited; and legal advisor to Jao Tsung-I Petite Ecole Fan Club and various community bodies. He was the Chairman of the HKSAR Passports Appeal Board and Chief Adjudicator of the Registration of Persons Tribunal, and currently serves on other statutory boards.

Ms. CHEN Jing

CHEN Jing, aged 46, has been a Non-executive Director of the Bank since August 2018. Ms. Chen is the Chief Financial Officer and General Manager of the Finance Department of Guangzhou Yue Xiu Holdings and Yue Xiu Enterprises. Ms. Chen is an Executive Director and Chief Financial Officer of Yuexiu Property and an Executive Director of Yuexiu Transport Infrastructure. She is also the Chairman of the Board of Directors of Yue Xiu Securities Holdings Limited and a Non-executive Director of Yuexiu Financial Holdings.

Ms. Chen graduated from the Xi'an Jiaotong University with a major in auditing, and holds a Master of Business Administration Degree from the School of Management and Economics of the Beijing Institute of Technology and the qualifications of auditor and certified internal auditor. Ms. Chen joined Guangzhou Yue Xiu Holdings in July 2004 and was the Deputy General Manager of the Supervisory (Audit) Office and the General Manager of the Audit Department. Ms. Chen has participated in building a system to monitor the major risks of Guangzhou Yue Xiu Holdings. Ms. Chen is well versed in risk management and internal control management of listed companies and has extensive experience in establishing a sound system for risk management and internal control for enterprises. Prior to joining Guangzhou

Yue Xiu Holdings, Ms. Chen worked in the School of Business of Hubei University and Hisense Kelon Electrical Holdings Company Limited (formerly known as “Guangdong Kelon Electrical Holdings Company Limited”).

Independent Non-executive Directors

Mr. CHENG Yuk Wo

CHENG Yuk Wo, aged 57, has been an Independent Non-executive Director of the Bank since September 2004. He has also been an Independent Non-executive Director of Yuexiu Financial Holdings since February 2014. He has been an Independent Non-executive Director of Chong Hing Insurance since May 2017. Mr. Cheng, a co-founder of a Hong Kong merchant banking firm, is currently the proprietor of a certified public accountant practice in Hong Kong. Mr. Cheng obtained a Master of Science (Economics) degree in Accounting and Finance from the London School of Economics, England and a Bachelor of Arts (Honours) degree in Accounting from the University of Kent, England. He is a fellow of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants, and a member of the Institute of Chartered Professional Accountants of Canada. Mr. Cheng has more than 30 years of expertise in financial and corporate advisory services in mergers, acquisitions and investments. He had worked at Coopers and Lybrand (now known as PricewaterhouseCoopers) in London and Swiss Bank Corporation (now known as UBS AG) in Toronto, and held senior management positions in a number of Hong Kong listed companies.

In addition to his directorship in the Bank, Mr. Cheng is also an Independent Non-executive Director of a number of companies listed on the Stock Exchange, including CSI Properties Limited (Stock Code: 00497), HKC (Holdings) Limited (Stock Code: 00190), C.P. Lotus Corporation (Stock Code: 00121), Goldbond Group Holdings Limited (Stock Code: 00172), CPMC Holdings Limited (Stock Code: 00906), Top Spring International Holdings Limited (Stock Code: 03688), Liu Chong Hing Investment Limited (Stock Code: 00194), Chia Tai Enterprises International Limited (Stock Code: 03839), DTXS Silk Road Investment Holdings Company Limited (formerly known as UDL Holdings Limited) (Stock Code: 00620), Miricor Enterprises Holdings Limited (Stock Code: 08358), Somerley Capital Holdings Limited (Stock Code: 08439) and Kidsland International Holdings Limited (Stock Code: 02122). Besides, Mr. Cheng was an Independent Non-executive Director of Imagi International Holdings Limited (Stock Code: 00585), a company listed on the Stock Exchange, from July 2010 to January 2016.

Mr. MA Chiu Cheung Andrew

MA Chiu Cheung Andrew, aged 76, has been an Independent Non-executive Director of the Bank since August 2007. He has also been an Independent Non-executive Director of Yuexiu Financial Holdings since February 2014. He has been an Independent Non-executive Director of Chong Hing Insurance since January 2018. Mr. Ma is a founder and former director of AMA CPA Limited (formerly known as Andrew Ma DFK (CPA) Limited). He is presently a Director of Mayee Management Limited and also a Director of several other private

companies. Mr. Ma has more than 40 years' experience in the fields of accounting, auditing and finance. He received his Bachelor's degree in Economics from The London School of Economics and Political Science (University of London) in England. Mr. Ma is a fellow member of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants, The Hong Kong Institute of Directors and The Taxation Institute of Hong Kong.

In addition to his directorship in the Bank, Mr. Ma is also an Independent Non-executive Director of a number of companies listed on the Stock Exchange, including Asia Financial Holdings Limited (Stock Code: 00662), China Resources Power Holdings Company Limited (Stock Code: 00836), C.P. Pokphand Co. Ltd. (Stock Code: 00043), Asiaray Media Group Limited (Stock Code: 01993) and C-MER Eye Care Holdings Limited (Stock Code: 03309).

Mr. LEE Ka Lun

LEE Ka Lun, aged 63, has been an Independent Non-executive Director of the Bank since February 2014. Mr. Lee has been an Independent Non-executive Director of Yuexiu Financial Holdings since November 2013. He is also an Independent Non-executive Director of Yuexiu Property, Chow Sang Sang Holdings International Limited (Stock Code: 00116), Medicskin Holdings Limited (Stock Code: 08307) and Ever Harvest Group Holdings Limited (Stock Code: 01549), all of which are listed on the Stock Exchange. Mr. Lee was an Independent Non-executive Director of REXLot Holdings Limited (Stock Code: 00555), a company listed on the Stock Exchange, from April 2007 to June 2018. Mr. Lee is an accountant by profession and is a Fellow of the Association of Chartered Certified Accountants in the U.K. He has over 20 years of experience in banking and auditing.

Mr. YU Lup Fat Joseph

YU Lup Fat Joseph, aged 70, has been an Independent Non-executive Director of the Bank since August 2015. Mr. Yu has been an Independent Non-executive Director of Yuexiu Financial Holdings since August 2015. He is also an Independent Non-executive Director of Yuexiu Property. Mr. Yu holds a Master Degree in Applied Finance from Macquarie University in Australia, a Diploma of Management Studies from The University of Hong Kong and a Diploma from the Association of International Bond Dealers. Mr. Yu was the Founding President of the Hong Kong Forex Club from 1974 to 1975. Mr. Yu was also the Founding Deputy Chairman of the Hong Kong Capital Markets Association and Asia Chairman of the Association of International Bond Dealers. Mr. Yu has held numerous senior managerial and advisory positions and has more than 40 years of experience in investment, banking and finance.

Senior Management**Mr. FUNG Siu Ming**

FUNG Siu Ming, aged 65, has been the Deputy Managing Director of the Bank since September 2017 and an Alternate Chief Executive of the Bank since December 2017. He has been an Alternate Chief Executive of Yuexiu Financial Holdings and Chong Hing Finance Limited since December 2017 and February 2018, respectively. Prior to joining the Bank, Mr. Fung was the Executive Director, Alternate Chief Executive and Chief Risk Officer of the Hong Kong subsidiary of a large-size China banking group until his retirement in April 2014, and served as an advisor of that banking group from September 2014 to September 2017 and the Compliance Officer of the Hong Kong Branch of the same group from April 2015 to September 2017. Except for a brief period, Mr. Fung had been a Non-executive Director of a China-incorporated bank of the same group operating in Shenzhen from October 2011 to September 2017. Mr. Fung holds a Bachelor's Degree in Social Sciences from The University of Hong Kong. He has more than 40 years of local banking experience specialised in bank lending and credit risk management.

Mr. CHAN Kam Ki Vincent

CHAN Kam Ki Vincent, aged 55, General Manager, has been the Chief Financial Officer of the Bank since April 2017. Mr. Chan graduated from The Chinese University of Hong Kong and obtained a Master Degree in Applied Finance from Macquarie University, Australia. He is a fellow of the Hong Kong Institute of Certified Public Accountants and a member of the Institute's Banking Regulatory Advisory Panel, a member of the American Institute of Certified Public Accountants, a designation holder of the Chartered Institute of Management Accountants and a Certified Internal Auditor of The Institute of Internal Auditors. Mr. Chan has more than 30 years of auditing and financial controllership experience in the financial services industry. He worked for an international accounting firm and held regional roles in major cities of several international banks and senior positions in regional and local banks prior to joining the Bank.

Mr. HSU Rockson

HSU Rockson, aged 49, General Manager, has been the Chief Risk Officer of the Bank since September 2015. Mr. Hsu has more than 25 years of risk management experience in foreign and local banks and possesses sound knowledge in credit risk management in China and various business segments. Prior to joining the Bank, he was Deputy Risk Officer of a local bank. Mr. Hsu graduated from New York University, USA and obtained a Bachelor of Science degree in Finance and International Business.

Mr. CHIU Tak Wah Edward

CHIU Tak Wah Edward, aged 55, General Manager, has been the Chief Operating Officer of the Bank since May 2017. He is also a Director of various subsidiaries of the Bank. He graduated from Kings College London, University of London, and obtained a Master (Econ) degree from London School of Economics and Political Science, University of London. Mr. Chiu has more than 28 years' experience in banking, financial services and management consultancy in the Asia Pacific region, Europe and China while working for several leading financial institutions. Prior to joining the Bank, he was a General Manager, Head of Operations of a leading Chinese bank, and held different senior positions in major financial institutions.

Mr. CHUNG Siu Kuen

CHUNG Siu Kuen, aged 54, General Manager, has been the Head of Personal Banking since joining the Bank in August 2018. Mr. Chung holds a Master Degree of Business and Administration awarded by the University of Birmingham, and a Bachelor of Laws degree awarded by the University of Wolverhampton in the United Kingdom. Mr. Chung possesses about 30 years of working experience in the financial services industry, and has worked in various local and foreign banks in Hong Kong overseeing retail banking business. Mr. Chung has extensive management experience in wealth management business, consolidated channel management, as well as deposit and loan products.

Ms. CHAN Yun Ling

CHAN Yun Ling, aged 51, has been a General Manager and Head of Financial Markets since April 2015. She holds a Bachelor of Arts degree from The Chinese University of Hong Kong, and had pursued studies in France and the U.K. Specialising in financial markets business, Ms. Chan has worked in major financial hubs including Hong Kong, Tokyo, Singapore, Shanghai and Taiwan, in charge of financial markets related activities in various financial institutions.

Ms. MA Yuen Lai Barbara

MA Yuen Lai Barbara, aged 51, General Manager, joined the Bank in March 2017 as Deputy Head of Hong Kong Corporates and has been appointed Head of Hong Kong Corporates since March 2018. Ms. Ma has more than 25 years of experience in corporate banking with U.K., U.S. and local financial institutions and has worked in London, New York and Hong Kong. Over her career, she has possessed experience in managing a broad spectrum of clients from a wide range of industries. Ms. Ma obtained a Bachelor of Science (Economics) degree in International Relations from The London School of Economics and Political Science.

Mr. SIN Tat Wo

SIN Tat Wo, aged 48, is a General Manager and Head of Mainland Corporates. Mr. Sin graduated from Hong Kong Baptist University with a Bachelor degree in Business Administration. He has more than 20 years of experience in the banking industry in Hong Kong and China. He worked for a number of major Chinese Banks in their corporate, commercial and investment banking departments. Mr. Sin joined the Bank in December 2015.

Ms. CHAN Oi Hung Blanche

CHAN Oi Hung Blanche, aged 53, is a General Manager and Head of Human Resources. Ms. Chan is a seasoned human resources practitioner with over 25 years of experience and held senior and head positions in international, regional and local banks in Hong Kong. Ms. Chan received a Bachelor of Social Sciences degree in Economics from The University of Hong Kong and a Master degree in Business Administration from The Chinese University of Hong Kong. Ms. Chan joined the Bank in July 2016.

Company Secretary

LAI Wing Nga, aged 54, General Manager, has been the Company Secretary of the Bank since August 2015. Ms. Lai has had over 25 years of working experience in the corporate secretarial and governance areas of sizable listed companies and financial institutions. Prior to joining the Bank, Ms. Lai was the company secretary of AIA Group Limited from April 2010 to July 2015, which is a company listed on the Stock Exchange (Stock Code: 01299). She was the company secretary of Standard Chartered Bank (Hong Kong) Limited from April 2005 to March 2010 and before that was the company secretary of ICBC (Asia) from April 2000 to April 2005. Ms. Lai obtained a master of business degree from The University of Newcastle in Australia. She also obtained a postgraduate diploma in corporate finance from The Hong Kong Polytechnic University. Ms. Lai is a fellow of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the U.K.

Addresses of Directors and Senior Management

The business address of the Directors and the senior management of the Group is the same as the address of the Bank's registered office at Ground Floor, Chong Hing Bank Centre, 24 Des Voeux Road Central, Hong Kong.

2. CORPORATE INFORMATION

Registered office:	Ground Floor, Chong Hing Bank Centre 24 Des Voeux Road Central Hong Kong
Company Secretary:	Ms. LAI Wing Nga
Authorised representatives:	Mr. ZONG Jianxin Mr. LAU Wai Man
Legal advisers to the Bank:	<i>As to Hong Kong laws:</i> Baker & McKenzie 14th Floor, Hutchison House 10 Harcourt Road Central Hong Kong
Auditor:	PricewaterhouseCoopers <i>Certified Public Accountants</i> 22nd Floor, Prince's Building Central Hong Kong
Registrar:	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Principal banker:	Chong Hing Bank Limited Ground Floor, Chong Hing Bank Centre 24 Des Voeux Road Central Hong Kong

3. SHARE CAPITAL AND SHARE OPTIONS

Share capital

The total number of issued Shares as at the Latest Practicable Date and the maximum number of issued Shares immediately following completion of the Rights Issue (assuming no further change of number of Shares from the Latest Practicable Date to the completion of the Rights Issue) are set forth as follows:

Total number of Shares in issue as at the Latest Practicable Date	722,626,000
Maximum number of Rights Shares to be allotted and issued under the Rights Issue	<u>361,313,000</u>
Maximum number of Shares in issue immediately following completion of the Rights Issue	<u><u>1,083,939,000</u></u>

All of the Shares currently in issue are fully paid up and rank *pari passu* in all respects among themselves, including, in particular, as to dividends, voting rights and capital. The Shares in issue are listed on the Stock Exchange.

All of the Rights Shares, when allotted, issued and fully paid up, will, subject to the Articles, rank *pari passu* in all respects among themselves, including, in particular, as to dividends, voting and capital, and with all Shares in issue as at the date of allotment and issue of Rights Shares such that holders of Rights Shares will be entitled to receive all future dividends and distributions the record dates of which are on or after the date of issue of the Rights Shares, **including the Bank's 2018 interim cash dividend of HK\$0.17 per Share for the six months ended 30 June 2018 as announced by the Bank on 14 August 2018.**

Save for the 2020 Subordinated Notes, the 2027 Subordinated Notes and the Additional Tier 1 Capital Securities, no part of the equity or debt securities of the Bank is listed or dealt in or for which listing or permission to deal in is being or is proposed to be sought on any stock exchange (other than the Stock Exchange).

Dealings in the Shares may be settled through CCASS and Shareholders should consult their stockbrokers or other registered dealer of securities, bank manager, solicitors, professional accountants or other professional advisers for details of these settlement arrangements and how such arrangements may affect their rights and interests.

Share options

As at the Latest Practicable Date, the Bank had no outstanding options, convertible securities or rights affecting the Shares and no capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option.

4. INDEBTEDNESS

At the close of business on 31 July 2018, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Prospectus, the Group had the following outstanding borrowings:

- (i) the 2020 Subordinated Notes with a principal amount of US\$204.024 million (equivalent to approximately HK\$1.60 billion) and a carrying amount of approximately HK\$1.58 billion, which qualifies as Tier 2 capital under Basel II and will mature on 4 November 2020. If at any time on or after 1 January 2013 the 2020 Subordinated Notes no longer fully qualifies as term subordinated debt for inclusion in Category II – Supplementary Capital of the Bank as a result of changes to regulatory requirements, the Bank may, at its option and subject to the prior written approval of the HKMA, exercise a change of the status of the 2020 Subordinated Notes by serving a “Change in Status Notice” on the noteholders. Upon a “Change in Status Notice” become effective, the 2020 Subordinated Notes shall thereafter constitute unsubordinated obligations and the rate of interest on the 2020 Subordinated Notes shall be reduced from 6% to 5.5% per annum. As a “Change in Status Notice” has not been served at the time of the printing of this Prospectus, the rate of interest on the 2020 Subordinated Notes currently remains at 6% per annum. The obligations under the 2020 Subordinated Notes are not secured by any collateral;
- (ii) the 2027 Subordinated Notes with a principal amount of US\$383.903 million (equivalent to approximately HK\$3.01 billion) and a carrying amount of approximately HK\$2.88 billion, which qualifies as Tier 2 capital under Basel III and are 10-year non-call five-year fixed rate notes. The 2027 Subordinated Notes have a fixed coupon rate of 3.876% per annum payable semi-annually for the first five years, and the interest rate will be reset on 26 July 2022. The obligations under the 2027 Subordinated Notes are not secured by any collateral;
- (iii) Renminbi financial bonds (the “**Panda Bonds**”) with a principal amount of RMB1.50 billion (equivalent to approximately HK\$1.73 billion) and a carrying amount of approximately HK\$1.72 billion issued by the Bank on 20 May 2016. The Panda Bonds will mature on 23 May 2019 and has a coupon rate of 3.6% per annum payable annually. The obligations under the Panda Bonds are not secured by any collateral; and
- (iv) deposits from customers, deposits and balances of banks, certificate of deposit issued, financial assets sold under repurchase agreements, direct credit substitutes, forward asset purchases, trade-related contingencies, undrawn formal standby facilities, credit lines and other commitments that arise from the normal course of the Bank’s banking business.

The above outstanding borrowings have not included the Additional Tier 1 Capital Securities with a face value of US\$300 million (equivalent to approximately HK\$2.31 billion net of related issuance costs) which are classified as additional equity instruments in the Group's consolidated statement of financial position. The Additional Tier 1 Capital Securities are undated and bear a 6.5% coupon until the first call date on 25 September 2019. The coupon will be reset every five years if the Additional Tier 1 Capital Securities are not redeemed to a fixed rate equivalent to the then-prevailing five-year US Treasury rate plus 4.628% per annum.

Save as set out above or otherwise disclosed in this Prospectus, and apart from intra-group liabilities, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowing or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities as at the close of business on 31 July 2018.

To the best of the knowledge of the Directors, having made all reasonable enquiries, there had been no material change in the level of indebtedness of the Group since 31 July 2018 and up to the Latest Practicable Date.

5. WORKING CAPITAL AND CAPITAL ADEQUACY

Rules 7.22, 9.20(1) and 11.06 of, and paragraph 30 of Appendix 1B to, the Listing Rules require that in relation to the Rights Issue, (i) this Prospectus must include a statement by the Directors that, in their opinion, the working capital available to the Bank is sufficient for the Group's requirements for at least 12 months from the date of this Prospectus or, if not, how it is proposed to provide the additional working capital that the Directors consider to be necessary; and (ii) a letter from the Bank's financial advisers or auditors must be submitted to the Stock Exchange before the bulk-printing of this Prospectus, confirming that (A) such opinion has been given by the Directors after due and careful inquiry; and (B) persons or institutions providing finance have stated in writing that such facilities exist.

The Bank is of the view that the working capital statement would not provide significant information for the Shareholders and the Bank's investors because "working capital" is not an appropriate indicator of solvency or liquidity for a bank. The more appropriate financial indicator for banking businesses is the capital adequacy ratio, which is widely used by regulators in the banking industry to assess and monitor a bank's solvency and is also a key indicator to assess a bank's financial condition, strength and ability to meet its liabilities and other risks.

In light of the above and owing to the extensive resources required to provide for such a statement, the Bank has applied for, and the Stock Exchange has granted, the Bank, a waiver from strict compliance with the working capital statement requirements under Rules 7.22, 9.20(1) and 11.06 of, and paragraph 30 of Appendix 1B to, the Listing Rules.

The Bank's solvency and capital adequacy are subject to prudential supervision by the relevant regulatory bodies. The Bank is an authorised institution incorporated in Hong Kong which is supervised by the HKMA under the Banking Ordinance. The Bank is subject to the capital adequacy and regulatory capital requirements under the Banking (Capital) Rules and the regulatory requirements issued by the HKMA, as issued and amended from time to time. In particular, the Bank must maintain at all times three minimum risk-weighted capital ratios (which are together referred to as the "capital adequacy ratio" as further elaborated below) under the Banking (Capital) Rules. These requirements are set to ensure that authorised institutions have adequate capital to guard against their exposure to all risks. In addition, overseas branches of the Bank are subject to local banking regulatory requirements as applicable, which may differ from one jurisdiction to another. Various subsidiaries of the Group which are regulated financial institutions are also subject to certain statutory capital requirements of other regulatory bodies as applicable, such as the financial resources requirements imposed by the Securities and Futures Commission of Hong Kong.

The Banking (Capital) Rules require a Hong Kong incorporated authorised institution to comply with the minimum capital adequacy ratio requirements applicable to them, i.e.:

- (i) the Common Equity Tier 1 capital ratio (expressed as a percentage of the amount of the authorised institution's Common Equity Tier 1 capital to the sum of the authorised institution's risk-weighted amount for credit risk, risk-weighted amount for market risk and risk-weighted amount for operational risk) of 4.5%;
- (ii) the Tier 1 capital ratio (expressed as a percentage of the amount of the authorised institution's Tier 1 capital to the sum of the authorised institution's risk-weighted amount for credit risk, risk-weighted amount for market risk and risk-weighted amount for operational risk) of 6%; and
- (iii) the Total capital ratio (expressed as a percentage of the amount of the authorised institution's total capital which is the sum of its Tier 1 capital and Tier 2 capital to the sum of the authorised institution's risk-weighted amount for credit risk, risk-weighted amount for market risk and risk-weighted amount for operational risk) of 8%.

The Bank has sufficient buffers to meet the capital adequacy ratio requirements as follows:

- (i) the Common Equity Tier 1 capital ratio of the Bank as at 31 December 2016, 31 December 2017 and 30 June 2018 was 11.81%, 11.30% and 11.27%, respectively;
- (ii) the Tier 1 capital ratio of the Bank as at 31 December 2016, 31 December 2017 and 30 June 2018 was 14.16%, 13.30% and 13.23%, respectively; and
- (iii) the Total capital ratio of the Bank as at 31 December 2016, 31 December 2017 and 30 June 2018 was 16.32%, 17.60% and 17.39%, respectively.

The Group has complied with all regulatory capital adequacy ratio requirements applicable to it for the years ended 31 December 2016 and 2017 and the six months ended 30 June 2018.

FINANCIAL RESULTS

Financial information of the Group for each of the three years ended 31 December 2017 is disclosed separately in the following documents which have been published on the Bank's website and the website of the Stock Exchange:

- (i) the annual report of the Bank for the year ended 31 December 2015 (pages 101 to 282);

the Bank's website:

http://www.chbank.com/en/pdf/2015/chbank_annual_report_2015.pdf

the Stock Exchange's website:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0310/LTN20160310433.pdf>

- (ii) the annual report of the Bank for the year ended 31 December 2016 (pages 75 to 231); and

the Bank's website:

http://www.chbank.com/en/pdf/2016/chbank_annual_report_2016.pdf

the Stock Exchange's website:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0324/LTN20170324281.pdf>

- (iii) the annual report of the Bank for the year ended 31 December 2017 (pages 73 to 231)

the Bank's website:

http://www.chbank.com/en/pdf/2017/chbank_annual_report_2017.pdf

the Stock Exchange's website:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0413/LTN20180413637.pdf>

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
IN RESPECT OF THE RIGHTS ISSUE**

For illustrative purposes, financial information prepared in accordance with paragraph 4.29 of the Listing Rules is set out here to provide prospective investors with further information about how the financial information of the Group might be affected by completion of the Rights Issue as if the Rights Issue had been completed on 30 June 2018. The statement has been prepared for illustrative purposes only and, because of its nature, it may not give a true picture of the Group's financial condition on the completion of the Rights Issue.

(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is an illustrative and unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Bank which has been prepared on the basis of the notes set out below, for the purpose of illustrating the effect of the Rights Issue as if it had taken place on 30 June 2018. This unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Rights Issue been completed as at 30 June 2018 or at any future date.

The table below illustrates hypothetically the effect of the Rights Issue had it taken place on 30 June 2018 where (i) only Yuexiu Financial Holdings but no other Qualifying Shareholders subscribes for the Rights Shares or (ii) all Rights Shares are fully subscribed by Qualifying Shareholders. Depending on the level of subscription of the Rights Shares, the figures of unaudited pro forma adjusted consolidated net tangible assets may fall between the figures for scenario (i) and scenario (ii) as shown below had the Rights Issue taken place on 30 June 2018.

	Unaudited consolidated net tangible assets of the Group attributable to the owners of the Bank as at 30 June 2018 <i>(Note 1)</i> HK\$'000	Estimated net proceeds from Rights Issue <i>(Note 2)</i> HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Bank as at 30 June 2018 HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets per Share <i>(Note 3)</i> HK\$
(i) Based on 210,378,000 Rights Shares to be issued at a subscription price of HK\$14.26 per Rights Share	17,300,269	2,969,990	20,270,259	23.5
(ii) Based on 361,313,000 Rights Shares to be issued at a subscription price of HK\$14.26 per Rights Share	17,300,269	5,122,323	22,422,592	22.1

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
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Notes:

- (1) The consolidated net tangible assets of the Group attributable to the owners of the Bank as at 30 June 2018 is based on the consolidated net assets of the Group attributable to the owners of the Bank as at 30 June 2018 of HK\$17,737 million with adjustment for intangible assets of HK\$437 million as extracted from the interim results announcement of the Bank dated 14 August 2018 for the six months ended 30 June 2018.
- (2) The estimated net proceeds from the Rights Issue are based on 210,378,000 Rights Shares and 361,313,000 Rights Shares, respectively, to be issued at the subscription price of HK\$14.26 per Rights Share, after deduction of the related expenses of approximately HK\$30 million.
- (3) The unaudited pro forma consolidated net tangible assets per Share is arrived at after aggregating the consolidated net tangible assets of the Group of HK\$17,737 million with an adjustment for intangible assets of HK\$437 million and the estimated net proceeds range of HK\$2.97 billion and HK\$5.12 billion, respectively, from the Rights Issue (Note 2) and on the basis that 862,878,000 Shares and 1,013,813,000 Shares were in issue as at 30 June 2018 and 210,378,000 Shares and 361,313,000 Shares were issued under the Rights Issue, respectively, assuming the Rights Issue had been completed on 30 June 2018.
- (4) The unaudited pro forma consolidated net tangible assets of the Group does not take into account the 2018 interim cash dividend of HK\$0.17 per Share for the six months ended 30 June 2018 declared by the Group on 14 August 2018. The unaudited pro forma consolidated net tangible assets per Share would have been HK\$23.3 per Share and HK\$21.9 per Share based on 210,378,000 Shares and 361,313,000 Shares issued under the Rights Issue, respectively.
- (5) The unaudited pro forma consolidated net tangible assets does not take into account the Subscription completed on 21 August 2018. Had such Subscription been taken into account, the unaudited pro forma consolidated net tangible assets per Share (including net proceeds from the Subscription of approximately HK\$990 million, which arose from 70,126,000 new shares at a subscription price of HK\$14.26 per Share, after deduction of the related expenses of approximately HK\$10 million) would be approximately HK\$22.8 per Share and HK\$21.6 per Share on the basis that 933,004,000 Shares and 1,083,939,000 Shares were in issue as at 30 June 2018 and 210,378,000 Shares and 361,313,000 Shares were issued under the Rights Issue, respectively. The calculation is illustrated in below table.

	Unaudited consolidated net tangible assets of the Group attributable to the owners of the Bank as at 30 June 2018 <i>HK\$'000</i>	Net proceeds from Subscription <i>HK\$'000</i>	Estimated net proceeds from Rights Issue <i>HK\$'000</i>	Unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Bank as at 30 June 2018 <i>HK\$'000</i>	Unaudited pro forma adjusted consolidated net tangible assets per Share <i>HK\$</i>
(i) Based on 210,378,000 Rights Shares to be issued at a subscription price of HK\$14.26 per Rights Share	17,300,269	989,997	2,969,990	21,260,256	22.8
(ii) Based on 361,313,000 Rights Shares to be issued at a subscription price of HK\$14.26 per Rights Share	17,300,269	989,997	5,122,323	23,412,589	21.6
(6) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2018.					

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
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**(B) REPORT FROM THE REPORTING ACCOUNTANT ON THE UNAUDITED PRO
FORMA FINANCIAL INFORMATION OF THE GROUP**

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



羅兵咸永道

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

To the Directors of Chong Hing Bank Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Chong Hing Bank Limited (the "Bank") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 30 June 2018, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages III-1 and III-2 of the Bank's prospectus dated 31 August 2018, in connection with the proposed rights issue of the Bank. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages III-1 and III-2.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed rights issue on the Group's financial position as at 30 June 2018 as if the proposed rights issue had taken place at 30 June 2018. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial information for the six months ended 30 June 2018, on which the interim results announcement has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed rights issue at 30 June 2018 would have been as presented.

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
IN RESPECT OF THE RIGHTS ISSUE**

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 31 August 2018

1. RESPONSIBILITY OF THE DIRECTORS

This Prospectus, 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 Bank. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement herein misleading or this Prospectus misleading.

2. DIRECTORS' INTERESTS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executive of the Bank had any interest or short position in the shares, underlying shares and debentures of the Bank or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Bank and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Bank and the Stock Exchange:

Interests in shares in associated corporation

Director	Associated Corporation	Long/short position	Number of ordinary shares held				Total interest	Percentage of issued share capital ⁽¹⁾
			Personal interests	Spousal interests	Corporate interests			
Li Feng	Yuexiu Property	Long	172,900	–	–	172,900	0.001	
Lee Ka Lun	Yuexiu Property	Long	3,200,000	–	–	3,200,000	0.026	
Yu Lup Fat Joseph	Yuexiu Property	Long	4,000,000	–	–	4,000,000	0.032	

Note:

(1) Based on 12,401,306,631 shares of Yuexiu Property issued as at the Latest Practicable Date.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

Save as disclosed below, as at the Latest Practicable Date, the Directors and chief executive of the Bank were not aware of any person (other than a Director or chief executive of the Bank) who had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Bank under the provisions of Divisions 2 and 3 of Part XV of the SFO or were directly or indirectly interested in 10% or more of the issued voting shares of any other member of the Bank:

Interests in shares in the Bank

Shareholder	Long/short position	Capacity	Number of Shares held	Percentage of total number of issued Shares ⁽¹⁾
Yuexiu Financial Holdings	Long	Beneficial owner	489,375,000	67.72%
Yue Xiu Enterprises	Long	Interest of a controlled corporation	489,375,000	67.72%
Guangzhou Yue Xiu Holdings	Long	Interest of a controlled corporation	489,375,000	67.72%
The Subscriber	Long	Beneficial owner	70,126,000	9.70%
Guangzhou Metro Group Co., Ltd.* (廣州地鐵集團有限公司)	Long	Interest of a controlled corporation	70,126,000	9.70%

Notes:

- (1) Based on 722,626,000 Shares in issue as at the Latest Practicable Date.
- (2) Yuexiu Financial Holdings is wholly-owned by Yue Xiu Enterprises, which is in turn wholly-owned by Guangzhou Yue Xiu Holdings.
- (3) The Subscriber is wholly-owned by Guangzhou Metro Group Co., Ltd.* (廣州地鐵集團有限公司).

* For identification purposes only

4. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Bank since 31 December 2017, being the date to which the latest published audited financial results of the Group were made up.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Bank or any of its subsidiaries which is not terminable by the Bank within one year without payment of compensation (other than statutory compensation).

6. OTHER ARRANGEMENTS INVOLVING DIRECTORS

As at the Latest Practicable Date:

- (i) none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group; and
- (ii) none of the Directors had any direct or indirect interest in any assets which had been since 31 December 2017 (the date to which the latest audited accounts of the Bank were made up) acquired or disposed of by, leased to, are proposed to be acquired or disposed of by or are proposed to be leased to any member of the Group.

7. LITIGATION

As at the Latest Practicable Date, neither the Bank nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Bank or any other member of the Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) were entered into by the Group within the period commencing two years preceding the date of this Prospectus and up to the Latest Practicable Date and are, or may be, material:

- (i) the sale and purchase agreement dated 20 March 2017 (and as amended by the letter dated 15 March 2018) entered into between Asia Insurance Company, Limited, Chong Hing Insurance, OCBC Wing Hang Bank Limited, Shanghai Commercial Bank Limited and Wing Lung Agency Limited (as vendors) and First Origin International Limited (as purchaser) in relation to, among others, the disposal of 70,000,000 shares held by Chong Hing Insurance in Hong Kong Life Insurance Limited at approximately HK\$1,183,330,000 (the "**Hong Kong Life Disposal**");
- (ii) the trust deed dated 26 July 2017 entered into between the Bank (as issuer) and DB Trustees (Hong Kong) Limited (as trustee) in relation to the 2027 Subordinated Notes;

- (iii) the agency agreement dated 26 July 2017 entered into among the Bank (as issuer), Deutsche Bank Luxembourg S.A. (as registrar), Deutsche Bank AG, Hong Kong Branch (as principal paying agent, calculation agent and transfer agent) and DB Trustees (Hong Kong) Limited (as trustee) in relation to the 2027 Subordinated Notes;
- (iv) the sale and purchase agreement dated 26 September 2017 entered into between the Bank (as vendor) and King Firm Enterprises Limited (as purchaser) in relation to the disposal of Fung Shun Commercial Building at No. 591 Nathan Road and No. 13 Changsha Street at HK\$658,000,000;
- (v) the information technology framework agreement dated 25 October 2017 entered into between the Bank (as customer) and Guangzhou Yuexiu Financial Technology Co., Ltd.* (廣州越秀金融科技有限公司) (“**Yuexiu Financial Technology**”) (as service provider) in relation to the provision of information technology related services by Yuexiu Financial Technology and its subsidiaries to the Group for a term from 25 October 2017 to 31 August 2020;
- (vi) the Subscription Agreement; and
- (vii) the Irrevocable Undertaking.

* *For identification purposes only*

9. EXPERT’S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given an opinions or advice, which is contained or referred to in this Prospectus:

Name	Qualification
PricewaterhouseCoopers	Certified Public Accountants

As at the Latest Practicable Date, PricewaterhouseCoopers:

- (i) had given and had not withdrawn its written consent to the issue of this Prospectus with the inclusion of its letter and the reference to its name, in the form and context in which it appears;
- (ii) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (iii) did not have any direct or indirect interest in any assets which had been since 31 December 2017 (the date to which the latest audited accounts of the Bank were made up) acquired or disposed of by, or leased to, any member of the Group or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

10. MISCELLANEOUS

- (i) This Prospectus is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.
- (ii) As at the Latest Practicable Date, the Directors were not aware of any restriction affecting the remittance of profits or repatriation of capital into Hong Kong from outside Hong Kong which materially affects the business of the Group as a whole.

11. DOCUMENT DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents, and the written consents of the expert referred to in “– *Expert’s Qualification and Consent*” above have been delivered to the Registrar of Companies of Hong Kong for registration pursuant to section 38D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays) at the registered office of the Bank at Ground Floor, Chong Hing Bank Centre, 24 Des Voeux Road Central, Hong Kong up to and including Friday, 14 September 2018:

- (i) the Articles;
- (ii) the report from PricewaterhouseCoopers in respect of the unaudited pro forma financial information of the Group in respect of the Rights Issue, the text of which is set out in Appendix III;
- (iii) the material contracts referred to in “– *Material Contracts*” above;
- (iv) the written consents referred to in “– *Expert’s Qualification and Consent*” above;
- (v) the annual reports of the Bank for the three financial years ended 31 December 2015, 2016 and 2017; and
- (vi) this Prospectus.