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**(1) GRANT OF AWARD SHARES PURSUANT TO
THE SHARE AWARD SCHEME;
(2) PROPOSED ISSUE OF NEW SHARES UNDER THE
SHARE AWARD SCHEME PURSUANT TO GENERAL MANDATE;
(3) CONNECTED TRANSACTIONS INVOLVING
PROPOSED ISSUE OF NEW SHARES TO CONNECTED PERSONS
UNDER THE SHARE AWARD SCHEME PURSUANT TO
SPECIFIC MANDATE;
AND
(4) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

GRANT OF AWARD SHARES PURSUANT TO THE SHARE AWARD SCHEME

On 16 March 2021, the Board has resolved to grant a total of not more than 732,000 Award Shares to 58 Selected Employees pursuant to the Share Award Scheme, of which, (i) grant of the Connected Award Shares to 3 Connected Grantees; and (ii) grant of not more than 682,163 Award Shares to 55 Non-connected Grantees, in order to recognize the contributions of such Selected Employees and in driving the continuous business operation and development of the Group.

PROPOSED ISSUE OF NEW SHARES UNDER THE SHARE AWARD SCHEME PURSUANT TO GENERAL MANDATE, AND CONNECTED TRANSACTIONS INVOLVING PROPOSED ISSUE OF NEW SHARES TO CONNECTED PERSONS UNDER THE SHARE AWARD SCHEME PURSUANT TO SPECIFIC MANDATE

The Board has also resolved to allot and issue a total of not more than 732,000 new Shares to satisfy the grant of Award Shares to Selected Employees pursuant to the terms of the Share Award Scheme, among which (i) not more than 682,163 Award Shares granted to Non-connected Grantees shall be satisfied by the proposed allotment and issue of not more than 682,163 new Shares to the Non-connected Grantees under the General Mandate; and (ii) the Connected Award Shares granted to the Connected Grantees shall be satisfied by the proposed allotment and issue of 49,837 new Shares to the Connected Grantees under the Specific Mandate, subject to the approval of Independent Shareholders. No funds will be raised as a result of the aforesaid proposed allotment and issue. The grant of Award Shares to the Selected Employees have been approved by the Independent Directors of the Bank.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Pelican Financial Limited has been appointed by the Bank as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the grant of the Connected Award Shares to the Connected Grantees and the proposed allotment and issue of new Shares described herein.

LISTING RULES IMPLICATIONS

As the Connected Grantees are Directors of the Bank and directors of the Bank's subsidiaries, the Connected Grantees are connected persons of the Bank. Therefore, the proposed allotment and issue of new Shares to the Connected Grantees under the Share Award Scheme shall constitute connected transactions for the Bank under Chapter 14A of the Listing Rules and shall be subject to, among others, the approval by the Independent Shareholders at a general meeting of the Bank. All of the Non-connected Grantees are Employees of the Group and two of them are directors of the Bank's insignificant subsidiaries and are exempted as connected persons of the Bank pursuant to Rule 14A.09 of the Listing Rules, therefore are not connected persons of the Bank.

The Bank will put forward, among other things, ordinary resolutions to approve the proposed allotment and issue of new Shares to the Connected Grantees and the transaction contemplated therein at a general meeting to be convened by the Bank for the Independent Shareholders' consideration and approval.

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the proposed allotment and issue of the new Shares to the Connected Grantees and the Specific Mandate.

A circular containing, among others, further details of the proposed allotment and issue of the new Shares to the Connected Grantees and the Specific Mandate, a letter of advice from the Independent Board Committee to the Independent Shareholders, a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the proposed allotment and issue of new Shares to the Connected Grantees, and the notice of convening the general meeting will be despatched to the Shareholders in accordance with the requirements of the Listing Rules.

Reference is made to the announcement of the Bank dated 16 March 2020 in relation to, among others, the adoption of the Share Award Scheme by the Board.

GRANT OF AWARD SHARES PURSUANT TO THE SHARE AWARD SCHEME

On 16 March 2021, the Board has resolved to grant a total of not more than 732,000 Award Shares to 58 Selected Employees pursuant to the Share Award Scheme, of which, (i) grant of the Connected Award Shares to 3 Connected Grantees; and (ii) grant of not more than 682,163 Award Shares to 55 Non-connected Grantees, in order to recognize the contributions of such Selected Employees and in driving the continuous business operation and development of the Group.

PROPOSED ISSUE OF NEW SHARES UNDER THE SHARE AWARD SCHEME PURSUANT TO GENERAL MANDATE AND CONNECTED TRANSACTIONS INVOLVING PROPOSED ISSUE OF NEW SHARES TO CONNECTED PERSONS UNDER THE SHARE AWARD SCHEME PURSUANT TO SPECIFIC MANDATE

The Board has also resolved to allot and issue a total of not more than 732,000 new Shares to satisfy the grant of Award Shares to Selected Employees pursuant to the terms of the Share Award Scheme, among which (i) not more than 682,163 Award Shares granted to 55 Non-connected Grantees (all of them are Employees of the Group and two of them are directors of the Bank's insignificant subsidiaries, are exempted as connected persons of the Bank pursuant to Rule 14A.09 of the Listing Rules, therefore are not connected persons of the Bank) shall be satisfied by the proposed allotment and issue of not more than 682,163 new Shares to the Non-connected Grantees pursuant to the General Mandate; and (ii) the Connected Award Shares granted to 3 Connected Grantees (two of them are Directors of the Bank and one of them is a director of the Bank's three subsidiaries, and are therefore connected persons of the Bank) shall be satisfied by the proposed allotment and issue of 49,837 new Shares to the Connected Grantees pursuant to the Specific Mandate, subject to the approval of Independent Shareholders.

Assuming that a total of not more than 732,000 new Shares are to be allotted and issued by the Bank to the Selected Employees, such new Shares shall represent (i) approximately 0.07524% of the total number of Shares in issue of the Bank as at the date of this announcement; and (ii) approximately 0.07518% of the total number of Shares in issue of the Bank as enlarged by the proposed allotment and issue of such new Shares (assuming there is no change in the total number of Shares in issue of the Bank from the date of this announcement up to the proposed allotment date of such new Shares, other than the proposed allotment and issue of such new Shares). No funds will be raised as a result of the aforesaid proposed allotment and issue of new Shares. The grant of Award Shares to the Selected Employees have been approved by the Independent Directors of the Bank.

Grant of Award Shares to Connected Grantees

Details of the grant of Award Shares to the Connected Grantees are as follows:

Name of the Connected Grantees	Number of Award Shares granted to the Connected Grantees
- Mr. Zong Jianxin, <i>Executive Director, Deputy Chairman and Chief Executive of the Bank</i>	24,311
- Mr. Lau Wai Man, <i>Executive Director and Deputy Chief Executive of the Bank</i>	16,612
- Mr. Woo Pak Kin, Clement, <i>director of Chong Hing Insurance Company Limited, Chong Hing Securities Limited and Chong Hing Commodities and Futures Limited</i>	8,914
	<hr/>
Total	<u>49,837</u>

Each of Mr. Zong Jianxin and Mr. Lau Wai Man, the Directors as disclosed in the table above, has abstained from approving the relevant Board resolutions on: (i) the grant of the relevant Connected Award Shares to them; and (ii) the proposed allotment and issue of new Shares to them under the Share Award Scheme.

Grant of Award Shares to Non-connected Grantees

Not more than 682,163 Award Shares are proposed to be granted to 55 Non-connected Grantees. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Non-connected Grantees are not connected persons of the Bank.

The Award Shares

Pursuant to the Scheme Rules, the Award Shares shall be granted to the Selected Employees for nil consideration. The average closing price of the Shares for the five consecutive trading days immediately preceding the date of the Grant Date as quoted on the Stock Exchange is HK\$9.872 per Share.

Based on the closing price of HK\$9.850 per Share as quoted on the Stock Exchange as at the date of this announcement, the market value of 682,163 Award Shares granted to the Non-connected Grantees, and the Connected Award Shares granted to the Connected Grantees are HK\$6,719,305.55 and HK\$490,894.45, respectively.

The Award Shares represent approximately 0.07524% of the existing Shares in issue as at the date of this announcement.

Where any Award Shares will be satisfied by new Shares to be allotted and issued to the Selected Employees by the Bank, the Bank shall comply with such provisions of the Listing Rules as may be applicable, including any reporting, announcement and/or Independent Shareholders' approval requirements, unless exempted under the Listing Rules. Applications will be made by the Bank to the listing committee of the Stock Exchange for the listing of, and permission to deal in the new Shares on the Stock Exchange.

Vesting dates

The Award Shares shall be vested in four tranches of which: (a) 25% of the Award Shares under the Award shall be vested in the first calendar year after the Grant Date during a period of continuous service with the Group; (b) 25% of the Award Shares under the Award shall be vested in the second calendar year of continuous service with the Group after the Grant Date; (c) 25% of the Award Shares under the Award shall be vested in the third calendar year of continuous service with the Group after the Grant Date; and (d) the remaining 25% of the Award Shares under the Award shall be vested in the fourth calendar year of continuous service with the Group after the Grant Date.

The vesting of the Award Shares is subject to the conditions as set out in the Scheme Rules and the fulfillment of such conditions as specified by the Board.

Ranking of the Award Shares

The Award Shares, when issued and fully paid, shall rank *pari passu* among themselves and with the other Shares in issue, with rights to receive all dividends and other distributions declared, made or paid on or after the date of proposed allotment and issue.

Conditions precedent

The proposed allotment and issue of not more than 682,163 new Shares to the Non-connected Grantees shall be (i) subject to the Stock Exchange having granted the approval for the listing of, and permission to deal in such new Shares; and (ii) fulfillment of the conditions as set out in the Scheme Rules and such conditions as specified by the Board.

The proposed allotment and issue of 49,837 new Shares to the Connected Grantees shall be subject to (i) the approval by the Independent Shareholders at a general meeting to be convened by the Bank in respect of the proposed allotment and issue of such new Shares and the transactions contemplated therein; (ii) the Stock Exchange having granted the approval for the listing of, and permission to deal in such new Shares; and (iii) fulfillment of the conditions as set out in the Scheme Rules and such conditions as specified by the Board.

General Mandate

Pursuant to the General Mandate, the Bank is authorized to allot and issue up to 194,505,218 Shares, representing 20% of the total number of Shares in issue as at the date of the 2020 AGM. As at the date of this announcement, 272,177 Shares have been allotted and issued to those Non-connected Grantees who have vested their Award Shares in the first calendar year after the grant date on 16 March 2020 under the General Mandate. Accordingly, the maximum number of new Shares which may be issued by the Bank under the General Mandate is 194,233,041 Shares, representing approximately 19.97% of the total number of Shares in issue as at the date of the 2020 AGM.

Application for listing

Application will be made by the Bank to the Stock Exchange for the granting of the listing of, and permission to deal in, a total of not more than 732,000 new Shares.

EQUITY FUND RAISING ACTIVITIES OF THE BANK IN THE PAST 12 MONTHS

The Bank has not conducted any equity fund raising activities in the past 12 months immediately preceding the date of this announcement.

REASONS FOR THE ISSUANCE OF THE AWARD SHARES

The Bank is principally engaged in the provision of banking and related financial services for its customers in Hong Kong and the Mainland.

The Share Award Scheme forms part of the incentive schemes of the Group. The Board considers that the award of the Award Shares to the Selected Employees recognises and motivates the outstanding contributions made by them, in driving the continuous business operation and development of the Group, as well as reducing the turnover of the Selected Employees in key positions, and in strengthening the Group's performance.

The Board considers that the terms and conditions of the grant of the Connected Award Shares to the Connected Grantees and the proposed allotment and issue of new Shares to the Connected Grantees are fair and reasonable and are in the interests of the Bank and the Shareholders as well as the Independent Shareholders as a whole.

LISTING RULES IMPLICATIONS

Where any Award Shares will be satisfied by new Shares to be allotted and issued to the Selected Employees by the Bank under a general mandate or specific mandate, applications will be made by the Bank to the listing committee of the Stock Exchange for the listing of, and permission to deal in the new Shares on the Stock Exchange.

Where any Award Shares involving new Shares proposed to be issued to any Selected Employees who is a connected person within the meaning of the Listing Rules, the Bank shall comply with such provisions of the Listing Rules as may be applicable, including any reporting, announcement and/or Independent Shareholders' approval requirements, unless otherwise exempted under the Listing Rules.

As the Connected Grantees are Directors of the Bank and directors of the Bank's subsidiaries, the Connected Grantees are connected persons of the Bank. Therefore, the proposed allotment and issue of new Shares to the Connected Grantees under the Share Award Scheme shall constitute connected transactions for the Bank under Chapter 14A of the Listing Rules and shall be subject to, among others, the approval by the Independent Shareholders at a general meeting of the Bank.

Card Alliance Company Limited, Chong Hing (Nominees) Limited, Chong Hing Information Technology Limited, Hero Marker Limited, Right Way Investments Limited, Top Benefit Enterprise Limited and Chong Hing Insurance Brokers Limited are insignificant subsidiaries of the Bank by virtue of Rule 14A.09 of the Listing Rules. Therefore, notwithstanding Mr. Chiu Tak Wah Edward's directorships in Card Alliance Company Limited, Chong Hing (Nominees) Limited, Chong Hing Information Technology Limited, Hero Marker Limited, Right Way Investments Limited and Top Benefit Enterprise Limited, and Mr. Chan Kam Ki Vincent's directorship in Chong Hing Insurance Brokers Limited, they and their associates are not regarded as connected persons of the Bank pursuant to Rule 14A.09 of the Listing Rules.

The Bank will put forward, among other things, ordinary resolutions to approve the proposed allotment and issue of new Shares to the Connected Grantees and the transaction contemplated therein at a general meeting to be convened by the Bank for the Independent Shareholders' consideration and approval.

To the best of the knowledge, information and belief of the Board, no Shareholder is required to abstain from voting on the resolution(s) to approve the proposed allotment and issue of new Shares to the Connected Grantees and the transactions contemplated thereunder at a general meeting to be convened by the Bank.

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the proposed allotment and issue of new Shares to the Connected Grantees and the Specific Mandate.

A circular containing, among others, further details of the proposed allotment and issue of new Shares to the Connected Grantees and the Specific Mandate, a letter of advice from the Independent Board Committee to the Independent Shareholders, a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the proposed allotment and issue of new Shares to the Connected Grantees, and the notice convening the general meeting will be despatched to the Shareholders

in accordance with the requirements of the Listing Rules.

As additional time is required by the Bank for the preparation of certain information for inclusion in the circular and in view of the upcoming Easter holiday period in April 2021, the circular is expected to be despatched by the Bank to the Shareholders on or before Tuesday, 27 April 2021.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Pelican Financial Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activities under the SFO, has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the grant of the Connected Award Shares to the Connected Grantees and the proposed allotment and issue of new Shares described herein.

DEFINITIONS

“2020 AGM”	the annual general meeting of the Bank held on 15 May 2020;
“Award”	means the Award Shares granted to the Selected Employees in accordance with the Share Award Scheme;
“Award Shares”	for the Selected Employees, the number of Shares designated by the Board as an Award in accordance with the Share Award Scheme. The number of Shares shall be counted down to the nearest whole number (if any fragmented shares);
“Bank”	Chong Hing Bank Limited, a limited company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange (Stock Code: 01111);
“Board”	means the board of directors of the Bank;
“Connected Award Shares”	49,837 Award Shares granted by the Bank to the Connected Grantees;
“Connected Grantees”	the Selected Employees who are connected with the Bank or connected persons of the Bank;
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules;
“Director(s)”	means the director(s) of the Bank;
“Employees”	means any full-time employee(s) of the Group;
“Eligible Participant(s)”	means the followings full-time Employees of the Group: (i) Executive Directors; (ii) Senior management; (iii) Core management team;

	(iv) any Employees whom the Board believes to have contribution or will contribute to the Group and has a direct or significant impact on the long-term development of the Group; and
	(v) Employees determined by the Board from time to time;
“Excluded Employees”	means any employee, in which the law or regulation of his/her place of residence does not allow the Employees to be granted any Award Shares and/or any interest in the vesting under the terms of the Share Award Scheme, or the Board or the Nomination and Remuneration Committee (as the case may be) believes that such grants or interests when in compliance with the statutory requirements of such laws or regulations, making it necessary for the Bank to exclude Employees from the Share Award Scheme;
“General Mandate”	the general mandate granted by the Shareholders to the Directors to allot, issue and otherwise deal with new Shares at the 2020 AGM;
“Grant Date”	means the date on which the Board and/or its authorised representatives decides to grant the Award Shares to the Selected Employees in accordance with the Share Award Scheme;
“Group”	means the Bank and all of its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	an independent board committee of the Board comprising all the independent non-executive Directors established for the purpose of advising the Independent Shareholders on the proposed allotment and issue of new Shares to the Connected Grantees, the Specific Mandate and transactions contemplated thereunder;
“Independent Directors”	independent Directors other than the Connected Grantees;
“Independent Shareholders”	independent Shareholders other than the Connected Grantees and their respective associates;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time;
“Non-connected Grantees”	the Selected Employees who are not connected with the Bank or connected persons of the Bank;
“Nomination and Remuneration Committee”	refers to the nomination and remuneration committee of the Bank, which is organized and empowered by the Board to manage the Share Award Scheme; members of the committee includes Directors appointed by the Board from time to time;
“Scheme Rules”	the rules governing the Share Award Scheme adopted by the Board, as amended from time to time;

“Selected Employee(s)”	means any Eligible Participants (excluding the Excluded Employees) selected by the Board with full discretion (after consideration of the advice provided by the Nomination and Remuneration Committee) from time to time in accordance with the Share Award Scheme;
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Shares”	means the ordinary shares in the capital of the Bank (includes the other value of such share capital that has undergone spin-off, merger, reclassification or restructuring);
“Shareholder(s)”	the holder(s) of the Shares;
“Share Award Scheme”	means the “Chong Hing Bank Limited Share Award Scheme” by virtue of these provisions, in its present form or as amended from time to time;
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at a general meeting to be convened by the Bank to grant the authority to the Board for the proposed allotment and issue of 49,837 new Shares to the Connected Grantees; and
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited.

By Order of the Board
Chong Hing Bank Limited
Lai Wing Nga
Company Secretary

Hong Kong, 16 March 2021

As at the date of this announcement, the Board of the Bank comprises:

- Executive Directors
Mr. Zong Jianxin (Deputy Chairman and Chief Executive) and Mr. Lau Wai Man (Deputy Chief Executive);
- Non-executive Directors
Mr. Zhang Zhaoxing (Chairman), Mr. Li Feng, Mr. Chow Cheuk Yu Alfred and Ms. Chen Jing; and
- Independent Non-executive Directors
Mr. Cheng Yuk Wo, Mr. Ma Chiu Cheung Andrew, Mr. Lee Ka Lun and Mr. Yu Lup Fat Joseph.