

30 July 2021

*To the holders of Outstanding Share Awards*

Dear Sir or Madam

**SHARE AWARD OFFER  
IN RELATION TO THE  
PROPOSAL FOR THE PRIVATISATION OF  
CHONG HING BANK LIMITED BY  
YUE XIU ENTERPRISES (HOLDINGS) LIMITED  
BY WAY OF A SCHEME OF ARRANGEMENT  
UNDER SECTION 673 OF THE COMPANIES ORDINANCE**

A scheme document dated the same date as this letter issued jointly by the Offeror and the Company (the “**Scheme Document**”) and a form of acceptance are provided to you together with this letter. Terms used but not defined in this letter shall have the same meanings as in the Scheme Document. This letter should be read in conjunction with the Scheme Document.

The Offeror and the Company jointly announced in an announcement dated 18 May 2021 (the “**Announcement**”) that, on 18 May 2021, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under section 673 of the Companies Ordinance, which involves the cancellation and extinguishment of Scheme Shares in issue on the Scheme Record Date at a Cancellation Price of HK\$20.80 (less the Dividend Adjustment (if any)) in cash for each such Scheme Share cancelled and extinguished.

As stated in the Announcement, pursuant to Rule 13 of the Takeovers Code, the Offeror is making the Share Award Offer to each Outstanding Share Award Holder to cancel all his/her Outstanding Share Award(s) held by him/her as at the Scheme Record Date in exchange for the payment by the Offeror to such Outstanding Share Award Holder of the Share Award Offer Price (as defined below) in cash for each such Outstanding Share Award cancelled. The Share Award Offer is conditional upon the Scheme becoming effective.

Each Outstanding Share Award Holder at the Scheme Record Date who accepts the Share Award Offer and completes and returns a duly completed and executed Form of Acceptance by the prescribed deadline in accordance with the terms of this letter will be entitled to receive the Share Award Offer Price for each Outstanding Share Award, which will, upon the satisfaction of the relevant vesting and other conditions as set out in the rules of the Share Award Scheme and/or as specified by the Board, and subject to the compliance with the rules of the Share Award Scheme, be paid to such Outstanding Share Award Holder on a staggered basis within

seven (7) business days (as defined in the Takeovers Code) following the vesting date of the relevant Outstanding Share Award(s) which is determined in accordance with the existing vesting schedule of the Outstanding Share Award(s) held by such Outstanding Share Award Holder as at the Scheme Record Date. Any Outstanding Share Award Holder who does not accept the Share Award Offer will not receive any cash consideration under the Share Award Offer in respect of his/her Outstanding Share Award(s) held as at the Scheme Record Date.

**WARNING: Holders of the Outstanding Share Awards are reminded that they will not receive any consideration for any of their respective Outstanding Share Awards if they decide not to accept the Share Award Offer in respect of their respective Outstanding Share Awards held as at the Scheme Record Date. The Offeror will not increase the Share Award Offer Price and does not reserve the right to do so. Holders of the Outstanding Share Awards should be aware that, following the making of such statement, the Offeror will not be allowed to increase the Share Award Offer Price.**

This letter explains the terms of the Share Award Offer and the actions you may take in relation to any Outstanding Share Awards held by you. You are advised to refer to the Scheme Document for further details when considering the Share Award Offer.

Your attention is also drawn to the rules of the Share Award Scheme, including the relevant vesting and other conditions as set out in the rules of the Share Award Scheme.

#### **TERMS OF THE SHARE AWARD OFFER**

The Offeror is making the Share Award Offer to pay you, upon the satisfaction of the relevant vesting and other conditions as set out in the rules of the Share Award Scheme and/or as specified by the Board, and subject to the compliance with the rules of the Share Award Scheme, the amount as set out below (the “**Share Award Offer Price**”) for the cancellation of each Outstanding Share Award that you hold as at the Scheme Record Date, which is expected to be 23 September 2021 (or such other date as shall be confirmed and announced by the Offeror and the Company upon the Court hearing of the petition for the sanction of the Scheme).

**For each Outstanding Share Award . . . . . HK\$20.80 (less the Dividend Adjustment (if any))**

In consideration for our agreement to pay you the Share Award Offer Price set out above, your Outstanding Share Award(s) as at the Scheme Record Date will be cancelled following the closing date of the Share Award Offer, which is expected to be 11 October 2021 (or such other date as shall have been announced by the Offeror and the Company).

Under the rules of the Share Award Scheme, the vesting of the Outstanding Share Awards will not be accelerated if the Proposal is approved and implemented. In accordance with the existing vesting schedule of the Outstanding Share Award(s), none of the Outstanding Share Award(s) held by you will become vested on or before the Effective Date in accordance with the rules of the Share Award Scheme.

Any Outstanding Share Award Holder who does not accept the Share Award Offer will not receive any cash consideration under the Share Award Offer in respect of his/her Outstanding Share Award(s) held as at the Scheme Record Date. As disclosed in the Scheme Document, the original purpose of the Share Award Scheme was to award Shares that are listed on the Stock Exchange as an incentive to eligible employees of the Group. However, since the Company will be making an application to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange, in accordance with Rule 6.15(2) of the Listing Rules, with effect following the Effective Date, the Shares will no longer be listed on the Stock Exchange with effect therefrom. The Board will therefore exercise its discretion to terminate the Share Award Scheme and cancel any Share Awards which remain outstanding following the Effective Date, each with effect from a date falling on or after the Effective Date, in accordance with the terms and conditions of the Share Award Scheme.

### **Conditions of the Share Award Offer**

The Share Award Offer is conditional upon the Scheme becoming effective. The Share Award Offer will become unconditional immediately upon the Scheme becoming effective, which will be prior to the withdrawal of the listing of the Shares on the Stock Exchange.

The Conditions of the Proposal and the Scheme are set out in “CONDITIONS OF THE PROPOSAL” in the Explanatory Statement on pages 81 to 85 in the Scheme Document. You are further advised to refer to “REGISTRATION AND PAYMENT” and “OVERSEAS HOLDERS OF SCHEME SHARES AND OVERSEAS HOLDERS OF OUTSTANDING SHARE AWARDS” in the Explanatory Statement on pages 96 to 99 and pages 100 to 104, respectively, in the Scheme Document.

### **Payments under the Share Award Offer**

Under the Share Award Offer, the Share Award Offer Price will, upon the satisfaction of the relevant vesting and other conditions as set out in the rules of the Share Award Scheme and/or as specified by the Board, and subject to the compliance with the rules of the Share Award Scheme, be paid to each Outstanding Share Award Holder on a staggered basis within seven (7) business days (as defined in the Takeovers Code) following the vesting date of the relevant Outstanding Share Award(s) which is determined in accordance with the existing vesting schedule of the Outstanding Share Award(s) held by such Outstanding Share Award Holder as at the Scheme Record Date.

Each Outstanding Share Award Holder at the Scheme Record Date who accepts the Share Award Offer and completes and returns a duly completed and executed Form of Acceptance by the prescribed deadline in accordance with the terms of this letter will be entitled to receive the Share Award Offer Price for each Outstanding Share Award. Any Outstanding Share Award Holder who does not accept the Share Award Offer will not receive any cash consideration under the Share Award Offer in respect of his/her Outstanding Share Award(s) held as at the Scheme Record Date.

If the Share Award Offer becomes unconditional, the cash consideration under the Share Award Offer due to the Outstanding Share Award Holders who accept the Share Award Offer in accordance with the terms of the Share Award Offer will be held by the Offeror in a separate account and will be retained in such account pending payment to the Outstanding Share Award Holders as and when the payments are due. Such payments will be made to the Outstanding Share Award Holders within seven (7) business days (as defined in the Takeovers Code) following the vesting date of the relevant Outstanding Share Award(s) which is determined in accordance with the existing vesting schedule of the Outstanding Share Award(s) held by such Outstanding Share Award Holder as at the Scheme Record Date. The vesting schedule for your Outstanding Share Award(s) is set out in the notice of grant relating to your Outstanding Share Award(s). The Share Award Offer Price will be paid net of any applicable taxes. Your entitlement to the Share Award Offer Price under the Share Award Offer will continue to be subject to the satisfaction of the relevant vesting and other conditions as set out in the rules of the Share Award Scheme and/or as specified by the Board, and subject to the compliance with the rules of the Share Award Scheme.

Payment of the Share Award Offer Price under the Share Award Offer will be made either by way of (a) electronic bank transfer into a bank account as customarily used by you to receive compensation from the Group, or (b) posting of a cheque. Payment will be made in Hong Kong dollars. You should inform the Human Resources Division of the Company of your preferred method of payment no later than two weeks prior to the vesting date of your Outstanding Share Award(s). All transfer fees (if applicable) will be deducted from the Share Award Offer Price under the Share Award Offer accordingly.

In the case of posting of cheque, (a) the cheques shall be sent by ordinary post in postage pre-paid envelopes addressed to you at the respective registered addresses as appearing in the register of share award holders of the Company as at the Scheme Record Date, (b) all cheques shall be posted at your risk and none of the Offeror, the Offeror Concert Parties, the Company, CICC, CLSA, Yue Xiu Capital, the Independent Financial Adviser, the Company's share registrar and transfer office and their respective ultimate beneficial owners, directors, officers, agents and associates and any other person involved in the Proposal or the Share Award Offer will be responsible for any loss or delay in physical delivery, and (c) on or after the day being six calendar months after the posting of the cheques, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed, and shall place all monies represented thereby in a deposit account in the Offeror's name with a licensed bank in Hong Kong selected by the Offeror.

The Offeror shall hold such monies until the expiry of six years from the Effective Date and shall prior to such date, make payments therefrom of the sums payable under the Share Award Offer and to the Outstanding Share Award Holders who satisfy the Offeror that they are respectively entitled thereto and the relevant cheques on which they are payees have not been cashed. Any payments made by the Offeror shall not include any interest accrued on the sums to which the respective persons are entitled to under the Share Award Offer. The Offeror shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled, and a certificate of the Offeror to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies.

On the expiry of six years from the Effective Date, the Offeror shall be released from any further obligation to make any payments under the Share Award Offer and the Offeror shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit account referred to above, including accrued interest subject to any deduction required by law and expenses incurred.

#### **COURSES OF ACTION AVAILABLE TO OUTSTANDING SHARE AWARD HOLDERS**

Under the rules of the Share Award Scheme, the vesting of the Outstanding Share Awards will not be accelerated if the Proposal is approved and implemented. In accordance with the existing vesting schedule of the Outstanding Share Award(s), none of the Outstanding Share Award(s) held by you will become vested on or before the Effective Date in accordance with the rules of the Share Award Scheme.

The choices available to you in respect of your Outstanding Share Award(s) as at the Scheme Record Date are set out below.

##### **(A) Accept the Share Award Offer**

The Share Award Offer shall be in respect of each of the Outstanding Share Award that you hold as at the Scheme Record Date, which is expected to be 23 September 2021 (or such other date as shall be confirmed and announced upon the Court hearing of the petition for the sanction of the Scheme). You may choose to accept the Share Award Offer on the terms (including all declarations and undertakings) as set out in this letter and the enclosed Form of Acceptance, by ticking the “Accept” box on the Form of Acceptance and returning it in accordance with the instructions set out below. Such acceptance of the Share Award Offer will be in respect of each Outstanding Share Award that you hold as at the Scheme Record Date.

##### **(B) Reject the Share Award Offer**

If you choose to reject the Share Award Offer, please tick the “Reject” box on the enclosed Form of Acceptance and return it in accordance with the instructions set out below. Such rejection of the Share Award Offer will be in respect of each Outstanding Share Award that you hold as at the Scheme Record Date.

If you reject the Share Award Offer, as the original purpose of the Share Award Scheme was to award Shares that are listed on the Stock Exchange as an incentive to eligible employees of the Group and the Shares will no longer be listed on the Stock Exchange following the withdrawal of the listing of the Shares on the Stock Exchange, the Board will therefore exercise its discretion under the Share Award Scheme to terminate the Share Award Scheme and cancel any Share Awards which remain outstanding and which you hold following the Effective Date, each with effect from a date falling on or after the Effective Date, in accordance with the terms and conditions of the Share Award Scheme.

If you reject the Share Award Offer, you will not receive any cash consideration under the Share Award Offer in respect of the Outstanding Share Award(s) which you hold as at the Scheme Record Date.

**Following receipt of this letter, if you (a) choose to do nothing (including not returning a Form of Acceptance) or (b) fail to tick either an “Accept” or “Reject” box on a returned Form of Acceptance, and the Scheme becomes effective, you will be treated as if you had returned a duly completed and executed Form of Acceptance with the “Reject” box ticked in respect of each of the Outstanding Share Award that you hold as at the Scheme Record Date.**

#### **HOW TO RETURN THE FORM OF ACCEPTANCE**

You should return the duly completed and executed Form of Acceptance to the Offeror at 26/F., Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong for the attention of the Offeror and marked “Chong Hing Bank Limited – Share Award Offer” **by no later than 4:00 p.m. on Monday, 11 October 2021 (or such other date and time as may be notified to you by or on behalf of the Offeror).**

Before returning the Form of Acceptance to the Offeror, please ensure that you have completed and signed the Form of Acceptance and that your signature has been witnessed.

No acknowledgment of receipt of the Form of Acceptance or any other document will be given.

#### **OUTSTANDING SHARE AWARDS HELD**

Information on the Outstanding Share Award(s) held by you can be obtained by contacting Ms Kammy Chan, Head of Rewards Team of the Company at HRRewards@chbank.com.

#### **LAPSED SHARE AWARDS**

Please note that nothing in this letter or the Scheme Document serves to extend the life of a Share Award which lapses, will lapse, or has already lapsed, under the terms of the Share Award Scheme. You cannot accept the Share Award Offer in respect of a Share Award which has lapsed or will have lapsed by the Scheme Record Date.

## **RECOMMENDATION OF THE INDEPENDENT BOARD COMMITTEE**

Your attention is drawn to the letter from the Independent Board Committee to the Independent Scheme Shareholders and the holders of the Outstanding Share Awards set out in the “LETTER FROM THE INDEPENDENT BOARD COMMITTEE” on pages 38 and 39 in the Scheme Document, and the letter from Somerley Capital Limited, being the Independent Financial Adviser, to the Independent Board Committee set out in “LETTER FROM THE INDEPENDENT FINANCIAL ADVISER” on pages 40 to 73 in the Scheme Document, which contain the recommendation of the Independent Board Committee and of the Independent Financial Adviser, respectively, in respect of the Proposal, the Scheme and the Share Award Offer.

## **INDEPENDENT FINANCIAL ADVICE**

The information provided in this letter is intended to give you factual details on which to base your decision as to the action you wish to take.

If you are in any doubt as to any aspect of this letter, the Scheme Document or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

## **DECLARATION**

By signing and returning the Form of Acceptance, you:

- (a) confirm that you have read, understood and agreed to the terms and conditions of the Share Award Offer (including without limitation those set out in the Scheme Document, this letter and the Form of Acceptance), and that you have received the Scheme Document, this letter and the Form of Acceptance;
- (b) confirm that all Outstanding Share Award(s) held by you in respect of which you accept the Share Award Offer are valid and subsisting, free from all liens, charges, mortgages and third party interests of any nature whatsoever;
- (c) confirm that all local laws and requirements applicable to the Share Award Offer have been complied with;
- (d) acknowledge that you cease to have any rights or obligations, and waive all rights and claims against any party (including the Offeror and the Company), in respect of all the Outstanding Share Award(s), and you agree that all rights and obligations under all Outstanding Share Award(s) held by you in respect of which you accept the Share Award Offer will be cancelled;
- (e) confirm that any acceptance of the Share Award Offer cannot be withdrawn or altered;

- (f) authorise the Company and the Offeror, jointly and severally, or any director or officer of the Company or the Offeror or any agent of such person to do all acts and things and to execute any document as may be necessary or desirable to give effect to or in consequence of your acceptance of the Share Award Offer, and you hereby undertake to execute any further assurance that may be required in respect of such acceptance (including consenting to the Company, the Board or the Offeror, as applicable, exercising its rights to amend the terms of your Outstanding Share Award(s) to enable such Outstanding Share Award(s) to be cancelled in exchange for the payment by the Offeror of the Share Award Offer Price for each such Outstanding Share Award); and
- (g) undertake to confirm and ratify any action properly or lawfully taken on your behalf by any attorney or agent appointed by or pursuant to this letter or the Form of Acceptance.

## **GENERAL**

All communications, notices, Forms of Acceptance, cheques, certificates and other documents of any nature to be delivered by or sent to or from you will be delivered by or sent to or from you, or you designated agents, at your risk, and none of the Offeror, the Offeror Concert Parties, the Company, CICC, CLSA, Yue Xiu Capital, the Independent Financial Adviser, the Company's share registrar and transfer office and their respective ultimate beneficial owners, directors, officers, agents and associates and any other person involved in the Proposal or the Share Award Offer accepts any liability for any loss or any other liabilities whatsoever which may arise as a result. This letter shall be taken as having been received by you within two (2) business days of its despatch.

The provisions set out in the Form of Acceptance form part of the terms of the Share Award Offer.

The Share Award Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.

Due execution of the Form of Acceptance in respect of the Share Award Offer will constitute an authority to CICC, CLSA, the Offeror, any director of the Offeror or their respective agents to complete and execute any document on behalf of the accepting holders of the Outstanding Share Award(s), and to do any other act, that may be necessary or expedient for the purpose of cancelling all Outstanding Share Award(s) which are the subject of such acceptance.

The delivery of the Form of Acceptance, duly signed, may, if the Offeror determines it appropriate, be as effective as if it were duly completed and received notwithstanding that it is not completed or received strictly in accordance with the instructions set out in the Form of Acceptance and this letter, including the date specified for receipt.



By accepting the Share Award Offer, you irrevocably and at your own risk, elect to authorise the Offeror to send to you, or procure the sending to you of, the Share Award Offer Price to which you are entitled.

Any acceptance of the Share Award Offer and the receipt of the Share Award Offer Price may trigger taxes subject to withholding obligations of the Offeror. The Share Award Offer Price will be paid to you net of such applicable taxes, if any. All holders of Outstanding Share Award(s) are recommended to consult their professional advisers if in any doubt as to the taxation implications of the Share Award Offer.

## **RESPONSIBILITY STATEMENTS**

The issue of this letter has been approved by the directors of the Offeror, who jointly and severally accept full responsibility for the accuracy of the information contained in this letter (other than the information relating to the Group) and confirm, having made all reasonable enquiries, that, to the best of their knowledge, opinions expressed in this letter (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statement in this letter misleading.

The issue of this letter has been approved by the directors of Yuexiu Holdings, who jointly and severally accept full responsibility for the accuracy of the information contained in this letter (other than the information relating to the Group) and confirm, having made all reasonable enquiries, that, to the best of their knowledge, opinions expressed in this letter (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statement in this letter misleading.

The Directors, jointly and severally accept full responsibility for the accuracy of the information contained in this letter (other than the information relating to the Offeror and the Offeror Concert Parties) and confirm, having made all reasonable enquiries, that, to the best of their knowledge, opinions expressed in this letter (other than those expressed by the directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statement in this letter misleading.

Yours truly,

For and on behalf of

**YUE XIU ENTERPRISES (HOLDINGS) LIMITED**

**Zhang Zhaoxing**

*Director*