

**Information Note**  
**Legislative Council Panel on Financial Affairs**  
**Meeting on 5<sup>th</sup> November, 2001**  
**The Bank of East Asia, Limited (Merger) Bill**

**Introduction**

1. This note seeks to inform Members regarding The Bank of East Asia, Limited (Merger) Bill and to solicit Members' views.

**General**

2. It is proposed that the Bill is introduced as a private Member's bill. The Bill is sponsored by the Hon. Mr Ng Leung Sing. The Bill relates to bank merger and so the Administration will be requested to give its view as to whether the Bill relates to Government policies for the purpose of Article 74 of the Basic Law. The Chief Executive will be asked to consent for the Bill to be introduced into the Legislative Council.

**Bank Merger**

3. The Bill provides for the merger of First Pacific Bank with its parent, the Bank of East Asia. In a number of jurisdictions, such as the United States, Japan and Switzerland, two banks can merge with one another by way of "universal succession". However Hong Kong company law does not have such a concept as universal succession. Accordingly bank mergers in Hong Kong may only be effected either by transfer of all property and liabilities by way of novation or assignment or by introducing a Bill to the Legislative Council which transfers all property and liabilities of the merging bank which are governed by Hong Kong law. Given the large number of outstanding agreements between First Pacific Bank and its customers, it is not practical to transfer such assets and liabilities by way of novation and assignment to the Bank of East Asia.
4. It is the Government's stated policy to support consolidation of the banking sector in Hong Kong, which should improve its competitiveness and contribute to systemic stability in the longer term. As part of this policy, the Administration has previously supported bank mergers where reasonable proposals are submitted for consolidation. This is, however, always subject to the overriding aim to promote the stability of the

banking system and to provide an appropriate degree of protection to depositors in the merged institutions and to depositors generally.

5. As regards this particular case, the proposed merger will help promote stability of the banking sector. The HKMA's supervision of the merged entity should also become more effective after the merger.

### **The Bill**

6. The purpose of the Bill is to transfer the undertaking of First Pacific Bank to the Bank of East Asia. Both banks are licensed under the Banking Ordinance and are incorporated in Hong Kong.
7. The Bill provides for the vesting of the undertaking of First Pacific Bank in the Bank of East Asia on the appointed day. The key provisions of the Bill are summarised in the following paragraphs.
8. **Clause 3** provides that the board of directors of First Pacific Bank may determine an appointed day upon which the merger will take effect and that such appointed day must be notified by both First Pacific Bank and the Bank of East Asia in the Gazette.
9. **Clause 4** provides that First Pacific Bank's name be changed, authorised capital reduced and banking licence be revoked on a day determined by the HKMA and notified in the Gazette.
10. **Clause 5** is the main transfer and vesting provision in the Bill. It provides that the undertaking of First Pacific Bank shall transfer to and vest in the Bank of East Asia as if the Bank of East Asia were the same person in law as First Pacific Bank upon the appointed day.
11. **Clause 6** deals with property which, before the merger, is held by First Pacific Bank in a capacity as a trustee. It provides that in such case, the relevant document should be read as if references to First Pacific Bank were references to the Bank of East Asia.

12. **Clause 7(a) to (k)** provides that all contracts and agreements made with, given to or by or addressed to First Pacific Bank shall, after the merger takes effect, be construed as if the Bank of East Asia had been the original party instead of First Pacific Bank and, accordingly, all references to First Pacific Bank must be construed as if they were to the Bank of East Asia. **Clause 7(a) to (k)** also provides for accounts, negotiable instruments, powers of attorney, security, court orders, arbitration awards and judgements to be transferred to the Bank of East Asia upon the appointed day. **Clauses 7(g)(v) and (vi)** are provisions which seek to reflect previous concerns in respect of other bank mergers (raised by the Hon. Mr Albert Ho Chun-yan) regarding the possible increase of security or charges over customers' assets as a result of the merger. These provisions seek to ensure that the Bank of East Asia's existing charges and security interests will not be expanded over assets previously held by First Pacific Bank of a common Bank of East Asia/First Pacific Bank customer.
13. **Clause 7(l)** deals with data privacy issues under the Personal Data (Privacy) Ordinance. It provides that the Privacy Commissioner may exercise in respect of the Bank of East Asia any power which he may, before the merger, have exercised in respect of First Pacific Bank. It also provides that the transfer of personal data from First Pacific Bank to the Bank of East Asia under the Bill shall not result in a breach of any duty of confidentiality or a contravention of the Personal Data (Privacy) Ordinance.
14. **Clause 8** provides for the accounting treatment of the Bank of East Asia following First Pacific Bank's merger with it.
15. **Clause 9** provides that all First Pacific Bank's contracts of employment with its employees shall be transferred to the Bank of East Asia at the merger but that such contracts shall be deemed for all purposes to be a single continuing employment. **Clause 9** also provides that no directors, secretary or auditor of First Pacific Bank shall, by virtue of the merger only, automatically become a director, secretary or auditor of the Bank of East Asia.
16. **Clause 10** ensures that First Pacific Bank's pension fund scheme shall continue to operate but in respect of the Bank of East Asia not First Pacific Bank following the merger. It also ensures that former employees of First Pacific Bank and existing employees of the Bank of East Asia shall continue to enjoy the same rights following the merger as before the merger under their respective pension fund schemes and that the merger shall not automatically bestow any additional entitlements to such employees.

17. **Clause 11** prevents the merger of First Pacific Bank with the Bank of East Asia constituting an event of default or a termination event in a contract or agreement to which any of First Pacific Bank or the Bank of East Asia or their respective subsidiaries is a party.
18. **Clauses 12 to 14** set out provisions dealing with evidence and the admissibility of evidence in respect of any matter for or against First Pacific Bank which, after the merger, becomes admissible in evidence in respect of the same matter for or against the Bank of East Asia, including for the purposes of the vesting, custody and control of banker's records under the Evidence Ordinance.
19. **Clause 15** deals with the effect of the merger on interests in land in Hong Kong held by First Pacific Bank and provides that the vesting of First Pacific Bank's interests in land in the Bank of East Asia pursuant to the merger does not constitute an acquisition, assignment, transfer or parting with possession under the Landlord and Tenant (Consolidation) Ordinance. **Clause 15** also provides that the vesting in the Bank of East Asia of First Pacific Bank's interests in land under the merger will not affect or extinguish any priority under the Land Registration Ordinance.
20. **Clause 16** states that nothing in the Bill shall exempt either First Pacific Bank or the Bank of East Asia from any of the provisions of the Banking Ordinance and other ordinances regulating the carrying on of their businesses.
21. **Clause 17** provides that the Bill does not prevent the Bank of East Asia amending its memorandum and articles of association or dealing with its property or business generally. Clause 17 also provides that nothing in the Bill prevents First Pacific Bank doing the same before the merger.
22. **Clause 18** provides that nothing in the Bill once enacted shall affect the rights of the Central Authorities or the Government under the Basic Law and other laws.

**The Hon. Mr Ng Leung Sing**

**October 2001**

Draft  
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**THE BANK OF EAST ASIA, LIMITED  
(FIRST PACIFIC BANK MERGER) BILL**

**THE BANK OF EAST ASIA, LIMITED (FIRST PACIFIC BANK MERGER)  
BILL**

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A BILL

To

Provide for the vesting in The Bank of East Asia, Limited of the undertaking of First Pacific Bank Limited and for other related purposes.

**Preamble**

WHEREAS -

- (a) The Bank of East Asia, Limited (hereinafter called "Bank of East Asia") is a company incorporated under the laws of Hong Kong having its registered office in Hong Kong and, is a bank licensed under the Banking Ordinance (Cap. 155) carrying on the business of banking in Hong Kong;
- (b) First Pacific Bank Limited (hereinafter called "First Pacific Bank") is a company incorporated under the laws of Hong Kong having its registered office in Hong Kong and, is a bank licensed under the Banking Ordinance (Cap. 155) carrying on the business of banking in Hong Kong;
- (c) First Pacific Bank is a wholly owned subsidiary of Bank of East Asia;
- (d) for the better conduct of the business of Bank of East Asia and First Pacific Bank, it is expedient that their respective undertakings be merged and that such merger should occur by means of a transfer of the undertaking of First Pacific Bank to Bank of East Asia; and
- (e) in view of the extent of the contractual and other legal relationships affecting the conduct of the undertaking of First Pacific Bank, it is expedient that the said undertaking be transferred to Bank of East Asia by this Ordinance without interference with the conduct and continuity of the respective businesses of First Pacific Bank and Bank of East Asia.

Enacted by the Legislative Council.

1. **Short title**

This Ordinance may be cited as The Bank of East Asia, Limited (First Pacific Bank Merger) Ordinance.

2. **Interpretation**

- (1) In this Ordinance, unless the subject or context otherwise requires -

"appointed day" (指定時間) means such day as may be appointed pursuant to section 3;

"Bank of East Asia" (東亞銀行) means The Bank of East Asia, Limited;

"customer" (客戶) means any person having a banking account or other dealing, transaction or arrangement with First Pacific Bank;

"data protection principles" (保障資料原則) means the data protection principles set out in Schedule 1 to the Personal Data (Privacy) Ordinance (Cap. 486);

"excluded property" (除外財產) means -

- (a) the common seal of First Pacific Bank;
- (b) documents (other than accounting records) required to be kept by First Pacific Bank pursuant to the Companies Ordinance (Cap. 32);
- (c) the issued share capital of First Pacific Bank represented by the paid up shares beneficially owned by Bank of East Asia;

"existing" (現有) means existing, outstanding or in force immediately before the appointed day;

"First Pacific Bank" (第一太平銀行) means First Pacific Bank Limited;

"liabilities" (法律責任) includes duties and obligations of every description (whether present or future, actual or contingent);

"Privacy Commissioner" (私隱專員) means the Privacy Commissioner for Personal Data established under section 5(1) of the Personal Data (Privacy) Ordinance (Cap. 486);

"property" (財產) means property and assets of every description wheresoever situate and rights of every description (whether present or future, actual or contingent), and includes property held on trust or in a fiduciary capacity and security interests, benefits and powers of every description but does not include the excluded property;

"security interest" (抵押權益) includes a mortgage or charge (whether legal or equitable and including any sub-mortgage), debenture, bill of exchange, promissory note, guarantee, lien, pledge (whether actual or constructive), hypothecation, assignment by way of security, indemnity, right of set-off, flawed asset arrangement, agreement or undertaking (whether in writing or not) or other means (in each case made, granted, arising or subsisting under any applicable law) of securing payment or discharge of a debt or liability (whether present or future, actual or contingent);

"undertaking" (業務) means the business and all existing property, reserves and liabilities of First Pacific Bank of whatsoever nature other than the excluded property;

"will" (遺囑) includes a codicil and any other testamentary writing.



(2) Any reference in this Ordinance to property or liabilities of First Pacific Bank is a reference to property or liabilities to which First Pacific Bank is for the time being entitled or subject (whether beneficially or in any fiduciary capacity), wherever such property or liabilities are situated or arise and whether or not capable of being transferred or assigned by First Pacific Bank, and whether First Pacific Bank is entitled to such property or subject to such liabilities under the laws of Hong Kong or under the laws of any country, territory or place outside Hong Kong.

(3) Any body politic or corporate and any other person or persons whose rights are affected by any of the provisions of this Ordinance shall be deemed to be mentioned herein.

### **3. Notice of appointed day**

(1) The directors of First Pacific Bank may appoint a day for the purposes of this Ordinance.

(2) First Pacific Bank and Bank of East Asia shall give joint notice in the Gazette stating the day so appointed save that, in the event that such day proves not to be the appointed day for any reason, First Pacific Bank and Bank of East Asia shall give joint notice in the Gazette to that effect and shall again give joint notice in the Gazette stating the next day so appointed or, as the case may be, the day which was the appointed day.

### **4. Change of name, reduction of capital and revocation of banking licence**

(1) On the appointed day, by virtue of this Ordinance-

- (a) the name of First Pacific Bank shall, in accordance with this section, be changed to "BEA Pacific Limited";
- (b) the authorized and issued share capital of First Pacific Bank shall be reduced to \$100 comprising 10 ordinary shares of \$10 each and 10,799,990 ordinary shares of \$10 each shall be cancelled; and
- (c) the banking licence of First Pacific Bank shall, in accordance with Part V of the Banking Ordinance (Cap. 155), be revoked on and from a day to be appointed by the Monetary Authority which day shall be published in the Gazette.

(2) Not later than 7 days before the appointed day, First Pacific Bank shall deliver to the Registrar of Companies a copy of this Ordinance together with a minute, signed by a director or the secretary of First Pacific Bank confirming the reduction of share capital and cancellation of shares referred to in subsection (1).

(3) The Registrar of Companies shall, pursuant to this Ordinance, register the copy of the Ordinance and the minute delivered to him pursuant to subsection (2) and on the appointed day -

- (a) shall enter the new name of First Pacific Bank in the register in place of its former name and issue to First Pacific Bank a certificate of incorporation on change of name stating First Pacific Bank's new name; and
- (b) shall certify under his hand the registration of the Ordinance and the minute which certificate shall be conclusive evidence of the reduction of the authorized and issued share capital of First Pacific Bank.

**5. Vesting of the undertaking in Bank of East Asia**

(1) On the appointed day the undertaking shall, by virtue of this Ordinance and without further act or deed, be transferred to, and vest in, Bank of East Asia to the intent that Bank of East Asia shall succeed to the whole undertaking as if in all respects Bank of East Asia were the same person in law as First Pacific Bank.

(2) Where the transfer and vesting of any property and liabilities situate in any country, territory or place outside Hong Kong and forming part of the undertaking is governed otherwise than by the laws of Hong Kong, First Pacific Bank shall, if Bank of East Asia so requires, as soon as is practicable after the appointed day, take all necessary steps for securing the effective transfer and vesting thereof in Bank of East Asia and, pending such transfer and vesting, First Pacific Bank shall hold any such property in trust absolutely for Bank of East Asia.

**6. Trust property and wills**

(1) Any property which immediately before the appointed day was held by First Pacific Bank, whether alone or jointly with any other person, as trustee or custodian trustee of any trust deed, settlement, covenant, agreement, will or other instrument (whether originally so appointed or not, and whether appointed under hand or seal, or by order of any court or otherwise), or as executor of the will, or administrator of the estate, of a deceased person or as judicial trustee appointed by order of any court, or in any other fiduciary capacity, shall, on and from the appointed day, be held by Bank of East Asia alone or, as the case may be, jointly with such other person, in the same capacity upon the trusts, and with and subject to the powers, provisions and liabilities, applicable thereto respectively.

(2) Any existing instrument or order of any court under or by virtue of which any property became vested in First Pacific Bank, in any such fiduciary capacity as is referred to in subsection (1) (including in the case of a will any grant of probate thereof), and any provision in such instrument or order, or any existing contract or arrangement, for the payment to, or retention by, First Pacific Bank of remuneration for its services in any such fiduciary capacity, shall, on and from the appointed day, be construed and have effect, so far as the context permits, as if for any reference therein to First Pacific Bank not being a reference (however worded and whether express or implied) to terms and conditions of, or to a scale of fees of, First Pacific Bank, there were substituted a reference to Bank of East Asia provided always that this subsection shall not prevent Bank of East Asia from varying the

remuneration or scale of fees payable in accordance with the terms of the relevant instrument or order.

(3) Any will made before the appointed day which has not been proved in Hong Kong before the appointed day, and any will made on or after the appointed day, being a will which appoints First Pacific Bank to be an executor, trustee or recipient of any property as trustee, shall, on and from the appointed day, be construed and have effect as if for any reference therein to First Pacific Bank as such executor, trustee or recipient or otherwise in connection with such appointment, not being a reference (however worded and whether express or implied) to terms and conditions of, or to a scale of fees of, First Pacific Bank, there were substituted a reference to Bank of East Asia.

(4) No testamentary gift shall be deemed by reason only of the operation of any of the provisions of this Ordinance.

## 7. **Supplementary provisions**

Without prejudice to the generality of any other provision of this Ordinance but subject to any provision of this Ordinance to the contrary effect, the following provisions of this section shall have effect:

- (a) All existing contracts, agreements, insurance policies, options, novations, certificates, awards, land grants, conveyances, deeds, leases, licences, notices, permits, guarantees, documents granting or comprising any security interest, bonds, indemnities, mandates, instructions and other instruments and undertakings entered into by, made with, given to or by or addressed to First Pacific Bank (whether alone or with any other person and whether as principal or agent and whether in writing or not), other than those entered into, made with, given to or by or addressed to First Pacific Bank in relation to the excluded property, shall be construed and have effect on and from the appointed day as if -
  - (i) Bank of East Asia had been a party thereto instead of First Pacific Bank;
  - (ii) for any reference (however worded and whether express or implied) to First Pacific Bank there were substituted, as respects anything falling to be done on or after the appointed day, a reference to Bank of East Asia; and
  - (iii) any reference (however worded and whether express or implied) to the directors or to any director, officer or employee of First Pacific Bank were, as respects anything falling to be done on or after the appointed day, a reference to the directors of Bank of East Asia or, as the case may require, to such director, officer or employee of Bank of East Asia as

Bank of East Asia may appoint for that purpose or, in default of appointment, to the director, officer or employee of Bank of East Asia who corresponds as nearly as may be to the first-mentioned director, officer or employee.

- (b) Paragraph (a)(ii) shall, subject to the provisions of section 16, apply to any statutory provision, to any provision of any existing contract to which First Pacific Bank was not a party and to any provision of any other existing document (not being a contract or a will) as they apply to a contract to which that paragraph applies.
- (c) Any account between First Pacific Bank and a customer shall, on the appointed day, be transferred to Bank of East Asia and become an account between Bank of East Asia and such customer subject to the same conditions and incidents as theretofore; and such account shall be deemed for all purposes to be a single continuing account; and any existing contracts, insurance policies, options, novations, agreements, certificates, awards, land grants, conveyances, deeds, leases, licences, notices, permits, guarantees, documents granting or comprising any security interests, bonds, indemnities, mandates, instructions and other instruments and undertakings entered into by, made with, given to or by or addressed to First Pacific Bank (whether alone or with any other person and whether as principal or agent and whether in writing or not), shall be construed and have effect on and from the appointed day as if any reference (however worded and whether express or implied) to such account between First Pacific Bank and a customer there were substituted, as respects anything falling to be done on or after the appointed day, and so far as the context permits, a reference to the continuing account between Bank of East Asia and such customer:

Provided that nothing in this Ordinance shall affect any right of Bank of East Asia or of any customer to vary the conditions or incidents subject to which any account is kept.

- (d) Any existing instruction, order, direction, mandate, power of attorney, authority, undertaking or consent (whether in writing or not and whether or not in relation to an account) given to or by First Pacific Bank, either alone or jointly with another person, shall apply and have effect, on and from the appointed day, as if given to or by Bank of East Asia or, as the case may be, to or by Bank of East Asia jointly with such other person.
- (e) Any negotiable instrument or order for payment of money drawn on, or given to, or accepted or endorsed by, First Pacific Bank, or payable at any place of business of First Pacific Bank, whether so drawn, given, accepted or endorsed before, on or after the appointed

day, shall have the same effect on and from the appointed day, as if it had been drawn on, or given to, or accepted or endorsed by Bank of East Asia, or were payable at the same place of business of Bank of East Asia.

- (f) The custody of any document or record, goods or other thing held by First Pacific Bank as bailee shall pass to Bank of East Asia on the appointed day, and the rights and obligations of First Pacific Bank under any contract of bailment relating to any such document or record, goods or thing shall on that day become rights and obligations of Bank of East Asia.
- (g) (i) Any security held immediately before the appointed day by First Pacific Bank, or by a nominee or agent of or trustee for First Pacific Bank, as security for the payment or discharge of any liability shall, on and from the appointed day, be held by, or, as the case may require, by that nominee, agent or trustee for, Bank of East Asia, and be available to Bank of East Asia (whether for its own benefit or, as the case may be, for the benefit of any other person) as security for the payment or discharge of that liability.
- (ii) In relation to any security vested or deemed to be vested in Bank of East Asia in accordance with the provisions of this Ordinance and any liabilities thereby secured, Bank of East Asia shall be entitled to the rights and priorities and be subject to the obligations and incidents to which First Pacific Bank would have been entitled and subject if it had continued to hold the security interest.
- (iii) Without prejudice to the generality of subparagraph (ii), in any case where any existing liability subsists between First Pacific Bank and Bank of East Asia in respect of which First Pacific Bank or Bank of East Asia, or a nominee or agent of or trustee for First Pacific Bank or Bank of East Asia holds a security interest, that liability shall, for the purpose of enforcing or realizing that security interest, be deemed to continue in effect notwithstanding the vesting of the undertaking in Bank of East Asia.
- (iv) Any security interest referred to in subparagraph (i), (ii) or (iii) and which extends to future advances or liabilities shall, on and from the appointed day, be available to Bank of East Asia (whether for its own benefit or, as the case may be, for the benefit of any other person) as security for the payment or discharge of future advances and liabilities to the same extent and in the same manner in all respects as future advances by,

or liabilities to, First Pacific Bank or, as the case may be, Bank of East Asia were secured thereby immediately before that day.

- (v) Notwithstanding subparagraph (i), where immediately before the appointed day any security interest would not be available to Bank of East Asia as security for the payment or discharge of any liability owing to it, or to First Pacific Bank as security for the payment or discharge of any liability owing to it, such security interest shall not become available to Bank of East Asia as security for such liability at and from the appointed day by virtue of this Ordinance, unless -
    - (A) the terms of such security interest expressly provide otherwise;
    - (B) Bank of East Asia obtains the written consent of the person or persons who granted such security interest; or
    - (C) such security interest arises at general law.
  - (vi) Notwithstanding subparagraph (ii), where immediately before the appointed day, Bank of East Asia would not, in respect of any liability owing to it, be entitled to the rights and priorities in relation to any security interest then in existence, or First Pacific Bank would not, in respect of any liability owing to it, be entitled to the rights and priorities in relation to any security interest then in existence, Bank of East Asia shall not, in respect of such liability, be entitled to such rights and priorities at and from the appointed day by virtue of this Ordinance, unless -
    - (A) the terms of such security interest expressly provide otherwise;
    - (B) Bank of East Asia obtains the written consent of the person or persons who granted such security interest; or
    - (C) such security interest arises at general law.
- (h) (i) Where by virtue of this Ordinance any right or liability of First Pacific Bank becomes or is deemed to become a right or liability of Bank of East Asia, Bank of East Asia and all other persons shall, on and from the appointed day, have the same rights, powers and remedies (and in particular the same rights and powers as to taking or resisting legal proceedings or

making or resisting applications to any authority) for ascertaining, perfecting or enforcing that right or liability as if it had at all times been a right or liability of Bank of East Asia; and any legal proceedings or application to any authority existing or pending immediately before the appointed day by or against First Pacific Bank may be continued by or against Bank of East Asia.

- (ii) Where any right or liability of First Pacific Bank was before the appointed day the subject of arbitral proceedings to which First Pacific Bank was a party, Bank of East Asia shall on and from the appointed day automatically be substituted for First Pacific Bank as a party to those proceedings, without the need for consent from any other party or from the arbitrator.
- (i) Any judgment or award obtained by or against First Pacific Bank and not fully satisfied before the appointed day shall on that day, to the extent to which it is enforceable by or against First Pacific Bank, become enforceable by or against Bank of East Asia.
- (j) Any court order which applies to First Pacific Bank shall on and from the appointed day apply to Bank of East Asia instead of to First Pacific Bank.
- (k) Nothing in this Ordinance shall terminate or prejudicially affect the appointment, authority, rights or powers of any receiver or of any receiver and manager appointed by First Pacific Bank, whether alone or with others, before the appointed day.
- (l) The Privacy Commissioner may, on and from the appointed day, exercise in respect of Bank of East Asia any power under the Personal Data (Privacy) Ordinance (Cap. 486) which he could have immediately before the appointed day exercised in respect of First Pacific Bank in respect of a breach or alleged breach by First Pacific Bank of that Ordinance or the data protection principles; but the transfer to, and vesting in, Bank of East Asia by this Ordinance of the undertaking of First Pacific Bank and any disclosure to Bank of East Asia of any information in contemplation or as a result thereof shall not amount to a breach of any duty of confidentiality to which First Pacific Bank is subject immediately before the appointed day or to a contravention by Bank of East Asia or First Pacific Bank of the Personal Data (Privacy) Ordinance (Cap. 486) or the data protection principles.

**8. Accounting treatment of First Pacific Bank and Bank of East Asia**

(1) On and from the appointed day, by virtue of this Ordinance and notwithstanding the provisions of any other Ordinance -

- (a) the balance sheets and profit and loss accounts of First Pacific Bank and Bank of East Asia for the accounting period of each company in which the appointed day falls shall be prepared in all respects as if the undertaking had vested in Bank of East Asia pursuant to section 5 on the first day of such accounting period of Bank of East Asia;
- (b) all assets and liabilities of First Pacific Bank shall be transferred to Bank of East Asia at their carrying value in the consolidated accounts of the group including First Pacific Bank and Bank of East Asia on the first day of such accounting period of Bank of East Asia;
- (c) every existing reserve of First Pacific Bank as consolidated in the group accounts including First Pacific Bank and Bank of East Asia on the first day of such accounting period of Bank of East Asia shall be transferred to and for all purposes be and become a reserve of Bank of East Asia; and
- (d) the amount, description and character of every reserve of Bank of East Asia which shall come into being pursuant to paragraph (c) shall be the same in all respects as those of the corresponding existing reserve of First Pacific Bank immediately before the first day of such accounting period of Bank of East Asia, and all enactments and rules of law shall apply to or in respect of every such reserve of Bank of East Asia in the same manner in all respects as they applied to or in respect of the corresponding existing reserve of First Pacific Bank immediately before the first day of such accounting period of Bank of East Asia.

(2) Every reference in subsection (1) to an existing reserve shall include a reference to any reserve or similar provision, irrespective of its name or designation (and whether the amount thereof be positive or negative in nature) and, without prejudice to the generality of the foregoing, every such reference shall include a reference to any sums standing to the credit (or debit) of any profit and loss account.

(3) Without prejudice to the generality of subsection (1), any profits or losses of First Pacific Bank earned or incurred after the beginning of the financial year of First Pacific Bank in which the appointed day shall occur, shall, on and from the appointed day, and by virtue of this Ordinance, be treated for all purposes as profits or, as the case may be, losses, of Bank of East Asia.



**9. Contracts of employment**

(1) Section 7(a) shall apply to a contract for the employment of any person by First Pacific Bank and employment with First Pacific Bank and Bank of East Asia under any such contract shall be deemed for all purposes to be a single continuing employment.

(2) No director, secretary or auditor of First Pacific Bank shall by virtue only of this Ordinance become a director, secretary or auditor, as the case may be, of Bank of East Asia.

**10. Pensions, provident funds and gratuity benefits**

(1) The deeds and rules constituting or relating to the pension fund scheme established in Hong Kong and known as the AIA Retirement Fund Scheme and the provident fund scheme established in Hong Kong and known as the BEA (MPF) Master Trust Scheme, and the gratuity benefits payable by First Pacific Bank shall, on and from the appointed day, be construed and have effect, so far as the context permits, as if for any reference therein to First Pacific Bank there were substituted a reference to Bank of East Asia.

(2) No officer or employee of First Pacific Bank who becomes an officer or employee of Bank of East Asia by virtue of this Ordinance shall, by virtue only of this Ordinance, be entitled to participate in any pension or provident fund or schemes of or gratuity payments payable by Bank of East Asia, and no existing officer or employee of Bank of East Asia shall, by virtue only of this Ordinance, be entitled to participate in the AIA Retirement Fund Scheme or the BEA (MPF) Master Trust Scheme or any other pension fund scheme of, provident fund scheme of, or gratuity benefits payable by First Pacific Bank.

**11. Waiver of prohibition of merger**

(1) Any provision contained in any contract or other document to which any of Bank of East Asia or First Pacific Bank or any of their respective subsidiaries is a party which prohibits or has the effect of prohibiting the transfer and vesting or deemed transfer and vesting of the undertaking of the First Pacific Bank in Bank of East Asia shall be deemed by this Ordinance to have been waived.

(2) Any provision contained in any contract or other document to the effect that a default shall occur or be deemed to occur as a result of the transfer and vesting or deemed transfer and vesting of the undertaking of the First Pacific Bank in Bank of East Asia, and to which any of Bank of East Asia or First Pacific Bank or their respective subsidiaries is a party, shall be deemed by this Ordinance to have been waived.

**12. Evidence: books and documents**

(1) All books and other documents which would, before the appointed day, have been evidence in respect of any matter for or against First Pacific Bank shall be admissible in evidence in respect of the same matter for or against Bank of East Asia.

(2) In this section "documents" (文件) has the same meaning as in section 46 of the Evidence Ordinance (Cap. 8).

**13. Part III of Evidence Ordinance (Cap. 8)**

(1) On and from the appointed day, Part III of the Evidence Ordinance (Cap. 8) shall apply to the banker's records of First Pacific Bank deemed to be vested in Bank of East Asia by virtue of this Ordinance, and to entries made in those records before the appointed day, as if such records were the records of Bank of East Asia.

(2) For the purposes of section 20 of the Evidence Ordinance (Cap.8), banker's records which are deemed to have become the banker's records of Bank of East Asia by virtue of this Ordinance shall be deemed to have been the ordinary banker's records of Bank of East Asia at the time of the making of any entry therein which purports to have been made before the appointed day, and any such entry shall be deemed to have been made in the usual and ordinary course of business.

(3) For the purposes of sections 40 and 41 of the Evidence Ordinance (Cap.8), documents previously in the custody or control of First Pacific Bank shall by virtue of this Ordinance be deemed to be documents previously in the custody or control of Bank of East Asia.

(4) In this section, "banker's records" (銀行紀錄) shall be construed in accordance with section 2 of the Evidence Ordinance (Cap. 8).

**14. Evidence of vesting and transfer**

(1) The production of a Government Printer's copy of this Ordinance shall, for all purposes, be conclusive evidence of the vesting and transfer or deemed vesting and transfer of any property and liabilities of First Pacific Bank in Bank of East Asia in accordance with the provisions of this Ordinance.

(2) Without prejudice to the generality of subsection (1) -

(a) a Government Printer's copy of this Ordinance, together with evidence of publication of notice of the appointed day, shall, in relation to any registered securities transferred to, and vested in, Bank of East Asia by virtue of this Ordinance, operate for all purposes as a duly executed instrument of transfer in respect of the transfer of such registered securities from First Pacific Bank to Bank of East Asia;

(b) any deed or other document made or executed on or after the appointed day, whereby Bank of East Asia or First Pacific Bank, whether alone or jointly with any other person, conveys or transfers, or purports to convey or transfer, to any person (whether for consideration or not), or applies to be registered as the holder or proprietor of, any property held by First Pacific Bank immediately

before the appointed day and forming part of the undertaking, whether alone or jointly with any other person, shall be sufficient evidence that the interest of First Pacific Bank in that property is vested in Bank of East Asia under this Ordinance;

- (c) where there is any other transaction or purported transaction by Bank of East Asia or First Pacific Bank on or after the appointed day in connection with, or in relation to, any property or liabilities which are property or liabilities of First Pacific Bank immediately before that day and forming part of the undertaking, it shall be deemed in favour of any other party to the transaction, or any person claiming through or under him, that Bank of East Asia has full power and authority for that transaction as if the property or liabilities were vested in it under this Ordinance;
- (d) a certificate given by or on behalf of Bank of East Asia at any time that any property or liabilities specified in the certificate (which property or liabilities immediately before the appointed day is the property or liabilities of First Pacific Bank) is or, as the case may be, is not, deemed to be vested in Bank of East Asia under this Ordinance, shall be conclusive evidence for all purposes of the fact so certified.

(3) Nothing in subsection (2)(c) and (d) shall affect the liability of First Pacific Bank and Bank of East Asia to the other of them in respect of anything done, or purporting to have been done, by either of them in connection with, or in relation to, any property or liabilities.

(4) In subsection (2) -

- (a) "convey" (轉易) includes mortgage, charge, lease, assent, vest by way of vesting declaration or vesting instrument, disclaim, release or otherwise assure; and
- (b) "registered securities" (註冊證券) means shares, stocks, debentures, loans, bonds, units of a unit trust scheme or other shares of the investments subject to the trusts of such a scheme, and other securities of any description which are transferable and the holders of which are entered in a register (whether maintained in Hong Kong or not).

(5) Nothing in this section applies to any property falling within section 5(2).

## 15. **Interests in land**

(1) The vesting and deemed vesting in Bank of East Asia of an interest in land by virtue of this Ordinance shall not -

- (a) constitute an acquisition, assignment, transfer or parting with possession of that interest for the purposes of section 53(4)(a) or (7)(a), 119E(2) or 119H(1)(a) of the Landlord and Tenant (Consolidation) Ordinance (Cap. 7); or
- (b) constitute an assignment or underlease of, or an agreement to assign or underlet, that interest for the purposes of section 6(1)(b) of the Landlord and Tenant (Consolidation) Ordinance (Cap. 7); or
- (c) operate so as to merge any leasehold interest in the reversion expectant on it; or
- (d) constitute an assignment, transfer, devolution, parting with possession, dealing with or other disposition of that interest for the purposes of any provision contained in any instrument concerning or affecting that interest; or
- (e) operate as a breach of covenant or condition against alienation; or
- (f) give rise to any forfeiture, damages or other right of action; or
- (g) invalidate or discharge any contract or security; or
- (h) extinguish, affect, vary, diminish or postpone any priority of that interest, whether under the Land Registration Ordinance (Cap. 128), at law or in equity.

(2) All existing registration of any interest in land in the name of First Pacific Bank (whether alone or with any other person) shall be construed and have effect on and from the appointed day as if Bank of East Asia had been entered on the land register instead of First Pacific Bank.

(3) To enable Bank of East Asia to complete title, if thought fit, to any property transferred to it and vested or deemed to be vested in it by virtue of this Ordinance by notice of title, deed, instrument or otherwise, or to deduce title, this Ordinance shall be deemed to be, and may be used as an assignment, conveyance, transfer or, as the case may be, general disposition of such property in favour of Bank of East Asia.

(4) Bank of East Asia shall register or cause to be registered in the Land Registry a Government Printer's copy of this Ordinance in respect of the vesting of the properties of First Pacific Bank in Bank of East Asia.

## **16. Saving for enactments concerning banking institutions**

Nothing in this Ordinance shall exempt First Pacific Bank or Bank of East Asia or any subsidiary of First Pacific Bank or Bank of East Asia from the provisions of any enactment regulating the carrying on of the business of any of them.

**17. Saving for companies**

Nothing in this Ordinance shall prejudice the powers of Bank of East Asia to alter its memorandum and articles of association or to dispose of, or deal with, its property, security interests or liabilities or to carry on or discontinue any part of its business; and nothing in this Ordinance shall prejudice the powers of First Pacific Bank to dispose of, or deal with, its property, security interests or liabilities before the appointed day.

**18. Saving**

Nothing in this Ordinance shall affect or be deemed to affect the rights of the Central Authorities or the Government of the Hong Kong Special Administrative Region under the Basic Law and other laws, or the rights of any body politic or corporate or of any other person except such as are mentioned in this Ordinance and those claiming by, from or under them.

## **Explanatory Memorandum**

1. The purpose of this Bill is to transfer the undertaking of First Pacific Bank Limited to The Bank of East Asia, Limited. Both First Pacific Bank Limited and The Bank of East Asia, Limited are banks licensed under the Banking Ordinance (Cap. 155) and are incorporated in Hong Kong.

2. The Bill provides for the vesting or deemed vesting of the undertaking of First Pacific Bank Limited in The Bank of East Asia, Limited on the appointed day (clause 5), for the change of name, reduction of capital and revocation of the banking licence of First Pacific Bank Limited (clause 4) and contains a number of supplementary provisions relating, inter alia, to the effect of the vesting in relation to trusts and wills (clause 6), the accounting treatment of First Pacific Bank Limited and The Bank of East Asia, Limited (clause 8), the relationship with customers, borrowers, employees and other third parties (clauses 7, 9, 10 and 11), and evidence (clauses 12 to 14).

**CLIFFORD CHANCE**  
**Solicitors for**  
**The Bank of East Asia, Limited**  
**First Pacific Bank Limited**