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The Bank of East Asia, Limited

東亞銀行有限公司

(Incorporated in Hong Kong with limited liability in 1918)

(Stock Code: 23)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF MORTGAGE LOAN PORTFOLIO
OF PRIMECREDIT LIMITED**

On 16th December, 2014, the Bank entered into a Sale and Purchase Deed pursuant to which the Bank has agreed to purchase a book of Mortgage Loans subject to the conditions of the Sale and Purchase Deed. The consideration for the proposed Acquisition is expected to be approximately HK\$6,000 million.

As one of the relevant percentage ratios under Rule 14.07 of the Listing Rules is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Bank under the Listing Rules and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Bank is pleased to announce that on 16th December, 2014, the Bank entered into a Sale and Purchase Deed pursuant to which the Bank has agreed to purchase a book of Mortgage Loans.

As one of the relevant percentage ratios for the Acquisition calculated under Rule 14.07 of the Listing Rules is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Bank under the Listing Rules and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

The major terms of the Sale and Purchase Deed are set out below.

SALE AND PURCHASE DEED

Consideration

The consideration for the proposed Acquisition is expected to be approximately HK\$6,000 million. The consideration methodology was determined after arm's length negotiations between the Share Purchaser and the Bank by reference to the face value and characteristics of the Mortgage Book Assets. The Bank will finance the Acquisition by internal cash resources.

Completion

The Acquisition is related to another proposed transaction (to which the Bank is not a party) whereby the Share Purchaser has agreed conditionally to acquire 100% of the shares in PrimeCredit. Completion of the Acquisition shall be conditional on, among other things, the acquisition of PrimeCredit by the Share Purchaser having occurred.

Other Provisions

PrimeCredit is currently not a party to the Sale and Purchase Deed but it is intended that PrimeCredit will accede to the provisions of the Sale and Purchase Deed prior to completion of the Acquisition.

The Sale and Purchase Deed contains representations, warranties, undertakings and indemnities which are usual and customary for a transaction of this nature and scale, with part of the representations and warranties to be provided by the Warrantor (in addition to PrimeCredit when it accedes to the Sale and Purchase Deed).

FINANCIAL INFORMATION OF THE MORTGAGE LOANS

Based on the information provided by PrimeCredit, the book value of the Mortgage Book Assets is approximately HK\$5,900 million in total as at 30th June, 2014.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors consider that the Acquisition provides an effective way for the Bank to increase its assets in Hong Kong. It will also allow the Bank to build banking relationships with these newly acquired customers.

The Directors (including Independent Non-executive Directors) believe that the terms and conditions of the Sale and Purchase Deed are fair and reasonable and the Acquisition would be in the interest of the shareholders of the Bank as a whole.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, PrimeCredit, the Warrantor, the Share Purchaser and their respective ultimate beneficial owners are third parties independent of the Bank and the Bank's connected persons.

GENERAL INFORMATION

The Bank

The Bank is a licensed bank incorporated and domiciled in Hong Kong. The principal activities of the Bank and its subsidiaries are the provision of banking and related financial services, and business, and corporate and investor services.

PrimeCredit

PrimeCredit is a deposit-taking company incorporated in Hong Kong. It is principally engaged in the provision of mortgages, personal loans, credit cards and third-party insurance.

Share Purchaser

Prime Credit Holdings Limited is a newly formed company incorporated in Hong Kong which has been established for the purpose of the acquisition of 100% of the shares in PrimeCredit. The ultimate owners of the Share Purchaser include China Travel Financial Holdings Co., Limited and a subsidiary company of Pepper Australia Pty Limited.

The Warrantor

The Warrantor is the current owner of PrimeCredit and is a licensed bank incorporated in Hong Kong.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the meanings as set out below:

“Acquisition”	the proposed acquisition of the Mortgage Book Assets by the Bank pursuant to the Sale and Purchase Deed
“Bank”	The Bank of East Asia, Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Bank
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mortgage Book”	all Mortgage Book Loans
“Mortgage Book Assets”	(a) the Mortgage Book; (b) the receivables relating to the Mortgage Book; (c) the security interests relating to the Mortgage Book; (d) the documents relating to the Mortgage Book; and (e) the records relating to the Mortgage Book
“Mortgage Book Loans”	all Mortgage Loans which are fully drawn on the date specified in the Sale and Purchase Deed (other than any Mortgage Loan which is an excluded Mortgage Loan referred to in the Sale and Purchase Deed)
“Mortgage Loan”	a loan secured by a mortgage over landed property in Hong Kong which, prior to the relevant completion of a sale pursuant to the Sale and Purchase Deed, is owed to PrimeCredit
“PrimeCredit”	PrimeCredit Limited
“Sale and Purchase Deed”	the “sale and purchase deed” dated 16 th December, 2014 among the Bank, the Warrantor and the Share Purchaser in relation to the proposed sale and purchase of the Mortgage Book of PrimeCredit
“Share Purchaser”	Prime Credit Holdings Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Warrantor”	Standard Chartered Bank (Hong Kong) Limited

By order of the Board
Alson LAW Chun-tak
Company Secretary

Hong Kong, 16th December, 2014

As at the date of this announcement, the Board of Directors of the Bank comprises Dr. the Hon. Sir David LI Kwok-po[#] (Chairman & Chief Executive), Professor Arthur LI Kwok-cheung (Deputy Chairman), Dr. Allan WONG Chi-yun** (Deputy Chairman), Mr. WONG Chung-hin**, Mr. Aubrey LI Kwok-sing*, Mr. Winston LO Yau-lai**, Tan Sri Dr. KHOO Kay-peng**, Dr. Thomas KWOK Ping-kwong**, Mr. Richard LI Tzar-kai*, Mr. Kenneth LO Chin-ming**, Mr. Eric LI Fook-chuen*, Mr. Stephen Charles LI Kwok-sze*, Mr. William DOO Wai-hoi**, Mr. KUOK Khoon-ean**, Mr. Valiant CHEUNG Kin-piu**, Dr. Isidro FAINÉ CASAS*, Dr. Peter LEE Ka-kit*, Mr. Adrian David LI Man-kiu[#] (Deputy Chief Executive) and Mr. Brian David LI Man-bun[#] (Deputy Chief Executive).*

[#] *Executive Directors*

* *Non-executive Directors*

** *Independent Non-executive Directors*