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BEA 東亞銀行

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)

**MEMORANDUM OF UNDERSTANDING BETWEEN THE BANK AND SMBC
IN RELATION TO A POSSIBLE SUBSCRIPTION OF NEW SHARES BY SMBC**

This announcement is made by the Bank pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO.

The Bank is pleased to announce that, on 5th September, 2014, the Bank entered into a non-binding MOU with SMBC in respect of the proposed subscription by SMBC of some 222 million new Shares (representing approximately 9.53 per cent. of the current issued Shares).

The Proposed Subscription is subject to, among other things, the entering into of Definitive Agreements, the terms of which are yet to be agreed between the Bank and SMBC. The MOU may or may not lead to the entering into of Definitive Agreements and accordingly the Proposed Subscription may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Bank.

The Bank will make further announcement(s) in relation to the Proposed Subscription as and when appropriate in accordance with the Listing Rules.

This announcement is made by the Bank pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO.

Memorandum of Understanding

The Bank is pleased to announce that, on 5th September, 2014, the Bank entered into a non-binding MOU with SMBC in respect of the proposed subscription by SMBC of some 222 million new Shares (representing approximately 9.53 per cent. of the current issued Shares on the date of this announcement). Subject to compliance with the requirements of the Listing Rules, it is expected that the subscription price for the new Shares shall be determined by reference to the volume weighted

average price of Shares as quoted on the Hong Kong Stock Exchange over a prescribed period before the Definitive Agreements are entered into.

The entry into of the Definitive Agreements shall be subject to, amongst other things, certain regulatory approvals having been obtained on terms acceptable to the Bank and SMBC.

General

The Proposed Subscription is subject to, among other things, the entering into of Definitive Agreements, the terms of which are yet to be agreed between the Bank and SMBC. The MOU may or may not lead to the entering into of Definitive Agreements and accordingly the Proposed Subscription may or may not proceed. There is no assurance as to whether and when the Proposed Subscription will take place.

Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Bank.

The Bank will make further announcement(s) in relation to the Proposed Subscription as and when appropriate in accordance with the Listing Rules.

Information relating to BEA

BEA was incorporated in 1918. The Shares have been listed in Hong Kong since the 1930s. Based on the closing price of its Shares on the Hong Kong Stock Exchange on 5th September, 2014, BEA's market capitalisation was approximately HK\$77.7 billion. The Shares have been a constituent stock of the Hang Seng Index since 1984.

Information relating to SMBC

SMBC is headquartered in Tokyo, Japan, and is a wholly-owned subsidiary of Sumitomo Mitsui Financial Group, Inc. ("SMFG"). Listed on the Tokyo, Nagoya and New York (via American Depositary Receipts) stock exchanges, SMFG has a market capitalisation of approximately JPY6,074 billion. SMFG is a leading financial institution in Japan as well as a global provider of financial services.

Definitions

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

"Bank" or "BEA"	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 Hong Kong Stock Exchange
"Definitive Agreements"	legally binding definitive documentation reflecting the detailed terms and conditions of the Proposed Subscription

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“JPY”	Japanese Yen
“Listing Rules”	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“MOU”	Memorandum of Understanding dated 5 th September, 2014 entered into between the Bank and SMBC in relation to the Proposed Subscription
“Proposed Subscription”	the proposed subscription by SMBC of some 222 million new Shares on terms and conditions to be agreed in the Definitive Agreements
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended
“Share(s)”	Ordinary share(s) in the share capital of the Bank
“SMBC”	Sumitomo Mitsui Banking Corporation, a company incorporated in Japan which, on the date of this announcement, is the holder of approximately 9.63 per cent. of the issued Shares on the date of this announcement

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

Hong Kong, 5th September, 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*