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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)

**(1) SUBSCRIPTION OF 222,600,000 NEW SHARES BY THE SUBSCRIBER
AND
(2) THE ENTRY INTO OF AN INVESTMENT AGREEMENT BETWEEN THE BANK AND
THE SUBSCRIBER**

Reference is made to the announcement by the Bank on 5th September, 2014 regarding the entry into of a memorandum of understanding between the Bank and the Subscriber in relation to a proposed subscription of Shares.

The Subscription Agreement

The Bank entered into the Subscription Agreement with the Subscriber after trading hours on 18th March, 2015 in relation to the subscription as principal of 222,600,000 Shares at a subscription price of HK\$29.5576 per New Share. The Subscription Price represents a premium of approximately 0.54% to the closing price of HK\$29.40 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement.

The gross proceeds of the Subscription will be some HK\$6,579.5 million. The Directors believe that the Subscription represents a good opportunity for the Bank to further broaden the Bank's capital base and strengthen its capital position, which would effectively support business development initiatives. The New Shares, representing approximately 8.66% of the total number of issued Shares of the Bank as enlarged by the Subscription, will be allotted and issued under the general mandate granted to the Directors at the annual general meeting of the Bank held on 2nd May, 2014.

The Investment Agreement

In addition, the Bank has entered into the Investment Agreement with the Subscriber after trading hours on 18th March, 2015 regarding certain arrangements in respect of the Subscriber's investment in the Bank which are intended to have effect upon Completion. The performance of the Investment Agreement by the Bank and the Subscriber is conditional upon Completion.

Reference is made to the announcement by the Bank on 5th September, 2014 regarding the entry into of a memorandum of understanding between the Bank and the Subscriber in relation to a proposed subscription of Shares.

THE SUBSCRIPTION AGREEMENT

After trading hours on 18th March, 2015, the Bank entered into the Subscription Agreement with the Subscriber, namely Sumitomo Mitsui Banking Corporation, pursuant to which the Subscriber has agreed to subscribe as principal and the Bank has agreed to allot and issue 222,600,000 Shares.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, the Subscriber and its ultimate beneficial owner are independent of the Bank and are not connected persons of the Bank as at the date of the Subscription Agreement.

Total number of New Shares

The New Shares, to be subscribed for and issued and allotted pursuant to the Subscription Agreement, represent approximately 9.48% of the total number of issued Shares of the Bank prior to the Subscription and approximately 8.66% of the total number of issued Shares of the Bank as enlarged by the Subscription.

Subscription Price

HK\$29.5576 per New Share, representing (i) a premium of approximately 0.54% to the closing price of HK\$29.40 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; (ii) a premium of approximately 1.12% to the average closing price of HK\$29.23 per Share as quoted on the Stock Exchange for the last five trading days up to and including the date of the Subscription Agreement; (iii) a discount of approximately 11.19% to the average closing price of HK\$33.28 per Share as quoted on the Stock Exchange for the last five trading days up to and including the date of the MOU Announcement; and (iv) a premium of approximately 0.25% to the average closing price of HK\$29.485 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the date of the Subscription Agreement.

The Subscription Price was determined by the Bank and the Subscriber after arm's length negotiations by reference to the recent trading prices of the Shares.

Conditions of the Subscription

The Subscription is conditional upon: (i) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the New Shares and such listing and permission not being subsequently revoked prior to the issue thereof; and (ii) the warranties given by the Bank under the Subscription Agreement remaining true and accurate in all material respects and not misleading in any material respect on the Completion Date.

If the Condition set out in item (i) in the paragraph above is not fulfilled within 30 days after the date of signing of the Subscription Agreement or such later date as may be agreed between the Bank and the Subscriber, the Subscription Agreement shall terminate save as otherwise stated.

Completion

Completion shall take place on the Completion Date.

Mandate to Issue the Subscription Shares

The New Shares will be allotted and issued under the general mandate granted to the Directors at the annual general meeting of the Bank held on 2nd May, 2014. Under the general mandate, the Bank is allowed to allot and issue up to 232,821,297 Shares. Such

general mandate has not yet been utilised as at the date of this announcement. No further shareholders' approval is required in relation to the allotment and issue of the New Shares.

Ranking of New Shares

The New Shares, when issued and fully paid, will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the New Shares including the right to any dividends or distributions.

Board Representation

Pursuant to the Subscription Agreement and the Investment Agreement, subject to the approval of the HKMA and other relevant authorities over the appointment, the Subscriber will be entitled to nominate one person for appointment as a Director following Completion, and to require the removal from office of any such person so appointed and to nominate one other person to be appointed as a Director in that person's place.

The Board shall recommend to the Shareholders of the Bank that they vote in favour of the re-election of the relevant person nominated by the Subscriber for appointment as a Director at the next annual general meeting of the Bank following the appointment date of such Director.

Shareholding Structure

Based on the information available to the Directors as at the date of this announcement and on the assumption that the shareholding structure of the Bank remains unchanged save as otherwise contemplated herein, set out below are the shareholding structures of the Bank immediately before and after the completion of the Subscription Agreement:

Names of Shareholders	Immediately before the Subscription		Immediately after the Subscription	
	Number of Shares held (Shares)	Approximate percentage of shareholding (%)	Number of Shares held (Shares)	Approximate percentage of shareholding (%)
Subscriber				
- Sumitomo Mitsui Banking Corporation	227,404,614	9.68%	450,004,614	17.50%
Directors (note)				
- David LI Kwok-po	75,721,629	3.22%	75,721,629	2.95%
- Arthur LI Kwok-cheung	36,047,358	1.53%	36,047,358	1.40%
- Allan WONG Chi-yun	15,160,372	0.65%	15,160,372	0.59%
- WONG Chung-hin	430,035	0.02%	430,035	0.02%
- Aubrey LI Kwok-sing	36,945,714	1.57%	36,945,714	1.44%
- Winston LO Yau-lai	-	-	-	-
- KHOO Kay-peng	-	-	-	-
- Richard LI Tzar-kai	1,400	0.0001%	1,400	0.0001%
- Kenneth LO Chin-ming	-	-	-	-
- Eric LI Fook-chuen	38,181,030	1.63%	38,181,030	1.49%
- Stephen Charles LI Kwok-sze	16,446,059	0.70%	16,446,059	0.64%

Names of Shareholders	Immediately before the Subscription		Immediately after the Subscription	
	Number of Shares held (Shares)	Approximate percentage of shareholding (%)	Number of Shares held (Shares)	Approximate percentage of shareholding (%)
- William DOO Wai-hoi	-	-	-	-
- KUOK Khoon-ean	-	-	-	-
- Valiant CHEUNG Kin-piu	-	-	-	-
- Isidro FAINÉ CASAS	-	-	-	-
- Peter LEE Ka-kit	1,779,000	0.08%	1,779,000	0.07%
- Adrian David LI Man-kiu	2,652,606	0.11%	2,652,606	0.10%
- Brian David LI Man-bun	5,717,452	0.24%	5,717,452	0.22%
Public shareholders (other than the Subscriber)	1,891,921,739	80.56%	1,891,921,739	73.59%
Total	2,348,409,008	100%	2,571,009,008	100%

Note: Includes the Shares held by the relevant Director himself, his spouse and children (under the age of 18), corporation(s) controlled by him and relevant trusts, and which the relevant Director is interested in by virtue of him being an executor or an administrator of an estate.

Use of Proceeds

The amount to be raised from the Subscription is some HK\$6,579.5 million and is estimated to be approximately HK\$6,574.5 million after deducting the expenses incurred by the Bank in connection with the preparation and execution of the Subscription. The net Subscription Price is approximately HK\$29.54 per New Share. The Bank currently intends to apply the net proceeds as general working capital and for the future expansion of the Group.

Application for Listing

Application will be made to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the New Shares on the Stock Exchange.

THE INVESTMENT AGREEMENT

In addition to the Subscription Agreement, the Bank has entered into the Investment Agreement with the Subscriber after trading hours on 18th March, 2015 regarding certain arrangements in respect of the Subscriber's investment in the Bank which are intended to have effect upon Completion. The performance of the Investment Agreement by the Bank and the Subscriber is conditional upon Completion.

Under the Investment Agreement, the Subscriber, its affiliates and persons with whom the Subscriber and/or its affiliates are acting in concert to obtain or control any interest in the Shares shall not, save in certain agreed circumstances:

- (i) acquire or offer to acquire any interest in the Shares; or
- (ii) enter into an agreement or arrangement to acquire or offer to acquire any interest in the Shares,

if immediately thereafter:

- (a) the number of Shares in which the Subscriber is interested (together with the number of Shares in which its affiliates and persons with whom the Subscriber and/or its affiliates are acting in concert, are separately interested) exceeds 19.9% of the total number of issued Shares from time to time; or
- (b) the Bank would cease to be in compliance with the public float requirement under Rule 8.08 of the Listing Rules to the knowledge of the Subscriber.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AGREEMENT AND THE INVESTMENT AGREEMENT

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, corporate and investor services.

The Directors believe that the Subscription represents a good opportunity for the Bank to broaden its capital base and strengthen its capital position, which would effectively support the Bank's business development initiatives. The Directors consider that the terms of the Subscription Agreement and the Investment Agreement are fair and reasonable and are in the interests of the Shareholders as a whole.

The Subscriber, namely Sumitomo Mitsui Banking Corporation, and its group companies offer a broad range of financial services including banking, leasing, securities, investment, and other credit related businesses globally.

DEFINITIONS

"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
"Board"	the board of Directors
"Business Day"	any day (excluding a Saturday) on which banks generally are open for business in Hong Kong and Tokyo
"Completion"	the completion of the Subscription and the performance by the Bank and the Subscriber of their respective obligations under the Subscription Agreement
"Completion Date"	the second Business Day after the date upon which the Conditions to be satisfied shall have been so satisfied (or such other date as agreed by the Bank and the Subscriber)
"Condition(s)"	the condition(s) set forth in the Subscription Agreement as described under the heading "Conditions of the Subscription" in this announcement
"Connected person(s)"	shall have the same meaning as defined in the Listing Rules
"Director(s)"	the director(s) of the Bank
"Group"	the Bank together with its subsidiaries
"HKMA"	the Hong Kong Monetary Authority
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China

“Investment Agreement”	the investment agreement between the Bank and the Subscriber dated 18 th March, 2015
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“MOU Announcement”	the announcement by the Bank on 5 th September, 2014 regarding the entry into of a memorandum of understanding between the Bank and the Subscriber in relation to a proposed subscription of Shares
“New Shares”	222,600,000 Shares to be allotted and issued to the Subscriber pursuant to the Subscription Agreement
“Share(s)”	ordinary share(s) in the share capital of the Bank
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	the subscriber of the New Shares, namely Sumitomo Mitsui Banking Corporation, a company incorporated in Japan with limited liability
“Subscription”	the subscription of the New Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement between the Bank and the Subscriber dated 18 th March, 2015
“Subscription Price”	the subscription price of HK\$29.5576 per New Share under the Subscription
“%”	per cent.

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

Hong Kong, 18th March, 2015

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**, 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 Director*

* *Non-executive Director*

** *Independent Non-executive Director*