

For Immediate Release

Clarification Announcement

Hong Kong, 19th June, 2008 – The Bank of East Asia, Limited (“BEA”) wishes to clarify that it was in no way responsible for the sudden closure and eviction of guests from the Tatami-Hampton Hotel at No. 11 Changsha Street, Kowloon, on 18th June, 2008.

The owner and operator of the hotel continued to accept bookings and maintain a hotel business, in spite of a court order to deliver possession of the premises to BEA. BEA has had no control over the management of the hotel, and very much regrets and is most aggrieved that guests have suffered great inconvenience and financial losses.

BEA is also disappointed that the good reputation of the Hong Kong hotel industry has been tainted by the irresponsible acts of those responsible.

BEA commenced a mortgagee action against the hotel owner and operator, Labour Buildings Limited and China States Limited, (the “Defendants”) in February 2002. The action, filed as HCMP 769/2002, sought possession of the building concerned and a money judgment due to a default in repayment of a loan.

The action was heard at trial in the fourth quarter of 2007, and on 23rd January, 2008, BEA obtained a judgment for possession of the building and money judgment in the sum of HK\$86,159,095.98 with interest and indemnity costs. The Defendants subsequently lodged an appeal.

Notwithstanding the appeal, execution of the possession order has proceeded and BEA lawfully issued writs of possession and fi fa combined on 21st February, 2008. The Defendants applied to the Court for short interim stays in March, April, May, and June 2008. Subsequently, applications for an interim stay of execution and applications for stay of execution pending appeal were dismissed by the trial judge on 19th March, 2008, 24th April, 2008, and thereafter by the Court of Appeal on 26th May, 2nd June, and 18th June, 2008 respectively. At the hearing on 26th May, 2008, the Court, upon the 1st Defendant, Labour Buildings Limited’s request, has ordered that the uplift of stay did not take effect until 2nd June, 2008, so that the Defendants were able to make arrangement for the bookings.

With the assistance of the Court Bailiff, BEA has since March 2008 given the Defendants clear indication of its intention to enter into possession of the building. Prior to the action on 18th June, 2008, the Court Bailiff made four previous visits to the building. On each occasion, statutory notice to quit was properly given to the Defendants and posted at the building for the attention of all occupiers.

Clear indication of BEA's intent to execute the writ of possession was evinced before the final possession order was executed by the Court Bailiff on 18th June, 2008.

With regard to the misleading declaration issued by the Tatami-Hampton Hotel today, *inter alia*, that, "...the Hotel is shocked that the Bank has not honoured its promise, and has evicted the guests..."(English translation), BEA reiterates that the Defendants and/or the management company of the hotels are all along well aware the fact that BEA is fully entitled to exercise its contractual and legal right to recover possession of the hotel, and has never made any promise or whatsoever to this effect. BEA expressly reserves its rights in this matter.

The abrupt closure of the hotel was therefore entirely due to the actions of the owner and operator in failing to take heed of the status of the stay of execution applications.

In protection of its own good name, BEA has lodged a complaint with the police and reserves its position against those whose irresponsible conduct may damage BEA's reputation and cause financial harm to its business.

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