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# BEA 東亞銀行

## The Bank of East Asia, Limited

(Incorporated in Hong Kong with limited liability in 1918)

(Stock Code: 23)

### CONNECTED TRANSACTION

The Directors of the Bank announce that the Bank entered into a Sale and Purchase Agreement on 8th April, 2005 with Garudia Limited and Lunalite Company Limited, both indirect wholly-owned subsidiaries of SHKP, in respect of the purchase by the Bank of the Property. The transaction under the Sale and Purchase Agreement constitutes a connected transaction for the Bank under Rule 14A.13(1)(a) of the Listing Rules.

### TRANSACTION

Pursuant to the Main Agreement dated 9th August, 2002 between the Sellers, Garudia Limited and Lunalite Company Limited, and the Bank as purchaser in respect of certain properties comprised in a building named "Millennium City 5" in Kwun Tong erected by the Sellers (for details, please refer an announcement of the Bank dated 27th June, 2002), the Bank was granted an option to purchase certain upper commercial floors and/or the Property from the Sellers. The Directors of the Bank announce that the Bank entered into the Sale and Purchase Agreement on 8th April, 2005 in respect of the purchase by the Bank of the Property pursuant to the terms under the Main Agreement.

The total floor area of the Property is 3,254 sq. ft., comprising of 1,994 sq. ft. floor area of the ground floor shop and 1,260 sq. ft. floor area of the room above it. The Sale and Purchase Agreement includes a right of first refusal to be given to the Sellers to purchase the Property on terms and in manner specified in the Main Agreement.

### CONSIDERATION

The total consideration payable by the Bank for the purchase of the Property is HK\$50,508,900, of which 45% shall be paid on signing of the Sale and Purchase Agreement and the remaining 55% on completion. The consideration was arrived at after arm's length negotiation between the Bank and the Sellers. The consideration will be funded by internal resources. The consideration was arrived at after arm's length negotiation between the Bank and the Sellers based on an average of the open market value as at 4th June, 2004 of the Property (less 10% discount pursuant to the terms of the Main Agreement) of two independent valuation reports issued by DTZ Debenham Tie Leung Limited dated 6th November, 2004 and Chesterton Petty Limited on 8th November, 2004, respectively.

### REASON FOR THE TRANSACTION

The Bank is principally engaged in providing banking and related financial services in Hong Kong. It is intended that the Property will be used as a branch office of the Bank. The reason for the transaction is to secure one of the strategic locations in Kwun Tong for branch operations of the Bank in the long run. The Sellers are principally engaged in the business of property investment.

### CONNECTED TRANSACTION

Mr. Thomas Kwok Ping-kwong was appointed as a non-executive director of the Bank on 15th October, 2001 and has been appointed as an independent non-executive director since 6th February, 2002. Each of the Sellers is an indirect wholly-owned subsidiary of SHKP. Mr. Kwok, together with his family interests taken together, is directly or indirectly interested in 30% or more of the voting power at general meetings of SHKP. Therefore, each of the Sellers is an "associate" of Mr. Kwok as defined under the Listing Rules and a connected person of the Bank under the Listing Rules. Based on the above, the transaction under the Sale and Purchase Agreement constitutes a connected transaction for the Bank under Rule 14A.13(1)(a) of the Listing Rules. Mr. Kwok has abstained from voting on the relevant resolution for approving the transaction.

Each of the applicable "percentage ratios" (as defined in the Listing Rules) for the transaction is less than 2.5%. Therefore, the transaction satisfies the de minimus exemption under Rule 14A.32(1) of the Listing Rules and is only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 and exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Dr. Lee Shau-kee is an independent non-executive director of the Bank as well as a non-executive director and a vice-chairman of SHKP. However, neither of the Sellers is an "associate" of Dr. Lee under the Listing Rules.

The Directors, including the independent non-executive Directors, believe the terms of the Sale and Purchase Agreement are based on normal commercial terms and are fair and reasonable as far as the shareholders of the Bank are concerned and are in the interest of the Bank as a whole.

The purpose of this announcement is to supply shareholders of the Bank with information relating to the transaction. Details of the transaction will also be included in the next published annual report of the Bank.

### DEFINITIONS

Terms used in this announcement shall have the following meanings unless the context requires otherwise:

"Bank"	means The Bank of East Asia, Limited
"Main Agreement"	means a sale and purchase agreement dated 9th August, 2002 between the Sellers as sellers and the Bank as purchaser in respect of certain properties comprised in a building named "Millennium City 5" erected on Kwun Tong Inland Lot No. 750
"Property"	means a ground floor shop on the ground floor together with the room above it of a building named "Millennium City 5" erected on Kwun Tong Inland Lot No. 750
"Sale and Purchase Agreement"	means a sale and purchase agreement dated 8th April, 2005 between the Seller and the Bank in respect of the purchase by the Bank of the Property pursuant to the terms of the Main Agreement
"Sellers"	means Garudia Limited and Lunalite Company Limited
"SHKP"	means Sun Hung Kai Properties Limited
"Stock Exchange"	means The Stock Exchange of Hong Kong Limited

For and on behalf of

**The Bank of East Asia, Limited**

**Molly HO Kam-lan**

Company Secretary

Hong Kong, 8th April, 2005

As at the date of this announcement, the Executive Directors of the Bank are: Dr. David LI Kwok-po (Chairman and Chief Executive), Mr. Joseph PANG Yuk-wing (Deputy Chief Executive) and Mr. CHAN Kay-cheung (Deputy Chief Executive); Non-executive Directors of the Bank are: Dr. LI Fook-wo, Dr. Simon LI Fook-sean, Mr. Aubrey LI Kwok-sing, Dr. William MONG Man-wai, Tan Sri Dr. KHOO Kay-peng and Mr. Richard LI Tzar-kai; and Independent Non-executive Directors are: Mr. WONG Chung-hin, Dr. LEE Shau-kee, Dr. Allan WONG Chi-yun, Mr. Winston LO Yau-lai, Mr. Thomas KWOK Ping-kwong and Mr. TAN Man-kou.