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The Bank of East Asia, Limited

(Incorporated in Hong Kong with limited liability in 1918)

(Stock Code: 23)

Further Announcement on Discloseable Transaction

The Board announces that on 18 September, 2007, the Bank entered into the definitive Share Subscription Agreement with AFH in respect of its investment in AFH.

Save as disclosed in this announcement, the material terms of the Transaction remain substantially unchanged. Moreover, the equity interest in AFH to be held by the Bank (or one or more of its Affiliates) shall remain unchanged. The estimated amount of consideration payable by the Bank under the Transaction may be subject to adjustment depending on the exact number of Shares to be subscribed by the Bank (or one or more of its Affiliates) and the aggregate shareholding of the Bank in AFH as at the Unconditional Date.

Background

References are made to the announcement of the Bank dated 24 April, 2007 (the "**First Announcement**") and the circular of the Bank dated 15 May, 2007 in respect of the Bank's investment in AFH. Unless otherwise defined herein, capitalized terms used in this announcement shall have the meaning given to such terms in the First Announcement.

It was mentioned in the First Announcement that the Bank (or one or more of its Affiliates) will subscribe for the New Shares to be issued by AFH and purchase the Shares from the existing shareholders of AFH and upon Completion, the Bank (or one or more of its Affiliates) will be interested in approximately 25% of the Enlarged Share Capital of AFH.

The Bank is pleased to announce that on 18 September, 2007, the Bank entered into the definitive Share Subscription Agreement with AFH in respect of its investment in AFH. The Bank would also like to announce that it did not proceed to purchase Shares from the existing shareholders of AFH but instead acquired Shares in the open market on the stock exchange of Malaysia thereafter until the date of this announcement.

Share Subscription Agreement

Date: 18 September, 2007

Parties: (1) the Bank
(2) AFH

Subscription of Shares

Pursuant to the Share Subscription Agreement, the Bank agreed to subscribe or procure one or more of its Affiliates to subscribe for the New Shares to be issued by AFH

representing 15% of the issued and paid-up share capital of AFH as at the Unconditional Date and purchase existing ordinary Shares of AFH in the open market, provided that the interest of the Bank (or one or more of its Affiliates) in AFH shall not be more than 25% of the Enlarged Share Capital of AFH as at the Unconditional Date.

Subscription price

The subscription price per New Share payable by the Bank (or one or more of its Affiliates) shall be RM2.58 (equivalent to approximately HK\$5.79).

As the exact number of Shares to be subscribed by the Bank (or one or more of its Affiliates) has not been determined, the total subscription price for the New Shares payable by the Bank under the Share Subscription Agreement has not been finalized. The estimated amount of consideration payable by the Bank under the Share Subscription Agreement is approximately HK\$1,139 million. The total subscription price will be payable by the Bank in cash to AFH on the Completion Date.

Approvals

The Share Subscription Agreement is conditional upon the following Approvals being obtained from the following parties by the Long-Stop Date:

- (a) Bank Negara Malaysia, the central bank of Malaysia and/or Minister of Finance of Malaysia for the Bank (or one or more of its Affiliates) to acquire the New Shares pursuant to the Banking and Financial Institutions Act, 1989, Islamic Banking Act, 1983 and Insurance Act, 1996;
- (b) the shareholders and the board of directors of AFH for the issue and allotment of the New Shares to the Bank (or one or more of its Affiliates);
- (c) the shareholders (if necessary) and the board of directors of the Bank (or one or more of its Affiliates) for the subscription of the New Shares;
- (d) the Foreign Investment Committee via the Securities Commission of Malaysia for the Bank (or one or more of its Affiliates) to acquire the New Shares;
- (e) the Bursa Malaysia Securities Berhad, the stock exchange of Malaysia, for the listing and quotation of the New Shares on the main board of Bursa Malaysia Securities Berhad;
- (f) the Hong Kong Monetary Authority (if required) for the Bank (or one or more of its Affiliates) to acquire the New Shares;
- (g) the Securities Commission of Malaysia for the issue and allotment of the New Shares to the Bank (or one or more of its Affiliates);
- (h) the Securities Commission of Malaysia for the change in indirect shareholding of AFFIN Fund Management Berhad (formerly known as AFFIN Fund Management Sdn Bhd), a wholly-owned subsidiary of AFFIN Investment Bank Berhad which in turn is a wholly-owned subsidiary of AFH pursuant to the fund manager's licence; and
- (i) any other applicable regulatory authority in Malaysia, Hong Kong or elsewhere.

In the event that any of the Approvals is not fulfilled by the Long-Stop Date, the Bank and AFH may in writing mutually extend the Long-Stop Date to a later date, failing which, or if after the Long-Stop Date has been extended and any of the Approvals is not fulfilled by such later date, then the Share Subscription Agreement shall lapse and cease to have any effect and the Bank will make an announcement in this respect as soon as reasonably practicable.

Lock-up and right of first refusal

The Bank agreed to hold the New Shares through companies under its control for a term of not less than eighteen months from the Completion Date.

The Bank also agreed to give LTAT or its nominees the right of first refusal to purchase such New Shares in the event that it (or one or more of its Affiliates) proposes to dispose of the New Shares at any time after eighteen months from the Completion Date.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, LTAT and its ultimate beneficial owners, are third parties independent of the Bank and the Bank's connected persons and are not connected persons of the Bank.

Nominee directors

Subsequent to the Completion Date, AFH shall use its best endeavours to procure the approval of Bank Negara Malaysia for:

- (a) the appointment of two nominees of the Bank as directors of AFH;
- (b) the appointment of two nominees of the Bank as directors of AFFIN Bank Berhad ("**ABB**"), a wholly-owned subsidiary of AFH;
- (c) the appointment of two nominees of the Bank as directors of AFFIN Investment Bank Berhad, a wholly-owned subsidiary of AFH; and
- (d) the secondment of a senior executive of the Bank to ABB to liaise and assist both ABB and the Bank in all areas of banking operations.

Save as disclosed in this announcement, the material terms of the Transaction remain substantially unchanged. Moreover, the equity interest in AFH to be held by the Bank (or one or more of its Affiliates) shall remain unchanged. It is currently estimated that the total amount payable under the Share Subscription Agreement, together with the total acquisition costs for the purchase of not more than 10% of the existing ordinary Shares of AFH in the open market, would not exceed HK\$2,072 million. However, such estimated amount of consideration payable by the Bank under the Transaction may be subject to adjustment depending on factors including the exact number of Shares to be subscribed by the Bank (or one or more of its Affiliates), the aggregate shareholding of the Bank in AFH as at the Unconditional Date, any exchange rate fluctuation between RM and Hong Kong dollars and the trading price of the Shares on the stock exchange of Malaysia.

Acquisition of existing shares in AFH

The Bank is beneficially interested in 108,931,400 Shares, representing approximately 8.4619% of the issued share capital of AFH as at the date of this announcement. These Shares were acquired by the Bank in the open market on the stock exchange of Malaysia from independent third parties not connected with the Bank or any of its associates at an aggregate consideration of approximately RM233 million (equivalent to approximately HK\$523 million). The average price per Share is RM2.14 (equivalent to approximately HK\$4.80). The Bank may continue to purchase Shares in the open market so long as the aggregate shareholding of the Bank (including the Shares to be subscribed under the Share Subscription Agreement) in AFH shall not exceed 25% of the Enlarged Share Capital of AFH.

Definitions

Unless the context requires otherwise, terms used in this announcement shall have the following meanings:

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| "Approvals" | the approvals set out in the section titled "Approvals" in this announcement; |
| "Business Day" | a day when banks are open for business in Malaysia and Hong Kong; |
| "Completion Date" | the date falling fourteen calendar days after the Unconditional Date; |
| "control" | with respect to a corporation, the possession, directly or indirectly, of power to direct or cause the direction of management or policies of such corporation; |
| "Long-Stop Date" | the date which is four months from the date of the Share Subscription Agreement or such later date as the Bank and AFH may mutually agree pursuant thereto; |
| "LTAT" | the Lembaga Tabung Angkatan Tentera a body corporate established under section 4 of the Tabung Angkatan Tentera Act, 1973 and having its registered office at 12th Floor, Bangunan LTAT, Jalan Bukit Bintang, 55100 Kuala Lumpur; |
| "Unconditional Date" | the date immediately after the last of the Approvals (to the extent applicable or required) has been obtained but if the date is not a Business Day, then the immediate next Business Day. |

For and on behalf of
The Bank of East Asia, Limited
Molly HO Kam-lan
Company Secretary

Hong Kong, 18 September, 2007

As at the date of this announcement, the Executive Directors of the Bank are: Dr. The Hon. Sir David LI Kwok-po (Chairman and Chief Executive) and Mr. Joseph PANG Yuk-wing (Deputy Chief Executive); Non-executive Directors of the Bank are: Dr. LI Fook-wo, Mr. Aubrey LI Kwok-sing, Dr. William MONG Man-wai, Tan Sri Dr. KHOO Kay-peng, Mr. Richard LI Tzar-kai, Mr. Eric LI Fook-chuen and Mr. Stephen Charles LI Kwok-sze; 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, Mr. TAN Man-kou and Mr. Kenneth LO Chin-ming.

For illustration purpose only, translation of RM to HK\$ is based on the rate of RM\$1 to HK\$2.245. No representation is made that such amount was or could be exchanged at such rates.