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THE BANK OF EAST ASIA, LIMITED

(a company incorporated in Hong Kong with limited liability in 1918)
(Stock Code: 23)

SUBSCRIPTION OF 78,700,000 NEW SHARES BY THE SUBSCRIBER

The Bank entered into the Subscription Agreement with the Subscriber after trading hours on 27 December 2007 in relation to the subscription as principal of 78,700,000 Shares in the share capital of the Bank at HK\$50.24 per New Share. The Subscription Price represents a discount of approximately 2.45% to the closing price of HK\$51.50 per Share as quoted on the Stock Exchange on the Latest Trading Date.

The proceeds of the Subscription will be HK\$3,953,888,000. The Directors intend to apply the net proceeds as general working capital and for the future expansion of the Group, particularly in the China and overseas markets.

The New Shares, representing approximately 4.76% of the entire issued share capital 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 12 April 2007.

The Subscription Agreement

After trading hours on 27 December 2007, the Bank entered into the Subscription Agreement with the Subscriber, namely Negocio de Finanzas e Inversiones I, SLU, pursuant to which the Subscriber has agreed to subscribe as principal and the Bank has agreed to allot and issue 78,700,000 Shares.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, each of the Subscriber and its ultimate beneficial owners is independent of the Bank and is not a connected person of the Bank.

Dr. David LI Kwok-po, Chairman and Chief Executive of the Bank, is an independent non-executive director of Criteria CaixaCorp, S.A., the sole shareholder of the Subscriber and a company listed on the Madrid Stock Exchange, the Barcelona Stock Exchange, the Valencia Stock Exchange and the Bilbao Stock Exchange. None of Dr David LI Kwok-po or any of his associates owns any interests in Criteria CaixaCorp, S.A. or any of its subsidiaries.

Total number of New Shares

78,700,000 Shares, representing approximately 5.0% of the entire issued share capital of the Bank prior to the Subscription and approximately 4.76% of the entire issued share capital of the Bank as enlarged by the Subscription.

Subscription Price

HK\$50.24 per New Share, representing (i) a discount of approximately 2.45% to the closing price of HK\$51.50 per Share as quoted on the Stock Exchange on the Latest Trading Date (ii) a discount of approximately 0.91% to the average closing price of HK\$50.70 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Latest Trading Date; and (iii) a discount of approximately 0.34% to the average closing price of HK\$50.41 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Latest Trading Date.

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.

Condition

The Subscription is conditional upon the Listing Committee granting listing of and permission to deal in the Shares to be allotted and issued under the relevant Subscription Agreement (and such listing and permission not subsequently revoked prior to the issue thereof).

If the Condition is not fulfilled within 30 days after the date of signing of the Agreement or such later date as may be agreed between the Bank and the Subscriber, the Agreement shall terminate save as otherwise stated.

Completion

Completion of the Subscription Agreement is expected to take place on the second Business Day after the date on which the Condition is satisfied.

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 12 April 2007. The general mandate has not yet been utilised as at the date of this announcement.

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.

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				
- Negocio de Finanzas e Inversiones I, SLU	68,265,171	4.34	146,965,171	8.89
Directors (note 1)				
- David LI Kwok-po	34,140,939	2.17	34,140,939	2.07
- LI Fook-wo	31,891,182 (Note 2)	2.03	31,891,182 (Note 2)	1.93
- WONG Chung-hin	390,941	0.02	390,941	0.02
- LEE Shau-kee	1,647,985	0.10	1,647,985	0.10
- Allan WONG Chi-yun	10,848,336	0.69	10,848,336	0.66
- Aubrey LI Kwok-sing	30,694,962 (Note 2)	1.95	30,694,962 (Note 2)	1.86
- Joseph PANG Yuk-wing	1,000,000	0.06	1,000,000	0.06
- William Mong Man-wai	6,663,979	0.42	6,663,979	0.40
- Winston LO Yau-lai	-	-	--	-
- KHOO Kay-peng	1,034,847	0.07	1,034,847	0.06
- Thomas KWOK Ping-kwong	-	-	--	-
- Richard LI Tzar-kai	-	-	--	-
- TAN Man-kou	-	-	--	-
- Kenneth LO Chin-ming	-	-	--	-
- Eric LI Fook-chuen	28,821,527	1.83	28,821,527	1.74
- Stephen Charles LI Kwok-sze	13,785,324	0.88	13,785,324	0.83
Public shareholders (other than the Subscriber)	1,375,797,390	87.39	1,375,797,390	83.23
Total	1,574,327,205	100.00	1,653,027,205	100.00

Notes

1. *It includes the Shares held by the relevant Director himself, his spouse and children (under the age of 18), corporation(s) controlled by him and the relevant trust.*
2. *There is a duplication of 30,655,378 Shares held by LI Fook-wo and Aubrey LI Kwok-sing as such Shares are held by the same trust.*

Reasons and Benefits of the Subscription

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 Subscription represents a good opportunity for the Bank to broaden its capital base and to improve the liquidity of the Shares. The Directors consider that the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Shareholders as a whole.

The Subscriber is a wholly owned subsidiary of Criteria CaixaCorp, S.A. ("**Criteria**"). Criteria is a listed Spanish holding company controlled by "la Caixa", a leading Spanish financial institution focused in retail banking. Criteria holds several significant stakes in reference companies in the services and in the financial sectors and whose NAV is above € 25 billion (approximately HK\$280 billion). Stakes in the services sector include positions in leading Spanish listed companies, such as Abertis (ABE), Gas Natural (GAS), Repsol (RPS) or Telefonica (TEF). Stakes in the financial sector comprise the insurance and specialized financial businesses in Spain as well as positions in banking entities in Portugal and France. The Subscriber currently owns 68,265,171 Shares, which represents approximately 4.34% of the Shares in issue on the date hereof.

Use of Proceeds

The aggregate amount to be raised from the Subscription is HK\$3,953,888,000 and is estimated to be approximately HK\$3,953,488,000 before and after deducting the related expenses of the Subscription respectively. The net Subscription Price is approximately HK\$50.23 per New Share.

The Bank currently intends to apply the net proceeds as general working capital and for the future expansion of the Group, particularly in the China and overseas markets. The Bank has not yet decided the proportion of the net proceeds to be applied for the aforesaid purposes.

Application for Listing

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

Fund raising activities in the last 12 months

The Bank has not conducted any equity capital raising activity for the 12 months immediately before the date of this announcement.

Definitions

“associates”	shall have the same meaning as defined in the Listing Rules
“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
“Condition”	the condition set forth in the Subscription Agreement as described under the heading “Condition 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
“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
“Latest Trading Date”	27 December 2007, being the latest trading date of the Bank prior to the publication of this announcement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“New Share(s)”	78,700,000 Shares to be allotted and issued to the Subscriber pursuant to the Subscription Agreement
“Share(s)”	share(s) in the share capital of the Bank, with a par value of HK\$2.50 each
“Shareholder(s)”	the shareholder(s) of the Bank
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	the subscriber of the New Shares, namely Negocio de Finanzas e Inversiones I, SLU, a company incorporated in Spain with limited liability
“Subscription”	the subscription of Shares by the Subscriber pursuant to the Subscription Agreement

“Subscription Agreement”	the subscription agreement between the Bank and the Subscriber dated 27 December 2007 in relation to the Subscription
“Subscription Price”	the subscription price of HK\$50.24 per Share under the Subscription
“%”	per cent.

On behalf of the Board
THE BANK OF EAST ASIA, LIMITED
Molly HO Kam-lan
Company Secretary

Hong Kong, 27 December 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.