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## **The Bank of East Asia, Limited**

*(Incorporated in Hong Kong with limited liability in 1918)*

(Stock Code: 23)

### **ENHANCED STRATEGIC BUSINESS CO-OPERATION BETWEEN THE BANK AND CRITERIA**

The Bank is pleased to announce that on 22<sup>nd</sup> June, 2009 the Bank has entered into a Strategic Collaboration Agreement with Criteria and "la Caixa", a Strategic Investment Agreement with Criteria and a Letter of Intent with "la Caixa".

These agreements, details of which are given below, will enhance the strategic business co-operation between the Bank, Criteria and "la Caixa" and provide additional clarity for the market about the nature of Criteria's strategic shareholding in the Bank.

The Bank is pleased to announce that, on 22<sup>nd</sup> June, 2009, the Bank and Criteria have agreed to enhance the strategic business co-operation between them, and to provide a framework that will enable Criteria to increase its strategic shareholding in the Bank whilst preserving the Bank's independence.

Criteria is a listed Spanish holding company controlled by "la Caixa", one of the largest financial institutions in Spain, and is listed on the Madrid Stock Exchange, the Barcelona Stock Exchange, the Valencia Stock Exchange and the Bilbao Stock Exchange. Criteria focuses on long term value creation through strategic investments in local and international companies that are leaders in their business sectors. Its holdings in the financial and banking sectors include 29.9% in Banco BPI, S.A. of Portugal, 20% in Grupo Financiero Inbursa, S.A.B. de C.V. (operating in Mexico and Latin America), 20.9% in Boursorama S.A. (operating in France, the U.K., Spain and Germany), and 5.1% in Erste Group AG (operating in Austria and the CEE).

Criteria, through its wholly owned subsidiary, Negocio de Finanzas e Inversiones I, S.L.U., owns 181,421,869 Shares, representing 9.85% of the Shares currently in issue.

Dr. David LI Kwok-po, Chairman & Chief Executive of the Bank, is a non-executive director of Criteria. None of Dr. David LI Kwok-po and his associates owns any interest in Criteria or any of its subsidiaries.

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

The purpose of this announcement is to provide Shareholders, potential investors and the market with details of the nature and purpose of the enhanced co-operation between the Bank and Criteria and "la Caixa", and of the strategic investment arrangements.

The enhanced strategic business cooperation is set out in three separate agreements: the Strategic Collaboration Agreement, the Strategic Investment Agreement and the Letter of Intent.

The **Strategic Collaboration Agreement** sets out the principles under which the Bank, Criteria and "la Caixa" will seek to maximise their respective business opportunities, with Criteria agreeing to increase the use by it and its associates of BEA's business platform in the Asia Pacific region, and to use BEA as its exclusive vehicle for any significant or strategic investments in banking and financial institutions in the Asia Pacific region. BEA has agreed to use the Criteria Group as its exclusive vehicle for significant strategic investments in banking and financial institutions in Spain.

BEA and "la Caixa" have agreed to cooperate and assist each other in the development of banking services and products that are mutually beneficial to them. The agreement contemplates that BEA, "la Caixa" and Criteria shall establish a steering committee which shall be responsible for the supervision and follow up of their strategic collaboration.

BEA will be able to develop its business using Criteria's platform in Spain and to explore opportunities with Criteria's associated banking and financial institutions in those countries in Europe and Latin America where they operate.

The Board believes that these arrangements offer significant opportunities for the Bank to develop business from overseas customers as well as providing a means to enhance its overseas offering to existing customers.

The **Strategic Investment Agreement** envisions the possibility of Criteria increasing its equity holding in the Bank over time. The Board welcomes this possibility, but is also mindful of the value and importance that Shareholders, potential investors and the market place on the Bank's continued independence, an aspect of the Bank's governance to which Criteria is fully committed.

For this reason Criteria has agreed to provide a number of undertakings to the Bank in the Strategic Investment Agreement that demonstrate the strategic and co-operative nature of its investment in the Bank, and its ongoing support for the Bank's strategy of independence.

As part of the Strategic Investment Agreement, Criteria has agreed that the Criteria Group will not increase its interests in Shares to more than 12.5% of the issued Shares without the prior agreement of the Bank, and will not, in any event, hold interests in more than 20% of the issued Shares.

If an Offer is made for the Bank, the Criteria Group will follow any formal recommendation of the Board in relation to that Offer (provided this does not require the Criteria Group to sell its Shares at less than the value at which they are held in its accounts).

Criteria has also agreed that if any member of the Criteria Group decides to reduce its investment in the Bank, it shall, unless the Bank otherwise agrees, dispose of its interests only through institutional placings in a manner which will ensure that significant numbers of Shares are not placed to a single placee (or a group of placees acting in concert). Criteria has also agreed that members of the Criteria Group will vote in favour of capital raising resolutions proposed by the Board to the shareholders (other than those that constitute connected transactions).

The obligations of Criteria and those of the Bank under the Strategic Investment Agreement will lapse once the Criteria Group is interested in less than 5% of the issued Shares or if there is a change of control in BEA.

The **Letter of Intent** recognises the importance placed by both the Bank and "la Caixa" on corporate social responsibility, and on making a positive ongoing contribution to the communities in which the two groups operate. The Bank has placed particular emphasis in the area of education advancement and education-related projects. Through collaboration between The Bank of East Asia Charitable Foundation Limited, established earlier this year and the "la Caixa" Foundation, the Bank and "la Caixa" will continue to strengthen their work in this respect and explore opportunities to develop corporate social responsibility initiatives in other areas.

The Board welcomes the increased co-operation and business development opportunities that these agreements are expected to bring. The Board considers that the arrangements will bring benefits for the Shareholders and customers as well as for the wider community in which it operates.

## **General**

This is a voluntary announcement made by the Bank pursuant to Rule 13.09(1) of the Listing Rules.

## **Definitions**

"Bank" or "BEA"	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 Bank's Board of Directors
"connected person(s)"	shall have the same meaning as defined in the Listing Rules
"connected transaction(s)"	shall have the same meaning as defined in the Listing Rules
"Criteria"	Criteria CaixaCorp, S.A., the largest single shareholder of the Bank with a stake of 9.85% (held through its wholly owned subsidiary, Negocio de Finanzas e Inversiones I, S.L.U.) as at the date of this announcement

“Criteria Group”	Criteria and any other person who directly or indirectly controls, is controlled by, or is under the common control of Criteria (where control means (i) ownership directly or indirectly of more than 50% of the voting rights at any general meeting or of the share capital or other equity interests; or (ii) the right (by itself, or with any member of the Criteria Group), to exercise or direct control of the votes of the majority of the votes of the relevant person’s board)
“Director(s)”	the Director(s) of the Bank
“Group”	the Bank together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
”la Caixa”	Caja de Ahorros Y Pensiones de Barcelona ”la Caixa”, the controlling shareholder of Criteria
“Letter of Intent”	the letter of intent between The Bank of East Asia Charitable Foundation Limited and ”la Caixa” Foundation dated 22 <sup>nd</sup> June, 2009 which sets out a framework for cooperation between them
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Offer”	shall have the same meaning as defined in the Takeovers Code
“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
“Strategic Collaboration Agreement”	the strategic collaboration agreement between the Bank and Criteria dated 22 <sup>nd</sup> June, 2009 which sets out the principles under which the parties will seek to maximise their respective business opportunities
“Strategic Investment Agreement”	the strategic investment agreement between the Bank and Criteria dated 22 <sup>nd</sup> June, 2009 which sets out certain arrangements in respect of Criteria’s investment in the Bank

“Takeovers Code”

the Hong Kong Code on Takeovers and  
Mergers

For and on behalf of  
**THE BANK OF EAST ASIA, LIMITED**  
**Dr. The Hon. Sir David LI Kwok-po**  
*Chairman & Chief Executive*

Hong Kong, 22<sup>nd</sup> June, 2009

*As at the date of this announcement, the Executive Director of the Bank is: Dr. The Hon. Sir David LI Kwok-po (Chairman & Chief Executive); Non-executive Directors of the Bank are: Professor Arthur LI Kwok-cheung (Deputy Chairman), 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, Mr. Stephen Charles LI Kwok-Sze and Dr. Isidro FAINÉ CASAS; and Independent Non-executive Directors are: Dr. Allan WONG Chi-yun (Deputy Chairman), Mr. WONG Chung-hin, Dr. LEE Shau-kee, Mr. Winston LO Yau-lai, Mr. Thomas KWOK Ping-kwong, Mr. Kenneth LO Chin-ming, Mr. William DOO Wai-hoi, Mr. KUOK Khoon-ean and Mr. Valiant CHEUNG Kin-piu.*