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The Bank of East Asia, Limited

(Incorporated in Hong Kong with limited liability in 1918)

(Stock Code: 23)

SUBSCRIPTION OF 167,104,200 NEW SHARES BY THE SUBSCRIBERS

The Bank entered into the Subscription Agreements with the respective Subscribers after trading hours on 30 December 2009 in relation to the subscription as principal of an aggregate of 167,104,200 Shares in the share capital of the Bank at HK\$30.60 per New Share. The Subscription Price represents a discount of approximately 2.12% to the closing price of HK\$31.25 per Share as quoted on the Stock Exchange on the Latest Trading Date.

The gross proceeds of the Subscriptions will be HK\$5,113,388,520. The Directors intend to apply the net proceeds to further broaden the Bank's capital base and strengthen its capital position, which would effectively support business development initiatives. The New Shares, representing approximately 8.29% of the entire issued share capital of the Bank as enlarged by the Subscriptions, will be allotted and issued under the general mandate granted to the Directors at the annual general meeting of the Bank held on 16 April 2009.

The NFI Subscription Agreement

After trading hours on 30 December 2009, the Bank entered into the NFI Subscription Agreement with the NFI Subscriber, namely Negocio de Finanzas e Inversiones I, SLU, pursuant to which the NFI Subscriber has agreed to subscribe as principal and the Bank has agreed to allot and issue 120,837,000 Shares.

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

Dr. David LI Kwok-po, Chairman and Chief Executive of the Bank, is an independent non-executive director of Criteria, 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 or any of its subsidiaries. Dr. Fainé, a Non-executive Director of the Bank, is the chairman of Criteria. Dr. Fainé owns 0.017% interests in Criteria. Dr. Fainé is not aware of any of his associates owning any interest in Criteria or any of its subsidiaries.

Total number of NFI New Shares

120,837,000 NFI New Shares, to be subscribed for and issued and allotted pursuant to the NFI Subscription Agreement, represent approximately 6.53% of the entire issued share capital of the Bank prior to the Subscriptions and approximately 5.99% of the entire issued share capital of the Bank as enlarged by the Subscriptions.

Subscription Price

HK\$30.60 per NFI New Share, representing (i) a discount of approximately 2.12% to the closing price of HK\$31.25 per Share as quoted on the Stock Exchange on the Latest Trading Date; (ii) a discount of approximately 0.62% to the average closing price of HK\$30.79 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 premium of approximately 0.03% to the average closing price of HK\$30.59 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 NFI Subscriber after arm's length negotiations by reference to the recent trading prices of the Shares.

Condition of the NFI Subscription

The NFI Subscription is conditional upon the Listing Committee granting listing of and permission to deal in the Shares to be allotted and issued under the NFI 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 NFI Subscription Agreement or such later date as may be agreed between the Bank and the NFI Subscriber, the NFI Subscription Agreement shall terminate save as otherwise stated.

Completion

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

The SMBC Subscription Agreement

After trading hours on 30 December 2009, the Bank entered into the SMBC Subscription Agreement with the SMBC Subscriber, namely Sumitomo Mitsui Banking Corporation, pursuant to which the SMBC Subscriber has agreed to subscribe as principal and the Bank has agreed to allot and issue 46,267,200 Shares.

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

Total number of SMBC New Shares

46,267,200 SMBC New Shares, to be subscribed for and issued and allotted pursuant to the SMBC Subscription Agreement, represent approximately 2.50% of the entire issued share capital of the Bank prior to the Subscriptions and approximately 2.29% of the entire issued share capital of the Bank as enlarged by the Subscriptions.

Subscription Price

HK\$30.60 per SMBC New Share, representing (i) a discount of approximately 2.12% to the closing price of HK\$31.25 per Share as quoted on the Stock Exchange on the Latest Trading Date; (ii) a discount of approximately 0.62% to the average closing price of HK\$30.79 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 premium of approximately 0.03% to the average closing price of HK\$30.59 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 SMBC Subscriber after arm's length negotiations by reference to the recent trading prices of the Shares.

Condition of the SMBC Subscription

The SMBC Subscription is conditional upon the Listing Committee granting listing of and permission to deal in the Shares to be allotted and issued under the SMBC 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 SMBC Subscription Agreement or such later date as may be agreed between the Bank and the SMBC Subscriber, the SMBC Subscription Agreement shall terminate save as otherwise stated.

Completion

Completion of the SMBC 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 16 April 2009. Under the general mandate, the Bank is allowed to allot and issue up to 167,341,749 Shares. Such 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 Agreements:

Names of Shareholders	Immediately before the Subscriptions		Immediately after the Subscriptions	
	Number of Shares held (Shares)	Approximate percentage of shareholding (%)	Number of Shares held (Shares)	Approximate percentage of shareholding (%)
Subscribers				
- Negocio de Finanzas e Inversiones I, SLU	181,421,869	9.81	302,258,869	14.99
- Sumitomo Mitsui Banking Corporation	35,402,320	1.91	81,669,520	4.05
Directors (note)				
- David LI Kwok-po	46,124,455	2.49	46,124,455	2.29
- Arthur LI Kwok-cheung	22,666,018	1.23	22,666,018	1.12
- Allan WONG Chi-yun	12,847,139	0.70	12,847,139	0.64
- WONG Chung-hin	430,035	0.02	430,035	0.02
- LEE Shau-kee	3,192,183	0.17	3,192,183	0.16
- Aubrey LI Kwok-sing	33,782,225	1.83	33,782,225	1.68
- William MONG Man-wai	8,117,876	0.44	8,117,876	0.40
- Winston LO Yau-lai	-	-	-	-
- KHOO Kay-peng	5,201,008	0.28	5,201,008	0.26
- Thomas KWOK Ping-kwong	-	-	-	-
- Richard LI Tzar-kai	-	-	-	-
- Kenneth LO Chin-ming	-	-	-	-
- Eric LI Fook-chuen	33,999,463	1.84	33,999,463	1.69
- Stephen Charles LI Kwok-sze	14,117,832	0.76	14,117,832	0.70
- <i>William DOO Wai-hoi</i>	-	-	-	-
- <i>KUOK Khoon-ean</i>	-	-	-	-
- <i>Valiant CHEUNG Kin-piu</i>	-	-	-	-
- Isidro FAINÉ CASAS	-	-	-	-
Public shareholders (other than the Subscribers)	1,451,997,464	78.52	1,451,997,464	72.00
Total	1,849,299,887	100.00	2,016,404,087	100.00

Note

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.

Reasons and Benefits of the Subscriptions

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 Subscriptions represent a good opportunity for the Bank to broaden its capital base. The Directors consider that the terms of each of the Subscription Agreements are fair and reasonable and are in the interests of the Shareholders as a whole.

The NFI Subscriber is a wholly owned subsidiary of Criteria. Criteria is an investment group with holdings in financial and industrial companies. The company's core shareholder is "la Caixa". It has been listed on the Spanish stock exchange since October 2007. Criteria is known for its decisive strategic commitment to international expansion, active portfolio management and its focus on the growth, development and profitability of the companies it invests in.

Criteria holds the largest corporate investment portfolio in Spain by gross asset value ("GAV"). As at 30th September 2009, its GAV stood at €22,545 million. Consolidated recurrent net profit from January to September 2009 grew 9% year-on-year to €970 million. Profit attributable to equity holders of the parent climbed 17% on 9 months 2008 to €1,135 million. Criteria is a member of important benchmark indices including the Ibex 35, MSCI (Morgan Stanley Capital International) Europe, MSCI PanEuro, DJ Stoxx 600, FTSE Eurofirst 300, Dow Jones Sustainability Index and the FTSE4Good. The NFI Subscriber currently owns 181,421,869 Shares, which represents approximately 9.81% of the Shares in issue before the Subscriptions.

The SMBC Subscriber, namely Sumitomo Mitsui Banking Corporation, and its group companies offer a broad range of financial services including banking, leasing, securities, investment, and other credit related businesses globally.

Use of Proceeds

The aggregate amount to be raised from the Subscriptions is HK\$5,113,388,520 and is estimated to be approximately HK\$5,105,033,310 before and after deducting the related expenses of the Subscriptions respectively. The net Subscription Price is approximately HK\$30.55 per New Share. The Bank currently intends to apply the net proceeds as general working capital and for the future expansion of the Group.

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

Pursuant to the subscription agreement entered into between the Bank and the relevant parties, the Bank issued step-up subordinated notes due 2059 in an aggregate principal amount of US\$500 million on 5 November 2009 (the notes issue date) and Innovate Holdings Limited, a wholly owned subsidiary of the Bank, issued the perpetual non-cumulative step-up preference shares of no par value with a liquidation preference of US\$1,000 each on the same date. The net proceeds of the said issue are approximately US\$494,300,000 which will be used for general working capital purposes.

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, Barcelona and Tokyo
“Connected person(s)”	shall have the same meaning as defined in the Listing Rules
“Criteria”	Criteria CaixaCorp, S.A., the sole shareholder of NFI Subscriber
“Director(s)”	the director(s) of the Bank
“Dr. Fainé”	Dr. Isidro Fainé Casas, a Non-executive Director 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”	30 December 2009, 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 Shares”	167,104,200 Shares to be allotted and issued to the Subscribers pursuant to the Subscription Agreements
“NFI Condition”	the condition set forth in the NFI Subscription Agreement as described under the heading “Condition of the NFI Subscription” in this announcement
“NFI New Shares”	120,837,000 Shares to be allotted and issued to the NFI Subscriber pursuant to the NFI Subscription Agreement
“NFI Subscriber”	the subscriber of the NFI New Shares, namely Negocio de Finanzas e Inversiones I, SLU, a company incorporated in Spain with limited liability
“NFI Subscription Agreement”	the subscription agreement between the Bank and the NFI Subscriber dated 30 December 2009
“Share(s)”	Ordinary share(s) in the share capital of the Bank, with a par value of HK\$2.50 each
“SMBC Condition”	the condition set forth in the SMBC Subscription Agreement as described under the heading “Condition of the SMBC Subscription” in this announcement
“SMBC New Shares”	46,267,200 Shares to be allotted and issued to the SMBC Subscriber pursuant to the SMBC Subscription Agreement
“SMBC Subscriber”	the subscriber of the SMBC New Shares, namely Sumitomo Mitsui Banking Corporation, a company incorporated in Japan with limited liability
“SMBC Subscription Agreement”	the subscription agreement between the Bank and the SMBC Subscriber dated 30 December 2009
“Shareholder(s)”	holder(s) of the Shares
“Strategic Investment Agreement”	means the strategic investment agreement between the Bank and Criteria dated 22 June 2009 which sets out certain arrangements in respect of Criteria’s investment in the Bank
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscribers”	the NFI Subscriber and the SMBC Subscriber
“Subscriptions”	the subscription of Shares by the NFI Subscriber and the SMBC Subscriber pursuant to the NFI Subscription Agreement and the SMBC Subscription Agreement respectively
“Subscription Agreements”	the NFI Subscription Agreement and the SMBC Subscription Agreement
“Subscription Price”	the subscription price of HK\$30.60 per Share under the Subscriptions
“%”	per cent.

By order of the Board
The Bank of East Asia, Limited
David LI Kwok-po
Chairman & Chief Executive

Hong Kong, 30 December 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.