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

*(Incorporated in Hong Kong with limited liability in 1918)*  
(Stock Code: 23)

### **PROPOSED ISSUE OF US-DOLLAR DENOMINATED FIXED RATE SUBORDINATED NOTES DUE 2020**

**AND**

### **TENDER OFFER FOR OUTSTANDING U.S.\$550,000,000 5.625 PER CENT. SUBORDINATED NOTES DUE 2015**

The Bank is currently considering a proposal for the offering and issue by the Bank of US-dollar denominated Lower Tier II Fixed Rate Subordinated Notes due 2020 (the "New Notes"). The pricing of the New Notes, including the aggregate principal amount, the subscription price of the New Notes and the interest rate will be determined by reference to the prevailing market terms and rates and through a book building exercise by Citigroup Global Markets Limited and J.P. Morgan Securities Ltd. as Joint Lead Managers.

The Bank concurrently announces a tender to purchase at par for cash, up to an amount equal to the aggregate principal amount of the New Notes proposed to be issued, the outstanding U.S.\$550,000,000 5.625 per cent. Subordinated Notes due 2015 issued by the Bank which are currently listed on The Stock Exchange of Hong Kong Limited (the "2015 Notes"). The 2015 Notes can only be tendered in minimum nominal amounts of U.S.\$100,000 and integral multiples of U.S.\$1,000 each. The Bank intends to cancel the 2015 Notes validly tendered and accepted by the Bank for purchase under the Tender Offer. A full description of the terms and conditions of the Tender Offer can be found in the tender offer memorandum dated 9 July 2010 which will be distributed only to qualifying Noteholders.

In accordance with the terms of the 2015 Notes and applicable laws and regulations, the prior written consent of the HKMA has been obtained for the purchase of the 2015 Notes under the Tender Offer.

Upon finalising the terms and conditions of the New Notes, the Bank and the Joint Lead Managers will enter into a conditional subscription agreement in respect of the subscription of the New Notes. The Bank will also issue an offering circular to prospective investors providing details of the terms and conditions of the proposed issue.

The Bank intends to use the proceeds from the issue of the New Notes to purchase the 2015 Notes under the Tender Offer, and to the extent not required for such purpose (or in the event of the Tender Offer not proceeding for any reason), for general working capital purposes.

The Bank will accept for purchase an aggregate principal amount of the 2015 Notes validly tendered in the Tender Offer up to an amount equal to the aggregate principal amount of the New Notes issued. The completion of the Tender Offer is conditional upon the issue of, and completion and settlement in respect of, the New Notes on or prior to the Expiration Date.

### **Proposed Issue of the New Notes**

The Bank is currently considering a proposal for the offering and issue by the Bank of Lower Tier II Fixed Rate Subordinated Notes due 2020.

### **Proposed principal terms of the New Notes**

The New Notes will be denominated in U.S. dollars. It is intended that the New Notes will have a maturity of 10 years until 2020. The New Notes will bear interest at a fixed rate with such interest payable semi-annually in arrear. The New Notes will be unsecured and subordinated in right of payment to the claims of senior creditors of the Bank.

The pricing of the New Notes, including the aggregate principal amount, the subscription price of New Notes and the interest rate will be determined by reference to the prevailing market terms and rates and through a book building exercise by the Joint Lead Managers.

It is intended that the New Notes will be offered and sold by the Joint Lead Managers to certain non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act. None of the New Notes will be offered to the public in Hong Kong or in any other jurisdiction where action would be required for such purposes.

Upon finalising the terms and conditions of the New Notes, the Bank and the Joint Lead Managers will enter into a conditional subscription agreement in respect of the subscription of the New Notes. The Bank will also issue an offering circular to prospective investors providing details of the terms and conditions of the proposed issue.

### **Use of proceeds**

The Bank intends to use the net proceeds from the issue of the New Notes to purchase the 2015 Notes under the Tender Offer, and to the extent not required for such purpose (or in the event of the Tender Offer not proceeding for any reason), for general working capital purposes.

## **Tender Offer**

The Bank concurrently announces a tender to purchase at par for cash, up to an amount equal to the aggregate principal amount of the New Notes proposed to be issued, the outstanding 2015 Notes. The 2015 Notes can only be tendered in minimum nominal amounts of U.S.\$100,000 and integral multiples of U.S.\$1,000 each. The Bank intends to cancel the 2015 Notes validly tendered and accepted by the Bank for purchase under the Tender Offer. A full description of the terms and conditions of the Tender Offer can be found in the tender offer memorandum dated 9 July 2010 which will be distributed only to qualifying Noteholders. In accordance with the terms of the 2015 Notes and applicable laws and regulations, the prior written consent of the HKMA has been obtained for the purchase of the 2015 Notes under the Tender Offer. The Bank will accept for purchase an aggregate principal amount of the 2015 Notes validly tendered in the Tender Offer up to an amount equal to the aggregate principal amount of the New Notes issued. The completion of the Tender Offer is conditional upon the issue of, and completion and settlement in respect of, the New Notes on or prior to the Expiration Date.

The Tender Offer is not being made in the United States or Italy or to any U.S. person or Italian person or to any person resident or located in the United States or the Republic of Italy. Other restrictions will also apply as described in the tender offer memorandum dated 9 July 2010.

## **Definitions**

In this announcement, the following terms have the meanings set out below unless the context requires otherwise:

"Bank"	The Bank of East Asia, Limited;
"Expiration Date"	19 July 2010 (subject to the right of the Bank, at its sole discretion, to extend such date);
"HKMA"	The Hong Kong Monetary Authority or such other governmental authority in Hong Kong (or if the Bank becomes domiciled in a jurisdiction other than Hong Kong, in such jurisdiction) having primary supervisory authority with respect to the Bank;
"Joint Lead Managers"	Citigroup Global Markets Limited and J.P. Morgan Securities Ltd., the joint bookrunners and joint lead managers for the offering and issuance of the New Notes;
"New Notes"	the US-dollar denominated Lower Tier II Fixed Rate Subordinated Notes due 2020 proposed to be issued by the Bank;
"Noteholders"	holders of the 2015 Notes;
"Securities Act"	the United States Securities Act of 1933, as amended;
"Tender Offer"	the invitation to tender for purchase of the 2015 Notes at par for cash up to an amount equal to the aggregate principal amount of the New Notes, and conditional on the completion of the issue of the New Notes;

"United States"	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia;
"U.S. person(s)"	any person or entity deemed to be a U.S. person for the purposes of Regulation S under the Securities Act;
"U.S.\$" or "U.S. dollars"	the lawful currency of the United States; and
"2015 Notes"	the outstanding U.S.\$550,000,000 5.625 per cent. Subordinated Notes due 2015 issued by the Bank which are currently listed on The Stock Exchange of Hong Kong Limited.

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

Hong Kong, 9 July 2010

*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.*