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**BEA 東亞銀行**

**The Bank of East Asia, Limited**

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

### **CONNECTED TRANSACTION FORMATION OF JOINT VENTURE**

The Bank is pleased to announce that, on 3<sup>rd</sup> August, 2012, Credit Gain, a wholly-owned subsidiary of the Bank, entered into the Agreement with Finconsum and Brilliance China in relation to the formation of the JV to engage in auto financing business in the PRC. Upon the establishment of the JV, Credit Gain, Finconsum and Brilliance China will own 22.5%, 22.5% and 55% of the equity interest in the JV, respectively.

Finconsum is a wholly-owned subsidiary of CaixaBank, a Substantial Shareholder of the Bank. Finconsum is therefore an Associate of CaixaBank, and hence a Connected Person of the Bank. Accordingly, the entering into of the joint venture arrangement under the Agreement constitutes a connected transaction for the Bank under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated under Chapter 14A of the Listing Rules is/are more than 0.1% while all such ratios are below 5%, the entering into of the joint venture arrangement under the Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **INTRODUCTION**

The Bank is pleased to announce that, on 3<sup>rd</sup> August, 2012, Credit Gain, a wholly-owned subsidiary of the Bank, entered into the Agreement with Finconsum and Brilliance China in relation to the formation of the JV to engage in auto financing business in the PRC.

### **THE AGREEMENT**

**Date:** 3<sup>rd</sup> August, 2012.

**Parties:**

- (1) Credit Gain, a wholly-owned subsidiary of the Bank;
- (2) Finconsum, a wholly-owned subsidiary of CaixaBank (a Substantial Shareholder of the Bank); and
- (3) Brilliance China, an Independent Third Party.

**Term:** The Parties shall submit the Agreement and the articles of association of the JV to MOFCOM for approval and shall obtain the preparatory establishment approval and business commencement approval from the CBRC in accordance with the applicable laws in the PRC. If the Company Establishment Date does not occur by 31<sup>st</sup> December, 2013, the Agreement shall be terminated unless the Parties otherwise agree in writing.

Unless terminated earlier or renewed, the term of the JV shall be 30 years from the Company Establishment Date.

**Shareholding and capital contribution:** Upon the establishment of the JV, Credit Gain, Finconsum and Brilliance China will own 22.5%, 22.5% and 55% of the equity interest in the JV, respectively.

The registered capital of the JV will be RMB800 million (equivalent to approximately HK\$979.80 million), of which Credit Gain will contribute 22.5% (i.e. RMB180 million, equivalent to approximately HK\$220.46 million), Finconsum will contribute 22.5% (i.e. RMB180 million, equivalent to approximately HK\$220.46 million) and Brilliance China will contribute 55% (i.e. RMB440 million, equivalent to approximately HK\$538.89 million). The registered capital of the JV will be contributed in cash by each Party.

Each of Credit Gain, Finconsum and Brilliance China shall respectively contribute 100% of its contribution to the registered capital of the JV within 90 Business Days of the issuance of approval by CBRC of the commencement of the preparatory establishment phase of the JV. The capital contribution of RMB180 million to be made by Credit Gain will be funded by internal resources of the Bank Group.

No Party shall have any obligation to contribute to the JV's registered capital until certain conditions provided for in the Agreement have been satisfied. These conditions include, among others, the following:

- (a) approval for the commencement of the preparatory establishment phase of the JV has been issued by CBRC which does not propose amendments to the terms of the Agreement and the articles of association of the JV, or if any amendments are proposed, the Parties agree to accept them in accordance with the provisions of the Agreement;
- (b) approval for the opening of a foreign exchange capital account has been issued by the State Administration of Foreign Exchange of the PRC (or its authorised local counterpart) and the JV has opened such foreign exchange capital account; and
- (c) an approval letter approving the investment by Finconsum in the JV has been issued by the Bank of Spain.

**Principal activities and purpose of the JV:** The principal activities of the JV are to provide auto financing services. The purpose of establishing the JV is to establish a long term financial services partnership among the Parties through the creation of a leading independent specialist auto financing company in the PRC and to enable the Parties to achieve satisfactory economic benefits in relation to the development of auto financing services in the PRC.

**Board composition:** Subject to the terms of the Agreement, the board of directors of the JV will consist of nine members, and so long as the shareholding percentage of Brilliance China in the JV is higher than the aggregate of the shareholding percentages of Credit Gain and Finconsum, the number of directors of the JV to be appointed by Credit Gain, Finconsum and Brilliance China shall be two, two and five, respectively.

## **INFORMATION ABOUT THE BANK GROUP AND THE PARTIES TO THE AGREEMENT**

The Bank is a licensed bank established in Hong Kong which provides banking and related financial services. Credit Gain is a wholly-owned subsidiary of the Bank. It is a non-bank financial institution engaging in consumer finance with its main business focus in Hong Kong.

Finconsum is a consumer finance company wholly-owned by CaixaBank, a Substantial Shareholder of the Bank. It offers a wide variety of auto financing products in Spain. Finconsum has ample experience in managing auto dealer channels, and cooperating with manufacturers and importers for auto financing business.

Brilliance China, through its major operating subsidiaries, is engaged in the manufacture and sale of minibuses and automotive components in the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Brilliance China and its controlling shareholder are Independent Third Parties.

## **REASONS FOR AND BENEFITS OF THE FORMATION OF THE JOINT VENTURE**

To the best of the Directors' knowledge and information, the automobile market in the PRC has grown rapidly in recent years and the Directors consider there would be potential growth in the auto financing market in the PRC. Brilliance China has solid automobile business establishment and experience in operation of a joint venture auto financing company in the PRC. Finconsum has professional experience in auto financing business especially in the area of risk management. Riding on these advantages, the Board considers that establishing the JV with Brilliance China and Finconsum would enable the Bank Group to tap into and develop its business in the growing auto financing market in the PRC.

The capital contribution to be made by each Party was determined after arm's length negotiation with reference to the amount of the registered capital of the JV and the shareholding to be held by the respective Parties to the Agreement.

The Directors (including the independent non-executive Directors) consider that the transactions contemplated under the Agreement are on normal commercial terms and that such terms are fair and reasonable so far as the Bank and the Shareholders are concerned and the Agreement and the investment in the JV are in the interests of the Bank and the Shareholders as a whole. Dr. Isidro FAINÉ CASAS, a non-executive Director, is the Chairman and a member of the Board of Directors of CaixaBank and he owns 0.016% in CaixaBank. Dr. the Hon. Sir David LI Kwok-po, Chairman of the Board and the Chief Executive of the Bank is also a director of CaixaBank. Both Dr. Isidro FAINÉ CASAS and Dr. the Hon. Sir David LI Kwok-po have duly declared such interests which are not considered to be material. None of the Directors has any material interest in the formation of the JV and the transactions contemplated under the Agreement and therefore none of the Directors has abstained from voting of the relevant Board resolutions of the Bank approving the Agreement and the transactions contemplated thereunder.

## **IMPLICATIONS UNDER THE LISTING RULES**

Finconsum is a wholly-owned subsidiary of CaixaBank, a Substantial Shareholder of the Bank. As at the date of this announcement, CaixaBank holds approximately 17.1% of the total issued share capital of the Bank. Finconsum is therefore an Associate of CaixaBank, and hence a Connected Person of the Bank. Accordingly, the entering into of the joint venture arrangement under the Agreement constitutes a connected transaction for the Bank under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated under Chapter 14A of the Listing Rules is/are more than 0.1% while all such ratios are below 5%, the entering into of the joint venture arrangement under the Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

“Agreement”	the Shareholders Agreement for the establishment of an auto financing company dated 3 <sup>rd</sup> August, 2012 entered into among Brilliance China, Finconsum and Credit Gain
“Associate(s)”	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 and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 23)
“Bank Group”	the Bank and its subsidiaries
“Board”	the board of Directors
“Brilliance China”	Brilliance China Automotive Holdings Limited, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1114)

“Business Day(s)”	any day (excluding a Saturday) on which banks generally are open for business in Hong Kong
“CaixaBank”	CaixaBank, S.A., a company established under the laws of Spain, a Substantial Shareholder of the Bank
“CaixaBank Group”	CaixaBank and its subsidiaries
“CBRC”	China Banking Regulatory Commission (中國銀行業監督管理委員會) or its authorised local counterpart
“Company Establishment Date”	the date of the issuance of the business license of the JV by the State Administration for Industry and Commerce of the PRC or its authorised local counterpart
“Connected Person(s)”	shall have the same meaning as defined in the Listing Rules
“Credit Gain”	Credit Gain Finance Company Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of the Bank
"Directors"	Directors of the Bank
“Finconsum”	Finconsum EFC, S.A., a company established under the laws of Spain, a wholly-owned subsidiary of CaixaBank
"HK\$"	The Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Party(ies)"	person(s) or company(ies) who/which is/are not connected with (within the meaning of the Listing Rules) any Directors, chief executive or Substantial Shareholders of the Bank, its subsidiaries or any of their respective Associates
“JV”	the joint venture company to be established in the PRC with limited liability under the Agreement and to be named as “華晨東亞汽車金融有限公司(Brilliance-BEA Auto Finance Co., Ltd.)” (subject to approval by the relevant regulatory authorities in the PRC), which will be owned as to 22.5%, 22.5%, and 55% by each of Credit Gain, Finconsum and Brilliance China, respectively upon its establishment
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
“MOFCOM”	the PRC Ministry of Commerce (中華人民共和國商務部) or its authorised local counterpart

“Party(ies)”	party(ies) to the Agreement
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	fully paid ordinary share(s) of HK\$2.50 each of the Bank
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	shall have the same meaning as defined in the Listing Rules
"%"	per cent

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

Hong Kong, 3<sup>rd</sup> August, 2012

*For the purpose of this announcement, translations of Renminbi into Hong Kong dollars have been calculated by using an exchange rate of RMB1 equal to HK\$1.22475. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.*

*As at the date of this announcement, the Board of Directors of the Bank comprises Dr. the Hon. Sir David LI Kwok-po (Chairman & Chief Executive), Professor Arthur LI Kwok-cheung\* (Deputy Chairman), Dr. Allan WONG Chi-yun\*\* (Deputy Chairman), Mr. WONG Chung-hin\*\*, Dr. LEE Chau-kee\*\*, Mr. Aubrey LI Kwok-sing\*, Mr. Winston LO Yau-lai\*\*, Tan Sri Dr. KHOO Kay-peng\*, Dr. Thomas KWOK Ping-kwong\*\*, Mr. Richard LI Tzar-kai\*, Mr. Kenneth LO Chin-ming\*\*, Mr. Eric LI Fook-chuen\*, Mr. Stephen Charles LI Kwok-sze\*, Mr. William DOO Wai-hoi\*\*, Mr. KUOK Khoon-ean\*\*, Mr. Valiant CHEUNG Kin-piu\*\* and Dr. Isidro FAINÉ CASAS\*.*

*\* Non-executive Directors*

*\*\* Independent Non-executive Directors*