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The Bank of East Asia, Limited

東亞銀行有限公司

(Incorporated in Hong Kong with limited liability in 1918)

(Stock Code: 23)

**PROPOSED ISSUE OF NEW CAPITAL SECURITIES
AND
PROPOSED EXCHANGE OFFER AND TENDER OFFER FOR OUTSTANDING HYBRID
TIER 1 SECURITIES**

This announcement is made by the Bank pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

Reference is made to the announcement made by the Bank dated 30th October, 2009 in relation to the issue of the Hybrid Tier 1 Securities. The Bank issued the Hybrid Tier 1 Securities on 5th November, 2009.

The Bank is currently considering a proposal for the offering and issue by the Bank of the New Capital Securities under its U.S.\$6,000,000,000 Medium Term Note Programme. The pricing of the New Capital Securities, including the aggregate principal amount, the subscription price of the New Capital Securities and the distribution rate will be determined by reference to the prevailing market conditions and through a book building exercise by the Joint Lead Managers.

The Bank concurrently announces an exchange offer and a tender offer for the outstanding Hybrid Tier 1 Securities. A full description of the terms and conditions of the Offers can be found in the Exchange and Tender Offer Memorandum which will be distributed only to qualifying Holders.

In accordance with the terms of the Hybrid Tier 1 Securities and applicable laws and regulations, the Bank has obtained prior written consent from the HKMA for the Offers.

Whether the Bank will accept any Hybrid Tier 1 Securities validly submitted by Holders pursuant to the Exchange Offer for exchange and/or validly tendered pursuant to the Tender Offer for purchase is subject to the successful completion (in the determination by the Bank) of the issue by the Bank of the New Capital Securities, on terms satisfactory to the Bank (in its

sole and absolute discretion), as further described in the Exchange and Tender Offer Memorandum. In addition, whether the Bank will accept any Hybrid Tier 1 Securities validly tendered pursuant to the Tender Offer for purchase is subject to sufficient new capital being raised by the issuance of the New Capital Securities (other than pursuant to the Exchange Offer) (as further described in the Exchange and Tender Offer Memorandum) as required by the HKMA.

As the Bank may or may not proceed with the proposed Offers and/or the issue of the New Capital Securities, prospective investors are advised to exercise caution when dealing in the securities of the Bank.

This announcement is made by the Bank pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

Reference is made to the announcement made by the Bank dated 30th October, 2009 in relation to the issue of the Hybrid Tier 1 Securities. The Bank issued the Hybrid Tier 1 Securities on 5th November, 2009.

PROPOSED ISSUE OF THE NEW CAPITAL SECURITIES

The Bank is currently considering a proposal for the offering and issue by the Bank of the New Capital Securities under its U.S.\$6,000,000,000 Medium Term Note Programme.

The pricing of the New Capital Securities, including the aggregate principal amount, the subscription price of the New Capital Securities and the distribution rate will be determined by reference to the prevailing market conditions and through a book building exercise by the Joint Lead Managers. It is intended that subject to certain exceptions, the Capital Securities may not be offered, sold, or delivered within the United States, or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act). None of the New Capital Securities 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 Capital Securities, the Bank and the Joint Lead Managers will enter into a conditional subscription agreement in respect of the subscription of the New Capital Securities. The Bank will also issue a supplementary offering circular to prospective investors providing details of the terms and conditions of the proposed issue of the New Capital Securities.

PROPOSED EXCHANGE OFFER AND TENDER OFFER FOR OUTSTANDING HYBRID TIER 1 SECURITIES

The Bank concurrently announces an exchange offer and a tender offer for the outstanding Hybrid Tier 1 Securities.

Upon the terms and subject to the conditions set out in the Exchange and Tender Offer Memorandum, the Bank is offering:

- (i) to exchange the New Capital Securities for outstanding Hybrid Tier 1 Securities validly submitted and accepted for exchange (the “**Exchange Offer**”); and
- (ii) to purchase for cash outstanding Hybrid Tier 1 Securities validly tendered and accepted for purchase (the “**Tender Offer**”, and the Tender Offer and the Exchange Offer together constituting the “**Offers**”),

in each case subject to pro rating (if any) by the Bank in accordance with the Threshold Condition (in the case of the Tender Offer) or at its sole and absolute discretion (in the case of both Offers) and together with interest accrued and unpaid on the Hybrid Tier 1 Securities up to (but excluding) the settlement date of the Offers.

A full description of the terms and conditions of the Offers can be found in the Exchange and Tender Offer Memorandum which will be distributed only to qualifying Holders. In accordance with the terms of the Hybrid Tier 1 Securities and applicable laws and regulations, the Bank has obtained prior written consent from the HKMA for the Exchange Offer and the Tender Offer. The amount of the New Capital Securities delivered in exchange for the outstanding principal amount of Hybrid Tier 1 Securities accepted for exchange pursuant to the Exchange Offer will be determined on the basis of an exchange price as set out in the Exchange and Tender Offer Memorandum.

The amount of cash to be paid per U.S.\$1,000 principal amount of the Hybrid Tier 1 Securities validly tendered and accepted for the purchase pursuant to the Tender Offer will be as set out in the Exchange and Tender Offer Memorandum. In addition, the Bank will pay accrued and unpaid interest for the period from (and including) the most recent interest payment date for the Hybrid Tier 1 Securities accepted for purchase or exchange up to (but excluding) the settlement date of the Offers.

The rationale for the Exchange Offer and the Tender Offer is to enhance the Bank's capital adequacy while the use of proceeds for the New Capital Securities is to fund the redemption of the Hybrid Tier 1 Securities and raise additional capital to support the Bank's business growth.

Whether the Bank will accept any Hybrid Tier 1 Securities validly submitted by Holders pursuant to the Exchange Offer for exchange and/or validly tendered pursuant to the Tender Offer for purchase is subject to the successful completion (in the determination by the Bank) of the issue by the Bank of the New Capital Securities, on terms satisfactory to the Bank (in its sole and absolute discretion), as further described in the Exchange and Tender Offer Memorandum. In addition, whether the Bank will accept any Hybrid Tier 1 Securities validly tendered pursuant to the Tender Offer for purchase is subject to sufficient new capital being raised by the issuance of the New Capital Securities (other than pursuant to the Exchange Offer) (as further described in the Exchange and Tender Offer Memorandum) (the "**Threshold Condition**") as required by the HKMA.

None of the Exchange Offer or the Tender Offer is being made in the United States or to any U.S. person or to any person resident or located in the United States. Other restrictions will also apply as described in the Exchange and Tender Offer Memorandum.

As the Bank may or may not proceed with the proposed Offers and/or the issue of the New Capital Securities, prospective investors are advised to exercise caution when dealing in the securities of the Bank.

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 東亞銀行有限公司;
"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;
"Holders"	holders of the Hybrid Tier 1 Securities;

“Hybrid Tier 1 Securities”	the Hybrid Tier 1 capital instruments comprising the Notes and the Innovate Preference Shares;
“Innovate”	Innovate Holdings Limited, a wholly owned subsidiary of the Bank incorporated in the British Virgin Islands with limited liability;
“Innovate Preference Shares”	the U.S.\$500,000,000 Perpetual Non-cumulative Step-up Preference Shares of no par value in a liquidation preference of U.S.\$1,000 issued by Innovate;
“Joint Lead Managers”	Citigroup Global Markets Limited and UBS AG Hong Kong Branch, the joint bookrunners and joint lead managers for the offering and issuance of the New Capital Securities;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“New Capital Securities”	the US-dollar denominated fixed rate undated non-cumulative subordinated Additional Tier 1 capital securities proposed to be issued by the Bank;
“Notes”	the U.S.\$500,000,000 Step-up Subordinated Notes due 2059 issued by the Bank;
“Securities Act”	the United States Securities Act of 1933, as amended;
“Exchange and Tender Offer Memorandum”	the exchange and tender offer memorandum dated 12 th November, 2015 issued by the Bank in connection with the Offers;
“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; and
“U.S.\$” or “U.S. dollars”	the lawful currency of the United States.

By Order of the Board
Alson LAW Chun-tak
Company Secretary

Hong Kong, 12th November, 2015

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**, Mr. Aubrey LI Kwok-sing*, Mr. Winston LO Yau-lai**, Tan Sri Dr. KHOO Kay-peng**, 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-hoj**, Mr. KUOK Khoon-ean**, Mr. Valiant CHEUNG Kin-piu**, Dr. Isidro FAINÉ CASAS*, Dr. Peter LEE Ka-kit*, Mr. Adrian David LI Man-kiu# (Deputy Chief Executive), Mr. Brian David LI Man-bun# (Deputy Chief Executive), Mr. Daryl NG Win-kong** and Mr. Masayuki OKU*.*

Executive Director

* *Non-executive Director*

** *Independent Non-executive Director*