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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

JOINT BIDDING OF LAND IN QIANHAI AND PAYMENT OF DEPOSIT

On 2nd December, 2016, the Bank, KHL and KPL entered into the Bidding Agreement in respect of their joint bidding of the Land in Qianhai, Shenzhen, the PRC. On the same day, pursuant to the requirement under the Tender Notice and the Bidding Agreement, the Bank, KHL and KPL jointly paid the Deposit of RMB604.0 million (approximately HK\$682.52 million) in cash in the respective proportion of 25%, 50% and 25%, of which, the Bank paid RMB151 million (approximately HK\$170.63 million).

KHL and KPL are subsidiaries of a Majority Controlled Company of Mr. Kuok Khoon-ean, an Independent Non-executive Director of the Bank, and his family members. As such, KHL and KPL are Associates of Mr. Kuok Khoon-ean and Connected Persons of the Bank. Accordingly, the Transaction constitutes a connected transaction for the Bank under the Listing Rules. As the highest of all applicable percentage ratios calculated under Chapter 14A of the Listing Rules in respect of the pro-rata amount of the Deposit paid by the Bank is more than 0.1% but less than 5%, the Transaction is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE BIDDING AGREEMENT AND PAYMENT OF DEPOSIT

On 2nd December, 2016, the Bank, KHL and KPL entered into the Bidding Agreement in respect of their joint bidding of the Land in Qianhai, Shenzhen, the PRC. On the same day, pursuant to the requirement under the Tender Notice and the Bidding Agreement, the Bank, KHL and KPL jointly paid the Deposit of RMB604.0 million (approximately HK\$682.52 million) in cash in the respective proportion of 25%, 50% and 25%, in order to participate in the Bidding Process. The Bank paid RMB151 million (approximately HK\$170.63 million) of the Deposit. If the Parties are awarded the tender, the Deposit will be refunded to each of the Parties subject to payment of the land premium. If their bid is not successful, the Deposit will be refunded after the bidding result is announced.

The land use type of the Land is for commercial use and will be granted for a term of 40 years.

In the event that the Parties are awarded the tender, they agree to establish a joint venture company in the PRC to acquire, hold and develop the Land. The shareholdings of the Bank, KHL and KPL in such joint venture company will be in the same proportions as the Parties' share of the Deposit, namely, 25%, 50% and 25%, respectively. The Parties will enter into a further agreement with respect to the establishment of the joint venture company and the Bank will make a further announcement and comply with the relevant requirements under the Listing Rules as and when necessary.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Bank has a long history of operating in the PRC and is strongly committed to the China market. Currently, with the support of the Central Government, Qianhai has adopted a series of pilot policies with the view to developing itself into an experimental and exemplary zone for financial innovation in the PRC, and has in particular encouraged Hong Kong financial institutions to invest in the zone. In view of Qianhai's strategic significance, its proximity to Hong Kong and the preferential government policies, the Bank believes that it is in the interests of the Bank to participate in the Bidding Process jointly with KHL and KPL, and in the event that the Parties manage to acquire the Land, to establish a foothold in Qianhai and capture new business opportunities available to the first-movers. If the bid is successful, the Bank intends to use its respective portion of the Land mainly for self-use purpose.

The company group of KHL and KPL include experienced property developers which focus on developing premium property projects in Hong Kong, the PRC and the Asia Pacific region. By partnering with KHL and KPL, the Bank expects to make use of their expertise and take advantage of economies of scale in developing the Land.

In light of the above, the Bank believes that the participation in the Land Bid jointly with KHL and KPL to acquire and develop the Land is in alignment with the Bank's overall strategy and would benefit its long-term business development.

The Directors (including the Independent Non-executive Directors) have confirmed that they are satisfied that the terms of the Transaction are fair and reasonable, on normal commercial terms and in the interests of the Bank and the shareholders of the Bank as a whole.

As KHL and KPL are Associates of Mr. Kuok Khoon-ean, an Independent Non-executive Director of the Bank, Mr. Kuok Khoon-ean has abstained from voting on the Board resolution with respect to the Transaction. In addition, Mr. Richard Li Tzar-kai, Mr. William Doo Wai-hoi and Dr. Daryl Ng Win-kong, each an Independent Non-executive Director of the Bank, as well as Dr. Peter Lee Ka-kit, a Non-executive Director of the Bank, have also abstained from voting on the Board resolution with respect to the Transaction due to potential conflict of interests. Save as disclosed above, no other Directors are regarded as having a material interest in the Transaction.

GENERAL INFORMATION

Incorporated in 1918, the Bank is Hong Kong's largest independent local bank, with total consolidated assets of HK\$756.6 billion (US\$97.5 billion) as of 30th June, 2016. Listed on the Stock Exchange, the Bank is a constituent stock of the Hang Seng Index.

The Bank offers customers a comprehensive range of corporate banking, personal banking, wealth management, and investment services through an extensive network

of more than 220 outlets covering Hong Kong and the rest of Greater China, Southeast Asia, the United Kingdom, and the United States. For more information, please refer to the Bank's website at www.hkbea.com.

The principal activity of KPL is investment holding and the principal activities of KPL's subsidiaries and Associates comprise property development, investment and management in Hong Kong, the PRC and the Asia Pacific region; hotel ownership in Hong Kong, and hotel ownership and operations in the PRC; and integrated logistics and international freight forwarding.

KHL is the controlling shareholder of KPL and is principally engaged in investment holding.

IMPLICATIONS UNDER THE LISTING RULES

KHL and KPL are subsidiaries of a Majority Controlled Company of Mr. Kuok Khoon-ean, an Independent Non-executive Director of the Bank, and his family members. As such, KHL and KPL are Associates of Mr. Kuok Khoon-ean and Connected Persons of the Bank. Accordingly, the Transaction constitutes a connected transaction for the Bank under Chapter 14A of the Listing Rules.

As the highest of all applicable percentage ratios calculated under Chapter 14A of the Listing Rules in respect of the pro-rata amount of the Deposit paid by the Bank is more than 0.1% but less than 5%, the Transaction is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

“Associate(s)”	has the meaning ascribed to it under the Listing Rules
“Bidding Agreement”	the bidding agreement dated 2 nd December, 2016 and entered into by the Parties in respect of their joint participation in the Bidding Process
“Bidding Process”	the public bidding process in respect of the Land to be held on 7 th December, 2016 in Qianhai, Shenzhen, the PRC
“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)
“Board”	the board of Directors
“Central Government”	the central government of PRC
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules

“Deposit”	an amount of RMB604.0 million (approximately HK\$682.52 million) paid by the Parties (in the proportions of 25%, 50% and 25% by the Bank, KHL and KPL, respectively) in order to participate in the Bidding Process
“Directors”	the directors of the Bank
“HK\$”	the Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“KHL”	Kerry Holdings Limited, a company incorporated in Hong Kong with limited liability
“KPL”	Kerry Properties Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 683)
“Land”	the land plot located at Land Parcel 02 & 04, Unit 7, Qianwan Area, Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, Shenzhen, the PRC (中國深圳市前海深港現代服務業合作區前灣片區七單元02、04街坊) (Land Parcel No.: T102-0260), with a site area of approximately 19,262.18 square meters for commercial use and a gross floor area of approximately 111,000 square meters
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Majority Controlled Company”	has the meaning ascribed to it under the Listing Rules
“Parties”	collectively, the Bank, KHL and KPL, and individually, a “Party”
“PRC”	the People’s Republic of China and, for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Qianhai”	深圳市前海深港現代服務業合作區 (Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, Shenzhen City)

“Qianhai Authority”	深圳市前海深港現代服務業合作區管理局 (Authority of Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone (English name for identification purposes only))
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tender Notice”	a land use right tender notice dated 27 th October, 2016 and the supplemental notices dated 2 nd November, 2016 and 15 th November, 2016 issued by Qianhai Authority and the Land and Real Estate Exchange Center of Shenzhen Municipality in relation to the Land (Shenzhen Land Exchange Notice [2016] No. 22)
“Transaction”	the joint bidding for the Land as contemplated under the Bidding Agreement and the payment of the Bank's pro-rata amount of the Deposit
“%”	per cent

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

Hong Kong, 2nd December, 2016

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\$1.13. 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. Aubrey LI Kwok-sing*, Mr. Winston LO Yau-lai**, Mr. Richard LI Tzar-kai**, Mr. Kenneth LO Chin-ming**, Mr. Stephen Charles LI Kwok-sze*, Mr. William DOO Wai-hoi**, Mr. KUOK Khoon-ean**, 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), Dr. Daryl NG Win-kong**, Mr. Masayuki OKU*, Dr. the Hon. Rita FAN HSU Lai-tai** and Mr. Meocre LI Kwok-wing***

[#] Executive Director

* Non-executive Director

** Independent Non-executive Director