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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)

CONNECTED TRANSACTION DISPOSAL OF LETTER OF CREDIT BANK RISK

On 21st November, 2019, the Bank entered into a Participation Agreement with SMBC, pursuant to which, as a funded disposal of letter of credit bank risk, the Bank agreed to transfer its commitment in the amount of US\$40 million (equivalent to approximately HK\$312 million) in respect of the Letter of Credit to SMBC.

As SMBC is a Substantial Shareholder of the Bank, SMBC is a connected person of the Bank under the Listing Rules. Therefore, the entering into of the Participation Agreement between the Bank and SMBC constitutes a connected transaction of the Bank.

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Transaction exceeds 0.1% but all are less than 5%, the Transaction is subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval and circular requirements under Chapter 14A of the Listing Rules.

On 18th November, 2019, pursuant to a bilateral agreement entered into in the ordinary course of business with another bank, the Bank assumed a commitment in the amount of US\$40 million (equivalent to approximately HK\$312 million) in respect of a Letter of Credit. The Letter of Credit has a tenor of 90 days from 18th November 2019.

On 21st November, 2019, the Bank entered into a Participation Agreement with SMBC, pursuant to which, as a funded disposal of letter of credit bank risk, the Bank agreed to transfer its commitment in the amount of US\$40 million (equivalent to approximately HK\$312 million) in respect of the Letter of Credit to SMBC.

PARTICIPATION AGREEMENT

Date

21st November, 2019

Parties

Transferor: The Bank of East Asia, Limited

Transferee: Sumitomo Mitsui Banking Corporation, Hong Kong branch

Subject Matter

The Transferor agrees to transfer its commitment in the amount of US\$40 million (equivalent to approximately HK\$312 million) (including all related obligations and risks) in respect of the Letter of Credit to the Transferee.

Tenor

90 days from 21st November, 2019

Commission

The Transferee will be entitled to a commission of three-month LIBOR plus 0.20% payable in arrear calculated on the basis of a year of 360 days and the actual number of days elapsed. The commission will be paid to the Transferee after maturity.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Directors consider that the Transaction is in the best interests of the Bank as it helps promote the trade finance business cooperation between the Bank and SMBC, and also serves as a general balance sheet management tool for the Bank.

Taking into account of the above, the Directors, including the independent Non-executive Directors, are of the view that, (i) the Participation Agreement has been entered into in the ordinary and usual course of business of the Group and is on normal commercial terms and that (ii) the terms of the Participation Agreement are fair and reasonable and in the interest of the Bank and its Shareholders as a whole.

To the best knowledge of the Directors, none of the Directors has a material interest in the transactions contemplated under the Participation Agreement. Accordingly, no Director is required to abstain from voting on the relevant Board resolution.

FINANCIAL EFFECTS OF THE TRANSACTION AND USE OF PROCEEDS

The full commitment (including all related obligations and risks) of the Bank in respect of the Letter of Credit will be transferred to SMBC. SMBC will be entitled to a commission for assuming these obligations and risks as set out above. After taking this into account, the Bank will be entitled to a net commission in the amount of US\$6,000 (equivalent to approximately HK\$46,800) which will be paid to it after the maturity date in the Letter of Credit. The Bank intends to use the net commission for general corporate purpose.

GENERAL INFORMATION

1. The Bank

Incorporated in 1918, BEA is a leading Hong Kong-based financial services group listed on The Stock Exchange of Hong Kong with total consolidated assets of HK\$876.8 billion (US\$112.2 billion) as of 30th June, 2019. BEA provides a comprehensive range of corporate banking, personal banking, wealth management, and investment services to customers throughout Greater China and beyond through an extensive network of nearly 200 outlets covering Hong Kong, Macau, Taiwan, Mainland China, Southeast Asia, the United Kingdom, and the United States. For more information, please visit www.hkbea.com.

2. SMBC

SMBC (a Substantial Shareholder of the Bank) and its group companies offer a broad range of financial services including banking, leasing, securities, investment, and other credit related businesses globally.

IMPLICATIONS UNDER THE LISTING RULES

As SMBC is a Substantial Shareholder of the Bank, SMBC is a connected person of the Bank under the Listing Rules. Therefore, the entering into of the Participation Agreement between the Bank and SMBC constitutes a connected transaction of the Bank.

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Transaction exceeds 0.1% but all are less than 5%, the Transaction is subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval and circular requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings in this announcement:

“Bank” or “BEA”	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)
“Directors”	the directors of the Bank
“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
“Letter of Credit”	a letter of credit dated 15 th November, 2019 issued by a branch of another bank in the Mainland for a trade transaction pursuant to a general trade facility
“LIBOR”	London Interbank Offered Rate
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mainland”	People’s Republic of China
“Participation Agreement”	the letter agreement entered into between the Bank and SMBC on 21 st November, 2019 in relation to the transfer of the commitment of the Bank in respect of the Letter of Credit to SMBC
“Shareholder(s)”	the holder(s) of the Shares
“Shares”	fully paid ordinary share(s) of the Bank
“SMBC”	Sumitomo Mitsui Banking Corporation, a company incorporated under the laws of Japan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder”	shall have the meaning ascribed to it under the Listing Rules
“Transaction”	the transactions contemplated under the Participation Agreement
US\$	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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

Hong Kong, 21st November, 2019

For the purpose of this announcement, translations of US\$ into HK\$ have been calculated by using an exchange rate of US\$1 equal to HK\$7.8. 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[#] (Executive Chairman), 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. Stephen Charles LI Kwok-sze*, Dr. Isidro FAINÉ CASAS*, Mr. Adrian David LI Man-kiu[#] (Co-Chief Executive), Mr. Brian David LI Man-bun[#] (Co-Chief Executive), Dr. Daryl NG Win-kong*, Mr. Masayuki OKU*, Dr. the Hon. Rita FAN HSU Lai-tai^{**}, Mr. Meocre LI Kwok-wing^{**}, Dr. the Hon. Henry TANG Ying-yen^{**}, Dr. Delman LEE^{**} and Mr. William Junior Guilherme DOO^{**}.*

[#] *Executive Director*

^{*} *Non-executive Director*

^{**} *Independent Non-executive Director*