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BEA 東亞銀行

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

ASSIGNMENT OF LOAN

On 28th February, 2018, BEA China entered into the Loan Assignment Agreement with SMBC China, pursuant to which BEA China agreed to assign and transfer its rights in respect of the Loan to SMBC China for a consideration of RMB1 billion (equivalent to approximately HK\$1.23661 billion).

As SMBC China is a wholly-owned subsidiary of SMBC, a Substantial Shareholder of the Bank, SMBC China is a connected person of the Bank under the Listing Rules. Therefore, the entering into of the Loan Assignment Agreement between BEA China and SMBC China constitutes a connected transaction of the Bank.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Loan Transfer exceeds 0.1% but all are less than 5%, the Loan Transfer 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.

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LOAN ASSIGNMENT AGREEMENT

Date

28th February, 2018

Parties

Assignor: The Bank of East Asia (China) Limited, Shenzhen branch

Assignee: Sumitomo Mitsui Banking Corporation (China) Limited, Shenzhen branch

Asset to be assigned

Pursuant to the Loan Assignment Agreement, BEA China agreed to assign and transfer, and SMBC China agreed to accept the rights in, the Loan.

The amount of Loan assigned is RMB1 billion (equivalent to approximately HK\$1.23661 billion), being the outstanding amount under the loan agreement entered into between BEA China and the Borrower on 26th June, 2017. The RMB1 billion had been advanced to the Borrower on 3rd July, 2017.

The interest of the Loan which was due before the Loan Transfer belonged to BEA China, while the interest accrued after the Loan Transfer was accrued for the benefit of SMBC China. The interest rate of the Loan was set based on the PBOC Interest Rate as at the drawdown date of the Loan, while subsequent monthly interest payments were subject to the further adjustments depending on the PBOC Interest Rate set from time to time.

Consideration

The consideration paid by SMBC China to BEA China for the assignment of the Loan was RMB1 billion (equivalent to approximately HK\$1.23661 billion). The consideration was at par against the Loan's principal value.

The Loan Transfer was offered to several financial institutions in the market for a period of time and after some arm's length negotiation between BEA China and SMBC China, final agreement was made with SMBC China.

The consideration was paid in full by SMBC China on 28th February, 2018 by cash.

Status

The Loan, and all the interest payable in connection therewith, have been fully repaid on 3rd July, 2018 by the Borrower.

REASONS FOR AND BENEFITS OF THE LOAN TRANSFER

The Directors consider that the Loan Transfer is in the best interests of the Bank as it frees up the Group's capital for better yielding assets.

Taking into account of the above, the Directors, including the independent non-executive Directors, are of the view that, (i) the Loan Assignment Agreement has been entered into in the ordinary and usual course of business of the Group and are on normal commercial terms and that (ii) the terms of the Loan Assignment 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 Loan Assignment Agreement. Accordingly, no Director is required to abstain from voting on the relevant Board resolution.

FINANCIAL EFFECTS OF THE LOAN TRANSFER AND USE OF PROCEEDS

There was no gain or loss incurred as a result of the Loan Transfer as the Loan was transferred at par level against its principal value. The Bank intended to free up its capital for better yielding assets.

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. BEA China

BEA China is a company incorporated under the laws of the PRC and a wholly-owned subsidiary of the Bank. Its primary operation is in the PRC, where it offers a wide range of banking and financial services to a customer base that includes both local and foreign residents and enterprises.

3. SMBC China

SMBC China is a company incorporated under the laws of the PRC and a wholly-owned subsidiary of SMBC, a Substantial Shareholder of the Bank. SMBC China provides general banking and finance services. It offers deposits, loans, trade finance, domestic remittances, overseas remittances, bonds and foreign exchange (excluding cash exchange).

IMPLICATIONS UNDER THE LISTING RULES

As SMBC China is a wholly-owned subsidiary of SMBC, a Substantial Shareholder of the Bank, SMBC China is a connected person of the Bank under the Listing Rules. Therefore, the entering into of the Loan Assignment Agreement between BEA China and SMBC China constitutes a connected transaction of the Bank.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Loan Transfer exceeds 0.1% but all are less than 5%, the Loan Transfer 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.

The Directors note that the Loan Transfer constitutes a connected transaction which should have been announced after its terms have been agreed. The Directors acknowledge that there has been a delay in making an announcement and such delay constitutes a breach of Rules 14A.35 and 14A.49 of the Listing Rules.

Immediately after the discovery of the non-compliance with the Listing Rules, the Directors have reviewed the relevant documents, sought advice from its legal advisers and took immediate action to issue this announcement in compliance with the Listing Rules.

For the purpose of preventing the reoccurrence of similar incidents in the future, the Bank has carried out or intended to carry out the following measures:

1. the Bank has arranged briefing sessions for all senior colleagues of the relevant business units to recap the disclosure requirements for notifiable and connected transactions under the Listing Rules; and
2. the Bank has enhanced the internal control and communication mechanisms to more effectively identify potential notifiable transactions and/or connected transactions under the Listing Rules in a timely manner.

DEFINITIONS

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

“BEA China”	The Bank of East Asia (China) Limited, Shenzhen branch, a company incorporated under the laws of the PRC, and a wholly-owned subsidiary of the Bank
“Borrower”	Company A
“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
“Group Companies”	the Bank and the Subsidiaries, and together, the “Group” “Group Company” means any one of them
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan in the amount of RMB1 billion (equivalent to approximately HK\$1.23661 billion) granted by BEA China to the Borrower on 3 rd July, 2017, pursuant a loan agreement dated 26 th June, 2017 between BEA China and the Borrower
“Loan Assignment Agreement”	the agreement entered into between BEA China and SMBC China on 28 th February, 2018 in relation to the assignment and transfer of the rights under the Loan to SMBC China

“Loan Transfer”	the assignment and transfer of the Loan under the Loan Assignment Agreement
“PBOC Interest Rate”	the loan prime rate announced by The People’s Bank of China
“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
“RMB”	Renminbi, the lawful currency of the PRC
“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
“SMBC China”	Sumitomo Mitsui Banking Corporation (China) Limited, Shenzhen branch, a company incorporated under the laws of the PRC, and a wholly-owned subsidiary of SMBC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder”	shall have the meaning ascribed to it under the Listing Rules
“%”	per cent.

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

Hong Kong, 21st August, 2019

For the purpose of this announcement, translations of RMB into HK\$ have been calculated by using an exchange rate of RMB1 equal to HK\$1.23661. 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*, Dr. Peter LEE Ka-kit*, 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** and Dr. Delman LEE**.*

[#] *Executive Director*

^{*} *Non-executive Director*

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