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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)

UPDATE ANNOUNCEMENT ON DISCLOSEABLE TRANSACTION

DISPOSAL OF BLUE CROSS (ASIA-PACIFIC) INSURANCE LIMITED AND INTERESTS IN BLUE CARE JV (BVI) HOLDINGS LIMITED AND ENTRY INTO OF DISTRIBUTION ARRANGEMENTS

Reference is made to: (i) the announcement published by The Bank of East Asia, Limited (the “**Bank**”) on 4th March, 2022 in relation to, among other things, the entry by the Bank and Blue Care Holdings into the Blue Cross Share Sale Agreement and the Blue Care Share Sale Agreement respectively in relation to the sale to AIA Holdings HK of Blue Cross and all the issued shares in Blue Care held by Blue Care Holdings respectively (the “**Announcement**”); (ii) the announcement published by the Bank on 24th March, 2021 in relation to, among other things, the Bank’s entry into of the Previous Share Sale and Framework Agreement in relation to, among other things, the Previous Disposal and the Original Regional Distribution Agreement; and (iii) the announcement published by the Bank on 1st September, 2021 in relation to, among other things, the completion of the Previous Disposal and the status of the Portfolio Transfer. Unless otherwise specified, capitalised terms used herein shall have the meanings given to them in the Announcement.

Closing of the Blue Cross Disposal and the Blue Care Disposal

The Board of Directors is pleased to announce that all of the conditions to the Blue Cross Disposal and the Blue Care Disposal as set out in the Blue Cross Share Sale Agreement and the Blue Care Share Sale Agreement, respectively, have been satisfied.

Closing of the Blue Cross Disposal and the Blue Care Disposal (collectively, the “**Closing**”) took place simultaneously on 26th August, 2022 in accordance with the terms of the Blue Cross Share Sale Agreement and the Blue Care Share Sale Agreement respectively.

The consideration paid by AIA Holdings HK to the Bank under the Blue Cross Share Sale Agreement for all the issued shares in Blue Cross and the Bank's entry into and compliance with the distribution arrangements contemplated in the Blue Cross Distribution Agreement was approximately US\$289 million (equivalent to approximately HK\$2,268 million) in cash, including notional interest for the period from (and excluding) 31st December, 2021 to (and including) the date of Closing and the Estimated Closing Portfolio Consideration (as defined below).

The consideration paid by AIA Holdings HK to Blue Care Holdings under the Blue Care Share Sale Agreement for all the issued shares in Blue Care held by Blue Care Holdings, comprising 80% of the total issued share capital of Blue Care, was approximately US\$8 million (equivalent to approximately HK\$63 million) in cash, including notional interest for the period from (and excluding) 31st December, 2021 to (and including) the date of Closing.

With effect from Closing, the Bank no longer holds any interest in Blue Cross and Blue Care and, accordingly, each of Blue Cross and Blue Care has ceased to be a subsidiary of the Bank and the financial results of Blue Cross and Blue Care will no longer be consolidated into the financial statements of the Bank.

Portfolio Transfer

As of Closing, the conditions to the Portfolio Transfer Agreement in respect of the proposed transfer of the Portfolio from Blue Cross to AIA Everest had not yet been satisfied. However, as Blue Cross ceased to be a subsidiary of the Bank and became a subsidiary of AIA upon Closing, AIA Holdings HK paid approximately HK\$129 million (the "**Estimated Closing Portfolio Consideration**") to the Bank in cash on Closing in relation to the Portfolio Transfer. The Estimated Closing Portfolio Consideration represented an estimate of the consideration for the Portfolio Transfer (i.e., the net asset value of the Portfolio) as at the transfer date, calculated on the assumption that the transfer date were 31st August, 2022, less an agreed amount in respect of the costs incurred in the transfer of the Portfolio which should be borne by the Bank (the "**Closing Portfolio Consideration**"). If the actual Closing Portfolio Consideration differs from the Estimated Closing Portfolio Consideration, the Bank will pay the difference to AIA Holdings HK (or another member of its group) or vice versa.

The corresponding net asset value of the Portfolio was approximately HK\$153 million as at 30th June, 2022. The audited net profits attributable to the Portfolio for each of the two financial years ended 31st December, 2020 and 31st December, 2021 were respectively approximately HK\$55 million and HK\$63 million (before tax and extraordinary items) and approximately HK\$55 million and HK\$63 million (after tax and extraordinary items).

Exclusive Distribution Arrangements

As foreshadowed in the Announcement, the Amended and Restated Regional Distribution Agreement and the Blue Cross Distribution Agreement, which together extend the Bank's existing exclusivity arrangements with the AIA Group to include non-life insurance products, were entered into on the date of the Blue Cross Closing.

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\$7.845. 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.

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

Hong Kong, 26th August, 2022

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*, 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^{**}, Mr. William Junior Guilherme DOO^{**}, Dr. David MONG Tak-yeung^{**} and Dr. Francisco Javier SERRADO TREPAT*.*

[#] Executive Director
^{*} Non-executive Director
^{**} Independent Non-executive Director