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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)

CONTINUING CONNECTED TRANSACTIONS FRAMEWORK AGREEMENT FOR LOAN TRANSACTIONS

Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders



Gram Capital Limited

嘉林資本有限公司

On 23 January 2025, BEA entered into the Framework Agreement with SMBC, pursuant to which the BEA Group and the SMBC Group may engage in Loan Transactions pursuant to the terms of the Framework Agreement.

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 Framework Agreement between BEA and SMBC and the transactions contemplated thereunder constitute continuing connected transactions of BEA under the Listing Rules.

As one or more applicable percentage ratios in respect of the Framework Agreement exceed 5%, the Framework Agreement and the Continuing Connected Transactions are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Board has set up the Independent Board Committee to review the Continuing Connected Transactions and provide advice to the Independent Shareholders. The Bank has appointed Gram Capital as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders regarding the Continuing Connected Transactions.

The Bank will seek approval from the Independent Shareholders regarding the Framework Agreement, the Continuing Connected Transactions and the Annual Caps at the AGM, which is tentatively scheduled to be held in or about May 2025. A notice of the AGM, containing all resolutions to be proposed at the AGM (including the resolutions to approve the Framework Agreement, the Continuing Connected Transactions and the Annual Caps) will be despatched to the Shareholders in or about March 2025.

The circular of the AGM containing, among other things, (i) details of the Framework Agreement, the Continuing Connected Transactions and the Annual Caps in respect thereof; (ii) a letter from Gram Capital to the Independent Board Committee and the Independent Shareholders containing its advice on the Continuing Connected Transactions and the Annual Caps; and (iii) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Continuing Connected Transactions and the Annual Caps, will be despatched to the Shareholders in or about March 2025.

FRAMEWORK AGREEMENT

On 23 January 2025, BEA entered into the Framework Agreement with SMBC, pursuant to which the BEA Group and the SMBC Group may engage in Loan Transactions pursuant to the terms of the Framework Agreement.

The principal terms of the Framework Agreement are set out below:

Date: 23 January 2025

Parties: (1) BEA
(2) SMBC

Term: Subject to fulfilment of the Condition, the Framework Agreement shall be effective on and from 9 May 2025 until 8 May 2028.

Condition: The Framework Agreement shall be conditional upon BEA having obtained Independent Shareholders' approval in accordance with the applicable requirements of the Listing Rules in respect of: (i) the entering into of the Framework Agreement by BEA and the transactions contemplated thereunder, and (ii) the Annual Caps for the Term.

Subject matter: At any time and from time to time during the Term, the BEA Group and the SMBC Group may enter into Loan Transaction(s) upon such terms and conditions as may be mutually agreed between the parties thereto, provided that each Loan Transaction shall fully comply with the terms and conditions of the Framework Agreement.

Each Loan Transaction may take the form of Transfer Transaction and/or Risk Participation Transaction.

Payment terms: For a Transfer Transaction, all payments shall be made by the Buyer to the Seller in immediately available funds upon completion of the relevant transaction (or as otherwise agreed between the parties and set out in the relevant Transfer Document).

For a Risk Participation Transaction that is on funded basis, all payments shall be made by the Buyer to the Seller in accordance with the terms of the relevant Risk Participation Agreement in immediately available funds on the start date of the relevant Risk Participation Agreement (or as otherwise agreed between the parties and set out in the relevant Risk Participation Agreement).

For a Risk Participation Transaction that is on unfunded basis, all payments shall be made by the Buyer to the Seller in accordance with the terms of the relevant Risk Participation Agreement in immediately available funds within four calendar days after the Seller notifies the Buyer in writing about the Default (or as otherwise agreed between the parties and set out in the relevant Risk Participation Agreement).

Pricing: The consideration payable by the Buyer to the Seller on all Loan Transactions contemplated under the Framework Agreement shall be negotiated and agreed in good faith on arm's length basis with normal commercial terms between the Seller and the Buyer. The following factors shall be considered in determining the consideration payable by the Buyer to the Seller in a Loan Transaction, including but not limited to:

- (a) the book value of the Loan;
- (b) appropriate adjustment to be made to the book value of the Loan to reflect the appropriate risks of the Loan;
- (c) the interest rate of the Loan and the prevailing market interest rate;
- (d) the remaining tenure of the Loan;
- (e) each parties' internal credit control policy and/or any other applicable risk considerations;
- (f) the risk profile of the borrower or other transaction parties of the Loan; and
- (g) the terms available to each party from independent third parties for similar or comparable transactions.

The table below sets out the historical transaction amounts and the Annual Caps in respect of the total transaction amount for the Continuing Connected Transactions:

	<u>For the financial year ended 31 December</u>			<u>For the period from</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>1 January to</u>
Historical transaction amount (HK\$ million)	Nil	850	1,107	<u>23 January 2025</u>
	<u>For the period from 9 May to 31 December 2025</u>	<u>For the financial year ending 31 December</u>		<u>For the period from 1 January to 8 May 2028</u>
	<u>2026</u>	<u>2027</u>		
Annual Cap (HK\$ million)	5,000	5,000	5,000	2,000

The Annual Caps have been determined with reference to (i) the historical transaction amounts for Loan Transactions between the BEA Group and the SMBC Group; and (ii) the anticipated transaction amounts between the BEA Group and the SMBC Group for each of the financial years ending 31 December 2025 (commencing on 9 May 2025), 2026 and 2027 and for the period from 1 January to 8 May 2028.

INTERNAL CONTROL PROCEDURES

BEA has formulated specific measures and policies, including connected transactions management policies and management measures for connected transactions under the Listing Rules, to ensure that all connected transactions of the Bank Group are properly controlled and monitored. The policies aim to establish an effective framework for monitoring connected transactions (including the transactions with connected parties stipulated under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) and connected transactions under the Listing Rules), help maintain sound business operations, establish risk monitoring system and ensure that all the connected transactions are conducted in the interests of the Shareholders as a whole. The management measures aim to standardise and specify the division of management responsibilities and duties as well as monitoring mechanism in connection with the connected transactions of the Bank Group, protect the Shareholders' overall interests and also the interests of BEA and its stakeholders. The connected transactions of the Bank Group shall be implemented in accordance with the principles, rules and procedures stipulated in the policies and management measures.

As part of the internal control and risk management procedures, the relevant business units/branches/subsidiaries and/or the Credit Committee of the Bank shall carry out certain procedures prior to the signing of any Transfer Document or Risk Participation Agreement, which include reviewing the terms of specific Loan Transactions between the BEA Group and the SMBC Group, reviewing the factors taken into consideration in determining the pricing, and/or comparing the terms with terms of comparable transactions to ensure that (i) the Loan Transactions are entered into in the ordinary and usual course of business of the Bank Group and are on normal commercial terms and arm's length basis; and (ii) the pricing policies and/or other contract terms of the Loan Transactions are fair and reasonable and in the interests of the Bank and the Shareholders as a whole.

In addition, as part of the internal control and risk management procedures and to ensure that the Continuing Connected Transactions do not exceed the relevant Annual Caps, an independent unit of the Bank shall be responsible for monitoring the transaction amounts.

The Bank's management shall report on the Continuing Connected Transactions to the Board and/or relevant Board committees each year, such that they may conduct review to ensure that the Continuing Connected Transactions have been entered into (i) in the ordinary and usual course of business of the Bank Group and are on normal commercial terms; and (ii) the terms of the Continuing Connected Transactions are fair and reasonable and in the interests of the Bank and the Shareholders as a whole.

The independent non-executive Directors will also conduct an annual review of the Continuing Connected Transactions in accordance with the Listing Rules. BEA will engage its external auditor to report on the Continuing Connected Transactions every financial year. The external auditor will provide a letter to the Board confirming the matters required under the Listing Rules including whether the Continuing Connected Transactions are carried out in accordance with the relevant pricing policies.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENT

In the ordinary course of business, the Bank Group may engage in Loan Transactions with the SMBC Group from time to time. The Directors consider that it is in the best interests of the Bank to enter into the Framework Agreement, as it will enhance cooperation in the loan financing business between the BEA Group and the SMBC Group. The Framework Agreement will facilitate both groups in pursuing suitable Loan Transactions, thereby diversifying the Bank Group's loan portfolio.

By establishing the Annual Caps, the Bank will not be required to make separate announcement(s) and/or seek independent shareholders' approval, as applicable, for each Loan Transaction to be entered into with the SMBC Group during the term of the Framework Agreement, provided that the respective Annual Caps are not exceeded and relevant internal control procedures are adhered to. This will enable the Bank Group to capture opportunities in suitable Loan Transactions more efficiently.

Taking into account the above, the Directors (excluding the independent non-executive Directors who will express their view after receiving advice from Gram Capital) are of the view that (i) the Framework Agreement has been entered into in the ordinary and usual course of business of the Bank Group and is on normal commercial terms; and (ii) the terms of the Framework Agreement are fair and reasonable and in the best interest of the Bank and the 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 Framework Agreement. Accordingly, no Director is required to abstain from voting on the relevant resolutions of the Board approving the Framework Agreement.

GENERAL INFORMATION

BEA

Incorporated in Hong Kong in 1918, BEA is a leading Hong Kong-based financial services group listed on the Stock Exchange, with total consolidated assets of HK\$875.2 billion (US\$112.1 billion) as of 30 June 2024.

BEA provides a comprehensive range of wholesale banking, personal banking, wealth management and investment services to customers through an extensive network of about 120 outlets covering Hong Kong, the Chinese Mainland, Macau, Taiwan, Southeast Asia, the United Kingdom, and the United States. For more information, please visit: www.hkbea.com.

SMBC

SMBC (a substantial shareholder of the Bank) and its group companies offer a broad range of financial services centred on banking.

The ultimate beneficial owner of SMBC is Sumitomo Mitsui Financial Group, Inc. Sumitomo Mitsui Financial Group, with banking operations as a foundation, offers a broad array of banking, credit card, leasing, information, investment securities, and other financial services.

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 Framework Agreement between BEA and SMBC and the transactions contemplated thereunder constitute continuing connected transactions of BEA under the Listing Rules.

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DEFINITIONS

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

"AGM"	the annual general meeting of the Bank to be held in or about May 2025 to approve, among other things, the Framework Agreement, the Continuing Connected Transactions and the Annual Caps
"Annual Cap(s)"	the annual caps set by the Bank for the Loan Transactions in respect of each of the financial years ending 31 December 2025 (commencing on 9 May 2025), 2026 and 2027 and the period from 1 January to 8 May 2028
"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)
"BEA Group" or "Bank Group"	the Bank and its subsidiaries as may exist from time to time, throughout the duration of the Term, and "BEA Group Company" means any member of the BEA Group
"Board"	the board of Directors
"Buyer"	the relevant BEA Group Company or SMBC Group Company which acquires a Loan or takes a Risk Participation (as the case may be)
"Condition"	has the meaning ascribed to it in the paragraph headed "Framework Agreement – Condition"
"connected person"	shall have the meaning ascribed to it under the Listing Rules
"Continuing Connected Transaction(s)"	the Loan Transaction(s) as contemplated under the Framework Agreement

"Default"	for a Risk Participation Transaction, the Seller not receiving from the borrower of the Loan, on or before the relevant due date of the Loan, any moneys due (or expressed to be due, or determined by the Seller acting in good faith to be due)
"Director(s)"	the director(s) of the Bank
"financial year"	a financial year of the Bank
"Framework Agreement"	the framework agreement dated 23 January 2025 and entered into between BEA and SMBC
"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
"Independent Board Committee"	a committee of the Board comprising all the independent non-executive Directors
"Independent Financial Adviser" or "Gram Capital"	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed to provide advice to the Independent Board Committee and the Independent Shareholders regarding the Continuing Connected Transactions
"Independent Shareholders"	shareholders (other than SMBC and its associates) who are not required to abstain from voting on the relevant resolutions at the AGM
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Loan(s)"	means any of the following: <ul style="list-style-type: none"> (a) syndicated loan(s) entered into by the Seller as the lender; (b) loan(s) and commitments for trade transaction(s) entered into by the Seller as the lender; and (c) such other transactions of a nature similar to any of the above.
"Loan Transaction(s)"	the Transfer Transaction(s), the Risk Participation Transaction(s), or any one of them

"percentage ratio(s)"	shall have the meaning ascribed to it under the Listing Rules
"Risk Participation"	the risk participation of a Buyer in a Loan provided by a Seller, on either a funded or unfunded basis
"Risk Participation Agreement"	the agreement to be entered into between a Seller and a Buyer in respect of a Risk Participation
"Risk Participation Transaction"	a transaction in which a Buyer participates in the risk of a Loan provided by a Seller pursuant to the relevant Risk Participation Agreement
"Seller"	a relevant BEA Group Company or SMBC Group Company which offers to assign a Loan or assign the commitment of a Loan
"Share(s)"	fully paid ordinary share(s) of the Bank
"Shareholder(s)"	the holder(s) of the Shares
"SMBC"	Sumitomo Mitsui Banking Corporation, a company incorporated under the laws of Japan
"SMBC Group"	SMBC and its subsidiaries, as may exist from time to time, throughout the duration of the Term, and "SMBC Group Company" means any member of the SMBC Group
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder"	shall have the meaning ascribed to it under the Listing Rules
"Term"	has the meaning ascribed to it in the paragraph headed "Framework Agreement – Term"
"Transfer Document"	the documents to be entered into between the Seller and the Buyer in relation to the assignment of a Loan

"Transfer Transaction" the assignment of a Loan from the Seller to the Buyer pursuant to the relevant Transfer Document

"%" per cent.

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

Hong Kong, 23 January 2025

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