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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)

DISCLOSEABLE TRANSACTION

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

On 4th March, 2022, (i) the Bank (as vendor) entered into the Blue Cross Share Sale Agreement with AIA Holdings HK (as purchaser) and AIA (as purchaser's guarantor) in relation to the sale of Blue Cross to AIA Holdings HK; and (ii) Blue Care Holdings (an indirect wholly-owned subsidiary of the Bank) (as vendor) entered into the Blue Care Share Sale Agreement with AIA Holdings HK (as purchaser) and AIA (as purchaser's guarantor) in relation to the sale of all the issued shares in Blue Care held by Blue Care Holdings, comprising 80% of the total issued share capital of Blue Care, to AIA Holdings HK. AIA has agreed to guarantee AIA Holdings HK's obligations under the Blue Cross Share Sale Agreement and the Blue Care Share Sale Agreement. Each of the Blue Cross Closing and the Blue Care Closing is subject to satisfaction (or, where applicable, waiver) of certain conditions and the requisite regulatory approval(s).

The consideration payable under the Blue Cross Share Sale Agreement, the Blue Care Share Sale Agreement and the Blue Cross Distribution Agreement is US\$278 million (equivalent to HK\$2,168 million) in cash (in aggregate). The Bank is expected to book an aggregate profit of approximately HK\$1,534 million upon completion of the Blue Cross Disposal and the Blue Care Disposal.

The Transactions, on a stand-alone basis and when aggregated with the Previous Transactions pursuant to Rule 14.22 of the Listing Rules, constitutes a discloseable transaction of the Bank under Chapter 14 of the Listing Rules as one or more of the relevant percentage ratios under Rule 14.07 of the Listing Rules is more than 5% but all are less than 25% and, therefore, is subject to the announcement requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to: (i) the announcement published by the Bank on 24th February, 2022 in relation to its 2021 final results, in which it announced, among other things, that Blue Cross was classified as an asset held for sale, (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.

The Bank is pleased to announce that, on 4th March, 2022: (i) the Bank (as vendor) entered into the Blue Cross Share Sale Agreement with AIA Holdings HK (as purchaser) and AIA (as purchaser's guarantor) in relation to the sale of Blue Cross to AIA Holdings HK; and (ii) Blue Care Holdings (an indirect wholly-owned subsidiary of the Bank) (as vendor) entered into the Blue Care Share Sale Agreement with AIA Holdings HK (as purchaser) and AIA (as purchaser's guarantor) in relation to the sale of all the issued shares in Blue Care held by Blue Care Holdings, comprising 80% of the total issued share capital of Blue Care, to AIA Holdings HK.

The material terms of the Blue Cross Share Sale Agreement and the Blue Care Share Sale Agreement are summarised below.

BLUE CROSS SHARE SALE AGREEMENT

Sale of Blue Cross shares

The Blue Cross Share Sale Agreement was entered into among the Bank (as vendor), AIA Holdings HK (as purchaser) and AIA (as purchaser's guarantor) on 4th March, 2022. Pursuant to the Blue Cross Share Sale Agreement, the Bank conditionally agreed to sell, and AIA Holdings HK conditionally agreed to purchase, all the issued share capital of Blue Cross, and AIA has agreed to guarantee AIA Holdings HK's obligations under the Blue Cross Share Sale Agreement.

Consideration

The consideration payable under the Blue Cross Share Sale Agreement for the shares in Blue Cross and the Bank's entry into of the distribution arrangements contemplated in the Blue Cross Distribution Agreement is US\$270 million (equivalent to HK\$2,106 million) in cash, plus an amount equivalent to notional interest on that sum for the period from (but excluding) 31st December, 2021 to (and including) the date of Blue Cross Closing. Such amount of consideration excludes any consideration payable for the Portfolio Transfer under the Portfolio Transfer Agreement.

The corresponding net asset value of Blue Cross (excluding the Portfolio) was approximately HK\$532 million as at 31st December, 2021. The audited profits/(losses) attributable to Blue Cross (excluding the Portfolio) for each of the two financial years ended 31st December, 2020 and 31st December, 2021 were respectively approximately HK\$267 million and a loss of HK\$20 million (before tax and extraordinary items) and approximately HK\$212 million and a loss of HK\$32 million (after tax and extraordinary items).

The consideration was determined after arm's length negotiations between the Bank and AIA Holdings HK following an auction process and taking into account (i) the historical business and financial performance of Blue Cross; (ii) the valuation of comparable trading companies; and (iii) recent precedent transactions, taking into account the current market environment.

Conditions

Closing of the Blue Cross Disposal is subject to the satisfaction (or, where applicable, waiver) of the following conditions, or their satisfaction subject only to Blue Cross Closing:

- (i) any person that will become a "controller" (as defined under the Insurance Ordinance) of Blue Cross as a result of the Blue Cross Disposal having obtained written approval or a written notice of no objection from the Insurance Authority to become a "controller" of Blue

Cross, and (if required) the Insurance Authority having indicated its non-objection to the arrangements under the transitional services agreement to be entered into on Blue Cross Closing;

- (ii) if required, the Insurance Authority having approved the transaction contemplated by the Blue Cross Share Sale Agreement pursuant to section 95ZK of the Insurance Ordinance;
- (iii) the accuracy of certain fundamental warranties; and
- (iv) subject to certain exceptions, no material adverse effect having occurred and being continuing.

AIA Holdings HK may waive any of the conditions in paragraphs (iii) and (iv). If any of the conditions are not satisfied (or, where applicable, waived) within 12 months, the Blue Cross Share Sale Agreement may be terminated by the Bank or AIA Holdings HK. As the Blue Cross Disposal is conditional, it may or may not proceed. Shareholders of the Bank and potential investors are advised to exercise caution when dealing in the securities of the Bank.

Other provisions

Pursuant to the Blue Cross Share Sale Agreement, subject to Blue Cross Closing, the Original Regional Distribution Agreement shall be amended to include a framework for the arrangements pursuant to which AIA's exclusivity under the Original Regional Distribution Agreement will be extended, through acquiring Blue Cross, to non-life insurance products for the Bank's personal banking customers in Hong Kong and the Blue Cross Distribution Agreement setting out the terms of this arrangement shall be entered into between the Bank and Blue Cross on Blue Cross Closing. The material terms of the Blue Cross Distribution Agreement are summarised below.

In addition, the Blue Cross Share Sale Agreement contains covenants, representations, warranties, undertakings and indemnities which are usual and customary for a transaction of this nature and scale.

BLUE CROSS DISTRIBUTION AGREEMENT

Term and termination

The Blue Cross Distribution Agreement will have a term of 15 years from Blue Cross Closing subject to possible extension or early termination in certain circumstances.

Fees

Pursuant to the Blue Cross Distribution Agreement, Blue Cross shall pay to the Bank commissions in respect of non-life insurance products which are sold through the Bank's distribution channels in Hong Kong. A bonus may also be payable to the Bank under the Blue Cross Distribution Agreement, subject to performance levels. Blue Cross will also provide allowances for use by either party as an expense reimbursement for sales and marketing activities.

BLUE CARE SHARE SALE AGREEMENT

Sale of Blue Care shares

The Blue Care Share Sale Agreement was entered into between Blue Care Holdings (an indirect wholly-owned subsidiary of the Bank) (as vendor), AIA Holdings HK (as purchaser) and AIA (as purchaser's guarantor) on 4th March, 2022. Pursuant to the Blue Care Share Sale Agreement, Blue Care Holdings conditionally agreed to sell, and AIA Holdings HK conditionally agreed to purchase, all the issued shares held by Blue Care Holdings in Blue Care, comprising 80% of the total issued

share capital of Blue Care, and AIA has agreed to guarantee AIA Holdings HK's obligations under the Blue Care Share Sale Agreement.

Consideration

The consideration payable under the Blue Care Share Sale Agreement for the shares in Blue Care held by Blue Care Holdings is US\$8 million (equivalent to HK\$62 million) in cash, plus an amount equivalent to notional interest on that sum for the period from (but excluding) 31st December, 2021 to (and including) the Blue Care Closing.

The consideration was determined after arm's length negotiations between Blue Care Holdings and AIA Holdings HK following an auction process and taking into account (i) the historical business and financial performance of Blue Care; and (ii) the net asset value of Blue Care.

Conditions

Closing of the Blue Care Disposal is subject to the satisfaction (or, where applicable, waiver) of the following conditions, or their satisfaction subject only to Blue Care Closing:

- (i) if required, the Insurance Authority having approved the transaction contemplated by the Blue Care Share Sale Agreement pursuant to section 95ZK of the Insurance Ordinance;
- (ii) AIA Holdings HK having made an offer to the Remaining BC Shareholder to purchase all of the Remaining BC Shareholder's shares in Blue Care on specified terms;
- (iii) if the Remaining BC Shareholder does not accept the offer referred to in (ii), certain specified amendments to the shareholders' agreement relating to Blue Care becoming effective on Blue Care Closing;
- (iv) completion of the Blue Cross Disposal on or before the completion of the Blue Care Disposal;
- (v) the accuracy of certain fundamental warranties; and
- (vi) subject to certain exceptions, no material adverse effect having occurred and being continuing.

Blue Care Holdings may waive the condition in paragraph (ii), AIA Holdings HK may waive any of the conditions in paragraphs (iii), (v) and (vi), and Blue Care Holdings and AIA Holdings HK may jointly waive the conditions in paragraph (iv). If any of the conditions are not satisfied (or, where applicable, waived) within 12 months, the Blue Care Share Sale Agreement may be terminated by Blue Care Holdings or AIA Holdings HK (provided that AIA Holdings HK may not terminate the Blue Care Share Sale Agreement if the condition in paragraph (ii) has not been satisfied as a result of it not having made such offer to the Remaining BC Shareholder). As the Blue Care Disposal is conditional, it may or may not proceed. Shareholders of the Bank and potential investors are advised to exercise caution when dealing in the securities of the Bank.

Other provisions

The Blue Care Share Sale Agreement contains covenants, representations, warranties, undertakings and indemnities which are usual and customary for a transaction of this nature and scale.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Directors consider that the sale of Blue Cross and of the Bank's interest in Blue Care, along with the proposed entry into of the Amended and Restated Regional Distribution Agreement and the Blue Cross Distribution Agreement are in the best interests of the Bank as it will generate value in the interests of the Bank's shareholders. By entering into the Blue Cross Distribution Agreement, the Bank will be able to extend the existing exclusive life insurance partnership with AIA Group to include non-life insurance products, which is expected to further enhance the fee income of the Bank.

The Directors (including the independent non-executive Directors) believe that the terms and conditions of the Blue Cross Share Sale Agreement, the Blue Care Share Sale Agreement, the Amended and Restated Regional Distribution Agreement and the Blue Cross Distribution Agreement and the other agreements to be entered into as part of the Transactions are fair and reasonable and the Transactions are in the interests of the Bank and its shareholders as a whole.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, AIA and AIA Holdings HK (and the other relevant AIA Group members) and their ultimate beneficial owners are third parties independent of the Bank and the Bank's connected persons.

FINANCIAL EFFECT OF THE TRANSACTIONS AND USE OF PROCEEDS

The carrying amount of Blue Cross was approximately HK\$741 million as at 31st December, 2021, and the audited net profits attributable to Blue Cross for each of the two financial years ended 31st December, 2020 and 31st December, 2021 were respectively approximately HK\$321 million and HK\$43 million (before tax and extraordinary items) and approximately HK\$267 million and HK\$31 million (after tax and extraordinary items).

The carrying amount of the Bank's 80% interest in Blue Care was approximately HK\$23 million as at 31st December, 2021, and the audited net profits attributable to Blue Care for each of the two financial years ended 31st December, 2020 and 31st December, 2021 were respectively approximately HK\$4 million and HK\$1 million (before tax and extraordinary items) and approximately HK\$4 million and HK\$1 million (after tax and extraordinary items).

The Bank is expected to book a profit in the amounts of approximately HK\$1,502 million and HK\$32 million in respect of the Blue Cross Disposal and the Blue Care Disposal respectively. The profit is calculated with reference to the net sale proceeds attributable to the Bank after deducting relevant transaction costs and expenses, and the carrying amount of Blue Cross and Blue Care, respectively, as at 31st December, 2021, and also includes the release of mark-to-market gains from reserves.

Taking into account of investors' expectations, market conditions and regulatory guidance upon the closing of the Transactions, the board of Directors will decide on the use of proceeds from the disposals, which may include return to shareholders, or any such other purposes as the board of Directors may consider to be in the best interests of the Bank and the shareholders of the Bank.

GENERAL INFORMATION

The Bank

Incorporated in 1918, the Bank is a leading Hong Kong-based financial services group listed on the Stock Exchange, with total consolidated assets of HK\$907.47 billion (US\$116.39 billion) as of 31st December, 2021.

The Bank provides a comprehensive range of corporate banking, personal banking, wealth management, and investment services to customers through an extensive network of about 150

outlets covering Hong Kong, the rest of Greater China, Southeast Asia, the United Kingdom, and the United States. For more information, please visit www.hkbea.com.

Blue Cross

Blue Cross is a wholly-owned subsidiary of the Bank providing a comprehensive range of non-life insurance products and services including medical, travel, and general insurance to both individual and corporate customers in Hong Kong. Blue Cross distributes its products through diversified distribution channels, including the Bank's extensive network of branches, online channels, direct sales channel, agents and brokers, as well as travel agencies. Immediately after Blue Cross Closing, the Bank will cease to hold any equity interest in Blue Cross and Blue Cross will cease to be a subsidiary of the Bank and will be a wholly-owned subsidiary of AIA Holdings HK.

Blue Care

Blue Care is a company incorporated in the British Virgin Islands with limited liability. The Bank holds interest in 80% of the total issued share capital of Blue Care. Blue Care, through its wholly-owned subsidiary, U Care, and Blue Care Medical Centres, provides a comprehensive range of healthcare services including consultation, pre-insurance and pre-employment checkups, health screening programmes, vaccination etc. Immediately after Blue Care Closing, the Bank will cease to hold any equity interest in Blue Care and Blue Care will cease to be a subsidiary of the Bank and will be a subsidiary of AIA Holdings HK.

Blue Care Holdings

Blue Care Holdings is a company incorporated in the British Virgin Islands with limited liability and an indirect non-wholly owned subsidiary of the Bank. Its principal activity is investment holding.

AIA Holdings HK

AIA Holdings HK is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of AIA Group Limited. Its principal activity is investment holding.

AIA

AIA is a wholly-owned subsidiary of AIA Group Limited and is the lead operating entity within the AIA Group. The AIA Group comprises the largest independent publicly listed pan-Asian life insurance group. It has a presence in 18 markets – wholly-owned branches and subsidiaries in Mainland China, Hong Kong, Thailand, Singapore, Malaysia, Australia, Cambodia, Indonesia, Myanmar, New Zealand, the Philippines, South Korea, Sri Lanka, Taiwan (China), Vietnam, Brunei and Macau, and a 49 per cent joint venture in India.

The business that is now AIA Group was first established in Shanghai more than a century ago in 1919. It is a market leader in Asia (ex-Japan) based on life insurance premiums and holds leading positions across the majority of its markets. It had total assets of US\$330 billion as of 30th June, 2021.

AIA Group meets the long-term savings and protection needs of individuals by offering a range of products and services including life insurance, accident and health insurance and savings plans. AIA Group also provides employee benefits, credit life and pension services to corporate clients. Through an extensive network of agents, partners and employees across Asia, AIA Group serves the holders of more than 39 million individual policies and over 16 million participating members of group insurance schemes.

AIA Group Limited is listed on the Main Board of the Stock Exchange under the stock code “1299” with American Depositary Receipts (Level 1) traded on the over-the-counter market (ticker symbol: “AAGIY”).

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, AIA and AIA Holdings HK and their ultimate beneficial owners are Independent Third Parties and not connected with the Bank.

LISTING RULES IMPLICATIONS

The Transactions, on a stand-alone basis and when aggregated with the Previous Transactions pursuant to Rule 14.22 of the Listing Rules, constitutes a discloseable transaction of the Bank under Chapter 14 of the Listing Rules as one or more of the relevant percentage ratios under Rule 14.07 of the Listing Rules is more than 5% but all are less than 25% and, therefore, is subject to the announcement requirement under Chapter 14 of the Listing Rules.

PORTFOLIO TRANSFER

As of the date of this announcement, the conditions to the Portfolio Transfer Agreement in respect of the proposed transfer of the Portfolio from Blue Cross to AIA Everest have not yet been satisfied. The Bank will make further announcement(s) concerning this proposed transfer as and when appropriate in accordance with the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the meanings set out below:

“AIA”	AIA Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of AIA Group Limited as at the date of this announcement
“AIA Everest”	AIA Everest Life Company Limited (formerly known as BEA Life Limited), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of AIA as at the date of this announcement
“AIA Group”	AIA Group Limited and its subsidiaries
“AIA Holdings HK”	AIA Holdings (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of AIA Group Limited as at the date of this announcement
“Amended and Restated Regional Distribution Agreement”	the amended and restated regional distribution agreement proposed to be entered into between the Bank and AIA on Blue Cross Closing to amend and restate the Original Regional Distribution Agreement
“Bank”	The Bank of East Asia, Limited, a company incorporated in Hong Kong with limited liability the shares of which are listed on the Main Board of the Stock Exchange

“Blue Care”	Blue Care JV (BVI) Holdings Limited, a company incorporated in the British Virgin Islands with limited liability. The Bank holds interest in 80% of the total issued share capital of Blue Care and the remaining 20% is held by the Remaining BC Shareholder
“Blue Care Closing”	completion of the Blue Care Disposal
“Blue Care Disposal”	the proposed sale of all the issued shares in Blue Care held by Blue Care Holdings, comprising 80% of the total issued share capital of Blue Care, pursuant to the Blue Care Share Sale Agreement
“Blue Care Holdings”	Blue Care (BVI) Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Bank as at the date of this announcement
“Blue Care Share Sale Agreement”	the share sale agreement dated 4 th March, 2022 among the Bank, AIA Holdings HK and AIA in relation to the Blue Care Disposal
“Blue Cross”	Blue Cross (Asia-Pacific) Insurance Limited, a company incorporated in Hong Kong with limited liability and is wholly-owned by the Bank as at the date of this announcement
“Blue Cross Closing”	completion of the Blue Cross Disposal
“Blue Cross Disposal”	the proposed sale of all the issued shares in Blue Cross by the Bank pursuant to the Blue Cross Share Sale Agreement
“Blue Cross Distribution Agreement”	the distribution agreement proposed to be entered into between the Bank and Blue Cross upon Blue Cross Closing
“Blue Cross Share Sale Agreement”	the share sale agreement dated 4 th March, 2022 among the Bank, AIA Holdings HK and AIA in relation to the Blue Cross Disposal
“connected person”	has the meaning given to it in the Listing Rules
“Directors”	the directors of the Bank
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	an independent third party not connected with the Bank and its subsidiaries, their respective directors, chief executives and substantial shareholders and any of their associates within the meaning of the Listing Rules

“Insurance Authority”	the Insurance Authority of Hong Kong
“Insurance Ordinance”	the Insurance Ordinance (Chapter 41 of the laws of Hong Kong)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Original Regional Distribution Agreement”	the regional distribution agreement dated 24 th March, 2021 between the Bank and AIA
“Portfolio”	the residual portfolio of the long-term business of Blue Cross
“Portfolio Transfer”	the transfer of the Portfolio from Blue Cross to AIA Everest pursuant to the Portfolio Transfer Agreement
“Portfolio Transfer Agreement”	the portfolio transfer agreement dated 24 th March, 2021 between Blue Cross and AIA Everest in relation to the Portfolio Transfer
“Previous Disposal”	the sale of all the issued share capital in AIA Everest by the Bank pursuant to the Previous Share Sale and Framework Agreement
“Previous Share Sale and Framework Agreement”	the share sale and framework agreement dated 24 th March, 2021 between the Bank and AIA in relation to the Previous Disposal
“Previous Transactions”	the Previous Disposal and the entry into of the arrangements under the Original Regional Distribution Agreement and other related agreements, including the Portfolio Transfer
“Remaining BC Shareholder”	an Independent Third Party, which is interested in 20% of the total issued share capital of Blue Care
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the Blue Cross Disposal, the Blue Care Disposal and the proposed entry into of the Amended and Restated Regional Distribution Agreement and the Blue Cross Distribution Agreement
“U Care”	U Care Hong Kong Medical Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Blue Care
“US\$”	United States dollars, the lawful currency of the United States of America

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.

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

Hong Kong, 4th March, 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*