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The Bank of East Asia, Limited

(Incorporated in Hong Kong with limited liability in 1918)

(Stock Code: 23)

Registered Office: 10 Des Voeux Road Central, Hong Kong

Executive Directors:

Dr. The Hon. Sir David LI Kwok-po
(Chairman & Chief Executive)

Mr. Joseph PANG Yuk-wing
(Deputy Chief Executive)

Non-executive Directors:

Mr. Aubrey LI Kwok-sing
Professor Arthur LI Kwok-cheung

Dr. William MONG Man-wai
Tan Sri Dr. KHOO Kay-peng

Mr. Richard LI Tzar-kai
Mr. Eric LI Fook-chuen

Mr. Stephen Charles LI Kwok-sze

Independent Non-executive Directors:

Mr. WONG Chung-hin

Dr. LEE Shau-kee

Dr. Allan WONG Chi-yun

Mr. Winston LO Yau-lai

Mr. Thomas KWOK Ping-kwong

Mr. Kenneth LO Chin-ming

Mr. William DOO Wai-hoi

Mr. KUOK Khoon-ean

Mr. Valiant CHEUNG Kin-piu

Dear Shareholder,

23rd March, 2009

2008 FINAL SCRIP DIVIDEND SCHEME AND PROPOSED BONUS ISSUE OF SHARES

1. INTRODUCTION

On 17th February, 2009, the Board of Directors of The Bank of East Asia, Limited (the "Bank") (the "Directors") announced the final results of the Bank for the year ended 31st December, 2008. In addition, the Directors also decided to propose at the forthcoming Annual General Meeting of the Bank to be held on Thursday, 16th April, 2009 ("2009 AGM"), a final dividend of HK\$0.02 per share in cash with scrip option ("Scrip Dividend Scheme") and a one for 10 bonus issue of shares ("Bonus Issue"). Details of the Scrip Dividend Scheme and the Bonus Issue are set out below.

2. 2008 FINAL SCRIP DIVIDEND SCHEME

2.1 Particulars of the Scrip Dividend Scheme

On 17th February, 2009, the Directors declared a final dividend of HK\$0.02 per share for the year 2008 in cash and that any shareholder of the Bank (the "Shareholder") entitled to receive such dividend would be given the option to elect to receive new, fully paid shares in lieu of cash. The dividend will be paid on or about Friday, 17th April, 2009 to shareholders whose names were on the Register of Members of the Bank (the "Register of Members") at the close of business on Monday, 23rd March, 2009.

Shareholders thus have the choice of receiving:

- (a) cash of HK\$0.02 in respect of each share; or
- (b) an allotment of shares of HK\$2.50 each credited as fully paid ("New Shares") having a market value (as set out below) equal to the amount of dividend which Shareholders could elect to receive in cash; or
- (c) partly cash and partly New Shares.

For the purpose of calculating the number of New Shares to be allotted, the market value of the New Shares means the average closing price on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") of the shares of the Bank from Wednesday, 25th March, 2009 to Tuesday, 31st March, 2009. The exact number of New Shares to which a Shareholder electing to receive New Shares in lieu of cash will be entitled may only be determined after the close of business on 31st March, 2009. The basis of allotment of the New Shares will be published on the website of Hong Kong Exchanges and Clearing Limited and the Bank's website after the close of business on Tuesday, 31st March, 2009.

Fractional entitlements to the New Shares in respect of choices (b) and (c) above will be refunded in cash to the respective Shareholders concerned. The New Shares will, on issue, not be entitled to the final dividend in respect of the financial year ended 31st December, 2008 and the Bonus Issue as proposed at the 2009 AGM, but will rank *pari passu* in all other respects with the existing shares. The dividend warrants and the share certificates will be sent to Shareholders by ordinary mail on or about Friday, 17th April, 2009 and the first day of dealings in the New Shares will be on or about Friday, 17th April, 2009.

The Scrip Dividend Scheme will give the Shareholders an opportunity to increase their investment in the Bank at market value without incurring brokerage fees, stamp duty and related dealing costs. It will also benefit the Bank to the extent that such cash which would otherwise have been paid to the Shareholders who elect to receive the New Shares, in whole or in part in lieu of cash dividend, will be retained for use as working capital by the Bank.

2.2 Form of Election

A Form of Election is enclosed (*see Note*) with this letter for use by the Shareholders who wish to receive the final dividend in New Shares or to make a permanent election to receive shares in lieu of any future dividends to be payable in cash with a scrip alternative. Please complete and return the enclosed Form of Election to reach Tricor Standard Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, **by 4:00 p.m. on Wednesday, 8th April, 2009.**

*Note: The Form of Election has not been enclosed for the Shareholders who have previously elected to receive their dividends in scrip or in cash permanently. If you wish to change the permanent election, please inform Tricor Standard Limited by notice in writing **by 4:00 p.m. on Wednesday, 8th April, 2009.***

If you wish to receive your dividend in cash in respect of the current final dividend, you need take no action. Shareholders who do not make an election to receive their dividend in scrip will receive the dividend in cash.

If you wish to receive New Shares in lieu of cash dividend, or partly cash and partly New Shares, in respect of the current final dividend, you should complete Box D and fill in the number of registered shares for which you wish your dividend to be paid in shares.

If you wish to receive New Shares in lieu of cash dividend in respect of the current final dividend and all future dividends permanently, you should enter a (✓) in Box E. A permanent election cannot be made in respect of part of your registered shares.

If you wish to receive all future dividends in cash permanently, you should sign the section on Permanent Receipt of Cash Dividend on the reverse side of the Form of Election.

2.3 Shareholders Resident Outside Hong Kong

All Shareholders resident outside Hong Kong should consult their bankers or other professional advisers as to whether any governmental or other consents are required or other formalities need to be observed to enable them to participate in the Scrip Dividend Scheme. Such Shareholders receiving a copy of this document and/or a Form of Election outside Hong Kong may not treat the same as an invitation to participate in the Scrip Dividend Scheme unless such invitation could lawfully be made to him without having to comply with any registration or other legal requirements in the relevant territory.

The Bank has made enquiries regarding the feasibility of extending the Scrip Dividend Scheme to Shareholders with registered addresses in the United States of America. Since registration or filing or other procedure will need to be carried out in relation to the Scrip Dividend Scheme to comply with the relevant securities legislation in that country, the Directors have formed the view that it is not expedient to make available the Scrip Dividend Scheme to Shareholders whose registered addresses are in the United States of America or any of its territories or possessions. Therefore, such Shareholders will not be permitted to participate in the Scrip Dividend Scheme. Such Shareholders will receive the 2008 final dividend wholly in cash and no Form of Election will be sent to such Shareholders. Apart from Shareholders in the United States of America, according to the Register of Members, there are some other Shareholders whose registered addresses are outside Hong Kong. Such Shareholders are allowed to participate in the Scrip Dividend Scheme.

3. BONUS ISSUE OF SHARES

In celebration of the Bank's 90th Anniversary, the Directors will also propose at the 2009 AGM to make a bonus issue of shares (the "Bonus Shares") by capitalising an amount standing to the credit of the Share Premium Account of the Bank equal to one-tenth of the aggregate nominal amount of the share capital of the Bank in issue at the close of business on 23rd March, 2009 (the "Record Date"), and applying such sum in paying up in full at par such number of Bonus Shares to be allotted and distributed, credited as fully paid, to the Shareholders whose names were on the Register of Members at the close of business on the Record Date in the proportion of one new ordinary share of HK\$2.50 each for every ten ordinary shares of HK\$2.50 each then held.

The Bonus Shares, if approved, will be issued on 17th April, 2009, and will not be entitled to the final dividend in respect of the financial year ended 31st December, 2008, but will rank *pari passu* in all other respects with the existing shares. No fractional shares arising from the Bonus Issue shall be allotted and fractional entitlements will be aggregated and sold at such time or times as the Directors shall think fit for the benefit of the Bank. The share certificates in respect of the Bonus Issue will be sent to the Shareholders by ordinary mail on or about Friday, 17th April, 2009 and the first day of dealings in the Bonus Shares will be on or about Friday, 17th April, 2009.

4. BOOK CLOSURE PERIOD AND LAST DATE OF TRANSFER

For the purpose of determining Shareholders who qualify for the final dividend and the Bonus Shares, the Register of Members was closed from Friday, 20th March, 2009 to Monday, 23rd March, 2009, both days inclusive. The last date on which transfers were accepted for registration for participation in the Scrip Dividend Scheme and the Bonus Issue was 19th March, 2009 (at 4:00 p.m.).

5. EFFECT OF THE SCRIP DIVIDEND SCHEME AND THE BONUS ISSUE

Based on 1,673,417,496 shares in issue as at 16th March, 2009, being the latest practicable date prior to the printing of this document ("Latest Practicable Date"), and assuming that there is no change in respect of the issued share capital of the Bank from the Latest Practicable Date up to the Record Date, 167,341,749 Bonus Shares will be issued under the Bonus Issue. On the same basis, if all Shareholders elect to receive the final dividend in cash, the total cash dividend payable by the Bank would be HK\$33,468,349.92. If all the Shareholders elected to receive all of their entitlement to the final dividends in the form of New Shares and assuming the market value for the purpose of calculating the number of New Shares to be allotted is HK\$14.56 per share (being the closing price on the Stock Exchange of the shares of the Bank as at the Latest Practicable Date), the number of New Shares (i.e. 2,298,650 shares) together with Bonus Shares to be issued would be 169,640,399 shares representing 10.14% of the existing issued share capital of the Bank and 9.20% of the issued share capital of the Bank as enlarged by the issue of such New Shares and Bonus Shares.

6. CONDITIONS OF SCRIP DIVIDEND SCHEME AND THE BONUS ISSUE

The Scrip Dividend Scheme and the Bonus Issue are conditional upon the passing of the relevant resolutions at the 2009 AGM and the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the New Shares and the Bonus Shares.

7. SHARE CERTIFICATES AND STOCK EXCHANGE LISTING

Application has been made to the Listing Committee of the Stock Exchange for a listing of and permission to deal in the New Shares and the Bonus Shares. The certificates for the New Shares and Bonus Shares will be sent by ordinary mail to the Shareholders at their own risk on or about Friday, 17th April, 2009. Save that the US\$550 million 5.625% Subordinated Notes due 2015 (Code: 2532) issued by the Bank in December 2005 are listed on the Stock Exchange; and the £300 million 6.125% Step-up Perpetual Subordinated Notes issued by the Bank in March 2007 and the US\$600 million Floating Rate Step-up Subordinated Notes due 2017 issued by the Bank in June 2007 are listed on the Singapore Exchange Securities Trading Limited, no part of the shares or other debt securities of the Bank is listed or dealt in on any stock exchange other than the Stock Exchange.

8. CENTRAL CLEARING AND SETTLEMENT SYSTEM

Shares issued by the Bank have been admitted as eligible securities for deposit and settlement in the Central Clearing and Settlement System ("CCASS") established and operated by Hong Kong Securities Clearing Company Limited. Dealings in the shares of the Bank may be settled through CCASS. Investors should seek the advice of their stockbroker or other professional adviser for details of these settlement arrangements and how such arrangements will affect their rights and interests.

Yours faithfully,

Molly HO Kam-lan

Company Secretary

This Document in both English and Chinese is now available in printed form and on the website of the Bank at <http://www.hkbea.com>.

Shareholders are encouraged to rely on the website version to help reduce the quantity of printed copies of Corporate Communications and hence the impact on the environment. In this connection, Shareholders are requested to send a notice in writing to the Bank's Registrars, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong or by fax to (852) 2861 1465.