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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)

Board of Directors:

Dr. the Hon. Sir David LI Kwok-po[#] (*Chairman & Chief Executive*)

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[#] (*Deputy Chief Executive*)

Mr. Brian David LI Man-bun[#] (*Deputy 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**

The Hon. CHAN Kin-por**

Dr. Delman LEE**

Registered Office:

10 Des Voeux Road Central
Hong Kong

[#] *Executive Director*

* *Non-executive Director*

** *Independent Non-executive Director*

To the Shareholders

Dear Sir or Madam,

18th September, 2018

2018 INTERIM SCRIP DIVIDEND SCHEME

1. Particulars of the Scrip Dividend Scheme

On 29th August, 2018, the Board of Directors of The Bank of East Asia, Limited (the “**Bank**”) (the “**Directors**”) declared an interim dividend of HK\$0.51 per ordinary share of the Bank (“**Share**”) for the six months ended 30th June, 2018 (“**2018 Interim Dividend**”) 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 (“**Scrip Dividend Scheme**”). The 2018 Interim Dividend will be paid on or about Friday, 12th October, 2018 to Shareholders whose names were on the Register of Members of the Bank (the “**Register of Members**”) at the close of business on Tuesday, 18th September, 2018.

Shareholders thus have the choice of receiving:

- (a) cash of HK\$0.51 in respect of each Share; or
- (b) by way of an allotment of new shares ("**New Shares**") at the market value as set out below (except for adjustments for fractions) equal to the total amount of the dividend that such Shareholder would otherwise be entitled to receive in cash; or
- (c) partly in cash and partly in New Shares.

For the purpose of calculating the number of New Shares to be allotted, the market value of the New Shares means 95% of the average closing price of the Shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") from Thursday, 13th September, 2018 (being the first day that the Shares were traded ex-dividend) to Wednesday, 19th September, 2018 (both days inclusive). 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 Wednesday, 19th September, 2018. The basis of allotment of the New Shares will be published on the website of Hong Kong Exchanges and Clearing Limited ("**HKEx**") and the Bank's own website after the close of business on Wednesday, 19th September, 2018.

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 2018 Interim Dividend, but will rank *pari passu* in all other respects with the existing Shares. The dividend warrants and the share certificates for the New Shares will be sent to Shareholders by ordinary mail at their own risk on or about Friday, 12th October, 2018. Dealings in the New Shares on the Stock Exchange are expected to commence on or about Friday, 12th October, 2018. Shareholders who elect for the 2018 Interim Dividend wholly or partly in scrip form will receive one share certificate for the New Shares.

The Scrip Dividend Scheme will give 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 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. Book Closure Period and Last Date of Transfer

For the purpose of determining Shareholders who qualify for the 2018 Interim Dividend, the Register of Members was closed on Monday, 17th September, 2018 and Tuesday, 18th September, 2018. The last date on which transfers were accepted for registration for participation in the Scrip Dividend Scheme was Friday, 14th September, 2018 (at 4:00 p.m.).

3. Condition of Scrip Dividend Scheme

The Scrip Dividend Scheme is conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the New Shares.

4. 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.

The following debt securities of the Bank are listed on the Singapore Exchange:

- US\$600 million 6.125% Subordinated Notes due 2020 issued in 2010; and
- Hybrid Tier 1 Capital Instruments with a face value of US\$500 million which comprise 8.5% step-up subordinated notes due 2059 issued in 2009 stapled with perpetual non-cumulative step-up preference shares issued by Innovate Holdings Limited, a wholly-owned subsidiary of the Bank.

The following debt securities of the Bank are listed on the Stock Exchange:

- US\$500 million 4.25% Subordinated Notes due 2024 issued in 2014;
- US\$650 million 5.50% Undated Non-cumulative Subordinated Additional Tier 1 Capital Securities issued in 2015;
- US\$500 million 4.00% Subordinated Notes due 2026 issued in 2016; and
- US\$500 million 5.625% Undated Non-cumulative Subordinated Additional Tier 1 Capital Securities issued in 2017.

Save as disclosed, no part of the Shares or other debt securities of the Bank is listed or dealt in on any stock exchanges other than the Stock Exchange.

5. Central Clearing and Settlement System

Shares issued by the Bank have been admitted as eligible securities for deposit and settlement in Central Clearing and Settlement System (“**CCASS**”) established and operated by Hong Kong Securities Clearing Company Limited. Dealings in the Shares 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.

6. Form of Election

A Form of Election is enclosed (*see Note*) with this letter for use by Shareholders who wish to receive the 2018 Interim 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, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, **by 4:00 p.m. on Friday, 5th October, 2018.**

*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 Friday, 5th October, 2018.***

If you wish to receive your dividend in cash in respect of the 2018 Interim 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 2018 Interim 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 2018 Interim 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.

7. 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 in the relevant jurisdictions such invitation could lawfully be made to him/her without the Bank and/or any Shareholder having to comply with any registration or other legal requirements, governmental or regulatory procedures or any other similar formalities.

The Bank has made enquiries regarding the feasibility of extending the Scrip Dividend Scheme to Shareholders with registered addresses in relevant overseas jurisdictions including 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, 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 2018 Interim 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. It is the responsibility of any Shareholder who receives New Shares in lieu of a cash dividend to comply with any restrictions on the resale of the Shares which may apply outside Hong Kong.

Yours faithfully,

Alson LAW Chun-tak

Company Secretary

This document (both English and Chinese versions) is now available in printed form and on the website of the Bank at www.hkbea.com and HKEx's website at www.hkexnews.hk.

Notwithstanding any choice of means for the receipt of Corporate Communications (i.e. either receiving a printed copy or by electronic means through the Bank's website) previously made by Shareholders and communicated to the Bank, Shareholders may at any time change their choice, free of charge, by giving reasonable notice in writing to the Bank's Share Registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong or by fax to (852) 2861 1465 or by email to BEA0023-ecom@hk.tricorglobal.com specifying your request together with your full name and contact telephone number.