



**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 and is a licensed bank regulated by the Hong Kong Monetary Authority and registered with the Securities and Futures Commission for Types 1, 4, 6 and 9 regulated activities under the Securities and Futures Ordinance)*  
**(“Bank”)**

**as Offeror and Product Arranger**

**Principal Brochure for**  
**Basket Equity Linked Deposits with Partial Capital**  
**Protection at Maturity and Optional Kick-in Feature**  
**(“Basket Equity Linked Deposits**  
**(Partial Capital Protection at Maturity)”)**

**Our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are NOT equivalent to conventional time deposits and are NOT capital protected. They are structured investment products embedded with derivatives. You may sustain a total loss in your investment.**

The Securities and Futures Commission (“SFC”) has authorised our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) under section 104A(1) of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (“SFO”) and the issue of this Principal Brochure and the Term Sheet based on the standard format set out in Appendix 2 to this Principal Brochure as part of the Offering Documents (as described further on page 49 of this Principal Brochure) for our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) under section 105(1) of the SFO. The SFC takes no responsibility for our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) or the contents of such documents, makes no representation as to their accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of such documents. The SFC’s authorisation does not imply its endorsement or recommendation of the Basket Equity Linked Deposits (Partial Capital Protection at Maturity) referred to in the Offering Documents, nor does it imply that the SFC guarantees the commercial merits of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) or their performance. The SFC’s authorisation does not mean our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors. Interested persons should consider obtaining independent advice before investing in our Basket Equity Linked Deposits (Partial Capital Protection at Maturity).

## IMPORTANT

Our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are complex products. You should exercise caution in relation to our Basket Equity Linked Deposits (Partial Capital Protection at Maturity). You are warned that the market value of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) may fluctuate and you may sustain a total loss of your investment. You should therefore ensure that you understand the nature of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) and carefully study the risk factors set out in this Principal Brochure and other documents constituting the Offering Documents for our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) and, where necessary, seek independent professional advice, before you decide whether to invest in our Basket Equity Linked Deposits (Partial Capital Protection at Maturity).

The Offering Documents of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) include particulars given in compliance with the Code on Unlisted Structured Investment Products (“Code”) issued by the SFC for the purpose of giving information with regard to the Bank (as the Offeror and the Product Arranger) and our Basket Equity Linked Deposits (Partial Capital Protection at Maturity). References to “Bank”, “we” or “us” in this Principal Brochure mean The Bank of East Asia, Limited. We (as the Offeror and the Product Arranger) accept full responsibility for the contents of, and the completeness and accuracy of the information contained in, the Offering Documents and confirm, having made all reasonable enquiries, that to the best of our knowledge and belief there is no untrue or misleading statement, or other facts the omission of which would make any statement herein untrue or misleading. We (as the Offeror and the Product Arranger) also confirm that we meet the eligibility requirements applicable to issuers and product arrangers respectively under the Code and our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) comply with the Code.

Our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) constitute general, unsecured, unsubordinated contractual obligations of The Bank of East Asia, Limited (as the Offeror) and of no other person. If you invest in our Basket Equity Linked Deposits (Partial Capital Protection at Maturity), you are relying upon the creditworthiness of The Bank of East Asia, Limited (as the Offeror) and have no rights under the terms of the Basket Equity Linked Deposits (Partial Capital Protection at Maturity) against the issuers of the Linked Stocks.

**Post-sale cooling-off period pursuant to Part IV of the Code applies to our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) with an Investment Period of more than one year. Please refer to page 53 of this Principal Brochure for further details.**

**If English is not your preferred language, you can request for copies of this Principal Brochure written in Chinese from our marketing officer.** 倘若英文並非閣下屬意的語言，閣下可向本行的市場推廣人員索取本指南的中文語言版本。

All references to “CNY” in this Principal Brochure are to Renminbi, the lawful currency of the People’s Republic of China (“PRC”). All references to “Hong Kong” in this Principal Brochure are to the Hong Kong Special Administrative Region of the PRC.

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**KEY FACTS STATEMENT A –**  
**Basket Equity Linked Deposit with Partial Capital Protection**  
**at Maturity without Kick-in Feature**  
**offered by the Bank**

*This is an unlisted structured investment product embedded with derivatives. There are two variations of Basket Equity Linked Deposits (Partial Capital Protection at Maturity). This statement provides you with the key information about one variation of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) that we may offer – Basket Equity Linked Deposit (Partial Capital Protection at Maturity) without Kick-in Feature. This statement is part of the Offering Documents. You should not invest in our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) based on this statement alone.*

*Capitalised terms used in this statement not otherwise defined herein shall have the meanings given to them in the Product Terms and Conditions in Appendix 1 to this Principal Brochure.*

**What are the key risks?**

*Investment involves risks. You should read and understand the remaining sections of this Principal Brochure (in particular, the section headed “Risk Factors”) and the other Offering Documents before deciding whether to invest.*

- **Not a time deposit.** Our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are unlisted structured investment products embedded with derivatives. They are NOT equivalent to conventional time deposits.
- **Not protected deposits.** Our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are NOT protected deposits under the Deposit Protection Scheme in Hong Kong.
- **Not capital protected and partial capital protection at maturity only.** Our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are NOT capital protected. The payout that you receive at maturity may be less than your Deposit Amount but is subject to the Minimum Redemption Level, provided that you hold our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) until maturity and our Basket Equity Linked Deposit is not otherwise early terminated. If our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) is otherwise early terminated, you may receive an amount which is less than or substantially less than your Deposit Amount.
- **Potential payout at maturity is determined by each of the Linked Stocks in the Stock Basket.** The potential payout of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) at maturity depends on the performance of each of the Linked Stocks in the Stock Basket on the Determination Date. If any one of the Linked Stocks in the Stock Basket performs poorly against your expectation, you will not benefit from the positive performance of any other Linked Stocks in the Stock Basket.
- **No collateral.** Our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are NOT secured on any of our assets or any collateral.
- **Liquidity risk.** Our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are not transferable without our prior written consent and are designed to be held to maturity. We provide limited market making arrangements for our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) on each market making day, subject to the occurrence

of a Market Disruption Event. If you early terminate your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) before maturity under our market making arrangement, you may receive an amount which is substantially less than your Deposit Amount.

- **Not covered by Investor Compensation Fund.** Our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are not listed on any stock exchange and are not covered by the Investor Compensation Fund in Hong Kong.
- **Not the same as investment in any of the Linked Stocks.** Investing in our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) is not the same as investing in any of the Linked Stocks in the Stock Basket. You have no rights in any of the Linked Stocks in the Stock Basket. Movements in the market prices of any of the Linked Stocks may not lead to any corresponding change in the market value or potential payout of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity).
- **Insolvency risk.** The settlement of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) is subject to the credit and insolvency risks of The Bank of East Asia, Limited. If the Bank becomes insolvent or defaults on its obligations under our Basket Equity Linked Deposits (Partial Capital Protection at Maturity), you can only claim as an unsecured creditor of the Bank regardless of the performance of the Linked Stocks and the terms of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity). **In the worst case scenario, you could lose all of your Deposit Amount.**
- **Exposure to risks from the time you place your purchase order.** Once you place your purchase order with us, you will be committed to invest in our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) (unless there is a post-sale cooling-off period applicable to our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) and you exercise such right), and you will therefore be exposed to risks relating to our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) from the time you place your purchase order.
- **Conflicts of interest.** Potential and actual conflicts of interest may arise from the different roles played by us, our subsidiaries and affiliates in connection with our Basket Equity Linked Deposits (Partial Capital Protection at Maturity). Our economic interests in each role may be adverse to your interests in our Basket Equity Linked Deposits (Partial Capital Protection at Maturity).
- **Additional risks for CNY-denominated Basket Equity Linked Deposits (Partial Capital Protection at Maturity) and/or Basket Equity Linked Deposits (Partial Capital Protection at Maturity) linked to CNY-traded Linked Stock.**
  - (i) **Limited pool of CNY outside the mainland China.** CNY is subject to foreign exchange control by the PRC central government. There is currently a limited pool of CNY outside the mainland China and any tightening of foreign exchange control by the PRC central government may adversely affect the liquidity of offshore CNY, the performance of our CNY-denominated Basket Equity Linked Deposits (Partial Capital Protection at Maturity), and our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) linked to CNY-traded Linked Stock.
  - (ii) **Risks relating to offshore CNY exchange rate and interest rate.** You should note that the offshore CNY exchange rate may deviate significantly from the onshore CNY exchange rate. Changes in the offshore CNY exchange rate may adversely affect the performance of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity). There is no guarantee that CNY will not depreciate. In addition, interest rates for onshore CNY are controlled by the

PRC central government. Any liberalisation of interest rates for onshore CNY may occur and may influence the interest rate for offshore CNY. The performance of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) denominated in CNY and Basket Equity Linked Deposits (Partial Capital Protection at Maturity) linked to CNY-traded Linked Stock may be adversely affected by the fluctuations in the offshore CNY interest rate.

(iii) **Settlement risks for CNY Disruption Event.** If the Deposit Currency is CNY and a CNY Disruption Event occurs on, or prior to and is continuing on, a scheduled payment date, payments will be postponed and may be made in a HKD Equivalent Amount. We will not pay any extra amount for any delay in such payment. You may also suffer a loss in HKD terms if CNY depreciates against HKD following the occurrence of a CNY Disruption Event.

**What are the key features of a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) without Kick-in Feature?**

- **Product Type:** Our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are unlisted structured investment products embedded with derivatives. If you invest in a Basket Equity Linked Deposit (Partial Capital Protection at Maturity), you will be simultaneously selling a put spread and buying a call option over the Worst Performing Stock.
- **Investment Period and Deposit Tenor:** The Investment Period commences from and including the Trade Date to and including the Determination Date, while the Deposit Tenor commences from and including the Start Date to but excluding the Maturity Date. The Deposit Tenor generally ranges from 1 month to 3 years. You may request for a tailor-made Deposit Tenor to suit your investment strategy.
- **Linked Stocks:** The Stock Basket may comprise a minimum of two and a maximum of seven shares of companies or units of funds (being an exchange traded fund or a real estate investment trust) listed on the Exchange and traded in HKD or CNY. The Stock Basket may comprise a mixture of Linked Stocks traded in HKD and CNY. Not all Hong Kong listed stocks can be selected as a Linked Stock. You should check with our marketing officers for the details of the available stocks.
- **Deposit Currency:** The Deposit Currency can be HKD, CNY, USD, JPY, AUD, NZD, CAD, GBP, CHF or EUR upon your request and accepted by us.
- **Minimum Deposit Amount:** HKD 100,000 (or its equivalent in the Deposit Currency, calculated at the prevailing exchange rate at the time when you place your purchase order).
- **Settlement At Maturity:** If the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) is not otherwise early terminated, your settlement at maturity will depend on the Stock Performance of the Worst Performing Stock on the Determination Date compared to 100%, 100% plus Minimum Coupon Rate (if applicable) and Minimum Redemption Level. The Worst Performing Stock is the Linked Stock in the Stock Basket with the lowest Stock Performance on the Determination Date. The Stock Performance of a Linked Stock on the Determination Date will be calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\left( \frac{\text{Closing Price of the Linked Stock on the Determination Date}}{\text{Initial Price of the Linked Stock}} \right) \times 100\%$$

If more than one Linked Stock have the same lowest Stock Performance on the Determination Date, the Bank will, in its sole and absolute discretion acting in good faith and in a commercially reasonable manner, decide which Linked Stock with the lowest Stock Performance shall be the Worst Performing Stock.

- (i) If the Stock Performance of the Worst Performing Stock on the Determination Date is **greater than or equal to 100% plus the Minimum Coupon Rate**, you will receive on Maturity Date a cash amount in the Deposit Currency equal to the **Deposit Amount plus the Bonus Coupon Amount**, less any Cash Settlement Expenses.

The Bonus Coupon Amount will be calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\text{Participation Rate} \times (\text{Stock Performance of the Worst Performing Stock} - 100\%) \times \text{Deposit Amount}$$

The Minimum Coupon Rate will be a specified pre-determined percentage set out in the relevant Term Sheet and can be greater than or equal to 0%. If the Minimum Coupon Rate is 0%, then scenario (ii) below will not occur.

The Participation Rate will be a specified pre-determined percentage set out in the relevant Term Sheet and will always be set at or above 100%.

- (ii) If the Stock Performance of the Worst Performing Stock on the Determination Date is **less than 100% plus the Minimum Coupon Rate but is greater than or equal to 100%**, you will receive on Maturity Date a cash amount in the Deposit Currency equal to the **Deposit Amount plus the Minimum Coupon Amount**, less any Cash Settlement Expenses.

The Minimum Coupon Amount will be calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\text{Minimum Coupon Rate} \times \text{Deposit Amount}$$

- (iii) If the Stock Performance of the Worst Performing Stock on the Determination Date is **less than 100% but is greater than or equal to the Minimum Redemption Level**, you will receive on Maturity Date a cash amount in the Deposit Currency calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards), less any Cash Settlement Expenses:

$$\text{Stock Performance of the Worst Performing Stock} \times \text{Deposit Amount}$$

The Minimum Redemption Level will be a specified pre-determined percentage set out in the relevant Term Sheet and will always be set at a level which is greater than or equal to 70%.

**In this scenario, you will suffer a loss which is equal to the difference between (i) the Deposit Amount and (ii) the Deposit Amount multiplied by the Stock Performance of the Worst Performing Stock (less any Cash Settlement Expenses).**

- (iv) If the Stock Performance of the Worst Performing Stock on the Determination Date is **less than the Minimum Redemption Level**, you will receive on Maturity Date a cash amount in the Deposit Currency calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards), less any Cash Settlement Expenses:

$$\text{Minimum Redemption Level} \times \text{Deposit Amount}$$

**In this scenario, you will suffer a loss which is capped at the difference between (i) the Deposit Amount and (ii) the Deposit Amount multiplied by the Minimum Redemption Level (less any Cash Settlement Expenses).**

## **How can you apply for a Basket Equity Linked Deposit (Partial Capital Protection at Maturity)?**

If you want to apply for our Basket Equity Linked Deposits (Partial Capital Protection at Maturity), you can contact us (as the intermediary) through our marketing officers at any of our branches in Hong Kong to enquire about our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) and the application procedure.

You may apply for a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) by placing a purchase order with us on (i) if an application period is not specified in the Term Sheet, any Exchange Business Day; or (ii) if an application period is specified in the Term Sheet, any Business Day during the application period.

You should note that the Initial Price in respect of a Linked Stock in the Stock Basket can be set as either (i) the Closing Price of such Linked Stock on the Trade Date; or (ii) the price of such Linked Stock as of the end of the morning trading session of the Exchange on the Trade Date (as published by the Exchange); or (iii) the specific price of such Linked Stock as agreed between you and us at the time you place your purchase order on the Order Date (which will also be the Trade Date) and your purchase order will be executed at such agreed price. For the avoidance of doubt, the Initial Prices of all the Linked Stocks in the Stock Basket will be set by using the same method. If the Initial Price in respect of a Linked Stock is set in the cases of (i) and (ii) above, you will not know the exact Initial Prices when you place the purchase order. You will have to bear the risk of changing market conditions between the time you place your purchase order and the time the Initial Prices are recorded and determined on the Trade Date. If the Initial Price in respect of a Linked Stock is set in the case of (iii) above, you will know the exact Initial Prices when you place the purchase order. In any event, if your purchase order is accepted and executed by us on the Trade Date, a Confirmation setting out all the finalised terms of your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) will be sent to you within 2 Business Days after the Trade Date.

Once you place a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) purchase order with us, you will be committed to invest in the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) (unless there is a post-sale cooling-off period applicable to the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) and you exercise such right).

Please refer to page 52 of this Principal Brochure for further details.

## **What are the fees and charges?**

**Cash Settlement Expenses** are all charges or expenses, including any taxes and duties that are incurred for payment of any cash amount under the Basket Equity Linked Deposit (Partial Capital Protection at Maturity). Currently, no Cash Settlement Expenses are payable.

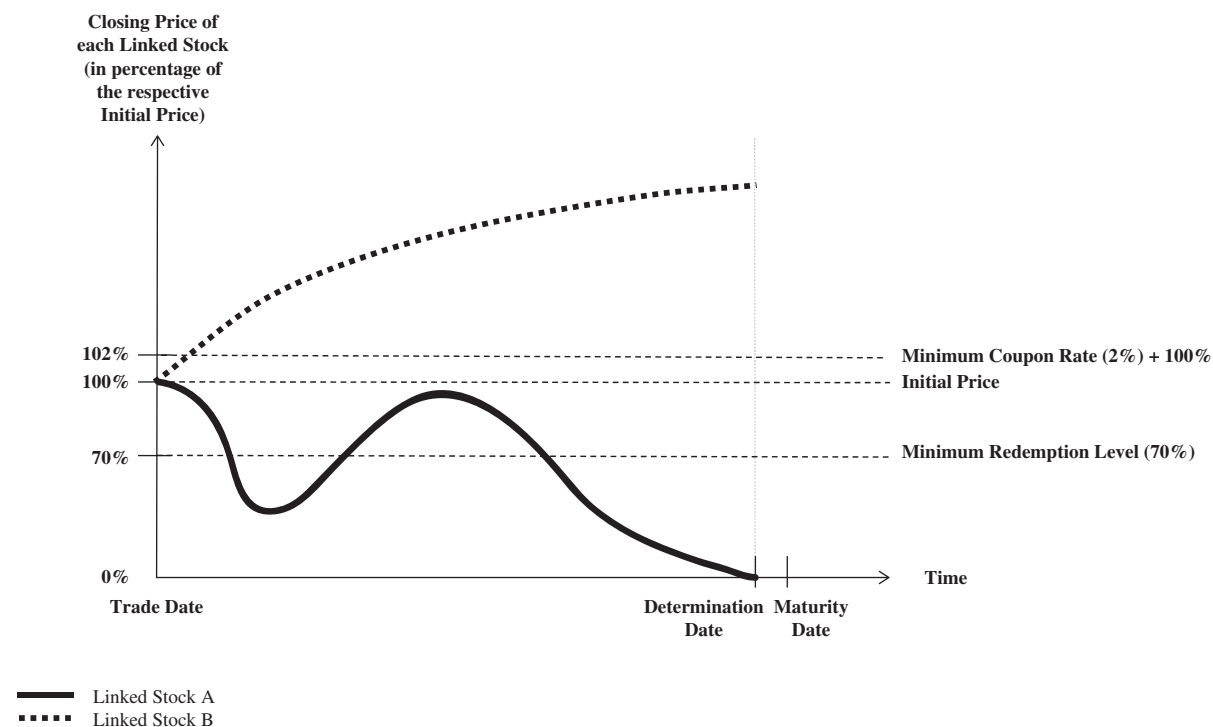
There are no subscription fees, charges or commission for placing a purchase order for a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) with us. All related charges (including our hedging cost) will be factored into the calculation of the benchmark rates (such as Participation Rate).

Please refer to page 52 of this Principal Brochure for further details. You should note that any Cash Settlement Expenses will reduce your potential gain or increase your potential loss under your investment in the Basket Equity Linked Deposit (Partial Capital Protection at Maturity).



## Worst case scenario

The below example illustrates the worst case scenario of a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) without Kick-in Feature.



The above example assumes that (1) there are only two Linked Stocks in the Stock Basket; (2) the Minimum Redemption Level is 70%; and (3) the Minimum Coupon Rate is 2%.

The above example illustrates that since the Closing Price of the Worst Performing Stock (being Linked Stock A) on the Determination Date is zero (i.e. the Stock Performance of the Worst Performing Stock on the Determination Date is 0%), you will receive on Maturity Date a cash amount in the Deposit Currency equal to the Deposit Amount multiplied by the Minimum Redemption Level (i.e. 70% of the Deposit Amount). **You will suffer a loss in your invested amount which is capped at the difference between: (i) the Deposit Amount and (ii) the Deposit Amount multiplied by the Minimum Redemption Level (less any Cash Settlement Expenses).**

If the Bank becomes insolvent or defaults on its obligations under the Basket Equity Linked Deposit (Partial Capital Protection at Maturity), you could lose all of your Deposit Amount.

Please refer to the section headed “Scenario Analysis” in this Principal Brochure for more illustrative examples of how our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) work.

### **Adjustment to the terms and conditions, substitution of the Linked Stock(s), early termination of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) and arrangements upon the occurrence of a CNY Disruption Event**

We (as the Offeror) will adjust some of the terms and conditions (such as the Initial Prices) of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) upon the occurrence of certain events (such as a Potential Adjustment Event) so as to preserve the economic equivalence of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity).

In case of (a) a Merger Event or Tender Offer, if we determine that no adjustment is able to preserve the economic equivalence of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) or (b) an Additional Disruption Event (such as Delisting, Nationalisation, Insolvency or Fund Disruption Event), we will substitute the affected Linked Stock with shares or units of another entity based on certain criteria as specified at page 47 of this Principal Brochure and make further adjustments to the terms of the Basket Equity Linked Deposits (Partial Capital Protection at Maturity). If we determine that we are unable to substitute the affected Linked Stock, we will early terminate the Basket Equity Linked Deposits (Partial Capital Protection at Maturity).

In addition, if the Deposit Currency is CNY and a CNY Disruption Event occurs on, or prior to and is continuing on, a scheduled payment date, any amount payable in CNY under the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) will be postponed and may be made in a HKD Equivalent Amount.

We may also adjust some of the key dates (such as the Determination Date) upon the occurrence of certain disruption events.

Any adjustment, substitution and determination of early termination and the occurrence of a CNY Disruption Event will be made by the Bank in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner). Please refer to pages 44 to 48 of this Principal Brochure for further details.

### **Post-sale cooling-off period**

#### ***Basket Equity Linked Deposit Partial Capital Protection at Maturity) with an Investment Period of one year or less***

In respect of a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) with an Investment Period of one year or less, there is no post-sale cooling-off period for you to cancel or unwind your purchase order after you have placed your purchase order with us on the Order Date.

#### ***Basket Equity Linked Deposit (Partial Capital Protection at Maturity) with an Investment Period of more than one year***

In respect of a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) with an Investment Period of more than one year, there is a post-sale cooling-off period and you have the right to cancel or unwind your purchase order (in whole but not in part) within 5 Business Days after you have placed your purchase order with us on the Order Date (“**Post-sale Cooling-off Period**”). If you choose to do so, you must submit an irrevocable written notice to us between 9:30a.m. and 3:00p.m. (Hong Kong time) on any Business Day during the Post-sale Cooling-off Period. Please contact our marketing officers for further details.

If you submit a written notice to us to cancel your purchase order before your purchase order is executed on the Trade Date, we will release the Deposit Amount frozen by us in your Designated Cash Account on the day we receive your written notice and no Deposit Amount will be deducted from the Designated Cash Account on the Start Date. No market value adjustment will be deducted from the Designated Cash Account.

If you submit a written notice to us to unwind your purchase order after your purchase order is executed on the Trade Date, the Deposit Amount will be deducted from the Designated Cash Account on the Start Date and we will then refund to you a cash amount equal to the Deposit Amount less any market value adjustment on the later of: (i) the second Business Day after the day you submitted the written notice or (ii) the third Business Day after the Start Date. The cash amount you receive will be capped at, and may be substantially less than the Deposit Amount.

In addition, if the Deposit Currency is CNY and a CNY Disruption Event occurs on, or prior to and is continuing on, the relevant payment date under the post-sale cooling-off unwinding arrangement, any payment payable in CNY under the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) will be postponed and may be made in a HKD Equivalent Amount.

The Term Sheet will specify if the post-sale cooling-off period is applicable to a particular Basket Equity Linked Deposit (Partial Capital Protection at Maturity). Please refer to page 53 of this Principal Brochure for further details.

**Is there any market making arrangement before expiry?**

We (as the market agent) will provide limited market making arrangement for our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) on every Exchange Business Day from the Exchange Business Day after the Start Date up to the third Exchange Business Day before the Determination Date (each a “**Dealing Day**”), subject to the occurrence of a Market Disruption Event.

We (as the market agent) will make available an indicative bid price of your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) on each Dealing Day during normal business hours to you directly upon request. The indicative bid price is subject to any intra-day changes and is provided for your reference only as it may not be equal to the actual bid price at which we are willing to early terminate your Basket Equity Linked Deposit (Partial Capital Protection at Maturity).

If you wish to early terminate your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) under our market making arrangement on a Dealing Day, you can apply to us at any of our branches between 9:30a.m. and 3:00p.m. (Hong Kong time) on such Dealing Day and request for an actual bid price. The actual bid price at which we are willing to early terminate your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) will be determined by us at our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) and will only be valid for a limited period of time as notified to you. You should note that if you early terminate your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) before maturity, the amount you receive may be substantially less than your Deposit Amount.

In addition, if the Deposit Currency is CNY and a CNY Disruption Event occurs on, or prior to and is continuing on, a scheduled payment date under our market making arrangement, any amount payable in CNY under the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) will be postponed and may be made in a HKD Equivalent Amount.

Please refer to pages 54 to 55 of this Principal Brochure for further details.

**Additional Information**

**A. Offering Documents**

The following Offering Documents contain detailed information about the Bank and our Basket Equity Linked Deposits (Partial Capital Protection at Maturity). You should read and understand all of these documents before deciding whether to invest:

- (i) this Principal Brochure for our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) dated 26 March 2021 and any addendum as specified in the relevant Term Sheet;
- (ii) the Financial Disclosure Document and any addendum as specified in the relevant Term Sheet, which will include our most recently published annual report and interim report (if any); and
- (iii) the relevant Term Sheet.

The offer of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) is made only on the basis of the Offering Documents. We (as the intermediary) have the obligation to distribute to you ALL of the above Offering Documents in English or Chinese as you may prefer.

**B. Our ongoing disclosure obligations**

We (as the Offeror and the Product Arranger) will keep the SFC and the investors informed as soon as reasonably practicable if (a) we (as the Offeror) cease to meet any eligibility requirements applicable to issuers under the Code, (b) we (as the Product Arranger) cease to meet any eligibility requirements applicable to product arrangers under the Code and, (c) to the extent permitted by any applicable law, there are any changes in our financial condition or other circumstances which could reasonably be expected to have a material adverse effect on our ability (as the Offeror) to fulfil our commitment in connection with this product. Please contact our marketing officers for further details.

**Important**

If you are in doubt, you should seek independent professional advice. The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.

## KEY FACTS STATEMENT B –

### Basket Equity Linked Deposit with Partial Capital Protection at Maturity with Kick-in Feature offered by the Bank

*This is an unlisted structured investment product embedded with derivatives. There are two variations of Basket Equity Linked Deposits (Partial Capital Protection at Maturity). This statement provides you with the key information about one variation of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) that we may offer – Basket Equity Linked Deposit (Partial Capital Protection at Maturity) with Kick-in Feature. This statement is part of the Offering Documents. You should not invest in our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) based on this statement alone.*

*Capitalised terms used in this statement not otherwise defined herein shall have the meanings given to them in the Product Terms and Conditions in Appendix 1 to this Principal Brochure.*

#### What are the key risks?

*Investment involves risks. You should read and understand the remaining sections of this Principal Brochure (in particular, the section headed “Risk Factors”) and the other Offering Documents before deciding whether to invest.*

- **Not a time deposit.** Our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are unlisted structured investment products embedded with derivatives. They are NOT equivalent to conventional time deposits.
- **Not protected deposits.** Our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are NOT protected deposits under the Deposit Protection Scheme in Hong Kong.
- **Not capital protected and partial capital protection at maturity only.** Our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are NOT capital protected. The payout that you receive at maturity may be less than your Deposit Amount but is subject to the Minimum Redemption Level, provided that you hold our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) until maturity and our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) is not otherwise early terminated. If our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) is otherwise early terminated, you may receive an amount which is less than or substantially less than your Deposit Amount.
- **Potential payout at maturity is determined by each of the Linked Stocks in the Stock Basket.** The potential payout of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) at maturity depends on the performance of each of the Linked Stocks in the Stock Basket on the Determination Date. If any one of the Linked Stocks in the Stock Basket performs poorly against your expectation, you will not benefit from the positive performance of any other Linked Stocks in the Stock Basket.
- **No collateral.** Our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are NOT secured on any of our assets or any collateral.
- **Liquidity risk.** Our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are not transferable without our prior written consent and are designed to be held to maturity. We provide limited market making arrangements for our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) on each market making day, subject to the occurrence

of a Market Disruption Event. If you early terminate your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) before maturity under our market making arrangement, you may receive an amount which is substantially less than your Deposit Amount.

- **Not covered by Investor Compensation Fund.** Our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are not listed on any stock exchange and are not covered by the Investor Compensation Fund in Hong Kong.
- **Not the same as investment in any of the Linked Stocks.** Investing in our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) is not the same as investing in any of the Linked Stocks in the Stock Basket. You have no rights in any of the Linked Stocks in the Stock Basket. Movements in the market prices of any of the Linked Stocks may not lead to any corresponding change in the market value or potential payout of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity).
- **Insolvency risk.** The settlement of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) is subject to the credit and insolvency risks of The Bank of East Asia, Limited. If the Bank becomes insolvent or defaults on its obligations under our Basket Equity Linked Deposits (Partial Capital Protection at Maturity), you can only claim as an unsecured creditor of the Bank regardless of the performance of the Linked Stocks and the terms of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity). **In the worst case scenario, you could lose all of your Deposit Amount.**
- **Exposure to risks from the time you place your purchase order.** Once you place your purchase order with us, you will be committed to invest in our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) (unless there is a post-sale cooling-off period applicable to our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) and you exercise such right), and you will therefore be exposed to risks relating to our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) from the time you place your purchase order.
- **Conflicts of interest.** Potential and actual conflicts of interest may arise from the different roles played by us, our subsidiaries and affiliates in connection with our Basket Equity Linked Deposits (Partial Capital Protection at Maturity). Our economic interests in each role may be adverse to your interests in our Basket Equity Linked Deposits (Partial Capital Protection at Maturity).
- **Additional risks for CNY-denominated Basket Equity Linked Deposits (Partial Capital Protection at Maturity) and/or Basket Equity Linked Deposits (Partial Capital Protection at Maturity) linked to CNY-traded Linked Stock.**
  - (i) **Limited pool of CNY outside the mainland China.** CNY is subject to foreign exchange control by the PRC central government. There is currently a limited pool of CNY outside the mainland China and any tightening of foreign exchange control by the PRC central government may adversely affect the liquidity of offshore CNY, the performance of our CNY-denominated Basket Equity Linked Deposits (Partial Capital Protection at Maturity) and our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) linked to CNY-traded Linked Stock.
  - (ii) **Risks relating to offshore CNY exchange rate and interest rate.** You should note that the offshore CNY exchange rate may deviate significantly from the onshore CNY exchange rate. Changes in the offshore CNY exchange rate may adversely affect the performance of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity). There is no guarantee that CNY will not depreciate. In addition, interest rates for onshore CNY are controlled by the

PRC central government. Any liberalisation of interest rates for onshore CNY may occur and may influence the interest rate for offshore CNY. The performance of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) denominated in CNY and Basket Equity Linked Deposits (Partial Capital Protection at Maturity) linked to CNY-traded Linked Stock may be adversely affected by the fluctuations in the offshore CNY interest rate.

(iii) **Settlement risks for CNY Disruption Event.** If the Deposit Currency is CNY and a CNY Disruption Event occurs on, or prior to and is continuing on, a scheduled payment date, payments will be postponed and may be made in a HKD Equivalent Amount. We will not pay any extra amount for any delay in such payment. You may also suffer a loss in HKD terms if CNY depreciates against HKD following the occurrence of a CNY Disruption Event.

#### **What are the key features of a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) with Kick-in Feature?**

- **Product Type:** Our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are unlisted structured investment products embedded with derivatives. If you invest in a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) with Kick-in feature, you will be simultaneously selling a kick-in put spread and buying a call option over the Worst Performing Stock.
- **Investment Period and Deposit Tenor:** The Investment Period commences from and including the Trade Date to and including the Determination Date, while the Deposit Tenor commences from and including the Start Date to but excluding the Maturity Date. The Deposit Tenor generally ranges from 1 month to 3 years. You may request for a tailor-made Deposit Tenor to suit your investment strategy.
- **Linked Stocks:** The Stock Basket may comprise a minimum of two and a maximum of seven shares of companies or units of funds (being an exchange traded fund or a real estate investment trust) listed on the Exchange and traded in HKD or CNY. The Stock Basket may comprise a mixture of Linked Stocks traded in HKD and CNY. Not all Hong Kong listed stocks can be selected as a Linked Stock. You should check with our marketing officers for the details of the available stocks.
- **Deposit Currency:** The Deposit Currency can be HKD, CNY, USD, JPY, AUD, NZD, CAD, GBP, CHF or EUR upon your request and accepted by us.
- **Minimum Deposit Amount:** HKD 100,000 (or its equivalent in the Deposit Currency, calculated at the prevailing exchange rate at the time when you place your purchase order).
- **Kick-in Feature and Settlement At Maturity:** If the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) is not otherwise early terminated, your settlement at maturity will depend on the Stock Performance of the Worst Performing Stock on the Determination Date compared to 100%, 100% plus Minimum Coupon Rate (if applicable), the Kick-in Level, and Minimum Redemption Level. The Worst Performing Stock is the Linked Stock in the Stock Basket with the lowest Stock Performance on the Determination Date. The Stock Performance of a Linked Stock on the Determination Date will be calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\left( \frac{\text{Closing Price of the Linked Stock on the Determination Date}}{\text{Initial Price of the Linked Stock}} \right) \times 100\%$$

If more than one Linked Stock have the same lowest Stock Performance on the Determination Date, the Bank will, in its sole and absolute discretion acting in good faith and in a commercially reasonable manner, decide which Linked Stock with the lowest Stock Performance shall be the Worst Performing Stock.

- (i) If the Stock Performance of the Worst Performing Stock on the Determination Date is **greater than or equal to 100% plus the Minimum Coupon Rate**, you will receive on Maturity Date a cash amount in the Deposit Currency equal to the **Deposit Amount plus the Bonus Coupon Amount**, less any Cash Settlement Expenses.

The Bonus Coupon Amount will be calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\text{Participation Rate} \times (\text{Stock Performance of the Worst Performing Stock} - 100\%) \times \text{Deposit Amount}$$

The Minimum Coupon Rate will be a specified pre-determined percentage set out in the relevant Term Sheet and can be greater than or equal to 0%. If the Minimum Coupon Rate is 0%, then scenario (ii) below will not occur.

The Participation Rate will be a specified pre-determined percentage set out in the relevant Term Sheet and will always be set at or above 100%.

- (ii) If the Stock Performance of the Worst Performing Stock on the Determination Date is **less than 100% plus the Minimum Coupon Rate but is greater than or equal to 100%**, you will receive on Maturity Date a cash amount in the Deposit Currency equal to the **Deposit Amount plus the Minimum Coupon Amount**, less any Cash Settlement Expenses.

The Minimum Coupon Amount will be calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\text{Minimum Coupon Rate} \times \text{Deposit Amount}$$

- (iii) If the Stock Performance of the Worst Performing Stock on the Determination Date is **less than 100% but is greater than or equal to the Kick-in Level**, you will receive on Maturity Date a cash amount in the Deposit Currency equal to the **Deposit Amount**, less any Cash Settlement Expenses.

The Kick-in Level will be a specified pre-determined percentage set out in the relevant Term Sheet and will always be set below 100% and greater than the Minimum Redemption Level.

- (iv) If the Stock Performance of the Worst Performing Stock on the Determination Date is **less than the Kick-in Level but is greater than or equal to the Minimum Redemption Level**, you will receive on Maturity Date a cash amount in the Deposit Currency calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards), less any Cash Settlement Expenses:

$$\text{Stock Performance of the Worst Performing Stock} \times \text{Deposit Amount}$$

The Minimum Redemption Level will be a specified pre-determined percentage set out in the relevant Term Sheet and will always be set at a level which is lower than the Kick-in Level and greater than or equal to 70%.

**In this scenario, you will suffer a loss which is equal to the difference between (i) the Deposit Amount and (ii) the Deposit Amount multiplied by the Stock Performance of the Worst Performing Stock (less any Cash Settlement Expenses).**



- (v) If the Stock Performance of the Worst Performing Stock on the Determination Date is **less than the Minimum Redemption Level**, you will receive on Maturity Date a cash amount in the Deposit Currency calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards), less any Cash Settlement Expenses:

$$\text{Minimum Redemption Level} \times \text{Deposit Amount}$$

**In this scenario, you will suffer a loss which is capped at the difference between (i) the Deposit Amount and (ii) the Deposit Amount multiplied by the Minimum Redemption Level (less any Cash Settlement Expenses).**

### **How can you apply for a Basket Equity Linked Deposit (Partial Capital Protection at Maturity)?**

If you want to apply for our Basket Equity Linked Deposits (Partial Capital Protection at Maturity), you can contact us (as the intermediary) through our marketing officers at any of our branches in Hong Kong to enquire about our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) and the application procedure.

You may apply for a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) by placing a purchase order with us on (i) if an application period is not specified in the Term Sheet, any Exchange Business Day; or (ii) if an application period is specified in the Term Sheet, any Business Day during the application period.

You should note that the Initial Price in respect of a Linked Stock in the Stock Basket can be set as either (i) the Closing Price of such Linked Stock on the Trade Date; or (ii) the price of such Linked Stock as of the end of the morning trading session of the Exchange on the Trade Date (as published by the Exchange); or (iii) the specific price of such Linked Stock as agreed between you and us at the time you place your purchase order on the Order Date (which will also be the Trade Date) and your purchase order will be executed at such agreed price. For the avoidance of doubt, the Initial Prices of all the Linked Stocks in the Stock Basket will be set by using the same method. If the Initial Price in respect of a Linked Stock is set in the cases of (i) and (ii) above, you will not know the exact Initial Prices when you place the purchase order. You will have to bear the risk of changing market conditions between the time you place your purchase order and the time the Initial Prices are recorded and determined on the Trade Date. If the Initial Price in respect of a Linked Stock is set in the case of (iii) above, you will know the exact Initial Prices when you place the purchase order. In any event, if your purchase order is accepted and executed by us on the Trade Date, a Confirmation setting out all the finalised terms of your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) will be sent to you within 2 Business Days after the Trade Date.

Once you place a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) purchase order with us, you will be committed to invest in the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) (unless there is a post-sale cooling-off period applicable to the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) and you exercise such right).

Please refer to page 52 of this Principal Brochure for further details.

### **What are the fees and charges?**

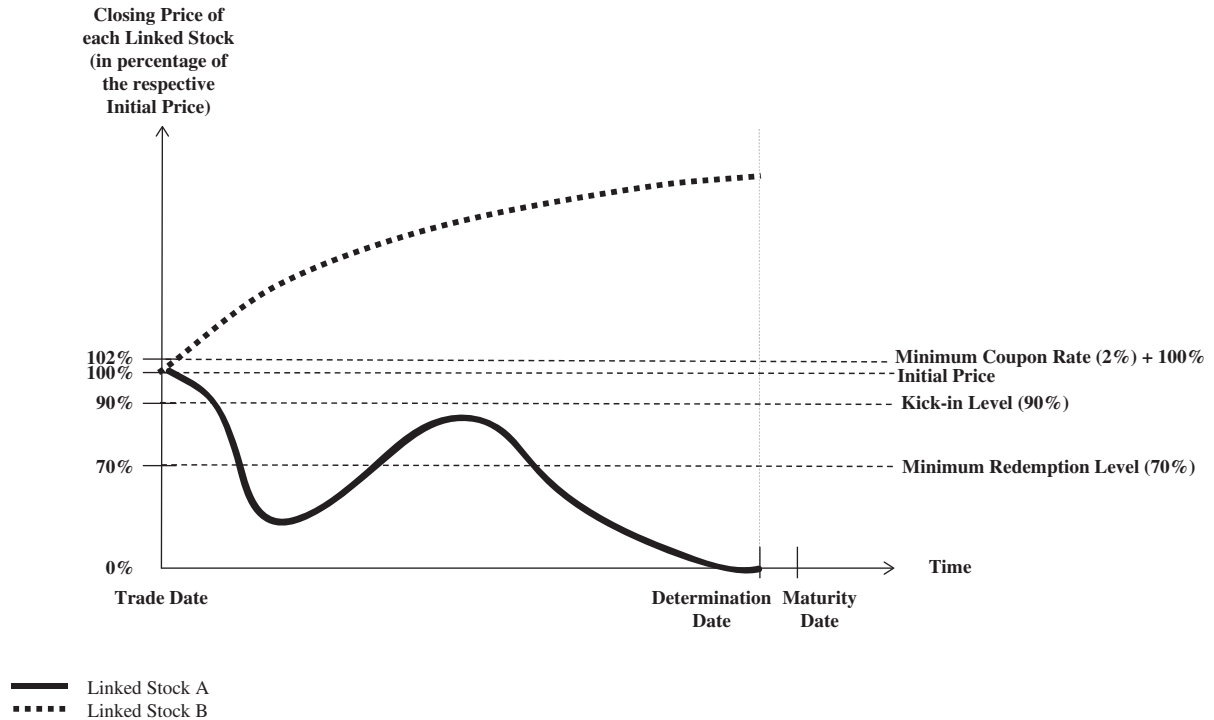
**Cash Settlement Expenses** are all charges or expenses, including any taxes and duties that are incurred for payment of any cash amount under the Basket Equity Linked Deposit (Partial Capital Protection at Maturity). Currently, no Cash Settlement Expenses are payable.

There are no subscription fees, charges or commission for placing a purchase order for a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) with us. All related charges (including our hedging cost) will be factored into the calculation of the benchmark rates (such as Participation Rate).

Please refer to page 52 of this Principal Brochure for further details. You should note that any Cash Settlement Expenses will reduce your potential gain or increase your potential loss under your investment in the Basket Equity Linked Deposit (Partial Capital Protection at Maturity).

**Worst case scenario**

The below example illustrates the worst case scenario of a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) with Kick-in Feature.



The above example assumes that (1) there are only two Linked Stocks in the Stock Basket; (2) the Minimum Redemption Level is 70%; (3) the Minimum Coupon Rate is 2%; and (4) the Kick-in Level is 90%.

The above example illustrates that since the Closing Price of the Worst Performing Stock (being Linked Stock A) on the Determination Date is zero (i.e. the Stock Performance of the Worst Performing Stock on the Determination Date is 0%), you will receive on Maturity Date a cash amount in the Deposit Currency equal to the Deposit Amount multiplied by the Minimum Redemption Level (i.e. 70% of the Deposit Amount). **You will suffer a loss in your invested amount which is capped at the difference between: (i) the Deposit Amount and (ii) the Deposit Amount multiplied by the Minimum Redemption Level (less any Cash Settlement Expenses).**

If the Bank becomes insolvent or defaults on its obligations under the Basket Equity Linked Deposit (Partial Capital Protection at Maturity), you could lose all of your Deposit Amount.

Please refer to the section headed “Scenario Analysis” in this Principal Brochure for more illustrative examples of how our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) work.

**Adjustment to the terms and conditions, substitution of the Linked Stock(s), early termination of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) and arrangements upon the occurrence of a CNY Disruption Event**

We (as the Offeror) will adjust some of the terms and conditions (such as the Initial Prices) of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) upon the occurrence of certain events (such as a Potential Adjustment Event) so as to preserve the economic equivalence of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity).

In case of (a) a Merger Event or Tender Offer, if we determine that no adjustment is able to preserve the economic equivalence of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) or (b) an Additional Disruption Event (such as Delisting, Nationalisation, Insolvency or Fund Disruption Event), we will substitute the affected Linked Stock with shares or units of another entity based on certain criteria as specified at page 47 of this Principal Brochure and make further adjustments to the terms of the Basket Equity Linked Deposits (Partial Capital Protection at Maturity). If we determine that we are unable to substitute the affected Linked Stock, we will early terminate the Basket Equity Linked Deposits (Partial Capital Protection at Maturity).

In addition, if the Deposit Currency is CNY and a CNY Disruption Event occurs on, or prior to and is continuing on, a scheduled payment date, any amount payable in CNY under the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) will be postponed and may be made in a HKD Equivalent Amount.

We may also adjust some of the key dates (such as the Determination Date) upon the occurrence of certain disruption events.

Any adjustment, substitution and determination of early termination and the occurrence of a CNY Disruption Event will be made by the Bank in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner). Please refer to pages 44 to 48 of this Principal Brochure for further details.

**Post-sale cooling-off period**

***Basket Equity Linked Deposit (Partial Capital Protection at Maturity) with an Investment Period of one year or less***

In respect of a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) with an Investment Period of one year or less, there is no post-sale cooling-off period for you to cancel or unwind your purchase order after you have placed your purchase order with us on the Order Date.

***Basket Equity Linked Deposit (Partial Capital Protection at Maturity) with an Investment Period of more than one year***

In respect of a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) with an Investment Period of more than one year, there is a post-sale cooling-off period and you have the right to cancel or unwind your purchase order (in whole but not in part) within 5 Business Days after you have placed your purchase order with us on the Order Date (“**Post-sale Cooling-off Period**”). If you choose to do so, you must submit an irrevocable written notice to us between 9:30a.m. and 3:00p.m. (Hong Kong time) on any Business Day during the Post-sale Cooling-off Period. Please contact our marketing officers for further details.

If you submit a written notice to us to cancel your purchase order before your purchase order is executed on the Trade Date, we will release the Deposit Amount frozen by us in your Designated Cash Account on the day we receive your written notice and no Deposit Amount will be deducted from the Designated Cash Account on the Start Date. No market value adjustment will be deducted from the Designated Cash Account.

If you submit a written notice to us to unwind your purchase order after your purchase order is executed on the Trade Date, the Deposit Amount will be deducted from the Designated Cash Account on the Start Date and we will then refund to you a cash amount equal to the Deposit Amount less any market value adjustment on the later of: (i) the second Business Day after the day you submitted the written notice or (ii) the third Business Day after the Start Date. The cash amount you receive will be capped at, and may be substantially less than the Deposit Amount.

In addition, if the Deposit Currency is CNY and a CNY Disruption Event occurs on, or prior to and is continuing on, the relevant payment date under the post-sale cooling-off unwinding arrangement, any payment payable in CNY under the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) will be postponed and may be made in a HKD Equivalent Amount.

The Term Sheet will specify if the post-sale cooling-off period is applicable to a particular Basket Equity Linked Deposit (Partial Capital Protection at Maturity). Please refer to page 53 of this Principal Brochure for further details.

**Is there any market making arrangement before expiry?**

We (as the market agent) will provide limited market making arrangement for our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) on every Exchange Business Day from the Exchange Business Day after the Start Date up to the third Exchange Business Day before the Determination Date (each a “**Dealing Day**”), subject to the occurrence of a Market Disruption Event.

We (as the market agent) will make available an indicative bid price of your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) on each Dealing Day during normal business hours to you directly upon request. The indicative bid price is subject to any intra-day changes and is provided for your reference only as it may not be equal to the actual bid price at which we are willing to early terminate your Basket Equity Linked Deposit (Partial Capital Protection at Maturity).

If you wish to early terminate your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) under our market making arrangement on a Dealing Day, you can apply to us at any of our branches between 9:30a.m. and 3:00p.m. (Hong Kong time) on such Dealing Day and request for an actual bid price. The actual bid price at which we are willing to early terminate your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) will be determined by us at our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) and will only be valid for a limited period of time as notified to you. You should note that if you early terminate your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) before maturity, the amount you receive may be substantially less than your Deposit Amount.

In addition, if the Deposit Currency is CNY and a CNY Disruption Event occurs on, or prior to and is continuing on, a scheduled payment date under our market making arrangement, any amount payable in CNY under the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) will be postponed and may be made in a HKD Equivalent Amount.

Please refer to pages 54 to 55 of this Principal Brochure for further details.

## **Additional Information**

### **A. Offering Documents**

The following Offering Documents contain detailed information about the Bank and our Basket Equity Linked Deposits (Partial Capital Protection at Maturity). You should read and understand all of these documents before deciding whether to invest:

- (i) this Principal Brochure for our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) dated 26 March 2021 and any addendum as specified in the relevant Term Sheet;
- (ii) the Financial Disclosure Document and any addendum as specified in the relevant Term Sheet, which will include our most recently published annual report and interim report (if any); and
- (iii) the relevant Term Sheet.

The offer of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) is made only on the basis of the Offering Documents. We (as the intermediary) have the obligation to distribute to you ALL of the above Offering Documents in English or Chinese as you may prefer.

### **B. Our ongoing disclosure obligations**

We (as the Offeror and the Product Arranger) will keep the SFC and the investors informed as soon as reasonably practicable if (a) we (as the Offeror) cease to meet any eligibility requirements applicable to issuers under the Code, (b) we (as the Product Arranger) cease to meet any eligibility requirements applicable to product arrangers under the Code and, (c) to the extent permitted by any applicable law, there are any changes in our financial condition or other circumstances which could reasonably be expected to have a material adverse effect on our ability (as the Offeror) to fulfil our commitment in connection with this product. Please contact our marketing officers for further details.

### **Important**

If you are in doubt, you should seek independent professional advice. The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.

## RISK FACTORS

You must consider all the risks associated with our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) before deciding whether to invest in our Basket Equity Linked Deposits (Partial Capital Protection at Maturity).

- **Our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are unlisted structured investment products and are NOT protected deposits.**

Our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are unlisted structured investment products embedded with derivatives. They are not equivalent to nor should they be treated as substitutes for conventional time deposits and are not protected deposits under the Deposit Protection Scheme in Hong Kong.

- **Our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are NOT capital protected and are partially capital protected at maturity only.**

Our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are not capital protected. The payout that you receive at maturity may be less than your Deposit Amount but is subject to the Minimum Redemption Level, provided that you hold our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) until maturity and our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) is not otherwise early terminated. If our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) is otherwise early terminated, you may receive an amount which is less than or substantially less than your Deposit Amount.

- **Your potential payout at maturity is determined by reference to each of the Linked Stocks in the Stock Basket.**

The potential payout of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) at maturity depends on the performance of each of the Linked Stocks in the Stock Basket on the Determination Date. If any one of the Linked Stocks in the Stock Basket performs poorly against your expectation, you will not benefit from the positive performance of the other Linked Stock(s) in the Stock Basket

- **Post-sale cooling-off period does not apply to our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) with an Investment Period of one year or less.**

In respect of a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) with an Investment Period of one year or less, there is no post-sale cooling-off period for you to cancel or unwind your purchase order after you have placed your purchase order with us on the Order Date.

In respect of a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) with an Investment Period of more than one year, there is post-sale cooling-off period and you have the right to cancel or unwind your purchase order (as the case may be) (in whole but not in part) within 5 Business Days after you have placed your purchase order with us on the Order Date (“**Post-sale Cooling-off Period**”).

If you submit a written notice to us to cancel your purchase order before your purchase order is executed on the Trade Date, the Deposit Amount will not be deducted from the Designated Cash Account on the Start Date. No market value adjustment will be deducted from the Designated Cash Account.

If you submit a written notice to us to unwind your purchase order after your purchase order is executed on the Trade Date, the Deposit Amount will be deducted from the Designated Cash Account on the Start Date and we will refund to you a cash amount equal to the Deposit Amount less any market value adjustment.

**You should note that if you submit a written notice to us to unwind your purchase order after your purchase order is executed on the Trade Date, the cash amount that you receive will be capped at, and may be substantially less than your Deposit Amount. In addition, if the Deposit Currency is CNY and a CNY Disruption Event occurs on, or prior to and is continuing on, the relevant payment date under the post-sale cooling-off unwinding arrangement, any payment payable in CNY under the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) will be postponed and may be made in a HKD Equivalent Amount.**

- **Our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are designed to be held to maturity. We provide limited market making arrangement for our Basket Equity Linked Deposits (Partial Capital Protection at Maturity).**

Our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are not transferrable without our prior written consent and are designed to be held to their maturity. We will provide a limited market making arrangement for our Basket Equity Linked Deposits (Partial Capital Protection at Maturity).

We will provide limited market making arrangement on every Exchange Business Day from the Exchange Business Day after the Start Date up to the third Exchange Business Day before the Determination Date (each a “**Dealing Day**”), subject to the occurrence of a Market Disruption Event. The minimum amount at which you may request an early termination of a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) under our market making arrangement is the Deposit Amount of such Basket Equity Linked Deposit (Partial Capital Protection at Maturity). Accordingly, you can only early terminate your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) in whole (but not in part) under our market making arrangement.

The actual bid price at which we are willing to early terminate your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) under our market making arrangement will be determined by us, in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) and will only be valid for a limited period of time as notified to you. **If you early terminate your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) before maturity, you may receive an amount which is less than, or substantially less than, your Deposit Amount.**

If our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are denominated in CNY and a CNY Disruption Event occurs on, or prior to and is continuing on, a scheduled payment date, the cash amount you may receive under the market making arrangement will be postponed and may be made in a HKD Equivalent Amount.

- **Our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are not listed on any stock exchange, they are not covered by the Investor Compensation Fund.**

As our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are not listed on any stock exchange, they are not covered by the Investor Compensation Fund established under the SFO if we default under our Basket Equity Linked Deposits (Partial Capital Protection at Maturity).

- **There is no collateral. When you invest in our Basket Equity Linked Deposits (Partial Capital Protection at Maturity), you will be relying on the creditworthiness of The Bank of East Asia, Limited.**

When investing in our Basket Equity Linked Deposits (Partial Capital Protection at Maturity), you will be relying upon the creditworthiness of The Bank of East Asia, Limited. There is no assurance of protection against a default by us in respect of our obligations under our Basket Equity Linked Deposits (Partial Capital Protection at Maturity). Our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) represent our general, unsecured, unsubordinated contractual obligations and are not secured on any assets or any collateral.

If The Bank of East Asia, Limited becomes insolvent or defaults on its obligations under the Basket Equity Linked Deposits (Partial Capital Protection at Maturity), you can only claim as an unsecured creditor of The Bank of East Asia, Limited regardless of the performance of any of the Linked Stocks and the terms of the Basket Equity Linked Deposits (Partial Capital Protection at Maturity). **In the worst case scenario, you could lose all of your Deposit Amount.**

- **Regulatory action(s) by resolution authorities under the Financial Institutions (Resolution) Ordinance in the event that the Bank is failing could adversely affect the market value or potential payout of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity).**

The Financial Institutions (Resolution) Ordinance (Cap. 628, the Laws of Hong Kong) (“**FIRO**”) was enacted by the Legislative Council of Hong Kong in June 2016. The FIRO (except Part 8, section 192 and Division 10 of Part 15 thereof) came into operation in July 2017.

The FIRO provides a regime for the orderly resolution of financial institutions with a view to avoiding or mitigating the risks otherwise posed by their non-viability to the stability and effective working of the financial system of Hong Kong, including the continued performance of critical financial functions. The FIRO seeks to provide the relevant resolution authorities with a range of powers to bring about timely and orderly resolution in order to stabilise and secure continuity for a failing authorised institution in Hong Kong. In particular, it is envisaged that subject to certain safeguards, the relevant resolution authority would be provided with powers to affect contractual and property rights as well as payments (including in respect of any priority of payment) that creditors would receive in resolution, including but not limited to powers to write off, or convert into equity, all or a part of the liabilities of the failing financial institution.

As an authorised institution incorporated in Hong Kong, The Bank of East Asia, Limited is subject to and bound by the FIRO. The exercise of any resolution power by the relevant resolution authority under the FIRO in respect of us may have a material adverse effect on the market value or potential payout of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity). **In the worst case scenario, you could lose all of your Deposit Amount.**

- **Market risk.**

The market value of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) will fluctuate depending on a wide range of factors such as, without limitation, the market interest rate movements, our financial condition, the market’s view of our credit quality, the value of the embedded option(s) and the price performance and price volatility of any of the Linked Stocks. Changes in the market price of any of the Linked Stocks may not lead to any corresponding change in the market value or potential payout of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity).



- **You have no rights in any of the Linked Stocks in the Stock Basket.**

Our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are unlisted structured investment products. Investing in our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) is not the same as investing in any of the Linked Stocks in the Stock Basket. You have no rights in any of the Linked Stocks in the Stock Basket. Movement in the market price of any of the Linked Stocks may not lead to any corresponding change in the market value or potential payout of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity).

- **Exposure to risks from the time you place your purchase order.**

Once you place your purchase order with us, you will be committed to invest in our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) (unless there is a post-sale cooling-off period applicable to our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) and you exercise such right), and you will therefore be exposed to risks relating to our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) from the time you place your purchase order.

- **There may be a time gap between the Trade Date and the Start Date.**

There may be a time gap between the Trade Date and the Start Date, with the Start Date being 2 Business Days after the Trade Date which may be, at your request, shortened to the same day as the Trade Date or extended up to 14 Business Days after the Trade Date. Given the same Deposit Tenor, the longer the time gap between the Trade Date and the Start Date, the longer the period of time you will be exposed to the risks associated with our Basket Equity Linked Deposits (Partial Capital Protection at Maturity).

- **There could be conflicts of interest arising out of our other activities which may affect our Basket Equity Linked Deposits (Partial Capital Protection at Maturity).**

We, our subsidiaries and affiliates may engage in transactions involving, and may provide investment banking and other services to, any company or fund to which our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are linked. Those transactions may have a positive or negative impact on the performance of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity). We, our subsidiaries and affiliates may have officers who serve as directors of any of the companies or managers of the funds (as the case may be) to which our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are linked. We may issue other competing financial products which may affect the performance of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity).

You should note that potential or actual conflicts of interest may arise from the different roles played by us, our subsidiaries and affiliates in connection with our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) and our economic interest in each such role may be adverse to your interest. We shall deal with such conflict of interest (if any) in compliance with any applicable laws or regulations. We also maintain regulatorily required information barriers between our different business areas as well as policies and procedures designed to minimise and manage such potential or actual conflicts of interest to comply with applicable laws and regulations and to ensure those transactions or dealings will be transacted at arm's length.

- **We may adjust the terms and conditions of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity), substitute the Linked Stock and early terminate our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) in our sole and absolute discretion acting in good faith and in a commercially reasonable manner.**

#### *Potential Adjustment Event*

If we (as the Offeror) determine in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) that a Potential Adjustment Event (such as rights issue, bonus share, consolidation or subdivision of a Linked Stock) has occurred on or after the Trade Date but on or prior to the Determination Date, we (as the Offeror) will in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) make adjustments to the terms and conditions of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity), which may include adjusting the Initial Price of the affected Linked Stock, so as to preserve the economic equivalence of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity).

We will not take into account your specific circumstances and/or tax or other consequences of such adjustments in any particular jurisdiction. Please refer to Condition 5 of the Product Terms and Conditions as set out in Appendix 1 to this Principal Brochure for further details.

#### *Merger Event or Tender Offer*

If we (as the Offeror) determine in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) that a Merger Event (such as consolidation, amalgamation or merger) or a Tender Offer (such as a takeover offer or exchange offer) in respect of a Linked Stock has occurred on or after the Trade Date but on or prior to the Determination Date, we (as the Offeror) may, in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner), make adjustments to the terms and conditions of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity), which may include deeming the shares or units of the surviving entity after the Merger Event or Tender Offer to be the affected Linked Stock, so as to preserve the economic equivalence of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity).

If we (as the Offeror) determine in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) that in the case of a Merger Event or a Tender Offer, none of the foregoing adjustments is able to preserve the economic equivalence of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity), we may in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) substitute the affected Linked Stock with the shares or units of another entity (which is not already comprised in the Stock Basket) in the same business sector of the issuer of the affected Linked Stock trading on the Exchange with comparable market capitalisation as that of the issuer of the affected Linked Stock as of the Trade Date and make any further adjustment to the terms of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) to account for that event as we determine appropriate (acting in good faith and in a commercially reasonable manner). **Such substitution may have an adverse impact on the performance of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity).**

If we (as the Offeror) determine in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) that in the case of a Merger Event or a Tender Offer, we are unable to preserve the economic equivalence of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) through any of the foregoing adjustments or to substitute the affected Linked Stock to account for that event as stated above, we will early terminate the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) as soon

as practicable after the occurrence of such event as determined by us in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner), and arrange for payment of the Early Termination Amount (if any) within 2 Business Days after the effective date of such early termination.

Please refer to Condition 6 of the Product Terms and Conditions as set out in Appendix 1 to this Principal Brochure for further details.

#### *Additional Disruption Event*

If we (as the Offeror) determine in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) that an Additional Disruption Event (such as Delisting, Nationalisation, Insolvency or Fund Disruption Event) in respect of a Linked Stock has occurred on or after the Trade Date but on or prior to the Determination Date, we may in our sole and absolute discretion (acting in a commercially reasonable manner) substitute the affected Linked Stock based on the same method as stated above and make any further adjustment to the terms of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) to account for that event as we determine appropriate (acting in good faith and in a commercially reasonable manner). **Such substitution may have an adverse impact on the performance of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity).** If we determine in our sole and absolute discretion (acting in a commercially reasonable manner) that we are unable to substitute the affected Linked Stock to account for that event as stated above, we will early terminate the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) as soon as practicable after the occurrence of such event as determined by us in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner), and arrange for payment of the Early Termination Amount (if any) within 2 Business Days after the effective date of such early termination.

The Early Termination Amount is determined by us (as the Offeror), in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner), as representing the fair market value of such Basket Equity Linked Deposit (Partial Capital Protection at Maturity) at the time of the occurrence of such event. **The Early Termination Amount may be substantially less than your Deposit Amount. You may suffer a substantial loss if the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) is early terminated under these circumstances.**

Please refer to Condition 7 of the Product Terms and Conditions as set out in Appendix 1 to this Principal Brochure for further details.

All adjustments, substitutions, or determinations made by us (as the Offeror) are final, conclusive and binding on you and us. We will notify you as soon as practicable upon the occurrence of any such event, any adjustments, substitutions, or determinations made, the effective date of such adjustments, substitutions, or determinations and the Early Termination Amount (in the case of termination).

- **Impact of Market Disruption Event.**

If we (as the Offeror) determine that a Market Disruption Event in respect of any Linked Stock in the Stock Basket occurs on the scheduled Determination Date, the Determination Date for each Linked Stock in the Stock Basket (whether or not affected by the occurrence of the Market Disruption Event) will be postponed to the first following Exchange Business Day on which there is no Market Disruption Event for any Linked Stock in the Stock Basket, unless a Market Disruption Event in respect of any Linked Stock in the Stock Basket occurs on each of the eight Exchange Business Days immediately following the scheduled Determination Date. In that case, (i) that eighth Exchange Business Day shall be deemed to

be the Determination Date for each Linked Stock in the Stock Basket, notwithstanding the Market Disruption Event, (ii) the official closing price of any unaffected Linked Stock(s) in the Stock Basket as published by the Exchange as of that eighth Exchange Business Day shall be deemed to be the Closing Price of such Linked Stock(s) on the Determination Date, and (iii) we (as the Offeror) will determine, acting in good faith and a commercially reasonable manner, the fair price of the affected Linked Stock(s) in the Stock Basket on that eighth Exchange Business Day by reference to, without limitation, the last reported price of the affected Linked Stock and the prevailing market conditions. Such fair price shall be deemed to be the Closing Price of the affected Linked Stock as of the Determination Date.

Our determination may have unforeseen adverse impact on your potential gain or loss on the Basket Equity Linked Deposit (Partial Capital Protection at Maturity). Delay in determining the Closing Price of any Linked Stock may cause consequential delay in settlement. We will not be liable for any interest in respect of any loss or damage that you may suffer as a result of such delay.

Please refer to Condition 8 of the Product Terms and Conditions as set out in Appendix 1 to this Principal Brochure for further details.

- **Your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) purchase order will be rejected if the Initial Price of any Linked Stock in the Stock Basket cannot be recorded on the Trade Date.**

You should note that if the Initial Price in respect of a Linked Stock is set as either (i) the Closing Price of that Linked Stock on the Trade Date or (ii) the price of that Linked Stock as of the end of the morning trading session of the Exchange on the Trade Date (as published by the Exchange), and if the Initial Price of any Linked Stock in the Stock Basket in the cases of (i) and (ii) above cannot be recorded on the Trade Date due to the occurrence of a disruption event such as a Market Disruption Event, your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) purchase order will not be accepted and will not be executed by us. The Deposit Amount will not be deducted from the Designated Cash Account on the Start Date and we will not charge you any fees for rejecting such purchase order.

- **Risk relating to our hedging activities.**

We and/or our respective affiliates may enter into hedging transactions in the market with our respective hedging counterparties to enable us to fulfil our obligations under a Basket Equity Linked Deposit (Partial Capital Protection at Maturity). Our hedging transaction may have an adverse impact on your investment. These transactions typically involve contracts for the purchase and/or sale of any of the Linked Stocks and the establishment of long and/or short positions in any of the Linked Stocks which may be constantly adjusted. It is possible that these activities could affect the market price of any of the Linked Stocks during the Investment Period, resulting in the payout at maturity which is less than your Deposit Amount.

However, if the hedging counterparties default or fail to fulfil their obligations under the hedging transactions which does not constitute a Hedging Disruption as contemplated in Condition 7 of the Product Terms and Conditions, we will bear all the risks involved and we will keep the same terms and structures pursuant to our Basket Equity Linked Deposits (Partial Capital Protection at Maturity).

- **Some of the terms of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) may only be determined after you have placed your purchase order.**

You should note that the Initial Price in respect of a Linked Stock in the Stock Basket can be set as either (i) the Closing Price of such Linked Stock on the Trade Date; (ii) the price of such Linked Stock as of the end of the morning trading session of the Exchange on the Trade Date (as published by the Exchange); or (iii) the specific price of such Linked Stock as agreed between you and us at the time you place your purchase order on the Order Date (which will also be the Trade Date) and your purchase order will be executed at such agreed price. For the avoidance of doubt, the Initial Prices of all the Linked Stocks in the Stock Basket will be set by using the same method. If the Initial Price in respect of a Linked Stock in the Stock Basket is set in the cases of (i) and (ii) above, you will not know the exact Initial Prices when you place the purchase order. You will have to bear the risk of changing market conditions between the time you place your purchase order and the time the Initial Prices are recorded and determined on the Trade Date. If the Initial Price in respect of a Linked Stock is set in the case of (iii) above, you will know the exact Initial Prices when you place the purchase order. In any event, if your purchase order is accepted and executed by us on the Trade Date, a Confirmation setting out all the finalised terms of your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) will be sent to you within 2 Business Days after the Trade Date. The longer the time gap between the time you place your purchase order and the Trade Date, the longer the period of time you will be subject to the risk of changing market conditions.

- **Risk factors specific to a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) linked to a fund.**

Neither we nor our affiliates have the ability to control or predict the actions of the manager and/or the trustee of a fund. The manager and/or the trustee are not involved in the offer of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) and have no obligation to consider your interests in taking any action that might affect the market value of the fund and the performance of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity).

We have no role in the underlying assets of a fund. The manager is responsible for making strategic, investment and other trading decisions with respect to the management of the fund assets, consistent with its investment objectives and/or investment restrictions as set out in its constitutive documents. The performance of the fund assets is significantly dependent upon the capabilities of the management team of the manager. The manner in which the fund assets are managed and the timing of such decisions will have a significant impact on the performance of the fund assets, and hence the performance of the fund and our Basket Equity Linked Deposits (Partial Capital Protection at Maturity).

#### *Fund Disruption Event*

If we (as the Offeror) in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) determine that a Fund Disruption Event (such as any material change or material breach in the mandate or risk profile) in respect of a Linked Stock occurs, we may substitute the affected Linked Stock with shares or units of another entity based on certain criteria as specified at page 47 of this Principal Brochure and make any further adjustment to the terms of the Basket Equity Linked Deposits (Partial Capital Protection at Maturity) to account for that event as we determine appropriate. If we determine that we are unable to substitute the affected Linked Stock to account for that event as stated above, we will early terminate the affected Basket Equity Linked Deposits (Partial Capital Protection at Maturity). Please refer to the paragraph headed “We may adjust the terms and conditions of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity),

substitute the Linked Stock and early terminate our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) in our sole and absolute discretion acting in good faith and in a commercially reasonable manner” on pages 26 to 27 of this Principal Brochure for further details.

#### *Exchange Traded Fund*

If our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are linked to a fund which is an exchange traded fund (“ETF”), you should note that the investment objective of most ETFs is to track the performance of the equity(ies) or assets underlying the ETFs or, as the case may be, a specified index. However, increases in the price of the equity(ies) or assets underlying the ETFs or the level of the related index (as the case may be) may not lead to an increase in the price of the ETFs of the same magnitude or even any increase at all. Similarly, movements in the market price of the ETFs may not lead to any corresponding change in the performance of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity).

An ETF is exposed to the political, economic, currency and other risks related to the underlying asset pool or index that the ETF is designed to track. There may also be disparity between the performance of the ETF and the performance of the underlying asset pool or index that the ETF is designed to track as a result of, for example, failure of the tracking strategy, currency differences, fees and expenses. In addition, where the index or market that the ETF tracks is subject to restricted access, the efficiency in the unit creation or redemption to keep the price of the ETF in line with its net asset value may be disrupted, causing the ETF to trade at a premium or discount to its net asset value. Such risks may have a negative impact on the performance of the ETF and our Basket Equity Linked Deposits (Partial Capital Protection at Maturity).

If an ETF adopts a synthetic replication investment strategy to achieve its investment objectives by investing in financial derivative instruments linked to the performance of an underlying asset pool or index that the ETF is designed to track, you should note that:

- (a) by investing in financial derivative instruments, the ETF is exposed to the credit, potential contagion and concentration risks of the counterparties who issued the financial derivative instruments. As such counterparties are predominantly international financial institutions, the failure of one such counterparty may have a negative effect on other counterparties of the ETF. Even if the ETF has collateral to reduce the counterparty risk, there may still be a risk that the market value of the collateral has fallen substantially when the ETF seeks to realise such collateral; and
- (b) the ETF may be exposed to a higher liquidity risk if the ETF invests in financial derivative instruments which do not have an active secondary market.

#### *Real Estate Investment Trust*

If our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are linked to a fund which is a real estate investment trust (“REIT”), you should note that the investment objective of REITs is to invest in a real estate portfolio. Each REIT is exposed to risks relating to investments in real estate, including but not limited to (a) adverse changes in political or economic conditions; (b) changes in interest rates and the availability of debt or equity financing, which may result in an inability by the REIT to maintain or improve the real estate portfolio and finance future acquisitions; (c) changes in environmental, zoning and other governmental rules; (d) changes in market rents; (e) any required repair and maintenance of

the portfolio properties; (f) breach of any property laws or regulations; (g) the illiquidity of real estate investment; (h) real estate taxes; (i) any hidden interests in the portfolio properties; (j) any increase in insurance premiums and (k) any uninsurable losses.

There may also be disparity between the market price of the units of a REIT and the net asset value per unit. This is because the market price of the units of a REIT also depends on many factors, including but not limited to (a) the market value and perceived prospects of the real estate portfolio; (b) changes in economic or market conditions; (c) changes in market valuations of similar companies; (d) changes in interest rates; (e) the perceived attractiveness of the units of the REIT against those of other equity securities; (f) the future size and liquidity of the market for the units and the REIT market generally; (g) any future changes to the regulatory system, including the tax system and (h) the ability of the REIT to implement its investment and growth strategies and to retain its key personnel. Such risks may have a negative impact on the performance of the REIT and therefore the performance of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity). In addition, an increase in the market price of units of the REIT or its real estate portfolio may not lead to an increase in the market value of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) of the same magnitude or even any increase at all.

Please read the offering documents of the relevant ETF or the relevant REIT to understand its key features and risks.

- **Risk factors specific to a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) linked to an exchange traded fund investing through QFII, RQFII and/or China Connect (“China ETF”).**

If our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) is linked to an ETF issued and traded outside mainland China with direct investment in the mainland China’s securities market through the Qualified Foreign Institutional Investor (“**QFII**”) regime, the RMB Qualified Foreign Institutional Investor (“**RQFII**”) regime and/or the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (collectively, “**China Connect**”), you should note the additional risks below:

- (a) the novelty and untested nature of China Connect makes a China ETF investing through it riskier than traditional exchange traded funds. The policy and rules for the QFII regime, the RQFII regime and China Connect prescribed by the PRC central government are subject to change, and there may be uncertainty to its implementation. Such uncertainty and potential change of the laws and regulations for the QFII regime, the RQFII regime and China Connect may adversely impact on the performance of a China ETF, and may also have potential retrospective effect. These changes may in turn adversely affect the performance of the Basket Equity Linked Deposits (Partial Capital Protection at Maturity);
- (b) a China ETF primarily invests in securities traded in the mainland China’s securities market and is subject to concentration risk. Investment in the mainland China’s securities market (which are inherently stock markets with restricted access) involves certain risks and special considerations as compared with investment in more developed economies or markets, such as greater political, tax, economic, foreign exchange, liquidity and regulatory risks. The operation of a China ETF may also be affected by interventions by the applicable government(s) and regulators in the financial markets. This may adversely affect the performance of the China ETF, and may in turn adversely affect the performance of the Basket Equity Linked Deposits (Partial Capital Protection at Maturity);

- (c) trading of securities invested by a China ETF under China Connect will be subject to a daily quota which is utilised on a first-come-first-serve basis under China Connect. In the event that the daily quota under China Connect is reached, the manager may need to suspend creation of further units of the China ETF, and therefore may affect liquidity in unit trading of the China ETF. In such event, the trading price of a unit of the China ETF is likely to be at a significant premium to its net asset value, and may be highly volatile. The People's Bank of China and the State Administration of Foreign Exchange have published the detailed implementation rules removing the investment quota allocated to such China ETF under the QFII and RQFII regimes with effect from 6 June 2020; and
- (d) there are risks and uncertainties associated with the current mainland Chinese tax law applicable to China ETFs investing in the mainland China through the QFII regime, the RQFII regime and/or China Connect. The general tax laws and regulations in mainland China are under constant development and often subject to change as a result of shift in policy of PRC central government. As such, there is a possibility that current tax laws, rules, regulations and practice in mainland China and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. Although China ETFs may have made a tax provision in respect of potential tax liability, the provision may be excessive or inadequate. Any shortfall between the provisions and actual tax liabilities may be covered by the assets of the China ETFs. This may adversely affect the performance of the China ETFs and the potential payout of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity).

Although the units of China ETFs are listed on the Exchange, there is no guarantee that an active trading market for such units will sustain or, if an active market does develop, liquidity of that market can be sustained. Also, the price and trading volume of the units of China ETFs may be highly volatile subject to the market sentiment, and may be more volatile than would generally be expected for exchange traded funds with a longer trading history.

The above risks may have a significant adverse impact on the performance of the units of such China ETF and the performance of the Basket Equity Linked Deposits (Partial Capital Protection at Maturity), in which case you may sustain a loss in your investment.

Please read the offering documents of the relevant China ETF to understand its key features and risks.

- **Risk factors specific to Linked Stock consisting of shares of a company or units of a fund which are traded through the dual counters model.**

Where the Linked Stock consists of shares of a company or units of a fund which are traded in CNY and HKD separately through the dual counters model of the Exchange, you need to consider the following additional risks in light of the novelty and relatively untested nature of the Exchange's dual counters model:

- (a) the Basket Equity Linked Deposits (Partial Capital Protection at Maturity) may relate to the HKD-traded shares or units or CNY-traded shares or units of a company or fund. If the Linked Stock is the HKD-traded shares or units, movements in the trading prices of the CNY-traded shares or units should not directly affect the performance of the Basket Equity Linked Deposits (Partial Capital Protection at Maturity). Similarly, if the Linked Stock is the CNY-traded shares or units, movements in the trading prices of the HKD-traded shares or units should not directly affect the performance of the Basket Equity Linked Deposits (Partial Capital Protection at Maturity);



- (b) if there is a suspension of inter-counter transfer of such shares or units between the HKD counter and the CNY counter for any reason, such shares or units will only be able to be traded in the relevant currency counter on the Exchange, which may affect the demand and supply of such shares or units and have an adverse effect on the performance of the Basket Equity Linked Deposits (Partial Capital Protection at Maturity); and
- (c) the trading price on the Exchange of the HKD-traded shares or units and CNY-traded shares or units may deviate significantly due to different factors, such as market liquidity, CNY conversion risk, supply and demand in each counter and the exchange rate between offshore CNY and HKD. Changes in the trading price of the Linked Stock in HKD or CNY (as the case may be) may adversely affect the performance of the Basket Equity Linked Deposits (Partial Capital Protection at Maturity).

The above risks may have a significant adverse impact on the performance of the shares of a company or units of a fund and the performance of the Basket Equity Linked Deposits (Partial Capital Protection at Maturity).

Please read the offering documents of the relevant shares of a company or units of a fund which are traded through the dual counter models to understand key features and risks.

- **Investing in our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) may involve exchange rate risk.**

If our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are not denominated in your home currency, you will be exposed to fluctuations in the prevailing exchange rate when you convert any payments received under our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) back to your home currency.

- **Additional risk factors specific to CNY-denominated Basket Equity Linked Deposits (Partial Capital Protection at Maturity) and/or Basket Equity Linked Deposits (Partial Capital Protection at Maturity) linked to CNY-traded Linked Stock.**

- (a) *Offshore CNY exchange rate risk*

While both onshore CNY (i.e. CNY traded in the mainland China) (“**onshore CNY**”) and offshore CNY (i.e. CNY traded outside the mainland China) (“**offshore CNY**”) are the same currency, they are traded in different and separate markets operating under different regulations and independent liquidity pool. Onshore CNY and offshore CNY are currently traded in different markets with different exchange rates, whereby their exchange rate movements may not be in the same direction or magnitude. The offshore CNY exchange rate may deviate significantly from the onshore CNY exchange rate. Changes in the offshore CNY exchange rate may adversely affect the performance of our CNY-denominated Basket Equity Linked Deposits (Partial Capital Protection at Maturity) or Basket Equity Linked Deposits (Partial Capital Protection at Maturity) linked to CNY-traded Linked Stock.

In addition, if you are not CNY-based investors, you may have to convert your home currency into CNY when investing in our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) denominated in CNY. You may also have to convert payments made on such Basket Equity Linked Deposits (Partial Capital Protection at Maturity) back to your home currency. During these processes, you will incur currency conversion costs and be exposed to risk of fluctuation in the exchange rate of offshore CNY against your home currency.

The exchange rate of offshore CNY will be affected by, amongst other things, the PRC central government's foreign exchange control (for example, the PRC central government regulates conversion between CNY and such other currency), which may adversely affect your potential return under our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) when you convert CNY into such other currency, or vice versa.

Please note that like other foreign currencies, the exchange rate of offshore CNY may rise or fall. There is no guarantee that CNY will not depreciate. Investment in our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) denominated in CNY shall not be used to speculate on the appreciation of CNY.

(b) *Limited pool of CNY outside the mainland China*

CNY is subject to foreign exchange control by the PRC central government.

There is currently a limited pool of CNY outside the mainland China. Should the PRC central government tighten its foreign exchange control over the cross border movements of CNY, the liquidity in the offshore CNY is likely to be adversely affected. Such limitation on liquidity in the offshore CNY may increase our unwind cost on any hedging arrangements relating to the CNY-denominated Basket Equity Linked Deposits (Partial Capital Protection at Maturity) or the Basket Equity Linked Deposits (Partial Capital Protection at Maturity) linked to CNY-traded Linked Stock which may adversely affect the performance of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity).

(c) *Settlement risks for CNY Disruption Event*

In the case where the Deposit Currency is CNY and we determine, in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner), that a CNY Disruption Event as defined on page 79 of this Principal Brochure (for example, if an event occurs which makes it impossible for us to convert any amount due and payable in CNY under the Basket Equity Linked Deposits (Partial Capital Protection at Maturity) in the CNY exchange market in Hong Kong) has occurred on, or prior to and is continuing on, a scheduled payment date on which any amount payable in CNY under the terms and conditions of the Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are scheduled to be paid, such payment will be postponed to the third Business Day after the date on which the CNY Disruption Event ceases to exist. We will notify you of the postponement as soon as practicable but no later than the second Business Day after the scheduled payment date. If the CNY Disruption Event continues to exist for twelve consecutive Business Days from the original payment date that, but for the occurrence of the CNY Disruption Event, would have been the date for such payment, we will make payment of the HKD Equivalent Amount (being an amount in HKD by converting such amount into HKD using the CNY/HKD Exchange Rate as of that twelfth Business Day) no later than the third Business Day after that twelfth Business Day to your HKD Cash Account. We will notify you as soon as practicable but no later than the third Business Day after that twelfth Business Day of the relevant settlement arrangement (including the determination of the HKD Equivalent Amount). Any such payment made by us shall be in full and final settlement of our obligations to pay the relevant amount payable in CNY on the affected payment date in respect of the Basket Equity Linked Deposits (Partial Capital Protection at Maturity).

The occurrence of a CNY Disruption Event could delay your receipt of payment under the Basket Equity Linked Deposits (Partial Capital Protection at Maturity). We will not pay any extra amount for any delay in making such payment. In addition, if such payment is made in a HKD Equivalent Amount, you will also be exposed to the risk of fluctuation in the exchange rate of offshore CNY against HKD. If CNY depreciates significantly against HKD following the occurrence of a CNY Disruption Event, you will suffer a loss in HKD terms as the HKD Equivalent Amount paid to you will be substantially less than the value of the relevant amount payable in CNY on the original payment date in HKD terms (calculated based on the exchange rate between offshore CNY and HKD prior to the occurrence of the CNY Disruption Event).

(d) *CNY interest rate risk*

Interest rates for offshore CNY may be different from interest rates for onshore CNY. Interest rates for offshore CNY may be influenced by the supply and demand of offshore CNY as well as interest rates for onshore CNY. Interest rates for onshore CNY are controlled by the PRC central government. Any liberalisation of interest rates for onshore CNY may occur and may influence the interest rate for offshore CNY. The performance of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) denominated in CNY and Basket Equity Linked Deposits (Partial Capital Protection at Maturity) linked to CNY-traded Linked Stock may be adversely affected by the fluctuations in the offshore CNY interest rate and this may in turn adversely affect your potential return under our Basket Equity Linked Deposits (Partial Capital Protection at Maturity).

- **Risks relating to the maintenance and operation of your accounts established with us.**

You should note that the maintenance and operation of your cash and securities accounts established with us are subject to the general account opening terms separately agreed between you and us at the time of your opening of such accounts (as may be modified from time to time). It is important that you understand and accept the terms and conditions of operation of such cash and securities accounts which may also affect or even lead to early termination of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity). Please contact our marketing officers for further details.

## WHAT ARE THE KEY FEATURES OF OUR BASKET EQUITY LINKED DEPOSITS (PARTIAL CAPITAL PROTECTION AT MATURITY)?

- Our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) have two variations as follows:
  - (i) Basket Equity Linked Deposit (Partial Capital Protection at Maturity) without Kick-in feature; and
  - (ii) Basket Equity Linked Deposit (Partial Capital Protection at Maturity) with Kick-in feature.
- Our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are unlisted structured investment products embedded with derivatives. If you invest in a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) without Kick-in feature, you will be simultaneously selling a put spread and buying a call option over the Worst Performing Stock. If you invest in a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) with Kick-in feature, you will be simultaneously selling a kick-in put spread and buying a call option over the Worst Performing Stock.

**Glossary – The key features of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are set out below:**

### **A. Subscription for our Basket Equity Linked Deposits (Partial Capital Protection at Maturity)**

**Deposit Amount:**

The amount invested by you in a Basket Equity Linked Deposit (Partial Capital Protection at Maturity), which is subject to the Minimum Deposit Amount of HKD100,000 or its equivalent in the Deposit Currency, calculated at the prevailing exchange rate at the time when you place your purchase order.

Once you place a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) purchase order with us on the Order Date, a cash amount equal to the Deposit Amount will be frozen in your Designated Cash Account from the Order Date. Once your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) purchase order is accepted and executed by us on the Trade Date, the Deposit Amount will be deducted from your Designated Cash Account on the Start Date.

**Deposit Currency:**

This is the currency in which a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) is denominated, which can be HKD, CNY, USD, JPY, AUD, NZD, CAD, GBP, CHF or EUR upon your request and accepted by us. You will pay the Deposit Amount in the Deposit Currency.

Subject to the occurrence of a CNY Disruption Event (if the Deposit Currency is CNY), you will receive the cash amount under the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) (such as Deposit Amount (if applicable)) in the Deposit Currency.

**Stock Basket:**

A Basket Equity Linked Deposit (Partial Capital Protection at Maturity) is linked to a Stock Basket which comprises a minimum of two and a maximum of seven shares of companies or units of funds (being an exchange-traded fund or a real estate investment trust) (each a “**Linked Stock**”) listed on the Exchange and may comprise a mixture of Linked Stocks traded in HKD or CNY. Not all listed stocks can be selected as a Linked Stock. You should check with our marketing officers for the details of the available stocks.

The Linked Stocks comprising the Stock Basket will be specified in the Term Sheet.

**Initial Price:**

In respect of a Linked Stock, the Initial Price will be set out in the Term Sheet as either (i) the Closing Price of such Linked Stock on the Trade Date; or (ii) the price of such Linked Stock as of the end of the morning trading session of the Exchange on the Trade Date (as published by the Exchange); or (iii) the specific price of such Linked Stock as agreed between you and us at the time you place your purchase order for a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) with us on the Order Date (which will also be the Trade Date) and your purchase order will be executed at such agreed price. You may decide to use method (i), (ii) or (iii) and for the avoidance of doubt, the Initial Prices of all the Linked Stocks in the Stock Basket will be set by using the same method.

You should note that if the Initial Price of a Linked Stock is set in the cases of (i) and (ii) above, you will not know the Initial Prices at the time when you place your purchase order. You will have to bear the risk of changing market conditions between the time you place your purchase order and the time the exact Initial Prices are recorded and determined on the Trade Date. If the Initial Price in respect of a Linked Stock is set in the case of (iii) above, you will know the exact Initial Prices when you place your purchase order. The longer the time gap between the time you place your purchase order and the time upon the Initial Prices are recorded and determined on the Trade Date, the longer the period of time you will be subject to the risk of changing market conditions during such period.

**Closing Price:**

In respect of an Exchange Business Day and a Linked Stock, the official closing price of the Linked Stock as of that day (as published by the Exchange), provided that if such day is a Disrupted Day, the Closing Price in respect of such day shall be determined in accordance with Condition 8 of the Product Terms and Conditions as set out in Appendix 1 to this Principal Brochure.

**Order Date:**

The day on which you place your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) purchase order with us.

If an application period is not specified in the Term Sheet, you may place your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) purchase order with us on any Exchange Business Day.

If an application period is specified in the Term Sheet, you may place your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) purchase order with us on any Business Day during the application period.

**Application period:**

This is the period during which you can apply for our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) (if applicable).

The Term Sheet will specify the application period if it is applicable.

**Trade Date:**

If an application period is specified in the Term Sheet, the last day of the application period will be the Trade Date. If an application period is not specified in the Term Sheet, the Order Date will become the Trade Date.

All the terms of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) are finalised on the Trade Date.

The Trade Date will be specified in the Term Sheet.

You should note that if the Initial Price in respect of a Linked Stock is set as either (i) the Closing Price of that Linked Stock on the Trade Date or (ii) the price of that Linked Stock as of the end of the morning trading session of the Exchange on the Trade Date (as published by the Exchange), and if the Initial Price of any Linked Stock cannot be recorded on the Trade Date due to the occurrence of a disruption event such as a Market Disruption Event, your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) purchase order will not be accepted and will not be executed by us. The Deposit Amount will not be deducted from the Designated Cash Account on the Start Date and we will not charge you any fees for rejecting such purchase order.

**Start Date:**

The day on which we will deduct the Deposit Amount for a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) from your Designated Cash Account.

The Start Date will be specified in the Term Sheet. The Start Date is a day falling 2 Business Days after the Trade Date, but may be shortened to be the same day as the Trade Date or extended up to 14 Business Days after the Trade Date upon your request and accepted by us.

<b>Investment Period:</b>	The number of calendar days from and including the Trade Date to and including the Determination Date.
	You should note that given the same Deposit Tenor, the longer the time gap between the Trade Date and the Start Date, the longer the period of time you will be exposed to the risks associated with our Basket Equity Linked Deposits (Partial Capital Protection at Maturity).
<b>Deposit Tenor:</b>	The number of calendar days from and including the Start Date to but excluding the Maturity Date.
	The Deposit Tenor generally ranges from 1 month to 3 years. You may request for a tailor-made Deposit Tenor to suit your investment strategy.
<b>Business Day:</b>	A day (excluding Saturdays, Sundays and public holidays) on which commercial banks are open for business in Hong Kong and, if the Deposit Currency is not HKD or CNY, in the place in which the principal financial centre of the Deposit Currency is located.
<b>Exchange Business Day:</b>	A day on which the Exchange and each Related Exchange are scheduled to open for trading during their respective regular trading sessions.
<b>Exchange:</b>	The Stock Exchange of Hong Kong Limited
<b>Related Exchange:</b>	Each exchange or quotation system where trading has a material effect (as determined by the Bank) on the overall market for futures or options contracts relating to each of the Linked Stock.

## **B. Settlement at maturity of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity)**

<b>Determination Date:</b>	If the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) is not early terminated, the day when the Closing Price of each of the Linked Stocks in the Stock Basket is recorded for the purposes of determining the Worst Performing Stock. The Determination Date will be specified in the Term Sheet.
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**Settlement at maturity:**

If the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) is not early terminated:

*For Basket Equity Linked Deposits (Partial Capital Protection at Maturity) with no kick-in feature:*

1. If the Stock Performance of the Worst Performing Stock on the Determination Date is **greater than or equal to 100% plus the Minimum Coupon Rate\***, you will receive on Maturity Date a cash amount in the Deposit Currency equal to the **Deposit Amount plus the Bonus Coupon Amount**, less any Cash Settlement Expenses. The Bonus Coupon Amount will be calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\text{Participation Rate} \times (\text{Stock Performance of the Worst Performing Stock} - 100\%) \times \text{Deposit Amount}$$

\* The Minimum Coupon Rate can be greater than or equal to 0%. If the Minimum Coupon Rate is 0%, then scenario (2) below will not occur.

2. If the Stock Performance of the Worst Performing Stock on the Determination Date is **less than 100% plus the Minimum Coupon Rate but is greater than or equal to 100%**, you will receive on Maturity Date a cash amount in the Deposit Currency equal to the **Deposit Amount plus a Minimum Coupon Amount**, less any Cash Settlement Expenses. The Minimum Coupon Amount will be calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\text{Minimum Coupon Rate} \times \text{Deposit Amount}$$

3. If the Stock Performance of the Worst Performing Stock on the Determination Date is **less than 100% but is greater than or equal to the Minimum Redemption Level**, you will receive on Maturity Date a cash amount in the Deposit Currency calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards), less any Cash Settlement Expenses:

$$\text{Stock Performance of the Worst Performing Stock} \times \text{Deposit Amount}$$

**In this scenario, you will suffer a loss which is equal to the difference between (i) the Deposit Amount and (ii) the Deposit Amount multiplied by the Stock Performance of the Worst Performing Stock (less any Cash Settlement Expenses).**



4. If the Stock Performance of the Worst Performing Stock on the Determination Date is **less than the Minimum Redemption Level**, you will receive on Maturity Date a cash amount in the Deposit Currency calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards), less any Cash Settlement Expenses:

$$\text{Minimum Redemption Level} \times \text{Deposit Amount}$$

**In this scenario, you will suffer a loss which is capped at the difference between (i) the Deposit Amount and (ii) the Deposit Amount multiplied by the Minimum Redemption Level (less any Cash Settlement Expenses).**

*For Basket Equity Linked Deposits (Partial Capital Protection at Maturity) with kick-in feature:*

1. If the Stock Performance of the Worst Performing Stock on the Determination Date is **greater than or equal to 100% plus the Minimum Coupon Rate\***, you will receive on Maturity Date a cash amount in the Deposit Currency equal to the **Deposit Amount plus the Bonus Coupon Amount**, less any Cash Settlement Expenses. The Bonus Coupon Amount will be calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\text{Participation Rate} \times (\text{Stock Performance of the Worst Performing Stock} - 100\%) \times \text{Deposit Amount}$$

\* The Minimum Coupon Rate can be greater than or equal to 0%. If the Minimum Coupon Rate is 0%, then scenario (2) below will not occur.

2. If the Stock Performance of the Worst Performing Stock on the Determination Date is **less than 100% plus the Minimum Coupon Rate but is greater than or equal to 100%**, you will receive on Maturity Date a cash amount in the Deposit Currency equal to the **Deposit Amount plus the Minimum Coupon Amount**, less any Cash Settlement Expenses. The Minimum Coupon Amount will be calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\text{Minimum Coupon Rate} \times \text{Deposit Amount}$$

3. If the Stock Performance of the Worst Performing Stock on the Determination Date is **less than 100% but is greater than or equal to the Kick-in Level**, you will receive on Maturity Date a cash amount in the Deposit Currency equal to the **Deposit Amount**, less any Cash Settlement Expenses.
4. If the Stock Performance of the Worst Performing Stock on the Determination Date is **less than the Kick-in Level but is greater than or equal to the Minimum Redemption Level**, you will receive on Maturity Date a cash amount in the Deposit Currency calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards), less any Cash Settlement Expenses:

$$\text{Stock Performance of the Worst Performing Stock} \times \text{Deposit Amount}$$

**In this scenario, you will suffer a loss which is equal to the difference between (i) the Deposit Amount and (ii) the Deposit Amount multiplied by the Stock Performance of the Worst Performing Stock (less any Cash Settlement Expenses).**

5. If the Stock Performance of the Worst Performing Stock on the Determination Date is **less than the Minimum Redemption Level**, you will receive on Maturity Date a cash amount in the Deposit Currency calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards), less any Cash Settlement Expenses:

$$\text{Minimum Redemption Level} \times \text{Deposit Amount}$$

**In this scenario, you will suffer a loss which is capped at the difference between (i) the Deposit Amount and (ii) the Deposit Amount multiplied by the Minimum Redemption Level (less any Cash Settlement Expenses).**

**Minimum Coupon Rate:**

This is a component of the benchmark rate we used to compare with the Stock Performance of the Worst Performance Stock on the Determination Date for determination of the settlement at maturity. This is also the benchmark rate we used to calculate the Minimum Coupon Amount (if applicable).

It will be a specific pre-determined percentage set out in the relevant Term sheet and can be greater than or equal to 0%.

**Kick-in Level:**

The Kick-in Level is only applicable for our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) with kick-in feature.

This is the benchmark rate we used to compare with the Stock Performance of the Worst Performance Stock on the Determination Date for determination of the settlement at maturity.

It is a specific pre-determined percentage set out in the relevant Term sheet and will always be set at a level which is lower than 100% and greater than the Minimum Redemption Level.

**Minimum Redemption Level:**

This is the benchmark rate we used to compare with the Stock Performance of the Worst Performance Stock on the Determination Date for determination of the settlement at maturity. This is also the benchmark rate we used to calculate the settlement at maturity if the Stock Performance of the Worst Performing Stock on the Determination Date is below the Minimum Redemption Level.

It will be a specific pre-determined percentage set out in the relevant Term sheet and will always be set at a level which is lower than the Kick-in Level (if applicable) and greater than or equal to 70%.

**Participation Rate:**

This is the benchmark rate we used to calculate the Bonus Coupon Amount. It will be a specific pre-determined percentage set out in the relevant Term Sheet and will always be set at or above 100%.

**CNY/HKD Exchange Rate:**

In respect of a Business Day, the mid-market exchange rate between HKD and offshore CNY, which appears on the specified screen page as of a specified time in the Term Sheet of such day, or if such rate is not available on such screen page as of such time on such day, the exchange rate as determined by us in good faith and in a commercially reasonable manner with reference to, without limitation, the comparable rate(s) as displayed on other price source(s) and the prevailing market conditions. Such exchange rate will only be applicable for the calculation of the HKD Equivalent Amount in the case of a CNY Disruption Event.

The Term Sheet will specify if the CNY/HKD Exchange Rate is applicable.

**Worst Performing Stock:** The Linked Stock in the Stock Basket with the lowest Stock Performance on the Determination Date, provided that if more than one Linked Stock have the same lowest Stock Performance on the Determination Date, we will in our sole and absolute discretion acting in good faith and in a commercially reasonable manner select any one of the Linked Stocks with the lowest Stock Performance to be the Worst Performing Stock.

**Stock Performance:** In respect of a Linked Stock on the Determination Date, the percentage calculated in accordance with the following formula (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\left( \frac{\text{Closing Price of the Linked Stock on the Determination Date}}{\text{Initial Price of the Linked Stock}} \right) \times 100\%$$

**Maturity Date:** The day on which you will receive the settlement at maturity as described above.

The Maturity Date will be set as the second Business Day after the Determination Date.

If our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are denominated in CNY and a CNY Disruption Event occurs on, or prior to and is continuing on, a scheduled payment date, payments under such Basket Equity Linked Deposits (Partial Capital Protection at Maturity) on the Maturity Date will be postponed and may be made in a HKD Equivalent Amount. Please refer to the paragraph headed “What happens if a CNY Disruption Event occurs?” on pages 44 to 45 of this Principal Brochure for further details.

**Cash Settlement Expenses:** Cash Settlement Expenses are all charges or expenses, including any taxes and duties that are incurred for payment of any cash amount under the Basket Equity Linked Deposit (Partial Capital Protection at Maturity). Cash Settlement Expenses, if any, will be deducted from any cash amount you may receive under the Basket Equity Linked Deposit (Partial Capital Protection at Maturity). Currently, there are no such charges or expenses. If any Cash Settlement Expenses are payable in future, we will inform you in advance.

**What happens if a CNY Disruption Event occurs?**

- In the case where the Deposit Currency is CNY and we determine, in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner), that a CNY Disruption Event (for example, if an event occurs which makes it impossible for us to convert any amount due and payable in CNY under the Basket Equity Linked Deposits (Partial Capital Protection at Maturity) in the CNY exchange market in Hong Kong) has occurred on, or prior to and is continuing on, a scheduled payment date on which any amount payable in CNY under the terms and conditions of the Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are scheduled to be paid, such payment will be postponed to the third

Business Day after the date on which the CNY Disruption Event ceases to exist. We will notify you of the postponement as soon as practicable but no later than the second Business Day after the scheduled payment date. If the CNY Disruption Event continues to exist for twelve consecutive Business Days from the original payment date that, but for the occurrence of the CNY Disruption Event, would have been the date for such payment, we will make payment of the HKD Equivalent Amount (being an amount in HKD by converting such amount into HKD using the CNY/HKD Exchange Rate as of that twelfth consecutive Business Day) no later than the third Business Day after that twelfth Business Day to your HKD Cash Account. We will notify you as soon as practicable but no later than the third Business Day after that twelfth Business Day of the relevant settlement arrangement (including the determination of the HKD Equivalent Amount). Any such payment made by us shall be in full and final settlement of our obligations to pay the relevant amount payable in CNY on the affected payment date in respect of the Basket Equity Linked Deposits (Partial Capital Protection at Maturity).

- We will not be liable for any interest in respect of the amount due or any loss or damage that you may suffer as a result of the existence of a CNY Disruption Event.
- You should also refer to Condition 4.1 of the Product Terms and Conditions as set out in Appendix 1 to this Principal Brochure for more details.

**Will the Determination Date be subject to postponement?**

- The Determination Date will be specified in the Term Sheet, if any such day is not an Exchange Business Day, the immediately following Exchange Business Day. Provided that if we determine that the scheduled Determination Date is a Disrupted Day for any Linked Stock in the Stock Basket, the Determination Date for each Linked Stock in the Stock Basket (whether or not affected by the occurrence of the Disrupted Day) will be postponed to the first following Exchange Business Day which is not a Disrupted Day for any Linked Stock in the Stock Basket, unless each of the eight Exchange Business Days immediately following the scheduled Determination Date is a Disrupted Day for any Linked Stock in the Stock Basket. In that case:
  - (a) that eighth Exchange Business Day shall be deemed to be the Determination Date for each Linked Stock in the Stock Basket, notwithstanding the fact that such day is a Disrupted Day for any Linked Stock in the Stock Basket;
  - (b) we (as the Offeror) will determine, acting in good faith and a commercially reasonable manner, the fair price of the affected Linked Stock(s) in the Stock Basket on that eighth Exchange Business Day by reference to, without limitation, the last reported price of the affected Linked Stock(s) and the prevailing market conditions. Such fair price shall be deemed to be the Closing Price of the affected Linked Stock(s) on the Determination Date; and
  - (c) the official closing price of the unaffected Linked Stock(s) in the Stock Basket as published by the Exchange as of that eighth Exchange Business Day shall be deemed to be the Closing Price of such Linked Stock(s) on the Determination Date.
- You should note that if the Determination Date is postponed, the Maturity Date will be postponed accordingly.
- If we determine that a Market Disruption Event has occurred on the scheduled Determination Date, we shall notify you as soon as practicable after the occurrence of such event. If the Determination Date has been postponed to the eighth Exchange Business Day after the scheduled Determination Date and we have determined a fair price of the affected Linked

Stock(s) which is deemed to be the Closing Price of the affected Linked Stock(s) on the Determination Date, we shall notify you of such deemed Closing Price of the affected Linked Stock(s) as soon as it has been determined. You should refer to Condition 8 of the Product Terms and Conditions as set out in Appendix 1 to this Principal Brochure for more details.

**When may the terms and conditions of the Basket Equity Linked Deposits (Partial Capital Protection at Maturity) be adjusted or when will the Linked Stock be substituted?**

- The terms and conditions of the Basket Equity Linked Deposits (Partial Capital Protection at Maturity) may be adjusted or a Linked Stock may be substituted if we (as the Offeror) in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) determine that certain corporate events occur.

*Adjustment*

- If we (as the Offeror) determine in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) that a Potential Adjustment Event (such as rights issue, bonus share, consolidation or subdivision of a Linked Stock) in respect of any Linked Stock has occurred on or after the Trade Date but on or prior to the Determination Date, we (as the Offeror) will in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) make adjustments to the terms and conditions of that Basket Equity Linked Deposit (Partial Capital Protection at Maturity), which may include adjusting the Initial Price of the affected Linked Stock, so as to preserve the economic equivalence of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity).
- If we (as the Offeror) determine in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) that a Merger Event (such as consolidation, amalgamation or merger) or a Tender Offer (such as a takeover offer or exchange offer) in respect of any Linked Stock has occurred on or after the Trade Date but on or prior to the Determination Date, we (as the Offeror) may in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) make adjustments to the terms and conditions of that Basket Equity Linked Deposit (Partial Capital Protection at Maturity), which may include deeming the shares or units of the surviving entity after the Merger Event or Tender Offer to be the affected Linked Stock, so as to preserve the economic equivalence of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity).
- In determining the aforesaid adjustment(s):
  - (a) if options contracts or futures contracts of the affected Linked Stock are traded on the Exchange or Related Exchange, we will follow any adjustment to the terms of the relevant options contract or futures contract made and announced by the Exchange or such Related Exchange, unless following such adjustment is not able to preserve the economic equivalence of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity). In such case, we will determine the aforesaid adjustment(s) in our sole and absolute discretion acting in good faith and in a commercially reasonable manner so as to preserve the economic equivalence of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity); or
  - (b) if there are no options contracts or futures contracts of the affected Linked Stock traded on the Exchange or Related Exchange, we will take into account and (to the extent applicable) follow the relevant calculation methods as set out in the Operational Trading Procedures for Options Trading Exchange Participants of the Stock Exchange so as to preserve the economic equivalence of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity).

In addition, we (as the Offeror) shall also determine, in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner), the effective date(s) of such adjustment(s) and shall observe and use, to the extent reasonably practicable, any such ex-date(s) or other relevant date(s) as provided by the Exchange as the effective date(s) of such adjustment(s).

#### *Substitution*

- If (i) a Merger Event or a Tender Offer has occurred in respect of any Linked Stock on or after the Trade Date but on or prior to the Determination Date and we determine (acting in good faith and in a commercially reasonable manner) that none of the foregoing adjustments is able to preserve the economic equivalence of the Basket Equity Linked Deposits (Partial Capital Protection at Maturity) or (ii) an Additional Disruption Event (such as Delisting, Nationalisation, Insolvency or Fund Disruption Event) has occurred in respect of any Linked Stock on or after the Trade Date but on or prior to the Determination Date, we may substitute the affected Linked Stock with the shares or units of another entity (which is not already comprised in the Stock Basket) in the same business sector of the issuer of the affected Linked Stock trading on the Exchange with comparable market capitalisation as that of the issuer of the affected Linked Stock as of the Trade Date and make any further adjustment to the terms and conditions of the Basket Equity Linked Deposits (Partial Capital Protection at Maturity) to account for that event as we determine appropriate (acting in good faith and in a commercially reasonable manner).
- We will notify you as soon as practicable upon the occurrence of such event, any substitution or adjustment made and the effective date of such substitution or adjustment. All determinations made by us pursuant to the terms and conditions of the Basket Equity Linked Deposits (Partial Capital Protection at Maturity) shall be made in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) and shall be conclusive and binding on you (as the customer) and us (as the Offeror) except in the case of manifest error. You should refer to Conditions 5, 6 and 7 of the Product Terms and Conditions as set out in Appendix 1 to this Principal Brochure for more details.

#### **Are there any situations where our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) may be early terminated before maturity?**

- If we (as the Offeror) in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) determine that a Merger Event, a Tender Offer or an Additional Disruption Event occurs on or after the Trade Date but on or prior to the Determination Date and (i) in the case of a Merger Event or a Tender Offer, none of the foregoing adjustments is able to preserve the economic equivalence of the Basket Equity Linked Deposits (Partial Capital Protection at Maturity) and we are unable to substitute the affected Linked Stock to account for that event as stated above or (ii) in the case of an Additional Disruption Event, we are unable to substitute the affected Linked Stock to account for that event as stated above, we will terminate such Basket Equity Linked Deposit (Partial Capital Protection at Maturity) as soon as practicable after the occurrence of such event as determined by us in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner), and arrange for payment of the Early Termination Amount (if any) within 2 Business Days after the effective date of such termination.
- The Early Termination Amount will be determined by us (as the Offeror), in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner), representing the fair market value of such Basket Equity Linked Deposit (Partial Capital Protection at Maturity) at the time of the occurrence of such event, taking into account factors including but not limited to, the market interest rate movements, the current and expected market price and price volatility of each of the Linked Stocks in the Stock Basket, the

remaining Deposit Tenor, the remaining Investment Period, the value of the embedded option(s), our creditworthiness and our unwind cost of hedging less any reasonable operational or administrative costs incurred by us in connection with such early termination. **Such amount may be substantially less than your Deposit Amount. You may suffer a substantial loss if the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) is terminated early under these circumstances.**

- We will notify you as soon as practicable upon the occurrence of any such event, any termination made, the effective date of such termination and the Early Termination Amount. All determinations made by us pursuant to the Product Terms and Conditions of the Basket Equity Linked Deposits (Partial Capital Protection at Maturity) shall be made in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) and shall be conclusive and binding on you (as the Customer) and us (as the Offeror) except in the case of manifest error. You should refer to Conditions 6 and 7 of the Product Terms and Conditions as set out in Appendix 1 to this Principal Brochure for more details.

**Do you have any rights in any of the Linked Stocks in the Stock Basket during the Investment Period of the Basket Equity Linked Deposits (Partial Capital Protection at Maturity)?**

- You have no rights in any Linked Stock in the Stock Basket.

**What is the governing law of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity)?**

- Our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are governed by the laws of Hong Kong.



## MORE INFORMATION ABOUT OUR BASKET EQUITY LINKED DEPOSITS (PARTIAL CAPITAL PROTECTION AT MATURITY)

### What is included in the documentation for our Basket Equity Linked Deposits (Partial Capital Protection at Maturity)?

#### *Offering documents*

The following documents constitute the offering documents of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) (“**Offering Documents**”). You should read all of these documents before deciding whether to invest in our Basket Equity Linked Deposits (Partial Capital Protection at Maturity):

- (i) *Principal Brochure*: This Principal Brochure and any addendum as specified in the relevant Term Sheet contain an overview of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity), including:
  - the key facts statement for each variation of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity);
  - the product features and risk factors relating to our Basket Equity Linked Deposits (Partial Capital Protection at Maturity);
  - the Product Terms and Conditions for our Basket Equity Linked Deposits (Partial Capital Protection at Maturity);
  - the general procedure of investing in our Basket Equity Linked Deposits (Partial Capital Protection at Maturity); and
  - the general information about us (as the Offeror and the Product Arranger).
- (ii) *Financial Disclosure Document*: The Financial Disclosure Document and any addendum as specified in the relevant Term Sheet comprise our most recently published annual report and interim report (if any). The Term Sheet will specify the date of the latest Financial Disclosure Document.
- (iii) *Term Sheet*: The Term Sheet sets out a summary of the specific terms that are applicable to a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) that you wish to apply for. We have set out in Appendix 2 to this Principal Brochure a standard format of the Term Sheet for our Basket Equity Linked Deposits (Partial Capital Protection at Maturity). The Term Sheet sets out the variables which will only be specified at the time you apply for our Basket Equity Linked Deposits (Partial Capital Protection at Maturity).

The offer of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) is made only on the basis of the Offering Documents. We (as the intermediary) have the obligation to distribute to you all of the Offering Documents in English or Chinese as you may prefer.

The Offering Documents can be obtained free of charge through the following methods of distribution as specified in the relevant Term Sheet:

Offering Documents	Method of distribution
<p>This Principal Brochure and any the relevant addendum as specified in Term Sheet</p>	<p>(i) Printed copies from any of our branches in Hong Kong;</p> <p>(ii) CD-ROM copies from any of our branches in Hong Kong (whether or not CD-ROM copies are available for Basket Equity Linked Deposits (Partial Capital Protection at Maturity) will be specified in the relevant Term Sheet); and</p> <p>(iii) Electronic copies at our website <i>www.hkbea.com</i> and/or our mobile application as specified in the relevant Term Sheet (whether or not electronic copies are available for Basket Equity Linked Deposits (Partial Capital Protection at Maturity) will be specified in the relevant Term Sheet).</p>
<ul style="list-style-type: none"> <li>• The Financial Disclosure Document and any addendum as specified in the relevant Term Sheet</li> <li>• The relevant Term Sheet</li> </ul>	<p>(i) Printed copies from any of our branches in Hong Kong; and</p> <p>(ii) Electronic copies at our website <i>www.hkbea.com</i> and/or our mobile application as specified in the relevant Term Sheet (whether or not electronic copies are available for Basket Equity Linked Deposits (Partial Capital Protection at Maturity) will be specified in the relevant Term Sheet).</p>

### ***Legal documents***

The following documents set out the legally binding terms and conditions of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity):

- (i) Product Terms and Conditions of Basket Equity Linked Deposits (Partial Capital Protection at Maturity): The product terms and conditions that are applicable to all our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are set out in Appendix 1 to this Principal Brochure.
- (ii) Confirmation: The Product Terms and Conditions as set out in Appendix 1 to this Principal Brochure may be applied, disapplied, amended, varied and/or supplemented by the specific terms and conditions that are applicable to a Basket Equity Linked Deposit (Partial Capital Protection at Maturity). These specific terms and conditions will be set out in the relevant Confirmation which reflects the specific terms as summarised in the relevant Term Sheet. We have set out in Appendix 3 to this Principal Brochure a form of the Confirmation for our

Basket Equity Linked Deposits (Partial Capital Protection at Maturity). The Confirmation applicable to your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) will be sent to you within 2 Business Days after the Trade Date.

**To whom are our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) designed for?**

Our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are designed for investors who:

- have a neutral to positive outlook on the price of each of the Linked Stocks in the Stock Basket;
- have experience in investing in unlisted structured investment products in particular equity linked deposits and are looking for more tailored ways of investing in accordance with their market views;
- understand that the potential payout of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) depends on the performance of each of the Linked Stocks in the Stock Basket on the Determination Date;
- accept that our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are partially capital protected at maturity only and are unlisted structured investment products embedded with derivatives which are not equivalent to time deposits or a direct investment in the Linked Stocks; and
- understand that there will be limited market making arrangements for our Basket Equity Linked Deposits (Partial Capital Protection at Maturity).

Our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are not designed for investors who:

- have a negative outlook on the market or any of the Linked Stocks;
- may need to terminate their Basket Equity Linked Deposits (Partial Capital Protection at Maturity) before the Maturity Date for liquidity needs;
- are not familiar with or do not have knowledge or experience in investing in unlisted structured investment products embedded with derivatives;
- do not want to take our credit risk; or
- do not want to risk any part of their capital.

**Comparison with conventional time deposit**

Our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are not deposits protected by the Deposit Protection Scheme in Hong Kong. Although the interest rate payable under a conventional time deposit may be lower, or substantially lower than the potential return under our Basket Equity Linked Deposits (Partial Capital Protection at Maturity), an investment in a conventional time deposit is covered by the Deposit Protection Scheme. Accordingly, to the extent that the deposit amount is fully protected by the Deposit Protection Scheme, an investor in a conventional time deposit will not be exposed to the risk of investment loss arising from our default.

## **How can you apply for a Basket Equity Linked Deposit (Partial Capital Protection at Maturity)?**

- Our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are only available from the Bank (as the intermediary). To invest in a Basket Equity Linked Deposit (Partial Capital Protection at Maturity), you must already have, or you must open, (1) a cash account in the Deposit Currency (being the Designated Cash Account); and (2) a cash account in HKD (being the HKD Cash Account) (in the case where the Deposit Currency is CNY for receipt of any HKD Equivalent Amount in case of a CNY Disruption Event). Your Designated Cash Account must maintain an amount at least equals to the Deposit Amount on the Order Date. If you wish to apply for a Basket Equity Linked Deposit (Partial Capital Protection at Maturity), you can contact our marketing officers at any of our branches in Hong Kong to enquire about our Basket Equity Linked Deposits (Partial Capital Protection at Maturity).
- You may apply for a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) by placing a purchase order with us on the Order Date that is (i) if an application period is not specified in the Term Sheet, any Exchange Business Day or (ii) if an application period is specified in the Term Sheet, any Business Day during the application period.
- Once you place a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) purchase order with us, you will be committed to invest in the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) (unless there is a post-sale cooling-off period applicable to the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) and you exercise such right) and a cash amount equal to the Deposit Amount will be frozen in your Designated Cash Account from the Order Date.
- You should note that we may accept or reject a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) purchase order at our sole and absolute discretion. If your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) purchase order is accepted and executed by us on the Trade Date, the Deposit Amount will be deducted from your Designated Cash Account on the Start Date. A Confirmation setting out the specific terms of your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) will be sent to you within 2 Business Days after the Trade Date. If your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) purchase order is not accepted and executed by us, we will notify you as soon as practicable, and in any event, no later than the scheduled Trade Date and the frozen cash amount will be subsequently released on the same day.

## **Do you have to pay any fees and charges?**

- No subscription fees – There are no subscription fees, charges or commissions for placing a purchase order for a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) with us. All related charges (including our hedging cost) will be factored into the calculation of the benchmark rates (such as Participation Rate).
- Cash Settlement Expenses – If a cash amount is payable to you, you will have to pay for any Cash Settlement Expenses. Currently, no Cash Settlement Expenses are payable.

You should note that any Cash Settlement Expenses will reduce your potential gain or increase your potential loss under your investment in the Basket Equity Linked Deposit (Partial Capital Protection at Maturity).

## Is post-sale cooling-off period available?

### *Basket Equity Linked Deposit (Partial Capital Protection at Maturity) with an Investment Period of one year or less*

No. In respect of a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) with an Investment Period of one year or less, there is no post-sale cooling-off period and you cannot cancel or unwind your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) after you placed your purchase order with us on the Order Date.

### *Basket Equity Linked Deposit (Partial Capital Protection at Maturity) with an Investment Period of more than one year*

Yes. In respect of a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) with an Investment Period of more than one year, there is post-sale cooling-off period and you can cancel or unwind (as the case may be) your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) (in whole but not in part) within 5 Business Days after you placed your purchase order with us on the Order Date (“**Post-sale Cooling-off Period**”). If you choose to do so, you must submit an irrevocable written notice to us between 9:30a.m. and 3:00p.m. on any Business Day during the Post-sale Cooling-off Period. Please contact our marketing officers for further details.

If you submit a written notice to us to cancel your purchase order before your purchase order is executed on the Trade Date, the Deposit Amount will not be deducted from the Designated Cash Account on the Start Date and we will release to you the Deposit Amount (which has been frozen in your Designated Cash Account from the Order Date) on the day we receive your written notice. No market value adjustment will be deducted from the Designated Cash Account.

If you submit a written notice to us to unwind your purchase order after your purchase order is executed on the Trade Date, the Deposit Amount will be deducted from the Designated Cash Account on the Start Date and we will then refund to you a cash amount equal to the Deposit Amount less any market value adjustment by crediting to your Designated Cash Account on the later of: (i) the second Business Day after the day you submitted the written notice or (ii) the third Business Day after the Start Date. The market value adjustment to the Deposit Amount will be calculated by us based on various factors including but not limited to, the market interest rate movements, the current and expected market price and price volatility of each of the Linked Stocks in the Stock Basket, the remaining Investment Period, the value of the embedded option(s), our creditworthiness and our unwind cost of hedging. **You should note that if you submit the written notice to us after your purchase order is executed on the Trade Date, the cash amount you receive will be capped at, and may be substantially less than the Deposit Amount.** You should note that if an application period is not specified in the Term Sheet, since the Order Date is the same as the Trade Date (i.e. you place your purchase order on the Trade Date), you can only submit a written notice to us to unwind your purchase order during the Post-sale Cooling-off Period. In addition, if the Deposit Currency is CNY and a CNY Disruption Event occurs on, or prior to and is continuing on, the relevant payment date under the post-sale cooling-off unwinding arrangement, any payment payable in CNY under the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) will be postponed and may be made in a HKD Equivalent Amount.

No handling fees will be charged for processing your written notice during the Post-sale Cooling-off Period. No subscription fees or commissions will be deducted from any cash amount refunded to you. The Term Sheet for a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) will specify if the post-sale cooling-off period is applicable for that Basket Equity Linked Deposit (Partial Capital Protection at Maturity).

**Is there any market making arrangement for your Basket Equity Linked Deposits (Partial Capital Protection at Maturity) before expiry?**

Yes. We (as the market agent) will provide limited market making arrangement for our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) on every Exchange Business Day from the Exchange Business Day after the Start Date up to the third Exchange Business Day before the Determination Date (each a “**Dealing Day**”), subject to the occurrence of a Market Disruption Event. If a Market Disruption Event in respect of a Linked Stock in the Stock Basket of your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) occurs on a Dealing Day, we will not provide any market making arrangement for your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) on such Dealing Day.

We will make available an indicative bid price of your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) on each Dealing Day during normal business hours to you directly upon request. You can contact our marketing officer at any of our branches for an indicative bid price.

The indicative bid price of your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) will be determined by us in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) and taking into account of the factors including but not limited to, the market interest rate movements, the current and expected market price and price volatility of each of the Linked Stocks in the Stock Basket, the remaining Investment Period, the value of the embedded option(s), our creditworthiness and our unwind cost of hedging. The indicative bid price is subject to intra-day market changes and is provided for your reference only as it may not be equal to the actual bid price at which we are willing to early terminate your Basket Equity Linked Deposit (Partial Capital Protection at Maturity).

If you wish to early terminate your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) under our market making arrangements, you can do so by applying to us at any of our branches between 9:30a.m. and 3:00p.m. (Hong Kong time) on any Dealing Day and request for an actual bid price. We will provide the actual bid price at which we are willing to early terminate your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) on the Dealing Day to you. The minimum market making size at which you may request an early termination of your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) under our market making arrangement is the Deposit Amount of your Basket Equity Linked Deposit (Partial Capital Protection at Maturity). Accordingly, you can only early terminate your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) (in whole but not in part) under our market making arrangements. You cannot withdraw the application to early terminate your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) once you submitted the application to us.

The actual bid price at which we are willing to early terminate your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) under our market making arrangements on the Dealing Day will be determined by us in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) based on the indicative bid price and subject to adjustment for any intra-day market changes. You should note that the actual bid price will only be valid for a limited period of time as notified to you. Upon acceptance of the actual bid price by you within that specified period of time, your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) will be terminated with immediate effect and the cash amount received from such termination will be credited to your Designated Cash Account on the second Business Day after such Dealing Day.

In respect of our CNY-denominated Basket Equity Linked Deposits (Partial Capital Protection at Maturity), if we determine, in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner), that a CNY Disruption Event occurs on, or prior to and is continuing on, a scheduled payment date on which any amount payable in CNY under this market

making arrangement are scheduled to be paid, such payment will be postponed to the third Business Day after the date on which the CNY Disruption Event ceases to exist. We will notify you of the postponement as soon as practicable but no later than the second Business Day after the scheduled payment date. If the CNY Disruption Event continues to exist for twelve Business Days from the original payment date that but for the occurrence of the CNY Disruption Event, would have been the date for such payment, we will make payment of the HKD Equivalent Amount by converting the amount payable in CNY into HKD using the CNY/HKD Exchange Rate as of that twelfth Business Day no later than the third Business Day after that twelfth Business Day to your HKD Cash Account. We will notify you as soon as practicable but no later than the third Business Day after that twelfth Business Day of the relevant settlement arrangement (including the determination of the HKD Equivalent Amount). Any such payment made by us shall be in full and final settlement of our obligations to pay the relevant amount payable in CNY on the affected payment date in respect of the Basket Equity Linked Deposits (Partial Capital Protection at Maturity). We will not be liable for any interest in respect of the amount due or any loss or damage that you may suffer as a result of the existence of a CNY Disruption Event.

**You should note that if you early terminate your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) before maturity, the amount you receive may be substantially less than your Deposit Amount.**

#### **How will you know what the settlement at maturity will be?**

A maturity advice setting out the settlement on the Maturity Date will be sent to you within 2 Business Days after the Determination Date.

#### **What are our key responsibilities in the offer of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity)?**

We act as the Offeror and the Product Arranger in the offer of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity). We (as the Offeror) will enter into the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) with you as a principal. We (as the Product Arranger) will perform the administrative functions in the offer of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity).

We (as the Offeror and the Product Arranger), on behalf of our directors, will accept service of process at our registered office specified at the back page of this Principal Brochure.

You can find out more information on the Bank from our website [www.hkbea.com](http://www.hkbea.com). Information contained in the websites referred to in this Principal Brochure or a Term Sheet (other than the electronic versions of the Offering Documents appearing on our website (if any)) does not form part of the Offering Documents. We do not accept any responsibility for information contained in any third party websites. If you have any queries or complaints about our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) or you would like to know how your queries or complaints will be handled, you can contact our marketing officers at any of our branches in Hong Kong or call our enquiry hotline at 2211 1311.

#### **What are our ongoing disclosure obligations?**

We (as the Offeror and the Product Arranger) will keep the SFC and the investors informed as soon as reasonably practicable if (a) we (as the Offeror) cease to meet any eligibility requirements applicable to issuers under the Code, (b) we (as the Product Arranger) cease to meet any eligibility requirements applicable to product arrangers under the Code and, (c) to the extent permitted by any applicable law, there are any changes in our financial condition or other circumstances which could

reasonably be expected to have a material adverse effect on our ability (as the Offeror) to fulfil our commitment in connection with our Basket Equity Linked Deposits (Partial Capital Protection at Maturity). Please contact our marketing officers for further details.

**How do we make use of the proceeds of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity)?**

The proceeds of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) will be used for our general business purposes.

**Who is responsible for the Offering Documents of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity)?**

We (as the Offeror and the Product Arranger) accept full responsibility for the contents of, and the completeness and accuracy of the information contained in the Offering Documents of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) and confirm, having made all reasonable enquiries, that to the best of our knowledge and belief, there are no untrue or misleading statement, or other facts the omission of which would make any statement herein untrue or misleading.

This Principal Brochure is accurate at the date of this Principal Brochure. You must not assume that information in this Principal Brochure is accurate at any time after the date of this Principal Brochure. Any updated information of this Principal Brochure will be set out in the Term Sheet or any addendum to this Principal Brochure as specified in the Term Sheet.

**Where can you read copies of the documentation for the Basket Equity Linked Deposits (Partial Capital Protection at Maturity)?**

While any of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) remains outstanding, you can read copies of the following documents free of charge:

- a certified true copy of our articles of association (in English language version only);
- copies of this Principal Brochure and any addendum as specified in the relevant Term Sheet (in separate English and Chinese language versions);
- copies of our Financial Disclosure Document and any addendum as specified in the relevant Term Sheet (in combined English and Chinese language versions) which comprises our most recently published annual report and interim report (if any);
- (upon your request as an investor in a Basket Equity Linked Deposit (Partial Capital Protection at Maturity)), copies of the relevant Term Sheet and Confirmation for that Basket Equity Linked Deposit (Partial Capital Protection at Maturity) (in separate English and Chinese language versions);
- a certified true copy of the consent letter from our auditors (in English language version only); and
- copies of any notices given by us under the terms and conditions of our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) (in English and Chinese language versions),

by visiting our Main Branch in Hong Kong at 10 Des Voeux Road Central during normal business hours (other than on Saturdays, Sundays or public holidays).

A reasonable fee will be charged if you want to take photocopies of any of such documents.



## Does any of the Offering Document constitute a prospectus?

None of the Offering Documents constitutes a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong).

### Taxation

The statements below regarding taxation are based on the laws and practice in Hong Kong and the United States on the date of this Principal Brochure. The statements below do not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to invest in our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) and do not purport to deal with the tax consequences applicable to all categories of investors. If you are in doubt about your tax position, you should consult your own tax adviser about the tax consequences of investing in our Basket Equity Linked Deposits (Partial Capital Protection at Maturity).

### Hong Kong

#### *Capital gains tax*

Under Hong Kong law, no capital gains tax is payable in Hong Kong on any capital gains arising from the termination of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity).

#### *Profits tax*

No Hong Kong profits tax is payable in respect of dividends of any company or distributions of any fund or in respect of any gains arising from the sale of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity), except that Hong Kong profits tax may be chargeable on any such gains where the sale or disposal is or forms part of a trade, profession or business carried on in Hong Kong.

#### *Stamp duty*

Our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are not expected to be subject to Hong Kong stamp duty or bearer instrument duty upon their execution.

### United States

#### *FATCA Withholding Tax for Non-U.S. Investors*

Legislation known as the United States Hiring Incentives to Restore Employment Act (the “**HIRE Act**”), which included provisions referred to as the Foreign Account Tax Compliance Act (“**FATCA**”), was passed in the United States on 18 March 2010. Under the HIRE Act and FATCA (and official guidance issued thereunder), the Bank may be required to withhold moneys on account of U.S. federal tax on all, or a portion of:

- (a) any payments made in respect of the Basket Equity Linked Deposits (Partial Capital Protection at Maturity) that are linked to the value of, or dividends on, stock issued by an entity that is treated as a U.S. corporation (or by any other entity the dividends of which would be U.S. source) for U.S. federal income tax purposes (such payments, “**U.S. Source Payments**”); or
- (b) any “foreign passthru payments” (regardless of whether such payments have any connection to a U.S. Source Payment) made after 31 December 2018 in respect of the Basket Equity Linked Deposits (Partial Capital Protection at Maturity), subject to the exceptions described below.

Subject to the discussion below regarding the withholding on gross proceeds under the Proposed Regulations (as defined below), the HIRE Act and FATCA withholding tax can affect both coupon or periodic payments and “gross proceeds” (including principal payments).

Based on the provisions of the HIRE Act, current regulations under FATCA and other related official guidance issued by the U.S. Internal Revenue Service, payments made with respect to a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) that are not U.S. Source Payments will not be subject to HIRE Act or FATCA withholding tax if such Basket Equity Linked Deposit (Partial Capital Protection at Maturity) is issued on or before (and is not materially modified after) the Grandfather Date (as defined below). For these purposes, the “**Grandfather Date**” is the date that is six months after the date on which final regulations defining the term “foreign passthru payment” are filed with the U.S. Federal Register. As of the date of this Principal Brochure, no final regulations defining the term “foreign passthru payment” has been filed with the U.S. Federal Register.

Recently issued proposed regulations (the “**Proposed Regulations**”) would eliminate FATCA withholding tax on “gross proceeds” and delay the withholding on “foreign passthru payments” until the date that is two years after the date of publication in the U.S. Federal Register of final regulations defining the term “foreign passthru payment” (the “**Delayed Withholding Effective Date**”). Taxpayers generally may rely on the Proposed Regulations until the final regulations are issued. There is no assurance, however, that the final regulations, once issued, will not reinstate this withholding obligation (or otherwise modify the Proposed Regulations), possibly with retroactive effect.

The Bank will neither offer nor issue any Basket Equity Linked Deposit (Partial Capital Protection at Maturity) providing for payments that are U.S. Source Payments. Additionally, any Basket Equity Linked Deposit (Partial Capital Protection at Maturity) offered or issued by the Bank will be issued on or before (and not be materially modified after) the Grandfather Date or will not provide for any payments on or after the Delayed Withholding Effective Date. Therefore, on the basis of the current regulations, the Proposed Regulations, official guidance and the above analysis, payments made with respect to the Basket Equity Linked Deposits (Partial Capital Protection at Maturity) will not be subject to HIRE Act or FATCA withholding tax.

The HIRE Act and FATCA provisions are particularly complex, and their application is uncertain at this time. You should consult your own tax adviser as to the application of the HIRE Act and FATCA to the Basket Equity Linked Deposits (Partial Capital Protection at Maturity), including the possibility of meeting certain documentation requirements to be exempt from FATCA withholding tax.

The above summary only applies to you if you are a non-U.S. investor. You are a non-U.S. investor unless you are: (1) an individual citizen or resident of the United States, (2) a corporation that is formed or organized under the laws of the United States, any state thereof or the District of Columbia, or any entity that is taxable as a corporation so formed or organized, (3) an estate that is subject to U.S. federal income taxation regardless of its source, or (4) a trust that is subject to the jurisdiction of a U.S. court and for which one or more “United States persons” (as defined in the U.S. Internal Revenue Code) control all of the substantial decisions, or has otherwise made an appropriate election under the U.S. Treasury regulations. If you are an investor treated as a partnership for U.S. federal income tax purposes, FATCA withholding tax may apply to you and your beneficial owners based on your and your beneficial owners’ activities and status and you should consult your own tax adviser regarding any FATCA withholding tax consideration arising from your investment in the Basket Equity Linked Deposits (Partial Capital Protection at Maturity).

## Selling restrictions

### General

No action has been or will be taken by us that would permit a public offering of any Basket Equity Linked Deposits (Partial Capital Protection at Maturity) or possession or distribution of any offering material in relation to the Basket Equity Linked Deposits (Partial Capital Protection at Maturity) in any jurisdiction (other than in Hong Kong) where action for that purpose is required.

### United States of America

The Basket Equity Linked Deposits (Partial Capital Protection at Maturity) have not been and will not be registered under the U.S. Securities Act of 1933 (the “**Securities Act**”), or the securities laws of any state or other jurisdiction of the United States. The Basket Equity Linked Deposits (Partial Capital Protection at Maturity) may not be offered or sold or otherwise transferred, nor may transactions in such Basket Equity Linked Deposits (Partial Capital Protection at Maturity) be executed, at any time, within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)), except in compliance with Regulation S. In purchasing the Basket Equity Linked Deposits (Partial Capital Protection at Maturity) you hereby warrant that you are not a U.S. person as defined in Regulation S and that you are not purchasing for, or for the account or benefit of, any such person.

### European Economic Area

The Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are not and will not be offered, sold or otherwise made available to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
  - (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended and suspended, the “**Prospectus Regulation**”); and
- (b) the expression “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Basket Equity Linked Deposits (Partial Capital Protection at Maturity) to be offered so as to enable an investor to decide to purchase or subscribe the Basket Equity Linked Deposits (Partial Capital Protection at Maturity).

## United Kingdom

The Basket Equity Linked Deposits (Partial Capital Protection at Maturity) are not and will not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); or
  - (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act, as amended (the “FSMA”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Basket Equity Linked Deposits (Partial Capital Protection at Maturity) to be offered so as to enable an investor to decide to purchase or subscribe the Basket Equity Linked Deposits (Partial Capital Protection at Maturity).

## SCENARIO ANALYSIS

*The following hypothetical examples are for illustration only and do not reflect a complete analysis of all possible potential gain or loss scenarios and must not be relied on as an indication of the actual performance of any of the Linked Stocks or our Basket Equity Linked Deposits (Partial Capital Protection at Maturity). They do not take into account any Cash Settlement Expenses payable by the investor.*

This scenario analysis is based on an investment with our Basket Equity Linked Deposits (Partial Capital Protection at Maturity) (with kick-in feature), which is one of the two variations of our Basket Equity Linked Deposits (Partial Capital Protection at Maturity), with the following terms:

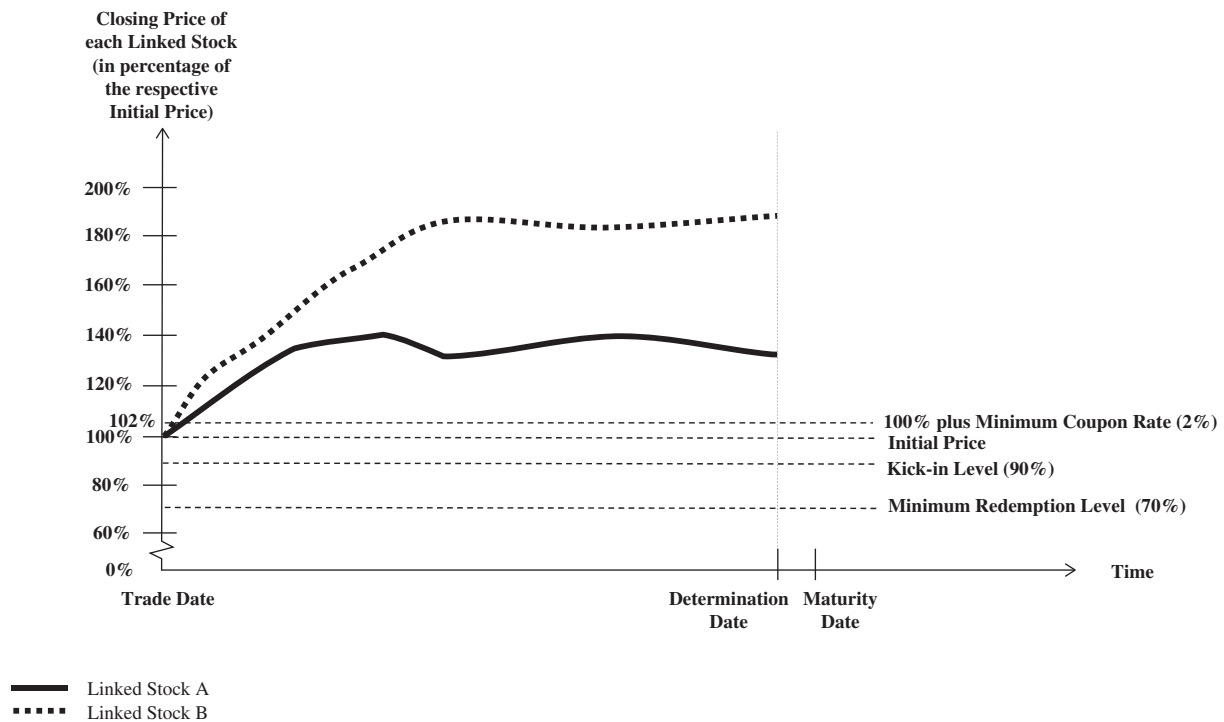
<b>Deposit Tenor:</b>	91 calendar days (commencing from and including the Start Date to but excluding the Maturity Date)
<b>Investment Period:</b>	92 calendar days (commencing from and including the Trade Date to and including the Determination Date)
<b>Trade Date:</b>	21 April 20XX
<b>Start Date:</b>	23 April 20XX
<b>Determination Date:</b>	21 July 20XX
<b>Maturity Date:</b>	23 July 20XX
<b>Deposit Amount:</b>	HKD100,000 (for Scenarios 1-5) / CNY100,000 (for Scenario 6)

### Stock Basket:

Linked Stock	Initial Price
Linked Stock A	HKD11.00
Linked Stock B	HKD30.00

<b>Minimum Coupon Rate:</b>	2%
<b>Minimum Redemption Level:</b>	70%
<b>Participation Rate:</b>	110%
<b>Kick-in Level:</b>	90%

**Scenario 1 (Best Case Scenario): The Stock Performance of the Worst Performing Stock on the Determination Date is greater than or equal to 100% plus the Minimum Coupon Rate**



Assuming that the Closing Prices of Linked Stock A and Linked Stock B on the Determination Date are HKD15.00 and HKD55.00 respectively, the Stock Performance of Linked Stock A and Linked Stock B is calculated as follows:

$$\text{Stock Performance of Linked Stock A} = \left( \frac{\text{HKD}15.00}{\text{HKD}11.00} \right) \times 100\% = 136.36\%$$

$$\text{Stock Performance of Linked Stock B} = \left( \frac{\text{HKD}55.00}{\text{HKD}30.00} \right) \times 100\% = 183.33\%$$

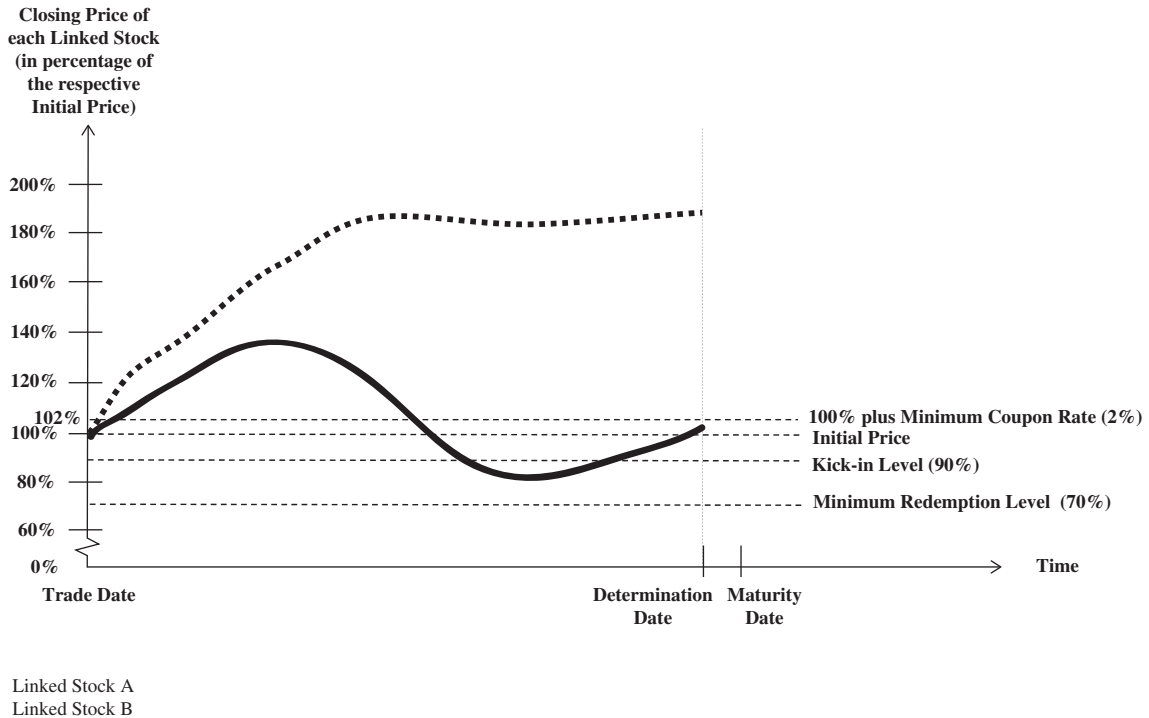
As Linked Stock A has the lowest Stock Performance on the Determination Date, it will be the Worst Performing Stock.

In this scenario, as the Stock Performance of the Worst Performing Stock on the Determination Date (being 136.36%) is greater than or equal to 100% plus the Minimum Coupon Rate (being 102%), you will receive in cash on Maturity Date the sum of **Deposit Amount (being HKD100,000) and Bonus Coupon Amount** in the Deposit Currency calculated as follows:

$$\begin{aligned} &= \text{Deposit Amount} + \text{Participation Rate} \times (\text{Stock Performance of the Worst Performing Stock} - 100\%) \times \text{Deposit Amount} \\ &= \text{HKD}100,000 + 110\% \times (136.36\% - 100\%) \times \text{HKD}100,000 \\ &= \text{HKD}139,996 \end{aligned}$$

In this scenario, you have an actual gain of HKD39,996 (being the Bonus Coupon Amount) for the Deposit Amount of HKD100,000.

**Scenario 2 (Gain Scenario): The Stock Performance of the Worst Performing Stock on the Determination Date is less than 100% plus the Minimum Coupon Rate but is greater than or equal to 100%**



Assuming that the Closing Prices of Linked Stock A and Linked Stock B on the Determination Date are HKD11.20 and HKD55.00 respectively, the Stock Performance of Linked Stock A and Linked Stock B is calculated as follows:

$$\text{Stock Performance of Linked Stock A} = \left( \frac{\text{HKD}11.20}{\text{HKD}11.00} \right) \times 100\% = 101.82\%$$

$$\text{Stock Performance of Linked Stock B} = \left( \frac{\text{HKD}55.00}{\text{HKD}30.00} \right) \times 100\% = 183.33\%$$

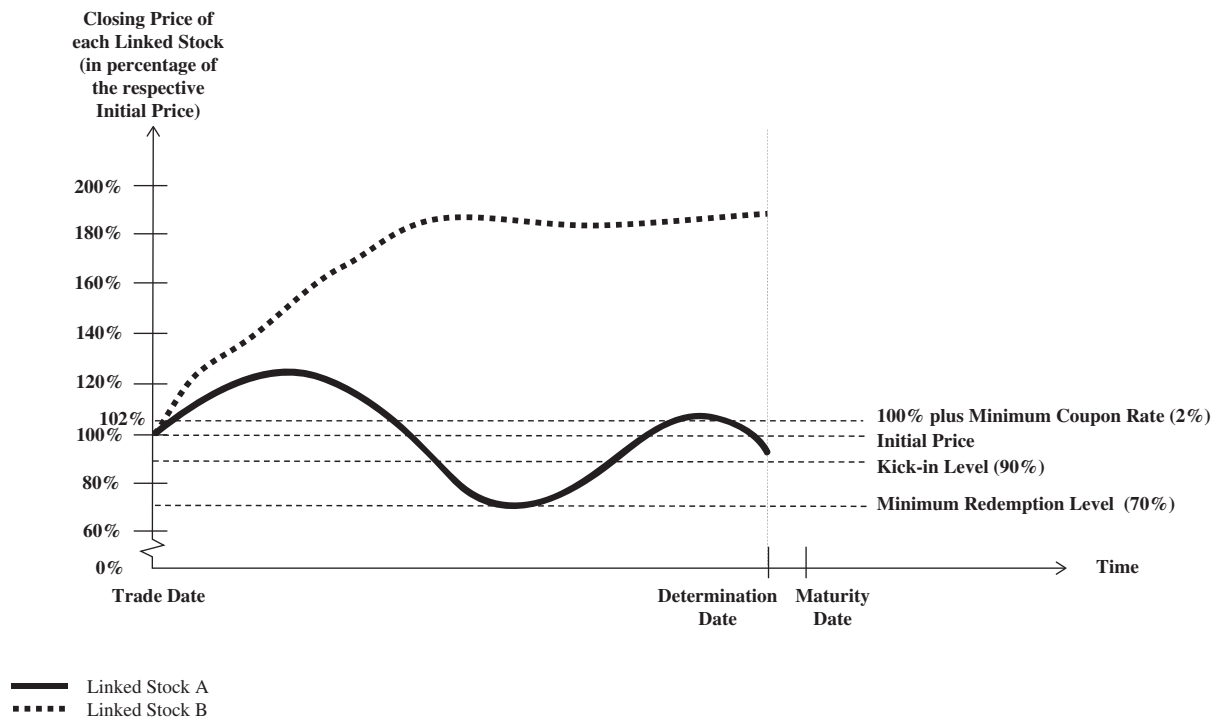
As Linked Stock A has the lowest Stock Performance on the Determination Date, it will be the Worst Performing Stock.

In this scenario, as the Stock Performance of the Worst Performing Stock on the Determination Date (being 101.82%) is less than 100% plus the Minimum Coupon Rate (being 102%) but is greater than or equal to 100%, you will receive on Maturity Date in cash the sum of **Deposit Amount (being HKD100,000)** and **Minimum Coupon Amount** in the Deposit Currency calculated as follows:

$$\begin{aligned} &= \text{Deposit Amount} + \text{Minimum Coupon Rate} \times \text{Deposit Amount} \\ &= \text{HKD}100,000 + 2\% \times \text{HKD}100,000 \\ &= \text{HKD}102,000 \end{aligned}$$

In this scenario, you have an actual gain of HKD2,000 (being the Minimum Coupon Amount) for the Deposit Amount of HKD100,000.

**Scenario 3 (Deposit Amount Scenario): The Stock Performance of the Worst Performing Stock on the Determination Date is less than 100% but is greater than or equal to the Kick-in Level**



Assuming that the Closing Prices of Linked Stock A and Linked Stock B on the Determination Date are HKD10.20 and HKD55.00 respectively, the Stock Performance of Linked Stock A and Linked Stock B is calculated as follows:

$$\text{Stock Performance of Linked Stock A} = \left( \frac{\text{HKD}10.20}{\text{HKD}11.00} \right) \times 100\% = 92.73\%$$

$$\text{Stock Performance of Linked Stock B} = \left( \frac{\text{HKD}55.00}{\text{HKD}30.00} \right) \times 100\% = 183.33\%$$

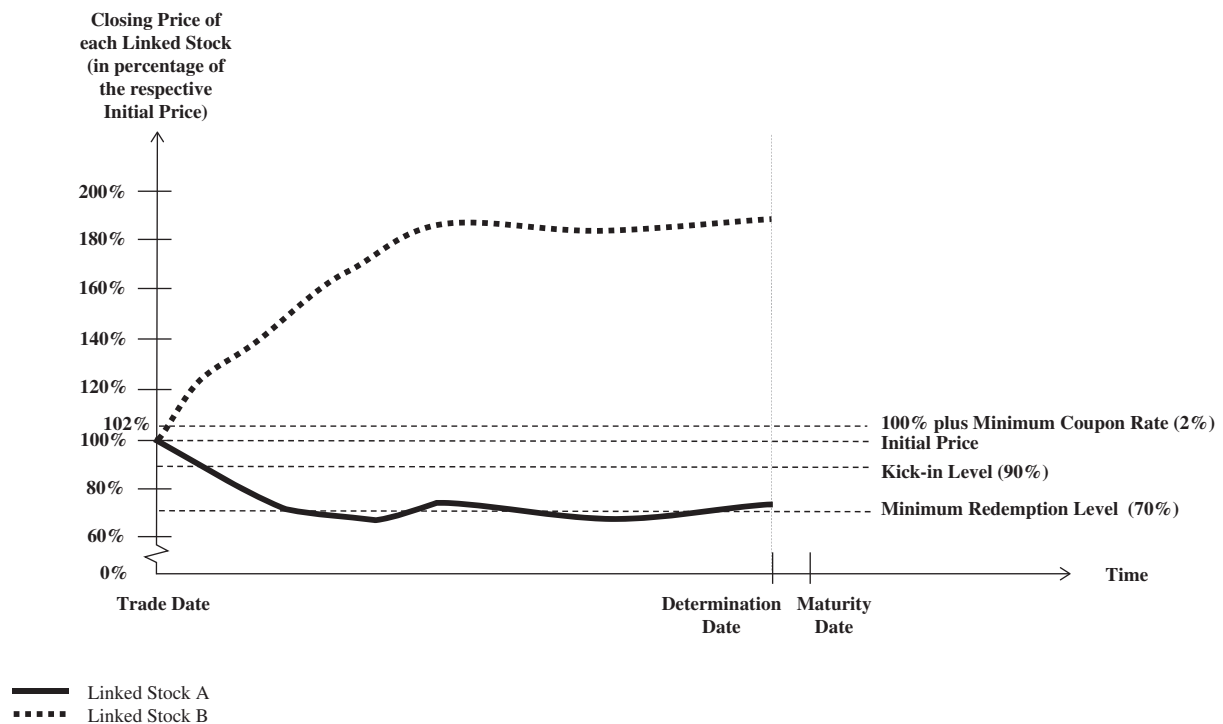
As Linked Stock A has the lowest Stock Performance on the Determination Date, it will be the Worst Performing Stock.

In this scenario, as the Stock Performance of the Worst Performing Stock on the Determination Date (being 92.73%) is less than 100% but is greater than or equal to the Kick-in Level (being 90%), you will receive on Maturity Date in cash **the Deposit Amount** in the Deposit Currency (being **HKD100,000**).

In this scenario, you will not make any gain as you will receive the Deposit Amount (being **HKD100,000**).



**Scenario 4 (Loss Scenario): The Stock Performance of the Worst Performing Stock on the Determination Date is less than the Kick-in Level but is greater than or equal to the Minimum Redemption Level**



Assuming that the Closing Prices of Linked Stock A and Linked Stock B on the Determination Date are HKD8.00 and HKD55.00 respectively, the Stock Performance of Linked Stock A and Linked Stock B is calculated as follows:

$$\text{Stock Performance of Linked Stock A} = \left( \frac{\text{HKD}8.00}{\text{HKD}11.00} \right) \times 100\% = 72.73\%$$

$$\text{Stock Performance of Linked Stock B} = \left( \frac{\text{HKD}55.00}{\text{HKD}30.00} \right) \times 100\% = 183.33\%$$

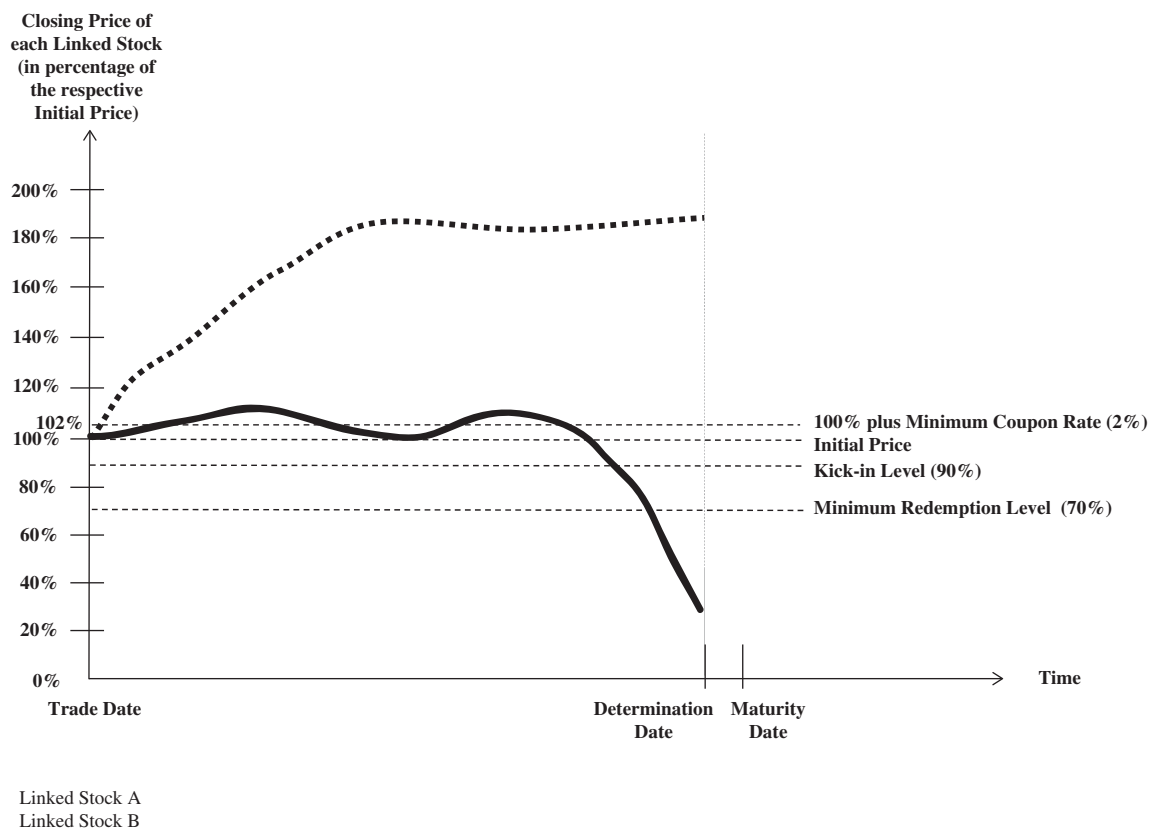
As Linked Stock A has the lowest Stock Performance on the Determination Date, it will be the Worst Performing Stock.

In this scenario, as the Stock Performance of the Worst Performing Stock on the Determination Date (being 72.73%) is less than the Kick-in Level (being 90%) but is greater than or equal to the Minimum Redemption Level (being 70%), you will receive on Maturity Date in cash an amount in the Deposit Currency calculated as follows:

$$\begin{aligned} &= \text{Stock Performance of the Worst Performing Stock} \times \text{Deposit Amount} \\ &= 72.73\% \times \text{HKD}100,000 \\ &= \text{HKD}72,730 \end{aligned}$$

In this scenario, you will suffer an actual loss of HKD27,270 which is equal to the difference between (i) the Deposit Amount (being HKD100,000) and (ii) the Deposit Amount multiplied by the Stock Performance of the Worst Performing Stock (being HKD72,730).

**Scenario 5 (Worst Case Scenario): The Stock Performance of the Worst Performing Stock on the Determination Date is less than the Minimum Redemption Level**



Assuming that the Closing Prices of Linked Stock A and Linked Stock B on the Determination Date are HKD3.00 and HKD55.00 respectively, the Stock Performance of Linked Stock A and Linked Stock B is calculated as follows:

$$\text{Stock Performance of Linked Stock A} = \left( \frac{\text{HKD}3.00}{\text{HKD}11.00} \right) \times 100\% = 27.27\%$$

$$\text{Stock Performance of Linked Stock B} = \left( \frac{\text{HKD}55.00}{\text{HKD}30.00} \right) \times 100\% = 183.33\%$$

As Linked Stock A has the lowest Stock Performance on the Determination Date, it will be the Worst Performing Stock.

In this scenario, as the Stock Performance of the Worst Performing Stock on the Determination Date (being 27.27%) is less than the Minimum Redemption Level (being 70%), you will receive on Maturity Date in cash an amount in the Deposit Currency calculated as follows:

$$\begin{aligned} &= \text{Minimum Redemption Level} \times \text{Deposit Amount} \\ &= 70\% \times \text{HKD}100,000 \\ &= \text{HKD}70,000 \end{aligned}$$

In this scenario, you will suffer an actual loss of HKD30,000 which is capped at the difference between (i) the Deposit Amount (being HKD100,000) and (ii) the Deposit Amount multiplied by the Minimum Redemption Level (being HKD70,000).

**Scenario 6: The Deposit Currency is CNY**

This scenario 6 is based on an investment with CNY as the Deposit Currency in the **Deposit Amount** of CNY100,000.

**(i) Best Case Scenario: The Stock Performance of the Worst Performing Stock on the Determination Date is greater than or equal to 100% plus the Minimum Coupon Rate**

Please refer to the diagram shown in **Scenario 1** on page 62 of this Principal Brochure illustrating the performance of the Linked Stocks.

You will receive on Maturity Date in cash the sum of **Deposit Amount (being CNY100,000) and Bonus Coupon Amount** in the Deposit Currency calculated as follows:

$$\begin{aligned} &= \text{Deposit Amount} + \text{Participation Rate} \times (\text{Stock Performance of the Worst Performing Stock} - 100\%) \times \text{Deposit Amount} \\ &= \text{CNY}100,000 + 110\% \times (136.36\% - 100\%) \times \text{CNY}100,000 \\ &= \text{CNY}139,996 \end{aligned}$$

In this scenario, you have an actual gain of CNY39,996 (being the Bonus Coupon Amount) for the Deposit Amount of CNY100,000. If you convert the CNY payments that you receive back to HKD, the amount that you receive will be affected by the prevailing exchange rate between offshore CNY and HKD.

**(ii) Loss Scenario: The Stock Performance of the Worst Performing Stock on the Determination Date is less than the Minimum Redemption Level**

Please refer to the diagram shown in Scenario 5 on page 66 of this Principal Brochure illustrating the performance of the Linked Stocks.

You will receive on Maturity Date in cash an amount in the Deposit Currency calculated as follows:

$$\begin{aligned} &= \text{Minimum Redemption Level} \times \text{Deposit Amount} \\ &= 70\% \times \text{CNY}100,000 \\ &= \text{CNY}70,000 \end{aligned}$$

In this scenario, you will suffer an actual loss of CNY30,000, which is capped at the difference between (i) the Deposit Amount (being CNY100,000) and (ii) the Deposit Amount multiplied by the Minimum Redemption Level (being CNY70,000).

If you convert the CNY payment that you receive back to HKD, the amount that you receive will be affected by the prevailing exchange rate between offshore CNY and HKD.

**(iii) CNY Disruption Scenario: Where a CNY Disruption Event occurs and continues to exist for twelve consecutive Business Days from the Maturity Date**

Taking the best case scenario (i) above with cash settlement in CNY, if a CNY Disruption Event occurs and continues to exist for twelve consecutive Business Days from the Maturity Date, the payment of the Deposit Amount together with the Bonus Coupon Amount (i.e. CNY139,996) will be made in an amount in HKD determined by us by converting such amount payable in CNY into HKD using the CNY/HKD Exchange Rate as of such twelfth Business Day. **You will therefore be exposed to the risk of fluctuation in the exchange rate of offshore CNY against HKD.**

Assuming that the CNY/HKD Exchange Rate prior to the occurrence of a CNY Disruption Event is 1.25 and CNY depreciates significantly against HKD following the occurrence of a CNY Disruption Event and the CNY/HKD Exchange Rate as of such twelfth Business Day is 0.8, the HKD Equivalent Amount you will receive is HKD111,996.8 (being CNY139,996 × 0.8). Therefore, you will suffer a loss of HKD62,998.2 in HKD terms, as the HKD Equivalent Amount (i.e.

HKD111,996.8) you will receive is substantially less than the value of the relevant amount payable in CNY on the original payment date in HKD terms (calculated based on the CNY/HKD Exchange Rate prior to the occurrence of a CNY Disruption Event), being HKD174,995 (being CNY139,996 × 1.25).

***Scenario 7 (Default Scenario): If the Bank as the Offeror becomes insolvent or defaults on its obligations***

Assuming that the Bank becomes insolvent or defaults on its obligations under the Basket Equity Linked Deposit (Partial Capital Protection at Maturity), you can only claim as an unsecured creditor of the Bank regardless of the performance of the Linked Stocks in the Stock Basket and the terms of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity). **In the worst case scenario, you could lose all of your Deposit Amount.**

## INFORMATION ABOUT US

Incorporated in Hong Kong in 1918, The Bank of East Asia, Limited (“**BEA**”) is one of the independent local banks in Hong Kong, serving the needs of customers throughout Greater China and beyond, with total consolidated assets of HK\$884.4 billion (US\$114.1 billion) as of 31st December, 2020. BEA is listed on The Stock Exchange of Hong Kong.

BEA offers customers a comprehensive range of corporate banking, personal banking, wealth management, and investment services in Hong Kong, Mainland China, and other major markets around the world.

BEA offers a comprehensive range of products and services to customers, including syndicated loans, trade finance, deposit-taking, foreign currency savings, remittances, mortgage loans, consumer loans, credit cards, Cyberbanking, retail investment and wealth management services, private banking, Renminbi services, foreign exchange margin trading, broking services, Mandatory Provident Fund services, and general and life insurance. For more information, please visit any BEA branch or the Bank’s homepage at [www.hkbea.com](http://www.hkbea.com).

## **APPENDIX 1 – PRODUCT TERMS AND CONDITIONS OF BASKET EQUITY LINKED DEPOSIT (PARTIAL CAPITAL PROTECTION AT MATURITY)**

*The following is the text of the product terms and conditions (the “**Product Terms and Conditions**”) applicable to our Basket Equity Linked Deposits (Partial Capital Protection at Maturity). The relevant Confirmation in relation to each Basket Equity Linked Deposit (Partial Capital Protection at Maturity) may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Product Terms and Conditions, apply, disapply, amend, vary and/or supplement these Product Terms and Conditions for the purpose of such Basket Equity Linked Deposit (Partial Capital Protection at Maturity). Capitalised terms used in these Product Terms and Conditions and not otherwise defined herein shall have the meaning given to them in the relevant Confirmation.*

*The SFC takes no responsibility as to the contents of the Product Terms and Conditions. The SFC’s authorisation of this Principal Brochure does not imply the SFC’s endorsement of the Product Terms and Conditions.*

### **1 ACCEPTANCE AND CONFIRMATION**

- 1.1 The Customer may from time to time make an application for a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) with the Bank. The Bank may in its sole and absolute discretion accept or reject an application for a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) from the Customer.
- 1.2 Upon acceptance by the Bank of an application in respect of a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) from the Customer on the Trade Date, a binding contract between the Bank and the Customer in respect of that Basket Equity Linked Deposit (Partial Capital Protection at Maturity) is formed. The Customer acknowledges and agrees that such contract will be on the terms set out in a Confirmation sent to the Customer by the Bank within two Business Days after the Trade Date and such Confirmation is conclusive as to the terms of the contract agreed between the Bank and the Customer in respect of the relevant Basket Equity Linked Deposit (Partial Capital Protection at Maturity) except in the case of manifest error.
- 1.3 In respect of an application for a Basket Equity Linked Deposit (Partial Capital Protection at Maturity), these Product Terms and Conditions and the relevant Confirmation issued by the Bank in respect of such application together constitute all the terms and conditions agreed between the Bank and the Customer (each an “**Agreement**”). Where there is any inconsistency between these Product Terms and Conditions and the Confirmation in respect of an application for a Basket Equity Linked Deposit (Partial Capital Protection at Maturity), the Confirmation will prevail for the purposes of the relevant Basket Equity Linked Deposit (Partial Capital Protection at Maturity).
- 1.4 Where there is any inconsistency between the provisions of the Agreement and the terms of any account maintained by the Customer with the Bank to which a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) is booked, the Agreement will prevail for the purposes of that Basket Equity Linked Deposit (Partial Capital Protection at Maturity).

### **2 DEPOSIT AMOUNT**

- 2.1 For each Basket Equity Linked Deposit (Partial Capital Protection at Maturity) entered into between the Bank and the Customer, the Customer must maintain an amount at least equal to the Deposit Amount in the Designated Cash Account with the Bank from the day the Customer places the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) purchase order to the Start Date.

- 2.2 On the Start Date in respect of a Basket Equity Linked Deposit (Partial Capital Protection at Maturity), the Customer shall pay to the Bank the Deposit Amount relating to that Basket Equity Linked Deposit (Partial Capital Protection at Maturity). The Customer authorises the Bank to debit the Deposit Amount from the Designated Cash Account, and such payment shall be effected automatically by the Bank by debiting from the Designated Cash Account.

### 3 SETTLEMENT AT MATURITY

- 3.1 Subject to early termination under these Product Terms and Conditions:

- (a) in respect of a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) where the kick-in feature is specified to be not applicable in the Confirmation:

- (i) if the Stock Performance of the Worst Performing Stock on the Determination Date is greater than or equal to 100% plus the Minimum Coupon Rate\*, the Bank will pay the Customer on the Maturity Date a cash amount in the Deposit Currency (subject to the occurrence of a CNY Disruption Event under Condition 4.1 if the Deposit Currency is CNY) equal to the Deposit Amount plus the Bonus Coupon Amount, less any Cash Settlement Expenses to the Designated Cash Account; or

\* The Minimum Coupon Rate can be greater than or equal to 0%. If the Minimum Coupon Rate is 0%, then scenario (ii) below will not occur.

- (ii) if the Stock Performance of the Worst Performing Stock on the Determination Date is less than 100% plus the Minimum Coupon Rate but is greater than or equal to 100%, the Bank will pay the Customer on the Maturity Date a cash amount in the Deposit Currency (subject to the occurrence of a CNY Disruption Event under Condition 4.1 if the Deposit Currency is CNY) equal to the Deposit Amount plus the Minimum Coupon Amount, less any Cash Settlement Expenses to the Designated Cash Account; or

- (iii) if the Stock Performance of the Worst Performing Stock on the Determination Date is less than 100% but is greater than or equal to the Minimum Redemption Level, the Bank will pay the Customer on the Maturity Date a cash amount in the Deposit Currency (subject to the occurrence of a CNY Disruption Event under Condition 4.1 if the Deposit Currency is CNY) calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards), less any Cash Settlement Expenses to the Designated Cash Account:

Stock Performance of the Worst Performing Stock × Deposit Amount; or

- (iv) if the Stock Performance of the Worst Performing Stock on the Determination Date is less than the Minimum Redemption Level, the Bank will pay the Customer on the Maturity Date a cash amount in the Deposit Currency (subject to the occurrence of a CNY Disruption Event under Condition 4.1 if the Deposit Currency is CNY) calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards), less any Cash Settlement Expenses to the Designated Cash Account:

Minimum Redemption Level × Deposit Amount

- (b) in respect of a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) where the kick-in feature is specified to be applicable in the Confirmation:

- (i) if the Stock Performance of the Worst Performing Stock on the Determination Date is greater than or equal to 100% plus the Minimum Coupon Rate\*, the Bank will pay the Customer on the Maturity Date a cash amount in the Deposit Currency (subject to the occurrence of a CNY Disruption Event under Condition 4.1 if the Deposit Currency is CNY) equal to the Deposit Amount plus the Bonus Coupon Amount, less any Cash Settlement Expenses to the Designated Cash Account; or

\* The Minimum Coupon Rate can be greater than or equal to 0%. If the Minimum Coupon Rate is 0%, then scenario (ii) below will not occur.

- (ii) if the Stock Performance of the Worst Performing Stock on the Determination Date is less than 100% plus the Minimum Coupon Rate but is greater than or equal to 100%, the Bank will pay the Customer on the Maturity Date a cash amount in the Deposit Currency (subject to the occurrence of a CNY Disruption Event under Condition 4.1 if the Deposit Currency is CNY) equal to the Deposit Amount plus the Minimum Coupon Amount, less any Cash Settlement Expenses to the Designated Cash Account; or
- (iii) if the Stock Performance of the Worst Performing Stock on the Determination Date is less than 100% but is greater than or equal to the Kick-in Level, the Bank will pay the Customer on the Maturity Date a cash amount in the Deposit Currency (subject to the occurrence of a CNY Disruption Event under Condition 4.1 if the Deposit Currency is CNY) equal to the Deposit Amount, less any Cash Settlement Expenses to the Designated Cash Account; or
- (iv) if the Stock Performance of the Worst Performing Stock on the Determination Date is less than the Kick-in Level but is greater than or equal to the Minimum Redemption Level, the Bank will pay the Customer on the Maturity Date a cash amount in the Deposit Currency (subject to the occurrence of a CNY Disruption Event under Condition 4.1 if the Deposit Currency is CNY) calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards), less any Cash Settlement Expenses to the Designated Cash Account:

Stock Performance of the Worst Performing Stock × Deposit Amount; or

- (v) if the Stock Performance of the Worst Performing Stock on the Determination Date is less than the Minimum Redemption Level, the Bank will pay the Customer on the Maturity Date a cash amount in the Deposit Currency (subject to the occurrence of a CNY Disruption Event under Condition 4.1 if the Deposit Currency is CNY) calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards), less any Cash Settlement Expenses to the Designated Cash Account:

Minimum Redemption Level × Deposit Amount



#### **4 CNY DISRUPTION EVENT**

- 4.1 In the case where the Deposit Currency is CNY and the Bank determines, in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner), that a CNY Disruption Event has occurred on, or prior to and is continuing on, a scheduled payment date on which any amount payable in CNY under these Product Terms and Conditions are scheduled to be paid, such payment will be postponed to the third Business Day after the date on which the CNY Disruption Event ceases to exist. The Bank will notify the Customer of the postponement as soon as practicable but no later than the second Business Day after the scheduled payment date. If the CNY Disruption Event continues to exist for twelve consecutive Business Days from the original payment date that, but for the occurrence of the CNY Disruption Event, would have been the date for such payment, the Bank will make payment of the HKD Equivalent Amount no later than the third Business Day after that twelfth Business Day to the HKD Cash Account. The Bank will notify the Customer as soon as practicable but no later than the third Business Day after that twelfth Business Day of the relevant settlement arrangement (including the determination of the HKD Equivalent Amount). Any such payment made by the Bank shall be in full and final settlement of its obligations to pay the relevant amount payable in CNY on the affected payment date in respect of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity).

All determinations made by the Bank pursuant to these Product Terms and Conditions shall be made in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) and shall be conclusive and binding on the Customer and the Bank except in the case of manifest error. The Bank will not be liable for any interest in respect of the amount due or any loss or damage that the Customer may suffer as a result of any delay in settlement due to the existence of a CNY Disruption Event.

#### **5 POTENTIAL ADJUSTMENT EVENT**

- 5.1 If the Bank determines in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) that a Potential Adjustment Event in respect of any Linked Stock has occurred on or after the Trade Date but on or prior to the Determination Date, the Bank will in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) make adjustments to the terms and conditions of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity), which may include adjusting the Initial Price of the affected Linked Stock so as to preserve the economic equivalence of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity).

In determining the aforesaid adjustment(s):

- (a) if options contracts or futures contracts of the affected Linked Stock are traded on the Exchange or Related Exchange, the Bank will follow any adjustment to the terms of the relevant options contract or futures contract made and announced by the Exchange or such Related Exchange, unless following such adjustment is not able to preserve the economic equivalence of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity). In such case, the Bank will determine the aforesaid adjustment(s) in its sole and absolute discretion acting in good faith and in a commercially reasonable manner so as to preserve the economic equivalence of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity); or
- (b) if there are no options contracts or futures contracts of the affected Linked Stock traded on the Exchange or Related Exchange, the Bank will take into account (to the extent applicable) and follow the relevant calculation methods as set out in the Operational

Trading Procedures for Options Trading Exchange Participants of the Stock Exchange so as to preserve the economic equivalence of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity).

The Bank (as the Offeror) shall also determine, in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner), the effective date(s) of such adjustment(s) and shall observe and use, to the extent reasonably practicable, any such ex-date(s) or other relevant date(s) as provided by the Exchange as the effective date(s) of such adjustment(s).

5.2 If the Bank determines that a Potential Adjustment Event has occurred under this Condition 5, the Bank will notify the Customer as soon as practicable of the occurrence of such event, the corresponding adjustment made and the effective date of such adjustment. All determinations made by the Bank pursuant to the Product Terms and Conditions of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) shall be made in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) and shall be conclusive and binding on the Customer and the Bank except in the case of manifest error.

5.3 **“Potential Adjustment Event”** means any of the following events in respect of a Linked Stock or an Equity Issuer:

- (a) a subdivision, consolidation or reclassification of that Linked Stock (unless such event results in a Merger Event, in which case, the Bank will make a decision in accordance with Condition 6) or a free distribution or dividend of that Linked Stock to existing holders by way of bonus, capitalisation or similar issue;
- (b) an extraordinary distribution or dividend;
- (c) a call by the Equity Issuer in respect of that Linked Stock that are not fully paid;
- (d) a repurchase by the Equity Issuer or any of its subsidiaries of that Linked Stock, whether out of profits or capital and whether the consideration for such repurchase is cash, new shares, securities or otherwise; or
- (e) any other event that may, in the opinion of the Bank (acting in good faith and in a commercially reasonable manner), have a diluting or concentrative effect on the theoretical value of that Linked Stock.

## **6 MERGER EVENT OR TENDER OFFER**

6.1 If the Bank determines in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) that a Merger Event or Tender Offer in respect of any Linked Stock has occurred on or after the Trade Date but on or prior to the Determination Date, the Bank may, in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner), make adjustments to the terms and conditions of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity), which may include deeming the shares or units of the surviving entity after the Merger Event or the Tender Offer to be the affected Linked Stock, so as to preserve the economic equivalence of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity).

In determining the aforesaid adjustment(s):

- (a) if options contracts or futures contracts of the affected Linked Stock are traded on the Exchange or Related Exchange, the Bank will follow any adjustment to the terms of the relevant options contract or futures contract made and announced by the Exchange or such Related Exchange, unless following such adjustment is not able to preserve the economic equivalence of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity). In such case, the Bank will determine the aforesaid adjustment(s) in its sole and absolute discretion acting in good faith and in a commercially reasonable manner so as to preserve the economic equivalence of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity); or
- (b) if there are no options contracts or futures contracts of the affected Linked Stock traded on the Exchange or Related Exchange, the Bank will take into account and (to the extent applicable) follow the relevant calculation methods as set out in the Operational Trading Procedures for Options Trading Exchange Participants of the Stock Exchange so as to preserve the economic equivalence of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity).

The Bank (as the Offeror) shall also determine, in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner), the effective date(s) of such adjustment(s) and shall observe and use, to the extent reasonably practicable, any such ex-date(s) or other relevant date(s) as provided by the Exchange as the effective date(s) of such adjustment(s).

- 6.2 If the Bank determines in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) that none of the foregoing adjustments contemplated in Condition 6.1 is able to preserve the economic equivalence of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity), the Bank may, in its sole and absolute discretion (and acting in good faith and in a commercially reasonable manner), substitute the affected Linked Stock with the shares or units of another entity (which is not already comprised in the Stock Basket) in the same business sector of the affected Equity Issuer trading on the Exchange with comparable market capitalisation as that of the affected Equity Issuer as of the Trade Date and make any further adjustment to the terms of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) to account for such event as the Bank determines appropriate (acting in good faith and in a commercially reasonable manner).
- 6.3 If the Bank determines in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) that the Bank is unable to preserve the economic equivalence of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) through any of the foregoing adjustments contemplated in Condition 6.1 and the Bank is unable to substitute the affected Linked Stock to account for that event as contemplated in Condition 6.2, then:
  - (a) the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) shall be early terminated as soon as practicable after the occurrence of such event as determined by the Bank in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner);
  - (b) the Bank's obligation under the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) is satisfied and discharged in full upon its payment of the Early Termination Amount; and
  - (c) the Early Termination Amount shall be paid to the Customer on the Early Termination Payment Date.

- 6.4 If the Bank determines that a Merger Event or Tender Offer (as the case may be) has occurred, the Bank will notify the Customer as soon as practicable of the occurrence of such event, the corresponding adjustment, substitution or termination (as the case may be) made by the Bank, the effective date of such adjustment, substitution or termination (as the case may be) and the Early Termination Amount (in case of termination). All determinations made by the Bank pursuant to the Product Terms and Conditions of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) shall be made in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) and shall be conclusive and binding on the Customer and the Bank except in the case of manifest error.

## 7 ADDITIONAL DISRUPTION EVENT

- 7.1 If the Bank determines in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) that an Additional Disruption Event in respect of a Linked Stock has occurred on or after the Trade Date but on or prior to the Determination Date, the Bank may in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) substitute the affected Linked Stock with the shares or units of another entity (which is not already comprised in the Stock Basket) in the same business sector of the affected Equity Issuer trading on the Exchange with comparable market capitalisation as that of the affected Equity Issuer as of the Trade Date and make any further adjustment to the terms of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) to account for that event as the Bank determines appropriate (acting in good faith and in a commercially reasonable manner).
- 7.2 If the Bank determines in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) that the Bank is unable to substitute the affected Linked Stock to account for that event as contemplated in Condition 7.1, then:
- (a) the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) shall be early terminated as soon as practicable after the occurrence of such event as determined by the Bank in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner);
  - (b) the Bank's obligation under the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) is satisfied and discharged in full upon its payment of the Early Termination Amount; and
  - (c) the Early Termination Amount shall be paid to the Customer on the Early Termination Payment Date.
- 7.3 If the Bank determines an Additional Disruption Event has occurred, the Bank will notify the Customer as soon as practicable of the occurrence of such event, the corresponding substitution, adjustment or termination (as the case may be) made by the Bank, the effective date of such substitution, adjustment or termination (as the case may be) and the Early Termination Amount (in the case of termination). All determinations made by the Bank pursuant to the Product Terms and Conditions of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) shall be made in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) and shall be conclusive and binding on the Customer and the Bank except in the case of manifest error.
- 7.4 “**Additional Disruption Event**” means any Change in Law, Hedging Disruption, Increased Cost of Hedging, Nationalisation, Insolvency, Delisting or, if applicable, Fund Disruption Event.

## **8 MARKET DISRUPTION EVENT**

- 8.1 If the Bank determines that the scheduled Determination Date is a Disrupted Day for any Linked Stock in the Stock Basket, the Determination Date for each Linked Stock in the Stock Basket whether or not affected by the occurrence of the Disrupted Day will be postponed to the first following Exchange Business Day which is not a Disrupted Day for any Linked Stock in the Stock Basket, unless each of the eight Exchange Business Days immediately following the scheduled Determination Date is a Disrupted Day for any Linked Stock in the Stock Basket. In that case,
- (a) that eighth Exchange Business Day shall be deemed to be the Determination Date for each Linked Stock in the Stock Basket;
  - (b) the Bank shall determine, acting in good faith and a commercially reasonable manner, the fair price of the affected Linked Stock(s) in the Stock Basket on that eighth Exchange Business Day by reference to, without limitation the last reported price of the affected Linked Stock(s) and the prevailing market conditions. Such fair price shall be deemed to be the Closing Price of the affected Linked Stock(s) on the Determination Date; and
  - (c) the official closing price of any unaffected Linked Stock(s) in the Stock Basket as published by the Exchange as of that eighth Exchange Business Day shall be deemed to be the Closing Price of such Linked Stock(s) on the Determination Date.
- 8.2 If the Bank determines that a Market Disruption Event has occurred on the scheduled Determination Date, the Bank shall notify the Customer as soon as practicable after the occurrence of such event. If the Determination Date has been postponed to the eighth Exchange Business Day after the scheduled Determination Date and the Bank has determined a fair price of the affected Linked Stock(s) which is deemed to be the Closing Price of the affected Linked Stock(s) on the Determination Date, the Bank shall notify the Customer of such deemed Closing Price of the affected Linked Stock(s) as soon as it has been determined.

## **9 ASSIGNMENT, TRANSFER OR NOVATION**

The Customer cannot assign, transfer or novate any of its rights or obligations in respect of a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) without the prior written consent of the Bank.

## **10 THIRD PARTY RIGHTS**

A person who is not a party to these Product Terms and Conditions has no right under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong) to enforce or to enjoy the benefit of any term of these Product Terms and Conditions.

## **11 GOVERNING LAW**

These Product Terms and Conditions are governed by, and will be construed in accordance with, the laws of the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**").

## **12 DEFINITION**

In these Product Terms and Conditions, unless the context otherwise requires:

"**AUD**" means Australian dollar, the lawful currency of the Commonwealth of Australia.

“**Bank**” means The Bank of East Asia, Limited, a company incorporated in Hong Kong with limited liability and a licensed bank regulated by the Hong Kong Monetary Authority under the Hong Kong Banking Ordinance.

“**Basket Equity Linked Deposit (Partial Capital Protection at Maturity)**” means a Basket Equity Linked Deposit with Partial Capital Protection at Maturity and Optional Kick-in Feature constituted by these Product Terms and Conditions and the relevant Confirmation.

“**Bonus Coupon Amount**” means a cash amount in the Deposit Currency (subject to the occurrence of a CNY Disruption Event under Condition 4.1 if the Deposit Currency is CNY) calculated in accordance with the following formula (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\text{Participation Rate} \times (\text{Stock Performance of the Worst Performing Stock} - 100\%) \times \text{Deposit Amount}$$

“**Business Day**” means a day (excluding Saturdays, Sundays and public holidays) on which commercial banks are generally open for business in Hong Kong and, if the Deposit Currency is not HKD or CNY, in the place in which the principal financial centre of the Deposit Currency is located.

“**CAD**” means Canadian dollar, the lawful currency of Canada.

“**Cash Settlement Expenses**” means an amount equal to all charges and/or expenses including any taxes or duties which are incurred for payment of any cash amount under the Basket Equity Linked Deposit (Partial Capital Protection at Maturity).

“**Change in Law**” means:

- (a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law); or
- (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority),

the Bank determines (acting in good faith and in a commercially reasonable manner) that:

- (i) it has become illegal to hold, acquire or dispose of any of the Linked Stocks in the Stock Basket; or
- (ii) it will incur a materially increased cost in performing its obligations under the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

“**CHF**” means Swiss Franc, the lawful currency of Switzerland.

“**Closing Price**” means, in respect of an Exchange Business Day and a Linked Stock, the official closing price of that Linked Stock as published by the Exchange as of that day, provided that if such day is a Disrupted Day, the Closing Price in respect of such day shall be determined in accordance with Condition 8.

“**CNY**” means Renminbi, the lawful currency of the People’s Republic of China (“**PRC**”).

**“CNY Disruption Event”** means the occurrence of any event that, in the determination of the Bank in its sole and absolute discretion (acting in good faith and a commercially reasonable manner), makes it impossible:

- (a) for the Bank to obtain a firm quote of an offer price in respect of any amount due and payable in CNY under the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) on the relevant scheduled payment date in the CNY exchange market in Hong Kong in order to perform its obligations under the Basket Equity Linked Deposit (Partial Capital Protection at Maturity);
- (b) for the Bank to convert any amount due and payable in CNY under the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) in the CNY exchange market in Hong Kong, other than where such impossibility is due to the failure of the Bank to comply with any law, rule or regulation enacted by any government authority (unless such law, rule or regulation is enacted after the Trade Date and it is impossible for the Bank, due to an event beyond its control, to comply with such law, rule or regulation); or
- (c) for the Bank to transfer CNY between accounts inside Hong Kong, other than where such impossibility is due to the failure of the Bank to comply with any law, rule or regulation enacted by any government authority (unless such law, rule or regulation is enacted after the Trade Date and it is impossible for the Bank, due to an event beyond its control, to comply with such law, rule or regulation).

For the avoidance of doubt, the following events shall not constitute a CNY Disruption Event:

- (i) the inability for the Bank to obtain such firm quote due to issues relating to its creditworthiness; and
- (ii) the inability for the Bank to convert CNY due to issues relating to its creditworthiness.

**“CNY/HKD Exchange Rate”** means, in respect of a day, the rate specified as such in the Confirmation.

**“Confirmation”** means a confirmation relating to a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) confirming the terms applicable to that Basket Equity Linked Deposit (Partial Capital Protection at Maturity).

**“Customer”** means the person or, if more than one, the persons jointly, party to the Agreement for a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) other than the Bank.

**“Delisting”** means, in respect of a Linked Stock, the Exchange announces that pursuant to the rules of such Exchange, such Linked Stock ceases (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange.

**“Deposit Amount”** means the cash amount in the Deposit Currency specified as such in the Confirmation.

**“Deposit Currency”** means the currency specified as such in the Confirmation.

**“Deposit Tenor”** means the number of calendar days from and including the Start Date to but excluding the Maturity Date as specified in the Confirmation.

**“Designated Cash Account”** means a cash account of the Customer specified as such in the Confirmation.

**“Determination Date”** means the date specified as such in the Confirmation, or if such date is not an Exchange Business Day, the following Exchange Business Day, provided that if such date is a Disrupted Day for any Linked Stock in the Stock Basket, the Determination Date for each Linked Stock in the Stock Basket will be determined in accordance with Condition 8.

**“Disrupted Day”** means an Exchange Business Day on which a Market Disruption Event occurs.

**“Early Termination Amount”** means, in respect of a Basket Equity Linked Deposit (Partial Capital Protection at Maturity), an amount in the Deposit Currency (subject to the occurrence of a CNY Disruption Event under Condition 4.1 if the Deposit Currency is CNY) determined by the Bank, in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) pursuant to Condition 6.3 or Condition 7.2 (as the case may be), as representing the fair market value of such Basket Equity Linked Deposit (Partial Capital Protection at Maturity) at the time of the occurrence of the Merger Event, the Tender Offer or the Additional Disruption Event (as the case may be), taking into account factors including but not limited to, the market interest rate movements, the current and expected market price and price volatility of each of the Linked Stocks in the Stock Basket, the remaining Deposit Tenor, the remaining Investment Period, the value of the embedded option(s), the creditworthiness of the Bank and the unwind cost of hedging less any reasonable operational or administrative costs incurred by the Bank in connection with the early termination.

**“Early Termination Payment Date”** means the second Business Day after the effective date of termination of a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) pursuant to Condition 6.3 or Condition 7.2.

**“Equity Issuer”** means, in respect of a Linked Stock, the issuer(s) of that Linked Stock.

**“EUR”** means Euro, the lawful currency of the participating member states of the European Union adopted in accordance with the Treaty establishing the European Communities, as amended by the Treaty on European Union.

**“Exchange”** means The Stock Exchange of Hong Kong Limited.

**“Exchange Business Day”** means a day on which the Exchange and each Related Exchange are scheduled to open for trading during their respective regular trading sessions.

**“Fund Disruption Event”** means, in respect of a Linked Stock which is a unit in a fund, any of the following in respect of that Linked Stock or the Equity Issuer, in each case as determined by the Bank in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner):

- (a) the Equity Issuer ceases to exist;
- (b) that Linked Stock is reclassified, the reference underlying(s) that the Equity Issuer tracks has changed or the Equity Issuer is acquired by, or aggregated into, another fund, whose mandate, risk-profile and/or benchmarks are deemed by the Bank (acting in good faith and in a commercially reasonable manner) to be different from the mandate, risk-profile and/or benchmark stated as of the Trade Date (or any proposal for the foregoing occurs);



- (c) there is a material change in the mandate, risk profile, prospectus, statement of additional information, articles of incorporation, investment management agreement or annual and semi-annual report of the Equity Issuer, or there is a material change in any other rule, law, regulation, similar guideline, constitutional documents, report or other document governing the investment by the Equity Issuer of its assets since the Trade Date;
- (d) there is any proposal to wind up or terminate the Equity Issuer, or any substantive litigation by the investors in the Equity Issuer;
- (e) the resignation, termination, or replacement of any person appointed in the role of discretionary investment manager or non-discretionary investment adviser (including a non-discretionary investment adviser to a discretionary investment manager or to another non-discretionary investment adviser) for the Equity Issuer; or
- (f) any material breach or violation of any investment strategy or guidelines stated in the mandate, risk profile, prospectus, statement of additional information, articles of incorporation, investment management agreement or annual and semi-annual report or other document governing the investment by the Equity Issuer of its assets that is reasonably likely to materially affect the value of that Linked Stock or the rights or remedies of any holder thereof.

“**GBP**” means pound sterling, the lawful currency of the United Kingdom.

“**Hedging Disruption**” means, in respect of a Basket Equity Linked Deposit (Partial Capital Protection at Maturity), that the Bank or any of its affiliates are unable, after using its commercially reasonable efforts, to:

- (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the risk of entering into and performing its obligations under the Basket Equity Linked Deposit (Partial Capital Protection at Maturity); or
- (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s),

provided that any such disruption that is incurred due to the deterioration of the creditworthiness of the Bank shall not be deemed a Hedging Disruption.

“**HKD**” means Hong Kong dollar, the lawful currency of Hong Kong Special Administrative Region of the People’s Republic of China.

“**HKD Cash Account**” means, where the Deposit Currency is CNY and a CNY Disruption Event occurs, a cash account of the Customer in HKD for settlement of any HKD Equivalent Amount specified as such in the Confirmation.

“**HKD Equivalent Amount**” means, following the occurrence of a CNY Disruption Event and in respect of an amount payable in CNY on the relevant affected payment date, an amount in HKD determined by the Bank, by converting such amount into HKD using the CNY/HKD Exchange Rate as of the twelfth Business Day from the original payment date that, but for the occurrence of the CNY Disruption Event, would have been the date for such payment.

**“Increased Cost of Hedging”** means, in respect of a Basket Equity Linked Deposit (Partial Capital Protection at Maturity), the Bank would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to:

- (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk of entering into and performing its obligations with respect to the Basket Equity Linked Deposit (Partial Capital Protection at Maturity); or
- (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s),

provided that any such materially increased amount that is incurred due to the deterioration of the creditworthiness of the Bank shall not be deemed an Increased Cost of Hedging.

**“Initial Price”** means, in respect of a Linked Stock, the price specified as such for that Linked Stock in the Confirmation, subject to adjustment in accordance with Condition 5, 6 or 7.

**“Insolvency”** means, in respect of a Linked Stock, that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of, or any analogous proceeding affecting, the Equity Issuer of that Linked Stock:

- (a) the entire stock capital of that Equity Issuer is required to be transferred to a trustee, liquidator or other similar official; or
- (b) holders of each Linked Stock of that Equity Issuer become legally prohibited from transferring them.

**“Investment Period”** means the number of calendar days from and including the Trade Date to and including the Determination Date as specified in the Confirmation.

**“JPY”** means Japanese Yen, the lawful currency of Japan.

**“Kick-in Level”** means the rate specified as such in the Confirmation.

**“Linked Stock”** means the shares or the units of an Equity Issuer specified as such in the Confirmation, subject to adjustment or substitution in accordance with Condition 6.1, 6.2 or 7.1.

**“Market Disruption Event”** means, in respect of a Linked Stock, (a) any suspension of or limitation on trading by the Exchange or Related Exchange in the Linked Stock, or (b) any event that disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for, that Linked Stock on the Exchange or Related Exchange, which in either case (a) or (b) above is (in the determination of the Bank acting in good faith and in a commercially reasonable manner) material and which occurs at any time during the one hour period that ends at the scheduled closing time of the Exchange or Related Exchange, or (c) the Exchange or Related Exchange fails to open for trading, or closes before its scheduled closing time.

**“Maturity Date”** means the second Business Day after the Determination Date, subject to postponement in case of the occurrence of a CNY Disruption Event in accordance with Condition 4.1.

**“Merger Date”** means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Bank (acting in good faith and in a commercially reasonable manner).

**“Merger Event”** means, in respect of a Linked Stock, any of the following:

- (a) reclassification or change of that Linked Stock that results in a transfer of, or an irrevocable commitment to transfer, all outstanding stock capital of the Equity Issuer to another entity or person;
- (b) consolidation, amalgamation, merger or binding share exchange of an Equity Issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Equity Issuer is the continuing entity and which does not result in any such reclassification or change of all outstanding stock capital of the Equity Issuer);
- (c) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding stock capital of the Equity Issuer that results in a transfer of or an irrevocable commitment to transfer all outstanding stock capital of the Equity Issuer (other than such Linked Stock owned or controlled by such other entity or person); or
- (d) consolidation, amalgamation, merger or binding share exchange of the Equity Issuer or its subsidiaries with or into another entity in which the Equity Issuer is the continuing entity and which does not result in a reclassification or change of all outstanding stock capital of the Equity Issuer but results in the outstanding stock capital of the Equity Issuer (other than Linked Stocks owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding stock capital of the Equity Issuer immediately following such event,

in each case if the Merger Date is on or before the Determination Date.

**“Minimum Coupon Amount”** means a cash amount in the Deposit Currency (subject to the occurrence of a CNY Disruption Event under Condition 4.1 if the Deposit Currency is CNY) calculated in accordance with the following formula (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\text{Minimum Coupon Rate} \times \text{Deposit Amount}$$

**“Minimum Coupon Rate”** means the rate specified as such in the Confirmation.

**“Minimum Redemption Level”** means the rate specified as such in the Confirmation.

**“Nationalisation”** means, in respect of a Linked Stock, that all the shares or all or substantially all the assets of the Equity Issuer are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

**“NZD”** means New Zealand dollar, the lawful currency of New Zealand.

**“Participation Rate”** means the rate specified as such in the Confirmation.

**“Related Exchange”** means each exchange or quotation system where trading has a material effect (as determined by the Bank) on the overall market for futures or options contracts relating to each of the Linked Stock.

“**Start Date**” means the date specified as such in the Confirmation.

“**Stock Basket**” means the basket comprising of the Linked Stocks specified as such in the Confirmation.

“**Stock Performance**” means, in respect of a Linked Stock, the percentage calculated in accordance with the following formula (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\left( \frac{\text{Closing Price of the Linked Stock on the Determination Date}}{\text{Initial Price of the Linked Stock}} \right) \times 100\%$$

“**Tender Offer**” means, in respect of a Linked Stock, a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of its Equity Issuer, as determined by the Bank, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Bank deems relevant.

“**Trade Date**” means the date specified as such in the Confirmation and on which all the terms of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) are finalised.

“**USD**” means United States dollar, the lawful currency of the United States of America.

“**Worst Performing Stock**” means the Linked Stock in the Stock Basket with the lowest Stock Performance on the Determination Date, provided that if more than one Linked Stock have the same lowest Stock Performance on the Determination Date, the Bank will in its sole and absolute discretion acting in good faith and in a commercially reasonable manner select any one of the Linked Stocks with the lowest Stock Performance to be the Worst Performing Stock.

## APPENDIX 2 – FORM OF TERM SHEET FOR BASKET EQUITY LINKED DEPOSIT (PARTIAL CAPITAL PROTECTION AT MATURITY)

*We set out below a form of the Term Sheet for our Basket Equity Linked Deposit (Partial Capital Protection at Maturity). It is indicative only. Each Term Sheet covers a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) only. You must read the Term Sheet for the particular Basket Equity Linked Deposit (Partial Capital Protection at Maturity) you are interested in before applying for such Basket Equity Linked Deposit (Partial Capital Protection at Maturity).*

**Term Sheet for Basket Equity Linked Deposit (Partial Capital Protection at Maturity) [with Kick-in Feature] offered by The Bank of East Asia, Limited 東亞銀行有限公司 (the “Bank”)**

*[insert date]*

### IMPORTANT RISK WARNING

- **Not a time deposit.** Our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) is an unlisted structured investment product embedded with derivatives. It is NOT equivalent to conventional time deposit.
- **Not protected deposit.** Our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) is NOT a protected deposit under the Deposit Protection Scheme in Hong Kong.
- **Not capital protected and partial capital protection at maturity only.** Our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) is NOT capital protected. The payout that you receive at maturity may be less than your Deposit Amount but is subject to the Minimum Redemption Level, provided that you hold our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) until maturity and our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) is not otherwise early terminated. If our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) is otherwise early terminated, you may receive an amount which is less than or substantially less than your Deposit Amount.
- **Potential payout at maturity is determined by each of the Linked Stocks in the Stock Basket.** The potential payout of our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) at maturity depends on the performance of each of the Linked Stocks in the Stock Basket on the Determination Date. If any one of the Linked Stocks in the Stock Basket performs poorly against your expectation, you will not benefit from the positive performance of any other Linked Stocks in the Stock Basket.
- **No collateral.** Our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) is NOT secured on any of our assets or any collateral.
- **Liquidity risk.** Our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) is not transferable without our prior written consent and are designed to be held to maturity. We provide limited market making arrangements for our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) on each market making day subject to the occurrence of a Market Disruption Event. If you early terminate your Basket Equity Linked Deposit (Partial Capital Protection at Maturity) before maturity under our market making arrangement, you may receive an amount which is substantially less than your Deposit Amount.

- **Not covered by Investor Compensation Fund.** Our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) is not listed on any stock exchange and is not covered by the Investor Compensation Fund in Hong Kong.
- **Not the same as investment in any of the Linked Stocks.** Investing in our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) is not the same as investing in any of the Linked Stocks in the Stock Basket. You have no right in any of the Linked Stocks in the Stock Basket. Movement in the market price of any of the Linked Stocks may not lead to any corresponding change in the market value or potential payout of our Basket Equity Linked Deposit (Partial Capital Protection at Maturity).
- **Insolvency risk.** The settlement of our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) is subject to the credit and insolvency risks of The Bank of East Asia, Limited. If the Bank becomes insolvent or defaults on its obligations under our Basket Equity Linked Deposit (Partial Capital Protection at Maturity), you can only claim as an unsecured creditor of the Bank regardless of the performance of the Linked Stocks and the terms of our Basket Equity Linked Deposit (Partial Capital Protection at Maturity). **In the worst case scenario, you could lose all of your Deposit Amount.**
- **Exposure to risks from the time you place your purchase order.** Once you place your purchase order with us, you will be committed to invest in our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) (unless there is a post-sale cooling-off period applicable to our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) and you exercise such right), and you will therefore be exposed to risks relating to our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) from the time you place your purchase order.
- **Conflicts of interest.** Potential and actual conflicts of interest may arise from the different roles played by us, our subsidiaries and affiliates in connection with our Basket Equity Linked Deposit (Partial Capital Protection at Maturity). Our economic interests in each role may be adverse to your interests in our Basket Equity Linked Deposit (Partial Capital Protection at Maturity).
- **[Additional risks for CNY-denominated Basket Equity Linked Deposit (Partial Capital Protection at Maturity) and/or Basket Equity Linked Deposit (Partial Capital Protection at Maturity) linked to CNY-traded Linked Stock.**
  - (i) **Limited pool of CNY outside the mainland China.** CNY is subject to foreign exchange control by the PRC central government. There is currently a limited pool of CNY outside the mainland China and any tightening of foreign exchange control by the PRC central government may adversely affect the liquidity of offshore CNY, and the performance of our CNY-denominated Basket Equity Linked Deposit (Partial Capital Protection at Maturity) and our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) linked to CNY-traded Linked Stock.

- (ii) **Risks relating to offshore CNY exchange rate and interest rate.** You should note that the offshore CNY exchange rate may deviate significantly from the onshore CNY exchange rate. Changes in the offshore CNY exchange rate may adversely affect the performance of our Basket Equity Linked Deposit (Partial Capital Protection at Maturity). There is no guarantee that CNY will not depreciate. In addition, interest rates for onshore CNY are controlled by the PRC central government. Any liberalisation of interest rates for onshore CNY may occur and may influence the interest rate for offshore CNY. The performance of our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) denominated in CNY and Basket Equity Linked Deposit (Partial Capital Protection at Maturity) linked to CNY-traded Linked Stock may be adversely affected by the fluctuations in the offshore CNY interest rate.
- (iii) **Settlement risks for CNY Disruption Event.** If the Deposit Currency is CNY and a CNY Disruption Event occurs on, or prior to and is continuing on, a scheduled payment date, payments will be postponed and may be made in a HKD Equivalent Amount. We will not pay any extra amount for any delay in such payment. You may also suffer a loss in HKD terms if CNY depreciates against HKD following the occurrence of a CNY Disruption Event.]

This Term Sheet must be read in conjunction with:

- (i) our principal brochure for Basket Equity Linked Deposits (Partial Capital Protection at Maturity) dated 26 March 2021 (“**Principal Brochure**”) [and the addendum dated [*insert date of the addendum*]]; and
- (ii) our financial disclosure document dated [*insert date of the latest Financial Disclosure Document*] (“**Financial Disclosure Document**”) [and the addendum dated [*insert date of the addendum*]],

(collectively “**Offering Documents**”).

You should read and understand each Offering Document before deciding whether to invest in our Basket Equity Linked Deposit (Partial Capital Protection at Maturity). If you are in any doubt of the contents of any Offering Document, you should seek independent professional advice. Hard copies of the Offering Documents [(including CD-ROM copies of the Principal Brochure [and the addendum dated [*insert date of the addendum*]])] are available from our branches [and electronic copies of the Offering Documents are available for download from [our website at [www.hkbea.com](http://www.hkbea.com)] [and] [our mobile application] [*insert name of the mobile application*]].

**If English is not your preferred language, you can request for copies of this Term Sheet written in Chinese from our marketing officer.** 倘若英文並非閣下屬意的語言，閣下可向本行的市場推廣人員索取本條款單張的中文語言版本。

Terms which are not defined in this Term Sheet shall have the same meanings as set out in Appendix 1 to the Principal Brochure.

## INDICATIVE TERMS AND CONDITIONS

<b>The Bank (as the Offeror and a principal)</b>	:	The Bank of East Asia, Limited 東亞銀行有限公司
<b>Application period</b>	:	[[ <i>insert date</i> ] to [ <i>insert trade date</i> ] (both days inclusive)] [Not applicable]
<b>Deposit Currency</b>	:	[ <i>insert deposit currency</i> ]
<b>Deposit Tenor</b>	:	[ <i>insert number of calendar days</i> ] calendar days, being the number of calendar days from and including the Start Date to but excluding the Maturity Date
<b>Investment Period</b>	:	[ <i>insert number of calendar days</i> ] calendar days, being the number of calendar days from and including the Trade Date to and including the Determination Date
<b>Minimum Deposit Amount</b>	:	[HKD100,000] [ <i>insert the equivalent amount of HKD100,000 in deposit currency</i> ]
<b>Deposit Amount</b>	:	[ <i>insert deposit currency and deposit amount</i> ]
<b>Trade Date</b>	:	[ <i>insert trade date</i> ]
<b>Start Date</b>	:	[ <i>insert start date</i> ]
<b>Determination Date</b>	:	[ <i>insert date</i> ], if such day is not an Exchange Business Day, then the following Exchange Business Day, provided that if such day is a Disrupted Day for any Linked Stock in the Stock Basket, the Determination Date for each Linked Stock in the Stock Basket will be postponed as provided in Condition 8 of the Product Terms and Conditions
<b>Maturity Date</b>	:	Scheduled to be [ <i>insert date</i> ], being the second Business Day after the Determination Date, subject to postponement in case of the occurrence of a CNY Disruption Event as provided in Condition 4.1 of the Product Terms and Conditions



**Stock Basket<sup>1</sup>**

:

<b>Linked Stock</b>	<b>Stock code</b>	<b>Trading currency of the Linked Stock</b>	<b>Initial Price</b>
<i>[insert stock name]</i>	<i>[insert stock code]</i>	[HKD] [CNY]	[Closing Price of such Linked Stock on the Trade Date] [The price of such Linked Stock as of the end of the morning trading session of the Exchange on the Trade Date] <i>[insert specific price]</i>
<i>[stock insert name]</i>	<i>[insert stock code]</i>	[HKD] [CNY]	[Closing Price of such Linked Stock on the Trade Date] [The price of such Linked Stock as of the end of the morning trading session of the Exchange on the Trade Date] <i>[insert specific price]</i>

**Exchange** : The Stock Exchange of Hong Kong Limited

**Closing Price** : In respect of an Exchange Business Day and a Linked Stock, the official closing price of that Linked Stock as of that day (as published by the Exchange), provided that if such day is a Disrupted Day, the Closing Price in respect of such day shall be determined in accordance with Condition 8 of the Product Terms and Conditions.

**Minimum Redemption Level** : *[insert number]*%

**Minimum Coupon Rate** : *[insert number]*%

**Participation Rate** : *[insert number]*%

**Kick-in feature** : [Applicable] [Not applicable]

**[Kick-in Level]** : *[insert number]*%<sup>2</sup>

<sup>1</sup> The Stock Basket may comprise a minimum of two and a maximum of seven Linked Stocks, and may comprise a mixture of Linked Stocks traded in HKD and CNY.

<sup>2</sup> Applicable for Basket Equity Linked Deposits (Partial Capital Protection at Maturity) with Kick-in Feature.

**Settlement at maturity**

: Provided that the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) is not early terminated:

*[For Basket Equity Linked Deposit (Partial Capital Protection at Maturity) (with no kick-in feature):*

- 1. If the Stock Performance of the Worst Performing Stock on the Determination Date is greater than or equal to 100% plus the Minimum Coupon Rate, you will receive on Maturity Date a cash amount in the Deposit Currency equal to the Deposit Amount plus the Bonus Coupon Amount, less any Cash Settlement Expenses. The Bonus Coupon Amount will be calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\text{Participation Rate} \times (\text{Stock Performance of the Worst Performing Stock} - 100\%) \times \text{Deposit Amount}$$

- [2. If the Stock Performance of the Worst Performing Stock on the Determination Date is less than 100% plus the Minimum Coupon Rate but is greater than or equal to 100%, you will receive on Maturity Date a cash amount in the Deposit Currency equal to the Deposit Amount plus a Minimum Coupon Amount, less any Cash Settlement Expenses. The Minimum Coupon Amount will be calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\text{Minimum Coupon Rate} \times \text{Deposit Amount}]^3$$

- [2/3]. If the Stock Performance of the Worst Performing Stock on the Determination Date is less than 100% but is greater than or equal to the Minimum Redemption Level, you will receive on Maturity Date a cash amount in the Deposit Currency calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards), less any Cash Settlement Expenses:

$$\text{Stock Performance of the Worst Performing Stock} \times \text{Deposit Amount}$$

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<sup>3</sup> Applicable if the Minimum Coupon Rate is greater than 0%.

[3/4]. If the Stock Performance of the Worst Performing Stock on the Determination Date is less than the Minimum Redemption Level, you will receive on Maturity Date a cash amount in the Deposit Currency calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards), less any Cash Settlement Expenses:

$$\frac{\text{Minimum Redemption Level} \times \text{Deposit Amount}}{\text{Deposit Amount}}$$

***[For Basket Equity Linked Deposit (Partial Capital Protection at Maturity) (with kick-in feature):***

1. If the Stock Performance of the Worst Performing Stock on the Determination Date is greater than or equal to 100% plus the Minimum Coupon Rate, you will receive on Maturity Date a cash amount in the Deposit Currency equal to the Deposit Amount plus the Bonus Coupon Amount, less any Cash Settlement Expenses. The Bonus Coupon Amount will be calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\frac{\text{Participation Rate} \times (\text{Stock Performance of the Worst Performing Stock} - 100\%) \times \text{Deposit Amount}}{\text{Deposit Amount}}$$

[2. If the Stock Performance of the Worst Performing Stock on the Determination Date is less than 100% plus the Minimum Coupon Rate but is greater than or equal to 100%, you will receive on Maturity Date a cash amount in the Deposit Currency equal to the Deposit Amount plus the Minimum Coupon Amount, less any Cash Settlement Expenses. The Minimum Coupon Amount will be calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\text{Minimum Coupon Rate} \times \text{Deposit Amount}]^3$$

[2/3]. If the Stock Performance of the Worst Performing Stock on the Determination Date is less than 100% but is greater than or equal to the Kick-in Level, you will receive on Maturity Date a cash amount in the Deposit Currency equal to the Deposit Amount, less any Cash Settlement Expenses.

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<sup>3</sup> Applicable if the Minimum Coupon Rate is greater than 0%.

[3/4]. If the Stock Performance of the Worst Performing Stock on the Determination Date is less than the Kick-in Level but is greater than or equal to the Minimum Redemption Level, you will receive on Maturity Date a cash amount in the Deposit Currency calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards), less any Cash Settlement Expenses:

$$\text{Stock Performance of the Worst Performing Stock} \times \text{Deposit Amount}$$

[4/5]. If the Stock Performance of the Worst Performing Stock on the Determination Date is less than the Minimum Redemption Level, you will receive on Maturity Date a cash amount in the Deposit Currency calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards), less any Cash Settlement Expenses:

$$\text{Minimum Redemption Level} \times \text{Deposit Amount}]$$

**Worst Performing Stock**

: The Worst Performing Stock is the Linked Stock in the Stock Basket with the lowest Stock Performance on the Determination Date. The Stock Performance of a Linked Stock on the Determination Date is calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\left( \frac{\text{Closing Price of the Linked Stock on the Determination Date}}{\text{Initial Price of the Linked Stock}} \right) \times 100\%$$

If more than one Linked Stock have the same lowest Stock Performance on the Determination Date, the Bank will, in its sole and absolute discretion acting in good faith and in a commercially reasonable manner, select any one of the Linked Stocks with the lowest Stock Performance to be the Worst Performing Stock.

- CNY/HKD Exchange Rate (For the calculation of the HKD Equivalent Amount in the case of a CNY Disruption Event)** : [In respect of a Business Day, the mid-market exchange rate between offshore CNY and HKD, which appears on the [Bloomberg/Reuters page] [*insert screen page*] as of [*insert time*] on such day, or if such rate is not available on such page as of such time on such day, the exchange rate as determined by the Bank in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) with reference to, without limitation, the comparable rate(s) as displayed on other price source(s) and the prevailing market conditions.]<sup>4</sup>  
  
[Not applicable]<sup>5</sup>
- Cash Settlement Expenses** : Cash Settlement Expenses are charges or expenses including any taxes and duties that are incurred for payment of any cash amount under the Basket Equity Linked Deposit (Partial Capital Protection at Maturity). [Currently there are no such charges or expenses.] [Please ask us for details of the Cash Settlement Expenses payable.]
- Product Terms and Conditions** : See the section headed “Product Terms and Conditions of Basket Equity Linked Deposit (Partial Capital Protection at Maturity)” in Appendix 1 to the Principal Brochure.
- Confirmation** : The Confirmation which reflects the terms summarised in this Term Sheet will be sent to you within 2 Business Days after the Trade Date. The Confirmation will apply, disapply, amend, vary, and/or supplement the Product Terms and Conditions. The Confirmation, when read in conjunction with the Product Terms and Conditions, constitutes the legal terms and conditions applicable to the Basket Equity Linked Deposit (Partial Capital Protection at Maturity).
- Post-sale cooling off period** : [Not applicable] [Applicable. You have the right to cancel or unwind your purchase order (as the case may be) (in whole but not in part) for our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) by giving an irrevocable written notice to us within 5 Business Days after you place your purchase order. Please refer to page 53 of the Principal Brochure for further details.]

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<sup>4</sup> Applicable where the Deposit Currency is CNY.

<sup>5</sup> Applicable where the Deposit Currency is not CNY.

**Market making arrangements** : Applicable. We will provide limited market making arrangement on every Exchange Business Day from the Exchange Business Day after the Start Date up to the third Exchange Business Day before the Determination Date. You should note that we may not be able to provide market making arrangements on a market making day if a Market Disruption Event occurs. Please refer to pages 54 to 55 of the Principal Brochure for further details.

**[Updated information]**

*[insert details of the updated information]*

**[No] material adverse change**

[Save as disclosed in the section headed *[insert heading]* of our Financial Disclosure Document [and any addendum as specified in the relevant Term Sheet,] [There/there] has been no material adverse change in our financial or trading position since the date of our latest financial statements for the period ended *[insert date]*.

**[No] material litigation**

[Save as disclosed in the section headed *[insert heading]* of our Financial Disclosure Document [and any addendum as specified in the relevant Term Sheet,] [There/there] are no litigation or arbitration proceedings against or affecting us, nor are we aware of any claims pending or, to our knowledge, threatened against us, which are material in the context of our offering of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity).

**Information relating to the Stock Basket**

[[Each of] *[insert linked stock]* [and *[insert linked stock]*] (the “**Newly Linked Stock[s]**”) was listed on The Stock Exchange of Hong Kong Limited (the “**Exchange**”) on *[insert date]* [and *[insert date]* respectively]. Prior to the listing of the Newly Listed Stock[s], there had been no public market for the Newly Listed Stock[s] and an active public market for the Newly Listed Stock[s] may not develop or be sustained in the future. You will not be able to analyse or compare the trading history of the Newly Listed Stock[s], particularly in relation to either the volatility or liquidity which may have an impact on the return on your investment.

Although the Newly Listed Stock[s] [is] [are] listed on the Exchange, there is no guarantee that a trading market for the Newly Listed Stock[s] will develop or, if a market does develop, the liquidity of that market. Also, the price and trading volume of the Newly Listed Stock[s] may be highly volatile subject to the market sentiment, and may be more volatile than would generally be expected for a stock that has a longer trading history.]<sup>Note 1</sup>

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*Note 1: Insert if a Linked Stock is a newly listed share or unit on the Exchange with a trading history of less than 60 Exchange Business Days.*

Each Linked Stock in the Stock Basket is listed on the Exchange and the entity issuing such Linked Stock (“**Equity Issuer**”) is required by the Exchange to continuously disclose information that has a material impact on market activity in and the price of their securities. You can find information about the Equity Issuer (including its published audited consolidated financial statements and unaudited interim financial statements) and obtain historic price information of the Equity Issuer on the Exchange’s website: <http://www.hkex.com.hk>.

### **[Risk factors specific to fund**

[Each of] *[insert linked stock]* [and *[insert linked stock]*] is a unit of a fund. Neither we nor our affiliates have the ability to control or predict the actions of the manager and/or the trustee of a fund. The manager and/or the trustee are not involved in the offer of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) and have no obligation to consider your interests in taking any action that might affect the market value of the fund and the performance of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity).

We have no role in the underlying assets of a fund. The manager is responsible for making strategic investment and other trading decisions with respect to the management of the fund assets, consistent with its investment objectives and/or investment restrictions as set out in its constitutive documents. The performance of the fund assets is significantly dependent upon the capabilities of the management team of the manager. The manner in which the fund assets are managed and the timing of such decisions will have a significant impact on the performance of the fund assets, and hence the performance of the fund and the Basket Equity Linked Deposit (Partial Capital Protection at Maturity).

If we (as the Offeror) in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) determine that a Fund Disruption Event (such as any material change or material breach in the mandate or risk profile) in respect of a Linked Stock occurs, we may substitute the affected Linked Stock with shares or units of another entity based on certain criteria as specified at page 47 of the Principal Brochure and make any further adjustment to the terms of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) to account for that event as we determine appropriate. If we determine that we are unable to substitute the affected Linked Stock to account for that event as stated above, we will early terminate the affected Basket Equity Linked Deposit (Partial Capital Protection at Maturity). Please refer to the paragraph headed “We may adjust the terms and conditions of our Basket Equity Linked Deposit (Partial Capital Protection at Maturity), substitute the Linked Stock and early terminate our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) in our sole and absolute discretion acting in good faith and in a commercially reasonable manner” on pages 26 to 27 of the Principal Brochure for further details.

You should read the offering document(s) of the fund for further information about the risks applicable to such fund.]<sup>Note 2</sup>

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*Note 2: Insert if a Linked Stock is units of a fund.*

[[Each of] *[insert linked stock]* [and *[insert linked stock]*] is linked to a fund which is an exchange traded fund (“**ETF**”). You should note that an ETF is exposed to the political, economic, currency and other risks related to the underlying asset pool or index that the ETF is designed to track. There may also be disparity between the performance of the ETF and the performance of the underlying asset pool or index that the ETF is designed to track as a result of, for example, failure of the tracking strategy, currency differences, fees and expenses. In addition, where the index or market that the ETF tracks is subject to restricted access, the efficiency in the unit creation or redemption

to keep the price of the ETF in line with its net asset value may be disrupted, causing the ETF to trade at a premium or discount to its net asset value. Such risks may have a negative impact on the performance of the ETF and the Basket Equity Linked Deposit (Partial Capital Protection at Maturity).]<sup>Note 3</sup>

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*Note 3: Insert if a Linked Stock is a unit of an ETF.*

[[Each of] *insert linked stock* [and *insert linked stock*]] is a unit in an ETF which may adopt a synthetic replication investment strategy to achieve its investment objectives by investing in financial derivative instruments. You should note that (i) by investing in financial derivative instruments, the ETF is exposed to the credit, potential contagion and concentration risks of the counterparties who issued the financial derivative instruments, and the market value of any collateral held by the ETF may have fallen substantially when the ETF seeks to realise such collateral; and (ii) the ETF may be exposed to a higher liquidity risk if such financial derivative instruments do not have an active secondary market.]]<sup>Note 4</sup>

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*Note 4: Insert if a Linked Stock is units of a synthetic ETF.*

[[Each of] *insert linked stock* [and *insert linked stock*]] is linked to a fund which is a real estate investment trust (“REIT”). You should note that the investment objective of REITs is to invest in a real estate portfolio. Each REIT is exposed to risks relating to investments in real estate, including but not limited to (a) adverse changes in political or economic conditions; (b) changes in interest rates and the availability of debt or equity financing, which may result in an inability by the REIT to maintain or improve the real estate portfolio and finance future acquisitions; (c) changes in environmental, zoning and other governmental rules; (d) changes in market rents; (e) any required repair and maintenance of the portfolio properties; (f) breach of any property laws or regulations; (g) the illiquidity of real estate investment; (h) real estate taxes; (i) any hidden interests in the portfolio properties; (j) any increase in insurance premiums and (k) any uninsurable losses.

There may also be disparity between the market price of the units of a REIT and the net asset value per unit. This is because the market price of the units of a REIT also depends on many factors, including but not limited to (a) the market value and perceived prospects of the real estate portfolio; (b) changes in economic or market conditions; (c) changes in market valuations of similar companies; (d) changes in interest rates; (e) the perceived attractiveness of the units of the REIT against those of other equity securities; (f) the future size and liquidity of the market for the units and the REIT market generally; (g) any future changes to the regulatory system, including the tax system and (h) the ability of the REIT to implement its investment and growth strategies and to retain its key personnel. Such risks may have a negative impact on the performance of the REIT and therefore the performance of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity). In addition, an increase in the market price of units of the REIT or its real estate portfolio may not lead to an increase in the market value of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) of the same magnitude or even any increase at all.]]<sup>Note 5</sup>

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*Note 5: Insert if a Linked Stock is units of a REIT.*



**[Risk factors specific to a Basket Equity Linked Deposit (Partial Capital Protection at Maturity) linked to an exchange traded fund investing through QFII, RQFII and/or China Connect (“China ETF”)]**

[Each of] *[insert linked stock]* [and *[insert linked stock]*] is linked to an ETF issued and traded outside mainland China with direct investment in the mainland China’s securities market through the Qualified Foreign Institutional Investor (“QFII”) regime, the RMB Qualified Foreign Institutional Investor (“RQFII”) regime and/or the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (collectively, “China Connect”). You should note the additional risks below:

- (a) the novelty and untested nature of China Connect makes a China ETF investing through it riskier than traditional exchange traded funds. The policy and rules for the QFII regime, the RQFII regime and China Connect prescribed by the PRC central government are subject to change, and there may be uncertainty to its implementation. Such uncertainty and potential change of the laws and regulations for the QFII regime, the RQFII regime and China Connect may adversely impact on the performance of a China ETF, and may also have potential retrospective effect. These changes may in turn adversely affect the performance of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity);
- (b) a China ETF primarily invests in securities traded in the mainland China’s securities market and is subject to concentration risk. Investment in the mainland China’s securities market (which are inherently stock markets with restricted access) involves certain risks and special considerations as compared with investment in more developed economies or markets, such as greater political, tax, economic, foreign exchange, liquidity and regulatory risks. The operation of a China ETF may also be affected by interventions by the applicable government(s) and regulators in the financial markets. This may adversely affect the performance of the China ETF, and in turn adversely affect the performance of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity);
- (c) trading of securities invested by a China ETF under China Connect will be subject to a daily quota which is utilised on a first-come-first-serve basis under China Connect. In the event that the daily quota under China Connect is reached, the manager may need to suspend creation of further units of the China ETF, and therefore may affect liquidity in unit trading of the China ETF. In such event, the trading price of a unit of the China ETF is likely to be at a significant premium to its net asset value, and may be highly volatile. The People’s Bank of China and the State Administration of Foreign Exchange have published the detailed implementation rules removing the investment quota allocated to such China ETF under the QFII and RQFII regimes with effect from 6 June 2020; and
- (d) there are risks and uncertainties associated with the current mainland Chinese tax law applicable to China ETFs investing in the mainland China through the QFII regime, the RQFII regime and/or China Connect. The general tax laws and regulations in mainland China are under constant development and often subject to change as a result of shift in policy of PRC central government. As such, there is a possibility that current tax laws, rules, regulations and practice in mainland China and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. Although China ETFs may have made a tax provision in respect of potential tax liability, the provision may be excessive or inadequate. Any shortfall between the provisions and actual tax liabilities may be covered by the assets of the China ETFs. This may adversely affect the performance of the China ETFs and the potential payout of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity).

Although the units of China ETFs are listed on the Exchange, there is no guarantee that an active trading market for such units will sustain or, if an active market does develop, liquidity of that market can be sustained. Also, the price and trading volume of the units of China ETFs may be highly volatile subject to the market sentiment, and may be more volatile than would generally be expected for exchange traded funds with a longer trading history.

The above risks may have a significant adverse impact on the performance of the units of such China ETF and the performance of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity), in which case you may sustain a loss in your investment.

You should read the offering documents of the relevant China ETF to understand its key features and risks.]<sup>Note 6</sup>

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*Note 6: Insert if a Linked Stock is units of a China ETF listed on the Exchange.*

**[Risk factors specific to Linked Stock consisting of shares of a company or units of a fund which are traded through the dual counter model**

[Each of] [*insert linked stock*] [and [*insert linked stock*]] consists of shares of a company or units of a fund which are traded in CNY and HKD separately through the dual counters model of the Exchange. You need to consider the following additional risks in light of the novelty and relatively untested nature of the Exchange's dual counters model:

- (a) the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) may relate to the HKD-traded shares or units or CNY-traded shares or units of a company or fund. If the Linked Stock is the HKD-traded shares or units, movement in the trading prices of the CNY-traded shares or units should not directly affect the performance of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity). Similarly, if the Linked Stock is the CNY-traded shares or units, movements in the trading prices of the HKD-traded shares or units should not directly affect the performance of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity);
- (b) if there is a suspension of inter-counter transfer of such shares or units between the HKD counter and the CNY counter for any reason, such shares or units will only be able to be traded in the relevant currency counter on the Exchange, which may affect the demand and supply of such shares or units and have an adverse effect on the performance of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity); and
- (c) the trading price on the Exchange of the HKD-traded shares or units and CNY-traded shares or units may deviate significantly due to different factors, such as market liquidity, CNY conversion risk, supply and demand in each counter and the exchange rate between offshore CNY and HKD. Changes in the trading price of the Linked Stock in HKD or CNY (as the case may be) may adversely affect the performance of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity).

The above risks may have a significant adverse impact on the performance of the shares of a company or units of a fund and the performance of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity).]<sup>Note 7</sup>

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*Note 7: Insert if a Linked Stock is shares of a company or units of a fund which follows the dual counter model on the Exchange.*

**[Additional risk factors specific to CNY-denominated Basket Equity Linked Deposit (Partial Capital Protection at Maturity) and/or Basket Equity Linked Deposit (Partial Capital Protection at Maturity) linked to CNY-traded Linked Stock**

- (a) *Offshore CNY exchange rate risk*

While both onshore CNY (i.e. CNY traded in the mainland China) (“**onshore CNY**”) and offshore CNY (i.e. CNY traded outside the mainland China) (“**offshore CNY**”) are the same currency, they are traded in different and separate markets operating under different

regulations and independent liquidity pool. Onshore CNY and offshore CNY are currently traded in different markets with different exchange rates, whereby their exchange rate movements may not be in the same direction or magnitude. The offshore CNY exchange rate may deviate significantly from the onshore CNY exchange rate. Changes in the offshore CNY exchange rate may adversely affect the performance of our CNY-denominated Basket Equity Linked Deposits (Partial Capital Protection at Maturity) or Basket Equity Linked Deposits (Partial Capital Protection at Maturity) linked to CNY-traded Linked Stock.

In addition, if you are not CNY-based investors, you may have to convert your home currency into CNY when investing in our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) denominated in CNY. You may also have to convert payments made on such Basket Equity Linked Deposit (Partial Capital Protection at Maturity) back to your home currency. During these processes, you will incur currency conversion costs and be exposed to risk of fluctuation in the exchange rate of offshore CNY against your home currency.

The exchange rate of offshore CNY will be affected by, amongst other things, the PRC central government's foreign exchange control (for example, the PRC central government regulates conversion between CNY and such other currency), which may adversely affect your potential return under our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) when you convert CNY into such other currency, or vice versa.

Please note that like other foreign currencies, the exchange rate of offshore CNY may rise or fall. There is no guarantee that CNY will not depreciate. Investment in our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) denominated in CNY shall not be used to speculate on the appreciation of CNY.

(b) *Limited pool of CNY outside the mainland China*

CNY is subject to foreign exchange control by the PRC central government.

There is currently a limited pool of CNY outside the mainland China. Should the PRC central government tighten its foreign exchange control over the cross border movements of CNY, the liquidity in the offshore CNY is likely to be adversely affected. Such limitation on liquidity in the offshore CNY may increase our unwind cost on any hedging arrangements relating to the CNY-denominated Basket Equity Linked Deposit (Partial Capital Protection at Maturity) or the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) linked to CNY-traded Linked Stock which may adversely affect the performance of our Basket Equity Linked Deposit (Partial Capital Protection at Maturity).

(c) *Settlement risks for CNY Disruption Event*

In the case where the Deposit Currency is CNY and we determine, in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner), that a CNY Disruption Event has occurred on, or prior to and is continuing on, a scheduled payment date on which any amount payable in CNY under the terms and conditions of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) is scheduled to be paid, such payment will be postponed to the third Business Day after the date on which the CNY Disruption Event ceases to exist. We will notify you of the postponement as soon as practicable but no later than the second Business Day after the scheduled payment date. If the CNY Disruption Event continues to exist for twelve consecutive Business Days from the original payment date that, but for the occurrence of the CNY Disruption Event, would have been the date for such payment, we will make payment of the HKD Equivalent Amount (being an amount in HKD by converting such amount into HKD using the CNY/HKD Exchange Rate as of that twelfth Business Day) no later than the third Business Day after that twelfth Business Day to you. We will notify you as soon as practicable but no later than the third Business Day after that

twelfth Business Day of the relevant settlement arrangement (including the determination of the HKD Equivalent Amount). Any such payment made by us shall be in full and final settlement of our obligations to pay the relevant amount payable in CNY on the affected payment date in respect of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity).

The occurrence of a CNY Disruption Event could delay your receipt of payment under the Basket Equity Linked Deposit (Partial Capital Protection at Maturity). We will not pay any extra amount for any delay in making such payment. In addition, if such payment is made in a HKD Equivalent Amount, you will also be exposed to the risk of fluctuation in the exchange rate of offshore CNY against HKD. If CNY depreciates significantly against HKD following the occurrence of a CNY Disruption Event, you will suffer a loss in HKD terms as the HKD Equivalent Amount paid to you will be substantially less than the value of the relevant amount payable in CNY on the original payment date in HKD terms (calculated based on the exchange rate between offshore CNY and HKD prior to the occurrence of the CNY Disruption Event).

(d) *CNY interest rate risk*

Interest rates for offshore CNY may be different from interest rates for onshore CNY. Interest rates for offshore CNY may be influenced by the supply and demand of offshore CNY as well as interest rates for onshore CNY. Interest rates for onshore CNY are controlled by the PRC central government. Any liberalisation of interest rates for onshore CNY may occur and may influence the interest rate for offshore CNY. The performance of our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) denominated in CNY and Basket Equity Linked Deposit (Partial Capital Protection at Maturity) linked to CNY-traded Linked Stock may be adversely affected by the fluctuations in the offshore CNY interest rate and this may in turn adversely affect your potential return under our Basket Equity Linked Deposits (Partial Capital Protection at Maturity).]<sup>Note 8</sup>

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*Note 8: Insert if the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) is denominated in CNY, or the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) is linked to CNY-traded Linked Stock.*

### **Additional Information**

The Basket Equity Linked Deposit (Partial Capital Protection at Maturity) is not available to United States persons (as defined in the United States Securities Act of 1933, as amended) [or *insert any other applicable selling restrictions*].

You can find out more information on the Bank from our website *www.hkbea.com*. Information contained in the websites referred to in this Term Sheet (other than the electronic versions of the Offering Documents appearing on our website (if any)) does not form part of the Offering Documents. We do not accept any responsibility for information contained in any third party websites.

Structured investment products are complex and may involve a high risk of loss. Prior to entering into a transaction involving structured investment products, you should consult with your own legal, regulatory, tax, financial and accounting advisors to the extent you consider it necessary, and make your own investment, hedging and trading decisions based upon your own judgment and advice from those advisers you consider necessary.

As at the Trade Date, we (as the Offeror and Product Arranger) confirm that we meet the eligibility requirements applicable to issuers and product arrangers respectively under the Code on Unlisted Structured Investment Products (“Code”) issued by the Securities and Futures Commission (“SFC”) and the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) complies with the Code.

The information contained in the Principal Brochure, the Financial Disclosure Document (taken together with, and as updated by, [the addendum to the Principal Brochure and] [the addendum to the Financial Disclosure Document and] this Term Sheet) is accurate as at the date of this Term Sheet. The Offering Document includes particulars given in compliance with the Code for the purpose of giving information with regard to the Bank (as the Offeror and the Product Arranger) and the Basket Equity Linked Deposit (Partial Capital Protection at Maturity). We (as the Offeror and the Product Arranger) accept full responsibility for the contents of, the completeness and accuracy of the information contained in the Principal Brochure [(together with the addendum)], the Financial Disclosure Document [(together with the addendum)] and this Term Sheet and confirm, having made all reasonable enquiries, that to the best of our knowledge and belief, there is no untrue or misleading statement, or other facts the omission of which would make any statement herein untrue or misleading.

The SFC has authorised our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) under section 104A(1) of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (“SFO”) and the issue of this Term Sheet based on the standard format set out in Appendix 2 to the Principal Brochure as part of the Offering Documents of our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) under section 105(1) of the SFO. The SFC takes no responsibility for our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) or the contents of this Term Sheet, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Term Sheet. The SFC’s authorisation does not imply its endorsement or recommendation of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) referred to in this Term Sheet, nor does it imply that the SFC guarantees the commercial merits of our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) or its performance. The SFC’s authorisation does not mean our Basket Equity Linked Deposit (Partial Capital Protection at Maturity) is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. Interested persons should consider obtaining independent advice before investing in our Basket Equity Linked Deposit (Partial Capital Protection at Maturity).

### **APPENDIX 3 – FORM OF CONFIRMATION FOR BASKET EQUITY LINKED DEPOSIT (PARTIAL CAPITAL PROTECTION AT MATURITY)**

We set out below the form of the Confirmation for our Basket Equity Linked Deposits (Partial Capital Protection at Maturity).

The SFC takes no responsibility as to the contents of the terms of the Confirmation as set out in this Appendix 3. The SFC's authorisation of this Principal Brochure does not imply the SFC's endorsement of the Product Terms and Conditions (as applied, disapplied, amended, varied and/or supplemented by the Confirmation).

#### **Confirmation for Basket Equity Linked Deposit (Partial Capital Protection at Maturity)**

This Confirmation constitutes the "Confirmation" relating to the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) described below. This Confirmation applies, disapplies, amends, varies and/or supplements the Product Terms and Conditions which are set out in the Appendix 1 to the principal brochure for Basket Equity Linked Deposit (Partial Capital Protection at Maturity) dated 26 March 2021 ("**Principal Brochure**").

Terms used herein shall be deemed to be defined as such in the Product Terms and Conditions. In the event of any inconsistency between the Product Terms and Conditions and this Confirmation, this Confirmation will prevail.

**The terms of the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) to which this Confirmation relates are as follows:**

<b>The Bank (as the Offeror and a principal)</b>	:	The Bank of East Asia, Limited 東亞銀行有限公司
<b>Deposit Currency</b>	:	[insert deposit currency]
<b>Deposit Tenor</b>	:	[insert number of calendar days] calendar days, being the number of calendar days from and including the Start Date to but excluding the Maturity Date
<b>Investment Period</b>	:	[insert number of calendar days] calendar days, being the number of calendar days from and including the Trade Date to and including the Determination Date
<b>Deposit Amount</b>	:	[insert deposit currency and deposit amount]
<b>Trade Date</b>	:	[insert trade date]
<b>Start Date</b>	:	[insert start date]
<b>Determination Date</b>	:	[insert date], if such day is not an Exchange Business Day, then the following Exchange Business Day, provided that if such day is a Disrupted Day for any Linked Stock in the Stock Basket, the Determination Date for each Linked Stock in the Stock Basket will be postponed as provided in Condition 8 of the Product Terms and Conditions

**Maturity Date** : Scheduled to be *[insert date]*, being the second Business Day after the Determination Date, subject to postponement in case of the occurrence of a CNY Disruption Event as provided in Condition 4.1 of the Product Terms and Conditions.

**Stock Basket<sup>1</sup>** :

<b>Linked Stock</b>	<b>Stock code</b>	<b>Initial Price</b>	<b>Trading currency of the Linked Stock</b>
<i>[insert stock name]</i>	<i>[insert stock code]</i>	<i>[insert price]</i>	[HKD][CNY]
<i>[insert stock name]</i>	<i>[insert stock code]</i>	<i>[insert price]</i>	[HKD][CNY]

**Exchange** : The Stock Exchange of Hong Kong Limited

**Closing Price** : In respect of an Exchange Business Day and a Linked Stock, the official closing price of that Linked Stock as of that day (as published by the Exchange), provided that if such day is a Disrupted Day, the Closing Price in respect of such day shall be determined in accordance with Condition 8 of the Product Terms and Conditions.

**Minimum Redemption Level** : *[insert number]*%

**Minimum Coupon Rate** : *[insert number]*%

**Participation Rate** : *[insert number]*%

**Kick-in feature** : [Applicable] [Not applicable]

**[Kick-in Level]** : *[insert number]*%<sup>2</sup>

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<sup>1</sup> The Stock Basket may comprise a minimum of two and a maximum of seven Linked Stocks, and may comprise a mixture of Linked Stocks traded in HKD and CNY.

<sup>2</sup> Applicable for Basket Equity Linked Deposits (Partial Capital Protection at Maturity) with Kick-in Feature.

**Settlement at maturity**

: Provided that the Basket Equity Linked Deposit (Partial Capital Protection at Maturity) is not early terminated:

*[For Basket Equity Linked Deposit (Partial Capital Protection at Maturity) (with no kick-in feature):*

- 1. If the Stock Performance of the Worst Performing Stock on the Determination Date is greater than or equal to 100% plus the Minimum Coupon Rate, the Customer will receive on Maturity Date a cash amount in the Deposit Currency equal to the Deposit Amount plus the Bonus Coupon Amount, less any Cash Settlement Expenses. The Bonus Coupon Amount will be calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\text{Participation Rate} \times (\text{Stock Performance of the Worst Performing Stock} - 100\%) \times \text{Deposit Amount}$$

- [2. If the Stock Performance of the Worst Performing Stock on the Determination Date is less than 100% plus the Minimum Coupon Rate but is greater than or equal to 100%, the Customer will receive on Maturity Date a cash amount in the Deposit Currency equal to the Deposit Amount plus the Minimum Coupon Amount, less any Cash Settlement Expenses. The Minimum Coupon Amount will be calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\text{Minimum Coupon Rate} \times \text{Deposit Amount}]^3$$

- [2/3]. If the Stock Performance of the Worst Performing Stock on the Determination Date is less than 100% but is greater than or equal to the Minimum Redemption Level, the Customer will receive on Maturity Date a cash amount in the Deposit Currency calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards), less any Cash Settlement Expenses:

$$\text{Stock Performance of the Worst Performing Stock} \times \text{Deposit Amount}$$

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<sup>3</sup> Applicable if the Minimum Coupon Rate is greater than 0%.



[3/4]. If the Stock Performance of the Worst Performing Stock on the Determination Date is less than the Minimum Redemption Level, the Customer will receive on Maturity Date a cash amount in the Deposit Currency calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards), less any Cash Settlement Expenses:

$$\text{Minimum Redemption Level} \times \text{Deposit Amount}]$$

***[For Basket Equity Linked Deposit (Partial Capital Protection at Maturity) (with kick-in feature):***

1. If the Stock Performance of the Worst Performing Stock on the Determination Date is greater than or equal to 100% plus the Minimum Coupon Rate, the Customer will receive on Maturity Date a cash amount in the Deposit Currency equal to the Deposit Amount plus the Bonus Coupon Amount, less any Cash Settlement Expenses. The Bonus Coupon Amount will be calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\text{Participation Rate} \times (\text{Stock Performance of the Worst Performing Stock} - 100\%) \times \text{Deposit Amount}$$

[2. If the Stock Performance of the Worst Performing Stock on the Determination Date is less than 100% plus the Minimum Coupon Rate but is greater than or equal to 100%, the Customer will receive on Maturity Date a cash amount in the Deposit Currency equal to the Deposit Amount plus the Minimum Coupon Amount, less any Cash Settlement Expenses. The Minimum Coupon Amount will be calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\text{Minimum Coupon Rate} \times \text{Deposit Amount}]^3$$

[2/3]. If the Stock Performance of the Worst Performing Stock on the Determination Date is less than 100% but is greater than or equal to the Kick-in Level, the Customer will receive on Maturity Date a cash amount in the Deposit Currency equal to the Deposit Amount, less any Cash Settlement Expenses.

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<sup>3</sup> Applicable if the Minimum Coupon Rate is greater than 0%.

[3/4]. If the Stock Performance of the Worst Performing Stock on the Determination Date is less than the Kick-in Level but is greater than or equal to the Minimum Redemption Level, the Customer will receive on Maturity Date a cash amount in the Deposit Currency calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards), less any Cash Settlement Expenses:

$$\text{Stock Performance of the Worst Performing Stock} \times \text{Deposit Amount}$$

[4/5]. If the Stock Performance of the Worst Performing Stock on the Determination Date is less than the Minimum Redemption Level, the Customer will receive on Maturity Date a cash amount in the Deposit Currency calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards), less any Cash Settlement Expenses:

$$\text{Minimum Redemption Level} \times \text{Deposit Amount}]$$

**Worst Performing Stock**

: The Worst Performing Stock is the Linked Stock in the Stock Basket with the lowest Stock Performance on the Determination Date. The Stock Performance of a Linked Stock on the Determination Date is calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\left( \frac{\text{Closing Price of the Linked Stock on the Determination Date}}{\text{Initial Price of the Linked Stock}} \right) \times 100\%$$

If more than one Linked Stock have the same lowest Stock Performance on the Determination Date, the Bank will, in its sole and absolute discretion acting in good faith and in a commercially reasonable manner, select any one of the Linked Stocks with the lowest Stock Performance to be the Worst Performing Stock.

**CNY/HKD Exchange Rate (For the calculation of the HKD Equivalent Amount in the case of a CNY Disruption Event)** : [In respect of a Business Day, the mid-market exchange rate between offshore CNY and HKD, which appears on the [Bloomberg/Reuters page] [*insert screen page*] as of [*insert time*] on such day, or if such rate is not available on such page as of such time on such day, the exchange rate as determined by the Bank in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) with reference to, without limitation, the comparable rate(s) as displayed on other price source(s) and the prevailing market conditions.]<sup>4</sup>

[Not applicable]<sup>5</sup>

**Cash Settlement Expenses** : Cash Settlement Expenses are charges or expenses including any taxes and duties that are incurred for payment of any cash amount under the Basket Equity Linked Deposit (Partial Capital Protection at Maturity). [Currently there are no such charges or expenses.] [Please ask the Bank for details of the Cash Settlement Expenses payable.]

**Product Terms and Conditions** : See the section headed “Product Terms and Conditions of Basket Equity Linked Deposit (Partial Capital Protection at Maturity)” in Appendix 1 to the Principal Brochure.

**Disposal Instruction**

**Designated Cash Account** : [*insert account number*]

**[HKD Cash Account** : [*insert account number*]]

OUR BASKET EQUITY LINKED DEPOSIT (PARTIAL CAPITAL PROTECTION AT MATURITY) IS **NOT** A PROTECTED DEPOSIT UNDER THE DEPOSIT PROTECTION SCHEME IN HONG KONG.

COMPUTER GENERATED CONFIRMATION. NO AUTHORIZED SIGNATURE(S) IS(ARE) REQUIRED.

<sup>4</sup> Applicable where the Deposit Currency is CNY.

<sup>5</sup> Applicable where the Deposit Currency is not CNY.

## **PARTIES**

### **OFFEROR AND PRODUCT ARRANGER**

#### **REGISTERED OFFICE OF THE BANK**

**The Bank of East Asia, Limited**

10 Des Voeux Road

Central

Hong Kong

#### **LEGAL ADVISER**

**King & Wood Mallesons**

13th Floor

Gloucester Tower

The Landmark

15 Queen's Road Central

Central

Hong Kong