



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 Callable and Optional Kick-in Features
("Basket Equity Linked Deposits")

Our Basket Equity Linked Deposits 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 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 76 of this Principal Brochure) for our Basket Equity Linked Deposits under section 105(1) of the SFO. The SFC takes no responsibility for our Basket Equity Linked Deposits 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 referred to in the Offering Documents, nor does it imply that the SFC guarantees the commercial merits of our Basket Equity Linked Deposits or their performance. The SFC's authorisation does not mean our Basket Equity Linked Deposits 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.

IMPORTANT

Our Basket Equity Linked Deposits are complex products. You should exercise caution in relation to our Basket Equity Linked Deposits. You are warned that the market value of our Basket Equity Linked Deposits 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 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 and, where necessary, seek independent professional advice, before you decide whether to invest in our Basket Equity Linked Deposits.

The Offering Documents of our Basket Equity Linked Deposits 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. 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 comply with the Code.

Our Basket Equity Linked Deposits 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, 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 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 with an Investment Period of more than one year. Please refer to pages 79 to 80 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**").

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KEY FACTS STATEMENT A –

Basket Equity Linked Deposit with Daily Callable Feature offered by the Bank

This is an unlisted structured investment product embedded with derivatives. There are four variations of Basket Equity Linked Deposits. This statement provides you with the key information about one variation of our Basket Equity Linked Deposits that we may offer – Basket Equity Linked Deposit with Daily Callable Feature. This statement is part of the Offering Documents. You should not invest in our Basket Equity Linked Deposits 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 are unlisted structured investment products embedded with derivatives. They are NOT equivalent to and should not be treated as a substitute for conventional time deposits.
- **Not protected deposits.** Our Basket Equity Linked Deposits are NOT protected deposits under the Deposit Protection Scheme in Hong Kong.
- **Not capital protected.** Our Basket Equity Linked Deposits are NOT capital protected. You may receive the Worst Performing Stock instead of the Deposit Amount in cash at maturity depending on the performance of each of the Linked Stocks in the Stock Basket during the Investment Period. The market value of the Worst Performing Stock you receive may be substantially less than your Deposit Amount or **may even become worthless. In the worst case scenario, you could lose all of your Deposit Amount.**
- **Capped maximum potential gain.** The amount of maximum potential gain under our Basket Equity Linked Deposits is capped and limited to the aggregate Coupon Amount payable during the scheduled Deposit Tenor.
- **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 at maturity depends on the performance of each of the Linked Stocks in the Stock Basket during the Investment Period. 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 are NOT secured on any of our assets or any collateral.
- **Liquidity risk.** Our Basket Equity Linked Deposits are not transferable without our prior written consent and are designed to be held to maturity. We only provide limited market making arrangements for our Basket Equity Linked Deposits with an Investment Period of more than 6 months. If you early terminate your Basket Equity Linked Deposit 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 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 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, except where the Worst Performing Stock is determined on the Determination Date to be deliverable to you on the Maturity Date, in such case you will be entitled to the rights in such Worst Performing Stock as from and including the Determination Date. 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.
- **Insolvency risk.** The settlement of our Basket Equity Linked Deposits 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, 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. **In the worst case scenario, you could lose all of your Deposit Amount.**
- **Re-investment risk.** Our Basket Equity Linked Deposits will be early terminated if a Call Event has occurred on any Call Event Observation Date. You will not receive any further Coupon Amount following such termination. You may not be able to enjoy the same rate of return if you re-invest in other investments with similar risk parameters.
- **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 (unless there is a post-sale cooling-off period applicable to our Basket Equity Linked Deposits and you exercise such right), and you will therefore be exposed to risks relating to our Basket Equity Linked Deposits 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. Our economic interests in each role may be adverse to your interests in our Basket Equity Linked Deposits.
- **Additional risks for CNY-denominated Basket Equity Linked Deposits and/or Basket Equity Linked Deposits linked to CNY-traded Linked Stock.** Where the Deposit Currency of the Basket Equity Linked Deposits is CNY, and/or any Linked Stock is traded in CNY, the performance of such Basket Equity Linked Deposits may be adversely affected due to risks relating to CNY, such as the current limited pool of CNY outside the Chinese Mainland, offshore CNY exchange rate risk and CNY interest rate risk. Our payment under any CNY-denominated Basket Equity Linked Deposits may also be postponed, or delivered in an HKD Equivalent Amount upon occurrence of a CNY Disruption Event.

What are the key features of a Basket Equity Linked Deposit with Daily Callable Feature?

- **Product Type:** Our Basket Equity Linked Deposits are unlisted structured investment products which have an embedded conditional put option over the Linked Stocks in the Stock Basket. If you invest in a Basket Equity Linked Deposit, you will be selling to the Bank a conditional put option over the Linked Stocks in the Stock Basket. If certain conditions are met, you will be obliged to buy a number of the Worst Performing Stock in the Stock Basket at its Reference Price from the Bank on the Determination Date, which will be delivered to you on the Maturity Date.

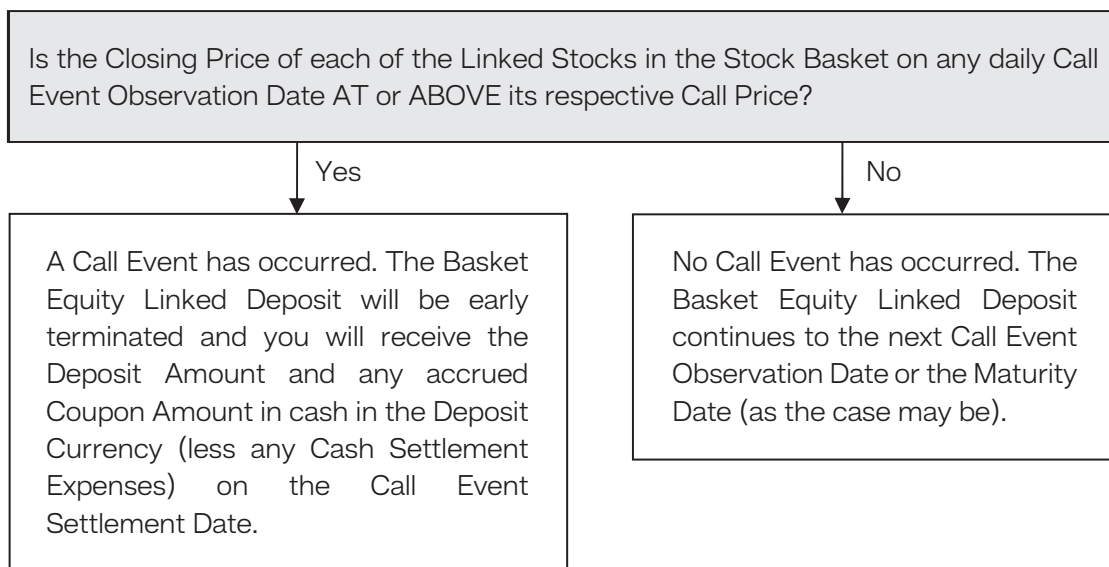
- **Investment Period and Deposit Tenor:** The Investment Period commences from and including the Trade Date to and including the Determination Date, while the Deposit Tenor commences from and including the Start Date to but excluding the Maturity Date. The Deposit Tenor generally ranges from 1 month 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 and/or units of companies and/or funds (being an exchange traded fund or a real estate investment trust) listed on The Stock Exchange of Hong Kong Limited ("**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:** HKD100,000 (or its equivalent in the Deposit Currency, calculated at the prevailing exchange rate at the time when you place your purchase order).
- **Coupon Amount:** The Coupon Amount will start to accrue from the Start Date. Subject to the occurrence of a Call Event or any early termination of the Basket Equity Linked Deposit, a Coupon Amount in the Deposit Currency (less any Cash Settlement Expenses) will be payable on each Coupon Payment Date (being each Coupon Period End Date if no Call Event has occurred), which is calculated as follows:

$$\text{Deposit Amount} \times \text{Annualised Coupon Rate} \times \frac{\text{Number of calendar days in the relevant Coupon Period}^*}{\text{Day Count Basis}^{**}}$$

* Each Coupon Period means a period from and including a Coupon Period Start Date to but excluding the corresponding Coupon Period End Date as set out in the relevant Term Sheet, provided that if a Call Event has occurred during a Coupon Period, such period will start from and including the relevant Coupon Period Start Date to but excluding the Call Event Settlement Date.

** Day Count Basis will be 365 if the Deposit Currency is HKD or GBP. If the Deposit Currency is not HKD or GBP, the Day Count Basis will be 360.

- Daily Callable Feature:** A Call Event occurs if the Closing Price of each of the Linked Stocks in the Stock Basket on any daily Call Event Observation Date is AT or ABOVE its respective Call Price. The Call Price of each Linked Stock in the Stock Basket is set at a specified percentage of its Initial Price and will be set out in the relevant Term Sheet. The same percentage will be used to calculate the Call Price of each of the Linked Stocks in the Stock Basket on all Call Event Observation Dates. The daily Call Event Observation Dates are set as each Exchange Business Day during the relevant period (which may start from and including the Start Date to but excluding the Determination Date) as set out in the relevant Term Sheet. If a Call Event has occurred, the Basket Equity Linked Deposit will be early terminated and we will pay you the Deposit Amount and any accrued Coupon Amount calculated up to but excluding the Call Event Settlement Date in cash in the Deposit Currency (less any Cash Settlement Expenses) on the Call Event Settlement Date (being the second Business Day after the relevant Call Event Observation Date). No further Coupon Amount will be payable following early termination.



- Settlement At Maturity:** If no Call Event has occurred on any daily Call Event Observation Dates and the Basket Equity Linked Deposit is not otherwise early terminated, your settlement at maturity will depend on the Closing Price of the Worst Performing Stock on the Determination Date compared to its Reference Price. 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):

$$\left(\frac{\text{Closing Price of the Linked Stock on the Determination Date}}{\text{Initial Price of the Linked Stock}} - 1 \right) \times 100\%$$

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.

Is the Closing Price of the Worst Performing Stock on the Determination Date AT or ABOVE its Reference Price?

No

You will receive on the Maturity Date:

- (i) the Coupon Amount for the final Coupon Period in cash in the Deposit Currency (less any Cash Settlement Expenses); and
- (ii) a number of the Worst Performing Stock (subject to the payment of any Physical Settlement Expenses) which is calculated as follows:

Deposit Amount (converted into the trading
currency of the Worst Performing Stock
at the Exchange Rate if applicable)

Reference Price of the Worst
Performing Stock

Only an integral number of the Worst Performing Stock will be delivered to you, and any Fractional Stock will be settled by payment of Residual Cash* in HKD.

In this scenario, you will suffer a loss if the sum of the market value of the Worst Performing Stock delivered (calculated based on the Closing Price of the Worst Performing Stock on the Determination Date) and the aggregate Coupon Amount payable during the scheduled Deposit Tenor is less than the Deposit Amount.

The market value of the Worst Performing Stock you receive may be substantially less than your Deposit Amount or may even become worthless.

Yes

You will receive on the Maturity Date the Deposit Amount and the Coupon Amount for the final Coupon Period in cash (less any Cash Settlement Expenses).

In this scenario, you will make a profit which is capped at the aggregate Coupon Amount payable during the scheduled Deposit Tenor.

* Residual Cash means the cash amount in HKD equal to the Closing Price of the Worst Performing Stock on the Determination Date multiplied by that Fractional Stock (converted into HKD at the CNY/HKD Exchange Rate as of the Determination Date if the trading currency of the Worst Performing Stock is CNY).

How can you apply for a Basket Equity Linked Deposit?

If you want to apply for our Basket Equity Linked Deposits, 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 and the application procedure.

You may apply for a Basket Equity Linked Deposit 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 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 case of (i) above, some of the commercial terms (such as the Call Price) will be specified as a specified percentage of the relevant Initial Price in the Term Sheet and you will not know all the exact commercial terms 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 all the commercial terms (including 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 (ii) above, you will know all the exact commercial terms 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 will be sent to you within 2 Business Days after the Trade Date.

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

Please refer to pages 78 to 79 of this Principal Brochure for further details.

What are the fees and charges?

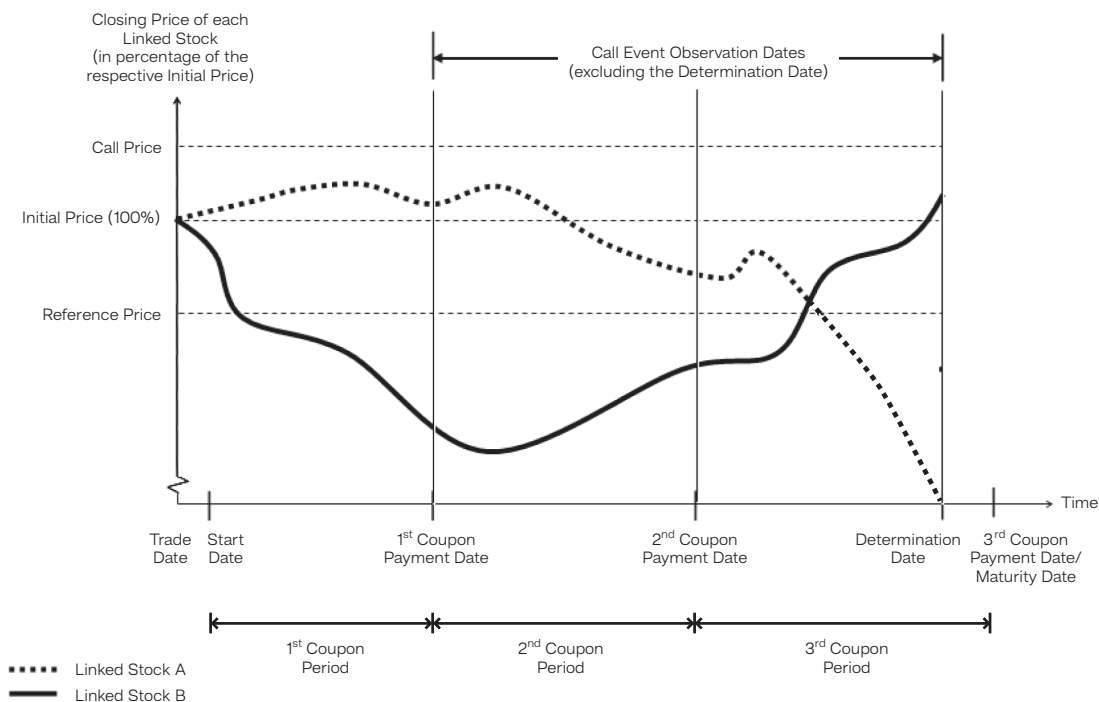
- **Cash Settlement Expenses** are all charges or expenses, including any taxes and duties that are incurred for payment of any cash amount under the Basket Equity Linked Deposit (except for the Residual Cash). Currently, no Cash Settlement Expenses are payable.
- **Physical Settlement Expenses** are out-of-pocket expenses relating to the transfer and receipt of the number of the Worst Performing Stock on the Maturity Date. These expenses include the buyer's stamp duty (if applicable) and any other charges for provision of securities services as notified by us in advance from time to time. Physical Settlement Expenses, if applicable, will be payable by you before the Worst Performing Stock is delivered to you on the Maturity Date.

There are no subscription fees, charges or commission for placing a purchase order for a Basket Equity Linked Deposit with us. All related charges (including our hedging cost) will be factored into the calculation of the Annualised Coupon Rate.

Please refer to page 79 of this Principal Brochure for further details. You should note that any Cash Settlement Expenses or Physical Settlement Expenses will reduce your potential gain or increase your potential loss under your investment in the Basket Equity Linked Deposit.

Worst case scenario

The below example illustrates the worst case scenario of a Basket Equity Linked Deposit with Daily Callable Feature.



The above example illustrates that:

- (i) no Call Event has occurred on any daily Call Event Observation Date as the Closing Price of each of the Linked Stocks in the Stock Basket on each daily Call Event Observation Date is below its respective Call Price; and
- (ii) the Closing Price of the Worst Performing Stock (being Linked Stock A) on the Determination Date is below its Reference Price.

You will receive the following:

- (i) the Coupon Amounts for the 1st and 2nd Coupon Periods in cash on the 1st and 2nd Coupon Payment Dates respectively; and
- (ii) the Coupon Amount for the 3rd Coupon Period in cash and the number of Worst Performing Stock calculated by reference to its Reference Price on the Maturity Date. The market value of the number of Worst Performing Stock delivered (calculated based on the Closing Price of the Worst Performing Stock on the Determination Date) is substantially less than your Deposit Amount. **In the extreme case, the Worst Performing Stock that you receive may become worthless.**

Your maximum potential loss under this example could be the Deposit Amount less the aggregate Coupon Amount payable during the Deposit Tenor if the market value of the number of Worst Performing Stock on the Maturity Date remains at zero.

If the Bank becomes insolvent or defaults on its obligations under the Basket Equity Linked Deposit, 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 work.

Adjustment to the terms and conditions or early termination of the Basket Equity Linked Deposit

We may adjust some of the terms and conditions (including adjusting the Initial Price, substituting the affected Linked Stock or adjusting certain key dates) of the Basket Equity Linked Deposit upon the occurrence of certain events (such as a Potential Adjustment Event). We may early terminate our Basket Equity Linked Deposits upon the occurrence of certain events (such as Delisting or Insolvency).

Please refer to pages 72 to 74 of this Principal Brochure for further details.

Post-sale cooling-off period

In respect of a Basket Equity Linked Deposit 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 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 (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 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 and no Deposit Amount will be deducted from the Designated Cash Account. 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, which may be substantially less than the Deposit Amount.

The Term Sheet will specify if the post-sale cooling-off period is applicable to a particular Basket Equity Linked Deposit. Please refer to pages 79 to 80 of this Principal Brochure for further details.

Is there any market making arrangement before expiry?

In respect of a Basket Equity Linked Deposit with an Investment Period of 6 months or less, we will not provide any market making arrangements and you cannot early terminate the Basket Equity Linked Deposit after your purchase order is accepted and executed by us on the Trade Date.

In respect of a Basket Equity Linked Deposit with an Investment Period of more than 6 months, we (as the market agent) will provide limited market making arrangement on a bi-weekly basis from the week after the Start Date up to the third Exchange Business Day before the Determination Date, or if such day is not an Exchange Business Day or is a Disrupted Day, the following Exchange Business Day which is not a Disrupted Day (each a "**Dealing Day**"). We (as the market agent) will make available an indicative bid price of your Basket Equity Linked Deposit 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.

If you wish to early terminate your Basket Equity Linked Deposit 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 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 before maturity, the amount you receive may be substantially less than your Deposit Amount.

The Term Sheet will specify if any market making arrangement is applicable to a particular Basket Equity Linked Deposit and the details of such market making arrangement. Please refer to pages 80 to 81 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. You should read and understand all of these documents before deciding whether to invest:

- (i) this Principal Brochure for our Basket Equity Linked Deposits dated 9 August 2024 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 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 Periodic Callable Feature offered by the Bank

This is an unlisted structured investment product embedded with derivatives. There are four variations of Basket Equity Linked Deposits. This statement provides you with the key information about one variation of our Basket Equity Linked Deposits that we may offer – Basket Equity Linked Deposit with Periodic Callable Feature. This statement is part of the Offering Documents. You should not invest in our Basket Equity Linked Deposits 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 are unlisted structured investment products embedded with derivatives. They are NOT equivalent to and should not be treated as a substitute for conventional time deposits.
- **Not protected deposits.** Our Basket Equity Linked Deposits are NOT protected deposits under the Deposit Protection Scheme in Hong Kong.
- **Not capital protected.** Our Basket Equity Linked Deposits are NOT capital protected. You may receive the Worst Performing Stock instead of the Deposit Amount in cash at maturity depending on the performance of each of the Linked Stocks in the Stock Basket during the Investment Period. The market value of the Worst Performing Stock you receive may be substantially less than your Deposit Amount or **may even become worthless. In the worst case scenario, you could lose all of your Deposit Amount.**
- **Capped maximum potential gain.** The amount of maximum potential gain under our Basket Equity Linked Deposits is capped and limited to the aggregate Coupon Amount payable during the scheduled Deposit Tenor.
- **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 at maturity depends on the performance of each of the Linked Stocks in the Stock Basket during the Investment Period. 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 are NOT secured on any of our assets or any collateral.
- **Liquidity risk.** Our Basket Equity Linked Deposits are not transferable without our prior written consent and are designed to be held to maturity. We only provide limited market making arrangements for our Basket Equity Linked Deposits with an Investment Period of more than 6 months. If you early terminate your Basket Equity Linked Deposit 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 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 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, except where the Worst Performing Stock is determined on the Determination Date to be deliverable to you on the Maturity Date, in such case you will be entitled to the rights in such Worst Performing Stock as from and including the Determination Date. 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.
- **Insolvency risk.** The settlement of our Basket Equity Linked Deposits 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, 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. **In the worst case scenario, you could lose all of your Deposit Amount.**
- **Re-investment risk.** Our Basket Equity Linked Deposits will be early terminated if a Call Event has occurred on any Call Event Observation Date. You will not receive any further Coupon Amount following such termination. You may not be able to enjoy the same rate of return if you re-invest in other investments with similar risk parameters.
- **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 (unless there is a post-sale cooling-off period applicable to our Basket Equity Linked Deposits and you exercise such right), and you will therefore be exposed to risks relating to our Basket Equity Linked Deposits 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. Our economic interests in each role may be adverse to your interests in our Basket Equity Linked Deposits.
- **Additional risks for CNY-denominated Basket Equity Linked Deposits and/or Basket Equity Linked Deposits linked to CNY-traded Linked Stock.** Where the Deposit Currency of the Basket Equity Linked Deposits is CNY, and/or any Linked Stock is traded in CNY, the performance of such Basket Equity Linked Deposits may be adversely affected due to risks relating to CNY, such as the current limited pool of CNY outside the Chinese Mainland, offshore CNY exchange rate risk and CNY interest rate risk. Our payment under any CNY-denominated Basket Equity Linked Deposits may also be postponed, or delivered in an HKD Equivalent Amount upon occurrence of a CNY Disruption Event.

What are the key features of a Basket Equity Linked Deposit with Periodic Callable Feature?

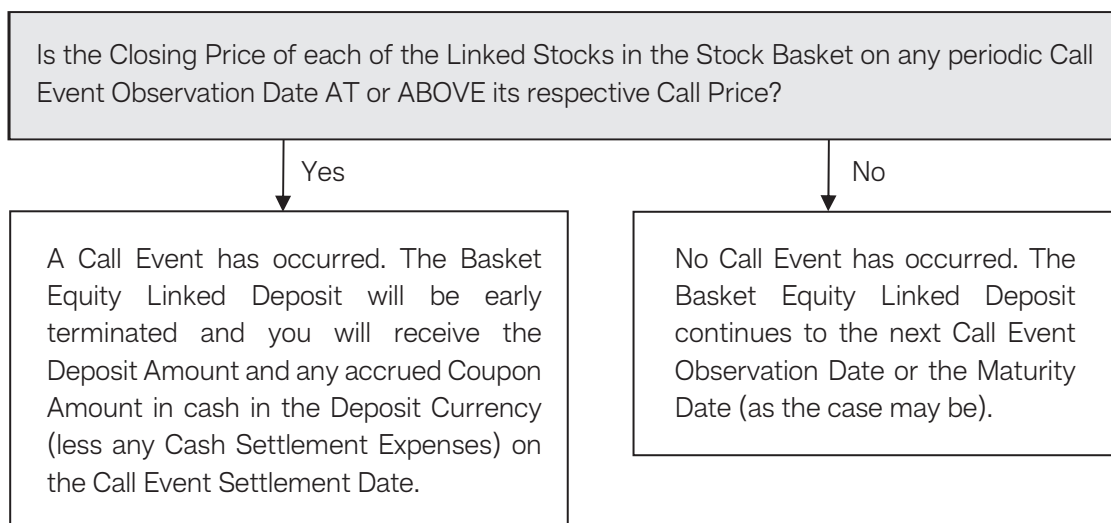
- **Product Type:** Our Basket Equity Linked Deposits are unlisted structured investment products which have an embedded conditional put option over the Linked Stocks in the Stock Basket. If you invest in a Basket Equity Linked Deposit, you will be selling to the Bank a conditional put option over the Linked Stocks in the Stock Basket. If certain conditions are met, you will be obliged to buy a number of the Worst Performing Stock in the Stock Basket at its Reference Price from the Bank on the Determination Date, which will be delivered to you on the Maturity Date.

- **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 and/or units of companies and/or 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:** HKD100,000 (or its equivalent in the Deposit Currency, calculated at the prevailing exchange rate at the time when you place your purchase order).
- **Coupon Amount:** The Coupon Amount will start to accrue from the Start Date. Subject to the occurrence of a Call Event or any early termination of the Basket Equity Linked Deposit, a Coupon Amount in the Deposit Currency (less any Cash Settlement Expenses) will be payable on each Coupon Payment Date (being each Coupon Period End Date if no Call Event has occurred), which is calculated as follows:

$$\text{Deposit Amount} \times \text{Annualised Coupon Rate} \times \frac{\text{Number of calendar days in the relevant Coupon Period}^*}{\text{Day Count Basis}^{**}}$$

- * Each Coupon Period means a period from and including a Coupon Period Start Date to but excluding the corresponding Coupon Period End Date as set out in the relevant Term Sheet, provided that if a Call Event has occurred during a Coupon Period, such period will start from and including the relevant Coupon Period Start Date to but excluding the Call Event Settlement Date.
- ** Day Count Basis will be 365 if the Deposit Currency is HKD or GBP. If the Deposit Currency is not HKD or GBP, the Day Count Basis will be 360.

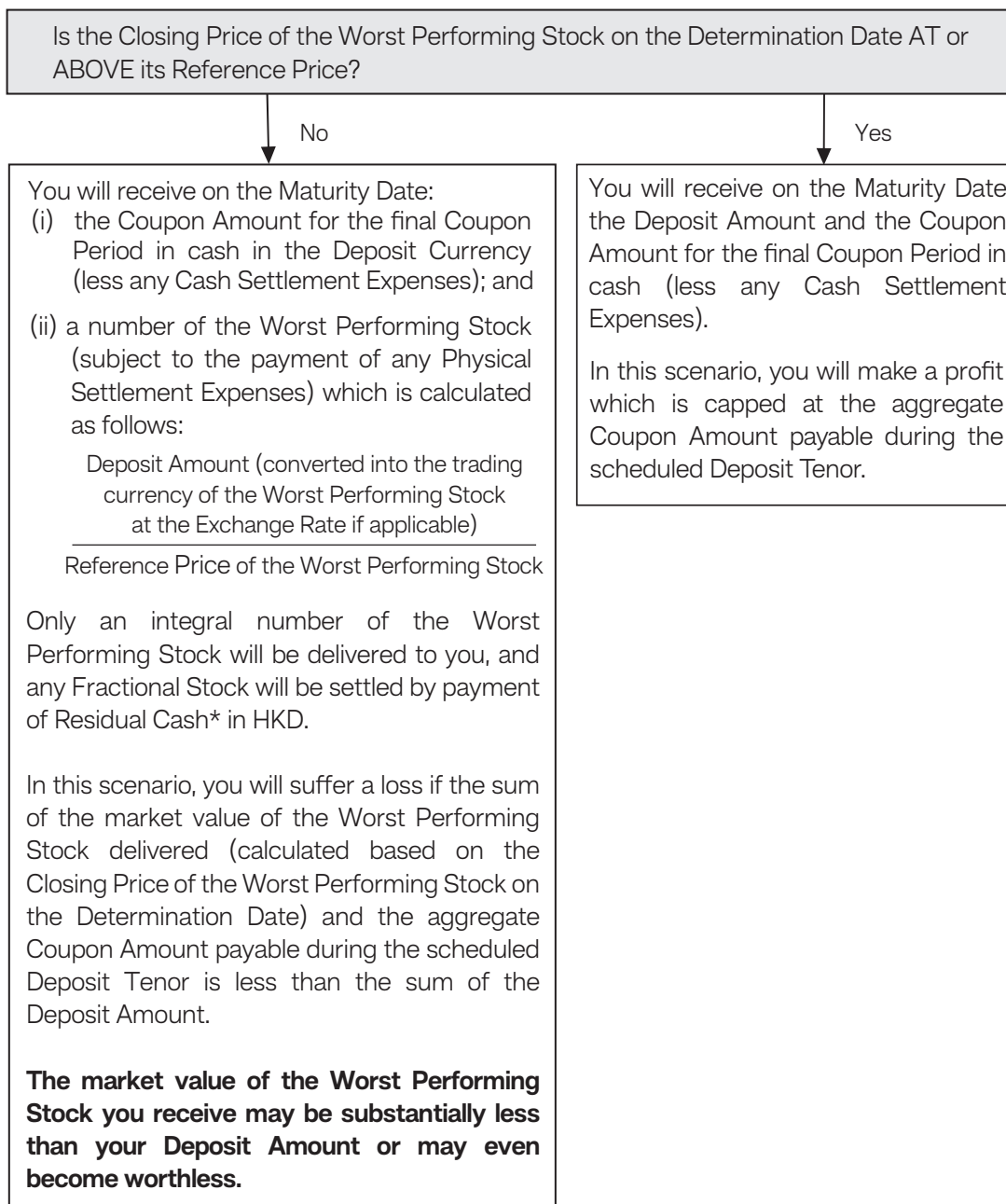
- Periodic Callable Feature:** A Call Event occurs if the Closing Price of each of the Linked Stocks in the Stock Basket on any periodic Call Event Observation Date is AT or ABOVE its respective Call Price. The Call Price of each Linked Stock in the Stock Basket is set at a specified percentage of its Initial Price and will be set out in the relevant Term Sheet. The same percentage will be used to calculate the Call Price of each of the Linked Stocks in the Stock Basket on all Call Event Observation Date(s). The periodic Call Event Observation Date(s) is/are certain periodic date(s) (excluding the Determination Date) as specified in the relevant Term Sheet. The first periodic Call Event Observation Date can be set as any date on or after the Start Date. If a Call Event has occurred, the Basket Equity Linked Deposit will be early terminated and we will pay you the Deposit Amount and any accrued Coupon Amount calculated up to but excluding the Call Event Settlement Date in cash in the Deposit Currency (less any Cash Settlement Expenses) on the Call Event Settlement Date (being the second Business Day after the relevant Call Event Observation Date). No further Coupon Amount will be payable following early termination.



- Settlement At Maturity:** If no Call Event has occurred on any periodic Call Event Observation Date and the Basket Equity Linked Deposit is not otherwise early terminated, your settlement at maturity will depend on the Closing Price of the Worst Performing Stock on the Determination Date compared to its Reference Price. 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):

$$\left(\frac{\text{Closing Price of the Linked Stock on the Determination Date}}{\text{Initial Price of the Linked Stock}} - 1 \right) \times 100\%$$

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.



* Residual Cash means the cash amount in HKD equal to the Closing Price of the Worst Performing Stock on the Determination Date multiplied by that Fractional Stock (converted into HKD at the CNY/HKD Exchange Rate as of the Determination Date if the trading currency of the Worst Performing Stock is CNY).

How can you apply for a Basket Equity Linked Deposit?

If you want to apply for our Basket Equity Linked Deposits, 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 and the application procedure.

You may apply for a Basket Equity Linked Deposit 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 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 case of (i) above, some of the commercial terms (such as the Call Price) will be specified as a specified percentage of the relevant Initial Price in the Term Sheet and you will not know all the exact commercial terms 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 all the commercial terms (including 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 (ii) above, you will know all the exact commercial terms 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 will be sent to you within 2 Business Days after the Trade Date.

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

Please refer to pages 78 to 79 of this Principal Brochure for further details.

What are the fees and charges?

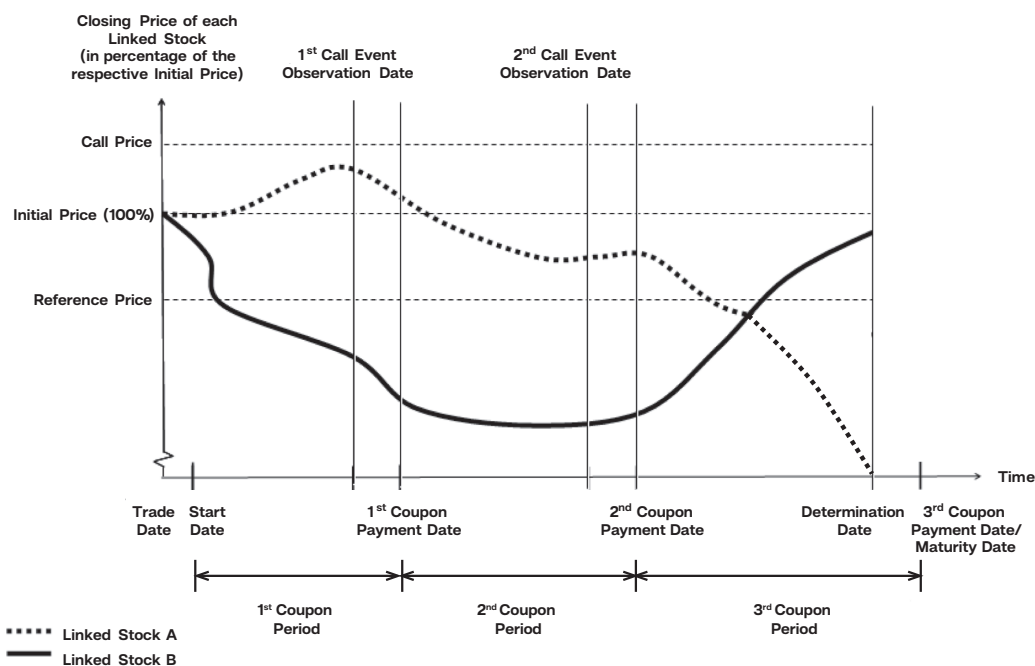
- **Cash Settlement Expenses** are all charges or expenses, including any taxes and duties that are incurred for payment of any cash amount under the Basket Equity Linked Deposit (except for the Residual Cash). Currently, no Cash Settlement Expenses are payable.
- **Physical Settlement Expenses** are out-of-pocket expenses relating to the transfer and receipt of the number of the Worst Performing Stock on the Maturity Date. These expenses include the buyer's stamp duty (if applicable) and any other charges for provision of securities services as notified by us in advance from time to time. Physical Settlement Expenses, if applicable, will be payable by you before the Worst Performing Stock is delivered to you on the Maturity Date.

There are no subscription fees, charges or commission for placing a purchase order for a Basket Equity Linked Deposit with us. All related charges (including our hedging cost) will be factored into the calculation of the Annualised Coupon Rate.

Please refer to page 79 of this Principal Brochure for further details. You should note that any Cash Settlement Expenses or Physical Settlement Expenses will reduce your potential gain or increase your potential loss under your investment in the Basket Equity Linked Deposit.

Worst case scenario

The below example illustrates the worst case scenario of a Basket Equity Linked Deposit with Periodic Callable Feature.



The above example illustrates that:

- (i) no Call Event has occurred on any periodic Call Event Observation Date as the Closing Price of each of the Linked Stocks in the Stock Basket on each periodic Call Event Observation Date is below its respective Call Price; and
- (ii) the Closing Price of the Worst Performing Stock (being Linked Stock A) on the Determination Date is below its Reference Price.

You will receive the following:

- (i) the Coupon Amounts for the 1st and 2nd Coupon Periods in cash on the 1st and 2nd Coupon Payment Dates respectively; and
- (ii) the Coupon Amount for the 3rd Coupon Period in cash and the number of Worst Performing Stock calculated by reference to its Reference Price on the Maturity Date. The market value of the number of Worst Performing Stock delivered (calculated based on the Closing Price of the Worst Performing Stock on the Determination Date) is substantially less than your Deposit Amount. **In the extreme case, the Worst Performing Stock that you receive may become worthless.**

Your maximum potential loss under this example could be the Deposit Amount less the aggregate Coupon Amount payable during the Deposit Tenor if the market value of the number of Worst Performing Stock on the Maturity Date remains at zero.

If the Bank becomes insolvent or defaults on its obligations under the Basket Equity Linked Deposit, 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 work.

Adjustment to the terms and conditions or early termination of the Basket Equity Linked Deposit

We may adjust some of the terms and conditions (including adjusting the Initial Price, substituting the affected Linked Stock or adjusting certain key dates) of the Basket Equity Linked Deposit upon the occurrence of certain events (such as a Potential Adjustment Event). We may early terminate our Basket Equity Linked Deposits upon the occurrence of certain events (such as Delisting or Insolvency).

Please refer to pages 72 to 74 of this Principal Brochure for further details.

Post-sale cooling-off period

In respect of a Basket Equity Linked Deposit 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 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 (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 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 and no Deposit Amount will be deducted from the Designated Cash Account. 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, which may be substantially less than the Deposit Amount.

The Term Sheet will specify if the post-sale cooling-off period is applicable to a particular Basket Equity Linked Deposit. Please refer to pages 79 to 80 of this Principal Brochure for further details.

Is there any market making arrangement before expiry?

In respect of a Basket Equity Linked Deposit with an Investment Period of 6 months or less, we will not provide any market making arrangements and you cannot early terminate the Basket Equity Linked Deposit after your purchase order is accepted and executed by us on the Trade Date.

In respect of a Basket Equity Linked Deposit with an Investment Period of more than 6 months, we (as the market agent) will provide limited market making arrangement on a bi-weekly basis from the week after the Start Date up to the third Exchange Business Day before the Determination Date, or if such day is not an Exchange Business Day or is a Disrupted Day, the following Exchange Business Day which is not a Disrupted Day (each a "**Dealing Day**"). We (as the market agent) will make available an indicative bid price of your Basket Equity Linked Deposit 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.

If you wish to early terminate your Basket Equity Linked Deposit 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 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 before maturity, the amount you receive may be substantially less than your Deposit Amount.

The Term Sheet will specify if any market making arrangement is applicable to a particular Basket Equity Linked Deposit and the details of such market making arrangement. Please refer to pages 80 to 81 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. You should read and understand all of these documents before deciding whether to invest:

- (i) this Principal Brochure for our Basket Equity Linked Deposits dated 9 August 2024 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 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 C –

Basket Equity Linked Deposit with Daily Callable and Kick-in Features offered by the Bank

This is an unlisted structured investment product embedded with derivatives. There are four variations of Basket Equity Linked Deposits. This statement provides you with the key information about one variation of our Basket Equity Linked Deposits that we may offer – Basket Equity Linked Deposit with Daily Callable and Kick-in Features. This statement is part of the Offering Documents. You should not invest in our Basket Equity Linked Deposits 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 are unlisted structured investment products embedded with derivatives. They are NOT equivalent to and should not be treated as a substitute for conventional time deposits.
- **Not protected deposits.** Our Basket Equity Linked Deposits are NOT protected deposits under the Deposit Protection Scheme in Hong Kong.
- **Not capital protected.** Our Basket Equity Linked Deposits are NOT capital protected. You may receive the Worst Performing Stock instead of the Deposit Amount in cash at maturity depending on the performance of each of the Linked Stocks in the Stock Basket during the Investment Period. The market value of the Worst Performing Stock you receive may be substantially less than your Deposit Amount or **may even become worthless. In the worst case scenario, you could lose all of your Deposit Amount.**
- **Capped maximum potential gain.** The amount of maximum potential gain under our Basket Equity Linked Deposits is capped and limited to the aggregate Coupon Amount payable during the scheduled Deposit Tenor.
- **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 at maturity depends on the performance of each of the Linked Stocks in the Stock Basket during the Investment Period. 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 are NOT secured on any of our assets or any collateral.
- **Liquidity risk.** Our Basket Equity Linked Deposits are not transferable without our prior written consent and are designed to be held to maturity. We only provide limited market making arrangements for our Basket Equity Linked Deposits with an Investment Period of more than 6 months. If you early terminate your Basket Equity Linked Deposit 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 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 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, except where the Worst Performing Stock is determined on the Determination Date to be deliverable to you on the Maturity Date, in such case you will be entitled to the rights in such Worst Performing Stock as from and including the Determination Date. 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.
- **Insolvency risk.** The settlement of our Basket Equity Linked Deposits 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, 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. **In the worst case scenario, you could lose all of your Deposit Amount.**
- **Re-investment risk.** Our Basket Equity Linked Deposits will be early terminated if a Call Event has occurred on any Call Event Observation Date. You will not receive any further Coupon Amount following such termination. You may not be able to enjoy the same rate of return if you re-invest in other investments with similar risk parameters.
- **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 (unless there is a post-sale cooling-off period applicable to our Basket Equity Linked Deposits and you exercise such right), and you will therefore be exposed to risks relating to our Basket Equity Linked Deposits 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. Our economic interests in each role may be adverse to your interests in our Basket Equity Linked Deposits.
- **Additional risks for CNY-denominated Basket Equity Linked Deposits and/or Basket Equity Linked Deposits linked to CNY-traded Linked Stock.** Where the Deposit Currency of the Basket Equity Linked Deposits is CNY, and/or any Linked Stock is traded in CNY, the performance of such Basket Equity Linked Deposits may be adversely affected due to risks relating to CNY, such as the current limited pool of CNY outside the Chinese Mainland, offshore CNY exchange rate risk and CNY interest rate risk. Our payment under any CNY-denominated Basket Equity Linked Deposits may also be postponed, or delivered in an HKD Equivalent Amount upon occurrence of a CNY Disruption Event.

What are the key features of a Basket Equity Linked Deposit with Daily Callable and Kick-in Features?

- **Product Type:** Our Basket Equity Linked Deposits are unlisted structured investment products which have an embedded conditional put option over the Linked Stocks in the Stock Basket. If you invest in a Basket Equity Linked Deposit, you will be selling to the Bank a conditional put option over the Linked Stocks in the Stock Basket. If certain conditions are met, you will be obliged to buy a number of the Worst Performing Stock in the Stock Basket at its Reference Price from the Bank on the Determination Date, which will be delivered to you on the Maturity Date.

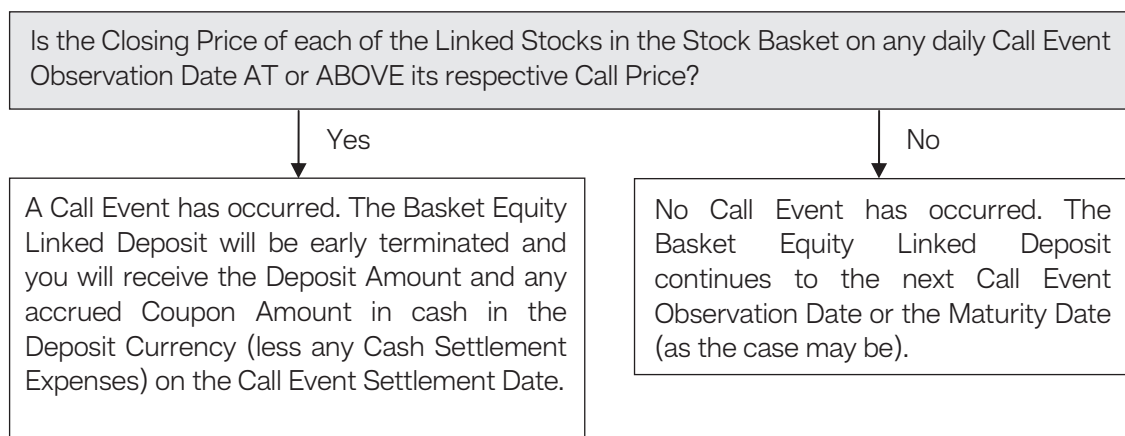
- **Investment Period and Deposit Tenor:** The Investment Period commences from and including the Trade Date to and including the Determination Date, while the Deposit Tenor commences from and including the Start Date to but excluding the Maturity Date. The Deposit Tenor generally ranges from 1 month 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 and/or units of companies and/or 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:** HKD100,000 (or its equivalent in the Deposit Currency, calculated at the prevailing exchange rate at the time when you place your purchase order).
- **Coupon Amount:** The Coupon Amount will start to accrue from the Start Date. Subject to the occurrence of a Call Event or any early termination of the Basket Equity Linked Deposit, a Coupon Amount in the Deposit Currency (less any Cash Settlement Expenses) will be payable on each Coupon Payment Date (being each Coupon Period End Date if no Call Event has occurred), which is calculated as follows:

$$\text{Deposit Amount} \times \text{Annualised Coupon Rate} \times \frac{\text{Number of calendar days in the relevant Coupon Period}^*}{\text{Day Count Basis}^{**}}$$

* Each Coupon Period means a period from and including a Coupon Period Start Date to but excluding the corresponding Coupon Period End Date as set out in the relevant Term Sheet, provided that if a Call Event has occurred during a Coupon Period, such period will start from and including the relevant Coupon Period Start Date to but excluding the Call Event Settlement Date.

** Day Count Basis will be 365 if the Deposit Currency is HKD or GBP. If the Deposit Currency is not HKD or GBP, the Day Count Basis will be 360.

- Daily Callable Feature:** A Call Event occurs if the Closing Price of each of the Linked Stocks in the Stock Basket on any daily Call Event Observation Date is AT or ABOVE its respective Call Price. The Call Price of each Linked Stock in the Stock Basket is set at a specified percentage of its Initial Price and will be set out in the relevant Term Sheet. The same percentage will be used to calculate the Call Price of each of the Linked Stocks in the Stock Basket on all Call Event Observation Dates. The daily Call Event Observation Dates are set as each Exchange Business Day during the relevant period (which may start from and including the Start Date to but excluding the Determination Date) as set out in the relevant Term Sheet. If a Call Event has occurred, the Basket Equity Linked Deposit will be early terminated and we will pay you the Deposit Amount and any accrued Coupon Amount calculated up to but excluding the Call Event Settlement Date in cash in the Deposit Currency (less any Cash Settlement Expenses) on the Call Event Settlement Date (being the second Business Day after the relevant Call Event Observation Date). No further Coupon Amount will be payable following early termination.

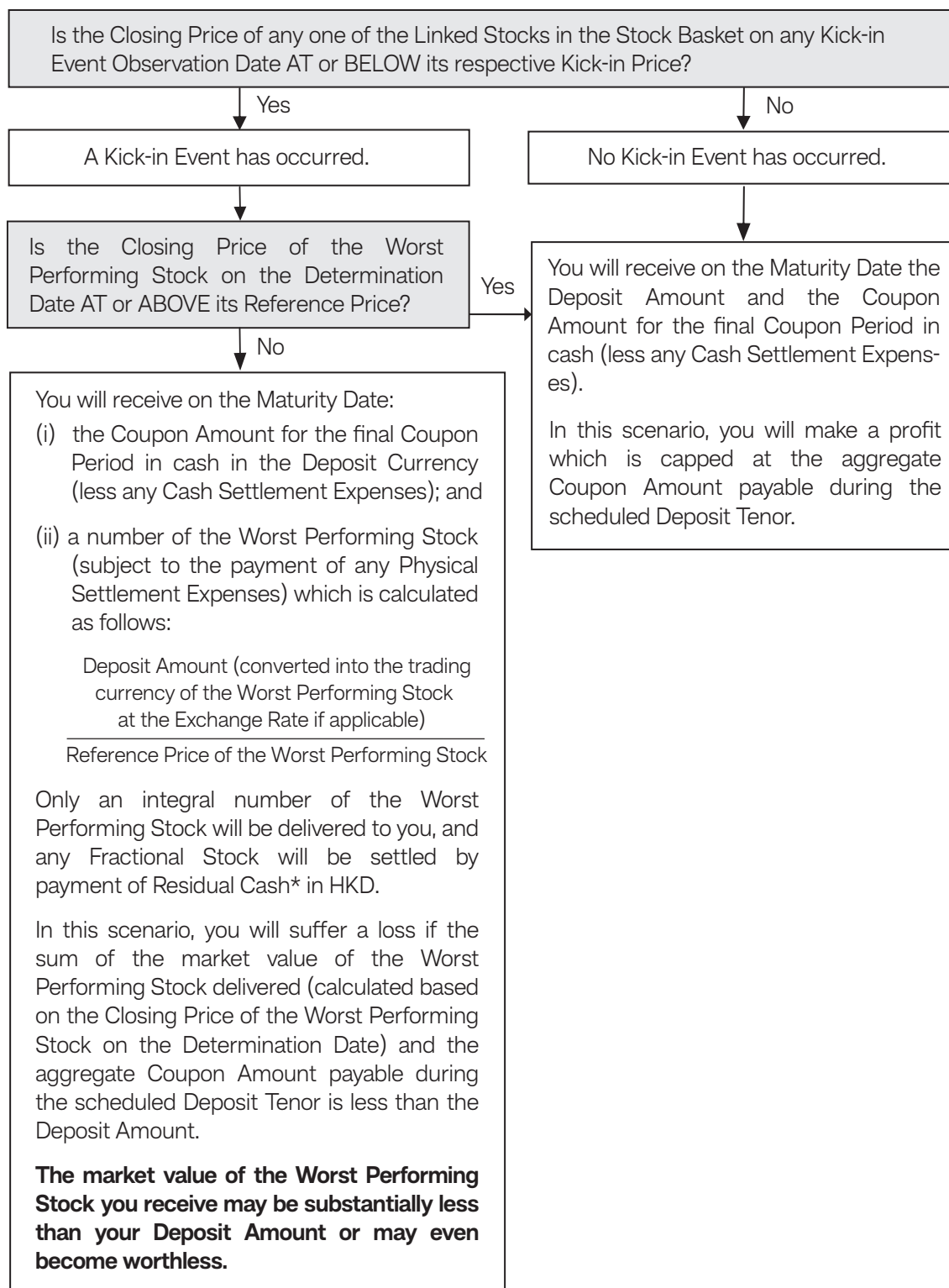


- Kick-in Feature and Settlement At Maturity:** If no Call Event has occurred on any daily Call Event Observation Dates and the Basket Equity Linked Deposit is not otherwise early terminated, your settlement at maturity will depend on:

 - whether a Kick-in Event has occurred. A Kick-in Event occurs if the Closing Price of any one of the Linked Stocks in the Stock Basket on any Kick-in Event Observation Date is AT or BELOW its respective Kick-in Price. The Kick-in Price of each Linked Stock in the Stock Basket is set at a specified percentage of its Initial Price and will be set out in the relevant Term Sheet. The same percentage will be used to calculate the Kick-in Price of each of the Linked Stocks in the Stock Basket on all Kick-in Event Observation Dates. The Kick-in Price of each Linked Stock will always be set at a level which is lower than its Reference Price. The Kick-in Event Observation Dates are set as each Exchange Business Day during the relevant period (which may start from and including the Trade Date to and including the Determination Date) as set out in the Term Sheet; and
 - if a Kick-in Event has occurred, the Closing Price of the Worst Performing Stock on the Determination Date compared to its Reference Price. 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):

$$\left(\frac{\text{Closing Price of the Linked Stock on the Determination Date}}{\text{Initial Price of the Linked Stock}} - 1 \right) \times 100\%$$

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.



* Residual Cash means the cash amount in HKD equal to the Closing Price of the Worst Performing Stock on the Determination Date multiplied by that Fractional Stock (converted into HKD at the CNY/HKD Exchange Rate as of the Determination Date if the trading currency of the Worst Performing Stock is CNY).

How can you apply for a Basket Equity Linked Deposit?

If you want to apply for our Basket Equity Linked Deposits, 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 and the application procedure.

You may apply for a Basket Equity Linked Deposit 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 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 case of (i) above, some of the commercial terms (such as the Call Price) will be specified as a specified percentage of the relevant Initial Price in the Term Sheet and you will not know all the exact commercial terms 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 all the commercial terms (including 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 (ii) above, you will know all the exact commercial terms 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 will be sent to you within 2 Business Days after the Trade Date.

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

Please refer to pages 78 to 79 of this Principal Brochure for further details.

What are the fees and charges?

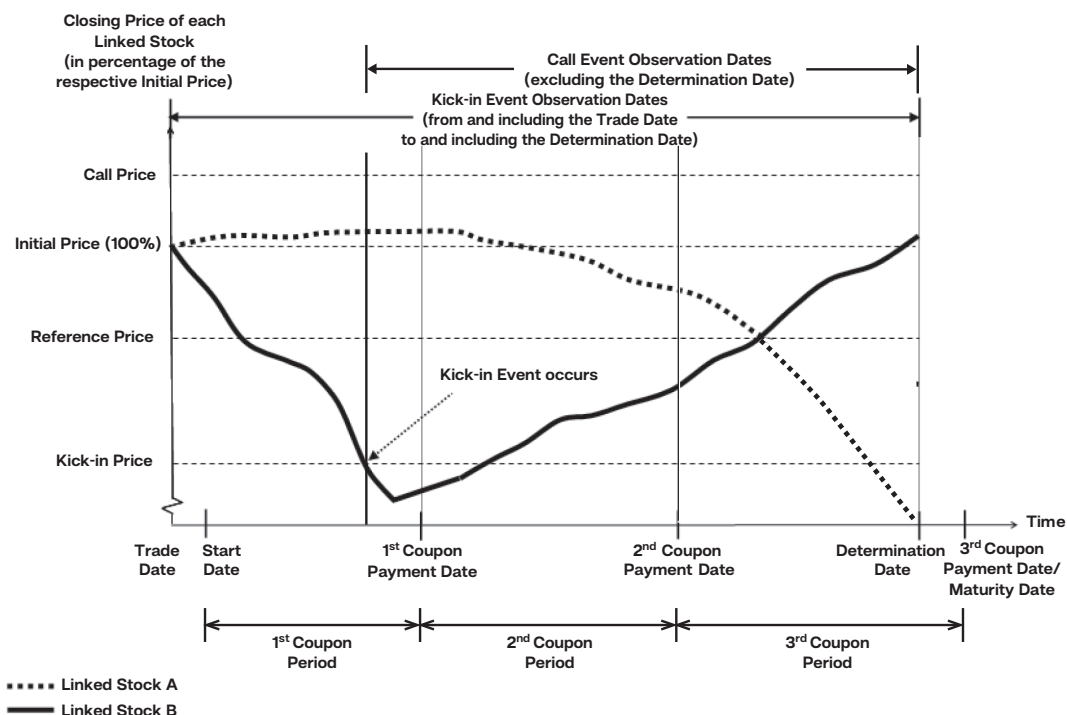
- **Cash Settlement Expenses** are all charges or expenses, including any taxes and duties that are incurred for payment of any cash amount under the Basket Equity Linked Deposit (except for the Residual Cash). Currently, no Cash Settlement Expenses are payable.
- **Physical Settlement Expenses** are out-of-pocket expenses relating to the transfer and receipt of the number of the Worst Performing Stock on the Maturity Date. These expenses include the buyer's stamp duty (if applicable) and any other charges for provision of securities services as notified by us in advance from time to time. Physical Settlement Expenses, if applicable, will be payable by you before the Worst Performing Stock is delivered to you on the Maturity Date.

There are no subscription fees, charges or commission for placing a purchase order for a Basket Equity Linked Deposit with us. All related charges (including our hedging cost) will be factored into the calculation of the Annualised Coupon Rate.

Please refer to page 79 of this Principal Brochure for further details. You should note that any Cash Settlement Expenses or Physical Settlement Expenses will reduce your potential gain or increase your potential loss under your investment in the Basket Equity Linked Deposit.

Worst case scenario

The below example illustrates the worst case scenario of a Basket Equity Linked Deposit with Daily Callable and Kick-in Features.



The above example illustrates that:

- (i) no Call Event has occurred on any daily Call Event Observation Date as the Closing Price of each of the Linked Stocks in the Stock Basket on each daily Call Event Observation Date is below its respective Call Price;
- (ii) a Kick-in Event has occurred (where the Closing Price of the Linked Stock B is at its Kick-in Price) on one of the Kick-in Event Observation Dates; and
- (iii) the Closing Price of the Worst Performing Stock (being Linked Stock A) on the Determination Date is below its Reference Price.

You will receive the following:

- (i) the Coupon Amounts for the 1st and 2nd Coupon Periods in cash on the 1st and 2nd Coupon Payment Dates respectively; and
- (ii) the Coupon Amount for the 3rd Coupon Period in cash and the number of Worst Performing Stock calculated by reference to its Reference Price on the Maturity Date. The market value of the number of Worst Performing Stock delivered (calculated based on the Closing Price of the Worst Performing Stock on the Determination Date) is substantially less than your Deposit Amount. **In the extreme case, the Worst Performing Stock that you receive may become worthless.**

Your maximum potential loss under this example could be the Deposit Amount less the aggregate Coupon Amount payable during the Deposit Tenor if the market value of the number of Worst Performing Stock on the Maturity Date remains at zero.

If the Bank becomes insolvent or defaults on its obligations under the Basket Equity Linked Deposit, 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 work.

Adjustment to the terms and conditions or early termination of the Basket Equity Linked Deposit

We may adjust some of the terms and conditions (including adjusting the Initial Price, substituting the affected Linked Stock or adjusting certain key dates) of the Basket Equity Linked Deposit upon the occurrence of certain events (such as a Potential Adjustment Event). We may early terminate our Basket Equity Linked Deposits upon the occurrence of certain events (such as Delisting or Insolvency).

Please refer to pages 72 to 74 of this Principal Brochure for further details.

Post-sale cooling-off period

In respect of a Basket Equity Linked Deposit 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 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 (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 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 and no Deposit Amount will be deducted from the Designated Cash Account. 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, which may be substantially less than the Deposit Amount.

The Term Sheet will specify if the post-sale cooling-off period is applicable to a particular Basket Equity Linked Deposit. Please refer to pages 79 to 80 of this Principal Brochure for further details.

Is there any market making arrangement before expiry?

In respect of a Basket Equity Linked Deposit with an Investment Period of 6 months or less, we will not provide any market making arrangements and you cannot early terminate the Basket Equity Linked Deposit after your purchase order is accepted and executed by us on the Trade Date.

In respect of a Basket Equity Linked Deposit with an Investment Period of more than 6 months, we (as the market agent) will provide limited market making arrangement on a bi-weekly basis from the week after the Start Date up to the third Exchange Business Day before the Determination Date, or if such day is not an Exchange Business Day or is a Disrupted Day, the following Exchange Business Day which is not a Disrupted Day (each a "**Dealing Day**"). We (as the market agent) will make available an indicative bid price of your Basket Equity Linked Deposit 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.

If you wish to early terminate your Basket Equity Linked Deposit 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 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 before maturity, the amount you receive may be substantially less than your Deposit Amount.

The Term Sheet will specify if any market making arrangement is applicable to a particular Basket Equity Linked Deposit and the details of such market making arrangement. Please refer to pages 80 to 81 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. You should read and understand all of these documents before deciding whether to invest:

- (i) this Principal Brochure for our Basket Equity Linked Deposits dated 9 August 2024 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 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 D –

Basket Equity Linked Deposit with Periodic Callable and Kick-in Features offered by the Bank

This is an unlisted structured investment product embedded with derivatives. There are four variations of Basket Equity Linked Deposits. This statement provides you with the key information about one variation of our Basket Equity Linked Deposits that we may offer – Basket Equity Linked Deposit with Periodic Callable and Kick-in Features. This statement is part of the Offering Documents. You should not invest in our Basket Equity Linked Deposits 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 are unlisted structured investment products embedded with derivatives. They are NOT equivalent to and should not be treated as a substitute for conventional time deposits.
- **Not protected deposits.** Our Basket Equity Linked Deposits are NOT protected deposits under the Deposit Protection Scheme in Hong Kong.
- **Not capital protected.** Our Basket Equity Linked Deposits are NOT capital protected. You may receive the Worst Performing Stock instead of the Deposit Amount in cash at maturity depending on the performance of each of the Linked Stocks in the Stock Basket during the Investment Period. The market value of the Worst Performing Stock you receive may be substantially less than your Deposit Amount or **may even become worthless. In the worst case scenario, you could lose all of your Deposit Amount.**
- **Capped maximum potential gain.** The amount of maximum potential gain under our Basket Equity Linked Deposits is capped and limited to the aggregate Coupon Amount payable during the scheduled Deposit Tenor.
- **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 at maturity depends on the performance of each of the Linked Stocks in the Stock Basket during the Investment Period. 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 are NOT secured on any of our assets or any collateral.
- **Liquidity risk.** Our Basket Equity Linked Deposits are not transferable without our prior written consent and are designed to be held to maturity. We only provide limited market making arrangements for our Basket Equity Linked Deposits with an Investment Period of more than 6 months. If you early terminate your Basket Equity Linked Deposit 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 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 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, except where the Worst Performing Stock is determined on the Determination Date to be deliverable to you on the Maturity Date, in such case you will be entitled to the rights in such Worst Performing Stock as from and including the Determination Date. 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.
- **Insolvency risk.** The settlement of our Basket Equity Linked Deposits 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, 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. **In the worst case scenario, you could lose all of your Deposit Amount.**
- **Re-investment risk.** Our Basket Equity Linked Deposits will be early terminated if a Call Event has occurred on any Call Event Observation Date. You will not receive any further Coupon Amount following such termination. You may not be able to enjoy the same rate of return if you re-invest in other investments with similar risk parameters.
- **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 (unless there is a post-sale cooling-off period applicable to our Basket Equity Linked Deposits and you exercise such right), and you will therefore be exposed to risks relating to our Basket Equity Linked Deposits 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. Our economic interests in each role may be adverse to your interests in our Basket Equity Linked Deposits.
- **Additional risks for CNY-denominated Basket Equity Linked Deposits and/or Basket Equity Linked Deposits linked to CNY-traded Linked Stock.** Where the Deposit Currency of the Basket Equity Linked Deposits is CNY, and/or any Linked Stock is traded in CNY, the performance of such Basket Equity Linked Deposits may be adversely affected due to risks relating to CNY, such as the current limited pool of CNY outside the Chinese Mainland, offshore CNY exchange rate risk and CNY interest rate risk. Our payment under any CNY-denominated Basket Equity Linked Deposits may also be postponed, or delivered in an HKD Equivalent Amount upon occurrence of a CNY Disruption Event.

What are the key features of a Basket Equity Linked Deposit with Periodic Callable and Kick-in Features?

- **Product Type:** Our Basket Equity Linked Deposits are unlisted structured investment products which have an embedded conditional put option over the Linked Stocks in the Stock Basket. If you invest in a Basket Equity Linked Deposit, you will be selling to the Bank a conditional put option over the Linked Stocks in the Stock Basket. If certain conditions are met, you will be obliged to buy a number of the Worst Performing Stock in the Stock Basket at its Reference Price from the Bank on the Determination Date, which will be delivered to you on the Maturity Date.

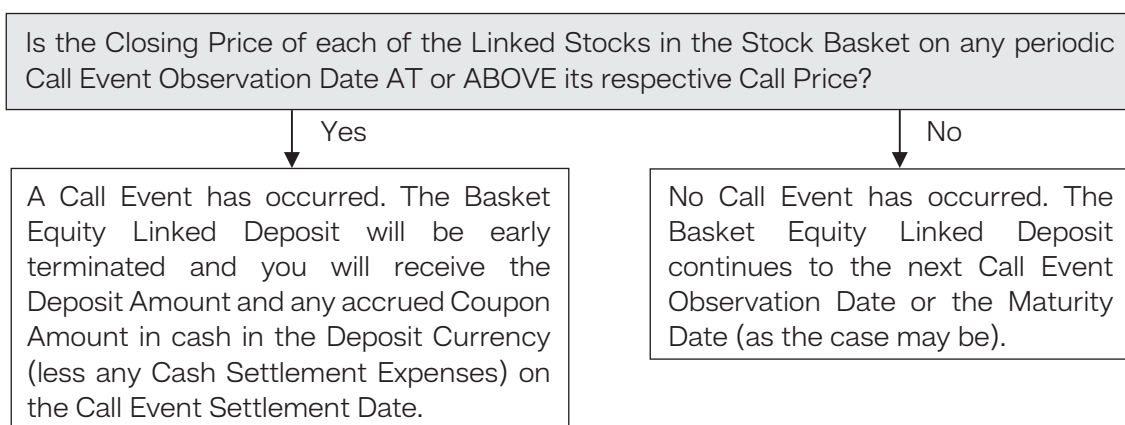
- **Investment Period and Deposit Tenor:** The Investment Period commences from and including the Trade Date to and including the Determination Date, while the Deposit Tenor commences from and including the Start Date to but excluding the Maturity Date. The Deposit Tenor generally ranges from 1 month 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 and/or units of companies and/or 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:** HKD100,000 (or its equivalent in the Deposit Currency, calculated at the prevailing exchange rate at the time when you place your purchase order).
- **Coupon Amount:** The Coupon Amount will start to accrue from the Start Date. Subject to the occurrence of a Call Event or any early termination of the Basket Equity Linked Deposit, a Coupon Amount in the Deposit Currency (less any Cash Settlement Expenses) will be payable on each Coupon Payment Date (being each Coupon Period End Date if no Call Event has occurred), which is calculated as follows:

$$\text{Deposit Amount} \times \text{Annualised Coupon Rate} \times \frac{\text{Number of calendar days in the relevant Coupon Period}^*}{\text{Day Count Basis}^{**}}$$

* Each Coupon Period means a period from and including a Coupon Period Start Date to but excluding the corresponding Coupon Period End Date as set out in the relevant Term Sheet, provided that if a Call Event has occurred during a Coupon Period, such period will start from and including the relevant Coupon Period Start Date to but excluding the Call Event Settlement Date.

** Day Count Basis will be 365 if the Deposit Currency is HKD or GBP. If the Deposit Currency is not HKD or GBP, the Day Count Basis will be 360.

- Periodic Callable Feature:** A Call Event occurs if the Closing Price of each of the Linked Stocks in the Stock Basket on any periodic Call Event Observation Date is AT or ABOVE its respective Call Price. The Call Price of each Linked Stock in the Stock Basket is set at a specified percentage of its Initial Price and will be set out in the relevant Term Sheet. The same percentage will be used to calculate the Call Price of each of the Linked Stocks in the Stock Basket on all Call Event Observation Date(s). The periodic Call Event Observation Date(s) is/are certain periodic date(s) (excluding the Determination Date) as specified in the relevant Term Sheet. The first periodic Call Event Observation Date can be set as any date on or after the Start Date. If a Call Event has occurred, the Basket Equity Linked Deposit will be early terminated and we will pay you the Deposit Amount and any accrued Coupon Amount calculated up to but excluding the Call Event Settlement Date in cash in the Deposit Currency (less any Cash Settlement Expenses) on the Call Event Settlement Date (being the second Business Day after the relevant Call Event Observation Date). No further Coupon Amount will be payable following early termination.

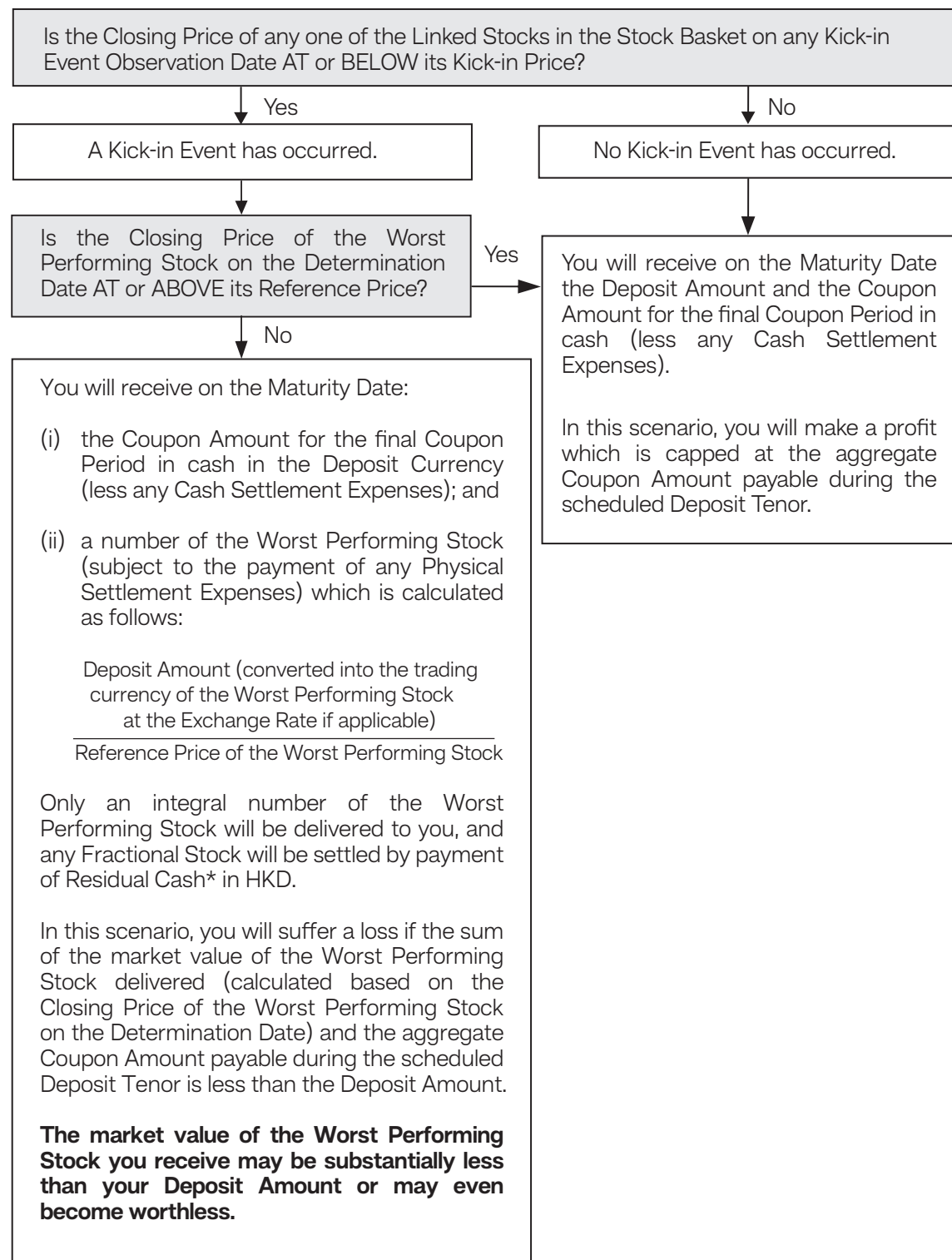


- Kick-in Feature and Settlement At Maturity:** If no Call Event has occurred on any periodic Call Event Observation Date and the Basket Equity Linked Deposit is not otherwise early terminated, your settlement at maturity will depend on:

 - (i) whether a Kick-in Event has occurred. A Kick-in Event occurs if the Closing Price of any one of the Linked Stocks in the Stock Basket on any Kick-in Event Observation Date is AT or BELOW its respective Kick-in Price. The Kick-in Price of each Linked Stock in the Stock Basket is set at a specified percentage of its Initial Price and will be set out in the relevant Term Sheet. The same percentage will be used to calculate the Kick-in Price of each of the Linked Stocks in the Stock Basket on all Kick-in Event Observation Dates. The Kick-in Price of each Linked Stock will always be set at a level which is lower than its Reference Price. The Kick-in Event Observation Dates are set as each Exchange Business Day during the relevant period (which may start from and including the Trade Date to and including the Determination Date) as set out in the Term Sheet; and
 - (ii) if a Kick-in Event has occurred, the Closing Price of the Worst Performing Stock on the Determination Date compared to its Reference Price. 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):

$$\left(\frac{\text{Closing Price of the Linked Stock on the Determination Date}}{\text{Initial Price of the Linked Stock}} - 1 \right) \times 100\%$$

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.



* Residual Cash means the cash amount in HKD equal to the Closing Price of the Worst Performing Stock on the Determination Date multiplied by that Fractional Stock (converted into HKD at the CNY/HKD Exchange Rate as of the Determination Date if the trading currency of the Worst Performing Stock is CNY).

How can you apply for a Basket Equity Linked Deposit?

If you want to apply for our Basket Equity Linked Deposits, 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 and the application procedure.

You may apply for a Basket Equity Linked Deposit 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 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 case of (i) above, some of the commercial terms (such as the Call Price) will be specified as a specified percentage of the relevant Initial Price in the Term Sheet and you will not know all the exact commercial terms 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 all the commercial terms (including 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 (ii) above, you will know all the exact commercial terms 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 will be sent to you within 2 Business Days after the Trade Date.

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

Please refer to pages 78 to 79 of this Principal Brochure for further details.

What are the fees and charges?

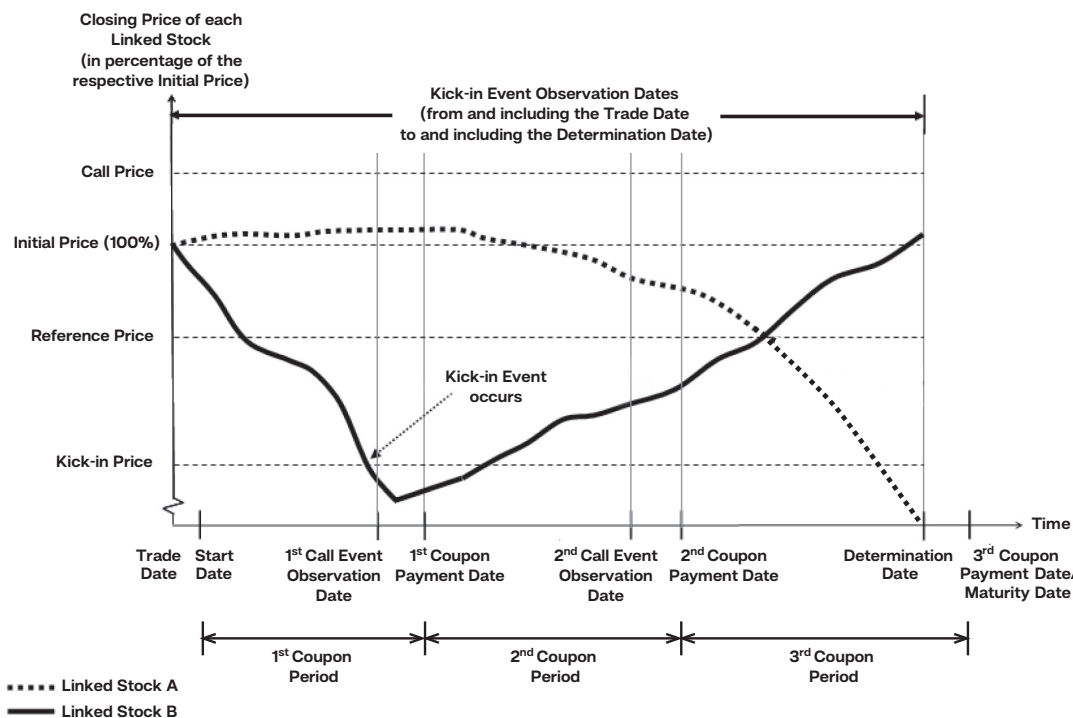
- **Cash Settlement Expenses** are all charges or expenses, including any taxes and duties that are incurred for payment of any cash amount under the Basket Equity Linked Deposit (except for the Residual Cash). Currently, no Cash Settlement Expenses are payable.
- **Physical Settlement Expenses** are out-of-pocket expenses relating to the transfer and receipt of the number of the Worst Performing Stock on the Maturity Date. These expenses include the buyer's stamp duty (if applicable) and any other charges for provision of securities services as notified by us in advance from time to time. Physical Settlement Expenses, if applicable, will be payable by you before the Worst Performing Stock is delivered to you on the Maturity Date.

There are no subscription fees, charges or commission for placing a purchase order for a Basket Equity Linked Deposit with us. All related charges (including our hedging cost) will be factored into the calculation of the Annualised Coupon Rate.

Please refer to page 79 of this Principal Brochure for further details. You should note that any Cash Settlement Expenses or Physical Settlement Expenses will reduce your potential gain or increase your potential loss under your investment in the Basket Equity Linked Deposit.

Worst case scenario

The below example illustrates the worst case scenario of a Basket Equity Linked Deposit with Periodic Callable and Kick-in Features.



The above example illustrates that:

- (i) no Call Event has occurred on any periodic Call Event Observation Date as the Closing Price of each of the Linked Stocks in the Stock Basket on each periodic Call Event Observation Date is below its respective Call Price;
- (ii) a Kick-in Event has occurred (where the Closing Price of the Linked Stock B is at its Kick-in Price) on one of the Kick-in Event Observation Dates; and
- (iii) the Closing Price of the Worst Performing Stock (being Linked Stock A) on the Determination Date is below its Reference Price.

You will receive the following:

- (i) the Coupon Amounts for the 1st and 2nd Coupon Periods in cash on the 1st and 2nd Coupon Payment Dates respectively; and
- (ii) the Coupon Amount for the 3rd Coupon Period in cash and the number of Worst Performing Stock calculated by reference to its Reference Price on the Maturity Date. The market value of the number of Worst Performing Stock delivered (calculated based on the Closing Price of the Worst Performing Stock on the Determination Date) is substantially less than your Deposit Amount. **In the extreme case, the Worst Performing Stock that you receive may become worthless.**

Your maximum potential loss under this example could be the Deposit Amount less the aggregate Coupon Amount payable during the Deposit Tenor if the market value of the number of Worst Performing Stock on the Maturity Date remains at zero.

If the Bank becomes insolvent or defaults on its obligations under the Basket Equity Linked Deposit, 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 work.

Adjustment to the terms and conditions or early termination of the Basket Equity Linked Deposit

We may adjust some of the terms and conditions (including adjusting the Initial Price, substituting the affected Linked Stock or adjusting certain key dates) of the Basket Equity Linked Deposit upon the occurrence of certain events (such as a Potential Adjustment Event). We may early terminate our Basket Equity Linked Deposits upon the occurrence of certain events (such as Delisting or Insolvency).

Please refer to pages 72 to 74 of this Principal Brochure for further details.

Post-sale cooling-off period

In respect of a Basket Equity Linked Deposit 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 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 (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 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 and no Deposit Amount will be deducted from the Designated Cash Account. 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, which may be substantially less than the Deposit Amount.

The Term Sheet will specify if the post-sale cooling-off period is applicable to a particular Basket Equity Linked Deposit. Please refer to pages 79 to 80 of this Principal Brochure for further details.

Is there any market making arrangement before expiry?

In respect of a Basket Equity Linked Deposit with an Investment Period of 6 months or less, we will not provide any market making arrangements and you cannot early terminate the Basket Equity Linked Deposit after your purchase order is accepted and executed by us on the Trade Date.

In respect of a Basket Equity Linked Deposit with an Investment Period of more than 6 months, we (as the market agent) will provide limited market making arrangement on a bi-weekly basis from the week after the Start Date up to the third Exchange Business Day before the Determination Date, or if such day is not an Exchange Business Day or is a Disrupted Day, the following Exchange Business Day which is not a Disrupted Day (each a "**Dealing Day**"). We (as the market agent) will make available an indicative bid price of your Basket Equity Linked Deposit 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.

If you wish to early terminate your Basket Equity Linked Deposit 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 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 before maturity, the amount you receive may be substantially less than your Deposit Amount.

The Term Sheet will specify if any market making arrangement is applicable to a particular Basket Equity Linked Deposit and the details of such market making arrangement. Please refer to pages 80 to 81 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. You should read and understand all of these documents before deciding whether to invest:

- (i) this Principal Brochure for our Basket Equity Linked Deposits dated 9 August 2024 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 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 before deciding whether to invest in our Basket Equity Linked Deposits.

- **Our Basket Equity Linked Deposits are unlisted structured investment products and are NOT protected deposits.**

Our Basket Equity Linked Deposits 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 are NOT capital protected.**

Our Basket Equity Linked Deposits are not capital protected. If you are to receive the number of Worst Performing Stock on the Maturity Date, the market value of such number of Worst Performing Stock that you receive (calculated based on the Closing Price of the Worst Performing Stock on the Determination Date) may be substantially less than your Deposit Amount. **In the extreme case, the Worst Performing Stock that you receive may become worthless and your maximum potential loss could be the Deposit Amount less the aggregate Coupon Amount payable during the Deposit Tenor.**

- **The maximum potential gain is limited.**

The amount of maximum potential gain under our Basket Equity Linked Deposits is capped and limited to the aggregate Coupon Amount payable during the scheduled Deposit Tenor (less any Cash Settlement Expenses) even if your view on the market movement of each of the Linked Stocks in the Stock Basket is correct. If a Call Event has occurred on a Call Event Observation Date, the maximum potential gain under our Basket Equity Linked Deposits is limited to the aggregate Coupon Amount accrued up to but excluding the Call Event Settlement Date (less any Cash Settlement Expenses).

- **Our Basket Equity Linked Deposits will be early terminated upon occurrence of a Call Event. You will be subject to re-investment risk when you invest in our Basket Equity Linked Deposits.**

Our Basket Equity Linked Deposits will be early terminated if a Call Event has occurred. A Call Event occurs if the Closing Price of each of the Linked Stocks in the Stock Basket on any Call Event Observation Date is AT or ABOVE its respective Call Price. If a Call Event occurs, our Basket Equity Linked Deposits will be early terminated on the Call Event Settlement Date. We will pay you the Deposit Amount and any accrued Coupon Amount in cash (less any Cash Settlement Expenses) on the Call Event Settlement Date. You will not receive any further Coupon Amount following such termination. You may not be able to enjoy the same rate of return if you re-invest in other investments with similar risk parameters.

- **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 at maturity depends on the performance of each of the Linked Stocks in the Stock Basket during the Investment Period. 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 and you may suffer a substantial loss of your investment.

- **Post-sale cooling-off period does not apply to our Basket Equity Linked Deposits with an Investment Period of one year or less.**

In respect of a Basket Equity Linked Deposit 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 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 will be postponed and may be made in an HKD Equivalent Amount.

- **Our Basket Equity Linked Deposits are designed to be held to maturity. We will only provide limited market making arrangement for our Basket Equity Linked Deposits with an Investment Period of more than 6 months.**

Our Basket Equity Linked Deposits are not transferable without our prior written consent and are designed to be held to their maturity. There is only a limited market making arrangement for our Basket Equity Linked Deposits with an Investment Period of more than 6 months.

In respect of a Basket Equity Linked Deposit with an Investment Period of 6 months or less, we (as the market agent) will not provide any market making arrangement and you **cannot early terminate** the Basket Equity Linked Deposit after your Basket Equity Linked Deposit purchase order is accepted and executed by us on the Trade Date.

In respect of a Basket Equity Linked Deposit with an Investment Period of more than 6 months, we will provide limited market making arrangement on a bi-weekly basis starting from the week after the Start Date up to the third Exchange Business Day before the Determination Date, or if any such day is not an Exchange Business Day or is a Disrupted Day, the following Exchange Business Day which is not a Disrupted Day (each a "**Dealing Day**"). The minimum amount at which you may request an early termination of a Basket Equity Linked Deposit under our market making arrangement is the Deposit Amount of such Basket Equity Linked Deposit. Accordingly, you can only early terminate your Basket Equity Linked Deposit 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 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 before maturity, you may receive an amount which is less than, or substantially less than, your Deposit Amount.**

If our Basket Equity Linked Deposits 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 an HKD Equivalent Amount.

- **Our Basket Equity Linked Deposits are not listed on any stock exchange, they are not covered by the Investor Compensation Fund.**

As our Basket Equity Linked Deposits 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.

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

When investing in our Basket Equity Linked Deposits, 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. Our Basket Equity Linked Deposits 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, 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. **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.**

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. **In the worst case scenario, you could lose all of your Deposit Amount.**

- **Market risk.**

The market value of our Basket Equity Linked Deposits 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 put option 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.

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

Our Basket Equity Linked Deposits are unlisted structured investment products. Investing in our Basket Equity Linked Deposits 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, except where the Worst Performing Stock is determined on the Determination Date to be deliverable to you on the Maturity Date.

In case where the Worst Performing Stock is determined on the Determination Date to be deliverable on the Maturity Date, you are entitled to all those rights attaching to the Worst Performing Stock to be delivered to you as if you had been registered as the holder of such Worst Performing Stock as from and including the Determination Date. During the period from and including the Determination Date and until such time as the Worst Performing Stock is delivered to you ("**Intervening Period**"), we are not under any obligation (i) to deliver to you any letter, certificate, notice, circular, dividend, distribution or any other document or payment whatsoever received by a registered holder of such Worst Performing Stock; or (ii) to exercise any or all rights (including voting rights) attaching to such Worst Performing Stock. We are not liable to you in respect of any loss or damage which you may suffer as a result, whether directly or indirectly, of you not being registered as legal owner of such Worst Performing Stock during the Intervening Period. However, we will notify you of the receipt of any dividend, distribution, bonus issue, shares or units issued pursuant to a share split or consolidation, by us during the Intervening Period, in respect of the Worst Performing Stock beneficially owned by you, and make available such dividend or distribution payment of the Worst Performing Stock to you in a commercially reasonable manner upon production of such evidence of entitlement and identification as we may reasonably require.

We will also notify you as soon as practicable of our receipt of any right, entitlement or offer during the Intervening Period which you are entitled to exercise or accept as a beneficial owner of the Worst Performing Stock, and make available any document relating to such right, entitlement or offer for your collection upon production of such evidence of entitlement and identification as we may reasonably require, and following our receipt of written notification as we may reasonably require and, where appropriate, any relevant payment or consideration necessary in connection with exercising or accepting any such right, entitlement or offer from you, we shall, on your behalf, exercise or accept such right, entitlement or offer.

Following the receipt of an entitlement which takes the form of securities by way of rights, to which you are entitled as the beneficial owner of the Worst Performing Stock, we will as soon as reasonably practicable make available all documentation we have received relating to such entitlement for your collection upon production of such evidence of entitlement and identification as we may reasonably require.

Please refer to Condition 5 of the Product Terms and Conditions as set out in Appendix 1 to this Principal Brochure for further details.

- **Exposure to market price movement of the Worst Performing Stock after the Determination Date.**

Your settlement at maturity will be determined on the Determination Date and if you are to receive the Worst Performing Stock, you will be exposed to any price movement of the Worst Performing Stock between the Determination Date and the Maturity Date. If you decide to hold the number of the Worst Performing Stock delivered to you on the Maturity Date, you will be further exposed to the market risk of holding such Worst Performing Stock from the Maturity Date until you sell the Worst Performing Stock.

- **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 (unless there is a post-sale cooling-off period applicable to our Basket Equity Linked Deposits and you exercise such right), and you will therefore be exposed to risks relating to our Basket Equity Linked Deposits 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, (i) the longer the period of time you will be exposed to the risks associated with our Basket Equity Linked Deposits; and (ii) the annualised yield of your potential return on our Basket Equity Linked Deposits calculated from the Trade Date will be lower than the annualised yield calculated from the Start Date.

- **There could be conflicts of interest arising out of our other activities which may affect our Basket Equity Linked Deposits.**

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 are linked. Those transactions may have a positive or negative impact on the performance of our Basket Equity Linked Deposits. 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 are linked. We may issue other competing financial products which may affect the performance of our Basket Equity Linked Deposits.

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 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, substitute the Linked Stock and early terminate our Basket Equity Linked Deposits 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, which may include adjusting the Call Price, the Kick-in Price (if applicable) and the Reference Price of the affected Linked Stock, so as to preserve the economic equivalence of the Basket Equity Linked Deposit.

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 8 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, 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. We will not take into account your specific circumstances and/or tax or other consequences of such adjustments in any particular jurisdiction.

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, 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 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.**

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 through any of the foregoing adjustments or are unable to or consider it inappropriate to substitute the affected Linked Stock to account for that event as stated above, we will early terminate the Basket Equity Linked Deposit 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 9 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 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.** If we determine in our sole and absolute discretion (acting in a commercially reasonable manner) that we are unable to or consider it inappropriate to substitute the affected Linked Stock to account for that event as stated above, we will early terminate the Basket Equity Linked Deposit 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 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 is early terminated under these circumstances.**

Please refer to Condition 10 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 and the SFC 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 any scheduled Call Event Observation Date, any scheduled Kick-in Event Observation Date (if applicable) or the scheduled Determination Date (as the case may be), that Call Event Observation Date, that Kick-in Event Observation Date (if applicable) or the Determination Date (as the case may be) 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 Call Event Observation Date, the scheduled Kick-in Event Observation Date (if applicable) or the scheduled Determination Date (as the case may be). In that case, (i) that eighth Exchange Business Day shall be deemed to be the relevant Call Event Observation Date, the relevant Kick-in Event Observation Date (if applicable) or the Determination Date (as the case may be) 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, (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 relevant Call Event Observation Date, the relevant Kick-in Event Observation Date (if applicable) or the Determination Date (as the case may be), 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 relevant Call Event Observation Date, the relevant Kick-in Event Observation Date (if applicable) or the Determination Date (as the case may be).

Our determination may have unforeseen adverse impact on your potential gain or loss on the Basket Equity Linked Deposit. 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 11 of the Product Terms and Conditions as set out in Appendix 1 to this Principal Brochure for further details.

- **Your Basket Equity Linked Deposit 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 the Closing Price of that Linked Stock on the Trade Date, and if the Initial Price of any Linked Stock in the Stock Basket in the case 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 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.

- **Impact of Settlement Disruption Event.**

If we are to deliver the Worst Performing Stock to you on the Maturity Date and as a result of an event beyond our control which we (as the Offeror) determine, in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) that the delivery of the Worst Performing Stock on the scheduled Maturity Date is not possible by reason of a Settlement Disruption Event (for example, if the Central Clearing and Settlement System is closed down for any unforeseeable reasons on the Maturity Date) having occurred and is continuing on such date, then the Maturity Date shall be postponed to the first following Clearing System Business Day on which there is no Settlement Disruption Event. We will notify you of the postponement as soon as practicable but no later than the second Business Day after the scheduled Maturity Date. Provided that there is a Settlement Disruption Event on each of the eight Clearing System Business Days immediately following the scheduled Maturity Date, (i) if the Worst Performing Stock can be delivered in any other commercially reasonable manner (as determined by us in our sole and absolute discretion acting in good faith and in a commercially reasonable manner), then the Maturity Date shall be postponed to the first day on which delivery of the Worst Performing Stock can be effected through the use of such other commercially reasonable manner after that eighth Clearing System Business Day, or (ii) if the Worst Performing Stock cannot be delivered in any other commercially reasonable manner (as determined by us in our sole and absolute discretion acting in good faith and in a commercially reasonable manner), then the Maturity Date shall be postponed until delivery can be effected through the relevant Clearing System or in any other commercially reasonable manner. We will notify you on the second Business Day after that eighth Clearing System Business Day of the relevant settlement arrangement (including the continuance of the Settlement Disruption Event and the action to be taken). In such case, you will be exposed to movement in the market price of the Worst Performing Stock from the scheduled Maturity Date. Such movement could affect the market value of the Worst Performing Stock deliverable to you. The delay may persist for a prolonged period or indefinitely and we will not pay any extra amount (such as interest) for any delay in delivery of the Worst Performing Stock. **You have no right to elect for cash settlement.** We will not be liable for any loss or damage that you may suffer as a result of the existence of a Settlement Disruption Event.

- **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. 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 an early termination of the Basket Equity Linked Deposit as a result of the occurrence of a Call Event or the physical delivery of the number of the Worst Performing Stock on the Maturity Date with a market value less than or substantially less than your Deposit Amount. **Therefore, you may lose all, or a substantial part, of your investment.**

However, if certain event occurs in respect of the hedging transactions (such as the hedging counterparties fail to fulfil their obligations under the hedging transactions) which does not constitute a Hedging Disruption as contemplated in Condition 10 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.

- **You may receive odd lots of the Worst Performing Stock.**

If we are to deliver the Worst Performing Stock to you on the Maturity Date, you may receive odd lots of the Worst Performing Stock. You may not be able to sell odd lots of the Worst Performing Stock, and even if you manage to sell such odd lots of the Worst Performing Stock, they may be sold at a lower price per Worst Performing Stock than the Worst Performing Stock in board lot or multiple of board lots.

- **Some of the terms of our Basket Equity Linked Deposits 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; or (ii) 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 case of (i) above, some of the commercial terms (including the Call Price, the Kick-in Price (if applicable) and the Reference Price) will be specified as a specified percentage of the relevant Initial Price in the Term Sheet and you will not know all the exact commercial terms 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 all the commercial terms (including 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 (ii) above, you will know all the exact commercial terms 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 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 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 (if applicable) of a fund. The manager and/or the trustee (if applicable) are not involved in the offer of our Basket Equity Linked Deposits 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.

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.

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 73 of this Principal Brochure and make any further adjustment to the terms of the Basket Equity Linked Deposits to account for that event as we determine appropriate. If we determine that we are unable to or consider it inappropriate to substitute the affected Linked Stock to account for that event as stated above, we will early terminate the affected Basket Equity Linked Deposits. Please refer to the paragraph headed "We may adjust the terms and conditions of our Basket Equity Linked Deposits, substitute the Linked Stock and early terminate our Basket Equity Linked Deposits in our sole and absolute discretion acting in good faith and in a commercially reasonable manner" on pages 45 to 46 of this Principal Brochure for further details.

Exchange Traded Fund

If our Basket Equity Linked Deposits 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.

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 creation or redemption of unit or share 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.

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 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 potential gain or loss of our Basket Equity Linked Deposits. In addition, 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 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 linked to an exchange traded fund investing through the QFI regimes and/or China Connect ("China ETF").**

If our Basket Equity Linked Deposit is linked to an ETF issued and traded outside Chinese Mainland with direct investment in the Chinese Mainland's securities market through the Qualified Foreign Institutional Investor regime and RMB Qualified Foreign Institutional Investor regime (collectively, "**QFI regimes**") 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 policy and rules for the QFI regimes 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 QFI regimes 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;

- (b) a China ETF primarily invests in securities traded in the Chinese Mainland's securities market and is subject to concentration risk. Investment in the Chinese Mainland'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;
- (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 or shares of the China ETF, and therefore may affect liquidity in unit or share trading of the China ETF. In such event, the trading price of a unit or share 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 jointly published the detailed implementation rules removing the investment quota under the QFI regimes with effect from 6 June 2020; and
- (d) there are risks and uncertainties associated with the current Chinese Mainland tax laws applicable to China ETFs investing in the Chinese Mainland through the QFI regimes and/or China Connect. 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 net asset value of the China ETFs and/or the potential payout of the Basket Equity Linked Deposits.

Although the units or shares of a China ETF are listed on the Exchange, there is no guarantee that an active trading market for such units or shares 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 or shares 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 or shares of such China ETF and the performance of the Basket Equity Linked Deposits, 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 or shares of a fund which are traded through the multiple counter model.**

Where the Linked Stock consists of shares of a company or units or shares of a fund which are traded through the multiple counter model of the Exchange, you need to consider the following additional risks:

- (a) the Basket Equity Linked Deposits may relate to shares or units which are traded in HKD or CNY. If the Linked Stock is shares or units traded in one currency counter, movements in the trading prices of the shares or units traded in another currency counter should not directly affect the performance of the Basket Equity Linked Deposits;
- (b) if there is a suspension of inter-counter transfer of such shares or units between different currency counters 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; and
- (c) the trading price on the Exchange of the shares or units traded in one currency counter may deviate significantly from the trading price on the Exchange of the shares or units traded in another currency counter due to different factors, such as market liquidity, foreign exchange conversion risk, supply and demand in each counter and exchange rate fluctuation. Changes in the trading price of the Linked Stock in the relevant currency counter may adversely affect the performance of the Basket Equity Linked Deposits.

The above risks may have a significant adverse impact on the performance of the shares of a company or units or shares of a fund and the performance of the Basket Equity Linked Deposits.

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

- **Investing in our Basket Equity Linked Deposits may involve exchange rate risk.**

Our Basket Equity Linked Deposits may be issued and settled in a currency other than the trading currency of the Worst Performing Stock. If the Deposit Currency is not the same as the trading currency of the Worst Performing Stock, where we are to deliver the number of Worst Performing Stock to you on the Maturity Date, we will convert the Deposit Currency into the trading currency of the Worst Performing Stock at the Exchange Rate specified in the relevant Term Sheet in making calculations for the number of Worst Performing Stock deliverable. If such number of Worst Performing Stock consists of any fractional shares or units ("**Fractional Stock**"), we will pay you that Fractional Stock in cash in HKD (irrespective of (i) whether the Deposit Currency is HKD or otherwise or (ii) whether the trading currency of the Worst Performing Stock is HKD or CNY) by reference to the Closing Price of the Worst Performing Stock on the Determination Date (converted into HKD at the CNY/HKD Exchange Rate as of the Determination Date if the trading currency of the Worst Performing Stock is CNY) ("**Residual Cash**") to your Residual Cash Account.

You should note that fluctuation in the exchange rate may have an adverse impact on the number of Worst Performing Stock deliverable and the amount of Residual Cash and thus on your potential return under our Basket Equity Linked Deposits.

In addition, if our Basket Equity Linked Deposits 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 back to your home currency.

- **Additional risk factors specific to CNY-denominated Basket Equity Linked Deposits and/or Basket Equity Linked Deposits linked to CNY-traded Linked Stock.**

(a) *Offshore CNY exchange rate risk*

While both onshore CNY (i.e. CNY traded in the Chinese Mainland) ("**onshore CNY**") and offshore CNY (i.e. CNY traded outside the Chinese Mainland) ("**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.

In the case where (i) the Worst Performing Stock is traded in HKD but our Basket Equity Linked Deposits are denominated in CNY, or (ii) the Worst Performing Stock is traded in CNY but our Basket Equity Linked Deposits are denominated in a currency other than CNY, we will convert CNY into HKD or such other currency (or vice versa) at the Exchange Rate determined in accordance with the relevant term sheet in making calculations such as the number of the Worst Performing Stock deliverable and any Residual Cash payable in the case of physical settlement at maturity.

Changes in the offshore CNY exchange rate may adversely affect the performance of our Basket Equity Linked Deposits, and the market value of the number of the Worst Performing Stock deliverable and any Residual Cash payable in the case of physical settlement at maturity. For instance, where the Worst Performing Stock is traded in CNY but our Basket Equity Linked Deposits are denominated in HKD, if CNY appreciates against HKD over the Investment Period, you will receive a fewer number of Worst Performing Stock because a lesser amount of CNY will be converted from the Deposit Amount in HKD to calculate the number of Worst Performing Stock deliverable.

In addition, if CNY is not your home currency, you may have to convert your home currency into CNY when investing in our Basket Equity Linked Deposits denominated in CNY. You may also have to convert payments made on such Basket Equity Linked Deposits 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 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 denominated in CNY shall not be used to speculate on the appreciation of CNY.

(b) *Limited pool of CNY outside the Chinese Mainland*

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

There is currently a limited pool of CNY outside the Chinese Mainland. 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 or the Basket Equity Linked Deposits linked to CNY-traded Linked Stock which may adversely affect the performance of our Basket Equity Linked Deposits.

(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 113 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 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 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 Residual 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.

The occurrence of a CNY Disruption Event could delay your receipt of payment under the Basket Equity Linked Deposits. We will not pay any extra amount for any delay in making such payment. In addition, if such payment is made in an 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 denominated in CNY and Basket Equity Linked Deposits 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 Deposit.

• **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. Please contact our marketing officers for further details.

WHAT ARE THE KEY FEATURES OF OUR BASKET EQUITY LINKED DEPOSITS?

This is a summary of the key features of our Basket Equity Linked Deposits. You should read all of this Principal Brochure, the Financial Disclosure Document, and the relevant Term Sheet before deciding whether or not to invest in our Basket Equity Linked Deposits.

- Our Basket Equity Linked Deposits have four variations with different features as follows:
 - (i) Basket Equity Linked Deposit with Daily Callable feature;
 - (ii) Basket Equity Linked Deposit with Periodic Callable feature;
 - (iii) Basket Equity Linked Deposit with Daily Callable and Kick-in features; and
 - (iv) Basket Equity Linked Deposit with Periodic Callable and Kick-in features.
- Our Basket Equity Linked Deposits are unlisted structured investment products which have an embedded conditional put option over the Linked Stocks in the Stock Basket. If you invest in our Basket Equity Linked Deposits, you will be selling to the Bank a conditional put option over the Linked Stocks in the Stock Basket. If certain conditions are met, you will be obliged to buy a number of the Worst Performing Stock in the Stock Basket at its Reference Price from the Bank on the Determination Date, which will be delivered to you on the Maturity Date.

Glossary – The key features of our Basket Equity Linked Deposits are set out below:

A. Subscription for our Basket Equity Linked Deposits

Deposit Amount:

The amount invested by you in a Basket Equity Linked Deposit, 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 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 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 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 any Coupon Amount and the Deposit Amount (if applicable) in the Deposit Currency.

Regardless of Deposit Currency, we will always pay the Residual Cash (if any) in HKD.

Stock Basket:

A Basket Equity Linked Deposit is linked to a Stock Basket which comprises a minimum of two and a maximum of seven shares of companies or units or shares 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 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 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) or (ii) 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.

We will use the Initial Price of a Linked Stock to calculate its Call Price, Kick-in Price (if applicable) and Reference Price.

You should note that if the Initial Price of a Linked Stock is set in the case of (i) above, you will not know the Initial Price at the time when you place your purchase order. As some of the commercial terms (being the Reference Price, the Call Price and the Kick-in Price (if applicable)) will be specified as a specified percentage of the relevant Initial Price in the Term Sheet and you will not know all the exact commercial terms 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 all the commercial terms are recorded and determined on the Trade Date. If the Initial Price in respect of a Linked Stock is set in the case of (ii) above, you will know all the exact commercial terms when you place your purchase order. The longer the time gap between the time you place your purchase order and the time upon all the commercial terms (including 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).

Order Date: The day on which you place your Basket Equity Linked Deposit purchase order with us.

If an application period is not specified in the Term Sheet, you may place your Basket Equity Linked Deposit 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 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 (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 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 the Closing Price of that Linked Stock on the Trade Date, and if the Initial Price of any Linked Stock in the Stock Basket 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 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 from your Designated Cash Account. The Coupon Amount will start to accrue from the Start Date.

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.

Investment Period: 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.

Deposit Tenor: 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.

Business Day: A day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for general business (including settling payments, dealings in foreign exchange and/or foreign currency deposits) 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.

Exchange: The Stock Exchange of Hong Kong Limited.

Exchange Business Day: A day on which the Exchange and each Related Exchange are scheduled to open for trading under regular trading sessions.

Related Exchange: 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 Stocks.

B. Coupon Amount

Coupon Amount: If the Basket Equity Linked Deposit is not early terminated, a Coupon Amount in the Deposit Currency will be payable on each Coupon Payment Date, which is calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\text{Deposit Amount} \times \text{Annualised Coupon Rate} \times \frac{\text{Number of calendar days in the relevant Coupon Period}}{\text{Day Count Basis}}$$

Annualised Coupon Rate:

A pre-determined percentage used to calculate the Coupon Amount, which will be specified in the Term Sheet. It is expressed as an annualised rate based on the hypothetical assumption that the Basket Equity Linked Deposit can be rolled over on the same terms for 1 year and it does not represent the actual return.

The Annualised Coupon Rate is determined based on a number of factors, including but not limited to:

- the choice of the Linked Stocks in the Stock Basket;
- market price and price volatility of each of the Linked Stocks in the Stock Basket;
- the Deposit Tenor;
- the Investment Period;
- the Reference Prices of the Linked Stocks in the Stock Basket;
- the Call Prices of the Linked Stocks in the Stock Basket;
- the Kick-in Prices (if applicable) of the Linked Stocks in the Stock Basket;
- the schedule of Call Event Observation Date(s) and Kick-in Event Observation Dates (if applicable);
- the cost of our hedging arrangement relating to our Basket Equity Linked Deposits;
- the prevailing market interest rate; and
- the creditworthiness of The Bank of East Asia, Limited.

Maximum Potential Gain:

It is the maximum potential gain of a Basket Equity Linked Deposit in respect of the Deposit Tenor, which will be specified in the Term Sheet, being an amount calculated as follows:

$$\text{Annualised Coupon Rate} \times \frac{\text{Deposit Tenor}}{\text{Day Count Basis}}$$

It is based on a hypothetical assumption that there is no early termination of the Basket Equity Linked Deposit and the Deposit Amount is payable as settlement at maturity.

Coupon Period: The period during which the Coupon Amount will be accrued starting from and including a Coupon Period Start Date to but excluding the corresponding Coupon Period End Date, provided that if a Call Event has occurred during a Coupon Period, such period will start from and including the relevant Coupon Period Start Date to but excluding the Call Event Settlement Date.

The Coupon Period Start Date and the corresponding Coupon Period End Date in respect of each Coupon Period will be specified in the Term Sheet. For the avoidance of doubt, the Coupon Period Start Date(s) and the Coupon Period End Date(s) will not be adjusted if any of such date(s) is a Disrupted Day and accordingly the number of calendar days in a Coupon Period for determination of the Coupon Amount will not be adjusted.

Day Count Basis: The denominator used to calculate the Coupon Amount. The Day Count Basis will be 365 if the Deposit Currency is HKD or GBP. If the Deposit Currency is not HKD or GBP, the Day Count Basis will be 360.

Coupon Payment Date: The date(s) when a Coupon Amount will be paid, being each Coupon Period End Date, provided that (i) if any such day is not a Business Day, the Coupon Payment Date will be postponed to the immediately following Business Day, (ii) if a Call Event has occurred during a Coupon Period, the Coupon Payment Date in respect of such Coupon Period will be the Call Event Settlement Date, and (iii) if a Call Event has not occurred, the Coupon Payment Date in respect of the final Coupon Period will be the Maturity Date. For the avoidance of doubt, the determination of the Coupon Amount will not be adjusted if the relevant Coupon Payment Date is postponed.

If our Basket Equity Linked Deposits are denominated in CNY and a CNY Disruption Event occurs on, or prior and is continuing on, a scheduled payment date, payments under such Basket Equity Linked Deposits will be postponed and may be made in an HKD Equivalent Amount. Please refer to the paragraph headed "What happens if a CNY Disruption Event occurs?" on pages 70 to 71 of this Principal Brochure for further details.

C. Callable Feature

Call Event: A Call Event occurs if the Closing Price of each of the Linked Stocks in the Stock Basket on a Call Event Observation Date is **AT or ABOVE** its respective Call Price.

If a Call Event has occurred, the Basket Equity Linked Deposit will be early terminated and you will receive the Deposit Amount and any accrued Coupon Amount calculated up to but excluding the Call Event Settlement Date in cash in the Deposit Currency (less any Cash Settlement Expenses) on the Call Event Settlement Date.

Call Event Observation Date: The date(s) on which the Bank will determine if a Call Event has occurred.

If the daily callable feature is applicable, the Call Event Observation Dates are set as each Exchange Business Day during the relevant period (which may start from and including the Start Date to but excluding the Determination Date) as set out in the relevant Term Sheet.

If the periodic callable feature is applicable, the Call Event Observation Date(s) is/are certain periodic date(s) (excluding the Determination Date) as specified in the relevant Term Sheet. The first periodic Call Event Observation Date can be set as any date on or after the Start Date. There may only be one Call Event Observation Date.

Call Event Settlement Date: The day on which you will receive the Deposit Amount and any accrued Coupon Amount in cash when a Call Event has occurred.

The Call Event Settlement Date will be set as the second Business Day after the Call Event Observation Date on which the Call Event has occurred.

If our Basket Equity Linked Deposits 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 will be postponed and may be made in an HKD Equivalent Amount. Please refer to the paragraph headed "What happens if a CNY Disruption Event occurs?" on pages 70 to 71 of this Principal Brochure for further details.

Call Price: This is the benchmark price we use to determine if a Call Event has occurred.

The Call Price of each Linked Stock in the Stock Basket is set by reference to its Initial Price and will be specified as a specified percentage of its Initial Price in the relevant Term Sheet. The same percentage will be used to calculate the Call Price of each of the Linked Stocks in the Stock Basket on all Call Event Observation Date(s).

D. Settlement at maturity of our Basket Equity Linked Deposits

Kick-in Event:	<p>The Term Sheet for a Basket Equity Linked Deposit will specify if a kick-in feature is applicable for that Basket Equity Linked Deposit. If a kick-in feature is applicable, the settlement at maturity will depend on whether a Kick-in Event has occurred.</p> <p>A Kick-in Event occurs if the Closing Price of any one of the Linked Stocks in the Stock Basket on a Kick-in Event Observation Date is AT or BELOW its respective Kick-in Price.</p>
Kick-in Event Observation Date:	<p>The dates on which the Bank will determine if a Kick-in Event has occurred.</p> <p>The Kick-in Event Observation Dates are set as each Exchange Business Day during the relevant period (which may start from and including the Trade Date to and including the Determination Date) as set out in the Term Sheet.</p>
Kick-in Price:	<p>This is the benchmark price we use to determine if a Kick-in Event has occurred.</p> <p>The Kick-in Price of each Linked Stock in the Stock Basket is set by reference to its Initial Price and will be specified as a specified percentage of its Initial Price in the relevant Term Sheet. The same percentage will be used to calculate the Kick-in Price for each of the Linked Stocks in the Stock Basket on all Kick-in Event Observation Dates. The Kick-in Price of each Linked Stock will always be set at a level which is lower than its Reference Price.</p>
Determination Date:	<p>If the Basket Equity Linked Deposit 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 and the types of settlement on the Maturity Date.</p> <p>The Determination Date will be specified in the Term Sheet.</p>
Reference Price:	<p>This is the benchmark price we use to compare with the Closing Price of a Linked Stock in the Stock Basket on the Determination Date for determination of the settlement at maturity.</p>

In case of physical delivery of the Worst Performing Stock on the Maturity Date, the Reference Price represents the price that you are obliged to buy the number of the Worst Performing Stock.

The Reference Price of each Linked Stock in the Stock Basket is set by reference to its Initial Price and will be specified as a specified percentage of its Initial Price in the Term Sheet. The same percentage will be used to calculate the Reference Price of each of the Linked Stocks in the Stock Basket.

Settlement at maturity:

If the Basket Equity Linked Deposit is not early terminated, you will receive on the Maturity Date:

For Basket Equity Linked Deposits where kick-in feature is not applicable:

1. If the Closing Price of the Worst Performing Stock on the Determination Date is AT or ABOVE its Reference Price, the Deposit Amount and the Coupon Amount for the final Coupon Period in cash in the Deposit Currency (less any Cash Settlement Expenses).
2. If the Closing Price of the Worst Performing Stock on the Determination Date is BELOW its Reference Price,
 - (i) the Coupon Amount for the final Coupon Period in cash in the Deposit Currency (less any Cash Settlement Expenses), and
 - (ii) (subject to the payment of any Physical Settlement Expenses) a number of the Worst Performing Stock calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\frac{\text{Deposit Amount} \\ \text{(converted into the trading currency of the} \\ \text{Worst Performing Stock at the Exchange Rate} \\ \text{if the Deposit Currency is not} \\ \text{the same as the trading currency of the} \\ \text{Worst Performing Stock)}}{\text{Reference Price of the Worst Performing} \\ \text{Stock}}$$

We will deliver an integral number of the Worst Performing Stock to you on the Maturity Date (which may include odd lots). If the number of the Worst Performing Stock calculated in accordance with the above formula consists of any Fractional Stock, we will settle such Fractional Stock on the Maturity Date by payment of the Residual Cash in HKD. Please refer to the paragraph headed "What if odd lots or a fraction of the Worst Performing Stock is deliverable?" on pages 74 to 75 of this Principal Brochure for further details. No Cash Settlement Expenses will be payable for the Residual Cash.

For Basket Equity Linked Deposits where kick-in feature is applicable:

1. If (i) no Kick-in Event has occurred, or (ii) a Kick-in Event has occurred but the Closing Price of the Worst Performing Stock on the Determination Date is AT or ABOVE its Reference Price,

the Deposit Amount and the Coupon Amount for the final Coupon Period in cash in the Deposit Currency (less any Cash Settlement Expenses).

2. If a Kick-in Event has occurred and the Closing Price of the Worst Performing Stock on the Determination Date is BELOW its Reference Price,

- (i) the Coupon Amount for the final Coupon Period in cash in the Deposit Currency (less any Cash Settlement Expenses), and

- (ii) (subject to the payment of any Physical Settlement Expenses) a number of the Worst Performing Stock calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\frac{\text{Deposit Amount} \\ \text{(converted into the trading currency of the} \\ \text{Worst Performing Stock at the Exchange Rate} \\ \text{if the Deposit Currency is not} \\ \text{the same as the trading currency of the} \\ \text{Worst Performing Stock)}}{\text{Reference Price of the Worst Performing} \\ \text{Stock}}$$

We will deliver an integral number of the Worst Performing Stock to you on the Maturity Date (which may include odd lots). If the number of the Worst Performing Stock calculated in accordance with the above formula consists of any Fractional Stock, we will settle such Fractional Stock on the Maturity Date by payment of the Residual Cash in HKD. Please refer to the paragraph headed "What if odd lots or a fraction of the Worst Performing Stock is deliverable?" on pages 74 to 75 of this Principal Brochure for further details. No Cash Settlement Expenses will be payable for the Residual Cash.

Exchange Rate:

The mid-market exchange rate between the trading currency of the Worst Performing Stock and the Deposit Currency, which appears on the screen page as specified in the Term Sheet as of the closing time of the Exchange on the Determination Date, or if such rate is not available on such screen page as of the closing time of the Exchange on the Determination Date, 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.

If the trading currency of the Worst Performing Stock or the Deposit Currency is CNY, we will use the offshore CNY exchange rate.

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

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 or the calculation of the Residual Cash where the trading currency of the Worst Performing Stock is CNY.

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):

$$\left(\frac{\text{Closing Price of that Linked Stock on the Determination Date}}{\text{Initial Price of that Linked Stock}} - 1 \right) \times 100\%$$

Maturity Date:

The day on which you will receive the settlement at maturity as described above.

The Maturity Date will be (i) in the case where the Bank is to pay any cash amount (including the Coupon Amount for the final Coupon Period, the Deposit Amount (if applicable) and any Residual Cash (if applicable)), the second Business Day after the Determination Date; or (ii) in the case where the Bank is obliged to deliver the Worst Performing Stock, a date falling no later than the third Business Day after the Determination Date, provided that if such date is not a Clearing System Business Day, the following Clearing System Business Day.

For the avoidance of doubt, if we are to deliver the Worst Performing Stock and the Maturity Date is postponed as a result of a Settlement Disruption Event, we will nevertheless pay the Coupon Amount in respect of the last Coupon Period and the Residual Cash (if any) on the scheduled Maturity Date.

If our Basket Equity Linked Deposits 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 on the Maturity Date (including the Deposit Amount and/or the Coupon Amount for the last Coupon Period), will be postponed and may be made in an HKD Equivalent Amount. Please refer to the paragraph headed "What happens if a CNY Disruption Event occurs?" on pages 70 to 71 of this Principal Brochure for further details.

Clearing System:

The Central Clearing and Settlement System or any successors thereto.

Clearing System Business Day: A day on which the Clearing System is scheduled to open for the acceptance and execution of settlement instructions.

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 (except for any Residual Cash). Cash Settlement Expenses, if any, will be deducted from any cash amount you may receive under the Basket Equity Linked Deposit. Currently there are no such charges or expenses.

If any Cash Settlement Expenses are payable in future, we will inform you in advance.

Physical Settlement Expenses: If the Worst Performing Stock is deliverable to you, you will have to pay for all Physical Settlement Expenses.

Physical Settlement Expenses are out-of-pocket expenses relating to the transfer and receipt of the number of Worst Performing Stock which are deliverable to you on the Maturity Date. These expenses include the buyer's stamp duty (if applicable, subject to prevailing laws and regulations) (as at the date of this Principal Brochure being 0.10% of the transaction amount of the Worst Performing Stock delivered by reference to its Reference Price, converted into HKD (where the trading currency of the Worst Performing Stock is CNY) at an exchange rate as determined by the Hong Kong Monetary Authority and currently published on the Exchange's website at http://www.hkex.com.hk/eng/market/sec_tradinfo/stampfx/stampfx.asp by 11:00a.m. or earlier on the Determination Date) and any other charges for provision of securities services as notified by us in advance from time to time. Currently there are no such other charges.

When will the Worst Performing Stock be delivered?

- If the Worst Performing Stock is deliverable to you, we will do so on the Maturity Date (i.e. a date falling no later than the third Business Day after the Determination Date, but if such date is not a Clearing System Business Day, the following Clearing System Business Day) provided that you have paid all Physical Settlement Expenses on the second Business Day after the Determination Date.
- You should note that the day on which you are due to pay the Physical Settlement Expenses (being the second Business Day after the Determination Date) may not be the same day on which we are due to deliver the Worst Performing Stock to you (being the Maturity Date, which, in the case of physical settlement, a date falling no later than the third Business Day after the Determination Date).
- The Worst Performing Stock is expected to be delivered by electronic transfer to your Designated Securities Account.

What happens if a Settlement Disruption Event occurs?

- If we are to deliver the Worst Performing Stock to you on the Maturity Date and as a result of an event beyond our control which we (as the Offeror) determine in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) that the delivery of the Worst Performing Stock on the scheduled Maturity Date is not possible by reason of a Settlement Disruption Event (for example, if the Central Clearing and Settlement System is closed down for any unforeseeable reasons on the Maturity Date) having occurred and is continuing on, such date, then the Maturity Date shall be postponed to the first following Clearing System Business Day on which there is no Settlement Disruption Event. We will notify you of the postponement as soon as practicable but no later than the second Business Day after the scheduled Maturity Date. Provided that there is a Settlement Disruption Event on each of the eight Clearing System Business Days immediately following the scheduled Maturity Date, (i) if the Worst Performing Stock can be delivered in any other commercially reasonable manner as determined by us in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner), then the Maturity Date shall be postponed to the first day on which delivery of the Worst Performing Stock can be effected through the use of such other commercially reasonable manner after that eighth Clearing System Business Day, or (ii) if the Worst Performing Stock cannot be delivered in any other commercially reasonable manner (as determined by us in our sole and absolute discretion acting in good faith and in a commercially reasonable manner), then the Maturity Date shall be postponed until delivery can be effected through the relevant Clearing System or in any other commercially reasonable manner. We will notify you on the second Business Day after that eighth Clearing System Business Day of the relevant settlement arrangement (including the continuance of the Settlement Disruption Event and the action to be taken). In such case, you will be exposed to movement in the market price of the Worst Performing Stock from the scheduled Maturity Date. Such movement could affect the market value of the Worst Performing Stock deliverable to you. The delay may persist for a prolonged period or indefinitely and we will not pay any extra amount (such as interest) for any delay in delivery of the Worst Performing Stock. You have no right to elect for cash settlement.
- We will not be liable for any loss or damage that you may suffer as a result of the existence of a Settlement 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.

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 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 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 Residual 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.

- 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 4.2 of the Product Terms and Conditions as set out in Appendix 1 to this Principal Brochure for more details.

Will the Call Event Observation Date(s), the Kick-in Event Observation Dates (if applicable) or the Determination Date be subject to postponement?

- The Call Event Observation Date(s), the Kick-in Event Observation Dates (if applicable) and 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 any scheduled Call Event Observation Date, any scheduled Kick-in Event Observation Date (if applicable) or the scheduled Determination Date (as the case may be) is a Disrupted Day for any Linked Stock in the Stock Basket, that Call Event Observation Date, that Kick-in Event Observation Date (if applicable) or the Determination Date (as the case may be) 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 Call Event Observation Date, the scheduled Kick-in Event Observation Date (if applicable) or the scheduled Determination Date (as the case may be) 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 relevant Call Event Observation Date, the relevant Kick-in Event Observation Date (if applicable) or the Determination Date (as the case may be) 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 relevant Call Event Observation Date, the relevant Kick-in Event Observation Date (if applicable) or the Determination Date (as the case may be); 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 relevant Call Event Observation Date, the relevant Kick-in Event Observation Date (if applicable) or the Determination Date (as the case may be).

The Call Event Settlement Date and the Maturity Date (as the case may be) 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 11 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 be adjusted or when will the Linked Stock be substituted?

- The terms and conditions of the Basket Equity Linked Deposits 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, which may include adjusting the Call Price, the Kick-in Price (if applicable) and the Reference Price of the affected Linked Stock, so as to preserve the economic equivalence of the Basket Equity Linked Deposit.
- 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, 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.
- 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.

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; 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.

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 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 to account for that event as we determine appropriate (acting in good faith and in a commercially reasonable manner).
- We will notify you and the SFC 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 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 8, 9 and 10 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 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 and we are unable to or consider it inappropriate 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 or consider it inappropriate to substitute the affected Linked Stock to account for that event as stated above, we will terminate such Basket Equity Linked Deposit 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 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, any accrued Coupon Amount, the value of the embedded put option, 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 is terminated early under these circumstances.**
- We will notify you and the SFC 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 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 9 and 10 of the Product Terms and Conditions as set out in Appendix 1 to this Principal Brochure for more details.

What if odd lots or a fraction of the Worst Performing Stock is deliverable?

- The number of the Worst Performing Stock deliverable will be calculated by dividing the Deposit Amount (converted into the trading currency of the Worst Performing Stock at the Exchange Rate if the Deposit Currency is not the same as the trading currency of the Worst Performing Stock) by the Reference Price of the Worst Performing Stock for a Basket Equity Linked Deposit (calculated to 2 decimal places, 0.005 being rounded upwards), which may not be in multiples of the Worst Performing Stock's trading board lot.
- If the number of the Worst Performing Stock deliverable on the Maturity Date comprises any odd lots, you will receive such odd lots of the Worst Performing Stock. You may not be able to sell such odd lots of the Worst Performing Stock, and even if you manage to sell such odd lots of the Worst Performing Stock, they may be sold at a lower price per Worst Performing Stock than the Worst Performing Stock in board lot or multiple of board lots.
- If the number of the Worst Performing Stock deliverable on the Maturity Date comprises any fractional shares or units ("**Fractional Stock**"), we will pay you that Fractional Stock in cash in HKD (irrespective of (i) whether the Deposit Currency is HKD or otherwise or (ii) whether the trading currency of the Worst Performing Stock is HKD or CNY) which is calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

Fractional Stock x Closing Price of the Worst Performing Stock on the Determination Date (converted into HKD at the CNY/HKD Exchange Rate as of the Determination Date if the trading currency of the Worst Performing Stock is CNY)

Do you have any rights in any of the Linked Stocks in the Stock Basket during the Investment Period of the Basket Equity Linked Deposit?

- You have no rights in any Linked Stock in the Stock Basket, except where the number of Worst Performing Stock is determined on the Determination Date to be deliverable to you on the Maturity Date.
- In case where the Worst Performing Stock is determined on the Determination Date to be deliverable to you on the Maturity Date, you are entitled to all those rights attaching to the Worst Performing Stock as if you had been registered as the holder of such Worst Performing Stock as from and including the Determination Date.
- During the Intervening Period, we are not under any obligation (i) to deliver to you any letter, certificate, notice, circular, dividend, distribution or any other document or payment whatsoever received by a registered holder of such Worst Performing Stock; or (ii) to exercise any or all rights (including voting rights) attaching to such Worst Performing Stock. We are not liable to you in respect of any loss or damage which you may suffer as a result, whether directly or indirectly, of you not being registered as the legal owner of such Worst Performing Stock during the Intervening Period. However, we will notify you of the receipt of any dividend, distribution, bonus issue, shares or units issued pursuant to a share split or consolidation, by us during the Intervening Period, in respect of the Worst Performing Stock beneficially owned by you, and make available such dividend or distribution payment of the Worst Performing Stock to you in a commercially reasonable manner upon production of such evidence of entitlement and identification as we may reasonably require.
- We will also notify you as soon as practicable of our receipt of any right, entitlement or offer during the Intervening Period which you are entitled to exercise or accept as a beneficial owner of the Worst Performing Stock, and make available any document relating to such right, entitlement or offer for your collection upon production of such evidence of entitlement and identification as we may reasonably require, and following our receipt of written notification as we may reasonably require and, where appropriate, any relevant payment or consideration necessary in connection with exercising or accepting any such right, entitlement or offer from you, we shall, on your behalf, exercise or accept such right, entitlement or offer.
- Following the receipt of an entitlement which takes the form of securities by way of rights, to which you are entitled as the beneficial owner of the Worst Performing Stock, we will as soon as reasonably practicable make available all documentation we have received relating to such entitlement for your collection upon production of such evidence of entitlement and identification as we may reasonably require.
- Please refer to Condition 5 of the Product Terms and Conditions as set out in Appendix 1 to this Principal Brochure for further details.

What is the governing law of our Basket Equity Linked Deposits?

- Our Basket Equity Linked Deposits are governed by the laws of Hong Kong.

MORE INFORMATION ABOUT OUR BASKET EQUITY LINKED DEPOSITS

What is included in the documentation for our Basket Equity Linked Deposits?

Offering documents

The following documents constitute the offering documents of our Basket Equity Linked Deposits ("**Offering Documents**"). You should read all of these documents before deciding whether to invest in our Basket Equity Linked Deposits:

- (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, including:
 - the key facts statement for each variation of our Basket Equity Linked Deposits;
 - the product features and risk factors relating to our Basket Equity Linked Deposits;
 - the Product Terms and Conditions for our Basket Equity Linked Deposits;
 - the general procedure of investing in our Basket Equity Linked Deposits; 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 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. The Term Sheet sets out the variables which will only be specified at the time you apply for our Basket Equity Linked Deposits.

The offer of our Basket Equity Linked Deposits 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
<ul style="list-style-type: none">• This Principal Brochure and any addendum as specified in the relevant Term Sheet	<ol style="list-style-type: none">(i) Printed copies from any of our branches in Hong Kong;(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 will be specified in the relevant Term Sheet); and(iii) Electronic copies at our website www.hkbea.com and/or our mobile application as specified in the relevant Term Sheet (whether or not electronic copies are available for Basket Equity Linked Deposits will be specified in the relevant Term Sheet).

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

Legal documents

The following documents set out the legally binding terms and conditions of our Basket Equity Linked Deposits:

- (i) Product Terms and Conditions of Basket Equity Linked Deposits: The product terms and conditions that are applicable to all our Basket Equity Linked Deposits 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, disappplied, amended, varied and/or supplemented by the specific terms and conditions that are applicable to a Basket Equity Linked Deposit. 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. The Confirmation applicable to your Basket Equity Linked Deposit will be sent to you within 2 Business Days after the Trade Date.

To whom are our Basket Equity Linked Deposits designed for?

Our Basket Equity Linked Deposits are designed for investors who:

- have a neutral to mildly 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;
- are willing to risk all of their capital invested;
- would like to earn Coupon Amount payable during the scheduled Deposit Tenor;
- understand that the potential payout of our Basket Equity Linked Deposits depends on the performance of each of the Linked Stocks in the Stock Basket during the Investment Period;
- accept that our Basket Equity Linked Deposits are non-capital protected unlisted structured investment products embedded with derivatives which are not equivalent to time deposits or a direct investment in the Linked Stocks;
- understand that there will only be limited market making arrangements for our Basket Equity Linked Deposits with an Investment Period of more than 6 months; and

- understand that they may receive the Worst Performing Stock at its Reference Price on the Maturity Date (the market value of which may be substantially less than the Deposit Amount).

Our Basket Equity Linked Deposits 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 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 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, 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?

- Our Basket Equity Linked Deposits are only available from the Bank (as the intermediary). To invest in a Basket Equity Linked Deposit, you must already have, or you must open, (1) a cash account in the Deposit Currency (being the Designated Cash Account); (2) a cash account in HKD (being the Residual Cash Account) (in the case where (i) the Deposit Currency is not HKD for receipt of Residual Cash (if any) or (ii) the Deposit Currency is CNY for receipt of any HKD Equivalent Amount in case of a CNY Disruption Event); and (3) a securities account to which settlement under the Basket Equity Linked Deposit can be credited by us (as the intermediary) (being the Designated Securities Account). 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, you can contact our marketing officers at any of our branches in Hong Kong to enquire about our Basket Equity Linked Deposits.
- You may apply for a Basket Equity Linked Deposit 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 purchase order with us, you will be committed to invest in the Basket Equity Linked Deposit (unless there is a post-sale cooling-off period applicable to the Basket Equity Linked Deposit 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 purchase order at our sole and absolute discretion. If your Basket Equity Linked Deposit 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 will be sent to you within 2 Business Days after the Trade Date. If your Basket Equity Linked Deposit 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 with us. All related charges (including our hedging cost) will be factored into the calculation of the Annualised Coupon Rate.
- Cash Settlement Expenses – If a cash amount is payable to you, you will have to pay for any Cash Settlement Expenses (except for any Residual Cash). Currently, no Cash Settlement Expenses are payable.
- Physical Settlement Expenses – If the Worst Performing Stock is deliverable on the Maturity Date, you will have to pay for all out-of-pocket expenses relating to the transfer and receipt of the number of the Worst Performing Stock (which include the buyer's stamp duty, if applicable, subject to prevailing laws and regulations).

You should note that any Cash Settlement Expenses or Physical Settlement Expenses will reduce your potential gain or increase your potential loss under your investment in the Basket Equity Linked Deposit.

Is post-sale cooling-off period available?

Basket Equity Linked Deposit with an Investment Period of one year or less

No. In respect of a Basket Equity Linked Deposit 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 after you placed your purchase order with us on the Order Date.

Basket Equity Linked Deposit with an Investment Period of more than one year

Yes. In respect of a Basket Equity Linked Deposit with an Investment Period of more than one year, there is post-sale cooling-off period and you can cancel or unwind your Basket Equity Linked Deposit (as the case may be) (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, any accrued Coupon Amount, the value of the embedded put option, 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 will be postponed and may be made in an 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 will specify if the post-sale cooling-off period is applicable for that Basket Equity Linked Deposit.

Is there any market making arrangement for your Basket Equity Linked Deposits before expiry?

Basket Equity Linked Deposit with an Investment Period of 6 months or less

No. In respect of a Basket Equity Linked Deposit with an Investment Period of 6 months or less, we will not provide any market making arrangements and you cannot early terminate the Basket Equity Linked Deposit after your purchase order is accepted and executed by us on the Trade Date.

Basket Equity Linked Deposit with an Investment Period of more than 6 months

Yes. In respect of a Basket Equity Linked Deposit with an Investment Period of more than 6 months, we (as the market agent) will provide limited market making arrangement starting from the week after the Start Date up to the third Exchange Business Day before the Determination Date on a bi-weekly basis, or if any such day is not an Exchange Business Day or is a Disrupted Day, the following Exchange Business Day which is not a Disrupted Day (each a "**Dealing Day**"). We will make available an indicative bid price of your Basket Equity Linked Deposit 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 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, any outstanding Coupon Amount accrued up to the relevant Dealing Day, the value of the

embedded put option, 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.

If you wish to early terminate your Basket Equity Linked Deposit 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 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 under our market making arrangement is the Deposit Amount of your Basket Equity Linked Deposit. Accordingly, you can only early terminate your Basket Equity Linked Deposit (in whole but not in part) under our market making arrangements. You cannot withdraw the application to early terminate your Basket Equity Linked Deposit once you submitted the application to us.

The actual bid price at which we are willing to early terminate your Basket Equity Linked Deposit 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, your Basket Equity Linked Deposit 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, 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 Residual 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. 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 before maturity, the amount you receive may be substantially less than your Deposit Amount.

The relevant Term Sheet for a Basket Equity Linked Deposit will specify if the market making arrangement is applicable for that Basket Equity Linked Deposit and (in the case where market making arrangement is applicable) the details on such market making arrangement. Please contact our marketing officer (as the intermediary) for further details on the market making arrangements.

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

A maturity advice setting out the settlement at maturity 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?

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

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. 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 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. Please contact our marketing officers for further details.

How do we make use of the proceeds of our Basket Equity Linked Deposits?

The proceeds of our Basket Equity Linked Deposits will be used for our general business purposes.

Who is responsible for the Offering Documents of our Basket Equity Linked Deposits?

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 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?

While any of our Basket Equity Linked Deposits 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), copies of the relevant Term Sheet and Confirmation for that Basket Equity Linked Deposit (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 (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 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.

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.

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 the Linked Stock or our Basket Equity Linked Deposits, 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 are not expected to be subject to Hong Kong stamp duty or bearer instrument duty upon their execution. However, if under the terms and conditions of a Basket Equity Linked Deposit, there is any transfer of stocks (which fall within the meaning of "Hong Kong Stock" under the Stamp Duty Ordinance (Cap. 117, Laws of Hong Kong) ("**Stamp Duty Ordinance**")), subject to prevailing laws and regulations, stamp duty will be payable in HKD at the rate specified in the Stamp Duty Ordinance (being 0.20% as at the date of this Principal Brochure) by reference to the value of the consideration paid in respect of the Linked Stock deliverable calculated at its Reference Price (converted into HKD (if applicable) at an exchange rate as determined by the Hong Kong Monetary Authority and currently published on the Exchange's website at http://www.hkex.com.hk/eng/market/sec_tradinfor/stampfx/stampfx.asp by 11:00a.m. or earlier on the Determination Date), which will be payable as at the date of this Principal Brochure as to 0.10% by the seller (being the Bank) and as to 0.10% by the buyer (being the investor). Please see the relevant Term Sheet for further details.

United States

FATCA Withholding Tax for Non-U.S. Investors

Under the legislation commonly known as the United States Foreign Account Tax Compliance Act ("**FATCA**"), 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 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, subject to the exceptions described below.

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

Based on the provisions of FATCA and current regulations issued thereunder and other related official guidance issued by the U.S. Internal Revenue Service, payments made with respect to a Basket Equity Linked Deposit that are not U.S. Source Payments will not be subject to FATCA withholding tax if such Basket Equity Linked Deposit 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.

The Treasury regulations proposed in 2018 (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 providing for payments that are U.S. Source Payments. Additionally, any Basket Equity Linked Deposit offered or issued by the Bank will be issued on or before (and will 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 will not be subject to FATCA withholding tax.

The 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 FATCA to the Basket Equity Linked Deposits, 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.

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 or possession or distribution of any offering material in relation to the Basket Equity Linked Deposits in any jurisdiction (other than in Hong Kong) where action for that purpose is required.

United States of America

The Basket Equity Linked Deposits 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 may not be offered or sold or otherwise transferred, nor may transactions in such Basket Equity Linked Deposits 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 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 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 (EU) 2016/97 (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 to be offered so as to enable an investor to decide to purchase or subscribe the Basket Equity Linked Deposits.

United Kingdom

The Basket Equity Linked Deposits 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 to be offered so as to enable an investor to decide to purchase or subscribe the Basket Equity Linked Deposits.

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. They do not take into account any Cash Settlement Expenses or Physical Settlement Expenses (including the buyer's stamp duty, if applicable, subject to prevailing laws and regulations) payable by the investor upon cash settlement or delivery of the Worst Performing Stock.

This scenario analysis is based on an investment with our Basket Equity Linked Deposits (with daily callable and kick-in features), which is one of the four variations of our Basket Equity Linked Deposits, with the following terms:

Deposit Tenor:	91 calendar days (commencing from and including the Start Date to but excluding the Maturity Date)
Investment Period:	92 calendar days (commencing from and including the Trade Date to and including the Determination Date)
Trade Date:	21 April 20XX
Start Date:	23 April 20XX
Determination Date:	21 July 20XX
Maturity Date:	(i) in the case where the Bank is to pay any cash amount (including the Coupon Amount for the final Coupon Period, the Deposit Amount (if applicable) and any Residual Cash (if applicable)), the second Business Day after the Determination Date, scheduled to be 23 July 20XX; or (ii) in the case where the Bank is obliged to deliver the Worst Performing Stock, a date falling no later than the third Business Day after the Determination Date, provided that if such date is not a Clearing System Business Day, the following Clearing System Business Day
Coupon Payment Dates:	Each Coupon Period End Date, provided that (i) if any such day is not a Business Day, the Coupon Payment Date will be postponed to the immediately following Business Day, (ii) if the Call Event has occurred during a Coupon Period, the Coupon Payment Date for such Coupon Period will be the Call Event Settlement Date, and (iii) if a Call Event has not occurred, the Coupon Payment Date in respect of the final Coupon Period will be the Maturity Date. For the avoidance of doubt, the determination of the Coupon Amount will not be adjusted if the relevant Coupon Payment Date is postponed.

Call Event Observation Dates: Each Exchange Business Day during the period from and including 21 May 20XX to and including 20 July 20XX.

Kick-in Event Observation Dates: Each Exchange Business Day during the period from and including 21 April 20XX to and including 21 July 20XX.

Stock Basket:

Linked Stock	Initial Price	Call Price (95% of the Initial Price)	Reference Price (90% of the Initial Price)	Kick-in Price (65% of the Initial Price)
Linked Stock A	HKD11.00	HKD10.45	HKD9.90	HKD7.15
Linked Stock B	HKD30.00	HKD28.50	HKD27.00	HKD19.50

Scenario 1-5 below are based on an investment with HKD as the Deposit Currency and the following additional terms:

Deposit Amount: HKD100,000

Annualised Coupon Rate: 12% per annum, based on the hypothetical assumption that the Basket Equity Linked Deposit can be rolled over on the same terms for 1 year and it does not represent the actual return.

Maximum Potential Gain: 2.99% (as shown up to 2 decimal places) in respect of the Deposit Tenor, being the Annualised Coupon Rate x Deposit Tenor / Day Count Basis, based on the hypothetical assumption that there is no early termination of the Basket Equity Linked Deposit and the Deposit Amount is payable as settlement at maturity.

Day Count Basis: 365

Coupon Period:	Coupon Period	Coupon Period Start Date (inclusive)	Coupon Period End Date (exclusive)	Scheduled number of calendar days in the Coupon Period
	1st	23 April 20XX	25 May 20XX	32
	2nd	25 May 20XX	24 June 20XX	30
	3rd	24 June 20XX	23 July 20XX	29

Coupon Amount:

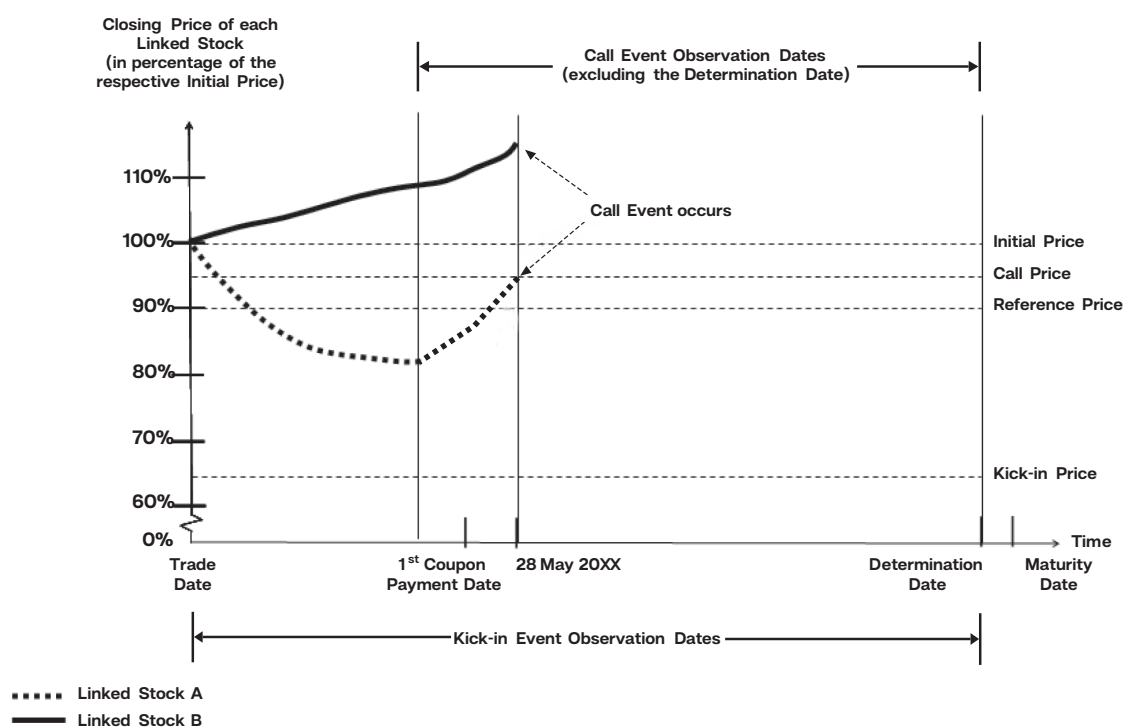
A Coupon Amount for each Coupon Payment Date is calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\text{Deposit Amount} \times \frac{\text{Annualised Coupon Rate}}{\text{Rate}} \times \frac{\text{Number of calendar days in the relevant Coupon Period}}{\text{Day Count Basis}}$$

Provided that no Call Event or early termination of the Basket Equity Linked Deposit has occurred during a Coupon Period, the Coupon Amount payable on each Coupon Payment Date is calculated as follows:

Coupon Period	Coupon Amount
1st	HKD100,000 x 12% x 32/365 = HKD1,052.05
2nd	HKD100,000 x 12% x 30/365 = HKD986.30
3rd	HKD100,000 x 12% x 29/365 = HKD953.42

Scenario 1 (Call Scenario): The Call Event occurs on a Call Event Observation Date.



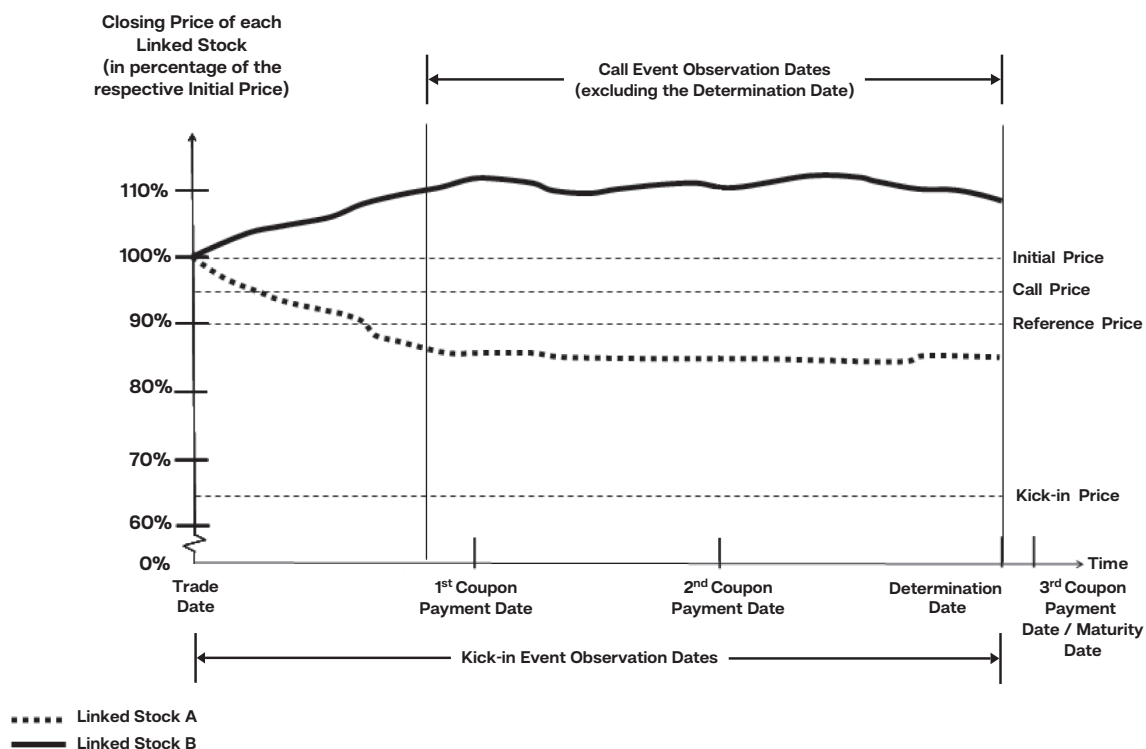
Assuming that on 28 May 20XX the Closing Price of the Linked Stock A is HKD10.46 (95.1% of its Initial Price) and the Closing Price of the Linked Stock B is HKD35.00 (117% of its Initial Price), both of which are higher than their respective Call Prices, the Call Event occurs and the Basket Equity Linked Deposit will be early terminated on the Call Event Settlement Date (being 30 May 20XX, the second Business Day after the Call Event Observation Date on which the Call Event has occurred).

You will receive **in cash** the following:

- (i) the Coupon Amount for the 1st Coupon Period (i.e. HKD1,052.05) on the 1st Coupon Payment Date;
- (ii) the Coupon Amount for the 2nd Coupon Period accrued up to but excluding the Call Event Settlement Date (i.e. HKD164.38, being $\text{HKD}100,000 \times 12\% \times 5/365$) on the Call Event Settlement Date; and
- (iii) the Deposit Amount (i.e. HKD100,000) on the Call Event Settlement Date.

In this scenario, you have an actual gain of HKD1,216.43 (being the aggregate Coupon Amount: HKD1,052.05 + HKD164.38) for the Deposit Amount. No further Coupon Amount will be accrued after the Basket Equity Linked Deposit is early terminated.

Scenario 2 (Best Case Scenario without Kick-in Event): No Call Event has occurred on any Call Event Observation Dates and no Kick-in Event has occurred on any Kick-in Event Observation Dates.



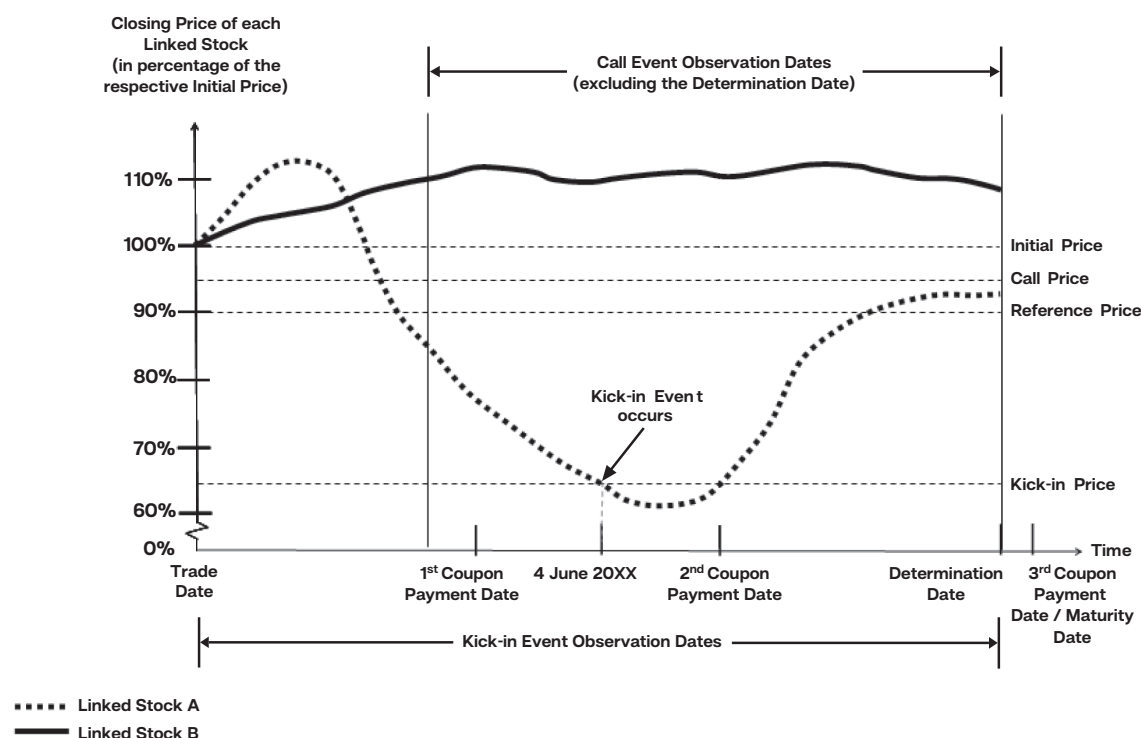
Assuming that no Call Event has occurred on any Call Event Observation Dates and no Kick-in Event has occurred on any Kick-in Event Observation Date.

You will receive **in cash** the following:

- (i) the Coupon Amount for the 1st Coupon Period and 2nd Coupon Period (i.e. HKD1,052.05 and HKD986.30) on the 1st Coupon Payment Date and the 2nd Coupon Payment Date respectively; and
- (ii) the Deposit Amount together with the Coupon Amount for the 3rd Coupon Period (i.e. HKD100,000 + HKD953.42 = HKD100,953.42) on the Maturity Date.

In this scenario, you have an actual gain of HKD2,991.77 (being the aggregate Coupon Amount: HKD1,052.05 + HKD986.30 + HKD953.42) representing the maximum gain for the Deposit Amount.

Scenario 3 (Best Case Scenario with Kick-in Event): No Call Event has occurred on any Call Event Observation Dates. A Kick-in Event has occurred on at least one Kick-in Event Observation Date. The Closing Price of the Worst Performing Stock on the Determination Date is AT or ABOVE its Reference Price.



Assuming that no Call Event has occurred on any Call Event Observation Date.

The above diagram illustrates that a Kick-in Event has occurred on 4 June 20XX because the Closing Price of Linked Stock A is at or below its Kick-in Price (being HKD7.15) on 4 June 20XX.

Assuming that the Closing Prices of Linked Stock A and Linked Stock B on the Determination Date are HKD10.12 (92% of its Initial Price) and HKD32.10 (107% of its Initial Price) respectively, the Stock Performance of Linked Stock A and Linked Stock B is calculated as follows:

$$\text{Stock Performance of Linked Stock A} = \left(\frac{\text{HKD}10.12}{\text{HKD}11.00} - 1 \right) \times 100\% = - 8\%$$

$$\text{Stock Performance of Linked Stock B} = \left(\frac{\text{HKD}32.10}{\text{HKD}30.00} - 1 \right) \times 100\% = 7\%$$

As Linked Stock A has the lowest Stock Performance on the Determination Date, it will be the Worst Performing Stock. The Closing Price of the Worst Performing Stock on the Determination Date is above its Reference Price.

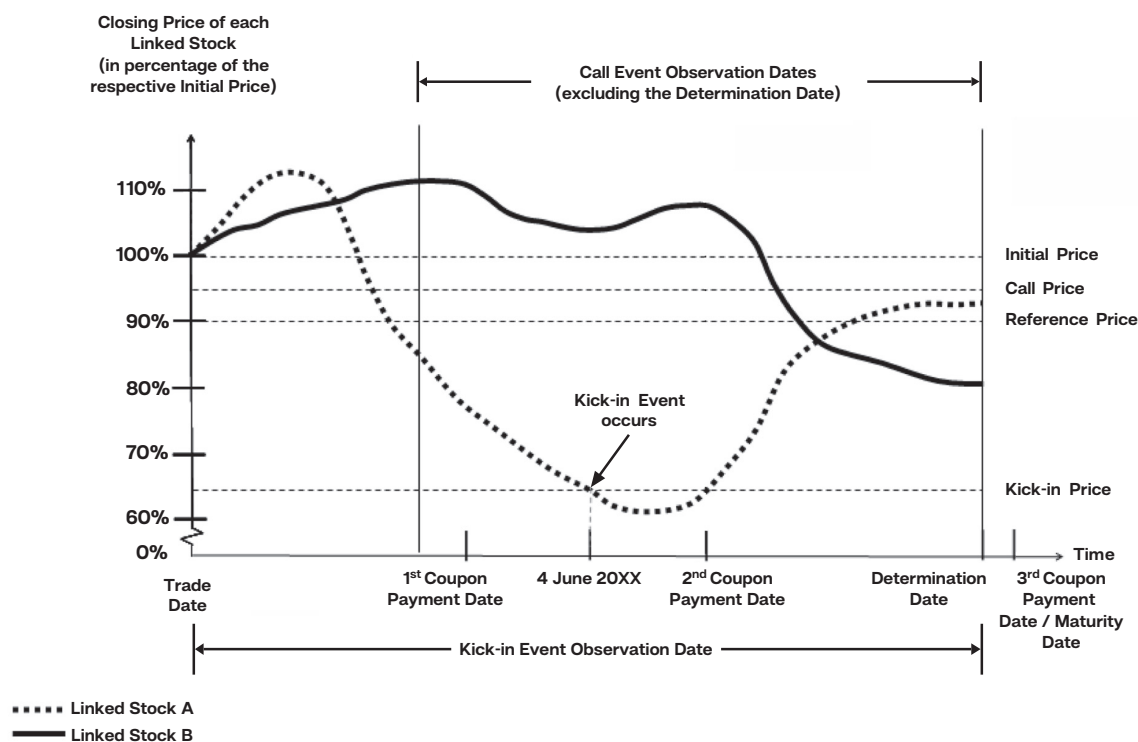
You will receive **in cash** the following:

- (i) the Coupon Amount for the 1st Coupon Period and 2nd Coupon Period (i.e. HKD1,052.05 and HKD986.30) on the 1st Coupon Payment Date and the 2nd Coupon Payment Date respectively; and

- (ii) the Deposit Amount together with the Coupon Amount for the 3rd Coupon Period (i.e. HKD100,000 + HKD953.42 = HKD100,953.42) on the Maturity Date.

In this scenario, you have an actual gain of HKD2,991.77 (being the aggregate Coupon Amount: HKD1,052.05 + HKD986.30 + HKD953.42) representing the maximum gain for the Deposit Amount.

Scenario 4 (Loss Scenario): No Call Event has occurred on any Call Event Observation Dates. A Kick-in Event has occurred on at least one Kick-in Event Observation Date. The Closing Price of the Worst Performing Stock on the Determination Date is BELOW its Reference Price.



Assuming that no Call Event has occurred on any Call Event Observation Date.

The above diagram illustrates that a Kick-in Event has occurred on 4 June 20XX because the Closing Price of Linked Stock A is at or below its Kick-in Price (being HKD7.15) on 4 June 20XX.

Assuming that the Closing Prices of Linked Stock A and Linked Stock B on the Determination Date are HKD10.12 (92% of its Initial Price) and HKD24.00 (80% of its Initial Price) respectively, the Stock Performance of Linked Stock A and Linked Stock B is calculated as follows:

$$\text{Stock Performance of Linked Stock A} = \left(\frac{\text{HKD}10.12}{\text{HKD}11.00} - 1 \right) \times 100\% = - 8\%$$

$$\text{Stock Performance of Linked Stock B} = \left(\frac{\text{HKD}24.00}{\text{HKD}30.00} - 1 \right) \times 100\% = - 20\%$$

As Linked Stock B has the lowest Stock Performance on the Determination Date, it will be the Worst Performing Stock. The Closing Price of the Worst Performing Stock on the Determination Date is below its Reference Price.

You will receive the following:

- (i) the Coupon Amount **in cash** for the 1st Coupon Period and 2nd Coupon Period (i.e. HKD1,052.05 and HKD986.30) on the 1st Coupon Payment Date and the 2nd Coupon Payment Date respectively;
- (ii) the Coupon Amount **in cash** for the 3rd Coupon Period (i.e. HKD953.42) on the Maturity Date; and
- (iii) a number of the Worst Performing Stock (being Linked Stock B) on the Maturity Date calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

(Deposit Amount / Reference Price of the Worst Performing Stock)

= HKD100,000 / HKD27.00

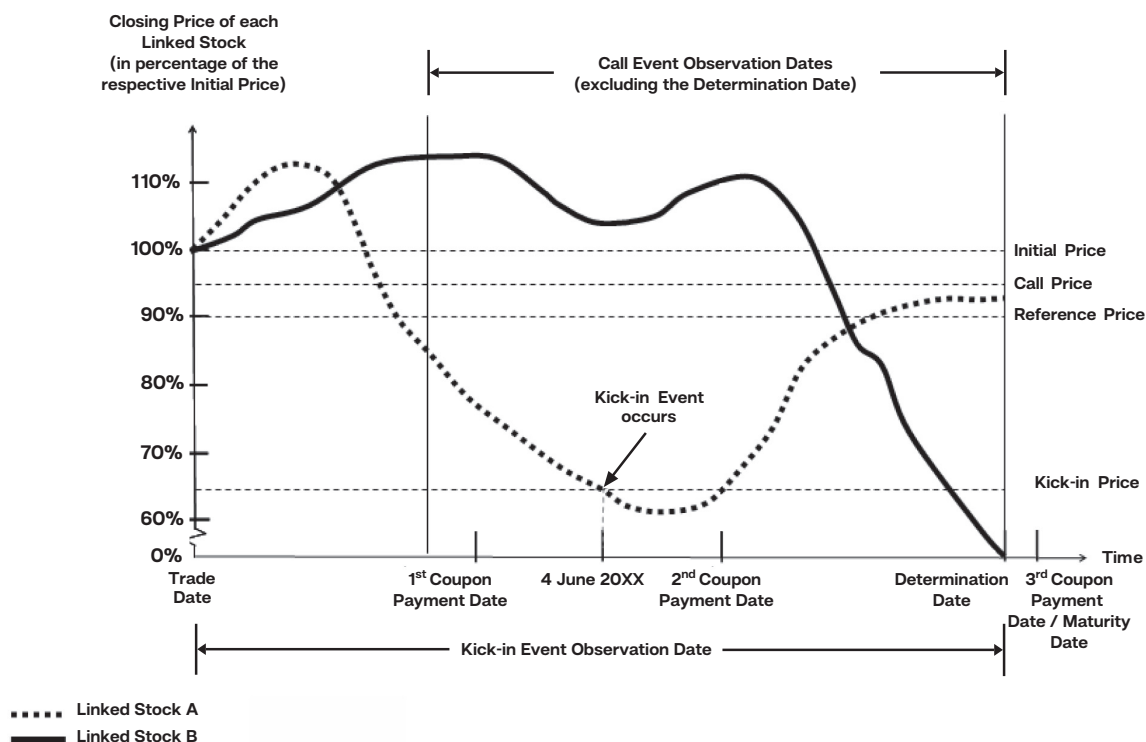
= 3,703.70 shares

Accordingly, you will receive 3,703 shares of the Worst Performing Stock and a Residual Cash of HKD16.80 (being 0.70 shares x HKD24.00, rounded up to 2 decimal places) for the Fractional Stock on the Maturity Date.

In this scenario, you suffer an unrealised loss of HKD8,119.43 [i.e. HKD100,000 (Deposit Amount) - HKD2,991.77 (the aggregate Coupon Amount) - (3,703 shares x HKD24.00) (market value of the number of Worst Performing Stock deliverable calculated at its Closing Price on the Determination Date) - HKD16.80 (Residual Cash)] by reference to the Closing Price of the Worst Performing Stock on the Determination Date.

In addition, any further downside movements in the market price of the Worst Performing Stock after the Determination Date up to the Maturity Date could adversely affect your investment. If you decide to hold the number of the Worst Performing Stock delivered to you on the Maturity Date, you will be further exposed to the market risk of holding the Worst Performing Stock from the Maturity Date until you sell the Worst Performing Stock.

Scenario 5 (Worst Case Scenario): No Call Event has occurred on any Call Event Observation Dates. A Kick-in Event has occurred on at least one Kick-in Event Observation Date. The Closing Price of the Worst Performing Stock on the Determination Date drops to zero.



Assuming that no Call Event has occurred on any Call Event Observation Dates.

The above diagram illustrates that a Kick-in Event has occurred on 4 June 20XX because the Closing Price of Linked Stock A is at or below its Kick-in Price (being HKD7.15) on 4 June 20XX.

Assuming that the Closing Prices of Linked Stock A and Linked Stock B on the Determination Date are HKD10.12 (92% of its Initial Price) and HKD0 (0% of its Initial Price) respectively, the Stock Performance of Linked Stock A and Linked Stock B is calculated as follows:

$$\text{Stock Performance of Linked Stock A} = \left(\frac{\text{HKD}10.12}{\text{HKD}11.00} - 1 \right) \times 100\% = - 8\%$$

$$\text{Stock Performance of Linked Stock B} = \left(\frac{\text{HKD}0}{\text{HKD}30.00} - 1 \right) \times 100\% = - 100\%$$

As Linked Stock B has the lowest Stock Performance on the Determination Date, it will be the Worst Performing Stock. The Closing Price of the Worst Performing Stock on the Determination Date is below its Reference Price.

You will receive the following:

- (i) the Coupon Amount **in cash** for the 1st Coupon Period and 2nd Coupon Period (i.e. HKD1,052.05 and HKD986.30) on the 1st Coupon Payment Date and the 2nd Coupon Payment Date respectively;

- (ii) the Coupon Amount **in cash** for the 3rd Coupon Period (i.e. HKD953.42) on the Maturity Date; and
- (iii) a number of the Worst Performing Stock (being Linked Stock B) on the Maturity Date calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

(Deposit Amount / Reference Price of the Worst Performing Stock)

= HKD100,000 / HKD27.00

= 3,703.70 shares

Accordingly, you will receive 3,703 shares of the Worst Performing Stock and a Residual Cash of HKD0 (being 0.70 shares x HKD0, rounded up to 2 decimal places) for the Fractional Stock on the Maturity Date.

In this scenario, you suffer an unrealised loss of HKD97,008.23 [i.e. HKD100,000 (Deposit Amount) - HKD2,991.77 (the aggregate Coupon Amount) - (3,703 shares x HKD0) (market value of the number of Worst Performing Stock deliverable calculated at its Closing Price on the Determination Date) - HKD0 (Residual Cash)] if the Closing Price of the Worst Performing Stock remains at zero.

Scenario 6: The Deposit Currency is CNY.

This scenario 6 is based on an investment with **CNY** as the Deposit Currency and the following additional terms:

Deposit Amount:	CNY100,000
Annualised Coupon Rate:	12% per annum, based on the hypothetical assumption that the Basket Equity Linked Deposit can be rolled over on the same terms for 1 year and it does not represent the actual return.
Maximum Potential Gain:	3.03% (as shown up to 2 decimal places) in respect of the Deposit Tenor, being the Annualised Coupon Rate x Deposit Tenor/ Day Count Basis (i.e. 12% x 91/360), based on the hypothetical assumption that there is no early termination of the Basket Equity Linked Deposit and the Deposit Amount is payable as settlement at maturity.
Day Count Basis:	360

Coupon Period:	Coupon Period	Coupon Period Start Date (inclusive)	Coupon Period End Date (exclusive)	Scheduled number of calendar days in the Coupon Period
	1st	23 April 20XX	25 May 20XX	32
	2nd	25 May 20XX	24 June 20XX	30
	3rd	24 June 20XX	23 July 20XX	29

Coupon Amount:

A Coupon Amount for each Coupon Payment Date is calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\text{Deposit Amount} \times \frac{\text{Annualised Coupon Rate}}{\text{Day Count Basis}} \times \frac{\text{Number of calendar days in the relevant Coupon Period}}{\text{Day Count Basis}}$$

Provided that no Call Event or early termination of the Basket Equity Linked Deposit has occurred during a Coupon Period, the Coupon Amount payable on each Coupon Payment Date is calculated as follows:

Coupon Period	Coupon Amount
1st	CNY100,000 x 12% x 32/360 = CNY1,066.67
2nd	CNY100,000 x 12% x 30/360 = CNY1,000.00
3rd	CNY100,000 x 12% x 29/360 = CNY966.67

Exchange Rate:

1.2630, being the mid-market exchange rate between HKD and offshore CNY as of the closing time of the Exchange on the Determination Date.

- (i) **Best Case Scenario without Kick-in Event: No Call Event has occurred on any Call Event Observation Dates and no Kick-in Event has occurred on any Kick-in Event Observation Dates.**

Please refer to the diagram shown in Scenario 2 on page 92 of this Principal Brochure illustrating the performance of the Linked Stocks.

Assuming that no Call Event has occurred on any Call Event Observation Dates and no Kick-in Event has occurred on any Kick-in Event Observation Dates. You will receive **in cash** the following:

- (i) the Coupon Amount for the 1st Coupon Period and 2nd Coupon Period (i.e. CNY1,066.67 and CNY1,000.00) on the 1st Coupon Payment Date and the 2nd Coupon Payment Date respectively; and
- (ii) the Deposit Amount together with the Coupon Amount for the 3rd Coupon Period (i.e. CNY100,000 + CNY966.67 = CNY100,966.67) on the Maturity Date.

In this scenario, you have an actual gain of CNY3,033.34 (being the aggregate Coupon Amount: CNY1,066.67 + CNY1,000.00 + CNY966.67) representing the maximum gain for the Deposit Amount. 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: No Call Event has occurred on any Call Event Observation Dates. A Kick-in Event has occurred on at least one Kick-in Event Observation Date. The Closing Price of the Worst Performing Stock on the Determination Date is BELOW the Reference Price.**

Please refer to the diagram shown in Scenario 4 on pages 94 to 95 of this Principal Brochure illustrating the performance of the Linked Stocks.

Assuming that no Call Event has occurred on any Call Event Observation Dates, a Kick-in Event has occurred at least once on a Kick-in Event Observation Date, the Closing Price of the Worst Performing Stock (being Linked Stock B) on the Determination Date is HKD24.00 (80% of its Initial Price), which is below the Reference Price and the Exchange Rate is 1.2630, you will receive the following:

- (i) the Coupon Amount **in cash** for the 1st Coupon Period and 2nd Coupon Period (i.e. CNY1,066.67 and CNY1,000.00) on the 1st Coupon Payment Date and the 2nd Coupon Payment Date respectively;
- (ii) the Coupon Amount **in cash** for the 3rd Coupon Period (i.e. CNY966.67) on the Maturity Date; and
- (iii) A number of Worst Performing Stock on the Maturity Date calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

(Deposit Amount (converted into HKD at the Exchange Rate) / Reference Price)

= CNY100,000 × 1.2630 / HKD27.00

= 4,677.78 shares

Accordingly, you will receive on the Maturity Date 4,677 shares of the Linked Stock and a Residual Cash of HKD18.72 (being the Fractional Stock x Closing Price on the Determination Date, i.e., 0.78 shares x HKD24.00, rounded up to 2 decimal places).

In this scenario, you suffer an unrealised loss of CNY8,077.73, i.e. CNY100,000 (Deposit Amount) - CNY3,033.34 (the aggregate Coupon Amount) - CNY88,874.11 (market value of the number of the Worst Performing Stock deliverable calculated at its Closing Price on the Determination Date, converted into CNY at the Exchange Rate, being 4,677 shares x HKD24.00/1.2630) - CNY14.82 (Residual Cash converted into CNY at the Exchange Rate, being HKD18.72/1.2630) by reference to the Closing Price of the Worst Performing Stock on the Determination Date and the Exchange Rate. If you convert the CNY payments (being the aggregate Coupon Amount) that you receive back to HKD, the amount that you receive will be affected by the prevailing exchange rate between offshore CNY and HKD.

In addition, any further downside movements in the market price of the Worst Performing Stock after the Determination Date up to the Maturity Date could adversely affect your investment. If you decide to hold the number of the Worst Performing Stock delivered to you on the Maturity Date, you will be further exposed to the risk of price fluctuation of the Worst Performing Stock from the Maturity Date until you sell the Worst Performing Stock.

You should also note that fluctuations in the exchange rate may have an adverse impact on the number of the Worst Performing Stock deliverable and the amount of Residual Cash payable and thus on your potential return under our Basket Equity Linked Deposits.

(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 Coupon Amount for the 3rd Coupon Period (i.e. CNY100,966.67) 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 HKD80,773.34 (being CNY100,966.67 x 0.8). Therefore, you will suffer a loss of HKD45,435 in HKD terms, as the HKD Equivalent Amount (i.e. HKD80,773.34) 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 HKD126,208.34 (being CNY100,966.67 x 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, 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. **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\$860.4 billion (US\$110.1 billion) as of 31st December, 2023. BEA is listed on The Stock Exchange of Hong Kong.

BEA offers customers a comprehensive range of wholesale banking, personal banking, wealth management, and investment services in Hong Kong, Chinese Mainland 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, online banking, 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.

APPENDIX 1 - PRODUCT TERMS AND CONDITIONS OF BASKET EQUITY LINKED DEPOSIT

*The following is the text of the product terms and conditions (the "**Product Terms and Conditions**") applicable to our Basket Equity Linked Deposits. The relevant Confirmation in relation to each Basket Equity Linked Deposit 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. 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, 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 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 with the Bank. The Bank may in its sole and absolute discretion accept or reject an application for a Basket Equity Linked Deposit from the Customer.
- 1.2 Upon acceptance by the Bank of an application in respect of a Basket Equity Linked Deposit from the Customer on the Trade Date, a binding contract between the Bank and the Customer in respect of that Basket Equity Linked Deposit 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 except in the case of manifest error.
- 1.3 In respect of an application for a Basket Equity Linked Deposit, 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, the Confirmation will prevail for the purposes of the relevant Basket Equity Linked Deposit.
- 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 is booked, the Agreement will prevail for the purposes of that Basket Equity Linked Deposit.

2 DEPOSIT AMOUNT

- 2.1 For each Basket Equity Linked Deposit 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 purchase order to the Start Date.

2.2 On the Start Date in respect of a Basket Equity Linked Deposit, the Customer shall pay to the Bank the Deposit Amount relating to that Basket Equity Linked Deposit. 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, in respect of a Basket Equity Linked Deposit:

(a) if:

- (i) where the Kick-in feature is specified to be not applicable in the Confirmation, the Closing Price of the Worst Performing Stock on the Determination Date is at or above its Reference Price; or
- (ii) where the Kick-in feature is specified to be applicable in the Confirmation, (aa) no Kick-in Event has occurred or (bb) if a Kick-in Event has occurred but the Closing Price of the Worst Performing Stock on the Determination Date is at or above its Reference Price,

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 4.2 if the Deposit Currency is CNY) equal to the Deposit Amount and the Coupon Amount for the final Coupon Period less the Cash Settlement Expenses (if any) to the Designated Cash Account; or

(b) if:

- (i) where the Kick-in feature is specified to be not applicable in the Confirmation, the Closing Price of the Worst Performing Stock on the Determination Date is below its Reference Price; or
- (ii) where the Kick-in feature is specified to be applicable in the Confirmation, a Kick-in Event has occurred and the Closing Price of the Worst Performing Stock on the Determination Date is below its Reference Price,

the Bank will deliver to the Customer on the Maturity Date (i) a cash amount in the Deposit Currency (subject to the occurrence of a CNY Disruption Event under Condition 4.2 if the Deposit Currency is CNY) equal to the Coupon Amount for the final Coupon Period less the Cash Settlement Expenses (if any) to the Designated Cash Account and (ii) (subject to the payment of the Physical Settlement Expenses) a number of the Worst Performing Stock to the Designated Securities Account calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\text{Such number of the Worst Performing Stock} = \frac{\text{Deposit Amount (converted into the trading currency of the Worst Performing Stock at the Exchange Rate if the Deposit Currency is not the same as the trading currency of the Worst Performing Stock)}}{\text{Reference Price of the Worst Performing Stock}}$$

The Bank will deliver an integral number of the Worst Performing Stock to the Customer to the Designated Securities Account. If the number of the Worst Performing Stock calculated in accordance with the formula stated above

consists of any Fractional Stock, then in respect of that Fractional Stock, the Bank shall on the Maturity Date pay to the Customer a cash amount in HKD (calculated to 2 decimal places, 0.005 being rounded upwards) equal to the Closing Price of the Worst Performing Stock on the Determination Date multiplied by that Fractional Stock ("**Residual Cash**") (converted into HKD at the CNY/HKD Exchange Rate as of the Determination Date if the trading currency of the Worst Performing Stock is CNY) to the Residual Cash Account.

- 3.2 In the case where the Bank is required to deliver the Worst Performing Stock to the Customer on the Maturity Date pursuant to Condition 3.1(b), the Customer must pay to the Bank the Physical Settlement Expenses before delivery of the Worst Performing Stock. The Customer hereby authorises the Bank to deduct the Physical Settlement Expenses from the Designated Cash Account on the second Business Day after the Determination Date.

4 SETTLEMENT DISRUPTION EVENT AND CNY DISRUPTION EVENT

Settlement Disruption Event

- 4.1 In the case where the Bank is required to deliver the Worst Performing Stock to the Customer on the Maturity Date pursuant to Condition 3.1(b) and the Bank determines that, in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner), such delivery of the Worst Performing Stock on the Maturity Date is not possible by reason of a Settlement Disruption Event having occurred and is continuing on such date, then the Maturity Date shall be postponed to the first following Clearing System Business Day on which there is no Settlement Disruption Event. The Bank will notify the Customer of the postponement as soon as practicable but no later than the second Business Day after the scheduled Maturity Date. Provided that there is a Settlement Disruption Event on each of the eight Clearing System Business Days immediately following the scheduled Maturity Date, (i) if the Worst Performing Stock can be delivered in any other commercially reasonable manner (as determined by the Bank in its sole and absolute discretion acting in good faith and in a commercially reasonable manner), then the Maturity Date shall be postponed to the first day on which delivery of the Worst Performing Stock can be effected through the use of such other commercially reasonable manner after that eighth Clearing System Business Day (which other manner of delivery will be deemed the relevant Clearing System for the purposes of delivery of the Worst Performing Stock), or (ii) if the Worst Performing Stock cannot be delivered in any other commercially reasonable manner as determined by the Bank in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner), then the Maturity Date shall be postponed until delivery can be effected through the relevant Clearing System or in any other commercially reasonable manner. The Bank will notify the Customer on the second Business Day after that eighth Clearing System Business Day of the relevant settlement arrangement (including the continuance of the Settlement Disruption Event and the action to be taken).

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 Settlement Disruption Event.

CNY Disruption Event

- 4.2 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 Residual 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.

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 INTERVENING PERIOD

- 5.1 In the case where the Bank is required to deliver the Worst Performing Stock to the Customer on the Maturity Date pursuant to Condition 3.1(b), the Customer shall be entitled to all those rights attaching to the Worst Performing Stock to be delivered to the Customer as from and including the Determination Date. Such rights shall include the rights that the Customer would be entitled to as if the Customer had been registered as the holder of the Worst Performing Stock as from and including the Determination Date.
- 5.2 Notwithstanding Condition 5.1 above, as from and including the Determination Date and until such time that the Worst Performing Stock is delivered to the Customer (the "**Intervening Period**"), the Bank shall not:
- (a) be obliged to deliver to the Customer any letter, certificate, notice, circular, dividend, distribution or any other document or payment whatsoever received by the Bank in its capacity as the registered holder of the Worst Performing Stock;
 - (b) be obliged to exercise any or all rights (including voting rights) attaching to the Worst Performing Stock during the Intervening Period; or
 - (c) be liable to such Customer in respect of any loss or damage which such Customer may sustain or suffer as a result, whether directly or indirectly, of such Customer not being registered during such Intervening Period as legal owner of the Worst Performing Stock.

5.3 Notwithstanding Condition 5.2 above, the Bank shall:

- (a) notify the Customer of the receipt of any dividend, distribution, bonus issue, shares or units issued pursuant to a share split or consolidation, by the Bank during the Intervening Period, in respect of the Worst Performing Stock beneficially owned by such Customer;
- (b) make available such dividend or distribution payment of the Worst Performing Stock to the Customer in a commercially reasonable manner upon production of such evidence of entitlement and identification as may reasonably be required by the Bank;
- (c) notify the Customer as soon as practicable of the receipt by the Bank of any right, entitlement or offer during the Intervening Period which the Customer is entitled to exercise or accept as a beneficial owner of the Worst Performing Stock, and make available any document relating to such right, entitlement or offer for collection by the Customer upon production of such evidence of entitlement and identification as may reasonably be required by the Bank, and following receipt by the Bank of written notification as may reasonably be required and, where appropriate, any relevant payment or consideration necessary in connection with exercising or accepting any such right, entitlement or offer from the Customer, the Bank shall, on behalf of the Customer, exercise or accept such right, entitlement or offer; and
- (d) following the receipt of an entitlement which takes the form of securities by way of rights, to which the Customer is entitled as the beneficial owner of the Worst Performing Stock, the Bank shall, as soon as reasonably practicable, make available all documentation received by it relating to such entitlement for collection by the Customer upon production of such evidence of entitlement and identification as may reasonably be required by the Bank.

5.4 This Condition 5 shall not be construed so as to give rise to any relationship of agency, trust or fiduciary between the Bank and any Customer in its capacity as the beneficial owner of the Worst Performing Stock during an Intervening Period. The Bank shall not owe any fiduciary duty to such Customer.

6 COUPON AMOUNT

6.1 In respect of each Coupon Period, the Bank will pay the Customer a cash amount in the Deposit Currency (subject to the occurrence of a CNY Disruption Event under Condition 4.2 if the Deposit Currency is CNY) equal to the Coupon Amount for that Coupon Period less any Cash Settlement Expenses to the Designated Cash Account on the relevant Coupon Payment Date. For avoidance of doubt, if the Call Event occurs on a Call Event Observation Date, the relevant Coupon Amount (accrued up to but excluding the Call Event Settlement Date) will be paid on the Call Event Settlement Date. No Coupon Amount will be accrued after the Call Event Settlement Date.

7 CALLABLE FEATURE

7.1 If the Call Event occurs on a Call Event Observation Date:

- (a) the Basket Equity Linked Deposit will be early terminated on and with effect from the Call Event Settlement Date;

- (b) the Bank will pay the Customer a cash amount in the Deposit Currency (subject to the occurrence of a CNY Disruption Event under Condition 4.2 if the Deposit Currency is CNY) equal to the Deposit Amount together with any accrued Coupon Amount (less any Cash Settlement Expenses) to the Designated Cash Account on the Call Event Settlement Date, and following the payment of such cash amount, the Bank will have no further obligations in respect of the Basket Equity Linked Deposit; and
- (c) the Bank will notify the Customer as soon as practicable of the occurrence of such termination.

8 POTENTIAL ADJUSTMENT EVENT

- 8.1 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, which may include adjusting the Call Price, the Kick-in Price (if applicable) and the Reference Price of the affected Linked Stock, so as to preserve the economic equivalence of the Basket Equity Linked Deposit.

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. 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; 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.

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).

- 8.2 If the Bank determines that a Potential Adjustment Event has occurred under this Condition 8, 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 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.

8.3 **"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 9) 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 dilutive or concentrative effect on the theoretical value of that Linked Stock.

9 MERGER EVENT OR TENDER OFFER

9.1 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, 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.

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. 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; 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.

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).

- 9.2 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 9.1 is able to preserve the economic equivalence of the Basket Equity Linked Deposit, 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 to account for such event as the Bank determines appropriate (acting in good faith and in a commercially reasonable manner).
- 9.3 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 through any of the foregoing adjustments contemplated in Condition 9.1 and the Bank is unable to or considers it inappropriate to substitute the affected Linked Stock to account for that event as contemplated in Condition 9.2, then:
- (a) the Basket Equity Linked Deposit 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 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.
- 9.4 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 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.

10 ADDITIONAL DISRUPTION EVENT

- 10.1 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 to account for that event as the Bank determines appropriate (acting in good faith and in a commercially reasonable manner).

10.2 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 or considers it inappropriate to substitute the affected Linked Stock to account for that event as contemplated in Condition 10.1, then:

(a) the Basket Equity Linked Deposit 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 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.

10.3 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 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.

10.4 **"Additional Disruption Event"** means any Change in Law, Hedging Disruption, Increased Cost of Hedging, Nationalisation, Insolvency, Delisting or, if applicable, Fund Disruption Event.

11 MARKET DISRUPTION EVENT

11.1 If the Bank determines that any scheduled Call Event Observation Date, any scheduled Kick-in Event Observation Date (if applicable) or the scheduled Determination Date (as the case may be) is a Disrupted Day for any Linked Stock in the Stock Basket, that Call Event Observation Date, that Kick-in Event Observation Date (if applicable) or the Determination Date (as the case may be) 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 Call Event Observation Date, the scheduled Kick-in Event Observation Date (if applicable) or the scheduled Determination Date (as the case may be) 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 relevant Call Event Observation Date, the relevant Kick-in Event Observation Date (if applicable) or the Determination Date (as the case may be) 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) 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 relevant Call Event Observation Date, the relevant Kick-in Event Observation Date (if applicable) or the Determination Date (as the case may be); 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 relevant Call Event Observation Date, the relevant Kick-in Event Observation Date (if applicable) or the Determination Date (as the case may be).

11.2 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 calculated or determined.

12 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 without the prior written consent of the Bank.

13 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.

14 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**").

15 DEFINITION

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

"Annualised Coupon Rate" means the annualised coupon rate per annum specified as such in the Confirmation, based on the hypothetical assumption that a Basket Equity Linked Deposit can be rolled over on the same terms for a year and it does not represent the actual return.

"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 and a licensed bank regulated by the Hong Kong Monetary Authority under the Hong Kong Banking Ordinance.

"Basket Equity Linked Deposit" means a Basket Equity Linked Deposit - with Callable and Optional Kick-in Features constituted by these Product Terms and Conditions and the relevant Confirmation.

"Business Day" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for general business (including settling payments, dealings in foreign exchange and/or foreign currency deposits) 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.

"Call Event" occurs if the Closing Price of each of the Linked Stocks in the Stock Basket on a Call Event Observation Date is at or above its respective Call Price.

"Call Event Observation Date" means the date(s) specified as such in the Confirmation, provided that if any such date is a Disrupted Day for any Linked Stock in the Stock Basket, that Call Event Observation Date for each Linked Stock in the Stock Basket will be postponed in accordance with Condition 11.

"Call Event Settlement Date" means the second Business Day after the Call Event Observation Date on which a Call Event has occurred.

"Call Price" means, in respect of a Linked Stock, the price specified as such for that Linked Stock in the Confirmation.

"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 (except for any Residual Cash).

"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 (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.

"Clearing System" means the Central Clearing and Settlement System or any successors thereto.

"Clearing System Business Day" means a day on which the Clearing System is scheduled to open for the acceptance and execution of settlement instructions.

"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 11.

"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 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;
- (b) for the Bank to convert any amount due and payable in CNY under the Basket Equity Linked Deposit 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 confirming the terms applicable to that Basket Equity Linked Deposit.

"Coupon Amount" means, in respect of a Coupon Period, an amount in the Deposit Currency (subject to the occurrence of a CNY Disruption Event under Condition 4.2 if the Deposit Currency is CNY) calculated in accordance with the following formula (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\text{Deposit Amount} \times \text{Annualised Coupon Rate} \times \frac{\text{Number of calendar days in the relevant Coupon Period}}{\text{Day Count Basis}}$$

"Coupon Payment Date" means the date(s) specified as such in the Confirmation, provided that (i) if any such date is not a Business Day, the Coupon Payment Date will be postponed to the immediately following Business Day, (ii) if the Call Event has occurred during the relevant Coupon Period, the Coupon Payment Date in respect of such Coupon Period will be the Call Event Settlement Date, and (iii) if a Call Event has not occurred, the Coupon Payment Date in respect of the final Coupon Period will be the Maturity Date. For the avoidance of doubt, the determination of the Coupon Amount will not be adjusted if the relevant Coupon Payment Date is postponed.

"Coupon Period" means each of the period from and including a Coupon Period Start Date to but excluding the corresponding Coupon Period End Date, provided that if the Call Event has occurred during a Coupon Period, the period from and including the relevant Coupon Period Start Date to but excluding the Call Event Settlement Date. For the avoidance of doubt, the Coupon Period Start Date(s) and the Coupon Period End Date(s) will not be adjusted if any of such date(s) is a Disrupted Day and accordingly the number of calendar days in a Coupon Period for determination of the Coupon Amount will not be adjusted.

"Coupon Period Start Date" means, in respect of a Coupon Period, the date specified as such in the Confirmation.

"Coupon Period End Date" means, in respect of a Coupon Period, the date specified as such in the Confirmation.

"Customer" means the person or, if more than one, the persons jointly, party to the Agreement for a Basket Equity Linked Deposit other than the Bank.

"Day Count Basis" means the day count basis specified as such in the Confirmation, being 365 (in case where the Deposit Currency is HKD or GBP) or 360 (in case where the Deposit Currency is not HKD or GBP).

"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.

"Designated Securities Account" means a securities 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 11.

"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, an amount in the Deposit Currency (subject to the occurrence of a CNY Disruption Event under Condition 4.2 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 9.3 or Condition 10.2 (as the case may be), as representing the fair market value of such Basket Equity Linked Deposit 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, any accrued Coupon Amount, the value of the embedded put option, 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 pursuant to Condition 9.3 or Condition 10.2.

"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 regular trading sessions.

"Exchange Rate" means the rate specified as such in the Confirmation.

"Fractional Stock" means a non-integral number of shares or units of the Worst Performing Stock (calculated to 2 decimal places, 0.005 being rounded upwards) which the Customer would be entitled to receive according to the formula used to calculate the settlement at maturity specified under Condition 3.1(b).

"Fund Disruption Event" means, in respect of a Linked Stock which is a unit or share 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, 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; 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 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, 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; 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.

"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 Event" occurs if the Closing Price of any one of the Linked Stocks in the Stock Basket on a Kick-in Event Observation Date is at or below its respective Kick-in Price.

"Kick-in Event Observation Date" means the dates specified as such in the Confirmation, provided that if any such date is a Disrupted Day for any Linked Stock in the Stock Basket, that Kick-in Event Observation Date for each Linked Stock in the Stock Basket will be postponed in accordance with Condition 11.

"Kick-in Price" means, in respect of a Linked Stock, the price specified as such for that Linked Stock 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 9.1, 9.2 or 10.1.

"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 (i) in the case where the Bank is to pay any cash amount (including the Coupon Amount for the final Coupon Period, the Deposit Amount (if applicable) and any Residual Cash (if applicable)), the second Business Day after the Determination Date, subject to postponement in case of the occurrence of a CNY Disruption Event (if applicable) as provided in Condition 4; or (ii) in the case where the Bank is obliged to deliver the Worst Performing Stock, a date falling no later than the third Business Day after the Determination Date, provided that if such date is not a Clearing System Business Day, the following Clearing System Business Day, subject to postponement in case of the occurrence of a Settlement Disruption Event in accordance with Condition 4.

"Maximum Potential Gain" means the maximum potential gain of a Basket Equity Linked Deposit in respect of the Deposit Tenor specified as such in the Confirmation, being the Annualised Coupon Rate x Deposit Tenor / Day Count Basis, which is based on the hypothetical assumption that there is no early termination of the Basket Equity Linked Deposit and the Deposit Amount is payable as settlement at maturity.

"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.

"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.

"Physical Settlement Expenses" means an amount determined by the Bank equal to all charges incurred in respect of the delivery and receipt of the Worst Performing Stock, including but without limitation, the prevailing buyer's stamp duty (if applicable, subject to prevailing laws and regulations) and other expenses for provision of securities services as notified by the Bank in advance from time to time.

"Reference Price" means, in respect of a Linked Stock, the price specified as such for that Linked Stock in the Confirmation.

"Residual Cash Account" means a cash account of the Customer in HKD for settlement of Residual Cash or (where the Deposit Currency is CNY and a CNY Disruption Event occurs) any HKD Equivalent Amount 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 Stocks.

"Settlement Disruption Event" means an event beyond the control of the Bank as a result of which it is not possible for the Bank to make delivery of the Worst Performing Stock to the Designated Securities Account through the Clearing System as determined by the Bank in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner).

"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):

$$\left(\frac{\text{Closing Price of that Linked Stock on the Determination Date}}{\text{Initial Price of that Linked Stock}} - 1 \right) \times 100\%$$

"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 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

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

Term Sheet for Basket Equity Linked Deposit with [Daily][Periodic] Callable [and Kick-in] Feature[s] 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 is an unlisted structured investment product embedded with derivatives. It is NOT equivalent to and should not be treated as a substitute for conventional time deposit.
- **Not a protected deposit.** Our Basket Equity Linked Deposit is NOT a protected deposit under the Deposit Protection Scheme in Hong Kong.
- **Not capital protected.** Our Basket Equity Linked Deposit is NOT capital protected. You may receive the Worst Performing Stock instead of the Deposit Amount in cash at maturity depending on the performance of each of the Linked Stocks in the Stock Basket during the Investment Period. The market value of the Worst Performing Stock you receive may be substantially less than your Deposit Amount, or **may even become worthless. In the worst case scenario, you could lose all of your Deposit Amount.**
- **Capped maximum potential gain.** The amount of maximum potential gain under our Basket Equity Linked Deposit is capped and limited to the aggregate Coupon Amount payable during the scheduled Deposit Tenor.
- **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 at maturity depends on the performance of each of the Linked Stocks in the Stock Basket during the Investment Period. 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 is NOT secured on any of our assets or any collateral.
- **Liquidity risk.** Our Basket Equity Linked Deposit is not transferable without our prior written consent and are designed to be held to maturity. We only provide limited market making arrangements for our Basket Equity Linked Deposit with an Investment Period of more than 6 months. If you early terminate your Basket Equity Linked Deposit 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 is 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 Deposit 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, except where the Worst Performing Stock is determined on the Determination Date to be deliverable to you on the Maturity Date, in such case you will be entitled to the rights in such Worst Performing Stock as from and including the Determination Date. 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.
- **Insolvency risk.** The settlement of our Basket Equity Linked Deposit 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, 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. **In the worst case scenario, you could lose all of your Deposit Amount.**
- **Re-investment risk.** Our Basket Equity Linked Deposit will be early terminated if a Call Event has occurred on any Call Event Observation Date. You will not receive any further Coupon Amount following such termination. You may not be able to enjoy the same rate of return if you re-invest in other investments with similar risk parameters.
- **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 (unless there is a post-sale cooling-off period applicable to our Basket Equity Linked Deposit and you exercise such right), and you will therefore be exposed to risks relating to our Basket Equity Linked Deposit 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. Our economic interests in each role may be adverse to your interests in our Basket Equity Linked Deposit.
- **[Additional risks for CNY-denominated Basket Equity Linked Deposit and/or Basket Equity Linked Deposit linked to CNY-traded Linked Stock.** Where the Deposit Currency of the Basket Equity Linked Deposits is CNY, and/or any Linked Stock is traded in CNY, the performance of such Basket Equity Linked Deposits may be adversely affected due to risks relating to CNY, such as the current limited pool of CNY outside the Chinese Mainland, offshore CNY exchange rate risk and CNY interest rate risk. Our payment under any CNY-denominated Basket Equity Linked Deposits may also be postponed, or delivered in an HKD Equivalent Amount upon occurrence of a CNY Disruption Event.]

This Term Sheet must be read in conjunction with:

- (i) our principal brochure for Basket Equity Linked Deposits dated 9 August 2024 ("**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. 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] [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

The Bank (as the Offeror and a principal)	:	The Bank of East Asia, Limited 東亞銀行有限公司
Application period	:	[[<i>insert date</i>] to [<i>insert trade date</i>] (both days inclusive)] [Not applicable]
Deposit Currency	:	[<i>insert deposit currency</i>]
Deposit Tenor	:	[<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
Investment Period	:	[<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
Minimum Deposit Amount	:	[HKD100,000] [<i>insert the equivalent amount of HKD100,000 in deposit currency</i>]
Deposit Amount	:	[<i>insert deposit currency and deposit amount</i>]
Trade Date	:	[<i>insert trade date</i>]
Start Date	:	[<i>insert start date</i>]
Determination Date	:	[<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 11 of the Product Terms and Conditions
Maturity Date	:	(i) in the case where the Bank is to pay any cash amount (including the Coupon Amount for the final Coupon Period, the Deposit Amount (if applicable) and any Residual Cash (if applicable)), the second Business Day after the Determination Date, scheduled to be [<i>insert date</i>], subject to postponement in case of the occurrence of a CNY Disruption Event (if applicable) as provided in Condition 4 of the Product Terms and Conditions; or (ii) in the case where the Bank is obliged to deliver the Worst Performing Stock, a date falling no later than the third Business Day after the Determination Date, provided if such date is not a Clearing System Business Day, the following Clearing System Business Day, subject to postponement in case of the occurrence of a Settlement Disruption Event as provided in Condition 4 of the Product Terms and Conditions

Stock Basket¹:

Linked Stock	Stock code	Trading currency of Linked Stock	Initial Price	Call Price	Reference Price	[Kick-in Price]
[insert stock name]	[insert stock code]	[HKD] [CNY]	[Closing Price of such Linked Stock on the Trade Date] [insert specific price]	[[insert number]% of the Initial Price]	[[insert number]% of the Initial Price]	[[insert number]% of the Initial Price]
[insert stock name]	[insert stock code]	[HKD] [CNY]	[Closing Price of such Linked Stock on the Trade Date] [insert specific price]	[[insert number]% of the Initial Price]	[[insert number]% of the Initial Price]	[[insert number]% of the Initial Price]

Coupon Amount : If the Basket Equity Linked Deposit is not early terminated, a Coupon Amount will be payable on each Coupon Payment Date, which is calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\text{Deposit Amount} \times \text{Annualised Coupon Rate} \times \frac{\text{Number of calendar days in the relevant Coupon Period}}{\text{Day Count Basis}}$$

Annualised Coupon Rate : [insert annualised coupon rate] per annum, based on the hypothetical assumption that the Basket Equity Linked Deposit can be rolled over on the same terms for one year and it does not represent the actual return.

Maximum Potential Gain : [insert maximum potential gain rate] (as shown up to 2 decimal places) in respect of the Deposit Tenor, being the Annualised Coupon Rate x Deposit Tenor / Day Count Basis, based on the hypothetical assumption that there is no early termination of the Basket Equity Linked Deposit and the Deposit Amount is payable as settlement at maturity.

Day Count Basis : [360]²[365]³

Coupon Period : In respect of a Coupon Period, the period from and including the Coupon Period Start Date to but excluding the corresponding Coupon Period End Date, provided that if a Call Event has occurred during a Coupon Period, the period from and including the relevant Coupon Period Start Date to but excluding the Call Event Settlement Date.

¹ 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.

² Applicable for Basket Equity Linked Deposit where the Deposit Currency is not HKD or GBP.

³ Applicable for Basket Equity Linked Deposit where the Deposit Currency is HKD or GBP.

Coupon Period	Coupon Period Start Date (inclusive)	Coupon Period End Date (exclusive)	Scheduled number of calendar days in the Coupon Period
[1st]	[insert date]	[insert date]	[insert number of calendar days]
[2nd]	[insert date]	[insert date]	[insert number of calendar days]
[nth]	[insert date]	[insert date]	[insert number of calendar days]

Coupon Payment Date : Each Coupon Period End Date, provided that (i) if any such day is not a Business Day, the Coupon Payment Date will be postponed to the immediately following Business Day, (ii) if a Call Event has occurred during a Coupon Period, the Coupon Payment Date in respect of such Coupon Period will be the Call Event Settlement Date, and (iii) if a Call Event has not occurred, the Coupon Payment Date in respect of the final Coupon Period will be the Maturity Date. For the avoidance of doubt, the determination of the Coupon Amount will not be adjusted if the relevant Coupon Payment Date is postponed.

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 11 of the Product Terms and Conditions.

Call Event : A Call Event occurs if the Closing Price of each of the Linked Stocks in the Stock Basket is AT or ABOVE its respective Call Price on any Call Event Observation Date.

If a Call Event has occurred, the Basket Equity Linked Deposit will be early terminated on the Call Event Settlement Date. You will receive the Deposit Amount and the applicable Coupon Amount in cash in the Deposit Currency, less any Cash Settlement Expenses, on the Call Event Settlement Date.

- Call Event Observation Date** : [[Each of] *[insert date(s)]*, if [any] such day is not an Exchange Business Day, the immediately following Exchange Business Day.]⁴[Each Exchange Business Day during the period from and including *[insert date]* to and including *[insert date]*.]⁵. Provided that if [any] such day is a Disrupted Day for any Linked Stock in the Stock Basket, such Call Event Observation Date for each Linked Stock in the Stock Basket will be postponed as provided in Condition 11 of the Product Terms and Conditions.
- Call Event Settlement Date** : The second Business Day after the Call Event Observation Date on which a Call Event has occurred.
- Kick-in feature** : [Applicable] [Not applicable]
- [Kick-in Event** : A Kick-in Event occurs if the Closing Price of any of the Linked Stocks in the Stock Basket on a Kick-in Event Observation Date is AT or BELOW its respective Kick-in Price.]⁶
- [Kick-in Event Observation Date** : Each Exchange Business Day from and including *[insert date]* to and including *[insert date]*, provided that if any such day is a Disrupted Day for any Linked Stock in the Stock Basket, such Kick-in Event Observation Date for each Linked Stock in the Stock Basket will be postponed as provided in Condition 11 of the Product Terms and Conditions.]⁶
- Settlement at maturity** : Provided that the Basket Equity Linked Deposit is not early terminated:
- [[For Basket Equity Linked Deposit (with no kick-in feature):]***
1. If the Closing Price of the Worst Performing Stock on the Determination Date is AT or ABOVE its Reference Price,]
- [[For Basket Equity Linked Deposit (with kick-in feature):]***

⁴ Applicable for Basket Equity Linked Deposit with periodic callable feature.

⁵ Applicable for Basket Equity Linked Deposit with daily callable feature.

⁶ Applicable for Basket Equity Linked Deposit with Kick-in feature.

1. If:
 - (i) no Kick-in Event has occurred; or
 - (ii) a Kick-in Event has occurred but the Closing Price of the Worst Performing Stock on the Determination Date is AT or ABOVE its Reference Price,]

you will receive on the Maturity Date the Deposit Amount and the Coupon Amount for the final Coupon Period in cash in the Deposit Currency (less any Cash Settlement Expenses).

[[For Basket Equity Linked Deposit (with no kick-in feature):]

2. If the Closing Price of the Worst Performing Stock on the Determination Date is BELOW its Reference Price,]

[[For Basket Equity Linked Deposit (with kick-in feature):]

2. If a Kick-in Event has occurred and the Closing Price of the Worst Performing Stock on the Determination Date is BELOW its Reference Price,]

you will receive on the Maturity Date (i) the Coupon Amount for the final Coupon Period in cash in the Deposit Currency (less any Cash Settlement Expenses), and (ii) (subject to the payment of any Physical Settlement Expenses) a number of the Worst Performing Stock calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\frac{\text{Deposit Amount} \\ (\text{converted into the trading currency of the Worst} \\ \text{Performing Stock at the Exchange Rate} \\ \text{if the Deposit Currency is not the same as the} \\ \text{trading currency of the Worst Performing Stock})}{\text{Reference Price of the Worst Performing Stock}}$$

We will deliver an integral number of the Worst Performing Stock to you on the Maturity Date (which may include odd lots). If the number of the Worst Performing Stock calculated in accordance with the above formula consists of any Fractional Stock, we will settle such Fractional Stock on the Maturity Date in a cash amount in HKD equal to the Closing Price of the Worst Performing Stock on the Determination Date multiplied by that Fractional Stock (converted into HKD at the CNY/HKD Exchange Rate as of the Determination Date if the trading currency of the Worst Performing Stock is CNY) (the "**Residual Cash**").

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):

$$\left(\frac{\text{Closing Price of the Linked Stock on the Determination Date}}{\text{Initial Price of the Linked Stock}} - 1 \right) \times 100\%$$

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.

Exchange Rate : [The mid-market exchange rate between the trading currency of the Worst Performing Stock and the Deposit Currency, which appears on the [Bloomberg/Reuters page] [*insert screen page*] as of the closing time of the Exchange on the Determination Date, or if such rate is not available on such page as of the closing time of the Exchange on the Determination Date, 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.]⁷

⁷ Applicable if all the Linked Stocks in the Stock Basket are traded in the same currency and such currency is not the same as the Deposit Currency.

[If the Worst Performing Stock is traded in CNY, the mid-market exchange rate between offshore CNY and the Deposit Currency, which appears on the [Bloomberg/Reuters page] [*insert screen page*] as of the closing time of the Exchange on the Determination Date, or if such rate is not available on such page as of the closing time of the Exchange on the Determination Date, 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.]⁸

[If the Worst Performing Stock is traded in HKD, the mid-market exchange rate between HKD and the Deposit Currency, which appears on the [Bloomberg/Reuters page] [*insert screen page*] as of the closing time of the Exchange on the Determination Date, or if such rate is not available on such page as of the closing time of the Exchange on the Determination Date, 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.]⁹

[If the trading currency of the Worst Performing Stock or the Deposit Currency is CNY, we will use the offshore CNY exchange rate.]¹⁰

[Not applicable]¹¹

⁸ Applicable if the Linked Stocks in the Stock Basket are traded in different currencies and the Deposit Currency is not CNY.

⁹ Applicable if the Linked Stocks in the Stock Basket are traded in different currencies and the Deposit Currency is not HKD.

¹⁰ Applicable if the trading currency of any Linked Stock in the Stock Basket or the Deposit Currency is CNY.

¹¹ Applicable if the trading currency of all the Linked Stocks in the Stock Basket is the same as the Deposit Currency.

CNY/HKD Exchange Rate (For the calculation of the HKD Equivalent Amount in the case of a CNY Disruption Event or the calculation of the Residual Cash where the trading currency of the Worst Performing Stock is CNY) : [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.]¹²

[Not applicable]¹³

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 (except for any Residual Cash). [Currently there are no such charges or expenses.][Please ask us for details of the Cash Settlement Expenses payable.]

Physical Settlement Expenses : Physical Settlement Expenses are out-of-pocket expenses relating to the transfer and receipt of the Worst Performing Stock which are deliverable to you on the Maturity Date. These expenses include the buyer's stamp duty (if applicable, subject to prevailing laws and regulations) payable in HKD (at the rate specified in the Stamp Duty Ordinance (Cap. 117, Laws of Hong Kong) of the transaction amount of the number of the Worst Performing Stock calculated at its Reference Price[, converted into HKD (where the trading currency of the Worst Performing Stock is CNY) at an exchange rate as determined by the Hong Kong Monetary Authority and currently published on the Exchange's website at http://www.hkex.com.hk/eng/market/sec_tradinfo/stampfx/stampfx.asp by 11:00 a.m. or earlier on the Determination Date]¹⁴) and other charges for provision of securities services as notified by us in advance from time to time. [Currently, there are no such other charges.]

Product Terms and Conditions : See the section headed "Product Terms and Conditions of Basket Equity Linked Deposit" in Appendix 1 to the Principal Brochure.

¹² Applicable where the Deposit Currency is CNY and/or the trading currency of any Linked Stock in the Stock Basket is CNY.

¹³ Applicable where the Deposit Currency is not CNY and the trading currency of all Linked Stocks is HKD.

¹⁴ Applicable where the trading currency of any Linked Stock in the Stock Basket is CNY.

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.

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 by giving an irrevocable written notice to us within 5 Business Days after you place your purchase order. Please refer to pages 79 to 80 of the Principal Brochure for further details.]

Market making arrangements : [Not applicable][Applicable. We will provide limited market making arrangement on every other *[insert weekday]* from the week after the Start Date up to the third Exchange Business Day before the Determination Date. Please refer to pages 80 to 81 of the Principal Brochure for further details.]

[Updated information]

[insert details of the updated information]

[No] [M/m]aterial 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] [M/m]aterial 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.

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.]^{Note 1}

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 or share of a fund. Neither we nor our affiliates have the ability to control or predict the actions of the manager and/or the trustee (if applicable) of a fund. The manager and/or the trustee (if applicable) are not involved in the offer of the Basket Equity Linked Deposit 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.

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.

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 73 of the Principal Brochure and make any further adjustment to the terms of the Basket Equity Linked Deposit to account for that event as we determine appropriate. If we determine that we are unable to or consider it inappropriate to substitute the affected Linked Stock to account for that event as stated above, we will early terminate the affected Basket Equity Linked Deposit. Please refer to the paragraph headed "We may adjust the terms and conditions of our Basket Equity Linked Deposits, substitute the Linked Stock and early terminate our Basket Equity Linked Deposits in our sole and absolute discretion acting in good faith and in a commercially reasonable manner" on pages 45 to 46 of the Principal Brochure for further details.

You should read the offering document of the fund for further information about the risks applicable to such fund.]^{Note 2}

Note 2: Insert if a Linked Stock is units or shares 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 creation or redemption of unit or share 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.]^{Note 3}

Note 3: Insert if a Linked Stock is units or shares of an ETF.

[[Each of] *[insert linked stock]* [and *[insert linked stock]*] is a unit or share 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.]^{Note 4}

Note 4: Insert if a Linked Stock is units or shares 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 potential gain or loss of the Basket Equity Linked Deposit. In addition, 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 of the same magnitude or even any increase at all.]^{Note 5}

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

[Risk factors specific to a Basket Equity Linked Deposit linked to an exchange traded fund investing through the QFI regimes and/or China Connect ("China ETF")

[Each of] [*insert linked stock*] [*and*] [*insert linked stock*] is linked to an ETF issued and traded outside Chinese Mainland with direct investment in the Chinese Mainland's securities market through the Qualified Foreign Institutional Investor regime and RMB Qualified Foreign Institutional Investor regime (collectively, "**QFI regimes**") 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 policy and rules for the QFI regimes 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 QFI regimes 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;
- (b) a China ETF primarily invests in securities traded in the Chinese Mainland's securities market and is subject to concentration risk. Investment in the Chinese Mainland'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 Deposits;
- (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 or shares of the China ETF, and therefore may affect liquidity in unit or share trading of the China ETF. In such event, the trading price of a unit or share 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 jointly published the detailed implementation rules removing the investment quota under the QFI regimes with effect from 6 June 2020; and
- (d) there are risks and uncertainties associated with the current Chinese Mainland tax laws applicable to China ETFs investing in the Chinese Mainland through the QFI regimes and/or China Connect. 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 net asset value of the China ETFs and/or the potential payout of the Basket Equity Linked Deposits.

Although the units or shares of a China ETF are listed on the Exchange, there is no guarantee that an active trading market for such units or shares 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 or shares 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 or shares of such China ETF and the performance of the Basket Equity Linked Deposits, 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.]^{Note 6}

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

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

[Each of] [*insert linked stock*] [and [*insert linked stock*]] consists of shares of a company or units or shares of a fund which are traded through the multiple counter model of the Exchange. You need to consider the following additional risks:

- (a) the Basket Equity Linked Deposit may relate to shares or units traded in HKD or CNY. If the Linked Stock is shares or units traded in one currency counter, movement in the trading prices of the shares or units traded in another currency counter should not directly affect the performance of the Basket Equity Linked Deposit;
- (b) if there is a suspension of inter-counter transfer of such shares or units between different currency counters 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; and
- (c) the trading price on the Exchange of the shares or units traded in one currency counter may deviate significantly from the trading price on the Exchange of the shares or units traded in another currency counter due to different factors, such as market liquidity, foreign exchange conversion risk, supply and demand in each counter and exchange rate fluctuation. Changes in the trading price of the Linked Stock in the relevant currency counter may adversely affect the performance of the Basket Equity Linked Deposit.

The above risks may have a significant adverse impact on the performance of the shares of a company or units or shares of a fund and the performance of the Basket Equity Linked Deposit. You should read the offering documents of the shares of the company or units or shares of the fund which are traded through multiple counter model to understand its key features and risks.]^{Note 7}

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

[Additional risk factors specific to CNY-denominated Basket Equity Linked Deposit and/or Basket Equity Linked Deposit linked to CNY-traded Linked Stock]

- (a) *Offshore CNY exchange rate risk*

While both onshore CNY (i.e. CNY-traded in the Chinese Mainland) ("**onshore CNY**") and offshore CNY (i.e. CNY-traded outside the Chinese Mainland) ("**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.

In the case where (i) the Worst Performing Stock is traded in HKD but our Basket Equity Linked Deposit is denominated in CNY, or (ii) the Worst Performing Stock is traded in CNY but our Basket Equity Linked Deposit is denominated in a currency other than CNY, we will convert CNY into HKD or such other currency (or vice versa) at the Exchange Rate determined in accordance with the relevant term sheet in making calculations such as the number of the Worst Performing Stock deliverable and any Residual Cash payable in the case of physical settlement at maturity.

Changes in the offshore CNY exchange rate may adversely affect the performance of our Basket Equity Linked Deposit, and the market value of the number of the Worst Performing Stock deliverable and any Residual Cash payable in the case of physical settlement at maturity. For instance, where the Worst Performing Stock is traded in CNY but our Basket Equity Linked Deposit is denominated in HKD, if CNY appreciates against HKD over the Investment Period, you will receive a fewer number of Worst Performing Stock because a lesser amount of CNY will be converted from the Deposit Amount in HKD to calculate the number of Worst Performing Stock deliverable.

In addition, if CNY is not your home currency, you may have to convert your home currency into CNY when investing in our Basket Equity Linked Deposit denominated in CNY. You may also have to convert payments made on such Basket Equity Linked Deposit 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 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 denominated in CNY shall not be used to speculate on the appreciation of CNY.

(b) Limited pool of CNY outside the Chinese Mainland

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

There is currently a limited pool of CNY outside the Chinese Mainland. 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 or the Basket Equity Linked Deposit linked to CNY-traded Linked Stock which may adversely affect the performance of our Basket Equity Linked Deposit.

(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 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 your Residual 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 Deposit.

The occurrence of a CNY Disruption Event could delay your receipt of payment under the Basket Equity Linked Deposit. We will not pay any extra amount for any delay in making such payment. In addition, if such payment is made in an 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 denominated in CNY and Basket Equity Linked Deposit 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 Deposit.]^{Note 8}

Note 8: Insert if the Basket Equity Linked Deposit is denominated in CNY, or the Basket Equity Linked Deposit is linked to CNY-traded Linked Stock.

Additional Information

The Basket Equity Linked Deposit 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 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. 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, the Principal Brochure [(together with the addendum thereto)], the Financial Disclosure Document [(together with the addendum thereto)], and this Term Sheet, when read together, 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 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 under section 105(1) of the SFO. The SFC takes no responsibility for our Basket Equity Linked Deposit 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 referred to in this Term Sheet, nor does it imply that the SFC guarantees the commercial merits of our Basket Equity Linked Deposit or its performance. The SFC's authorisation does not mean our Basket Equity Linked Deposit 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.

APPENDIX 3 - FORM OF CONFIRMATION FOR BASKET EQUITY LINKED DEPOSIT

We set out below the form of the Confirmation for our Basket Equity Linked Deposits.

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

This Confirmation constitutes the "Confirmation" relating to the Basket Equity Linked Deposit 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 dated 9 August 2024 ("**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 to which this Confirmation relates are as follows:

- The Bank (as the Offeror and a principal)** : The Bank of East Asia, Limited 東亞銀行有限公司
- Deposit Currency** : [insert deposit currency]
- Deposit Tenor** : [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
- Investment Period** : [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
- Deposit Amount** : [insert deposit currency and deposit amount]
- Trade Date** : [insert trade date]
- Start Date** : [insert start date]
- Determination Date** : [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 11 of the Product Terms and Conditions.

Maturity Date

: (i) in the case where the Bank is to pay any cash amount (including the Coupon Amount for the final Coupon Period, the Deposit Amount (if applicable) and any Residual Cash (if applicable)), the second Business Day after the Determination Date, scheduled to be *[insert date]*, subject to postponement in case of the occurrence of a CNY Disruption Event (if applicable) as provided in Condition 4 of the Product Terms and Conditions; or (ii) in the case where the Bank is obliged to deliver the Worst Performing Stock, a date falling no later than the third Business Day after the Determination Date, provided if such date is not a Clearing System Business Day, the following Clearing System Business Day, subject to postponement in case of the occurrence of a Settlement Disruption Event as provided in Condition 4 of the Product Terms and Conditions.

Stock Basket¹:

Linked Stock	Stock code	Initial Price	Trading currency of the Linked Stock	Call Price (<i>[insert number]</i> % of the Initial Price)	Reference Price (<i>[insert number]</i> % of the Initial Price)	[Kick-in Price] (<i>[insert number]</i> % of the Initial Price)]
<i>[insert stock name]</i>	<i>[insert stock code]</i>	<i>[insert price]</i>	[HKD] [CNY]	<i>[insert price]</i>	<i>[insert price]</i>	<i>[insert price]</i>
<i>[insert stock name]</i>	<i>[insert stock code]</i>	<i>[insert price]</i>	[HKD] [CNY]	<i>[insert price]</i>	<i>[insert price]</i>	<i>[insert price]</i>

Coupon Amount

: If the Basket Equity Linked Deposit is not early terminated, a Coupon Amount will be payable on each Coupon Payment Date, which is calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\text{Deposit Amount} \times \text{Annualised Coupon Rate} \times \frac{\text{Number of calendar days in the relevant Coupon Period}}{\text{Day Count Basis}}$$

Annualised Coupon Rate

: *[insert annualised coupon rate]* per annum, based on the hypothetical assumption that the Basket Equity Linked Deposit can be rolled over on the same terms for one year and it does not represent the actual return.

¹ 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.

Maximum Potential Gain : [*insert maximum potential gain rate*] (as shown up to 2 decimal places) in respect of the Deposit Tenor, being the Annualised Coupon Rate x Deposit Tenor / Day Count Basis, based on the hypothetical assumption that there is no early termination of the Basket Equity Linked Deposit and the Deposit Amount is payable as settlement at maturity.

Day Count Basis : [360]² [365]³

Coupon Period : In respect of a Coupon Period, the period from and including the Coupon Period Start Date to but excluding the corresponding Coupon Period End Date, provided that if the Call Event has occurred during a Coupon Period, the period from and including the relevant Coupon Period Start Date to but excluding the Call Event Settlement Date.

Coupon Period	Coupon Period Start Date (inclusive)	Coupon Period End Date (exclusive)	Scheduled number of calendar days in the Coupon Period
[1st]	[<i>insert date</i>]	[<i>insert date</i>]	[<i>insert number of calendar days</i>]
[2nd]	[<i>insert date</i>]	[<i>insert date</i>]	[<i>insert number of calendar days</i>]
[nth]	[<i>insert date</i>]	[<i>insert date</i>]	[<i>insert number of calendar days</i>]

Coupon Payment Date : Each Coupon Period End Date, provided that (i) if any such day is not a Business Day, the Coupon Payment Date will be postponed to the immediately following Business Day, (ii) if a Call Event has occurred during a Coupon Period, the Coupon Payment Date in respect of such Coupon Period will be the Call Event Settlement Date, and (iii) if a Call Event has not occurred, the Coupon Payment Date in respect of the final Coupon Period will be the Maturity Date. For the avoidance of doubt, the determination of the Coupon Amount will not be adjusted if the relevant Coupon Payment Date is postponed.

Exchange : The Stock Exchange of Hong Kong Limited

² Applicable for Basket Equity Linked Deposit where the Deposit Currency is not HKD or GBP.
³ Applicable for Basket Equity Linked Deposit where the Deposit Currency is HKD or GBP.

- 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 11 of the Product Terms and Conditions.
- Call Event** : A Call Event occurs if the Closing Price of each of the Linked Stocks in the Stock Basket is AT or ABOVE its respective Call Price on any Call Event Observation Date.
- If a Call Event has occurred, the Basket Equity Linked Deposit will be early terminated on the Call Event Settlement Date. The Customer will receive the Deposit Amount and the applicable Coupon Amount in cash in the Deposit Currency, less any Cash Settlement Expenses, on the Call Event Settlement Date.
- Call Event Observation Date** : [[Each of] *[insert date(s)]*, if [any] such day is not an Exchange Business Day, the immediately following Exchange Business Day.]⁴ [Each Exchange Business Day during the period from and including *[insert date]* to and including *[insert date]*.]⁵. Provided that if [any] such day is a Disrupted Day for any Linked Stock in the Stock Basket, such Call Event Observation Date for each Linked Stock in the Stock Basket will be postponed as provided in Condition 11 of the Product Terms and Conditions.
- Call Event Settlement Date** : The second Business Day after the Call Event Observation Date on which a Call Event has occurred.
- Kick-in feature** : [Applicable] [Not applicable]
- [Kick-in Event]** : A Kick-in Event occurs if the Closing Price of any of the Linked Stocks in the Stock Basket on a Kick-in Event Observation Date is AT or BELOW its respective Kick-in Price.]⁶
- [Kick-in Event Observation Date]** : Each Exchange Business Day from and including *[insert date]* to and including *[insert date]*. Provided that if any such day is a Disrupted Day for any Linked Stock in the Stock Basket, such Kick-in Event Observation Date for each Linked Stock in the Stock Basket will be postponed as provided in Condition 11 of the Product Terms and Conditions.]⁶

⁴ Applicable for Basket Equity Linked Deposit with periodic callable feature.

⁵ Applicable for Basket Equity Linked Deposit with daily callable feature.

⁶ Applicable for Basket Equity Linked Deposit with Kick-in feature.

Settlement at maturity : Provided that the Basket Equity Linked Deposit is not early terminated:

[[For Basket Equity Linked Deposit (with no kick-in feature):]

1. If the Closing Price of the Worst Performing Stock on the Determination Date is AT or ABOVE its Reference Price,]

[[For Basket Equity Linked Deposit (with kick-in feature):]

1. If:
 - (i) no Kick-in Event has occurred; or
 - (ii) a Kick-in Event has occurred but the Closing Price of the Worst Performing Stock on the Determination Date is AT or ABOVE its Reference Price,]

the Customer will receive on the Maturity Date the Deposit Amount and the Coupon Amount for the final Coupon Period in cash in the Deposit Currency (less any Cash Settlement Expenses).

[[For Basket Equity Linked Deposit (with no kick-in feature):]

2. If the Closing Price of the Worst Performing Stock on the Determination Date is BELOW its Reference Price,]

[[For Basket Equity Linked Deposit (with kick-in feature):]

2. If a Kick-in Event has occurred and the Closing Price of the Worst Performing Stock on the Determination Date is BELOW its Reference Price,]

the Customer will receive on the Maturity Date (i) the Coupon Amount for the final Coupon Period in cash in the Deposit Currency (less any Cash Settlement Expenses), and (ii) (subject to the payment of any Physical Settlement Expenses) a number of the Worst Performing Stock calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\frac{\text{Deposit Amount} \\ \text{(converted into the trading currency of the Worst} \\ \text{Performing Stock at the Exchange Rate if the} \\ \text{Deposit Currency is not the same as the trading} \\ \text{currency of the Worst Performing Stock)}}{\text{Reference Price of the Worst Performing Stock}}$$

The Bank will deliver an integral number of the Worst Performing Stock to the Customer on the Maturity Date (which may include odd lots). If the number of the Worst Performing Stock calculated in accordance with the above formula consists of any Fractional Stock, the Bank will settle such Fractional Stock on the Maturity Date in a cash amount in HKD equal to the Closing Price of the Worst Performing Stock on the Determination Date multiplied by that Fractional Stock (converted into HKD at the CNY/HKD Exchange Rate as of the Determination Date if the trading currency of the Worst Performing Stock is not HKD) (the "**Residual Cash**").

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):

$$\left(\frac{\text{Closing Price of the Linked Stock} \\ \text{on the Determination Date}}{\text{Initial Price of the Linked Stock}} - 1 \right) \times 100\%$$

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.

Exchange Rate

: [The mid-market exchange rate between the trading currency of the Worst Performing Stock and the Deposit Currency, which appears on the [Bloomberg/Reuters page] *[insert screen page]* as of the closing time of the Exchange on the Determination Date, or if such rate is not available on such page as of the closing time of the Exchange on the Determination Date, 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.]⁷

[If the Worst Performing Stock is traded in CNY, the mid-market exchange rate between offshore CNY and the Deposit Currency, which appears on the [Bloomberg/Reuters page] *[insert screen page]* as of the closing time of the Exchange on the Determination Date, or if such rate is not available on such page as of the closing time of the Exchange on the Determination Date, 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.]⁸

[If the Worst Performing Stock is traded in HKD, the mid-market exchange rate between HKD and the Deposit Currency, which appears on the [Bloomberg/Reuters page] *[insert screen page]* as of the closing time of the Exchange on the Determination Date, or if such rate is not available on such page as of the closing time of the Exchange on the Determination Date, 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.]⁹

⁷ Applicable if all the Linked Stocks in the Stock Basket are traded in the same currency and such currency is not the same as the Deposit Currency.

⁸ Applicable if the Linked Stocks in the Stock Basket are traded in different currencies and the Deposit Currency is not CNY.

⁹ Applicable if the Linked Stocks in the Stock Basket are traded in different currencies and the Deposit Currency is not HKD.

[If the trading currency of the Worst Performing Stock or the Deposit Currency is CNY, the Bank will use the offshore exchange rate.]¹⁰

[Not applicable]¹¹

CNY/HKD Exchange Rate (For the calculation of the HKD Equivalent Amount in the case of a CNY Disruption Event or the calculation of the Residual Cash where the trading currency of the Worst Performing Stock is CNY) : [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.]¹²

[Not applicable]¹³

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 (except for any Residual Cash). [Currently there are no such charges or expenses.] [Please ask the Bank for details of the Cash Settlement Expenses payable.]

¹⁰ Applicable if the trading currency of any Linked Stock in the Stock Basket or the Deposit Currency is CNY.

¹¹ Applicable if the trading currency of all the Linked Stocks in the Stock Basket is the same as the Deposit Currency.

¹² Applicable where the Deposit Currency is CNY and/or the trading currency of any Linked Stock in the Stock Basket is CNY.

¹³ Applicable where the Deposit Currency is not CNY and the trading currency of all Linked Stocks is HKD.

Physical Settlement Expenses : Physical Settlement Expenses are out-of-pocket expenses relating to the transfer and receipt of the Worst Performing Stock which are deliverable to the Customer on the Maturity Date. These expenses include the buyer's stamp duty (if applicable, subject to prevailing laws and regulations) in HKD (at the rate specified in the Stamp Duty Ordinance (Cap. 117, Laws of Hong Kong) of the transaction amount of the number of the Worst Performing Stock calculated at its Reference Price[, converted into HKD (where the trading currency of the Worst Performing Stock is CNY) at an exchange rate as determined by the Hong Kong Monetary Authority and currently published on the Exchange's website at http://www.hkex.com.hk/eng/market/sec_tradinfor/stampfx/stampfx.asp by 11:00 a.m. or earlier on the Determination Date]¹⁴) and other charges for provision of securities services as notified by the Bank in advance from time to time. [Currently there are no such other charges.]

Product Terms and Conditions : See the section headed "Product Terms and Conditions of Basket Equity Linked Deposit" in Appendix 1 to the Principal Brochure.

Disposal Instruction

Designated Cash Account : [insert account number]

Designated Securities Account : [insert account number]

Residual Cash Account : [insert account number]

OUR BASKET EQUITY LINKED DEPOSIT IS **NOT** A PROTECTED DEPOSIT UNDER THE DEPOSIT PROTECTION SCHEME IN HONG KONG.

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

¹⁴ Applicable where the trading currency of any Linked Stock in the Stock Basket is CNY.

PARTIES

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