



Currency Linked Deposit (the "CLD")

offered by

The Bank of East Asia, Limited 東亞銀行有限公司

(a licensed bank regulated by the Hong Kong Monetary Authority)

(the "Bank")

Important Facts Statement

This is a structured investment product which is NOT protected by the Deposit Protection Scheme in Hong Kong.

This product is NOT principal protected.

The contents of this statement have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution before investing in this product. **This statement is a part of the offering documents for this product. You should not invest in this product based on this statement alone.** If you are in any doubt, you should obtain independent professional advice.

If English is not your preferred language, you may request for the Chinese version of this statement 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概要的中文版本。

Quick facts

Bank	: The Bank of East Asia, Limited 東亞銀行有限公司
Product type	: Currency linked deposit
Minimum deposit amount	: HKD50,000 (or its equivalent in the relevant currency)
Deposit Tenor	: 1-week to 3-month, or other tailor-made tenor
Available Deposit Currency and Alternate Currency	: USD, EUR, JPY, GBP, AUD, NZD, CAD, RMB, HKD and CHF, or such other currency as agreed by the Bank
Principal protection at maturity	: No
Callable by the Bank	: No
Early termination right by the customer	: No
Embedded derivatives	: Yes. By investing in the CLD, the customer is selling a put option over the Alternate Currency to the Bank if certain conditions are met.
Maximum potential gain	: The Coupon Amount
Maximum potential loss	: 100% of the Deposit Amount

What is this product and how does it work?

The CLD is an unlisted structured investment product embedded with derivatives, under which your return is linked to the exchange rate of the Currency Pair (being the Deposit Currency and the Alternate Currency) at a specific time on the Determination Date. By investing in the CLD:

- you are selling a put option over the Alternate Currency to the Bank under which you will be obliged to buy a certain amount of the Alternate Currency at a pre-set value called the "Reference Value" when certain conditions are met; and
- you will receive an option premium in return at maturity in the form of the Coupon Amount, which may be delivered in the Deposit Currency or the Alternate Currency.

Provided that there is no early termination of the CLD, you will receive on the Maturity Date either (i) the Deposit Amount plus the Coupon Amount in the Deposit Currency; or (ii) a pre-fixed amount in the Alternate Currency, depending on the exchange rate of the Currency Pair at a specific time on the Determination Date called the "Fixing Value" in comparison with the exchange rate of the Currency Pair predetermined on the Trade Date called the "Reference Value":

- if there is no depreciation in the Alternate Currency relative to the Deposit Currency to or beyond the Reference Value at a specific time on the Determination Date, you will receive the Deposit Amount together with the Coupon Amount in the Deposit Currency at maturity. In this case, you earn a profit equal to the Coupon Amount; and
- if there is a depreciation in the Alternate Currency relative to the Deposit Currency to or beyond the Reference Value at a specific time on the Determination Date (that is, it requires a lesser amount of the Deposit Currency to convert into one unit of Alternate Currency by reference to the Reference Value), you will receive a pre-fixed cash amount representing the sum of the Deposit Amount and the Coupon Amount, converted into the Alternate Currency at the Reference Value. In this case, you will be exposed to a depreciation in the Alternate Currency relative to the Deposit Currency and you may suffer a loss or substantial loss of your original investment.

What are the key risks?

- **Not a time deposit** – The CLD is **NOT** equivalent to, nor should it be treated as a substitute for, time deposit. It is **NOT** a protected deposit and is **NOT** protected by the Deposit Protection Scheme in Hong Kong.
- **Derivatives risk** – The CLD is an unlisted structured investment product embedded with derivatives, which involves risks. Although you are entitled to receive a premium under the CLD (in the form of the Coupon Amount) at maturity, you may sustain a loss well in excess of such premium and suffer a substantial loss under the CLD.
- **Limited potential gain** – The maximum potential gain is limited to the predetermined Coupon Amount.
- **Maximum potential loss and the CLD is not principal protected** – The CLD is not principal protected, you could lose all of your Deposit Amount.
- **Not the same as buying the Currency Pair** – Investing in the CLD is not the same as buying either of the Currency Pair directly.
- **Market risk** – Your potential return under the CLD is linked to the exchange rate of the Currency Pair. Changes in the exchange rate of the Currency Pair can be unpredictable, sudden and large, and affected by complex political and economic factors. The currencies of emerging countries may be volatile when measured against other currencies. Any such exchange rate movement may adversely affect your potential gain or loss under a CLD.
- **Liquidity risk** – The CLD is designed to be held till maturity. You do not have a right to request early termination of the CLD before maturity.
- **Credit risk of the Bank** – The CLD is not secured by any collateral. When you invest in the CLD, you will be relying on the Bank's creditworthiness. If the Bank becomes insolvent or defaults on its obligations under the CLD, you can only claim as an unsecured creditor of the Bank. In the worst case, you could suffer a total loss of your Deposit Amount.
- **Currency risk** – If the Deposit Currency and / or the Alternate Currency is not in your home currency, you will be exposed to the exchange rate risk when you choose to convert it back to your home currency upon maturity. You may make a gain or loss due to exchange rate fluctuations.
- **Risks of early termination by the Bank** – During the Deposit Tenor, the Bank has the right (but not the obligation) to early terminate the CLD as soon as practicable upon the occurrence of certain events as determined by the Bank in its sole and absolute discretion (such as the occurrence of an event of default in respect of you or any event constitutes a Hedging Disruption as defined below). Upon early termination following such event, you will receive an amount determined by the Bank, in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner), taking into account, without limitation, the prevailing market conditions and our unwinding costs, which may be substantially less than your original investment and, in the worst case, you will lose your entire Deposit Amount. The Bank's obligation under the CLD is satisfied and discharged in full upon its payment of such amount (if any). See the section headed "Can the Bank adjust the terms or early terminate this product?" below.

"Hedging Disruption" means, in respect of the CLD, 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 CLD; 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.

- **Adjustment risk** – Upon the occurrence of certain events (such as revaluation of an underlying currency, substitution of an underlying currency by another currency or the imposition of foreign exchange control affecting the Currency Pair), the Bank may adjust the terms of the CLD to account for the effect of such event (such as payment postponement or substituting the original deliverable currency by another currency selected by the Bank). The adjustment as determined by the Bank may have negative impact on your investment under the CLD. See the section headed “Can the Bank adjust the terms or early terminate this product?” below.
- **Risks relating to Renminbi** – If the Currency Pair of the CLD involves RMB, you should note that the value of RMB against other foreign currencies fluctuates and will be affected by, amongst other things, the PRC central government’s foreign exchange control (for example, the PRC central government regulates conversion between RMB and such other currencies), which may adversely affect your return under our CLD when you convert CLD into your home currency. There is currently a limited pool of RMB outside Chinese Mainland and any tightening of foreign exchange control by the PRC central government may adversely affect the liquidity of offshore RMB. You should also note that RMB is currently not freely convertible.

In addition, in determining the relevant exchange rate under the CLD, you should note that the relevant offshore RMB exchange rate will be applied. Although both onshore RMB and offshore RMB are the same currency, they are traded in different and separated markets. As the two markets operate independently where the flow between them is highly restricted, onshore RMB and offshore RMB are currently traded at different exchange rates and their movements may not be in the same direction or scale. The exchange rate for offshore RMB may be trading at a premium or discount to the exchange rate for onshore RMB and there may be significant bid and offer spreads. Further, interest rates for onshore RMB are controlled by the PRC central government. Any liberalisation of interest rates for onshore RMB may occur and may influence the interest rate for offshore RMB.

What are the key features?

Deposit Tenor: It commences from the Settlement Date to but excluding the Maturity Date, and generally ranges from 1 week to 3 months. You may request for a tailor-made tenor to suit your investment strategy.

Currency Pair: The CLD is linked to a pair of currencies. You may select the Currency Pair among the major currencies as agreed by the Bank, such as USD, EUR, JPY, GBP, AUD, NZD, CAD, RMB, HKD and CHF.

Coupon Amount: The Coupon Amount is a cash amount calculated as follows: $\text{Deposit Amount} \times \text{Coupon Rate} \times \text{Deposit Tenor} / \text{Coupon Date Count Basis}$ (and, if applicable, converted into the Alternate Currency at the Reference Value).

Settlement at maturity: The settlement under the CLD at maturity depends on the exchange rate of the Currency Pair at a specific time on the Determination Date as follows:

- if there is no depreciation in the Alternate Currency relative to the Deposit Currency to or beyond the Reference Value, you will receive on the Maturity Date a cash amount in the Deposit Currency equal to the sum of the Deposit Amount and the Coupon Amount. In this case, you will make a gain which is capped at the Coupon Amount; or
- if there is a depreciation in the Alternate Currency relative to the Deposit Currency to or beyond the Reference Value, you will receive on the Maturity Date a pre-fixed cash amount in the Alternate Currency equal to the sum of the Deposit Amount and the Coupon Amount, converted into the Alternate Currency at the Reference Value. In this case, you will be exposed to further depreciation in the Alternate Currency relative to the Deposit Currency and you may suffer a loss or substantial loss of your original investment.

Scenario analysis

The following hypothetical examples are for illustrative purposes only. They do not reflect a complete analysis of all possible gain or loss scenarios and must not be relied on as an indication of the actual performance of the Currency Pair or the CLD.

Each hypothetical example below is based on the following terms:

Currency Pair	: AUD / HKD
Deposit Currency	: HKD
Deposit Amount	: HKD100,000.00
Alternate Currency	: AUD
Fixing Value	: The exchange rate of the Currency Pair at 2 p.m. Hong Kong time on the Determination Date, as determined by the Bank in its sole and absolute discretion by reference to the international foreign exchange market or such other price sources that the Bank reasonably considers appropriate taking into account the conventional market practice.
Reference Value	: 6.0224
Trade Date	: 7 th July 20xx
Settlement Date	: 8 th July 20xx
Determination Date	: 6 th August 20xx
Maturity Date	: 7 th August 20xx
Deposit Tenor	: 30 days
Coupon Rate	: 12.875% per annum
Coupon Amount	: $Deposit\ Amount \times Coupon\ Rate \times Deposit\ Tenor / Coupon\ Date\ Count\ Basis$ (being HKD100,000.00 x 12.875% x 30 / 365 = HKD1,058.22)

Scenario I:**Best case scenario – Fixing Value > Reference Value
(where there is no depreciation in AUD against HKD beyond the Reference Value on the Determination Date)**

If the Fixing Value is 6.0400, which is above the Reference Value (6.0224) (that is, there is no depreciation in the prevailing market value of AUD relative to HKD beyond the Reference Value), you will receive the Deposit Amount together with the Coupon Amount in **HKD** on the Maturity Date, equal to HKD101,058.22.

Calculation Method:

$$\begin{aligned} &= \text{Deposit Amount} + \text{Coupon Amount} \\ &= \text{HKD}100,000.00 + \text{HKD}1,058.22 \\ &= \text{HKD}101,058.22 \end{aligned}$$

In this Scenario I, you make a gain of HKD1,058.22 (representing 1.06% of your Deposit Amount).

Scenario II:**Loss scenario – Fixing Value < Reference Value
(where there is a slight depreciation of AUD against HKD beyond the Reference Value on the Determination Date)**

If the Fixing Value is 5.6000, which is below the Reference Value (6.0224) (that is, there is a slight depreciation in the prevailing market value of AUD relative to HKD beyond the Reference Value), you will receive a pre-fixed amount on the Maturity Date equal to the sum of the Deposit Amount and the Coupon Amount converted into **AUD** at the Reference Value, being AUD16,780.39.

Calculation Method for the pre-fixed amount in AUD:

$$\begin{aligned} &= \text{AUD} [(\text{Deposit Amount} + \text{Coupon Amount}) / \text{Reference Value}] \\ &= \text{AUD} [(\text{HKD}100,000.00 + \text{HKD}1,058.22) / 6.0224] \\ &= \text{AUD}16,780.39 \end{aligned}$$

If you are able to immediately convert the pre-fixed AUD amount into HKD at the prevailing exchange rate of 5.6000, the value of the cash amount you receive on the Maturity Date will be:

$$\begin{aligned} &= \text{HKD}(\text{AUD } 16,780.39 \times 5.6000) \\ &= \text{HKD}93,970.18 \end{aligned}$$

In this Scenario II, you will suffer a loss of HKD6,029.82 (representing 6.03% of your Deposit Amount).

Scenario III:**Worst case scenario – Fixing Value = 0
(where there is a substantial depreciation of AUD against HKD beyond the Reference Value on the Determination Date)**

If the Fixing Value is 0, which is below the Reference Value (6.0224) (that is, there is a substantial depreciation in the prevailing market value of AUD relative to HKD), you will receive a pre-fixed amount on the Maturity Date equal to the sum of the Deposit Amount and the Coupon Amount converted into **AUD** at the Reference Value, being AUD16,780.39.

Calculation Method for the pre-fixed amount in AUD:

$$\begin{aligned} &= \text{AUD} [(\text{Deposit Amount} + \text{Coupon Amount}) / \text{Reference Value}] \\ &= \text{AUD} [(\text{HKD}100,000.00 + \text{HKD}1,058.22) / 6.0224] \\ &= \text{AUD}16,780.39 \end{aligned}$$

If you are able to immediately convert the pre-fixed AUD amount into HKD at the prevailing exchange rate of 0, the value of the cash amount you receive on the Maturity Date will be:

$$\begin{aligned} &= \text{HKD}(\text{AUD } 16,780.39 \times 0) \\ &= \text{HKD}0 \end{aligned}$$

In this Scenario III, you will suffer a loss of HKD100,000.00 (representing 100% of your Deposit Amount).

Scenario IV: Default scenario – The Bank becomes insolvent or defaults on its obligations

Assuming that the Bank becomes insolvent during the Deposit Tenor or defaults on its obligations under the Currency Linked Deposit, you can only claim as unsecured creditor of the Bank regardless of the performance of the Currency Pair. You may get nothing back and suffer a loss of 100% of your Deposit Amount.

Coupon Amount: HKD0

Deposit Amount: HKD0 (loss of 100% of your Deposit Amount)

How can you buy this product?

You can purchase this product by visiting any of our branches or by visiting our website at www.hkbea.com or our mobile application.

Fees and charges

There is no subscription fee or charge for placing a CLD with the Bank. All related charges incurred by the Bank (including our hedging cost) will be factored into the calculation of the Coupon Amount.

Can you request for early termination before maturity?

No. The CLD is not listed and not transferable under any circumstances. You cannot early terminate the CLD once you are committed to invest.

Pre-Investment Cooling-off Period for retail customers

Pre-Investment Cooling-off Period (**PICOP**) is applicable to each particular dealing of this product if you are one of the following retail customer types:

- (1) An elderly customer aged 65 or above who is a first time buyer of currency linked structured investment products, unless your asset concentration is below 20% **AND** you opt out from the PICOP arrangement; or
- (2) A non-elderly customer who is a first time buyer of currency linked structured investment products **AND** your asset concentration is 20% or above.

Can the Bank adjust the terms or early terminate this product?

Adjustments of the terms by the Bank

Upon the occurrence of certain events (such as a revaluation of any of the Currency Pair, or a replacement of the Deposit Currency or Alternate Currency by another currency as the lawful currency of the relevant jurisdiction), the Bank may (in its sole and absolute discretion acting in good faith and in a commercially reasonable manner) adjust the terms of the CLD to account for the effect of such event (including substituting the original Deposit Currency or Alternate Currency by another currency selected by the Bank). The adjustment as determined by the Bank may have negative impact on your investment under the CLD.

Early termination by the Bank

During the Deposit Tenor, if the Bank determines (in its sole and absolute discretion acting in good faith and in a commercially reasonable manner) that (i) there is an imposition of foreign exchange control which restricts the convertibility or transferability of the Deposit Currency or the Alternate Currency, (ii) an event of default in respect of you has occurred, or (iii) any event constitutes a Hedging Disruption has occurred, the Bank may determine to early terminate your CLD.

Upon such early termination of your CLD, you will receive an amount determined by the Bank, in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner), taking into account, without limitation, the prevailing market conditions and our unwinding costs, which may be substantially less than your original investment and, in the worst case, you will lose your entire Deposit Amount. The Bank's obligation under the CLD is satisfied and discharged in full upon its payment of such amount (if any).

Please refer to the terms and conditions of the all-in-one account* as amended, supplemented or replaced from time to time for further details of the adjustment and early termination conditions applicable to the CLD.

* An all-in-one account means Supreme Account, BEA GOAL, i-Account, SupremeGold Account, Private Banking Account, CorporatePlus Account or other all-in-one account with Currency / Indices / Equity / Asset Linked Deposit Services (as the case may be) and the linked deposit is held in the Linked Deposit Account of such all-in-one account.

Offering documents for this product

The following documents for this product ("**Offering Documents**") contain detailed information about the Bank and the terms of this product. You should read and understand all of the Offering Documents before deciding whether to invest in this product:

- the Principal Brochure for Currency Linked Deposit dated 4 March 2024;
- this Important Facts Statement; and
- the relevant Application Form.

Additional information

Information of the Bank

The Bank is listed on The Stock Exchange of Hong Kong Limited and is regulated by the Hong Kong Monetary Authority. You may access the Bank's latest annual report and any interim results by visiting www.hkbea.com.

Ongoing Disclosure

We will also give notice to you of any information about the Bank which is necessary to avoid the establishment of a false market in the CLD, or which may significantly affect our ability to perform our obligations under the CLD.

Principal Brochure

The contents of this Principal Brochure have not been reviewed by the Securities and Futures Commission or any other regulatory authority in Hong Kong. You are advised to exercise caution before investing in our Currency Linked Deposit. If you are in any doubt, you should obtain independent professional advice.

If English is not your preferred language, you may 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版本。

What are the key risks?

- **Not a time deposit.** This is a currency linked instrument embedded with derivatives. This is not the same nor should it be treated as a substitute for a conventional time deposit.
- **Not a protected deposit.** This is not a protected deposit for the purposes of the Deposit Protection Scheme in Hong Kong.
- **Maximum potential loss and the CLD is not principal protected.** The Currency Linked Deposit is **not** principal protected. You may receive a pre-fixed amount in the Alternate Currency at maturity, and the Coupon Amount you receive under the Currency Linked Deposit may not be sufficient to cover the exchange loss due to a depreciation in the Alternate Currency relative to the Deposit Currency. In the worst case scenario, you could lose all of your Deposit Amount.
- **Capped maximum potential gain.** Your maximum potential gain under our Currency Linked Deposit is capped at the predetermined Coupon Amount even if your view on the exchange rate movements of the Currency Pair is correct.
- **Market risk.** The potential return under the Currency Linked Deposit is linked to the exchange rate of the Currency Pair on the Determination Date. Changes in the exchange rate can be unpredictable, sudden and large and affected by complex political and economic factors.
- **Liquidity risk.** This product is designed to be held until maturity. You are not allowed to early terminate the Currency Linked Deposit before maturity.
- **Credit risk of the Bank.** Your investment in our Currency Linked Deposit is subject to the credit and insolvency risk of the Bank. If the Bank becomes insolvent or defaults under the Currency Linked Deposit, you can only claim as unsecured creditor of the Bank regardless of the performance of the Currency Pair and the terms of your Currency Linked Deposit. You may lose your entire Deposit Amount in such event.

Please refer to the section headed "Risk Factors" below for further details.

What is a Currency Linked Deposit?

- A currency linked instrument embedded with derivatives, under which your return is linked to the exchange rate of the Currency Pair at a specified time on the Determination Date, irrespective of the fluctuation of the exchange rates for the Currency Pair before that specific time. If you invest in our Currency Linked Deposit, you are:
 - writing a put option in favour of the Bank whereby the Bank has the right to sell, and you have the obligation to buy, the Alternate Currency at a pre-set value called the "Reference Value" when certain conditions (as described below) are met; and
 - receiving an option premium in return at maturity in the form of the Coupon Amount, which may be delivered in the Deposit Currency or the Alternate Currency.
- Deposit Tenor – 1 week to 3 months or such other period offered by the Bank.
- This product is not a conventional time deposit but provides an opportunity to earn a predetermined Coupon Amount as compared with a conventional time deposit.
- The total payout at maturity may either be (i) the Deposit Amount plus the Coupon Amount in the Deposit Currency; or (ii) a pre-fixed amount in the Alternate Currency, depending on the exchange rate of the Currency Pair at a specific time on the Determination Date called the "Fixing Value" in comparison with the exchange rate of the Currency Pair predetermined on the Trade Date called the "Reference Value" as follows:
 - if there is no depreciation in the Alternate Currency relative to the Deposit Currency to or beyond the Reference Value at a specific time on the Determination Date, you will receive the Deposit Amount together with the Coupon Amount in the Deposit Currency at maturity. In this case, you will make a gain which is capped at the Coupon Amount; and
 - if there is a depreciation in the Alternate Currency relative to the Deposit Currency to or beyond the Reference Value at a specific time on the Determination Date (that is, it requires a lesser amount of the Deposit Currency to convert into one unit of Alternate Currency by reference to the Reference Value), you will receive a pre-fixed cash amount representing the sum of the Deposit Amount and the Coupon Amount, converted into the Alternate Currency at the Reference Value. In this case, you will be exposed to a depreciation in the Alternate Currency relative to the Deposit Currency and you may suffer a loss or substantial loss of your original investment.

What are the key features of our Currency Linked Deposit?

- Deposit Tenor** : The number of calendar days from the Settlement Date to but excluding the Maturity Date. The Deposit Tenor commonly ranges from 1-week to 3-month. You may request for a tailor-made tenor to suit your investment strategy.
- Minimum Deposit Amount**: The minimum Deposit Amount for a Currency Linked Deposit is HKD50,000.00 or its equivalent in the Deposit Currency.
- Deposit Currency** : This is the currency in which you pay for the Deposit Amount of a Currency Linked Deposit, which will be specified in the Application Form.
- Alternate Currency** : This is the other currency of the Currency Pair of a Currency Linked Deposit. If there is a depreciation in the Alternate Currency relative to the Deposit Currency to or beyond the Reference Value, you will receive your payoff at maturity in the Alternate Currency.
- Currency Pair** : This refers to the underlying currency pair of a Currency Linked Deposit, being the Deposit Currency and Alternate Currency. The performance of the Currency Pair will be used to determine the settlement at maturity of our Currency Linked Deposit.
- You may select the Currency Pair among the major currencies as agreed by the Bank, such as HKD, RMB, USD, AUD, NZD, EUR, GBP, CAD, CHF and JPY.
- Coupon Amount** : The Coupon Amount is a cash amount calculated as follows:
- Deposit Amount x Coupon Rate x Deposit Tenor / Coupon Date Count Basis*
(and, if applicable, converted into the Alternate Currency at the Reference Value).

Coupon Rate	: The Coupon Rate will be specified in the Application Form. It is expressed as an annualised rate based on the hypothetical assumption that the Currency Linked Deposit can be rolled over on the same terms for a year. It does not reflect the actual coupon rate for the Deposit Tenor of a Currency Linked Deposit. You should not rely on the annualised rate as an indication of the expected return for a Currency Linked Deposit.
Coupon Date Count Basis	: The Coupon Date Count Basis will be (i) 365 if the Deposit Currency is HKD or GBP, or (ii) 360 if the Deposit Currency is not HKD or GBP. The Coupon Date Count Basis applicable to a Currency Linked Deposit will be specified in the Confirmation.
Settlement at maturity	: The settlement under the Currency Linked Deposit at maturity depends on the exchange rate of the Currency Pair at a specific time on the Determination Date as follows: <ul style="list-style-type: none"> • if there is no depreciation in the Alternate Currency relative to the Deposit Currency to or beyond the Reference Value, you will receive on the Maturity Date a cash amount in the Deposit Currency equal to the sum of the Deposit Amount and the Coupon Amount. In this case, you will make a gain which is capped at the Coupon Amount; or • if there is a depreciation in the Alternate Currency relative to the Deposit Currency to or beyond the Reference Value, you will receive on the Maturity Date a pre-fixed cash amount in the Alternate Currency equal to the sum of the Deposit Amount and the Coupon Amount, converted into the Alternate Currency at the Reference Value. In this case, you will be exposed to further depreciation in the Alternate Currency relative to the Deposit Currency and you may suffer a loss or substantial loss of your original investment.
Fixing Value	: It means the exchange rate of the Currency Pair at a specified time on the Determination Date as determined by the Bank by reference to the international foreign exchange market or such other price source that the Bank considers appropriate as specified in the Application Form. If the Currency Pair of the Currency Linked Deposit involves RMB, you should note that the relevant exchange rate for offshore RMB will be applied.
Reference Value	: The Reference Value is an exchange rate of the Currency Pair specified on the Trade Date, which will be specified in the Application Form. The Reference Value is the benchmark rate that will be used to determine your payoff at maturity.
Trade Date	: The Trade Date will be on the day on which your Currency Linked Deposit order is accepted and executed by us and all the details (including Reference Value, Coupon Rate and other applicable terms) of the Currency Linked Deposit are finalized.
Settlement Date	: The Settlement Date will be the day on which we will deduct the Deposit Amount from the account for a Currency Linked Deposit and will be specified in the Application Form. If such day is not a Currency Business Day, it will be postponed to the immediately following Currency Business Day.
Determination Date	: The Determination Date will be specified in the Application Form.
Maturity Date	: The Maturity Date will be specified in the Application Form, which is normally set as 1 Currency Business Day after the Determination Date.
Currency Business Day	: It is a day (excluding Saturdays, Sundays and public holidays) on which commercial banks are generally open for business in Hong Kong and in the places in which the principal financial centres of the Currency Pair are located.
RMB	: Renminbi, being the lawful currency of the People's Republic of China ("PRC"). In determining the exchange rate, the offshore RMB exchange rate will be applied.
Fees and Charges	: There is no subscription fee or charge for placing a Currency Linked Deposit with us. All related charges incurred by us (including our hedging cost) will be factored into the calculation of the Coupon Amount.

To whom are our Currency Linked Deposits designed for?

Our Currency Linked Deposits are designed for investors who:

- take a neutral to moderately bullish view on the Alternate Currency against the Deposit Currency of the Currency Pair when investing in our Currency Linked Deposit;
- are prepared to receive an amount in the Alternate Currency (which may be the weaker currency of the 2 currencies underlying the Currency Pair) at maturity;
- have sufficient net worth to assume the risks and bear the potential losses of investing in our Currency Linked Deposit;
- have experience and knowledge in investing in currency linked products;
- are prepared to hold the Currency Linked Deposit until maturity;
- accept that their maximum potential return is limited to the Coupon Amount; and
- are willing to take the credit risk of the Bank.

Selling Restrictions

General

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

United States of America

The Currency 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 Currency Linked Deposits may not be offered or sold or otherwise transferred, nor may transactions in such Currency 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 Currency 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 Currency 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 2016 / 97 / EU (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Regulation (EU) 2017 / 1129 (as amended and suspended, the "**Prospectus Regulation**"); and
- (b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Currency Linked Deposits to be offered so as to enable an investor to decide to purchase or subscribe the Currency Linked Deposits.

United Kingdom

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

Early termination

During the Deposit Tenor, if the Bank determines (in its sole and absolute discretion acting in good faith and in a commercially reasonable manner) that (i) there is an imposition of foreign exchange control which restricts the convertibility or transferability of the Deposit Currency or the Alternate Currency, (ii) an Event of Default in respect of you has occurred, or (iii) any event constitutes a Hedging Disruption has occurred, the Bank may determine to early terminate your Currency Linked Deposit.

An “Event of Default” includes, without limitation:

- any failure to satisfy any obligation under the Currency Linked Deposit by you;
- the presentation of bankruptcy or winding-up petition against you;
- the appointment of a receiver, liquidator or trustee or other analogous officer over all or a material part of your assets;
- assignment or charge in respect of your rights and / or obligations under your Currency Linked Deposit has been effected; or
- the Bank reasonably determines in good faith that there has been a material adverse change in your circumstances, business, financial condition, legal status or capacity.

“Hedging Disruption” means, in respect of the Currency 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 Currency 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.

Upon such early termination of your Currency Linked Deposit, you will receive an amount determined by the Bank, in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner), taking into account, without limitation, the prevailing market conditions and our unwinding costs, which may be substantially less than your original investment and, in the worst case, you will lose your entire Deposit Amount. The Bank’s obligation under the Currency Linked Deposit is satisfied and discharged in full upon its payment of such amount (if any). Please refer to the terms and conditions of the all-in-one account* as amended, supplemented or replaced from time to time for further details.

* An all-in-one account means Supreme Account, BEA GOAL, i-Account, SupremeGold Account, Private Banking Account, CorporatePlus Account or other all-in-one account with Currency / Indices / Equity / Asset Linked Deposit Services (as the case may be) and the linked deposit is held in the Linked Deposit Account of such all-in-one account.

Information about the Bank

The Bank is a licensed bank regulated by the Hong Kong Monetary Authority and is listed on The Stock Exchange of Hong Kong Limited. You can find out more information on the Bank and access the Bank's latest annual report and any interim report from our website www.hkbea.com.

Ongoing Disclosure

We will also give notice to you of any information about the Bank which is necessary to avoid the establishment of a false market in our Currency Linked Deposit, or which may significantly affect our ability to perform our obligations under our Currency Linked Deposit.

Comparison with conventional time deposit

Our Currency Linked Deposit is not the same as and should not be treated as a substitute for conventional time deposits. Our Currency Linked Deposit is not a deposit 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 maximum return under a Currency Linked Deposit, a conventional time deposit is protected by the Deposit Protection Scheme in Hong Kong. In particular, a depositor in a conventional time deposit will not be exposed to the risk of investment loss arising from the Bank's default up to the protection limit under the Deposit Protection Scheme in Hong Kong.

Illustrative Examples

The following illustrative example and scenarios are hypothetical and provided for illustration purpose only. The following illustrative example and scenarios do not reflect a complete analysis of all possible outcomes and must not be relied on as an indication of the performance of the Currency Pair or this product.

Example: On 7th July 20xx, AUD / HKD is trading at 6.0614 (i.e. HKD6.0614 is required to convert into AUD1.00).

What is the potential return / loss for you in this illustrative example?

Currency Pair	: AUD / HKD
Deposit Currency	: HKD
Deposit Amount	: HKD100,000.00
Alternate Currency	: AUD
Fixing Value	: The exchange rate of the Currency Pair at 2 p.m. Hong Kong time on the Determination Date, as determined by the Bank in its sole and absolute discretion by reference to the international foreign exchange market or such other price sources that the Bank reasonably considers appropriate.
Reference Value	: 6.0224
Trade Date	: 7 th July 20xx
Settlement Date	: 8 th July 20xx
Determination Date	: 6 th August 20xx
Maturity Date	: 7 th August 20xx
Deposit Tenor	: 30 days
Coupon Rate	: 12.875% per annum
Coupon Amount	: Deposit Amount x Coupon Rate x Deposit Tenor / Coupon Date Count Basis (being HKD100,000.00 x 12.875% x 30 / 365 = HKD1,058.22)

Scenario I:

**Fixing Value > Reference Value → best case scenario
(where there is no depreciation in AUD against HKD beyond the Reference Value on the Determination Date)**

On the Determination Date, if the Fixing Value is 6.0400, which is above the Reference Value (6.0224) (that is, there is no depreciation in the prevailing market value of AUD relative to HKD on such day beyond the Reference Value), you will receive the Deposit Amount together with the Coupon Amount in **HKD** on the Maturity Date, equal to HKD101,058.22.

Calculation Method:

= Deposit Amount + Coupon Amount
= HKD100,000.00+ HKD1,058.22
= HKD101,058.22

In this Scenario I, you make a gain of HKD1,058.22 (representing 1.06% of your Deposit Amount).

Scenario II:

**Fixing Value = Reference Value
(where there is a depreciation in AUD against HKD to the Reference Value on the Determination Date)**

On the Determination Date, if the Fixing Value is 6.0224, which is equal to the Reference Value (6.0224) (that is, there is a depreciation in the prevailing market value of AUD relative to HKD on such day to the Reference Value), you will receive a pre-fixed amount on the Maturity Date equal to the sum of the Deposit Amount and the Coupon Amount converted into **AUD** at the Reference Value, being AUD16,780.39.

Calculation Method for the pre-fixed amount in AUD:

= AUD [(Deposit Amount + Coupon Amount) / Reference Value]
= AUD [(HKD100,000.00 + HKD1,058.22) / 6.0224]
= AUD16,780.39

If you are able to immediately convert the pre-fixed AUD amount into HKD at the prevailing exchange rate of 6.0224, the value of the cash amount you receive on the Maturity Date will be:

= HKD(AUD 16,780.39 x 6.0224)
= HKD101,058.22

In this Scenario II, you make a gain of HKD1,058.22 (representing 1.06% of your Deposit Amount).

Scenario III:

**Fixing Value < Reference Value
(where there is a slight depreciation of AUD against HKD beyond the Reference Value on the Determination Date)**

On the Determination Date, if the Fixing Value is 5.6000, which is below the Reference Value (6.0224) (that is, there is a depreciation in the prevailing market value of AUD relative to HKD on such day beyond the Reference Value and it requires a lesser amount of HKD to convert into one unit of AUD), you will receive a pre-fixed amount on the Maturity Date equal to the sum of the Deposit Amount and the Coupon Amount converted into **AUD** at the Reference Value, being AUD16,780.39.

Calculation Method for the pre-fixed amount in AUD:

= AUD [(Deposit Amount + Coupon Amount) / Reference Value]
= AUD [(HKD100,000.00+ HKD1,058.22) / 6.0224]
= AUD16,780.39

If you are able to immediately convert the pre-fixed AUD amount into HKD at the prevailing exchange rate of 5.6000, the value of the cash amount you receive on the Maturity Date will be:

= HKD(AUD 16,780.39 x 5.6000)
= HKD93,970.18

In this Scenario III, you will suffer a loss of HKD6,029.82 (representing 6.03% of your Deposit Amount).

**Scenario IV (Worst Case Scenario): Fixing Value = 0
(where there is a substantial depreciation of AUD against HKD
beyond the Reference Value on the Determination Date)**

On the Determination Date, if the Fixing Value is 0, which is below the Reference Value (6.0224) (that is, there is a substantial depreciation in the prevailing market value of AUD relative to HKD on such day), you will receive a pre-fixed amount on the Maturity Date equal to the sum of the Deposit Amount and the Coupon Amount converted into **AUD** at the Reference Value, being AUD16,780.39.

Calculation Method for the pre-fixed amount in AUD:

= AUD [(Deposit Amount + Coupon Amount) / Reference Value]

= AUD [(HKD100,000.00 + HKD1,058.22) / 6.0224]

= AUD16,780.39

If you are able to immediately convert the pre-fixed AUD amount into HKD at the prevailing exchange rate of 0, the value of the cash amount you receive on the Maturity Date will be:

= HKD(AUD 16,780.39 x 0)

= HKD0

In this Scenario IV, you will suffer a loss of HKD100,000.00 (representing 100% of your Deposit Amount).

Scenario V (Default Scenario): The Bank becomes insolvent or defaults on its obligations

Assuming that the Bank becomes insolvent during the Deposit Tenor or defaults on its obligations under the Currency Linked Deposit, you can only claim as unsecured creditor of the Bank regardless of the performance of the Currency Pair. You may get nothing back and suffer a loss of 100% of your Deposit Amount.

Coupon Amount: HKD0

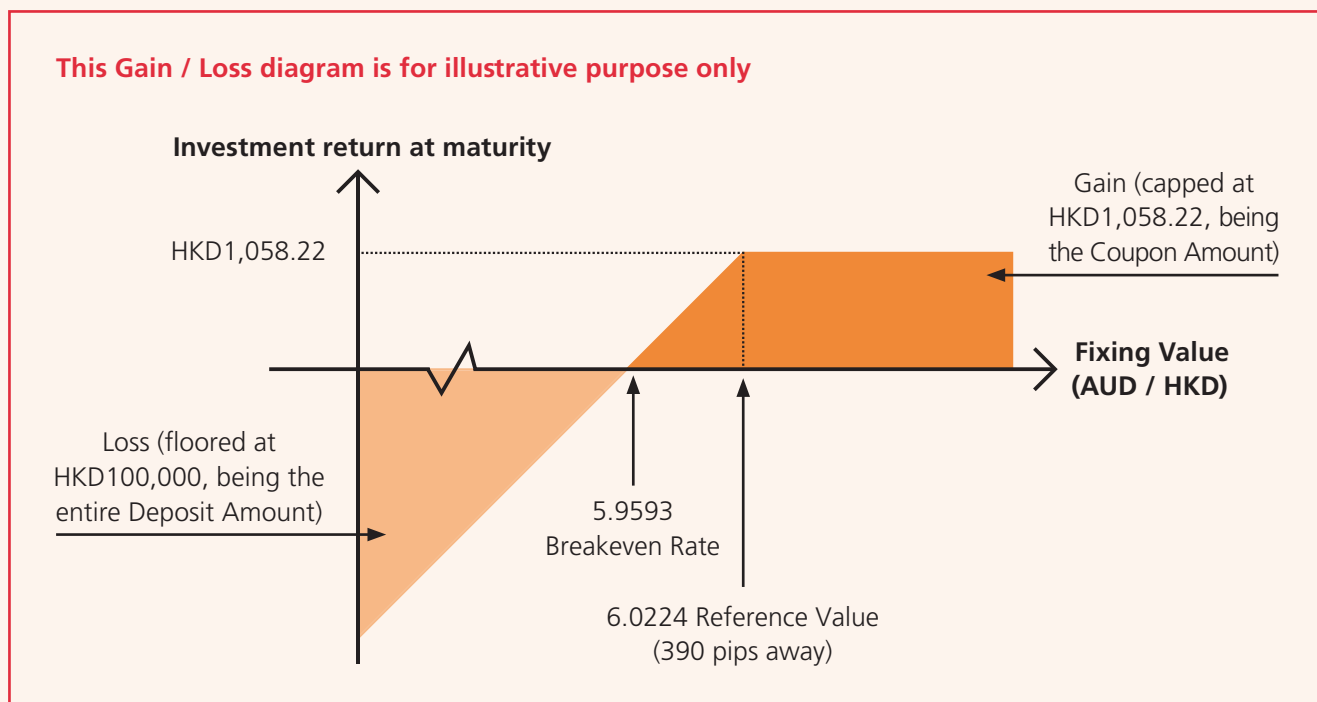
Deposit Amount: HKD0 (loss of 100% of your Deposit Amount)

Scenario analysis for different Fixing Values under the above illustrative example with Deposit Tenor of 30 days:

Scenario	Fixing Value on the Determination Date (AUD / HKD)	% Change Against Reference Value	Total Payout on the Maturity Date	Gain or Loss (HKD) *	Gain or Loss in % *
I	6.0400	+0.29%	HKD101,058.22	HKD1,058.22	+1.06%
II	6.0224	+0.00%	AUD16,780.39	HKD1,058.22	+1.06%
N/A	5.9593	-1.05%	AUD16,780.39	-HKD0.62	+0.00%
III	5.6000	-7.01%	AUD16,780.39	-HKD6,029.82	-6.03%
IV	0	-100.00%	AUD16,780.39	-HKD100,000.00	-100.00%

Note:

1. If the Fixing Value is at or below the Reference Value on the Determination Date (that is, there is a depreciation in AUD against HKD on the Determination Date to such level that it requires less than HKD6.0224 (being the Reference Value of HKD) to convert into AUD1.00), you will receive the pre-fixed cash amount in the Alternate Currency on the Maturity Date. Subject to the delivery of the cash amount in the Alternate Currency to you, you will be exposed to the exchange rate risk of holding the cash amount in the Alternate Currency if you choose not to convert the cash amount in the Alternate Currency to the Deposit Currency on the Maturity Date. The greater the depreciation in the Alternate Currency against the Deposit Currency between the Maturity Date and the time you sell the Alternate Currency, the greater your loss will be.
 2. If the Bank becomes insolvent or goes into liquidation, you may lose all of your investment irrespective of the performance of the underlying Currency Pair and the terms of the Currency Linked Deposit.
- * Gain / Loss is determined by reference to the Fixing Value on the Determination Date.



Risk Factors

The risk factors listed below are a summary of the key risks applicable to our Currency Linked Deposit. You should fully understand all the risks associated with our Currency Linked Deposit and have made an independent assessment of the appropriateness of an investment in our Currency Linked Deposit in light of your own objectives, financial condition and circumstances, including all the possible risks associated with our Currency Linked Deposit before investing in this product. If you are in doubt, you should obtain independent professional advice.

Not a time deposit. Our Currency Linked Deposit is a currency linked instrument with embedded derivatives. This is not the same as nor should it be treated as a substitute for conventional time deposits.

Not a protected deposit. Our Currency Linked Deposit is not a protected deposit for the purposes of the Deposit Protection Scheme in Hong Kong.

Not covered by Investor Compensation Fund. Our Currency Linked Deposit is not listed on any stock exchange and is not covered by the Investor Compensation Fund in Hong Kong.

Maximum potential loss and the CLD is not principal protected. If there is a depreciation in the Alternate Currency relative to the Deposit Currency to or beyond the Reference Value, you will receive a pre-fixed amount in the Alternate Currency (which may be the weaker of the two currencies underlying the Currency Linked Deposit) at maturity. The market value of such pre-fixed amount (if converted from the Alternate Currency into the Deposit Currency) may be lower, or substantially lower, than your Deposit Amount. In the worst case scenario, you could lose all of your Deposit Amount.

Capped maximum potential gain. Your maximum potential gain under our Currency Linked Deposit is capped at the predetermined Coupon Amount even if your view on the exchange rate movements of the Currency Pair is correct.

Derivatives risk. The Currency Linked Deposit is an unlisted structured investment product embedded with derivatives, which involves risks. Although you are entitled to receive a premium under the Currency Linked Deposit (in the form of the Coupon Amount) at maturity, you may sustain a loss well in excess of such premium and suffer a substantial loss under the Currency Linked Deposit.

Liquidity risk. Our Currency Linked Deposit is designed to be held until maturity. Our Currency Linked Deposit is not transferable under any circumstances. By participating in our Currency Linked Deposit, you are committed to invest in the Currency Linked Deposit until maturity. Subject to the early termination right of the Bank in limited circumstances as described in the section headed "Early termination" above, our Currency Linked Deposit cannot be withdrawn or early terminated prior to maturity. You must therefore realise that the inability to realise your investment in our Currency Linked Deposit prior to maturity is a significant risk.

Credit risk of the Bank. The Currency Linked Deposit is not secured by any collateral. Your investment in our Currency Linked Deposit is subject to the credit and insolvency risk of the Bank. If the Bank becomes insolvent or defaults on its obligations under your Currency Linked Deposit, you can only claim as unsecured creditor of the Bank regardless of the performance of the Currency Pair. In the worst case, you could lose your entire Deposit Amount.

Not the same as buying the Currency Pair. Investing in the Currency Linked Deposit is not the same as buying either of the Currency Pair directly.

Currency risk. If the Deposit Currency and / or the Alternate Currency is not your home currency, you will be exposed to the exchange rate risk when you convert it back to your home currency. You may make a gain or loss due to the exchange rate fluctuations.

Market risk. Your potential return under the Currency Linked Deposit is linked to the exchange rate of the Currency Pair. Changes in the exchange rate of the Currency Pair can be unpredictable, sudden and large, and affected by complex political and economic factors. The currencies of emerging countries may be volatile when measured against other currencies. Any such exchange rate movement may adversely affect your financial return or loss under a Currency Linked Deposit.

Adjustment risks. Upon the occurrence of certain events, the Bank may in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) adjust the terms of the Currency Linked Deposit to account for the effect of such event (including payment postponement, substituting the original deliverable currency by another currency selected by us). Such events include, without limitation, revaluation of an underlying currency, substitution of an underlying currency by another currency, the imposition of foreign exchange control affecting the Currency Pair or any other events which the Bank reasonably determines that it is unable to deliver the Deposit Amount and the Coupon Amount in the Deposit Currency or the Alternate Currency. The adjustment as determined by the Bank may have negative impact on your investment under the CLD.

Early termination risk. During the Deposit Tenor, our Currency Linked Deposit may be early terminated by the Bank upon notice if an event of default in respect of you or any event constitutes a Hedging Disruption, or an early termination event occurs (as described further in the section "Early termination" above). Upon early termination following such event, you will receive an amount determined by the Bank, in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner), taking into account, without limitation, the prevailing market conditions and our unwinding costs, which may be substantially less than your original investment and, in the worst case, you will lose your entire Deposit Amount.

Risk relating to Renminbi. If the Currency Pair of the Currency Linked Deposit involves RMB, you should note that the value of RMB against other foreign currencies fluctuates and will be affected by, amongst other things, the PRC central government's foreign exchange control (for example, the PRC central government regulates conversion between RMB and such other currencies), which may adversely affect your return under our Currency Linked Deposit when you convert the Currency Linked Deposit into your home currency. There is currently a limited pool of RMB outside Chinese Mainland and any tightening of foreign exchange control by the PRC central government may adversely affect the liquidity of offshore RMB. You should also note that RMB is currently not freely convertible.

In addition, in determining the relevant exchange rate under the Currency Linked Deposit, you should note that the relevant offshore RMB exchange rate will be applied. Although both onshore RMB and offshore RMB are the same currency, they are traded in different and separated markets. As the two markets operate independently where the flow between them is highly restricted, onshore RMB and offshore RMB are currently traded at different exchange rates and their movements may not be in the same direction or scale. The exchange rate for offshore RMB may be trading at a premium or discount to the exchange rate for onshore RMB and there may be significant bid and offer spreads. Further, interest rates for onshore RMB are controlled by the PRC central government. Any liberalisation of interest rates for onshore RMB may occur and may influence the interest rate for offshore RMB.

Risks relating to the maintenance and operation of your accounts established with us. You should note that the maintenance and operation of your 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 such accounts which may also affect or even lead to an early termination of our Currency Linked Deposit. Please contact our marketing officers for further details.

This Principal Brochure is intended only for distribution to selected customers or potential customers of the Bank. It does not constitute any offer, recommendation or investment advice to enter into any transaction. You must read and understand this Principal Brochure and the Application Form before investing in Currency Linked Deposit.

