Principal Brochure dated 23 June 2023

Equity Linked Deposits

offered by

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

Our 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 Equity Linked Deposits under section 104A(1) of the Securities and Futures Ordinance ("**SFO**") (Cap. 571, Laws of Hong Kong), 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 defined on page 33 of this Principal Brochure) for our Equity Linked Deposits under section 105(1) of the SFO. The SFC takes no responsibility for our 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 Equity Linked Deposits referred to in the Offering Documents, nor does it imply that the SFC guarantees the commercial merits of our Equity Linked Deposits or their performance. The SFC's authorisation does not mean our 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 Equity Linked Deposits.

PP188 (06/2023)

IMPORTANT

Our Equity Linked Deposits are complex products. You should exercise caution in relation to our Equity Linked Deposits. You are warned that the potential payout of our 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 Equity Linked Deposits and carefully study the risk factors set out in this Principal Brochure and other documents comprising the Offering Documents for our Equity Linked Deposits and, where necessary, seek independent professional advice, before you decide whether to invest in our Equity Linked Deposits.

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

Our 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 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 Equity Linked Deposits against the issuer of the Linked Stock.

Post-sale cooling-off period pursuant to Part IV of the Code DOES NOT APPLY to any of our Equity Linked Deposits because the Bank will only offer Equity Linked Deposits with an Investment Period of not more than one year.

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

EQUITY LINKED DEPOSITS OFFERED BY THE BANK

This is an unlisted structured investment product embedded with derivatives. This statement provides you with the key information about our Equity Linked Deposits. This statement is part of the Offering Documents of our Equity Linked Deposits. You should not invest in our 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 of Equity Linked Deposits 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 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 Equity Linked Deposits are NOT protected deposits under the Deposit Protection Scheme in Hong Kong.
- **Not capital protected.** Our Equity Linked Deposits are NOT capital protected. You may receive the Stock Amount instead of the Deposit Amount in cash at maturity depending on the Closing Price of the Linked Stock on the Determination Date. The market value of the Stock Amount 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 Equity Linked Deposits is capped and limited to the predetermined Coupon Amount (less any Cash Settlement Expenses) even if your view on the market movement of the Linked Stock is correct.
- **No collateral.** Our Equity Linked Deposits are NOT secured on any of our assets or any collateral.
- **Liquidity risk.** Our 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 Equity Linked Deposits with an Investment Period of more than 6 months. If you early terminate your 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 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 the Linked Stock.** Investing in our Equity Linked Deposits is not the same as investing in the Linked Stock. You have no right in the Linked Stock, except where the Linked Stock is determined on the Determination Date to be deliverable to you on the Maturity Date, in which case you will be entitled to the rights in the Linked Stock from and including the Determination Date. Movement in the market price of the Linked Stock may not lead to any corresponding change in the performance of our Equity Linked Deposits.
- **Insolvency risk.** The settlement of our 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 Equity Linked Deposits, you can only claim as an unsecured creditor of the Bank regardless of the performance of the Linked Stock and the terms of our Equity Linked Deposits. **In the worst case scenario, you could lose all of your Deposit Amount.**

- **Exposure to risks from the time you place your purchase order.** Once you place your purchase order with us, you will be committed to invest in our Equity Linked Deposits, and you will therefore be exposed to risks relating to our 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 Equity Linked Deposits. Our economic interests in each role may be adverse to your interests in our Equity Linked Deposits.

- **Additional risks for CNY-denominated Equity Linked Deposits linked to CNY-traded Linked Stock.**

(i) **Limited pool of CNY outside the mainland China.** CNY is subject to foreign exchange control by the PRC central government. There is currently a limited pool of CNY outside the mainland China and any tightening of foreign exchange control by the PRC central government may adversely affect the liquidity of offshore CNY and the performance of our CNY-denominated Equity Linked Deposits.

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

What are the key features of an Equity Linked Deposit?

- **Product Type:** Our Equity Linked Deposits are unlisted structured investment products which have an embedded put option over the Linked Stock. By investing in an Equity Linked Deposit, (i) you are selling a put option over the Linked Stock to the Bank under which you will be obliged to buy a number of the Linked Stock (i.e. the Stock Amount) from the Bank at the predetermined price called the Reference Price if the Closing Price of the Linked Stock is below the Reference Price on the Determination Date and (ii) on the Maturity Date, you will receive an option premium in return which forms part of the Coupon Amount either payable in cash or included in calculating the Stock Amount.

- **Investment Period and Deposit Tenor:** The Investment Period commences from and including the Trade Date to and including the Determination Date. We will not offer any Equity Linked Deposits with an Investment Period of more than 1 year. The Deposit Tenor commences from and including the Start Date to but excluding the Maturity Date. The Deposit Tenor generally ranges from 1 to 6 months. You may request for a tailor-made Deposit Tenor to suit your investment strategy.

- **Linked Stock:** Our Equity Linked Deposits are linked to shares of a company or units or shares of a fund (being an exchange traded fund or a real estate investment trust) listed on The Stock Exchange of Hong Kong Limited ("**Exchange**") and traded in Hong Kong dollars ("**HKD**") or CNY. Not all stocks listed on the Exchange can be selected as a Linked Stock. You should check with our marketing officer for the details of the available stocks.

- **Deposit Currency:** The Deposit Currency can be HKD (in which case the Linked Stock is also traded in HKD) or CNY (in which case the Linked Stock is also traded in CNY).

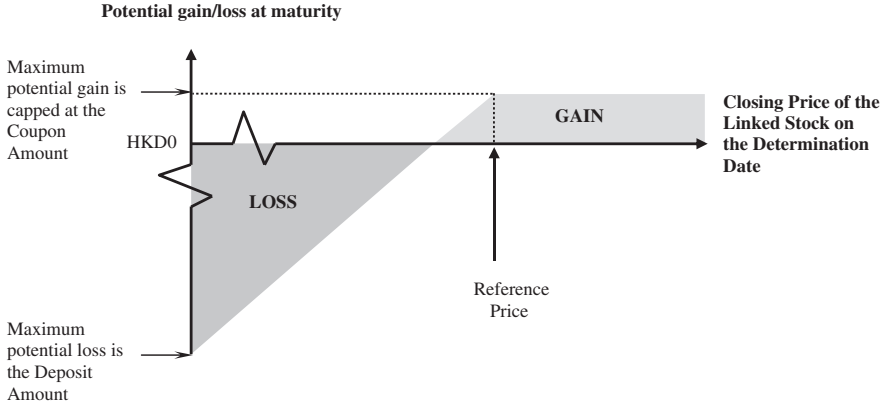
- **Minimum Deposit Amount:** HKD100,000 (or its equivalent in CNY, calculated at the prevailing exchange rate between offshore CNY and HKD at the time when you place your purchase order).

- **Settlement at maturity:** The settlement under our Equity Linked Deposits at maturity will depend on the Closing Price of the Linked Stock on the Determination Date compared with the Reference Price.

Determination Date	Is the Closing Price of the Linked Stock **AT OR ABOVE** the Reference Price?	
	Yes	No
Maturity Date (being the second Business Day after the Determination Date, provided where we are to deliver the Stock Amount, if such a date is not a Clearing System Business Day, the following Clearing System Business Day)	**Cash settlement scenario** You will receive an amount **in cash** in the Deposit Currency equal to the sum of the Deposit Amount and the Coupon Amount (less any Cash Settlement Expenses). The Coupon Amount will be calculated as follows: $\text{Deposit Amount} \times \text{Annualised Coupon Rate} \times \frac{\text{Deposit Tenor}}{\text{Day Count Basis}}$ In this scenario, you will make a profit which is capped at the predetermined Coupon Amount (less any Cash Settlement Expenses).	**Physical settlement scenario** You will receive the Stock Amount* (subject to the payment of any Physical Settlement Expenses) calculated as follows: $\frac{\text{Deposit Amount + Coupon Amount}}{\text{Reference Price}}$ In this scenario, you will suffer a loss if the market value of the Stock Amount (calculated based on the Closing Price of the Linked Stock on the Determination Date) is less than or substantially less than the Deposit Amount. **If the Stock Amount calculated in accordance with the above formula consists of any Fractional Stock, we will settle such Fractional Stock on the Maturity Date by paying its cash equivalent in the Deposit Currency by reference to the Closing Price of the Linked Stock on the Determination Date, i.e. the Residual Cash.* **In the worst case scenario, the market value of the Stock Amount may be worthless and you may lose all of your Deposit Amount.**

Scenario Analysis

The following diagram illustrates the maximum potential gain/loss of our Equity Linked Deposits. Please note that the diagram does not take into account (i) any Cash Settlement Expenses or Physical Settlement Expenses payable by you on the Maturity Date and (ii) the fact that you will suffer a further loss if the market price of the Linked Stock falls further between the Determination Date and the Maturity Date.



As shown in the above diagram, if the Closing Price of the Linked Stock as of the Determination Date is below the Reference Price, you will receive the Stock Amount on the Maturity Date. The market value of the Stock Amount 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.**

Please refer to "Appendix 4 – Scenario Analysis" in this Principal Brochure for illustrative examples of how our Equity Linked Deposits work.

How can you apply for an Equity Linked Deposit?

If you want to apply for our Equity Linked Deposits, you can contact our marketing officer (as the intermediary) in Hong Kong at any of our branches to enquire about our Equity Linked Deposits and the application procedure. Please refer to page 35 of this Principal Brochure for further details.

You may apply for an Equity Linked Deposit by placing a purchase order with us on any Exchange Business Day. Once you place an Equity Linked Deposit purchase order with us, you will be committed to invest in the Equity Linked Deposit and a cash amount equal to the Deposit Amount will be frozen in your Designated Cash Account from the Trade Date. If your 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 all the finalised terms of your Equity Linked Deposit will be sent to you within 2 Business Days after the Trade Date.

No post-sale cooling-off period

Post-sale cooling-off period pursuant to Part IV of the Code **DOES NOT APPLY** to any of our Equity Linked Deposits because the Bank will only offer Equity Linked Deposits with an Investment Period of not more than one year. You cannot cancel or unwind our Equity Linked Deposits after your purchase order is placed with us on the Trade Date.

Adjustment to the terms and conditions of our Equity Linked Deposits, early termination of our Equity Linked Deposits, and arrangement upon the occurrence of a CNY Disruption Event

The Bank (as the Offeror) will adjust some of the terms and conditions (such as the Reference Price) of our Equity Linked Deposits upon the occurrence of certain events (such as a Potential Adjustment Event) to account for the diluting or concentrative effect of the relevant event so as to preserve the economic equivalence of the Equity Linked Deposits. The Bank will also adjust some of the key dates (such as the Determination Date) upon the occurrence of certain disruption events.

In addition, the Bank (as the Offeror) will early terminate our Equity Linked Deposits upon the occurrence of certain events (such as a Merger Event or Tender Offer where the Bank is unable to make adjustments to preserve the economic equivalence of our Equity Linked Deposits, or an Additional Disruption Event).

If the Deposit Currency is CNY and a CNY Disruption Event occurs on, or prior to and is continuing on a scheduled payment date, any amount payable in CNY under the Equity Linked Deposit will be postponed and may be made in a HKD Equivalent Amount.

Any adjustment, determination of early termination and the occurrence of a CNY Disruption Event will be made by us in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner). Please refer to pages 28 to 31 of this Principal Brochure for further details.

What are the fees and charges payable by you?

- **Cash Settlement Expenses** are all charges or expenses, including any taxes and duties that are incurred for payment of any cash amount payable to you (except for the Residual Cash) on the Maturity Date. Currently, no Cash Settlement Expenses are payable.

- **Physical Settlement Expenses** are out-of-pocket expenses relating to delivery of the number of the Linked Stock in the Stock Amount on the Maturity Date. These expenses include the buyer's stamp duty (if applicable, subject to prevailing laws and regulations) 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 Linked Stock is delivered to you on the Maturity Date.

There are no subscription fees, charges or commission for placing a purchase order for an 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 35 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 Equity Linked Deposit.

Is there any market making arrangement for your Equity Linked Deposit before maturity?

Equity Linked Deposits with an Investment Period of 6 months or less

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

Equity Linked Deposits with an Investment Period of more than 6 months

In respect of an 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 (each a "**Dealing Day**"). We (as the market agent) will make available an indicative bid price of your 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 Equity Linked Deposit.

The actual bid price at which we are willing to early terminate your Equity Linked Deposit under our market making arrangement will be determined by us at 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. **If you early terminate your Equity Linked Deposit before maturity, you may receive an amount which is less than, or 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 our market making arrangement, any amount payable in CNY under the Equity Linked Deposit will be postponed and may be made in an HKD Equivalent Amount.

Please refer to pages 36 to 37 of this Principal Brochure for further details. The Term Sheet for an Equity Linked Deposit will specify if any market making arrangement is applicable to that Equity Linked Deposit and the details of such market making arrangement.

Additional Information

A. Offering Documents

The following Offering Documents contain detailed information about us and our Equity Linked Deposits. You should read and understand all of these documents before deciding whether to invest in our Equity Linked Deposits:

(i) this Principal Brochure for our Equity Linked Deposits dated 23 June 2023 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.

Before accepting purchase order for an Equity Linked Deposit, we (as the intermediary) are obliged to distribute to you ALL of the above 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 you, as the investor in our Equity Linked Deposits, 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 Equity Linked Deposits. Please contact our marketing officer for 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 Equity Linked Deposits before deciding whether to invest in our Equity Linked Deposits.

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

  Our Equity Linked Deposits are unlisted structured investment products embedded with derivatives. They are not equivalent to nor should they be treated as a substitute for conventional time deposits and are not protected deposits under the Deposit Protection Scheme in Hong Kong.

- **Our Equity Linked Deposits are NOT capital protected**

  Our Equity Linked Deposits are not capital protected. Your settlement at maturity under our Equity Linked Deposits will depend on the Closing Price of the Linked Stock on the Determination Date as compared to the Reference Price.

  If the Closing Price of the Linked Stock on the Determination Date is at or above the Reference Price, you will receive the sum of the Deposit Amount and the Coupon Amount in cash in the Deposit Currency.

  If the Closing Price of the Linked Stock on the Determination Date is below the Reference Price, you will receive the Stock Amount on the Maturity Date. You will also have to pay for all Physical Settlement Expenses relating to the delivery of the Linked Stock. The market value of the Stock Amount that you receive (calculated based on the Closing Price of the Linked Stock on the Determination Date) may be substantially less than the Deposit Amount. You will suffer a further loss if the market price of the Linked Stock falls further between the Determination Date and the Maturity Date. **In the worst case scenario, the market value of the Stock Amount may be worthless and you may even lose all of your Deposit Amount**.

- **Capped maximum potential gain**

  The amount of maximum potential gain under our Equity Linked Deposits is capped and limited to the predetermined Coupon Amount (less any Cash Settlement Expenses) even if your view on the market movement of the Linked Stock is correct.

- **The post-sale cooling-off period does not apply to our Equity Linked Deposits**

  The post-sale cooling-off period pursuant to Part IV of the Code does not apply to our Equity Linked Deposits because the Investment Period for all our Equity Linked Deposits will not be more than one year. You cannot cancel or unwind our Equity Linked Deposits after your purchase order is placed with us on the Trade Date.

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

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

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

In respect of an 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 an Equity Linked Deposit under our market making arrangement is the Deposit Amount of such Equity Linked Deposit. Accordingly, you can only early terminate your 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 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), 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. **If you early terminate your Equity Linked Deposit before maturity, you may receive an amount which is less than, or substantially less than, your Deposit Amount.**

If our Equity Linked Deposits are denominated in CNY and a CNY Disruption Event occurs on, or prior to and is continuing on, the relevant payment date, the cash amount you may receive under the market making arrangement will be postponed and may be made in a HKD Equivalent Amount. 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 any delay in settlement due to the existence of a CNY Disruption Event.

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

  As our Equity Linked Deposits are not listed on any stock exchange, you are not covered by the Investor Compensation Fund established under the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) if we default under our Equity Linked Deposits.

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

  When investing in our 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 Equity Linked Deposits. Our Equity Linked Deposits represent our general, unsecured, unsubordinated contractual obligations and are not secured on any assets or any collateral.

  If we become insolvent or default on our obligations under our Equity Linked Deposits, you can only claim as our unsecured creditor regardless of the performance of the Linked Stock and the terms of our 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 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 Equity Linked Deposits. **In the worst case scenario, you could lose all your Deposit Amount.**

- **Market risk**

  Investment involves risk. Changes in the market price of the Linked Stock may not lead to any corresponding change in the performance of our Equity Linked Deposits. The performance of our Equity Linked Deposits will fluctuate depending on a wide range of factors such as 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 the Linked Stock.

- **You have no right in the Linked Stock**

  Our Equity Linked Deposits are unlisted structured investment products. Investing in our Equity Linked Deposits is not the same as investing in the Linked Stock. You have no right in the Linked Stock, except where the Linked Stock is determined on the Determination Date to be deliverable to you on the Maturity Date in which case you will be entitled to the rights in the Linked Stock from and including the Determination Date.

  In case where the Linked Stock is determined on the Determination Date to be deliverable on the Maturity Date, you are entitled to all those rights attaching to the Linked Stock to be delivered to you as if you had been registered as the holder of the Linked Stock as from and including the Determination Date. During the period from and including the Determination Date to and until such time as the Linked 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 the Linked Stock; or (ii) to exercise any or all rights (including voting rights) attaching to the Linked 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 the Linked 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 Linked Stock beneficially owned by you, and make available such dividend or distribution payment of the Linked 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 Linked 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 Linked 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 Linked Stock after the Determination Date**

  If the Closing Price of the Linked Stock on the Determination Date is below the Reference Price, you will receive the Stock Amount on the Maturity Date (being the second Business Day after the Determination Date, but if such date is not a Clearing System Business Day, the following Clearing System Business Day). Therefore, you will be exposed to any price movement of the Linked Stock between the Determination Date and the Maturity Date, and further exposed to the market risk of holding the Linked Stock from Maturity Date until you sell the Linked Stock if you decide to hold the number of the Linked Stock delivered to you on the Maturity Date.

- **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 Equity Linked Deposits, and you will therefore be exposed to risks relating to our 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 Equity Linked Deposits; and (ii) the annualised yield of your potential return on our 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 Equity Linked Deposits**

  We and 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 Equity Linked Deposits are linked. Those transactions may have a positive or negative impact on the performance of our Equity Linked Deposits. We and our subsidiaries and affiliates may have

officers who serve as directors of the company or managers of the fund (as the case may be) to which our Equity Linked Deposits are linked. We may issue other competing financial products which may affect the performance of our Equity Linked Deposits.

You should note that potential or actual conflicts of interest may arise from the different roles played by us and our subsidiaries and affiliates in connection with our Equity Linked Deposits and our economic interest in each such role may be adverse to your interest. We shall deal with such conflicts 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 of our Equity Linked Deposits if a Potential Adjustment Event, a Merger Event or a Tender Offer occurs**

  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 the 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 the corresponding adjustments, relevant to the settlement, payment or other terms of the Equity Linked Deposit, including adjusting the Reference Price of the Linked Stock as we determine appropriate to account for the diluting or concentrative effect of such event on the Linked Stock so as to preserve the economic equivalence of the Equity Linked Deposit.

  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 takeover offer or exchange offer) occurs 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 any corresponding adjustments to the terms of the Equity Linked Deposit so as to preserve the economic equivalence of the Equity Linked Deposit, including adjusting the Reference Price of the Linked Stock and treating the share or units of the surviving entity after the Merger Event or the Tender offer as the Linked Stock but will not include any substitution of the Linked Stock.

  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 Conditions 6 and 7 of the Product Terms and Conditions as set out in Appendix 1 to this Principal Brochure for further details of the adjustments.

- **We may early terminate an Equity Linked Deposit if a Merger Event, a Tender Offer or an Additional Disruption Event occurs**

  If we (as the Offeror) determine in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) that (i) a Merger Event or Tender Offer has occurred on or after the Trade Date but on or prior to the Determination Date and we are unable to preserve the economic equivalence of the Equity Linked Deposits through adjustment of the terms; or (ii) an Additional Disruption Event has occurred on or after the Trade Date but on or prior to the Determination Date, we will early terminate the affected Equity Linked

Deposits 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) on the Early Termination Payment Date.

Early Termination Amount

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 value of such 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 Equity Linked Deposit is early terminated under these circumstances**.

Please refer to Conditions 7 and 8 of the Product Terms and Conditions as set out in Appendix 1 to this Principal Brochure for further details.

- **Impact of Market Disruption Event**

If we (as the Offeror) determine that a Market Disruption Event occurs on the scheduled Determination Date, then the Determination Date will be postponed to the first following Exchange Business Day on which there is no Market Disruption Event, unless a Market Disruption Event occurs on each of the eight Exchange Business Days immediately following the scheduled Determination Date. In that case, (i) that eighth Exchange Business Day shall be deemed to be the Determination Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) we (as the Offeror) will determine (acting in good faith and in a commercially reasonable manner) the fair price of the Linked Stock on that eighth Exchange Business Day by reference to, without limitation, the last reported price of the Linked Stock and the prevailing market conditions. Such fair price shall be deemed to be the Closing Price of the Linked Stock as of the Determination Date.

Our determination may have unforeseen adverse impact on your potential payout on the Equity Linked Deposit. Delay in determining the Closing Price 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 9 of the Product Terms and Conditions as set out in Appendix 1 to this Principal Brochure for further details.

- **Impact of Settlement Disruption Event**

If we are to deliver the Linked 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 Linked Stock on the scheduled Maturity Date is not possible by reasons 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. We will notify you as soon as practicable of the postponement on 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 Linked 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 Linked Stock can be effected through the use of such other commercially reasonable manner after that eighth Clearing System

Business Day, or (ii) if the Linked 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 Linked Stock from the scheduled Maturity Date. Such movement could affect the market value of the Linked 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 Linked 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 an 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 the Linked Stock and the establishment of long and/or short positions in the Linked Stock which may be constantly adjusted. It is possible that these activities could affect the market price of the Linked Stock and push the Closing Price of the Linked Stock on the Determination Date down to a level below the Reference Price, resulting in the physical delivery of the number of the Linked 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 8 of the Product Terms and Conditions, we will bear all the risks involved and we will act in good faith and in a commercially reasonable manner to keep the same terms and structures pursuant to our Equity Linked Deposits.

- **You may receive odd lots of the Linked Stock**

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

- **Risk factors specific to an 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 Equity Linked Deposits and have no obligation to consider your interests in taking any action that might affect the performance of the fund and the performance of our 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 the performance of our Equity Linked Deposits.

Exchange Traded Fund

If our 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 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 the performance of our 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 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 the 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 Equity Linked Deposit of the same magnitude or even any increase at all.

Fund 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 a Fund Disruption Event (such as any material change or material breach in the mandate or risk profile) occurs, we will early terminate the affected Equity Linked Deposit. Please refer to the paragraph headed "We may early terminate an Equity Linked Deposit if a Merger Event, a Tender Offer or an Additional Disruption Event occurs" on pages 13 to 14 of this Principal Brochure for further details.

You should read the offering documents of the fund for further information about the risks applicable to the fund.

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

If our Equity Linked Deposits are linked to an ETF issued and traded outside mainland China with direct investment in the mainland China's securities market through the Qualified Foreign Institutional Investor 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:

(i) the novelty and untested nature of China Connect makes a China ETF investing through it riskier than traditional exchange traded funds. The policy and rules for the 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 Equity Linked Deposits;

(ii) a China ETF primarily invests in securities traded in the mainland China's securities market and is subject to concentration risk. Investment in the mainland China's securities market (which are inherently stock markets with restricted access) involves certain risks and special considerations as compared with investment in more developed economies or markets, such as greater political, tax, economic, foreign exchange, liquidity and regulatory risks. The operation of a China ETF may also be affected by interventions by the applicable government(s) and regulators in the financial markets. This may adversely affect the performance of the China ETF, and may in turn adversely affect the performance of the Equity Linked Deposits;

(iii) 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

(iv) there are risks and uncertainties associated with the current mainland Chinese tax laws applicable to China ETFs investing in the mainland China 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 our 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 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 the 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 in light of the novelty and relatively untested nature of the Exchange's multiple counter model:

(i) the Equity Linked Deposits may relate to the HKD-traded or CNY-traded shares or units. 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 Equity Linked Deposit;

(ii) 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 and units and have an adverse effect on the performance of the Equity Linked Deposits; and

(iii) 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 Equity Linked Deposits.

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

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

- **Additional risk factors specific to CNY-denominated Equity Linked Deposits linked to CNY-traded Linked Stock**

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

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

There is currently a limited pool of CNY outside the mainland China. 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 Equity Linked Deposits linked to CNY-traded Linked Stock which in turn may adversely affect the performance of our Equity Linked Deposits.

(ii) *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 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. 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 Equity Linked Deposits.

The occurrence of a CNY Disruption Event could delay your receipt of payment under the 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 a HKD Equivalent Amount, you will also be exposed to the risk of fluctuation in the exchange rate of offshore CNY against HKD. If CNY depreciates significantly against HKD following the occurrence of a CNY Disruption Event, you will suffer a loss in HKD terms as the HKD Equivalent Amount paid to you will be substantially less than the value of the relevant amount payable in CNY on the original payment date in HKD terms (calculated based on the exchange rate between offshore CNY and HKD prior to the occurrence of the CNY Disruption Event).

(iii) *Offshore CNY exchange rate risk*

While both onshore CNY (i.e. CNY traded in the mainland China) ("**onshore CNY**") and offshore CNY (i.e. CNY traded outside the mainland China) ("**offshore CNY**") are the same currency, they are traded in different and separate markets operating under different regulations and independent liquidity pool. Onshore CNY and offshore CNY are currently traded in different markets with different exchange rates, whereby their exchange rate movements may not be in the same direction or magnitude. The offshore CNY exchange rate may deviate significantly from the onshore CNY exchange rate.

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). Non CNY-based investors may have to convert their home currency into CNY when investing in CNY-denominated Equity Linked Deposits. Such investors may also have to convert payments made on such Equity Linked Deposits (or proceeds from selling the CNY-traded Linked Stock delivered to such investors under our Equity Linked Deposits) back to their home currency. During these processes, such investors will incur currency conversion costs and be exposed to risk of fluctuation in the exchange rate of offshore CNY against their home currency.

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 Equity Linked Deposits denominated in CNY shall not be used to speculate on the appreciation of CNY.

(iv) *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 Equity Linked Deposits denominated in CNY 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 Equity Linked Deposits.

- **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 Equity Linked Deposits. Please contact our marketing officer for further details.

HOW DO OUR EQUITY LINKED DEPOSITS WORK? – A FLOWCHART DESCRIPTION

1. Trade Date

Once you place an Equity Linked Deposit purchase order with us, a cash amount equal to the Deposit Amount will be frozen in your Designated Cash Account from the Trade Date. All terms are finalised, and the Spot Price and Reference Price are recorded and determined at the time when you place your Equity Linked Deposit purchase order.

A Confirmation setting out the terms and conditions applicable to your Equity Linked Deposit will be sent to you within 2 Business Days after the Trade Date.

2. Start Date (being 2 Business Days after the Trade Date, but upon your request may be shortened to be the same day as the Trade Date or extended to up to 14 Business Days after the Trade Date)

Your Deposit Amount is deducted from your Designated Cash Account. The Coupon Amount will start to accrue from the Start Date.

3. Determination Date

Is the Closing Price of the Linked Stock **AT OR ABOVE** the Reference Price?

Yes / No

4. Maturity Date (being the second Business Day after the Determination Date, provided where we are to deliver the Stock Amount, if such a date is not a Clearing System Business Day, the following Clearing System Business Day)

Cash settlement scenario

You will receive an amount **in cash** in the Deposit Currency equal to the sum of the Deposit Amount and the Coupon Amount (less any Cash Settlement Expenses).

The Coupon Amount will be calculated as follows:

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

In this scenario, you will make a profit which is capped at the predetermined Coupon Amount (less any Cash Settlement Expenses).

Physical settlement scenario

You will receive the Stock Amount* (subject to the payment of any Physical Settlement Expenses) calculated as follows:

$$\frac{\text{Deposit Amount + Coupon Amount}}{\text{Reference Price}}$$

In this scenario, you will suffer a loss if the market value of the Stock Amount (calculated based on the Closing Price of the Linked Stock on the Determination Date) is less than or substantially less than the Deposit Amount.

**If the Stock Amount calculated in accordance with the above formula consists of any Fractional Stock, we will settle such Fractional Stock on the Maturity Date by paying its cash equivalent in the Deposit Currency by reference to the Closing Price of the Linked Stock on the Determination Date i.e. the Residual Cash.*

In the worst case scenario, the market value of the Stock Amount may be worthless and you may lose all of your Deposit Amount.

WHAT ARE THE KEY FEATURES OF OUR EQUITY LINKED DEPOSITS?

This is a summary of the key features of our 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 Equity Linked Deposits.

- Our Equity Linked Deposits are unlisted structured investment products embedded with derivatives the potential payout of which are based on the performance of the Linked Stock on the Determination Date.

- By investing in an Equity Linked Deposit, (i) you are selling a put option over the Linked Stock to us under which you will be obliged to buy the Stock Amount from us at the Reference Price if the Closing Price of the Linked Stock is below the Reference Price on the Determination Date; and (ii) on the Maturity Date, you will receive an option premium in return which forms part of the Coupon Amount either payable in cash or included in calculating the Stock Amount.

- On the Maturity Date, you will receive either (i) the sum of the Deposit Amount and the Coupon Amount in cash in the Deposit Currency (less any Cash Settlement Expenses) or (ii) the Stock Amount (subject to the payment of any Physical Settlement Expenses), depending on the Closing Price of the Linked Stock on the Determination Date.

Glossary – The key features of our Equity Linked Deposits are summarised below:

A. Subscription for our Equity Linked Deposits

Deposit Amount:

The amount invested by you in an Equity Linked Deposit, which is subject to the Minimum Deposit Amount of HKD100,000 (or its equivalent in CNY, calculated at the prevailing exchange rate between offshore CNY and HKD at the time you place your purchase order).

The Deposit Amount will be specified in the Term Sheet.

Once you place an Equity Linked Deposit purchase order with us, a cash amount equal to the Deposit Amount will be frozen in your Designated Cash Account from the Trade Date. If your 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:

The Deposit Currency can be HKD (in which case the Linked Stock is also traded in HKD) or CNY (in which case the Linked Stock is also traded in CNY). This is the currency in which an Equity Linked Deposit is denominated. The Deposit Amount and, where applicable, any cash amount payable by us are denominated in the Deposit Currency (subject to the occurrence of a CNY Disruption Event if the Deposit Currency is CNY).

Linked Stock:

An Equity Linked Deposit is linked to shares of a company or units or shares of a fund (being an exchange traded fund or a real estate investment trust) listed on the Exchange and traded in HKD or CNY. Not all stocks listed on the Exchange can be selected as a Linked Stock. You should check with our marketing officer for the details of the available stocks.

The Linked Stock will be specified in the Term Sheet.

Equity Issuer:

The issuer of the Linked Stock as specified in the Term Sheet.

Spot Price:

The prevailing market price of the Linked Stock at the time you place a purchase order for your Equity Linked Deposit (as published by the Exchange), which will be specified in the Term Sheet.

We will use the Spot Price to calculate the Reference Price.

Reference Price:

This is the benchmark price we use to compare with the Closing Price on the Determination Date for determination of the settlement at maturity, which will be specified in the Term Sheet.

In the case of physical delivery of the Linked Stock on the Maturity Date, the Reference Price represents the price that you are obliged to buy the Stock Amount from us.

The Reference Price will be set as a percentage of the Spot Price (calculated to 6 decimal places, 0.0000005 being rounded upwards).

Trade Date:

The Exchange Business Day on which your Equity Linked Deposit purchase order is placed with us.

You may place your Equity Linked Deposit purchase order with us on any Exchange Business Day. Once you place an Equity Linked Deposit purchase order with us, you will be committed to invest in the Equity Linked Deposits and a cash amount equal to the Deposit Amount will be frozen in your Designated Cash Account from the Trade Date. All the terms of the Equity Linked Deposits are finalised, and the Spot Price and the Reference Price are recorded and determined at the time when you place your Equity Linked Deposit purchase order.

The Trade Date will be specified in the Term Sheet.

Start Date:	The day on which we will deduct the Deposit Amount for the 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 upon your request may be shortened to be the same day as the Trade Date or extended to up to 14 Business Days after the Trade Date.
Investment Period:	The number of calendar days from and including the Trade Date to and including the Determination Date. We will not offer any Equity Linked Deposit with an Investment Period of more than 1 year. The longer the Investment Period, the longer the period you will be subject to the risks of investing in an Equity Linked Deposit.
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 to 6 months. You may request for a tailor-made Deposit Tenor to suit your investment strategy.
Business Day:	A day (excluding Saturdays, Sundays and public holidays) on which commercial banks are open for business in Hong Kong.

B. Settlement at maturity of our Equity Linked Deposits

Determination Date:	The day when the Closing Price of the Linked Stock is recorded for the purposes of determining the settlement on the Maturity Date. The Determination Date will be specified in the Term Sheet.
Closing Price:	The official closing price of the Linked Stock (as published by the Exchange) as of the Determination Date.
Settlement at maturity:	If the Closing Price of the Linked Stock on the Determination Date is **AT or ABOVE** its Reference Price, you will receive a cash amount equal to the sum of the Deposit Amount and the Coupon Amount (less any Cash Settlement Expenses) on the Maturity Date. If the Closing Price of the Linked Stock on the Determination Date is **BELOW** its Reference Price, you will receive the Stock Amount on the Maturity Date.

Stock Amount:

In case of physical delivery of the Linked Stock, the number of Linked Stock calculated as follows:

$$\frac{\text{Deposit Amount + Coupon Amount}}{\text{Reference Price}}$$

We will deliver an integral number of the Linked Stock to you on the Maturity Date (which may include odd lots) (subject to payment of any Physical Settlement Expenses). If the Stock Amount 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 the Deposit Currency. No Cash Settlement Expenses will be payable for the Residual Cash.

Coupon Amount:

Subject to any early termination of the Equity Linked Deposit, the Coupon Amount for an Equity Linked Deposit is calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

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

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 360 if the Deposit Currency is CNY.

Annualised Coupon Rate:

A pre-determined percentage used to calculate the Coupon Amount, which will be specified in the Term Sheet. Such rate is determined based on a number of factors, including but not limited to:

- the choice of the Linked Stock;
- the market price and price volatility of the Linked Stock;
- the Deposit Tenor;
- the Investment Period;
- the Reference Price;
- the cost of our hedging arrangement relating to our Equity Linked Deposits;
- the prevailing market interest rate; and
- the creditworthiness of The Bank of East Asia, Limited.

It is expressed as an annualised rate based on the hypothetical assumption that the Equity Linked Deposit can be rolled over on the same terms for a period of 365 days (in the case where the Deposit Currency is HKD) or 360 days (in the case where the Deposit Currency is CNY). It does not reflect the Actual Coupon Rate for the Deposit Tenor of an Equity Linked Deposit. You should not rely on the annualised rate as an indication of the expected potential return for an Equity Linked Deposit.

Actual Coupon Rate:

The actual coupon rate for the Deposit Tenor of an Equity Linked Deposit is calculated as follows (calculated to 8 decimal places, 0.000000005 being rounded upwards):

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

The Actual Coupon Rate will be specified in the Term Sheet.

Maturity Date:

The scheduled day on which you will receive either (i) the sum of the Deposit Amount and the Coupon Amount in cash or (ii) the Stock Amount, as settlement at maturity.

The Maturity Date will be set as the second Business Day after the Determination Date, provided where we are to deliver the Stock Amount, if such a date is not a Clearing System Business Day, the following Clearing System Business Day, subject to postponement as elaborated in the paragraph titled "What happens if a Settlement Disruption Event occurs?" on page 28 of this Principal Brochure.

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

If our Equity Linked Deposit is denominated in CNY and a CNY Disruption Event occurs on, or prior to and is continuing on, a scheduled payment date, payment under such Equity Linked Deposit will be postponed and may be made in HKD Equivalent Amount. Please refer to the paragraph headed "What happens if a CNY Disruption Event occurs?" on pages 28 to 29 of this Principal Brochure for further details.

However, no interest or compensation will be payable by us to you upon any postponement of the Maturity Date.

Clearing System Business Day:

A day on which the Central Clearing and Settlement System is scheduled to open for the acceptance and execution of settlement instructions.

Exchange Business Day:	A day on which the Exchange and Related Exchange are scheduled to open for trading during regular trading sessions.
Exchange:	The Stock Exchange of Hong Kong Limited.
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 the Linked Stock.
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 Equity Linked Deposits (except for any Residual Cash). Cash Settlement Expenses, if any, will be deducted from any cash amount you may receive under the Equity Linked Deposits. 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 a number of the Linked 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 delivery of the number of the Linked Stock in the Stock Amount 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 0.13% of the transaction amount of the number of the Linked Stock deliverable by reference to the Reference Price, converted into HKD (where the trading currency of the Linked 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 Linked Stock be delivered?

- If the Linked Stock is deliverable to you, you will receive them on the Maturity Date (i.e. the second 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.

- The Linked 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 Linked 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 such delivery of the Linked 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, 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 on 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 Linked 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 Linked Stock can be effected through the use of such other commercially reasonable manner after that eighth Clearing System Business Day, or (ii) if the Linked 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 Linked Stock from the scheduled Maturity Date. Such movement could affect the market value of the Linked 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 Linked 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 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 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 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. 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 no later than the third Business Day after that twelfth Business Day. The HKD Equivalent Amount will be determined by us by converting such amount into HKD using the CNY/HKD Exchange Rate (being the mid-market exchange rate between HKD and offshore CNY as specified in the Term Sheet) as of that twelfth Business Day from the original payment date. 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 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 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 Determination Date be subject to adjustment?

- The Determination Date will be specified in the Term Sheet, or if such day is not an Exchange Business Day, then the immediately following Exchange Business Day. Provided that if we determine that the scheduled Determination Date is a Disrupted Day, the Determination Date will be postponed to the first following Exchange Business Day which is not a Disrupted Day, unless each of the eight Exchange Business Days immediately following the scheduled Determination Date is a Disrupted Day. In that case:

  (a) that eighth Exchange Business Day shall be deemed to be the Determination Date, notwithstanding the fact that such day is a Disrupted Day; and

  (b) we (as the Offeror) will determine (acting in good faith and in a commercially reasonable manner) the fair price of the Linked Stock on that eighth Exchange Business Day, by reference to, without limitation, the last reported price of the Linked Stock and the prevailing market conditions. Such fair price shall be deemed to be the Closing Price of the Linked Stock on the Determination Date.

  Please note that the Maturity Date will be postponed accordingly.

- If we determine that a Market Disruption Event has occurred on the scheduled Determination Date, we shall notify you as soon as practicable after the occurrence of such event. If the Determination Date has been postponed to the eighth Exchange Business Day after the scheduled Determination Date and we have determined a fair price of the Linked Stock which is deemed to be the Closing Price of the Linked Stock on the Determination Date, we shall notify you of such deemed Closing Price of the Linked Stock as soon as it has been determined. You should refer to Condition 9 of the Product Terms and Conditions as set out in Appendix 1 to this Principal Brochure for more details.

When will the terms and conditions of the Equity Linked Deposits be adjusted?

- The terms and conditions of the Equity Linked Deposits may be adjusted if we (as the Offeror) determine in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) that certain extraordinary unforeseeable events occur.

- 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 the Linked Stock) has occurred on or after the Trade Date but on or prior to the Determination Date, in respect of an Equity Linked Deposit, we (as the Offeror) will in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) make the corresponding adjustments, relevant to the settlement, payment or other terms of the Equity Linked Deposit, including adjusting the Reference Price of the Linked Stock as we determine appropriate to account for the diluting or concentrative effect of such event on the Linked Stock so as to preserve the economic equivalence of the 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 takeover offer or exchange offer) has occurred on or after the Trade Date but on or prior to the Determination Date, in respect of an Equity Linked Deposit, we (as the Offeror) may in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) make any corresponding adjustments to the terms of the Equity Linked Deposit so as to preserve the economic equivalence of the Equity Linked Deposit, including adjusting the Reference Price of the Linked Stock and treating the share or units of the surviving entity after the Merger Event or the Tender Offer as the Linked Stock but will not include any substitution of the Linked Stock.

- In determining the aforesaid adjustment(s):

  (a) if options contracts or futures contracts of the 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 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 Equity Linked Deposit; or

  (b) if there are no options contracts or futures contracts of the Linked Stock traded on the Exchange or Related Exchange, we will take into account 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 Equity Linked Deposit.

- We will 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).

- We will notify you and the SFC as soon as practicable upon the occurrence of such event, any adjustment made and the effective date of such adjustment. All determinations made by us pursuant to the terms and conditions of the Equity Linked Deposit shall be made in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) and shall be conclusive and binding on you (as the customer) and us (as the Offeror) except in the case of manifest error. You should refer to Conditions 6 and 7 of the Product Terms and Conditions as set out in Appendix 1 to this Principal Brochure for more details.

Are there any situations where our Equity Linked Deposits may be early terminated before maturity?

- If we (as the Offeror) determine in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) that (i) either a Merger Event (such as consolidation, amalgamation or merger) or a Tender Offer (such as takeover offer or exchange offer) has occurred on or after the Trade Date but on or prior to the Determination Date and we are unable to preserve the economic equivalence of the Equity Linked Deposits through adjustment of the terms or (ii) an Additional Disruption Event occurs on or after the Trade Date but on or prior to the Determination Date, we will early terminate the affected Equity Linked Deposits 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).

- If an Equity Linked Deposit is early terminated due to the occurrence of any of the above events, we will pay you an Early Termination Amount (if any) on the Early Termination Payment Date. 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 value of such Equity Linked Deposit at the time of the occurrence of such event, by reference to, without limitation, the market interest rate movements, the current and expected market price and price volatility of the Linked Stock, the remaining Investment Period, any accrued Coupon Amount, the value of the embedded put option, our creditworthiness and our transaction costs (including the unwind cost of hedging) and our reasonable operational or administrative costs in relation to the early termination. **Such amount may be substantially less than your Deposit Amount. You may even suffer a total loss if the 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 early termination made, the Early Termination Amount (if any) and the effective date of such early termination. All determinations made by us pursuant to the terms and conditions of the Equity Linked Deposit 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 7 and 8 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 Linked Stock is deliverable?

- In case of physical delivery of the Linked Stock, the Stock Amount will be calculated by dividing the sum of the Deposit Amount and the Coupon Amount by the Reference Price for an Equity Linked Deposit, which may not be in multiples of that Linked Stock's trading board lot.

- If the Stock Amount comprises any odd lots, you will receive such odd lots. You may not be able to sell such odd lots of the Linked Stock, and even if you manage to sell such odd lots, they may be sold at a lower price per Linked Stock than the Linked Stock in board lot or multiple of board lots.

- If the Stock Amount comprises any fractional shares or units ("**Fractional Stock**"), we will pay you that Fractional Stock in cash ("**Residual Cash**") in the Deposit Currency which is calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

  Fractional Stock x Closing Price of the Linked Stock on the Determination Date

Do you have any rights in the Linked Stock during the Investment Period of the Equity Linked Deposits?

- You have no right in the Linked Stock, except where the Linked Stock is determined on the Determination Date to be deliverable to you on the Maturity Date, in which case, you are entitled to all those rights attaching to the Linked Stock to be delivered to you as if you had been registered as the holder of such Linked 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 the Linked Stock; or (ii) to exercise any or all rights (including voting rights) attaching to the Linked 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, if you not being registered as the legal owner of such Linked 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 Linked Stock beneficially owned by you, and make available such dividend or distribution payment of the Linked 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 Linked 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 Linked 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 Equity Linked Deposits?

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

MORE INFORMATION ABOUT OUR EQUITY LINKED DEPOSITS

What is included in our Equity Linked Deposits documentation?

Offering documents

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

(i) *Principal Brochure*: This Principal Brochure and any addendum as specified in the relevant Term Sheet contains an overview of our Equity Linked Deposits, including:

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

The offer of our 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 Term Sheet:

Offering Documents	**Method of distribution**
This Principal Brochure and any addendum as specified in the relevant Term Sheet	(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 an Equity Linked Deposit 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 an Equity Linked Deposit will be specified in the relevant Term Sheet).
• The Financial Disclosure Document and any addendum as specified in the relevant Term Sheet • The relevant Term Sheet	(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 an Equity Linked Deposit will be specified in the relevant Term Sheet).

Legal documents

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

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

To whom are our Equity Linked Deposits designed for?

Our Equity Linked Deposits are designed for investors who:

- have a neutral to mildly positive outlook on the price of the Linked Stock;
- 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;
- accept that our Equity Linked Deposits are non-capital protected unlisted structured investment products embedded with derivatives which are not equivalent to a time deposit or a direct investment in the Linked Stock;
- understand that there will only be limited market making arrangements for our Equity Linked Deposits with an Investment Period of more than 6 months;
- are prepared to hold their investment in their Equity Linked Deposits until the Maturity Date; and
- are prepared to receive the Stock Amount at the Reference Price on the Maturity Date (the market value of which may be substantially less than the Deposit Amount) if the Closing Price of the Linked Stock on the Determination Date is below the Reference Price.

Our Equity Linked Deposits are not designed for investors who:

- have a negative outlook on the market or the Linked Stock;
- 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;
- do not want to risk any part of their capital; or
- may need to terminate their Equity Linked Deposits before the Maturity Date for liquidity needs.

Comparison with conventional time deposit

Our Equity Linked Deposits are 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 return under our 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 an Equity Linked Deposit?

- Our Equity Linked Deposits are only available from the Bank (as the intermediary). To invest in an Equity Linked Deposit, you must already have, or you must open, (1) a cash account in the Deposit Currency (being the Designated Cash Account); and (2) a securities account to which settlement under the Equity Linked Deposit can be credited by us (as the intermediary) (being the Designated Securities Account). In the case where the Deposit Currency is CNY, you must also have a cash account in HKD for receipt of any HKD Equivalent Amount in case of a CNY Disruption Event (being the Designated HKD Account). If you wish to apply for an Equity Linked Deposit, you can contact our marketing officer at any of our branches in Hong Kong to enquire about our Equity Linked Deposits.

- You may apply for an Equity Linked Deposit by placing a purchase order with us on any Exchange Business Day. You should note that if a market disruption event occurs on any Exchange Business Day, you will not be able to place the purchase order on such day. Once you place an Equity Linked Deposit purchase order with us, you will be committed to invest in the Equity Linked Deposits and a cash amount equal to the Deposit Amount will be frozen in your Designated Cash Account from the Trade Date. Post-sale cooling off period does not apply to our Equity Linked Deposits.

- You should note that we may accept or reject an Equity Linked Deposit purchase order at our sole and absolute discretion. If your Equity Linked Deposit purchase order is accepted by us, we will execute the purchase order on the Trade Date and the Deposit Amount will be deducted from your Designated Cash Account on the Start Date. A Confirmation setting out all the finalised terms of your Equity Linked Deposit will be sent to you within 2 Business Days after the Trade Date. If your Equity Linked Deposit purchase order is rejected by us, we will notify you on the day you placed your purchase order and the frozen cash amount will be released on the same day.

Do you have to pay any fees or charges?

No subscription fees – There is no subscription fees, charges or commissions for placing a purchase order for an Equity Linked Deposit with us. All related charges incurred by us (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 Linked Stock is deliverable on the Maturity Date, you will have to pay for all out-of-pocket expenses relating to the delivery of the number of the Linked Stock in the Stock Amount on the Maturity Date, including the buyer's stamp duty (if applicable, subject to prevailing laws and regulations) and any other charges for provision of securities services as notified by us in advance from time to time.

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 Equity Linked Deposits.

Is post-sale cooling-off period available?

The post-sale cooling-off period pursuant to Part IV of the Code **DOES NOT APPLY** because the Investment Period for all our Equity Linked Deposits will not be more than one year.

Is there any market making arrangement for our Equity Linked Deposits before maturity?

Equity Linked Deposits with an Investment Period of 6 months or less

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

Equity Linked Deposits with an Investment Period of more than 6 months

Yes. In respect of an 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 Equity Linked Deposit on each Dealing Day during normal business hours upon request. You can contact our marketing officer (as the intermediary) at any of our branches for an indicative bid price.

The indicative bid price of your 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 market price and price volatility of the Linked Stock, 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 Equity Linked Deposit.

If you wish to early terminate your Equity Linked Deposit under our market making arrangements, you can do so by applying to us at any of our branches between 9:30am and 3:00pm (Hong Kong time) on any Dealing Day. The minimum market making size at which you may request an early termination of your Equity Linked Deposit under our market making arrangement is the Deposit Amount of your Equity Linked Deposit. Accordingly, you can only early terminate your Equity Linked Deposit (in whole but not in part) under our market making arrangements. You cannot withdraw the application to early terminate your Equity Linked Deposit once you submitted the application to us.

The actual bid price at which we are willing to early terminate your 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 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. For the avoidance of doubt, the actual bid price provided by us already takes into account of any outstanding Coupon Amount accrued up to the relevant Dealing Day. We will only pay a cash amount representing the actual bid price and will not make a separate payment of any outstanding Coupon Amount.

In respect of our CNY-denominated 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 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 no later than the third Business Day after that twelfth Business Day. 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 its obligations to pay the relevant amount payable in CNY on the affected payment date in respect of the 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 any delay in settlement due to the existence of a CNY Disruption Event.

You should note that if you early terminate your Equity Linked Deposit before maturity, the amount you receive may be substantially less than your Deposit Amount.

The relevant Term Sheet for an Equity Linked Deposit will specify if the specific market making arrangement is applicable for that 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 on the Maturity Date will be sent to you within 2 Business Days after the Determination Date.

What are our key responsibilities in the offer of our Equity Linked Deposits?

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

We (as the Offeror and the Product Arranger), and 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) 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 Equity Linked Deposits or you would like to know how your queries or complaints will be handled, you can contact our marketing officer at any of our branches in Hong Kong or call our enquiry hotline 2211 1311.

What are our on-going disclosure obligations?

We (as the Offeror and the Product Arranger) will keep the SFC and you, as the investor in our Equity Linked Deposits, 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 Equity Linked Deposits. Please contact our marketing officer for further details.

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

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

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

While any of our 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 of our Equity Linked Deposits), the relevant Term Sheet and Confirmation for that Equity Linked Deposit (in separate English and Chinese language versions);
- a certified true copy of the consent letter of our auditors (in English language version only); and
- copies of any notices given by us under the terms and conditions of our Equity Linked Deposits (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 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 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 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 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 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 an 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 0.26% as at the date of this Principal Brochure) by reference to the value of the consideration paid calculated at the Reference Price (converted into HKD (where the trading currency of the Linked 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), which will be payable as at the date of this Principal Brochure as to 0.13% by the seller (being the Bank) and as to 0.13% 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

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

(a) any payments made in respect of the 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 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), the HIRE Act and FATCA withholding tax can affect both coupon or periodic payments and "gross proceeds" (including principal payments). Based on the provisions of the HIRE Act, current regulations under FATCA and other related official guidance issued by the U.S. Internal Revenue Service, payments made with respect to an Equity Linked Deposit that are not U.S. Source Payments will not be subject to HIRE Act or FATCA withholding tax if such 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 Equity Linked Deposit providing for payments that are U.S. Source Payments. Additionally, any 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 Equity Linked Deposits will not be subject to HIRE Act or FATCA withholding tax.

The HIRE Act and FATCA provisions are particularly complex, and their application is uncertain at this time. You should consult your own tax adviser as to the application of the HIRE Act and FATCA to the 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 Equity Linked Deposits.

Selling restrictions

General

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

United States of America

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

United Kingdom

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

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$882.8 billion (US$113.1 billion) as of 31st December, 2022. 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, Mainland China, and other major markets around the world.

BEA offers a comprehensive range of products and services to customers, including syndicated loans, trade finance, deposit-taking, foreign currency savings, remittances, mortgage loans, consumer loans, credit cards, 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 EQUITY LINKED DEPOSITS

*The following is the text of the product terms and conditions (the "**Product Terms and Conditions**") applicable to our Equity Linked Deposits. The relevant Confirmation in relation to each 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 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 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 an Equity Linked Deposit with the Bank. The Bank may in its sole and absolute discretion accept or reject an application of an Equity Linked Deposit from the Customer.

1.2 A binding contract between the Bank and the Customer in respect of an Equity Linked Deposit is formed on the Trade Date upon acceptance by the Bank of an application in respect of that Equity Linked Deposit from the Customer. 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 2 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 Equity Linked Deposit except in the case of manifest error.

1.3 In respect of an application for an 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 an Equity Linked Deposit, the Confirmation will prevail for the purposes of the relevant 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 an Equity Linked Deposit is booked, the Agreement will prevail for the purposes of that Equity Linked Deposit.

2 DEPOSIT AMOUNT

2.1 For each 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 Trade Date to the Start Date.

2.2 On the Start Date in respect of an Equity Linked Deposit, the Customer shall pay to the Bank the Deposit Amount relating to that 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, on the Maturity Date in respect of an Equity Linked Deposit, unless otherwise stated in the Confirmation:

(a) if the Closing Price of the Linked Stock on the Determination Date is at or above the Reference Price, 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 sum of the Deposit Amount and the Coupon Amount less the Cash Settlement Expenses (if any) to the Designated Cash Account; or

(b) if the Closing Price of the Linked Stock on the Determination Date is below the Reference Price, the Bank will deliver to the Customer the Stock Amount (subject to the payment of the Physical Settlement Expenses) to the Designated Securities Account, provided that if the Stock Amount consists of a Fractional Stock, then in respect of that Fractional Stock, the Bank shall on the Maturity Date pay to the Customer a cash amount in the Deposit Currency (calculated to 2 decimal places, 0.005 being rounded upwards and subject to the occurrence of a CNY Disruption Event under Condition 4.2 if the Deposit Currency is CNY) equal to the Closing Price on the Determination Date multiplied by that Fractional Stock ("**Residual Cash**") to the Designated Cash Account.

3.2 In the case where a cash amount (except for Residual Cash) is payable by the Bank on the Maturity Date, the Customer may be required to pay all charges and/or expenses including any taxes or duties which are incurred in respect of the Equity Linked Deposit ("**Cash Settlement Expenses**").

3.3 In the case where the Bank is required to deliver the Linked Stock to the Customer on the Maturity Date pursuant to Condition 3.1(b), the Customer will be required to pay to the Bank all out-of-pocket expenses relating to the delivery of the Linked Stock in the Stock Amount on the Maturity Date, including without limitation, any prevailing buyer's stamp duty (if applicable, subject to prevailing laws and regulations) and any other charges for provision of securities services as notified by the Bank in advance from time to time (together "**Physical Settlement Expenses**").

4 SETTLEMENT DISRUPTION EVENT AND CNY DISRUPTION EVENT

Settlement Disruption Event

4.1 In the case where the Bank is required to deliver the Linked 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 Linked 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 as soon as practicable of the postponement on 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 Linked 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 Linked 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 Linked Stock), or (ii) if the Linked 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 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 Designated HKD 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 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 Linked 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 Linked 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 such Linked Stock on the Determination Date.

5.2 Notwithstanding Condition 5.1 above, as from and including the Determination Date to and until such time that the Linked 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 a registered holder of the Linked Stock;

(b) be obliged to exercise any or all rights (including voting rights) attaching to the Linked 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 such Linked 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 Linked Stock beneficially owned by such Customer;

(b) make available such dividend or distribution payment of the Linked 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 Linked 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 Linked 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 (i) the Bank and (ii) any Customer in its capacity as the beneficial owner of the Linked Stock during an Intervening Period. The Bank shall not owe any fiduciary duty to such Customer.

6 POTENTIAL ADJUSTMENT EVENT

6.1 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 the 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 the corresponding adjustments, relevant to the settlement, payment

or other terms of the Equity Linked Deposit, including adjusting the Reference Price of the Linked Stock as the Bank determines appropriate to account for the diluting or concentrative effect of such event on the Linked Stock so as to preserve the economic equivalence of the Equity Linked Deposit.

In determining the aforesaid adjustment(s):

(a) if options contracts or futures contracts of the 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 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 Equity Linked Deposit; or

(b) if there are no options contracts or futures contracts of the Linked Stock traded on the Exchange or Related Exchange, the Bank will take into account 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 Equity Linked Deposit.

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

6.2 If the Bank determines that a Potential Adjustment Event has occurred under this Condition 6, 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 terms and conditions of the Equity Linked Deposit shall be made in the Bank's 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.

6.3 "**Potential Adjustment Event**" means any of the following events in respect of the Linked Stock or the Equity Issuer:

(i) a subdivision, consolidation or reclassification of the Linked Stock (unless such event results in a Merger Event, in which case, the Bank will make a decision in accordance with Condition 7) or a free distribution or dividend of the Linked Stock to existing holders by way of bonus, capitalisation or similar issue;

(ii) an extraordinary distribution or dividend;

(iii) a call by the Equity Issuer in respect of the Linked Stock that are not fully paid;

(iv) a repurchase by the Equity Issuer or any of its subsidiaries of the Linked Stock, whether out of profits or capital and whether the consideration for such repurchase is cash, new shares, securities or otherwise; or

(v) any other event that may, in the opinion of the Bank (acting in good faith and in a commercially reasonable manner), have a diluting or concentrative effect on the theoretical value of the Linked Stock.

7 MERGER EVENT OR TENDER OFFER

7.1 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 occurs 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 any corresponding adjustments to the terms of the Equity Linked Deposit so as to preserve the economic equivalence of the Equity Linked Deposit, including adjusting the Reference Price of the Linked Stock and treating the share or units of the surviving entity after the Merger Event or the Tender Offer as the Linked Stock but will not include any substitution of the Linked Stock.

In determining the aforesaid adjustment(s):

(a) if options contracts or futures contracts of the 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 Equity Linked Deposit. In such case, the Bank 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 Equity Linked Deposit; or

(b) if there are no options contracts or futures contracts of the Linked Stock traded on the Exchange or Related Exchange, the Bank will take into account 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 Equity Linked Deposit.

The Bank 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).

7.2 If the Bank determines in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) that the Bank is unable to preserve the economic equivalence of the Equity Linked Deposit through any of the foregoing adjustments contemplated in Condition 7.1 then:

(a) the 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 Equity Linked Deposit is satisfied and discharged in full upon its payment of the Early Termination Amount; and

(c) the Early Termination Amount (if any) shall be paid to the Customer on the Early Termination Payment Date.

7.3 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 or termination (as the case may be) made by the Bank, the Early Termination Amount (if any) (in case of early termination) and the effective date of such adjustment or termination (as the case may be). All determinations made by the Bank pursuant

to the terms and conditions of the Equity Linked Deposit shall be made in the Bank's 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 ADDITIONAL DISRUPTION EVENT

8.1 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 has occurred on or after the Trade Date but on or prior to the Determination Date, then:

(a) the 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 Equity Linked Deposit is satisfied and discharged in full upon its payment of the Early Termination Amount; and

(c) the Early Termination Amount (if any) shall be paid to the Customer on the Early Termination Payment Date.

8.2 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 termination made by the Bank, the Early Termination Amount (if any) payable by the Bank and the effective date of such termination. All determinations made by the Bank pursuant to the terms and conditions of the Equity Linked Deposit shall be made in the Bank's 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 "**Additional Disruption Event**" means any Change in Law, Hedging Disruption, Increased Cost of Hedging, Nationalisation, Insolvency, Delisting or, if applicable, Fund Disruption Event.

9 MARKET DISRUPTION

9.1 If the Bank determines that the scheduled Determination Date in respect of an Equity Linked Deposit is a Disrupted Day, the Determination Date will be postponed to the first following Exchange Business Day on which it is not a Disrupted Day, unless each of the eight Exchange Business Days immediately following the scheduled Determination Date is a Disrupted Day. In that case,

(a) that eighth Exchange Business Day shall be deemed to be the Determination Date, notwithstanding the fact that such day is a Disrupted Day; and

(b) the Bank shall determine, acting in good faith and a commercially reasonable manner, the fair price of the Linked Stock on that eighth Exchange Business Day by reference to, without limitation, the last reported price of the Linked Stock and the prevailing market conditions. Such fair price shall be deemed to be the Closing Price of the Linked Stock on the Determination Date.

9.2 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 Linked Stock which is deemed to be the Closing Price of the Linked Stock on the Determination Date, the Bank shall notify the Customer of such deemed Closing Price of the Linked Stock as soon as it has been determined.

10 ASSIGNMENT, TRANSFER OR NOVATION

The Customer cannot assign, transfer or novate any of its rights or obligations in respect of an Equity Linked Deposit without the prior written consent of the Bank.

11 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.

12 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**").

13 DEFINITION

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

"**Actual Coupon Rate**" means the rate for a Deposit Tenor, being Annualised Coupon Rate x Deposit Tenor / Day Count Basis (calculated to 8 decimal places, 0.000000005 being rounded upwards), as specified in the Confirmation.

"**Annualised Coupon Rate**" means the annualised coupon rate per annum specified in the Confirmation, based on the hypothetical assumption that an Equity Linked Deposit can be rolled over on the same terms for a period of 365 days (in the case where the Deposit Currency is HKD) or 360 days (in the case where the Deposit Currency is CNY) and it does not represent the actual return. The Annualised Coupon Rate will not be rounded but it will be shown up to 8 decimal places in the Confirmation.

"**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.

"**Business Day**" means a day on which commercial banks are generally open for business in Hong Kong (excluding Saturdays, Sundays and public holidays).

"**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 Linked Stock; or

(ii) it will incur a materially increased cost in performing its obligations under the 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).

"**Clearing System**" means the Central Clearing and Settlement System or any successor 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 the Determination Date, the official closing price of the 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 9.

"**Confirmation**" means a confirmation relating to an Equity Linked Deposit confirming the terms applicable to that Equity Linked Deposit.

"**Coupon Amount**" means 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):

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

"**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 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 Equity Linked Deposit;

(b) for the Bank to convert any amount due and payable in CNY under the 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 Business Day, the rate specified as such in the Confirmation.

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

"**Day Count Basis**" means the day count basis specified as such in the Confirmation, being

(a) 365 (in the case where the Deposit Currency is HKD) or

(b) 360 (in the case where the Deposit Currency is CNY).

"**Delisting**" means, in respect of the 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 Hong Kong.

"**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 in the Deposit Currency of the Customer specified as such in the Confirmation.

"**Designated HKD Account**" means a cash account of the Customer in HKD for settlement of any HKD Equivalent Amount in case of a CNY Disruption Event specified as such in the Confirmation, which will be applicable in case where the Deposit Currency is CNY.

"**Designated Securities Account**" means a securities account of the Customer specified as such in the Confirmation.

"**Determination Date**" means, in respect of an Equity Linked Deposit, 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, the Determination Date will be postponed in accordance with Condition 9.

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

"**Early Termination Amount**" means, in respect of an 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 7.2 or Condition 8.1 (as the case may be), as representing the fair value of such 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 the Linked Stock, the

remaining Investment Period, any accrued Coupon Amount, the value of the embedded put option, the creditworthiness of the Bank, the transaction costs (including the unwind cost of hedging) and any reasonable operational or administrative costs of the Bank in relation to the early termination.

"**Early Termination Payment Date**" means the second Business Day after the effective date of termination of an Equity Linked Deposit pursuant to Condition 7.2 or Condition 8.1.

"**Equity Issuer**" means the issuer(s) of the Linked Stock.

"**Equity Linked Deposit**" means the Equity Linked Deposit constituted by these Product Terms and Conditions and the relevant Confirmation.

"**Exchange**" means The Stock Exchange of Hong Kong Limited.

"**Exchange Business Day**" means a day on which the Exchange and Related Exchange are scheduled to open for trading during regular trading sessions.

"**Fractional Stock**" means in respect of an Equity Linked Deposit, a non-integral number of shares or units of the Linked Stock (calculated to 2 decimal places, 0.005 being rounded upwards) which a Customer would be entitled to receive according to the formula used to calculate the Stock Amount.

"**Fund Disruption Event**" means, in respect of the Linked Stock which is a unit or share in a fund, any of the following in respect of the 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) the 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 market value of the Linked Stock or the rights or remedies of any holder thereof.

"**Hedging Disruption**" means, in respect of an 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 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 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 an 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 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.

"**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of, or any analogous proceeding affecting, the Equity Issuer:

(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 the 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.

"**Linked Stock**" means the share or the unit of the Equity Issuer specified as such in the Confirmation.

"**Market Disruption Event**" means, (a) any suspension of or limitation on trading on 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 prices for, the 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 occurs at any time during the one hour period that ends at the scheduled closing time of the Exchange or Related Exchange, or (c) the Exchange or Related Exchange fails to open for trading, or closes before its scheduled closing time.

"**Maturity Date**" means the second Business Day after the Determination Date, provided where the Bank is obliged to deliver the Stock Amount, if such date is not a Clearing System Business Day, the following Clearing System Business Day, subject to a postponement in case of the occurrence of a Settlement Disruption Event or a CNY Disruption Event (in case where the Deposit Currency is CNY) in accordance with Condition 4.

"**Merger Date**" means the closing date of a Merger Event in relation to a Linked Stock 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 the Linked Stock, any of the following:

(a) reclassification or change of such 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 the 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 Stock 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 occurs on or after the Trade Date but on or prior to the Determination Date.

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

"**Reference Price**" means the price specified as such in the Confirmation.

"**Related Exchange**" means 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 the Linked Stock.

"**Settlement Disruption Event**" means an event beyond the control of the Bank as a result of which the Bank cannot make delivery of the Linked 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).

"**Spot Price**" means the price specified as such in the Confirmation, being the prevailing market price of the Linked Stock (as published by the Exchange) at the time of an application for an Equity Linked Deposit is made on the Trade Date.

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

"**Stock Amount**" means, in respect of the Equity Linked Deposit, the number of Linked Stock calculated as follows:

$$\frac{\text{Deposit Amount + Coupon Amount}}{\text{Reference Price}}$$

Provided that, if the Stock Amount calculated in accordance with the above formula consists of any Fractional Stock, then in respect of that Fractional Stock, Bank shall pay the cash equivalent to Customer in accordance with Condition 3.1(b).

"**Tender Offer**" means, in respect of the 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.

APPENDIX 2 – FORM OF TERM SHEET FOR EQUITY LINKED DEPOSITS

We set out below a form of the Term Sheet for our Equity Linked Deposits. It is indicative only. Each Term Sheet covers an Equity Linked Deposit only. You must read the Term Sheet for the particular Equity Linked Deposit you are interested in and all other Offering Documents before applying for an Equity Linked Deposit.

Term Sheet for Equity Linked Deposit offered by The Bank of East Asia, Limited
(東亞銀行有限公司)
(the "Bank") dated [*date*]

IMPORTANT RISK WARNING

- **Not a time deposit.** Our 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 Equity Linked Deposit is NOT a protected deposit under the Deposit Protection Scheme in Hong Kong.

- **Not capital protected.** Our Equity Linked Deposit is NOT capital protected. You may receive the Stock Amount instead of the Deposit Amount in cash at maturity depending on the Closing Price of the Linked Stock on the Determination Date. The market value of the Stock Amount 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 Equity Linked Deposit is capped and limited to the predetermined Coupon Amount (less any Cash Settlement Expenses) even if your view on the market movement of the Linked Stock is correct.

- **No collateral**. Our Equity Linked Deposit is NOT secured on any of our assets or any collateral.

- **Liquidity risk.** Our 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 Equity Linked Deposit with an Investment Period of more than 6 months. If you early terminate your 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 Equity Linked Deposit is not listed on any stock exchange and is not covered by the Investor Compensation Fund in Hong Kong.

- **Not the same as investment in the Linked Stock.** Investing in our Equity Linked Deposit is not the same as investing in the Linked Stock. You have no right in the Linked Stock, except where the Linked Stock is determined on the Determination Date to be deliverable to you on the Maturity Date, in which case you will be entitled to the rights in the Linked Stock from and including the Determination Date. Movement in the market price of the Linked Stock may not lead to any corresponding change in the performance of our Equity Linked Deposit.

- **Insolvency risk.** The settlement of our 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 Equity Linked Deposit, you can only claim as an unsecured creditor of the Bank regardless of the performance of the Linked Stock and the terms of our Equity Linked Deposit. **In the worst case scenario, you could lose all of your Deposit Amount.**

- **Exposure to risks from the time you place your purchase order.** Once you place your purchase order with us, you will be committed to invest in our Equity Linked Deposit, and you will therefore be exposed to risks relating to our 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 Equity Linked Deposit. Our economic interests in each role may be adverse to your interests in our Equity Linked Deposit.

- **[Additional risks for CNY-denominated Equity Linked Deposit linked to CNY-traded Linked Stock.**

(i) **Limited pool of CNY outside the mainland China.** CNY is subject to foreign exchange control by the PRC central government. There is currently a limited pool of CNY outside the mainland China and any tightening of foreign exchange control by the PRC central government may adversely affect the liquidity of offshore CNY and the performance of our CNY-denominated Equity Linked Deposit.

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

This Term Sheet must be read in conjunction with:

(i) our principal brochure for Equity Linked Deposits dated 23 June 2023 ("**Principal Brochure**") [and the addendum dated [*insert date of the addendum*]]; and

(ii) our financial disclosure document dated [*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 an 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 [(and 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)
Deposit Currency	:	[HKD][CNY]
Deposit Tenor	:	[*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	:	[*number of calendar days*] 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 (or its equivalent in CNY, calculated at the prevailing exchange rate between offshore CNY and HKD at the time when you place your purchase order)
Deposit Amount	:	[HKD][CNY][*deposit amount*]
Trade Date	:	[*date*]
Start Date	:	[*date*]
Determination Date	:	[*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, the Determination Date will be postponed as provided in Condition 9 of the Product Terms and Conditions.
Maturity Date	:	Scheduled to be [*date*], being the second Business Day after the Determination Date, provided where the Bank is obliged to deliver the Stock Amount, 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 [or a CNY Disruption Event][1] as provided in Condition 4 of the Product Terms and Conditions.

[1] Applicable where the Deposit Currency is CNY.

Annualised Coupon Rate	:	[*annualised coupon rate*] per annum, based on the hypothetical assumption that the Equity Linked Deposit can be rolled over on the same terms for a period of [365][2] [360][3] days. It does not reflect the Actual Coupon Rate for the Deposit Tenor of the Equity Linked Deposit. You should not rely on the annualised rate as an indication of the expected potential return for the Equity Linked Deposit. The Annualised Coupon Rate will not be rounded, but it is shown up to 8 decimal places.
Actual Coupon Rate	:	[*actual coupon rate*] for the Deposit Tenor, being Annualised Coupon Rate x Deposit Tenor / Day Count Basis (calculated to 8 decimal places, 0.000000005 being rounded upwards).
Linked Stock	:	The [shares/units] of [*company/fund*] ("**Equity Issuer**") (stock code: [*stock code*])
Trading currency of the Linked Stock[4]	:	[HKD][CNY]
Exchange	:	The Stock Exchange of Hong Kong Limited
Spot Price	:	[HKD][CNY][*price*], being the prevailing market price of the Linked Stock at the time you place a purchase order for your Equity Linked Deposit on the Trade Date (as published by the Exchange).
Reference Price	:	[HKD][CNY][*price*] (being [*number*]% of the Spot Price)
Closing Price	:	The official closing price of the Linked Stock as of the Determination Date (as published by the Exchange), subject to the adjustments as stated in Condition 9 of the Product Terms and Conditions.
Coupon Amount	:	[HKD][CNY][*coupon amount*], being calculated in this formula: Deposit Amount x Annualised Coupon Rate x Deposit Tenor/ Day Count Basis (calculated to 2 decimal places, 0.005 being rounded upwards).
Day Count Basis	:	[365][5] [360][6]

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2 Applicable where the Deposit Currency is HKD.
3 Applicable where the Deposit Currency is CNY.
4 The trading currency of the Linked Stock is the same as the Deposit Currency.
5 Applicable where the Deposit Currency is HKD.
6 Applicable where the Deposit Currency is CNY.

Settlement at maturity : 1. If the Closing Price of the Linked Stock on the Determination Date is AT or ABOVE the Reference Price, you will receive in cash the Deposit Amount plus the Coupon Amount (less any Cash Settlement Expenses) on the Maturity Date;

OR

2. If the Closing Price of the Linked Stock on the Determination Date is BELOW the Reference Price, you will receive the Stock Amount on the Maturity Date.

Stock Amount : In case of physical delivery of the Linked Stock, the number of Linked Stock calculated as follows:

$$\frac{\text{Deposit Amount + Coupon Amount}}{\text{Reference Price}}$$

We will deliver an integral number of the Linked Stock to you on the Maturity Date (subject to payment of any Physical Settlement Expenses). If the Stock Amount 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 the Deposit Currency (not subject to payment of any Cash Settlement Expenses).

[CNY/HKD Exchange Rate (for calculation of the HKD Equivalent Amount in case of the occurrence of a CNY Disruption Event) : In respect of a Business Day, the mid-market exchange rate between offshore CNY and HKD, which appears on the [Bloomberg/Reuters page] [*insert screen page*] as of [*insert time*] on such day, or if such rate is not available on such page as of such time on such day, the exchange rate as determined by the Bank in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) with reference to, without limitation, the comparable rate(s) as displayed on other price source(s) and the prevailing market conditions.][7]

Cash Settlement Expenses : Cash Settlement Expenses are charges or expenses including any taxes and duties that are incurred for receipt of any cash amount under the Equity Linked Deposit (except for any Residual Cash). [Currently there are no such charges or expenses. If any Cash Settlement Expenses are payable in future, we will inform you as soon as practicable.][Please ask us for details of Cash Settlement Expenses payable.]

[7] Applicable where the Deposit Currency is CNY.

Physical Settlement Expenses	:	Physical Settlement Expenses are out-of-pocket expenses relating to the delivery of the number of the Linked Stock in the Stock Amount 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 Linked Stock calculated at the Reference Price[, converted into HKD 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][7]) and any other charges for provision of securities services as notified by us in advance from time to time.
Product Terms and Conditions	:	See the section headed "Product Terms and Conditions of Equity Linked Deposits" in Appendix 1 to the Principal Brochure.
Confirmation	:	The Confirmation which reflects the terms summarised in this Term Sheet will be sent to you within 2 Business Days after the Trade Date. The Confirmation will apply, disapply, amend, vary, and/or supplement the Product Terms and Conditions. The Confirmation, when read in conjunction with the Product Terms and Conditions, constitutes the legal terms and conditions applicable to the Equity Linked Deposit.
Post-sale cooling off period	:	Post-sale cooling-off period pursuant to Part IV of the Code on Unlisted Structured Investment Products issued by the SFC **DOES NOT APPLY** to any of our Equity Linked Deposit because the Bank will only offer Equity Linked Deposit with an Investment Period of not more than one year.
Market making arrangements	:	[***[For an Equity Linked Deposit with an Investment Period of 6 months or less:]*** The Investment Period of the Equity Linked Deposit is 6 months or less. We will not provide any market making arrangement for this Equity Linked Deposit and you cannot early terminate the Equity Linked Deposit after your Equity Linked Deposit purchase order is accepted and executed by us on the Trade Date.] [***[For an Equity Linked Deposit with an Investment Period of more than 6 months:]*** 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 36 to 37 of the Principal Brochure for further details.]

[Updated information

[*Details of the updated information*]]

[No] [M/m]aterial adverse change

[Save as disclosed in the section headed [*heading*] of our Financial Disclosure Document [and the addendum dated [*insert date of the addendum*]],] [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 [*date*].

[No] [M/m]aterial litigation

[Save as disclosed in the section headed [*heading*] of our Financial Disclosure Document [and the addendum dated [*insert date of the addendum*]],] [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 Equity Linked Deposit.

Information relating to the Linked Stock

[[*Linked Stock*] (the "**Newly Listed Stock**") was listed on The Stock Exchange of Hong Kong Limited (the "**Exchange**") on [*date*]. Prior to the listing of the Newly Listed Stock, there had been no public market for the Newly Listed Stock and an active public market for the Newly Listed Stock 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, particularly in relation to either the volatility or liquidity which may have an impact on the potential return on your investment.

Although the Newly Listed Stock is listed on the Exchange, there is no guarantee that a trading market for the Newly Listed Stock will develop or, if a market does develop, the liquidity of that market. Also, the price and trading volume of the Newly Listed Stock 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 the Linked Stock is a newly listed share or fund on the Exchange with a trading history of less than 60 Exchange Business Days.

The Linked Stock is listed on the Exchange and the entity issuing the 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 factor specific to 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 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 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 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 Fund Disruption Event (such as any material change or material breach in the mandate or risk profile) occurs, we will early terminate the affected Equity Linked Deposit. Please refer to the paragraph headed "We may early terminate an Equity Linked Deposit if a Merger Event, a Tender Offer or an Additional Disruption Event occurs" on pages 13 to 14 of the Principal Brochure for further details.

You should read the offering documents of the fund to understand its key features and risks.][Note 2]

Note 2: Insert if the Linked Stock is units or shares of a fund.

[The Equity Linked Deposit 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 performance of the Equity Linked Deposit.][Note 3]

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

[The ETF adopts 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 higher liquidity risk if such financial derivative instruments do not have an active secondary market.][Note 4]

Note 4: Insert if the Linked Stock is units or shares of a synthetic ETF.

[The Equity Linked Deposit 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 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 Equity Linked Deposit of the same magnitude or even any increase at all.][Note 5]

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

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

The Equity Linked Deposit is linked to an ETF issued and traded outside mainland China with direct investment in the mainland China's securities market through the Qualified Foreign Institutional Investor regime and RMB Qualified Foreign Institutional Investor regime (collectively, the "**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:

(i) the novelty and untested nature of China Connect makes a China ETF investing through it riskier than traditional exchange traded funds. The policy and rules for the 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 Equity Linked Deposit;

(ii) a China ETF primarily invests in securities traded in the mainland China's securities market and is subject to concentration risk. Investment in the mainland China's securities market (which are inherently stock markets with restricted access) involves certain risks and special considerations as compared with investment in more developed economies or markets, such as greater political, tax, economic, foreign exchange, liquidity and regulatory risks. The operation of a China ETF may also be affected by interventions by the applicable government(s) and regulators in the financial markets. This may adversely affect the performance of the China ETF, and in turn adversely affect the performance of the Equity Linked Deposits;

(iii) 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

(iv) there are risks and uncertainties associated with the current mainland Chinese tax laws applicable to China ETFs investing in the mainland China 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 Equity Linked Deposit.

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 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 the Linked Stock is units or shares of a China ETF listed on the Exchange.

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

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 in light of the novelty and relatively untested nature of the Exchange's multiple counter model:

(i) the Equity Linked Deposit may relate to the HKD-traded or CNY-traded shares or units. 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 Equity Linked Deposit;

(ii) 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 and units and have an adverse effect on the performance of the Equity Linked Deposit; and

(iii) 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 Equity Linked Deposit.

The above risks may have a significant adverse impact on the performance of the shares of the company or units or shares of the fund and the performance of the 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 the Linked Stock is shares of a company or units or shares of a fund which are traded through the multiple counter model on the Exchange.

[Additional risk factors specific to CNY-denominated Equity Linked Deposit linked to CNY-traded Linked Stock

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

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

There is currently a limited pool of CNY outside the mainland China. 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 Equity Linked Deposit linked to CNY-traded Linked Stock which in turn may adversely affect the performance of our Equity Linked Deposit.

(ii) *Settlement risks for CNY Disruption Event*

If 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 Equity Linked Deposit 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. 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 Equity Linked Deposit.

The occurrence of a CNY Disruption Event could delay your receipt of payment under the 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 a HKD Equivalent Amount, you will also be exposed to the risk of fluctuation in the exchange rate of offshore CNY against HKD. If CNY depreciates significantly against HKD following the occurrence of a CNY Disruption Event, you will suffer a loss in HKD terms as the HKD Equivalent Amount paid to you will be substantially less than the value of the relevant amount payable in CNY on the original payment date in HKD terms (calculated based on the exchange rate between offshore CNY and HKD prior to the occurrence of the CNY Disruption Event).

(iii) *Offshore CNY exchange rate risk*

While both onshore CNY (i.e. CNY traded in the mainland China) ("**onshore CNY**") and offshore CNY (i.e. CNY traded outside the mainland China) ("**offshore CNY**") are the same currency, they are traded in different and separate markets operating under different regulations and independent liquidity pool. Onshore CNY and offshore CNY are currently traded in different markets with different exchange rates, whereby their exchange rate movements may not be in the same direction or magnitude. The offshore CNY exchange rate may deviate significantly from the onshore CNY exchange rate.

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). Non CNY-based investors may have to convert their home currency into CNY when investing in CNY-denominated Equity Linked Deposit. Such investors may also have to convert payments made on such Equity Linked Deposit (or proceeds from selling the CNY-traded Linked Stock delivered to such investors under our Equity Linked Deposit) back to their home currency. During these processes, such investors will incur currency conversion costs and be exposed to risk of fluctuation in the exchange rate of offshore CNY against their home currency.

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 Equity Linked Deposit denominated in CNY shall not be used to speculate on the appreciation of CNY.

(iv) *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 Equity Linked Deposit denominated in CNY 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 Equity Linked Deposit.][Note 8]

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

Additional Information

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

APPENDIX 3 – FORM OF CONFIRMATION FOR EQUITY LINKED DEPOSITS

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

The SFC takes no responsibility as to the contents of the form of the Confirmation, 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 Confirmation. 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).

Equity Linked Deposit Confirmation

This Confirmation constitutes the "Confirmation" relating to the 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 Equity Linked Deposits dated 23 June 2023 ("**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 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:	[HKD][CNY]
Deposit Amount:	[HKD][CNY][*amount*]
Trade Date:	[*date*]
Start Date:	[*date*]
Determination Date:	[*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, the Determination Date will be postponed as provided in Condition 9 of the Product Terms and Conditions.
Maturity Date:	Scheduled to be [*date*], being the second Business Day after the Determination Date, provided where the Bank is obliged to deliver the Stock Amount, 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 [or a CNY Disruption Event][1] as provided in Condition 4 of the Product Terms and Conditions.

[1] Applicable where the Deposit Currency is CNY.

Deposit Tenor:	[*number*] calendar days, being the number of calendar days from and including the Start Date to but excluding the Maturity Date.
Investment Period:	[*number*] calendar days, being the number of calendar days from and including the Trade Date to and including the Determination Date.
Annualised Coupon Rate:	[*annualised coupon rate*] per annum, based on the hypothetical assumption that the Equity Linked Deposit can be rolled over on the same terms for a period of [365][2] [360][3] days. It does not reflect the Actual Coupon Rate for the Deposit Tenor of the Equity Linked Deposit. The Customer should not rely on the annualised rate as an indication of the expected potential return for the Equity Linked Deposit. The Annualised Coupon Rate will not be rounded, but it is shown up to 8 decimal places.
Actual Coupon Rate:	[*actual coupon rate*] for the Deposit Tenor, being Annualised Coupon Rate x Deposit Tenor / Day Count Basis (calculated to 8 decimal places, 0.000000005 being rounded upwards).
Coupon Amount:	[HKD][CNY][*number*] (being Deposit Amount x Annualised Coupon Rate x Deposit Tenor / Day Count Basis) (calculated to 2 decimal places, 0.005 being rounded upwards).
Day Count Basis:	[365][2] [360][3]
Linked Stock:	The [shares/units] of [*company/fund*] (stock code: [*stock code*])
Trading currency of the Linked Stock[4]:	[HKD][CNY]
Exchange:	The Stock Exchange of Hong Kong Limited
Spot Price:	[HKD][CNY][*price*]
Reference Price:	[HKD][CNY][*price*] (being [*number*]% of the Spot Price)
Closing Price:	The official closing price of the Linked Stock as of the Determination Date (as published by the Exchange), subject to the adjustments as stated in Condition 9 of the Product Terms and Conditions.

[2] Applicable where the Deposit Currency is HKD.

[3] Applicable where the Deposit Currency is CNY.

[4] The trading currency of the Linked Stock is the same as the Deposit Currency.

Settlement at maturity:

1. If the Closing Price of the Linked Stock on the Determination Date is AT or ABOVE the Reference Price, the Customer will receive in cash the Deposit Amount plus the Coupon Amount (less any Cash Settlement Expenses) on the Maturity Date;

OR

2. If the Closing Price of the Linked Stock on the Determination Date is BELOW the Reference Price, the Customer will receive the Stock Amount on the Maturity Date.

Stock Amount:

In case of physical delivery of the Linked Stock, the number of Linked Stock calculated as follows:

$$\frac{\text{Deposit Amount + Coupon Amount}}{\text{Reference Price}}$$

The Bank will deliver an integral number of the Linked Stock to the Customer on the Maturity Date (subject to payment of any Physical Settlement Expenses). If the Stock Amount calculated in accordance with the above formula consists of any Fractional Stock, the Bank will settle such Fractional Stock on the Maturity Date by payment of the Residual Cash in the Deposit Currency (not subject to payment of any Cash Settlement Expenses).

[CNY/HKD Exchange Rate (for calculation of the HKD Equivalent Amount in case of the occurrence of a CNY Disruption Event):

In respect of a Business Day, the mid-market exchange rate between offshore CNY and HKD, which appears on the [Bloomberg/Reuters page] [*insert screen page*] as of [*insert time*] on such day, or if such rate is not available on such page as of such time on such day, the exchange rate as determined by the Bank in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) with reference to, without limitation, the comparable rate(s) as displayed on other price source(s) and the prevailing market conditions.][5]

Cash Settlement Expenses:

Cash Settlement Expenses are charges or expenses including any taxes and duties that are incurred for receipt of any cash amount under the Equity Linked Deposit (except for any Residual Cash). [Currently there are no such charges or expenses. If any Cash Settlement Expenses are payable in future, the Bank will inform the Customer as soon as practicable.][Please ask the Bank for details of Cash Settlement Expenses payable.]

[5] Applicable where the Deposit Currency is CNY.

Physical Settlement Expenses:	Physical Settlement Expenses are out-of-pocket expenses relating to the delivery of the number of the Linked Stock in the Stock Amount 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 Linked Stock calculated at the Reference Price[, converted into HKD (where the trading currency of the Linked 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][6]) and any other charges for provision of securities services as notified by the Bank in advance from time to time.
Product Terms and Conditions:	Product Terms and Conditions of Equity Linked Deposits as set out in Appendix 1 to the Principal Brochure

Disposal Instruction

Designated Cash Account:	[*account number*]
Designated Securities Account:	[*account number*]
[Designated HKD Account:	[*account number*]][6]

OUR 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.

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[6] Applicable where the Deposit Currency is CNY.

APPENDIX 4 – 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 the Linked Stock or our 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 regulation) payable by you upon cash settlement or physical delivery of the Linked Stock.

I. Where the Deposit Currency and the trading currency of the Linked Stock are HKD

This scenario analysis is based on an investment in our HKD-denominated Equity Linked Deposits with the following terms:

Deposit Tenor (i.e. the tenor used to calculate the Coupon Amount):	31 calendar days (commencing from and including the Start Date to but excluding the Maturity Date)
Investment Period:	32 calendar days (commencing from and including the Trade Date to and including the Determination Date)
Trade Date:	1 March 20XX
Start Date:	3 March 20XX
Determination Date:	1 April 20XX
Maturity Date:	3 April 20XX
Linked Stock:	Shares in Company A
Deposit Amount:	HKD115,710
Spot Price:	HKD40.00
Reference Price:	HKD38.80 (being 97% of the Spot Price)
Annualised Coupon Rate:	7.02116805% per annum*

* This is expressed in an annualised format and is based on the hypothetical assumption that the Equity Linked Deposit can be rolled over on the same terms for a period of 365 days and does not reflect the actual coupon rate for the Deposit Tenor of the Equity Linked Deposit. You should not rely on the annualised rate as an indication of the expected potential return for the Equity Linked Deposit. The Annualised Coupon Rate will not be rounded, but it is shown up to 8 decimal places for the purpose of this scenario analysis.

Actual Coupon Rate:	0.59631838% for the Deposit Tenor, being 7.02116805% p.a. x 31/ 365 (calculated to 8 decimal places, 0.000000005 being rounded upwards).
Coupon Amount:	HKD690 Deposit Amount x Annualised Coupon Rate x Deposit Tenor / Day Count Basis (calculated to 2 decimal places, 0.005 being rounded upwards) (being HKD115,710 x 7.02116805% p.a. x 31 / 365 = HKD690.00)

***Scenario 1 (Best Case Scenario)*: if Closing Price of the Linked Stock on the Determination Date is AT or ABOVE the Reference Price**

Assuming that the Closing Price of the Linked Stock on the Determination Date is HKD42.00, which is higher than the Reference Price, you will receive **in cash** the Deposit Amount together with the Coupon Amount (i.e. HKD115,710 + HKD690 = HKD116,400) on the Maturity Date.

In this scenario 1, you have a maximum potential gain of HKD690 (i.e. HKD116,400 - HKD115,710) for the Deposit Amount, representing a gain of 0.60% of your Deposit Amount (calculated to 2 decimal places, 0.005 being rounded upwards).

***Scenario 2 (Breakeven Scenario)*: if Closing Price of the Linked Stock on the Determination Date is BELOW the Reference Price but AT the breakeven price**

Assuming that the Closing Price of the Linked Stock on the Determination Date is HKD38.57, which is slightly lower than the Reference Price, you will receive the Stock Amount on the Maturity Date calculated as follows:

(Deposit Amount + Coupon Amount) / Reference Price

= (HKD115,710 + HKD690) / HKD38.80

= 3,000 shares

The breakeven price is calculated as follows:

Deposit Amount / Stock Amount

= HKD115,710 / 3,000 shares

= HKD38.57

In this scenario 2, assuming you can sell the number of the Linked Stock deliverable to you on the Maturity Date at the breakeven price, you will obtain the amount of sale proceeds (3,000 shares x HKD38.57 = HKD115,710) which will be equal to the Deposit Amount. However, any downside movements in the market price of the Linked Stock after the Determination Date up to the Maturity Date could adversely affect your investment. If you decide to hold the number of the Linked Stock deliverable to you on the Maturity Date, you will be further exposed to the risk of price fluctuation from the Maturity Date until you sell the Linked Stock.

***Scenario 3 (Loss Scenario)*: if Closing Price of the Linked Stock on the Determination Date is BELOW the Reference Price and the breakeven price**

Assuming that the Closing Price of the Linked Stock on the Determination Date is HKD32.00, which is lower than the Reference Price, you will receive the Stock Amount on the Maturity Date calculated as follows:

(Deposit Amount + Coupon Amount) / Reference Price

= (HKD115,710 + HKD690) / HKD38.80

= 3,000 shares

In this scenario 3, you suffer an unrealised loss of HKD19,710 (i.e. HKD115,710 - 3,000 shares x HKD32.00) by reference to the Closing Price of the Linked Stock on the Determination Date, representing a loss of 17.03% of your Deposit Amount (calculated to 2 decimal places, 0.005 being rounded upwards). In addition, any further downside movements in the market price of the Linked Stock after the Determination Date up to the Maturity Date could adversely affect your investment. If you decide to hold the number of the Linked Stock deliverable to you on the Maturity Date, you will be further exposed to the risk of price fluctuation from the Maturity Date until you sell the Linked Stock.

***Scenario 4 (Worst Case Scenario)*: if Closing Price of the Linked Stock on the Determination Date drops to zero**

Assuming that the Closing Price of the Linked Stock on the Determination Date is HKD0.00, which is lower than the Reference Price, you will receive the Stock Amount on the Maturity Date calculated as follows:

(Deposit Amount + Coupon Amount) / Reference Price

= (HKD115,710 + HKD690) / HKD38.80

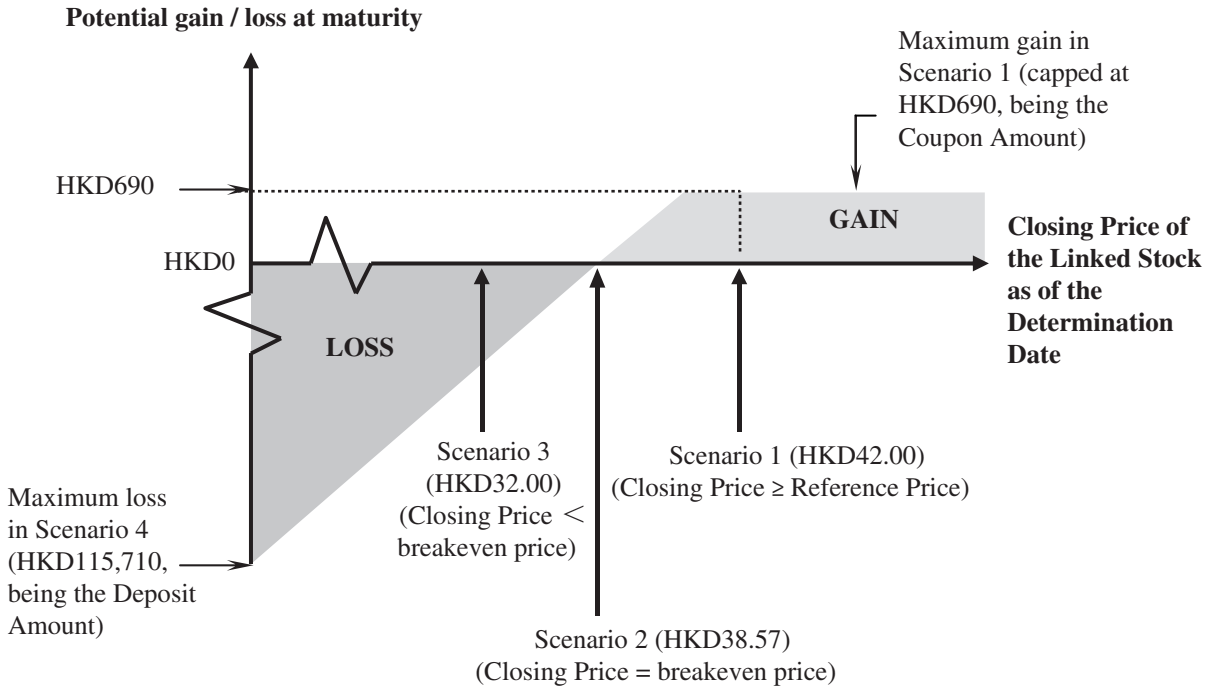
= 3,000 shares

In this scenario 4, you suffer an unrealised loss of HKD115,710 (being the entire amount of the Deposit Amount) if the share price of Linked Stock remains at zero on the Maturity Date, representing a loss of 100% of your Deposit Amount.

***Scenario 5 (Default scenario)*: if the Bank as Offeror becomes insolvent or defaults on its obligations**

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

The following diagram illustrates the potential gain/loss for the Deposit Amount under scenarios 1 to 4 above:



The illustration above is based on the assumption that the Closing Price of the Linked Stock on the Determination Date is the same as the market price of the Linked Stock on the Maturity Date. You should note that any further downside movements in the closing price of the Linked Stock after the Determination Date up to the Maturity Date could adversely affect your investment.

II. Where the Deposit Currency and the trading currency of the Linked Stock are CNY

This scenario analysis is based on an investment in our CNY-denominated Equity Linked Deposits with the following terms:

Deposit Tenor (i.e. the tenor used to calculate the Coupon Amount):	31 calendar days (commencing from and including the Start Date to but excluding the Maturity Date)
Investment Period:	32 calendar days (commencing from and including the Trade Date to and including the Determination Date)
Trade Date:	1 March 20XX
Start Date:	3 March 20XX
Determination Date:	1 April 20XX
Maturity Date:	3 April 20XX
Linked Stock:	Shares in Company B
Deposit Amount:	CNY113,310
Spot Price:	CNY40.00
Reference Price:	CNY38.00 (being 95% of the Spot Price)
Annualised Coupon Rate:	7.07166466% per annum* * This is expressed in an annualised format and is based on the hypothetical assumption that the Equity Linked Deposit can be rolled over on the same terms for a period of 360 days and does not reflect the actual coupon rate for the Deposit Tenor of the Equity Linked Deposit. You should not rely on the annualised rate as an indication of the expected potential return for the Equity Linked Deposits. The Annualised Coupon Rate will not be rounded, but it is shown up to 8 decimal places for the purpose of this scenario analysis.
Actual Coupon Rate:	0.60894890% for the Deposit Tenor, being 7.07166466% p.a. x 31/ 360 (calculated to 8 decimal places, 0.000000005 being rounded upwards).
Coupon Amount:	CNY690 Deposit Amount x Annualised Coupon Rate x Deposit Tenor / Day Count Basis (calculated to 2 decimal places, 0.005 being rounded upwards) (being CNY113,310 x 7.07166466% p.a. x 31 / 360 = CNY690.00)

***Scenario 1 (Best Case Scenario)*: if Closing Price of the Linked Stock on the Determination Date is AT or ABOVE the Reference Price**

Assuming that the Closing Price of the Linked Stock on the Determination Date is CNY42.00, which is higher than the Reference Price, you will receive **in cash** the Deposit Amount together with the Coupon Amount (i.e. CNY113,310 + CNY690 = CNY114,000) on the Maturity Date.

In this scenario 1, you have a maximum potential gain of CNY690 (i.e. CNY114,000 - CNY113,310) for the Deposit Amount, representing a gain of 0.61% of your Deposit Amount (calculated to 2 decimal places, 0.005 being rounded upwards).

The cash payment is denominated in CNY. HKD-based investors are exposed to fluctuations in the exchange rate between HKD and offshore CNY if they convert such CNY cash payment back to HKD.

***Scenario 2 (Breakeven Scenario)*: if Closing Price of the Linked Stock on the Determination Date is BELOW the Reference Price but AT the breakeven price**

Assuming that the Closing Price of the Linked Stock on the Determination Date is CNY37.77, which is slightly lower than the Reference Price, you will receive the Stock Amount on the Maturity Date calculated as follows:

(Deposit Amount + Coupon Amount) / Reference Price

= (CNY113,310 + CNY690) / CNY38.00

= 3,000 shares

The breakeven price is calculated as follows:

Deposit Amount / Stock Amount

= CNY113,310 / 3,000 shares

= CNY37.77

In this scenario 2, assuming you can sell the number of the Linked Stock deliverable to you on the Maturity Date at the breakeven price, you will obtain the amount of sale proceeds (3,000 shares x CNY37.77 = CNY113,310) which will be equal to the Deposit Amount. However, any downside movements in the market price of the Linked Stock after the Determination Date up to the Maturity Date could adversely affect your investment. If you decide to hold the number of the Linked Stock deliverable to you on the Maturity Date, you will be further exposed to the risk of price fluctuation from the Maturity Date until you sell the Linked Stock.

The trading currency of the Linked Stock is CNY. HKD-based investors are exposed to fluctuations in the exchange rate between HKD and offshore CNY if they convert such CNY sale proceeds back to HKD.

***Scenario 3 (Loss Scenario)*: if Closing Price of the Linked Stock on the Determination Date is BELOW the Reference Price and the breakeven price**

Assuming that the Closing Price of the Linked Stock on the Determination Date is CNY32.00, which is lower than the Reference Price, you will receive the Stock Amount on the Maturity Date calculated as follows:

(Deposit Amount + Coupon Amount) / Reference Price

= (CNY113,310 + CNY690) / CNY38.00

= 3,000 shares

In this scenario 3, you suffer an unrealised loss of CNY17,310 (i.e. CNY113,310 - 3,000 shares x CNY32.00) by reference to the Closing Price of the Linked Stock on the Determination Date, representing a loss of 15.28% of your Deposit Amount (calculated to 2 decimal places, 0.005 being rounded upwards). In addition, any further downside movements in the market price of the Linked Stock after the Determination Date up to the Maturity Date could adversely affect your investment. If you decide to hold the number of the Linked Stock deliverable to you on the Maturity Date, you will be further exposed to the risk of price fluctuation from the Maturity Date until you sell the Linked Stock.

The trading currency of the Linked Stock is CNY. HKD-based investors are exposed to fluctuations in the exchange rate between HKD and offshore CNY if they sell the Linked Stock and convert such CNY sale proceeds back to HKD.

***Scenario 4 (Worst Case Scenario)*: if Closing Price of the Linked Stock on the Determination Date drops to zero**

Assuming that the Closing Price of the Linked Stock on the Determination Date is CNY0.00, which is lower than the Reference Price, you will receive the Stock Amount on the Maturity Date calculated as follows:

(Deposit Amount + Coupon Amount) / Reference Price

= (CNY113,310 + CNY690) / CNY38.00

= 3,000 shares

In this scenario 4, you suffer an unrealised loss of CNY113,310 (being the entire amount of the Deposit Amount) if the share price of Linked Stock remains at zero on the Maturity Date, representing a loss of 100% of your Deposit Amount.

***Scenario 5*: Where a CNY Disruption Event occurs and continues to exist for twelve Business Days after the Maturity Date**

Taking the best case Scenario 1 above, if a CNY Disruption Event occurs and continues to exist for twelve Business Days after the Maturity Date, the payment of the Deposit Amount together with the Coupon Amount (i.e. CNY114,000) 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 HKD91,200 (being CNY114,000 x 0.8). Therefore, you will suffer a loss of HKD51,300 in HKD terms, as the HKD Equivalent Amount (i.e. HKD91,200) 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 HKD142,500 (being CNY114,000 x 1.25).

***Scenario 6 (Default scenario)*: if the Bank as Offeror becomes insolvent or defaults on its obligations**

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

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