

Equity Linked Investment Product is an unlisted structured product which involves derivatives offered by The Bank of East Asia, Limited, Macau Branch 東亞銀行有限公司澳門分行 (the “Bank”), a licensed bank regulated by the Autoridade Monetária De Macau (“AMCM”).

**Principal Brochure
(January 2021)**

This is not a time deposit and is not a principal protected investment.

You are advised to exercise caution in relation to any investment in our Equity Linked Investment Product. If you are in any doubt about any of the contents of this Principal Brochure, you should obtain independent professional advice.

If English is not your preferred language, you may request for copy of this Principal Brochure written in Chinese from our Financial Services Officer. 倘若英文並非閣下屬意的語言，閣下可向本行的理財主任索取本指南的中文語言版本。

Our Equity Linked Investment Product is an equity linked instrument embedded with derivatives. The investment decision is yours but you should not invest in the product unless you fully understand the nature and risks associated with an Equity Linked Investment Product and you have sufficient net worth to be able to assume the risks and bear the potential losses of investing in an Equity Linked Investment Product.

Important Risk Warnings

Equity Linked Investment Product. This is a structured product which involves derivatives. The Equity Linked Investment Product is not a principal-guaranteed investment product.

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.

Risk Factors

- **Not a time deposit.** Our Equity Linked Investment Product is an unlisted structured investment product embedded with derivatives. It is **NOT** equivalent to and should not be treated as a substitute for a conventional time deposit.
- **Not protected deposit.** Our Equity Linked Investment Product is **NOT** protected deposit under the Deposit Protection Scheme provided by the Macau SAR Government.
- **Not capital protected.** Our Equity Linked Investment Product is **NOT** capital protected. You may receive the Stock Amount instead of the Investment Amount in cash at maturity depending on the Fixing Value of the Linked Stock on the Determination Date. The market value of the Stock Amount you receive may be substantially less than your Investment Amount or may even become worthless. **In the worst case scenario, you could lose all of your Investment Amount.**
- **Capped maximum potential gain.** The amount of maximum potential gain under our Equity Linked Investment Product is capped and limited to the predetermined Coupon Amount even if your view on the market movement of the Linked Stock is correct.
- **No collateral.** Our Equity Linked Investment Product is **NOT** secured on any of our assets or any collateral.
- **Liquidity risk.** Our Equity Linked Investment Product is designed to be held to maturity. You are not allowed to early terminate the Equity Linked Investment Product before maturity.
- **Not the same as investment in the Linked Stock.** Investing in our Equity Linked Investment Product 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 such 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 Investment Product.

- **Insolvency risk.** The settlement of our Equity Linked Investment Product is subject to the credit and insolvency risks of The Bank of East Asia, Limited 東亞銀行有限公司. If The Bank of East Asia, Limited becomes insolvent or defaults on its obligations under our Equity Linked Investment Product, you can only claim as an unsecured creditor of The Bank of East Asia, Limited regardless of the performance of the Linked Stock and the terms of our Equity Linked Investment Product. **In the worst case scenario, you could lose all of your Investment 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 Investment Product, and you will therefore be exposed to risks relating to our Equity Linked Investment Product from the time you place your purchase order.
- **Exposure to market price movement of the Linked Stock after the Determination Date.** If the Fixing Value of the Linked Stock on the Determination Date is below the Reference Value, you will receive the Stock Amount on the Maturity Date. 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 the Maturity Date until you sell the Linked Stock if you decide to hold the number of the Linked Stock delivery to you on the Maturity Date.
- **Conflicts of interest.** Potential and actual conflicts of interest may arise from the different roles played by The Bank of East Asia, Limited, its subsidiaries and affiliates in connection with our Equity Linked Investment Product. Our economic interests in each role may be adverse to your interests in our Equity Linked Investment Product.
- **Not exhaustive.** The risk factors contained herein are not, and do not purport to be, exhaustive. You should read the relevant offering documents for details.

You should carefully consider and understand the content of this Principal Brochure including the risks set out herein. You should not invest in the Equity Linked Investment Product if you do not have sufficient knowledge / experience in the stock market and / or derivatives.

Equity Linked Investment Product (Principal Brochure)

1 What is our Equity Linked Investment Product?

- Our Equity Linked Investment Product is embedded with derivatives which return is based on the Fixing Value of the Linked Stock on the Determination Date.
- Our Equity Linked Investment Product is linked to shares of a company listed on The Stock Exchange of Hong Kong Limited (“Relevant Exchange”) and traded in Hong Kong dollars. Not all stocks listed on the Relevant Exchange can be selected as a Linked Stock. You should check with our financial services officer for the details of the available stocks.

The Linked Stock should be chosen based on your investment objectives and market view.

2 Who are the target investors?

Our Equity Linked Investment Product is targeted to experienced 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 instruments and are looking for more tailored ways of investing in accordance with their market view;
- are willing to risk all of their capital invested;
- accept that our Equity Linked Investment Product 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;
- are prepared to hold their investment in their Equity Linked Investment Product until the Maturity Date; and
- are prepared to receive the Stock Amount at the Reference Value on the Maturity Date (the market value of which may be substantially less than the Investment Amount) if the Fixing Value of the Linked Stock on the Determination Date is below the Reference Value.

Our Equity Linked Investment Product is not available to United States persons (as defined in the United States Securities Act 1933, as amended).

3 How does it work?

Our Equity Linked Investment Product is embedded with derivatives. If you invest in our Equity Linked Investment Product, you are:

- writing a put option over the Linked Stock in favour of the Bank whereby the Bank has the right to sell, and you have the obligation to buy, the Linked Stock at a pre-set value called the Reference Value when certain conditions (as described below) are met; and
- receiving an option premium in return at maturity in the form of the Coupon Amount, which may be delivered in cash or included in calculating the Stock Amount.

The total payout at maturity may either be in cash or the Stock Amount depending on the Fixing Value of the Linked Stock on the Determination Date:

- if the Fixing Value of the Linked Stock on the Determination Date is at or above its Reference Value, you will receive the Investment Amount together with the Coupon Amount in cash at maturity.
- if the Fixing Value of the Linked Stock on the Determination Date is below its Reference Value, you will receive a predefined Stock Amount of the Linked Stock by reference to its Reference Value calculated as follows:

$$\text{(Investment Amount + Coupon Amount) / Reference Value}$$

We will deliver an integral number of the Linked Stock to you on Maturity Date (which may include odd lots). 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 Investment Currency by reference to the Fixing Value of the Linked Stock on the Determination Date, i.e. the Residual Cash (calculated to 2 decimal places, 0.005 being rounded upwards).

In such case, the market value of the Stock Amount delivered to you may be less or substantially less than the Investment Amount.

Scenario Analysis

The following hypothetical examples are provided for illustration purposes only. They 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 this product. They do not take into account any physical settlement expenses (including the buyer's stamp duty) payable by you upon delivery of the Linked Stock.

This scenario analysis is based on the following terms:

Coupon Period (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)
Trade Date:	1 st March, 20XX
Start Date:	3 rd March, 20XX
Determination Date:	1 st April, 20XX
Maturity Date:	3 rd April, 20XX
Linked Stock:	Shares in Company A
Investment Amount:	HKD115,710.00

Spot Price:	HKD40.00
Reference Value:	HKD38.80 (being 97% of the Spot Price)
Fixing Value:	The official closing price of the Linked Stock as of the Determination Date (as published by the Relevant Exchange)
Coupon Rate:	7.02116805% per annum* *This is expressed in an annualised format and is based on the hypothetical assumption that the Equity Linked Investment Product can be rolled over on the same terms for a period of 365 days and does not reflect the actual coupon rate for the Coupon Period of the Equity Linked Investment Product. You should not rely on the annualised rate as an indication of the expected return for the Equity Linked Investment Product. The Coupon Rate will not be rounded, but it is shown up to 8 decimal places for the purpose of this scenario analysis.
Coupon Amount:	HKD690.00 Investment Amount x Coupon Rate x Coupon Period / 365 (calculated to 2 decimal places, 0.005 being rounded upwards) (being HKD115,710.00 x 7.02116805% p.a. x 31 / 365 = HKD690.00)

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

Assuming that the Fixing Value of the Linked Stock on the Determination Date is HKD42.00, which is higher than the Reference Value, you will receive **in cash** the Investment Amount together with the Coupon Amount (i.e. HKD115,710.00 + HKD690.00 = HKD116,400.00) on the Maturity Date.

In this scenario 1, you have a maximum potential gain of HKD690.00 (i.e. HKD116,400.00 - HKD115,710.00) for the Investment Amount, representing a gain of 0.60% of your Investment Amount (calculated to 2 decimal places, 0.005 being rounded upwards).

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

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

$$\begin{aligned} & (\text{Investment Amount} + \text{Coupon Amount}) / \text{Reference Value} \\ & = (\text{HKD}115,710.00 + \text{HKD}690.00) / \text{HKD}38.80 \\ & = 3,000 \text{ shares} \end{aligned}$$

The breakeven price is calculated as follows:

$$\begin{aligned} & \text{Investment Amount} / \text{Stock Amount} \\ & = \text{HKD}115,710.00 / 3,000 \text{ shares} \\ & = \text{HKD}38.57 \end{aligned}$$

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 = HKD115,710.00) which will be equal to the Investment 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 delivered 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 Fixing Value of the Linked Stock on the Determination Date is BELOW the Reference Value and the breakeven price

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

$$\begin{aligned} & (\text{Investment Amount} + \text{Coupon Amount}) / \text{Reference Value} \\ & = (\text{HKD}115,710.00 + \text{HKD}690.00) / \text{HKD}38.80 \\ & = 3,000 \text{ shares} \end{aligned}$$

In this scenario 3, you suffer an unrealised loss of HKD19,710.00 (i.e. HKD115,710.00 - 3,000 shares x HKD32.00) by reference to the Fixing Value of the Linked Stock on the Determination Date, representing a loss of 17.03% of your Investment 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 delivered 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 Fixing Value of the Linked Stock on the Determination Date drops to zero

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

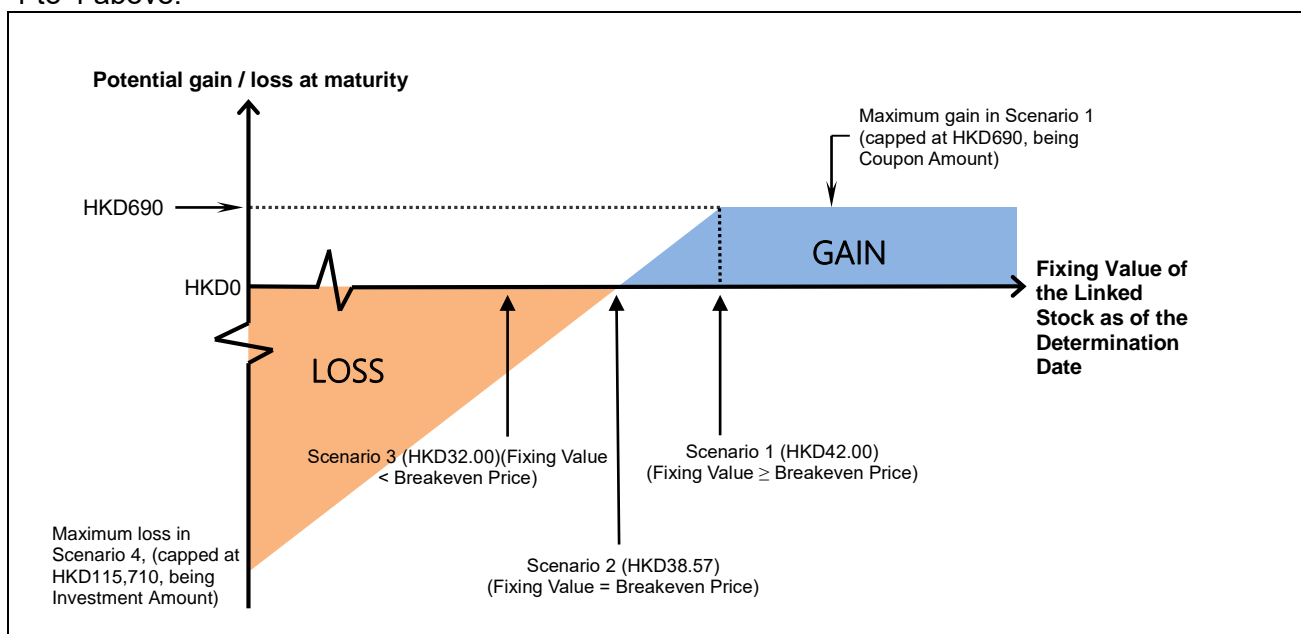
$$\begin{aligned} & (\text{Investment Amount} + \text{Coupon Amount}) / \text{Reference Value} \\ & = (\text{HKD}115,710.00 + \text{HKD}690.00) / \text{HKD}38.80 \\ & = 3,000 \text{ shares} \end{aligned}$$

In this scenario 4, you suffer an unrealised loss of HKD115,710.00 (being the entire amount of the Investment Amount) if the share price of Linked Stock remains at zero on the Maturity Date, representing a loss of 100% of your Investment Amount.

Scenario 5 (Default Scenario): If The Bank of East Asia, Limited becomes insolvent or defaults on its obligations

Assuming that The Bank of East Asia, Limited becomes insolvent during the Coupon Period or defaults on its obligations under the Equity Linked Investment Product, you can only claim as unsecured creditor of The Bank of East Asia, Limited regardless of the performance of the Linked Stock and the terms of the Equity Linked Investment Products. You may get nothing back and suffer a loss of 100% of your Investment Amount.

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



The illustration above is based on the assumption that the Fixing Value 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.

Coupon Period

The number of calendar days from and including the Start Date to but excluding the Maturity Date. The tenors generally range from 1 to 6 months. You may request for a tailor-made tenor to suit your investment strategy. **Early withdrawal (in part or in full) is not allowed prior to the Maturity Date.**

Linked Stocks

Our Equity Linked Investment Product is linked to shares of a company listed on the Relevant Exchange and traded in Hong Kong dollars. Not all stocks listed on the Relevant Exchange can be selected as the Linked Stock. Please contact our financial services officers for the details of the available stocks.

Investment Currency

Hong Kong Dollar

Investment Amount

The minimum Investment Amount for each Equity Linked Investment Product is HKD100,000.00.

Fees and Charges

There is no subscription fee, charge or commissions for placing a purchase order for an Equity Linked Investment Product with us. All related charges incurred by us (including our hedging cost) will be factored into the calculation of the Coupon Rate.

If the Linked Stock is delivered to you on the Maturity Date, the only fee payable by you is the applicable buyer's stamp duty.

Investment Return

The actual investment return is determined based on the Fixing Value of the Linked Stock on the Determination Date, irrespective of the fluctuation of share price of the Linked Stock before that date. However, the amount of gain is capped and limited to the predetermined Coupon Amount irrespective of the market movement of the Linked Stock.

Selling Restrictions

General

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

United States of America

The Equity Linked Investment Products 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 Investment Products may not be offered or sold or otherwise transferred, nor may transactions in such Equity Linked Investment Products 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 Investment Products 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 and United Kingdom

The Equity Linked Investment Products are not and will not be offered, sold or otherwise made available to any retail investor in the European Economic Area or 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 (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/EU (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended and suspended, the “**Prospectus Regulation**”); and
- (b) the expression “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Linked Investment Products to be offered so as to enable an investor to decide to purchase or subscribe the Equity Linked Investment Products.

Early Termination

If the Bank determines (in sole and absolute discretion acting in good faith and in a commercially reasonable manner) that an event of default in respect of you has occurred, the Bank may determine to early terminate your Equity Linked Investment Product.

The events of default are more fully described in the Currency / Equity Linked Investment Products Customer Information Statement and Terms & Conditions (the “Terms & Conditions”). Therefore, you should read the Terms & Conditions if you do not understand the following. An event of default includes without limitation:-

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

Upon such early termination of your Equity Linked Investment Product, you may receive an amount determined by the Bank (in its sole and absolute discretion) taking into account, without limitation, the prevailing market conditions and the unwinding costs, which may be substantially less than your Investment Amount. Please refer to the Terms and Conditions for details.

Comparison with Conventional Time Deposit

Our Equity Linked Investment Product is not a protected deposit under the Deposit Protection Scheme provided by the Macau SAR Government. Although the interest rate payable under a conventional time deposit may be lower, or substantially lower, than the potential maximum return under an Equity Linked Investment Product, an investment in a conventional time deposit is covered by the Deposit Protection Scheme, for the detail of the Deposit Protection Scheme provided by the Macau SAR Government, please refer to the leaflet of “Deposit Protection Scheme of Macao”.

The Offeror of the Equity Linked Investment Product

The Bank is the Offeror of Equity Linked Investment Product and is regulated by AMCM. It is one of the branches of The Bank of East Asia, Limited, which is incorporated in Hong Kong, listed on The Stock Exchange of Hong Kong Limited and is regulated by the Hong Kong Monetary Authority. You may access the latest annual report and any interim results of The Bank of East Asia, Limited by visiting www.hkbea.com.

Adjustment to the terms and conditions

The Bank will adjust some of the terms and conditions (such as the Reference Value) of the Equity Linked Investment Product upon occurrence of certain events (such as a Potential Adjustment Event, including but not limited to rights issue, bonus share, consolidation or subdivision of the Linked Stock) so as to maintain the economic equivalence of the Equity Linked Investment Product.

In case of (i) a Merger Event (such as consolidation, amalgamation or merger) or a Tender Offer (such as takeover or exchange offer), if we determine that no adjustment is able to preserve the economic equivalence of the Equity Linked Investment Product or (ii) an Additional Disruption Event (such as Delisting or Insolvency), we will early terminate the Equity Linked Investment Product.

The Early Termination Amount will be determined by the Bank, in sole and absolute discretion (acting in good faith and in a commercially reasonable manner), representing the fair market value of such Equity Linked Investment Product at the time of the occurrence of such event, taking into account factors including but not limited to, the market interest rate movements, the current and expected market price and price volatility of the Linked Stock, the remaining Investment Period, any accrued Coupon Amount, the value of the embedded put option, our creditworthiness and our unwind cost of hedging less any reasonable operational or administrative costs incurred by us in connection with such early termination. Such amount may be substantially less than your Investment Amount. You may suffer a substantial loss if the Equity Linked Investment Product is early terminated under these circumstances.

Price Source Disruption

Due to the occurrence of a Market Disruption Event, it will be impossible or impractical for the Bank to determine the Fixing Value from the Relevant Exchange. Such day will be treated as a Disrupted Day. If the Determination Date is a Disrupted Day, the Bank will postpone such day to a later date when the Bank determines that it is possible and practical to determine the Fixing Value of the Linked Stock from the Relevant Exchange on such postponed day accordingly. The Bank may postpone the relevant date to determine the Fixing Value for up to the 8th Exchange Business Day after the original scheduled Determination Date. In that case, the 8th Exchange Business Day shall be deemed to be the Determination Date. If that 8th Exchange Business Day continues to be a Disrupted Day, the Bank will determine the Fixing Value of the Linked Stock in good faith estimate and commercial reasonable manner. The Coupon Amount of the Coupon Period will only be calculated up to the but excluding the original Maturity Date.

Settlement Disruption

Due to the occurrence of Settlement Disruption Event, it will be impossible or impractical for the Bank to make delivery of the Linked Stock to you on the scheduled Maturity Date 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 will be postponed to the first following Clearing System Business Day on which there is no Settlement Disruption Event. If the Linked Stock cannot be delivered in any other commercially reasonable manner (as determined by the Bank in sole and absolute discretion acting in good faith and in a commercially reasonable manner), then the Maturity Date will be postponed until delivery can be effected. The delay may persist for a prolonged period or indefinitely and the Bank will not pay any extra amount (such as interest) for any delay in delivery of the Linked Stock.

Glossary

In the Key Facts Statement and the Principal Brochure, unless the context otherwise requires:

“Additional Disruption Event” means any Change in Law, Hedging Disruption, Increased Cost of Hedging, Nationalisation, Insolvency, Delisting or any other disruption event as determined by the Bank in its sole and absolute discretion (acting in good faith in a commercially reasonable manner).

“Change in Law” means (a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law); or (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Bank determines (acting in good faith and in a commercially reasonable manner) that: (i) it has become illegal to hold, acquire or dispose of any of the Linked Stock; or (ii) it will incur a materially increased cost in performing its obligations under the Equity Linked Investment Product (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 successors thereto.

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

“Coupon Amount” means, in respect of a Coupon Period, an amount in the Investment Currency calculated in accordance with the following formula (calculated to 2 decimal places, 0.005 being rounded upwards):

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

“Coupon Period” means the number of calendar days from and including the Start Date to but excluding the Maturity Date.

“Coupon Rate” means the annualised coupon rate per annum specified in the confirmation, based on the hypothetical assumption that an Equity Linked Investment Product can be rolled over on the same terms for a period of 365 days and it does not represent the actual return. The Coupon Rate will not be rounded but it will be shown up to 8 decimal places in the confirmation.

“Day Count Basis” means the day count basis specified as such in the confirmation, being 365.

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

“Determination Date” means the date specified as such in the Confirmation. If any such date is a Disrupted Day for the Linked Stock, the Determination Date will be postponed in accordance to Price Source Disruption Clause.

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

“Early Termination Amount” means in respect of an Equity Linked Investment Product, an amount in the Investment Currency determined by the Bank, 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 Investment Product, as representing the fair market value of such Equity Linked Investment Product 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 and the unwind cost of hedging less any reasonable operational or administrative costs incurred by the Bank in connection with the early termination.

“Early Termination Payment Date” means the second Settlement Business Day after the effective date of termination of an Equity Linked Investment Product.

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

“Equity Linked Investment Product” means an Equity Linked Investment Product constituted by the Principal Brochure and the relevant Confirmation.

“Exchange Business Day” means a day on which the Relevant Exchange is scheduled to open for trading.

“Fixing Value” means, in respect of an Exchange Business Day and a Linked Stock, the official closing price of that Linked Stock as published by the Relevant Exchange as of that day, provided that if such day is a Disrupted Day, the Fixing Value in respect of such day will be determined in accordance to Price Source Disruption Clause.

“Fractional Stock” means, in respect of an Equity Linked Investment Product, a non-integral number of shares 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.

“Hedging Disruption” means that The Bank of East Asia, Limited or any of its affiliates are unable, after using its commercially reasonable efforts, to (a) acquire, 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 Investment Product; or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

“Increased Cost of Hedging” means The Bank of East Asia, Limited would incur a materially increased amount of tax, duty, expense or fee to (a) acquire, 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 Investment Product; or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

“Investment Period” means the number of calendar days from and including the Trade Date to and including the Determination Date.

“Insolvency” means, in respect of a Linked Stock, that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of, or any analogous proceeding affecting, the Equity Issuer of that Linked Stock: (a) the entire stock capital of that Equity Issuer is required to be transferred to a trustee, liquidator or other similar official; or (b) holders of each Linked Stock of that Equity Issuer become legally prohibited from transferring them.

“Macau Business Day” means a day (excluding Saturdays, Sundays and public holidays) on which commercial banks are generally open for business in Macau.

“Market Disruption Event” means, in respect of a Linked Stock, (i) any suspension of or limitation on trading by the Relevant Exchange in the Linked Stock, or (ii) any event that disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for, that Linked Stock on the Relevant Exchange, which in either case is (in the determination of the Bank acting in good faith and in a commercially reasonable manner) material, or (iii) the Relevant Exchange fails to open for trading, or closes before its scheduled closing time.

“Maturity Date” means the second Settlement Business Day (in the case where the Bank is obliged to pay any amount in cash) or the second Clearing System Business Day (in the case where the Bank is obliged to deliver a number of the Linked Stock) after the Determination Date, unless the Settlement Disruption Event occurs, the Maturity Date will be postponed as determined by the Bank (acting in good faith and in a commercially reasonable manner). If such day is not Macau Business Day, then the cash settlement amount to be made on the Maturity Date will be postponed to the following Macau Business Day.

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

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

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

“Potential Adjustment Event” means any of the following events in respect of the Linked Stock: (a) a subdivision, consolidation or reclassification of the Linked Stock or a free distribution or dividend of the Linked Stock to existing holders by way of bonus, capitalisation or similar issue; (b) an extraordinary distribution or dividend; (c) a call by the Equity Issuer of the Linked Stock that are not fully paid; (d) a repurchase of the Equity Issuer of the Linked Stock or any of its subsidiaries of the Linked Stock; or (e) any other event that may, in the opinion of the Bank (acting in good faith and in commercially reasonable manner), have a diluting or concentrative effect on the theoretical value of the Linked Stock.

“Reference Value” means, in respect of a Linked Stock, the price at a specified percentage of its Spot Price and will be set out in the relevant confirmation.

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

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

“Settlement Disruption Event” means an event beyond the control of the Bank as a result of which it is not possible for the Bank to make delivery of the Linked Stock to the designated securities account 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 confirmation, being the prevailing market price of the Linked Stock (as published by the Relevant Exchange) at the time of an application for an Equity Linked Investment Product is made on the Trade Date.

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

“Stock Amount” means, in respect of the Equity Linked Investment Product, (a) an integral number of the Linked Stock calculated according to the formula as follows, rounded down to the nearest whole number;

$$\frac{\text{Investment Amount} + \text{Coupon Amount}}{\text{Reference Value}}$$

And (b) the Fractional Stock (if any). Provided that, if the Stock Amount consists of a Fractional Stock, then in respect of that Fractional Stock, the Bank shall pay the cash equivalent to the Fixing Value on the Determination Date multiplied by that Fractional Stock, i.e. Residual Cash (calculated to 2 decimal places, 0.005 being rounded upwards).

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

“Trade Date” means the date specified as such in the confirmation and on which all the terms of the Equity Linked Investment Product are finalised.

You should read and understand this Principal Brochure, the Application Form, the Terms and Conditions before deciding whether to invest in an Equity Linked Investment Product. If you are in any doubt of the contents of any of such documents, you should take independent professional advice.

This principal brochure is intended only for distribution to selected customers or potential customers of the Bank. It does not constitute any offer, recommendation or investment advice to enter into any transaction. You must read and understand this Principal Brochure, the Key Facts Statement and the Application Form before investing in an Equity Linked Investment Product.

No indication, representation, guarantee or other assurance as to the outcome of any investment has been or will be given to you by or on behalf of the Bank. The examples given are not based on previous market performance and are for illustrative purpose only. Past performance is not indicative of future market performance.

The information in the principal brochure is accurate as at the date hereof. The Bank accepts full responsibility for the accuracy of the information contained in this principal brochure and confirms, having made all reasonable enquires, that to the best of its knowledge and belief, this principal brochure contains no untrue statement (including a statement which is misleading in the form and context in which it is included and including a material omission).

For any opinions or complaints related to our Linked Investment Products, you can directly contact our Customer Opinion Hotline on (853) 8598 3621 or send your opinion or suggestion letter to The Bank of East Asia, Limited, Macau Branch 東亞銀行有限公司澳門分行, Alameda Dr. Carlos D'Assumpção No. 322, Fu Tat Fa Yuen, R/C AP to AW, Macau.