

## KEY FACTS STATEMENT

### EQUITY LINKED INVESTMENT PRODUCT OFFERED BY THE BANK OF EAST ASIA, LIMITED, MACAU BRANCH 東亞銀行有限公司澳門分行 (“the Bank”)

**This statement provides you with the key information about our Equity Linked Investment Product. This statement is part of the offering documents of our Equity Linked Investment Product. You should not invest in our Equity Linked Investment Product based on this statement alone.**

**Equity Linked Investment Product.** This is an unlisted structured product which involves 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.

Our Equity Linked Investment Product **is NOT equivalent to conventional time deposit and is NOT capital protected.** This is structured investment product which involves derivatives. You may sustain a total loss in your investment.

### **Product Key Facts**

#### **What are the key risks?**

- ♦ **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.

## Equity Linked Investment Product

### 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 stock can be selected as a Linked Stock. You should check with our financial services officer for details of the available stocks.

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

### 2 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.

### 3 What is the 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.

## Scenario Analysis

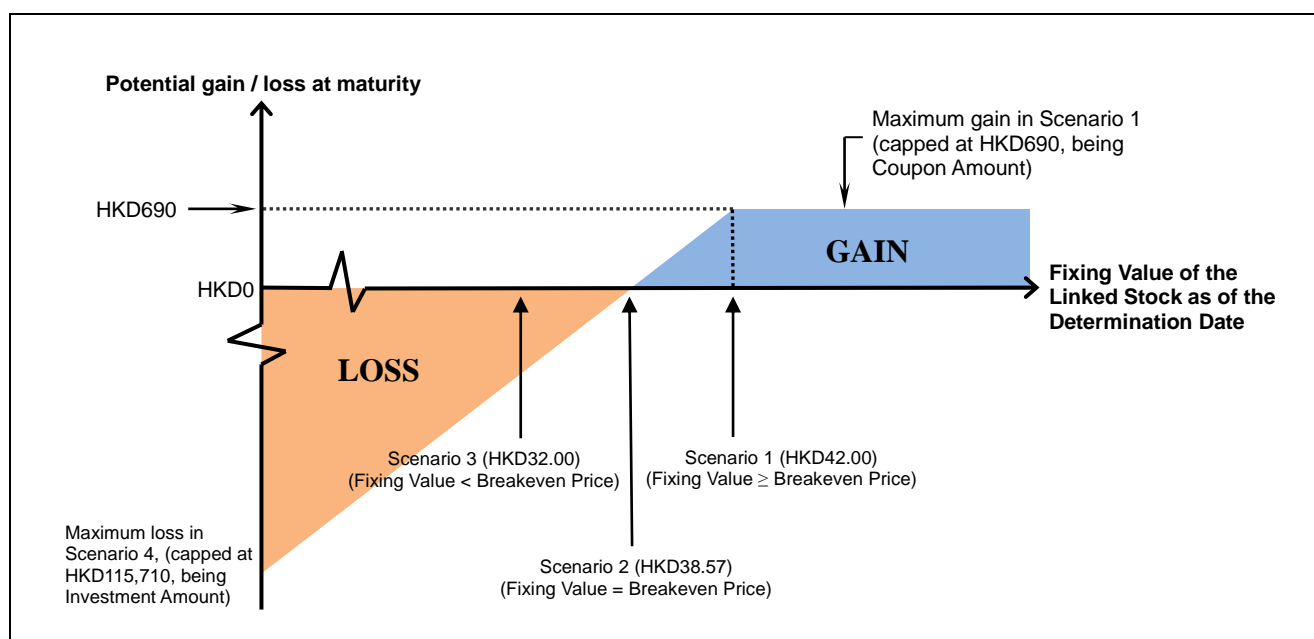
The following hypothetical examples are provided for illustration purposes only. They do not reflect a complete analysis of all possible potential gain or loss scenarios and must not be relied on as an indication of the actual performance of the Linked Stock or this product. They do not take into account any physical settlement expenses (including the buyer's stamp duty) payable by you upon physical delivery of the Linked Stock.

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)  
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 potential 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 Period: 31 calendar days

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



**Scenario Analysis for different Fixing Value for the above Illustrative example with a Coupon Period of 31 days**

Scenario	Fixing Value on Determination Date	Payout at Maturity	Potential Gain or Loss (HKD) <sup>Note 2</sup>	Potential Gain or Loss in % <sup>Note 2</sup>	
1	HKD42	HKD116,400	+HKD690	+0.60%	Gain
2	HKD38.57	3,000 shares <sup>Note 1</sup>	+HKD0	+0%	
3	HKD32	3,000 shares <sup>Note 1</sup>	-HKD19,710	-17.03%	Loss
4	HKD 0	3,000 shares <sup>Note 1</sup>	-HKD115,710	-100%	

Note 1: If the Fixing Value of the Linked Stock is below the Reference Value on the Determination Date, 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 delivered to you on the Maturity Date.

Note 2: Theoretical potential gain/loss by reference to the Fixing Value of the Linked Stock on the Determination Date.

**Worst case scenario**

The market value of the Stock Amount may be substantially less than your Investment Amount or may even become worthless. Under Scenario 4, if the Fixing Value of the Linked Stock falls to zero on the Determination Date, your maximum loss will be 100% of the Investment Amount.

If The Bank of East Asia, Limited becomes insolvent or defaults on its obligations, you may lose all of your Investment Amount irrespective of the performance of the Linked Stock and the terms of the Equity Linked Investment Products.

## Sales Key Facts

### **The Offeror of the Equity Linked Investment Product**

The Bank is the Offeror of Equity Linked Investment Product and is regulated by Autoridade Monetária De Macau. 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](http://www.hkbea.com).

### **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.

### **Not a time deposit.**

Our Equity Linked Investment Product is a structured product embedded with derivatives. It is not the same nor should it be regarded as a substitute for conventional time deposit.

### **Opinions and Complaints**

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.

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