

Principal Brochure dated January 2021

Single Equity Linked Investment Product

Our **Single Equity Linked Investment Products (“SELIs”)** are unlisted structured products embedded with 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.

These are not time deposits and are not capital protected investments.

You are advised to exercise caution in relation to any investment in our SELIs. 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 copies of this Principal Brochure written in Chinese from our business officer. 倘若英文並非閣下屬意的語言，閣下可向本行的銷售人員索取本指南的中文語言版本。

Our SELIs are equity linked instruments 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 SELIs and you have sufficient net worth to be able to assume the risks and bear the potential losses of investing in SELIs.

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 “Important Risk Warnings”) and the other offering documents before deciding whether to invest.

Important Risk Warnings

- **Not a time deposit.** Our SELIs are unlisted structured investment products embedded with derivatives. They are **NOT** equivalent to conventional time deposits.
- **Not protected deposits.** Our SELIs are **NOT** protected deposits under the Deposit Protection Scheme provided by the Macau SAR Government.
- **Not capital protected.** Our SELIs are **NOT** capital protected. You may receive the Linked Stock instead of the Investment Amount in cash at maturity depending on the performance of the Linked Stock during the Investment Period. The market value of the Linked Stock you receive may be substantially less than your Investment Amount or **may even become worthless. In the worst case, you could lose all of your Investment Amount.**
- **Capped maximum potential gain.** The amount of maximum potential gain under our SELIs is capped and limited to the aggregate Coupon Amount payable during the scheduled Investment Tenor.
- **No collateral.** Our SELIs are **NOT** secured on any of our assets or any collateral.
- **Liquidity risk.** Our SELIs are not transferrable without our prior written consent and are designed to be held to maturity. You may only early terminate your SELIs in limited circumstances. Upon such early termination, you may receive an amount which is substantially less than your original Investment Amount.
- **Not the same as investment in the Linked Stock.** Investing in our SELIs is not the same as investing in the Linked Stock. You have no rights 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 such Linked Stock as from and including the Determination Date. Movements in the market prices of the Linked Stock may not lead to any corresponding change in the market value or potential payout of our SELIs.
- **Insolvency risk.** The settlement of our SELIs is subject to the credit and insolvency risks of The Bank of East Asia, Limited, incorporated in Hong Kong, of which the Bank is a branch. If The Bank of East Asia, Limited becomes insolvent or defaults on its obligations under our SELIs, 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 SELIs. **In the worst case scenario, you could lose all of your Investment Amount.**
- **Re-investment risk.** Our SELIs will be terminated early if a Call Event has occurred on any Call Event Observation Date. You will not receive any further Coupon Amount following such termination. You may not be able to enjoy the same rate of return if you re-invest in other investments with similar risk parameters.

- **Exposure to risks from the Trade Date.** Your SELIs purchase order will be accepted and executed on Trade Date and all the terms of our SELIs will be finalised on the Trade Date. You will be exposed to the risks associated with our SELIs starting from the Trade Date.
- **Exposure to market price movement of the Linked Stock after the Determination Date.** Your settlement at maturity will be determined on the Determination Date. If you are to receive the Linked Stock, you will be exposed to any market price movement of such Linked Stock between the Determination Date and the Maturity Date (being the second Clearing System Business Day after the Determination Date). If you decide to hold the Linked Stock delivered to you on the Maturity Date, you will be further exposed to the market risk of holding such Linked Stock from the Maturity Date until you sell the Linked Stock.
- **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 SELIs. Our economic interests in each role may be adverse to your interests in our SELIs.
- **Not exhaustive.** Please note that the risk factors mentioned are not, and do not purport to be, exhaustive. You should read the relevant offering documents for details.

What are the key features of our SELIs?

- Product Type:** Our SELIs are unlisted structured investment products which have an embedded conditional put option over the Linked Stock. If you invest in a SELI, you will be selling to the Bank a conditional put option over the Linked Stock. If certain conditions are met, you will be obliged to buy a number of the Linked Stock at its Reference Value from the Bank on the Determination Date, which will be delivered to you on the Maturity Date.
- Investment Period and Investment Tenor:** The Investment Period commences from and including the Trade Date to and including the Determination Date, while the Investment Tenor commences from and including the Start Date to but excluding the Maturity Date. The Investment Tenor generally ranges from 1 month to 3 years. You may request for a tailor-made Investment Tenor to suit your investment strategy.
- Linked Stock:** Our SELIs are linked to shares of a company listed on The Stock Exchange of Hong Kong Limited (“**Relevant Exchange**”) and quoted in HKD. Not all Hong Kong listed stocks can be selected as a Linked Stock. You should check with our business officers for the details of the available stocks.
- Investment Currency:** The Investment Currency can be HKD, USD, JPY, AUD, NZD, CAD, GBP, CHF or EUR at your request, subject to our acceptance.
- Minimum Investment Amount:** HKD100,000 (or its equivalent in the Investment Currency, calculated at the prevailing exchange rate at the time when you place your purchase order).
- Coupon Amount:** The Coupon Amount will start to accrue from the Start Date. Subject to the occurrence of a Call Event or any early termination of the SELI, a Coupon Amount will be payable on each Coupon Payment Date, which is calculated as follows:

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

* Each Coupon Period means a period from and including a Coupon Period Start Date to but excluding the corresponding Coupon Period End Date as set out in the relevant Application Form, provided that if a Call Event has occurred during a Coupon Period, such period will start from and including the relevant Coupon Period Start Date to but excluding the second Settlement Business Day after the Call Event Observation Date on which the Call Event occurs.

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

- Call Event:** A Call Event occurs if the Fixing Value of the Linked Stock on any Call Event Observation Date is AT or ABOVE its respective Call Price. When a Call Event occurs, the SELI will be terminated early and we will pay you the Investment Amount and any accrued Coupon Amount calculated up to but excluding the second Settlement Business Day after the occurrence of Call Event in cash in the Investment Currency on the Call Event Settlement Date. Such Call Event Settlement Date will be the second Settlement Business Day after the occurrence of the Call Event. If such day is not a Macau Business Day, the Call Event Settlement Date will be postponed to the following Macau Business Day. For avoidance of doubt, in such case, the accrued Coupon Amount will only be calculated up to but excluding the second Settlement Business Day after the occurrence of Call Event. No further Coupon Amount will be payable following early termination.

Is the Fixing Value of the Linked Stock on any Call Event Observation Date **AT** or **ABOVE** the Call Price?

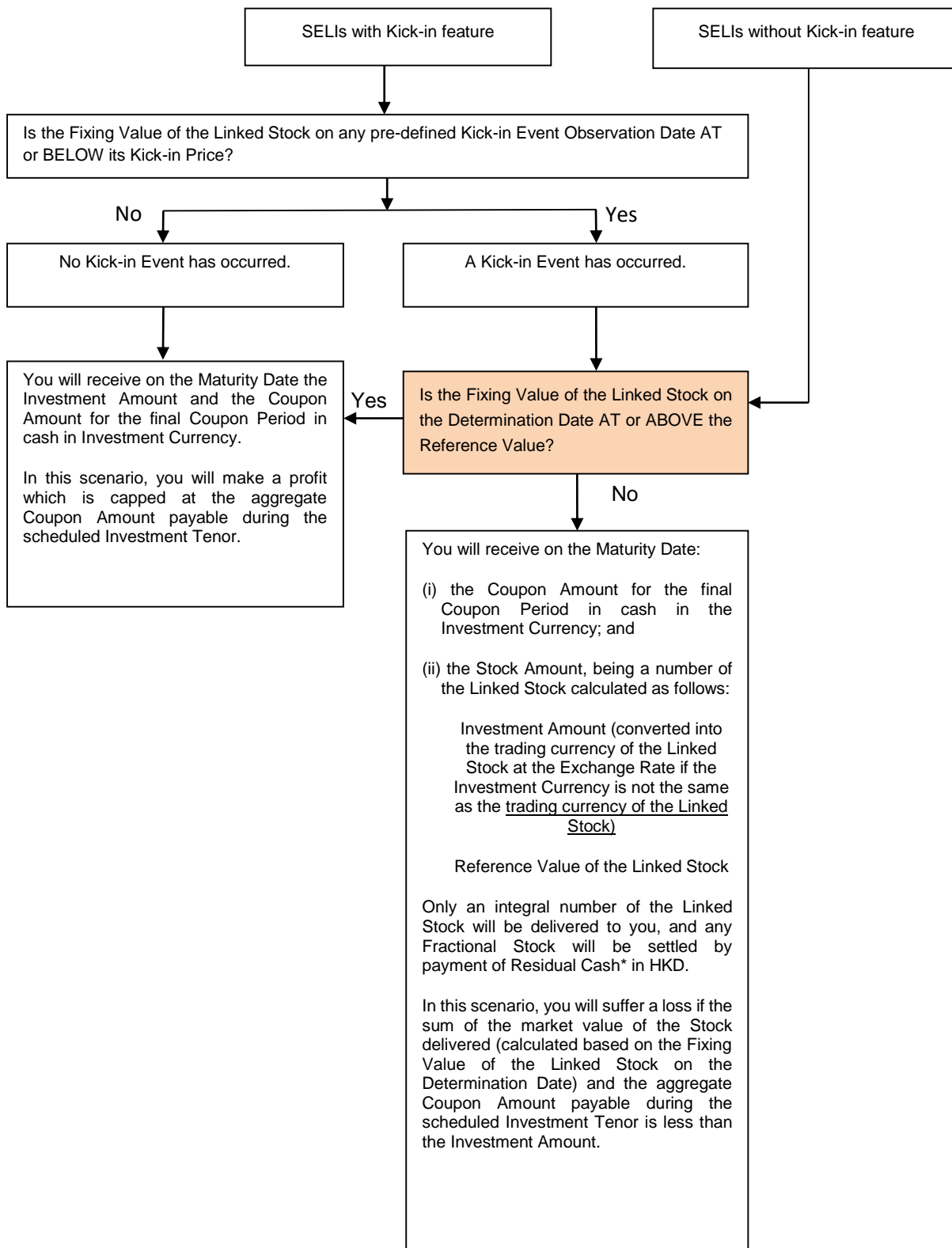
Yes

No

A Call Event has occurred. The SELI will be terminated early and you will receive the Investment Amount and any accrued Coupon Amount in cash in the Investment Currency on the Call Event Settlement Date.

No Call Event has occurred. The SELI will continue to the next Call Event Observation Date or the Maturity Date (as the case may be).

- **Kick-in Event:** A Kick-in Event occurs if the Fixing Value of the Linked Stock on any Kick-in Event Observation Date is AT or BELOW the Kick-in Price.
- **Settlement At Maturity:** If no Call Event has occurred on any Call Event Observation Date and the SELI is not otherwise terminated early, your settlement at maturity will depend on the Fixing Value of the Linked Stock on the Determination Date compared to its Reference Value.



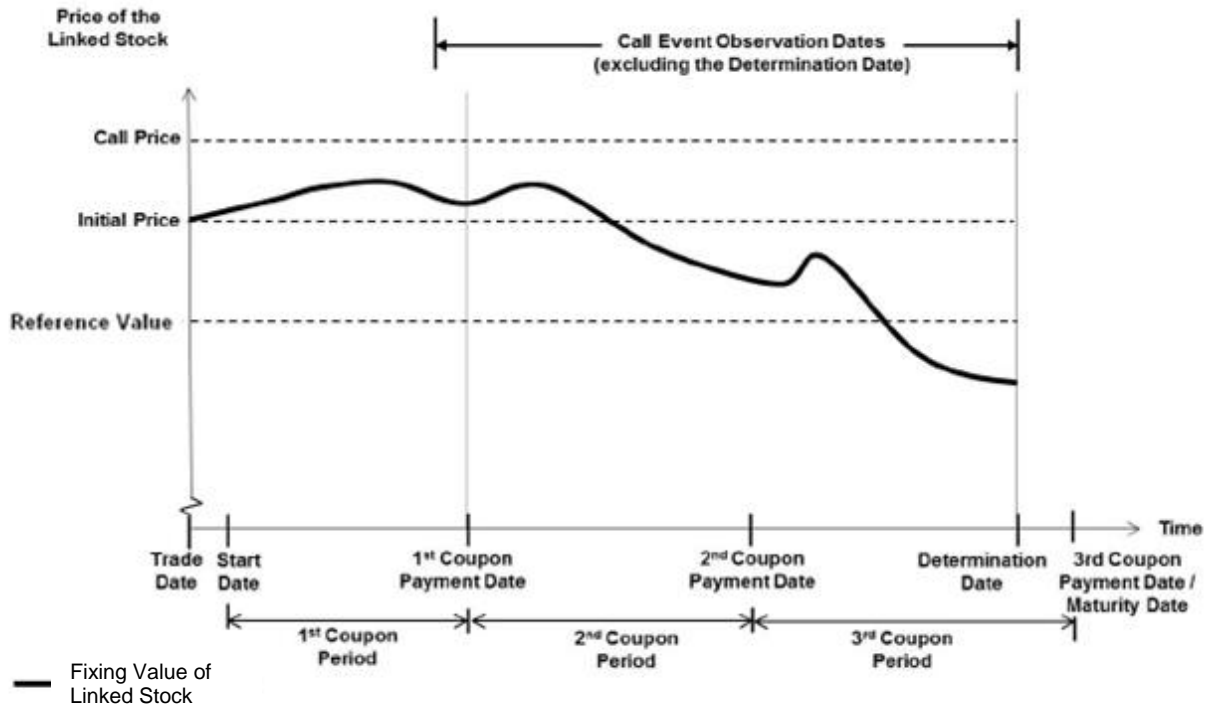
*Residual Cash means the cash amount in HKD equal to the Fixing Value of the Linked Stock on the Determination Date multiplied by that Fractional Stock.

What are the fees and charges?

There are no service fees and charges for placing our SELIs. 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.

Worst case scenario

The below example illustrates the worst case scenario of a SELI without Kick-in feature.



The above example illustrates that:

- (i) no Call Event has occurred on any Call Event Observation Date as the Fixing Value of the Linked Stock on each Call Event Observation Date is below the Call Price; and
- (ii) the Fixing Value of the Linked Stock on the Determination Date is below its Reference Value.

You will receive the following:

- (i) the Coupon Amounts for the 1st and 2nd Coupon Periods in cash on the 1st and 2nd Coupon Payment Dates respectively; and
- (ii) the Coupon Amount for the 3rd Coupon Period in cash and the Stock Amount on the Maturity Date. The market value of the Stock Amount (calculated based on the Fixing Value of the Linked Stock on the Determination Date) may be substantially less than your Investment Amount. **In the extreme case, the Stock Amount that you receive may become worthless.**

Your maximum potential loss under this example could be the Investment Amount less the aggregate Coupon Amount payable during the Investment Tenor if the market value of the number of Linked Stock being paid on the Maturity Date falls to zero.

If the Bank becomes insolvent or defaults on its obligations under the SELI, you could lose all of your Investment Amount.

Please refer to the section headed “**Scenario Analysis**” in this Principal Brochure for more illustrative examples of how our SELIs work.

Adjustment to the terms and conditions and substitution of the Linked Stock

The Bank will adjust some of the terms and conditions (such as the Call Price and the Reference Value) of the SELIs upon the 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 Stocks) so as to maintain the economic equivalence of the SELIs.

In case of (a) a Merger Event (such as consolidation, amalgamation or merger) or a Tender Offer (such as takeover offer or exchange offer), if we determine that no adjustment is able to preserve the economic equivalence of the SELI or (b) an Additional Disruption Event (such as Delisting or Insolvency), we will substitute the affected Linked Stock with shares of another entity based on certain criteria such as staying in the same business sector of the issuer of the affected Linked Stock trading on the Relevant Exchange with comparable market capitalisation as that of the issuer of the affected Linked Stock as of the Trade Date and make further adjustments to the terms of the SELI. If we determine that we are unable to substitute the affected Linked Stock, we will terminate the SELI early.

The Early Termination Amount will be determined by the Bank, in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner), representing the fair market value of such SELI 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 SELI is terminated early 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 or Initial Price (whichever applicable) from The Stock Exchange of Hong Kong Limited. Such day will be treated as a Disrupted Day. If the Trade Date, any Call Event Observation Date or Kick-in Event Observation Date or 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 or Initial Price of the Linked Stock from The Stock Exchange of Hong Kong Limited on such postponed day accordingly. The Bank may postpone the relevant date to determine the Initial Price or the Fixing Value for up to the 8th Exchange Business Day after the original scheduled date. In that case, the 8th Exchange Business Day shall be deemed to be the Trade Date, Call Event Observation Date, Kick-in Event Observation Date or Determination Date. If that 8th Exchange Business Day continues to be a Disrupted Day, the Bank will determine the Initial Price or Fixing Value of the Linked Stock in good faith estimate and commercial reasonable manner. During the postponement of Call Event Observation Date or Kick-in Event Observation Date, you may still receive the Coupon Amount according to the actual calendar days in the relevant Coupon Period. However, if the Determination Date is a Disrupted Day, the Coupon Amount of the last Coupon Period will only be calculated up to but excluding the original Coupon Period End 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.

Who are our SELIs designed for?

Our SELIs 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 instruments and are looking for more tailored ways of investing in accordance with their market views;
- are willing to risk all of their capital invested;
- would like to earn Coupon Amount payable during the scheduled Investment Tenor;
- understand that the potential payout of our SELIs depends on the performance of the Linked Stock during the Investment Period;
- accept that our SELIs are non-capital protected unlisted structured investment products embedded with derivatives which are not equivalent to time deposits or a direct investment in the Linked Stock; and
- understand that they may receive the Linked Stock at its Reference Value on the Maturity Date (the market value of which may be substantially less than the Investment Amount).

Selling Restrictions

General

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

United States of America

The SELIs 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 SELIs may not be offered or sold or otherwise transferred, nor may transactions in such SELIs 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 (“SELIs S”)), except in compliance with Regulation S. In purchasing the SELIs 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 SELIs 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 SELIs to be offered so as to enable an investor to decide to purchase or subscribe the SELIs.

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 SELIs. They do not take into account any expenses in relation to the stamp duty payable by you upon delivery of the Linked Stock.

This scenario analysis is based on an investment with our SELIs with the following terms:

Investment Tenor	91 calendar days (commencing from and including the Start Date to but excluding the Maturity Date)
Investment Period	92 calendar days (commencing from and including the Trade Date to and including the Determination Date)
Trade Date	21 April 20XX
Start Date	23 April 20XX
Determination Date	21 July 20XX
Maturity Date	23 July 20XX
Linked Stock	Shares in Company A
Initial Price	HKD11.00
Call Price	HKD10.45 (i.e. 95% of the Initial Price)
Reference Value	HKD9.90 (i.e. 90% of the Initial Price)
Kick-in Price	HKD7.15 (i.e. 65% of the Initial Price)
Coupon Payment Dates	Each Coupon Period End Date, currently expected to be 25 May 20xx, 24 Jun 20xx and 23 Jul 20xx. If any such day is not a Macau Business Day, the immediately following Macau Business Day. If the Call Event has occurred during a Coupon Period, the Coupon Payment Date for such Coupon Period will be the Call Event Settlement Date, which is the second Settlement Business Day after the Call Event Observation Date on which Call Event occurs, unless such day is not Macau Business Day, in which case it will be postponed to the following Macau Business Day.
Call Event Observation Dates	Each Exchange Business Day during the period from and including 21 May 20XX to and including 20 July 20XX.
Kick-in Event Observation Dates	Each Exchange Business Day during the period from and including 21 April 20XX to and including 21 July 20XX.

Investment Amount HKD100,000

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

Day Count Basis 365

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

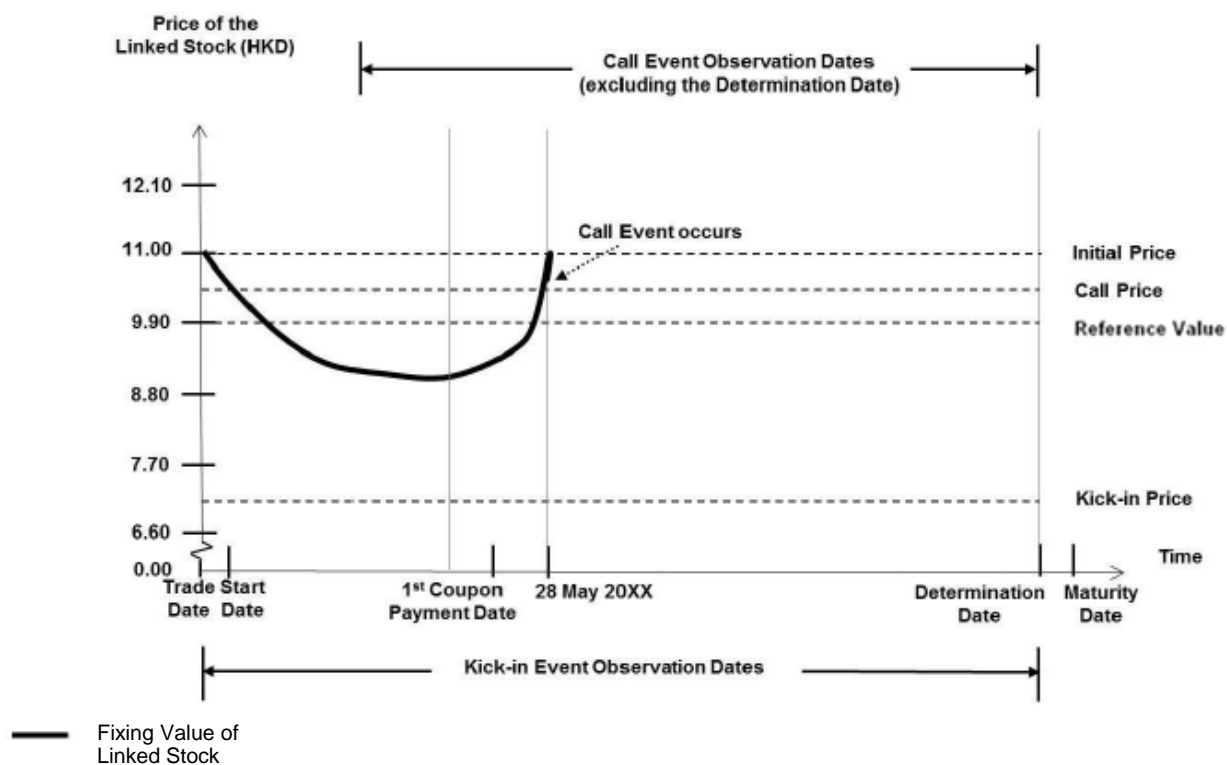
Coupon Amount A Coupon Amount for each Coupon Payment Date is calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

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

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

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

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



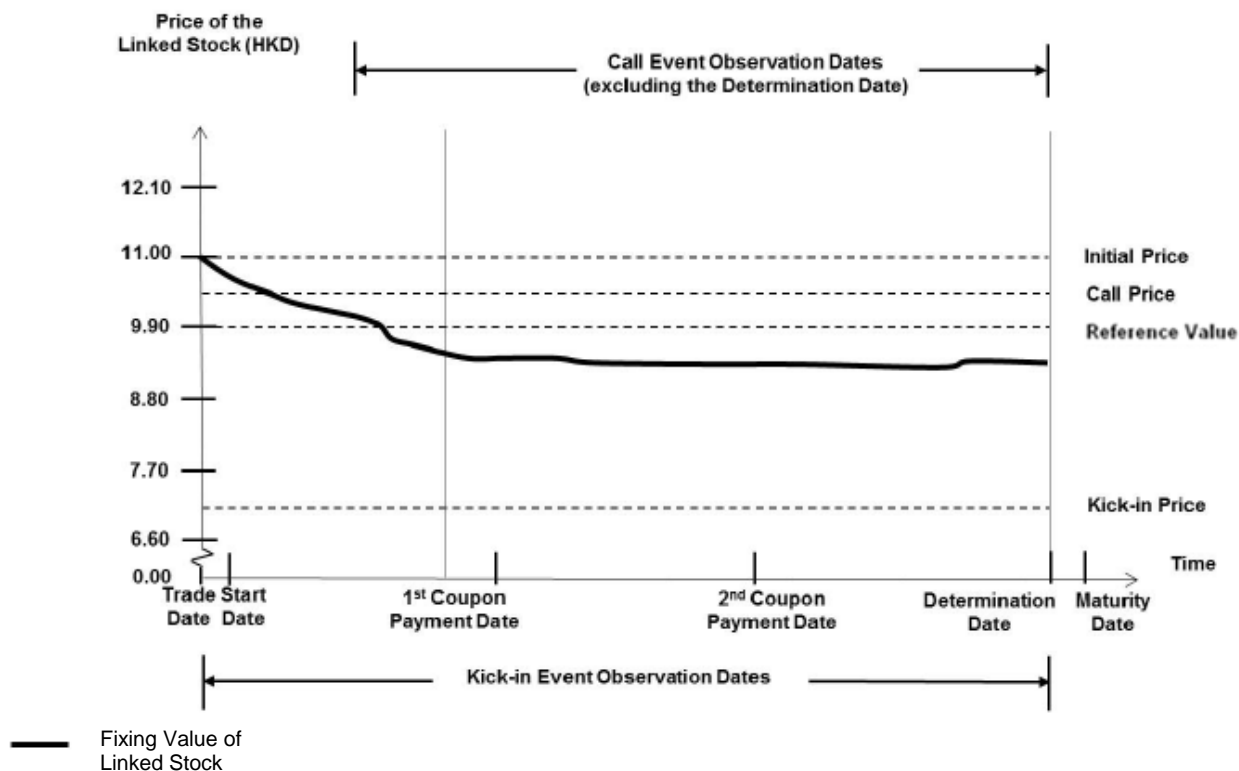
Assuming that on 28 May 20XX the Fixing Value of the Linked Stock is HKD11.00 which is higher than the Call Price, the Call Event occurs and the SELI will be terminated early on the Call Event Settlement Date (being 30 May 20XX, the second Settlement Business Day after the Call Event Observation Date on which the Call Event has occurred, unless such day is not Macau Business Day, in which case it will be postponed to the following Macau Business Day).

You will receive in cash the following:

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

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

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



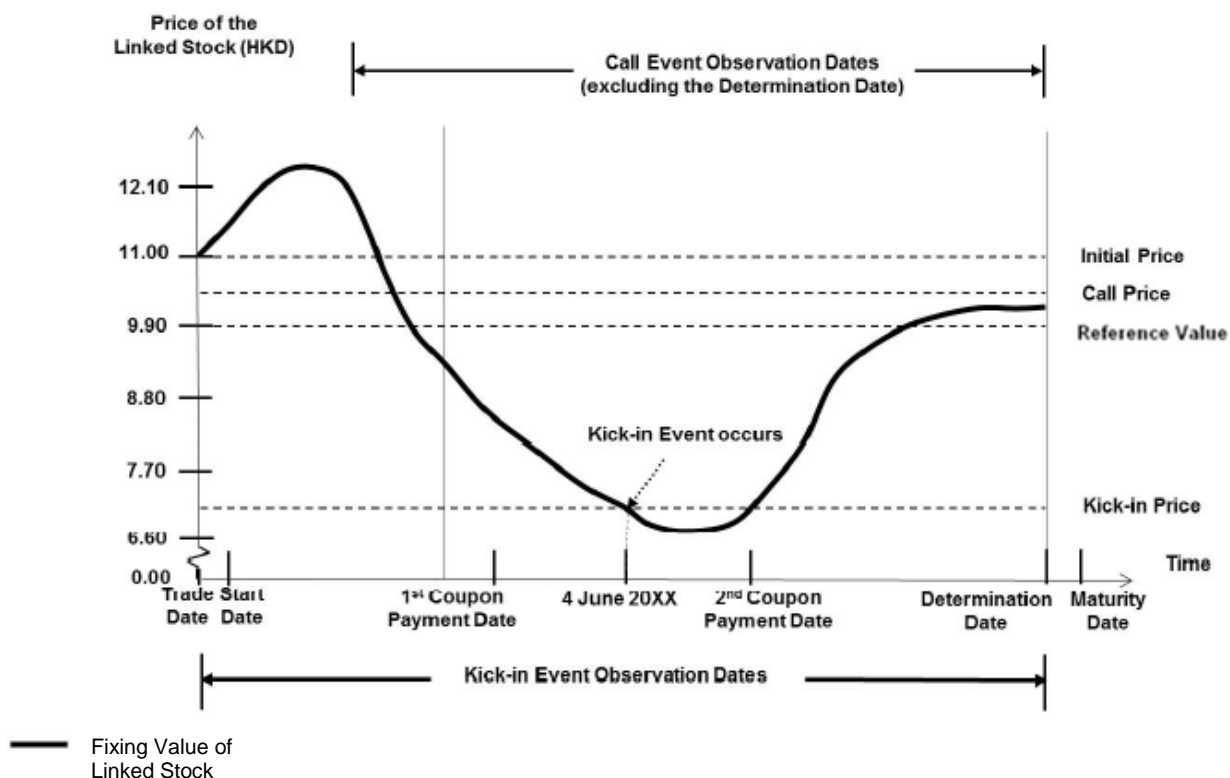
Assuming that no Call Event has occurred on any Call Event Observation Dates and no Kick-in Event has occurred on any Kick-in Event Observation Date.

You will receive in cash the following:

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

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

Scenario 3 (Best Case Scenario with Kick-in Event): No Call Event has occurred on any Call Event Observation Date. A Kick-in Event has occurred at least once on a Kick-in Event Observation Date. The Fixing Value of the Linked Stock on the Determination Date is AT or ABOVE its Reference Value.



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

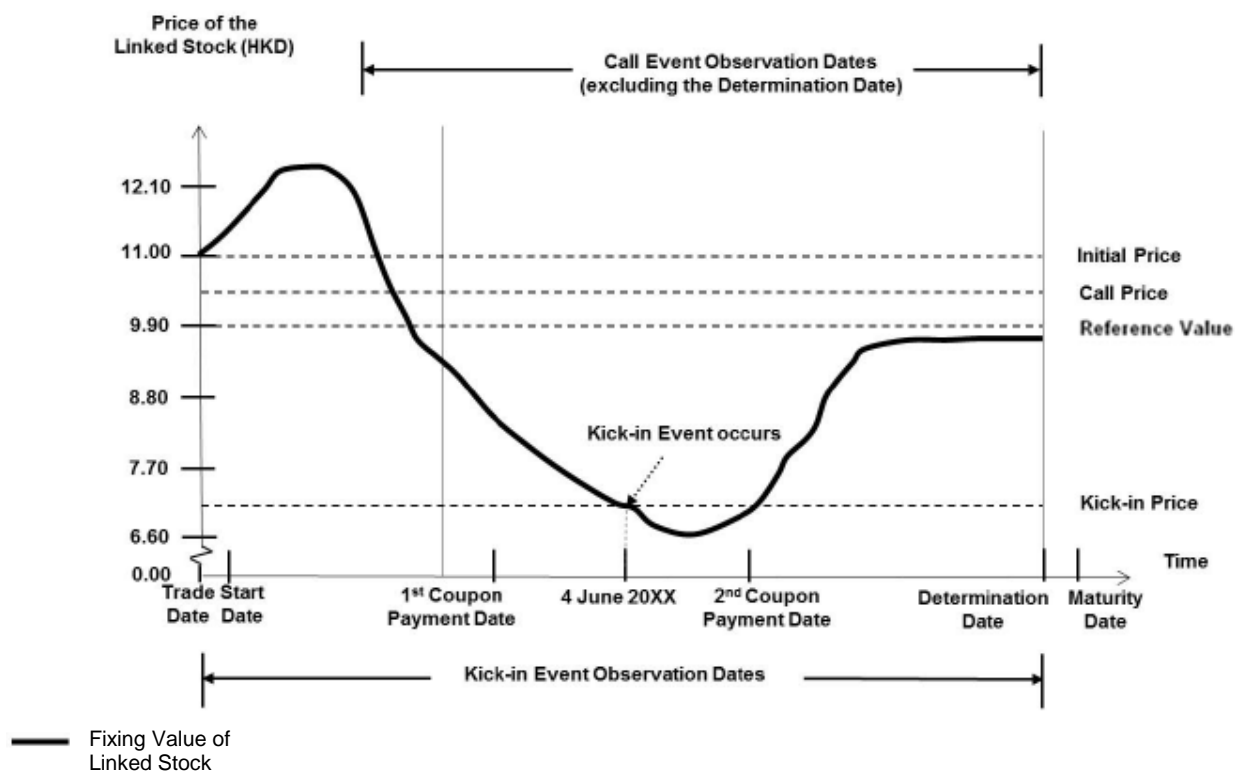
The above diagram illustrates that a Kick-in Event has occurred on 4 June 20XX because the Fixing Value of the Linked Stock fell to or below the Kick-in Price on 4 June 20XX.

Assuming that the Fixing Value of the Linked Stock on the Determination Date is HKD10.12, which is above the Reference Value, you will receive **in cash** the following:

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

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

Scenario 4 (Loss Scenario): No Call Event has occurred on any Call Event Observation Date. A Kick-in Event has occurred at least once on a Kick-in Event Observation Date. The Fixing Value of the Linked Stock on the Determination Date is BELOW the Reference Value.



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

The above diagram illustrates that a Kick-in Event has occurred on 4 June 20XX because the Fixing Value of the Linked Stock falls at or below the Kick-in Price on 4 June 20XX.

Assuming that the Fixing Value of the Linked Stock on the Determination Date is HKD9.50, which is below the Reference Value, you will receive the following:

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

(Investment Amount / Reference Value of the Linked Stock)

$$= \text{HKD } 100,000 / \text{HKD } 9.90$$

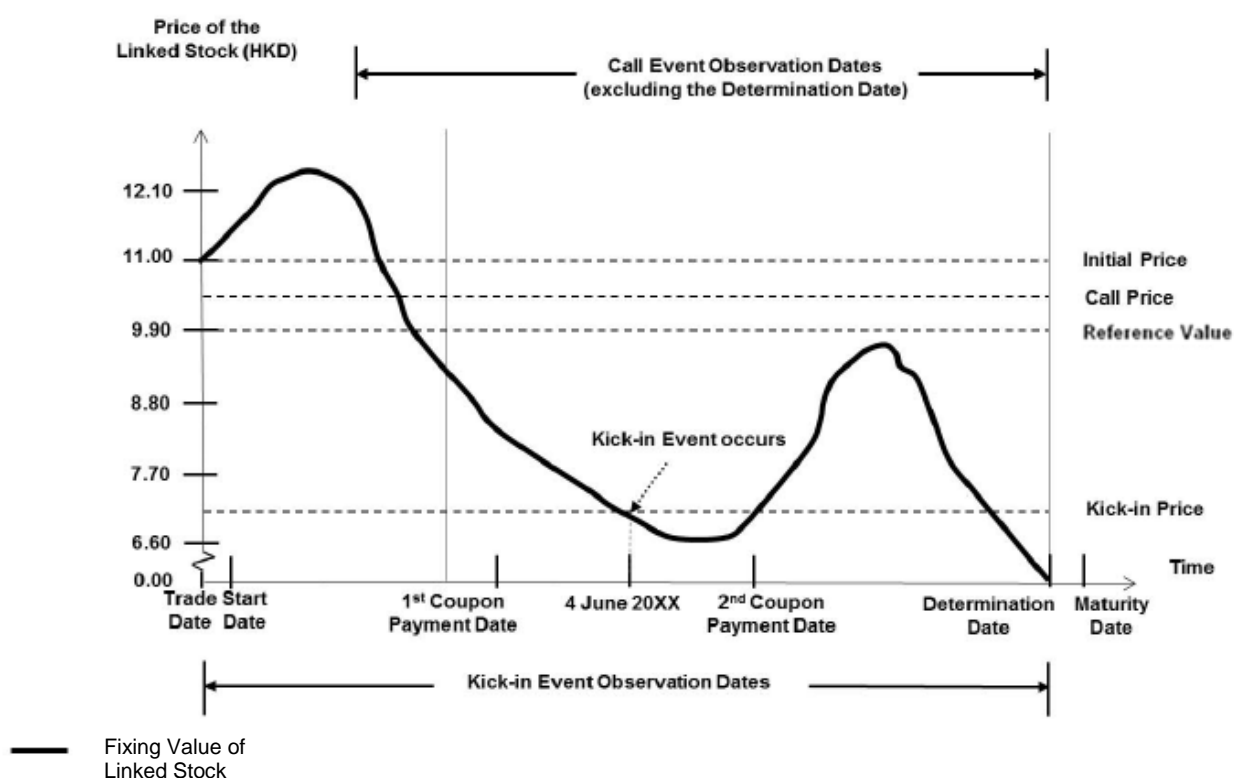
$$= 10,101.01 \text{ shares}$$

Accordingly, you will receive 10,101 shares of the Linked Stock and a Residual Cash of HKD0.10 (being the Fractional Stock x Fixing Value of the Linked Stock on the Determination Date, i.e. 0.01 shares x HKD9.50, calculated to 2 decimal places, 0.005 being rounded upwards) for the Fractional Stock on the Maturity Date.

In this scenario, you suffer an unrealised loss of HKD1,048.63, i.e. HKD100,000 (Investment Amount) - HKD2,991.77 (the aggregate Coupon Amount) - (10,101 shares x HKD9.50) (market value of the number of the Linked Stock deliverable calculated at its Fixing Value of the Linked Stock on the Determination Date) - HKD0.10 (Residual Cash) by reference to the Fixing Value of the Linked Stock on the Determination Date.

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 market risk of holding the Linked Stock from the Maturity Date until you sell the Linked Stock.

Scenario 5 (Worst Case Scenario): No Call Event has occurred on any Call Event Observation Date. A Kick-in Event has occurred at least once on a Kick-in Event Observation Date. The Fixing Value of the Linked Stock on the Determination Date drops to zero.



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

The above diagram illustrates that a Kick-in Event has occurred on 4 June 20XX because the Fixing Value of the Linked Stock fell to or below the Kick-in Price on 4 June 20XX.

Assuming that the Fixing Value of the Linked Stock on the Determination Date is HKD0, which is below the Reference Value, you will receive the following:

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

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

$$\begin{aligned} & \text{(Investment Amount / Reference Value of the Linked Stock)} \\ & = \text{HKD } 100,000 / \text{HKD } 9.90 \\ & = 10,101.01 \text{ shares} \end{aligned}$$

Accordingly, you will receive 10,101.01 shares of the Linked Stock and a Residual Cash of HKD0 (being the Fractional Stock x Fixing Value of the Linked Stock on the Determination Date, i.e. 0.01 shares x HKD0) for the Fractional Stock on the Maturity Date.

In this scenario, you suffer an unrealised loss of HKD97,008.23 [i.e. HKD100,000 (Investment Amount) - HKD2,991.77 (the aggregate Coupon Amount) - (10,101 shares x HKD0) (market value of the number of Linked Stock deliverable calculated at the Fixing Value on the Determination Date) - HKD0 (Residual Cash)] if the Fixing Value of the Linked Stock remains at zero on the Maturity Date.

Scenario 6 (Default Scenario): If The Bank of East Asia, Limited becomes insolvent or defaults on its obligations.

Assuming that The Bank of East Asia, Limited, incorporated in Hong Kong, of which the Bank is a branch, becomes insolvent or defaults on its obligations under the SELI, 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 the SELI. **In the worst case scenario, you may not receive any Coupon Amount and you could lose all of your Investment Amount.**

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).

“Call Event” occurs if the Fixing Value of the Linked Stock on a Call Event Observation Date is at or above its respective Call Price.

“Call Event Observation Date” can be set as (i) each Exchange Business Day during the relevant period (which may start from and including the Start Date to but excluding the Determination Date); or (ii) certain periodic dates (which may start from and including the Start Date to but excluding the Determination Date), whichever applicable and will be specified in the relevant confirmation. If any such date is a Disrupted Day for the Linked Stock, the Call Event Observation Date will be postponed in accordance to the Price Source Disruption Clause.

“Call Event Settlement Date” means the second Settlement Business Day after the Call Event Observation Date on which a Call Event has occurred. If such day is not a Macau Business Day, then it will be postponed to the following Macau Business Day.

“Call Price” means, in respect of a Linked Stock, the price specified as such for that Linked Stock in the confirmation.

“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 SELI (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):

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

“Coupon Payment Date” means the date(s) specified as such in the confirmation, or if any such date is not a Settlement Business Day, the immediately following Settlement Business Day, provided that if the Call Event has occurred during the relevant Coupon Period, the Coupon Payment Date in respect of such Coupon Period will be the Call Event Settlement Date. If the Coupon Payment Date is not a Macau Business Day, then it will be postponed to the following Macau Business Day.

“Coupon Period” means each of the period from and including a Coupon Period Start Date to but excluding the corresponding Coupon Period End Date. If a Call Event has occurred during a Coupon Period, such period will start from and including the relevant Coupon Period Start Date to but excluding the second Settlement Business Day after the Call Event Observation Date on which the Call Event occurs.

“Coupon Period Start Date” means, in respect of a Coupon Period, the date specified as such in the confirmation.

“Coupon Period End Date” means, in respect of a Coupon Period, the date specified as such in the confirmation.

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

“Day Count Basis” means the day count basis specified as such in the confirmation, being 365 (in cases where the Investment Currency is HKD or GBP) or 360 (in cases where the Investment Currency is not HKD or GBP).

“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.

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

“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 a SELI, 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 SELI, as representing the fair market value of such SELI 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 tenor, the remaining Investment Period, any accrued Coupon Amount, the value of the embedded put option, the creditworthiness of the Bank and the unwind cost of hedging less any reasonable operational or administrative costs incurred by the Bank in connection with the early termination.

“Early Termination Payment Date” means the second Settlement Business Day after the effective date of termination of a SELI.

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

“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.

“Exchange Rate” means the rate specified as such in the confirmation.

“Fractional Stock” means, in respect of a SELI, 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 SELI; 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 SELI; or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

“Initial Price” means, in respect of a Linked Stock, (i) the closing price of such Linked Stock on the Trade Date; (ii) the price of such Linked Stock as of the end of the morning trading session of the Relevant Exchange on the Trade Date (as published by the Relevant Exchange); or (iii) the specific price of such Linked Stock as agreed between you and us at the time you place your purchase order on the Trade Date and your purchase order will be executed at such agreed price, which will be specified in the confirmation.

“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.

“Kick-in Event” occurs if the Fixing Value of the Linked Stock on a Kick-in Event Observation Date is at or below the Kick-in Price.

“Kick-in Event Observation Date” means (i) each Exchange Business Day during the relevant period (which may start from and including the Trade Date to and including the Determination Date); or (ii) the Determination Date, whichever applicable and will be specified in the relevant confirmation. If any such date is a Disrupted Day for the Linked Stock, the Kick-in Event Observation Date will be postponed in accordance to Price Source Disruption Clause.

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

“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 Initial Price and will be set out in the relevant confirmation.

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

“SELI” means a Single Equity Linked Investment constituted by the Principal Brochure and the relevant Confirmation.

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

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

“Stock Amount” means, in respect of the SELI,

- (a) an integral number of the Linked Stock calculated according to the formula as follows, rounded down to the nearest whole number;

$$\frac{\text{Investment Amount (converted into the trading currency of the Linked Stock at the Exchange Rate if the Investment Currency is not the same as the trading currency of the Linked Stock)}}{\text{Reference Value of the Linked Stock}}$$

and

- (b) the Fractional Stock (if any).

Provided that, if the Stock Amount consist of a Fractional Stock, then in respect of that Fractional Stock, the Bank shall pay the cash equivalent.

“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 SELI are finalised.

You should fully understand all the risks associated with our SELIs and have made an independent assessment of the appropriateness of an investment in our SELIs in light of your own objectives, financial conditions and circumstances, including all the possible risks associated with our SELIs before investing in this product.

You should read and understand this Principal Brochure, the Key Facts Statement, the Application Form, the Currency/Equity Linked Investment Products - Customer Information Statement and Terms & Conditions (the “Terms and Conditions”) before deciding whether to invest in the SELIs. If you are in doubt, you should obtain independent professional advice. If you are in doubt about your tax position, you should consult your own tax adviser about the tax consequences of investing in SELIs.

This Principal Brochure is intended only for distribution to selected customers or potential customers of the Bank. It does not constitute a recommendation to enter into any transaction. You must read and understand this Principal Brochure and the Key Facts Statement before investing in the SELIs. You must also complete the relevant Application Form and read the Terms and Conditions.

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 enquiries, 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 (Address: Alameda Dr. Carlos D’Assumpção No. 322, Fu Tat Fa Yuen, R/C AP to AW, Macau).