

KEY FACTS STATEMENT (the “Statement”) dated July 2019

## **SINGLE EQUITY LINKED INVESTMENTS (“SELIs”)**

**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 Single Equity Linked Investments. This statement is part of the offering documents of our Single Equity Linked Investments. You should not invest in our Single Equity Linked Investments based on this statement alone.**

**Single Equity Linked Investments.** These are unlisted structured investment products 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 Single Equity Linked Investments and you have sufficient net worth to be able to assume the risks and bear the potential losses of investing in a Single Equity Linked Investments.

Our Single Equity Linked Investments **are NOT equivalent to conventional time deposits and are NOT capital protected.** These are structured investment products embedded with derivatives. You may sustain a total loss in your investment.

### **Product Key Facts**

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

- ♦ **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 any 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 SELI purchase order will be accepted and executed on Trade Date and all the terms of our SELI 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 the Call Event in cash in the Investment Currency on the Call Event Settlement Date. 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?

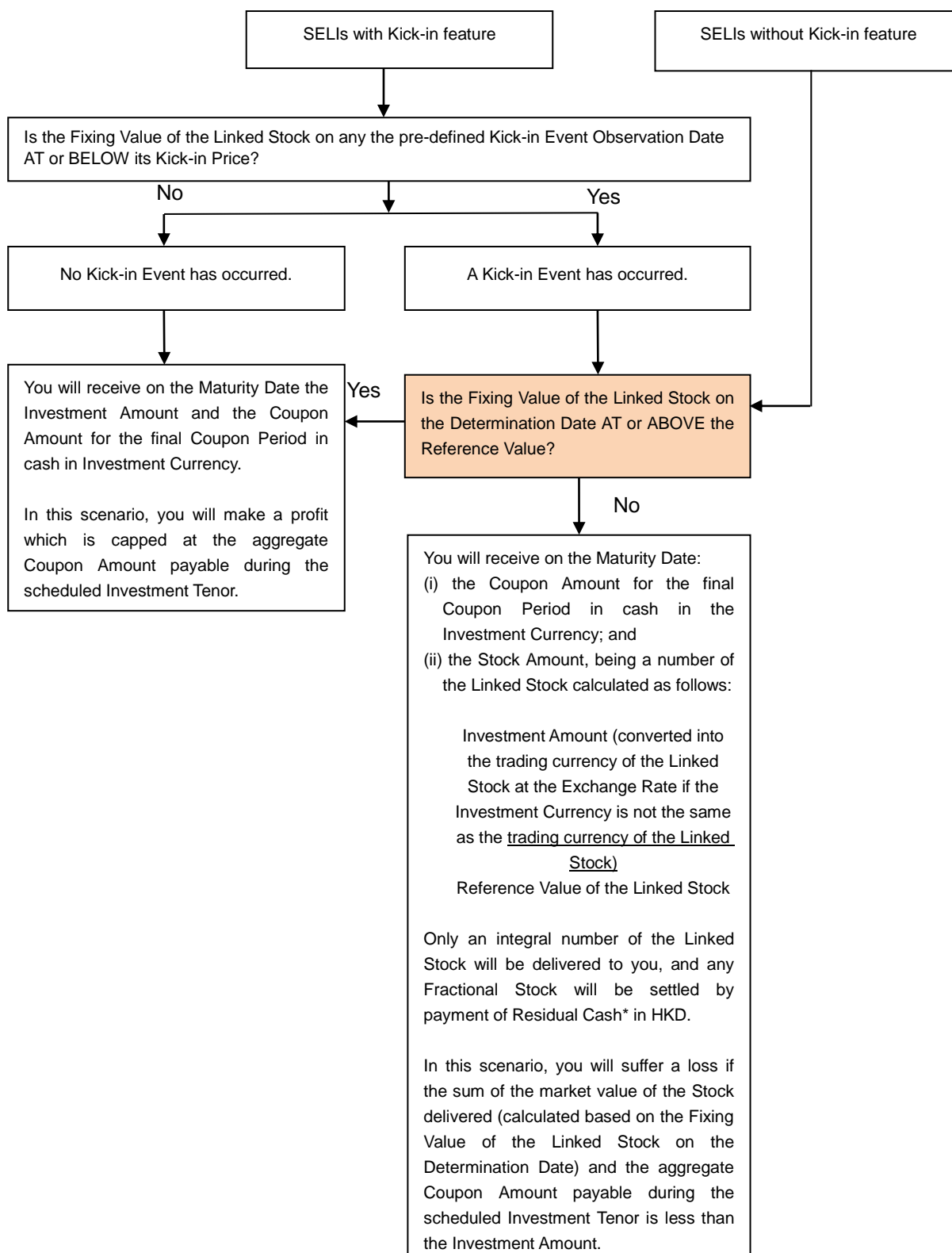
↓ Yes

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

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 Dates 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.

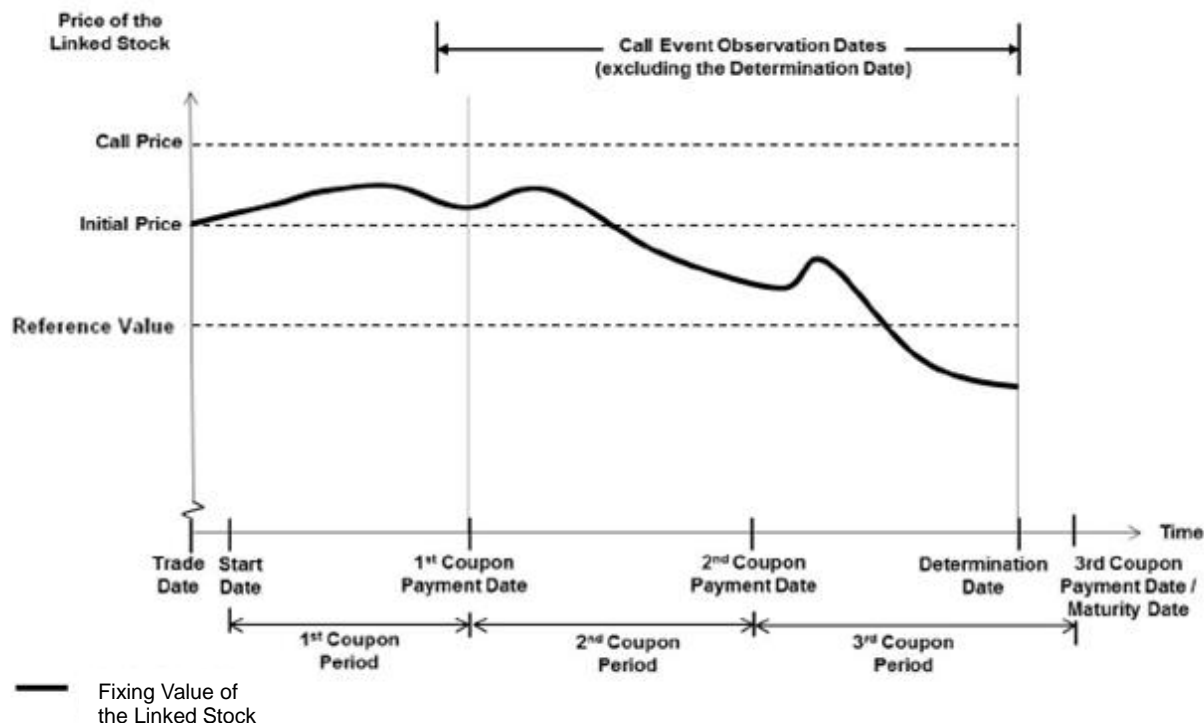


\*Residual Cash means the cash amount in HKD equal to the Fixing Value of the Linked Stock on the Determination Date multiplied by that Fractional Stock.

## Worst case scenario

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.

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 the Principal Brochure of SELIs for more illustrative examples of how our SELIs work.

## **Sales Key Facts**

### **The Offeror of the Single Equity Linked Investments**

The Bank is the Offeror of the SELIs 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 SELI is HKD100,000.00 or its equivalent in the Investment Currency calculated at the prevailing exchange rate at the time when you place your purchase order.

### **Fees and Charges**

There are no service fees and commissions for placing a SELI. 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 SELIs are unlisted structured products embedded with derivatives. They are not the same as, nor should they be regarded as substitutes for, conventional time deposits.

### **Opinions and Complaints**

For any opinions or complaints related to our SELIs, 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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