



*Issuer and Product Arranger*

## **BANK OF CHINA (HONG KONG) LIMITED**

*(incorporated in Hong Kong with limited liability, a licensed bank regulated by the Hong Kong Monetary Authority and registered with the Securities and Futures Commission to carry out Type 1 and Type 4 regulated activities in Hong Kong)*

**Product Booklet  
for  
Non-Principal Protected Unlisted Equity Linked Investments  
Linked to a Basket of Stocks  
("Basket ELIs")**

**issued under**

**Programme for Non-Principal Protected Unlisted Equity Linked  
Investment Products ("Programme")**

**Our Basket ELIs are NOT equivalent to time deposits and are NOT principal protected. They are unlisted structured investment products embedded with derivatives.**

You are warned that the market value of our Basket ELIs may fluctuate and **you may sustain a total loss of your investment**. You should therefore ensure that you understand the nature of our Basket ELIs and carefully study the risk factors set out in this Product Booklet and other documents comprising the Offer Documents (as defined on page 2 of this Product Booklet) for our Basket ELIs and, where necessary, seek independent professional advice, before you decide whether to invest in our Basket ELIs.

The Securities and Futures Commission ("SFC") has authorised our Basket ELIs under section 104A(1) of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO") and the issue of this Product Booklet and the indicative term sheet based on the standard format set out in Appendix 2 to this Product Booklet under section 105(1) of the SFO. The SFC takes no responsibility for our Basket ELIs or the contents of this Product Booklet, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Product Booklet. The SFC's authorisation does not imply its endorsement or recommendation of our Basket ELIs referred to in this Product Booklet nor does it imply that the SFC guarantees the commercial merits of our Basket ELIs or their performance. The SFC's authorisation does not mean our Basket ELIs are suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors. Interested persons should consider obtaining independent advice before investing in our Basket ELIs.

## IMPORTANT

Our Basket ELIs are complex products. You should exercise caution in relation to our Basket ELIs. The Information Memorandum dated 20 November 2023, the Financial Disclosure Document as stated in the relevant indicative term sheet, this Product Booklet (including any addendum to these documents as set out in the relevant indicative term sheet) and the relevant indicative term sheet (together, the “**Offer Documents**”) for our Basket ELIs include particulars given in compliance with the Code on Unlisted Structured Investment Products (the “**Code**”) issued by the SFC for the purpose of giving information with regard to us, Bank of China (Hong Kong) Limited (“**BOCHK**”) (as the Issuer and the Product Arranger), the Programme and our Basket ELIs. We (as the Issuer and the Product Arranger) accept full responsibility for the contents of, and the completeness and the accuracy of the information contained in the Offer Documents for our Basket ELIs and confirm, having made all reasonable enquiries, that to the best of our knowledge and belief there is no untrue or misleading statement, or other facts the omission of which would make any statement therein untrue or misleading. We also confirm that we (as the Issuer and the Product Arranger) meet the respective eligibility requirements under the Code and our Basket ELIs comply with the Code.

Our Basket ELIs constitute general, unsecured and unsubordinated contractual obligations of BOCHK and of no other person. If you purchase our Basket ELIs, you are relying upon the creditworthiness of BOCHK and have no rights under the terms and conditions of our Basket ELIs against the issuers of the Linked Stocks.

**Post-sale cooling-off period pursuant to Part IV of the Code applies to our Basket ELIs with an Investment Period of more than one year. For further details, please refer to page 104 of this Product Booklet.**

**If English is not your preferred language, you can request for a copy of the Chinese version of this Product Booklet from your distributor.** 倘若英文並非閣下屬意的語言，閣下可向閣下的分銷商索取本產品手冊的中文版本。

Capitalised terms used in this section and not otherwise defined herein shall have the meanings given to them in the general terms and conditions of our Basket ELIs in Appendix 1 to this Product Booklet.

In this Product Booklet:

- (a) all references to “PRC” are to the People’s Republic of China;
- (b) all references to “RMB” are to Renminbi, the lawful currency of the PRC;
- (c) all references to “HKD” are to Hong Kong dollars; and
- (d) all references to “USD” are to United States dollars.

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## KEY FACTS STATEMENT (A)

### Basket ELIs (without Autocall and without Daily Knock-in Feature) issued by Bank of China (Hong Kong) Limited

*There are six categories of our Basket ELIs. This key facts statement only provides you with the key information about one category of our Basket ELIs that we may issue – Basket ELIs (without Autocall and without Daily Knock-in Feature). This statement forms part of the Offer Documents (as defined below) for our Basket ELIs. You should not invest in our Basket ELIs based on this key facts statement alone and you should read all the Offer Documents for our Basket ELIs before you decide whether to invest in this product. Capitalised terms used in this section and not otherwise defined herein shall have the meanings given to them in the general terms and conditions of our Basket ELIs in Appendix 1 to this Product Booklet (“General Terms and Conditions”).*

#### What are the key risks?

- **Unlisted structured investment products.** Our Basket ELIs are unlisted structured investment products embedded with derivatives and are NOT equivalent to time deposits.
- **Not covered by the Investor Compensation Fund.** Our Basket ELIs are not listed on any stock exchange and are not covered by the Investor Compensation Fund in Hong Kong.
- **Not principal protected.** Our Basket ELIs are not principal protected: **you could lose all of your investment.**
- **No collateral.** Our Basket ELIs are not secured on any of our assets or any collateral.
- **Capped maximum potential gain.** The maximum potential gain under our Basket ELIs is capped at the sum of (i) the difference between the Nominal Unit Value of our Basket ELIs and the Purchase Price (if any) and (ii) the aggregate Potential Distribution Amount(s) payable during the Scheduled Tenor of our Basket ELIs. It is possible that you may not receive any Potential Distribution Amount for the entire Scheduled Tenor of our Basket ELIs.
- **Potential payout is determined by the Worst Performing Stock.** The potential payout of our Basket ELIs is determined by reference to the performance of the Worst Performing Stock in the Stock Basket on each relevant Scheduled Trading Day. If any of the Linked Stocks in the Stock Basket performs poorly against your expectation, you will not benefit from the performance of the other Linked Stocks in the Stock Basket even if they perform well and you may suffer a loss under our Basket ELIs.
- **Not the same as buying any Linked Stock in the Stock Basket.** Buying our Basket ELIs is not the same as buying any Linked Stock in the Stock Basket. You do not acquire any right in any Linked Stock in the Stock Basket, except where the Worst Performing Stock as of the Valuation Date is determined to be deliverable to you on the Settlement Date, in which case you will be entitled to the rights of such Worst Performing Stock from and including the Valuation Date in accordance with the General Terms and Conditions. Changes in the market price of any Linked Stock may not lead to a corresponding change, or any change at all, in the market value of, and/or your potential gain or loss under, our Basket ELIs.
- **Liquidity risk and limited market making arrangement.** Our Basket ELIs are designed to be held until expiry. We will only provide limited market making arrangement for our Basket ELIs with an Investment Period of more than 6 months on a bi-weekly basis. If you sell your investment in our Basket ELIs before expiry, you may receive an amount which is substantially less than your original investment amount.
- **Maximum loss upon BOCHK’s default or insolvency.** Our Basket ELIs constitute general, unsecured and unsubordinated contractual obligations of Bank of China (Hong Kong) Limited and of no other person (including the ultimate holding company of our group, Bank of China Limited). If you purchase our Basket ELIs, you are relying upon the creditworthiness of Bank of China (Hong Kong) Limited and have no rights under the terms and conditions of our Basket ELIs against the issuers of the Linked Stocks. In the worst case scenario, **you could lose all of your investment.**

BOCHK is not the ultimate holding company of the group to which we belong and with which our name is identified. The ultimate holding company of our group is Bank of China Limited which does not guarantee the performance of our obligations under our Basket ELIs.

- **You will be exposed to the risks associated with our Basket ELIs starting from the Trade Date.** As all terms applicable to our Basket ELIs will be finalised on the Trade Date, you will be subject to the terms and conditions of our Basket ELIs from the Trade Date, and you will be exposed to the risks associated with our Basket ELIs starting from the Trade Date.
- **No direct contractual rights against the Issuer and reliance upon distributor.** Each series of our Basket ELIs will be represented by a global certificate and no individual certificate will be issued to you with respect to your interest in our Basket ELIs. You do not have any direct contractual rights against us (as the Issuer). To assert your rights as an investor in our Basket ELIs against us (as the Issuer), you will have to rely on your distributor (and, if applicable, its direct or indirect custodian) to take action on your behalf. You therefore will be exposed to the credit risks and other default risks of your distributor (and, if applicable, its direct or indirect custodian). This is a complicated area of law and you should seek independent legal advice for further information.
- **English version of the terms and conditions prevails over Chinese version.** The global certificate representing a series of our Basket ELIs and the terms and conditions of our Basket ELIs will only be issued in English for the purpose of lodgment with the relevant clearing system(s). If there is any inconsistency between the Chinese version and the English version of such terms and conditions of our Basket ELIs, the English version will prevail over the Chinese version. If you do not understand the English version, you should seek independent professional advice.
- **Conflicts of interest.** Potential and actual conflicts of interest may arise from the different roles played by us and our subsidiaries and affiliates in connection with our Basket ELIs and our economic interests in each role may be adverse to your interests in our Basket ELIs.
- **Additional risks for RMB-denominated Basket ELIs and/or Basket ELIs linked to RMB-traded Linked Stock.** Where the settlement currency of the Basket ELIs is RMB, and/or any linked stock is denominated and traded in RMB, the performance of such Basket ELIs may be adversely affected due to risks relating to RMB, such as the current limited pool of RMB outside the mainland China, offshore RMB exchange rate risk and RMB interest rate risk. Our payment under any RMB-denominated Basket ELIs may also be postponed, or delivered in a HKD equivalent amount upon occurrence of an RMB disruption event.

#### What are Basket ELIs (without Autocall and without Daily Knock-in Feature)?

##### A. Overview of this product

- **Product type:** It is a structured investment product which has an embedded put option over the Linked Stocks in the Stock Basket, under which you will be obliged to buy a number of the Worst Performing Stock as of the Valuation Date at expiry at a pre-fixed price if certain conditions are met.
- **Investment Period and Scheduled Tenor:** Its Investment Period commences from the scheduled Trade Date to the scheduled Valuation Date (both days inclusive), which generally ranges from 1 month to 3 years. The Scheduled Tenor of our Basket ELIs commences from the Issue Date to the scheduled Settlement Date (both days inclusive).
- **Linked Stocks:** The Stock Basket may comprise a minimum of 2 and a maximum of 6 Linked Stocks. The Linked Stocks will be shares and/or units of companies and/or funds listed on The Stock Exchange of Hong Kong Limited (the “**Exchange**”) and traded in an Underlying Currency of HKD, RMB or such other currencies as specified in the relevant Term Sheet. The Stock Basket may comprise a mixture of Linked Stocks traded in different currencies. However, not all stocks listed on the Exchange can be used as Linked Stocks in the Stock Basket for our Basket ELIs – please contact your distributor for more details.
- **Settlement Currency:** We may issue and settle our Basket ELIs in RMB or any non-restricted and freely convertible currency such as HKD or USD as specified in the relevant Term Sheet.

- **Issued in Nominal Units of Nominal Unit Value:** Each series of our Basket ELIs will be issued in units (the “**Nominal Units**”). Each Nominal Unit represents a specific nominal amount called “**Nominal Unit Value**” as specified in the relevant Term Sheet. The Purchase Price for each Nominal Unit is specified as a percentage of the Nominal Unit Value of our Basket ELIs in the relevant Term Sheet and may be set either as equal to or at a discount to the Nominal Unit Value of our Basket ELIs.
- **Worst Performing Stock:** The potential payout of our Basket ELIs is determined by reference to the performance of the Worst Performing Stock in the Stock Basket on each relevant Scheduled Trading Day. The Linked Stock in the Stock Basket with the lowest Performance on a Scheduled Trading Day will be the Worst Performing Stock for that Scheduled Trading Day. The Worst Performing Stock on each Scheduled Trading Day can be different. The Performance of each Linked Stock in the Stock Basket on a Scheduled Trading Day will be calculated in accordance with the following formula:

$$\text{Performance} = \frac{\text{Closing Price of the Linked Stock on a Scheduled Trading Day}}{\text{Initial Price of the Linked Stock}} \times 100\%$$

If more than one Linked Stock has the same lowest Performance on a Scheduled Trading Day, we will determine the Worst Performing Stock on such Scheduled Trading Day in our sole and absolute discretion acting in good faith and in a commercially reasonable manner.

## B. Potential Distribution Amount

- You may receive a Potential Distribution Amount on a per Nominal Unit basis for each Observation Period (being a period commencing from but excluding the relevant Period Start Date to and including the relevant Period End Date, as specified in the relevant Term Sheet) on each Distribution Payment Date depending on the performance of the Worst Performing Stock on the relevant Scheduled Trading Day(s). Such Potential Distribution Amount for a particular Observation Period is calculated as follows:

### Nominal Unit Value x the applicable Distribution Rate

- **Distribution Rate:** The relevant Term Sheet will specify the Distribution Rate applicable to an Observation Period as either:
  - (a) a Fixed Distribution Rate – in such case, you will receive a fixed Potential Distribution Amount for such Observation Period at the Fixed Distribution Rate, being the Reference Rate, as specified in the relevant Term Sheet, if the Closing Price of the Worst Performing Stock on the Period End Date for such Observation Period (subject to postponement in the case of a Disrupted Day for any Linked Stock for the purpose of determining the relevant Closing Price for such Linked Stock) (i.e. the Distribution Barrier Determination Date) is at or above its applicable Distribution Barrier Price; or
  - (b) a Variable Distribution Rate – in such case, you will receive a variable Potential Distribution Amount for such Observation Period at the Variable Distribution Rate calculated in accordance with the following formula:

$$\text{Variable Distribution Rate} = \text{Reference Rate} \times \frac{\text{Days In}}{\text{Total Days}}$$

Where,

“**Days In**” means the total number of Scheduled Trading Days (excluding any Disrupted Day for any Linked Stock) in the relevant Observation Period on which the Closing Price of the Worst Performing Stock on such Scheduled Trading Day is at or above its applicable Distribution Barrier Price;

“**Total Days**” means the total number of Scheduled Trading Days (excluding any Disrupted Day for any Linked Stock) in the relevant Observation Period;

“**Reference Rate**” means a percentage specified as such in the relevant Term Sheet and is the same for all Observation Periods; and

**“Distribution Barrier Price”** means, in respect of a Linked Stock, the price equal to a specified percentage of its Initial Price applicable to an Observation Period, as specified in the relevant Term Sheet and may be different for each Observation Period. The specified percentage used to calculate the Distribution Barrier Price for each Linked Stock for the same Observation Period is the same.

**You may not receive any Potential Distribution Amount for an Observation Period or even for the entire Scheduled Tenor of our Basket ELIs.**

**C. Settlement at expiry (on the Settlement Date)**

- If our Basket ELIs are not early terminated in accordance with the General Terms and Conditions, the settlement at expiry of our Basket ELIs will be as illustrated below:

If the Closing Price of the Worst Performing Stock on the Valuation Date is:	You will receive on the Settlement Date (being a date falling no later than (in the case of any payment in cash) 3 Business Days or (in the case of delivery of the Stock Amount) 3 Clearance System Business Days after the Valuation Date) on a per Nominal Unit basis:
<b>AT or ABOVE</b> its Put Strike Price <sup>1</sup>	Cash Amount (being 100% of the Nominal Unit Value) and Potential Distribution Amount (if any) for the last Observation Period
<b>BELOW</b> its Put Strike Price <sup>1</sup> (in which case the put option will be exercised by us on the Valuation Date)	<p>All of the following:</p> <p>(i) Stock Amount (being a number of the Worst Performing Stock as of the Valuation Date determined by reference to its Put Strike Price<sup>1</sup>), subject to payment of any Delivery Expenses, calculated as follows:</p> $\frac{\text{Nominal Unit Value (converted into the Underlying Currency of such Worst Performing Stock at the Exchange Rate if applicable)}}{\text{Put Strike Price}^1 \text{ of such Worst Performing Stock}}$ <p>(ii) cash payment of Fractional Stock (if any); and</p> <p>(iii) Potential Distribution Amount (if any) for the last Observation Period</p> <p><b>You will suffer a loss in this scenario if the sum of the market value of the Stock Amount (calculated based on the Closing Price of the Worst Performing Stock on the Valuation Date) together with the cash payment of Fractional Stock (if any) and any Potential Distribution Amount paid for the entire Scheduled Tenor is less than the Purchase Price.</b></p> <p><b>In the worst case, the market price of such Worst Performing Stock may drop to zero and the Stock Amount may become worthless.</b></p>

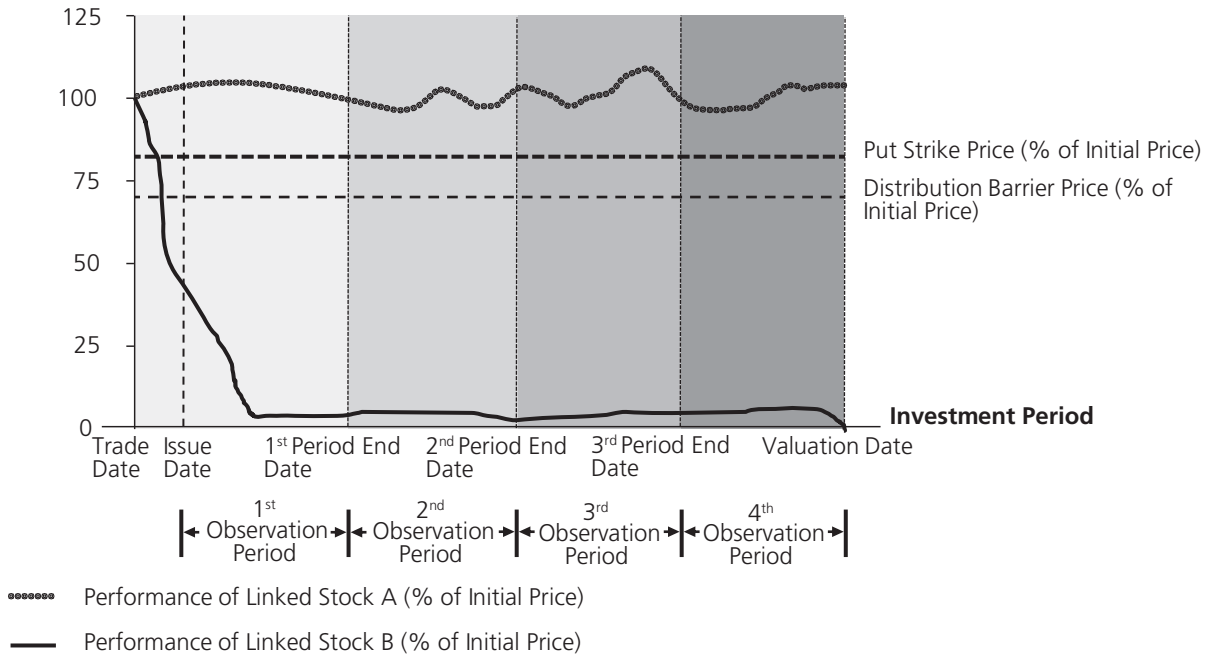
<sup>1</sup>**“Put Strike Price”** means, in respect of a Linked Stock, the price equal to a specified percentage of its Initial Price, as specified in the relevant Term Sheet. The specified percentage used to calculate the Put Strike Price for each Linked Stock is the same.



## Worst case scenario

The following hypothetical example does not reflect a complete analysis of all possible gain or loss scenarios and is for illustrative purposes only. You must not rely on it as an indication of the actual performance of the Linked Stocks or the potential payout of our Basket ELIs.

### Performance of the Linked Stocks (%)



- The above example assumes that:
  - the Purchase Price is equal to 100% of the Nominal Unit Value of the Basket ELIs; and
  - the Fixed Distribution Rate applies to the first Observation Period and the Variable Distribution Rate applies to each of the second to fourth Observation Periods.
- The above example illustrates that:
  - No Potential Distribution Amount** – since the Closing Price of the Worst Performing Stock (being Linked Stock B) (i) on the Period End Date of the first Observation Period (i.e. the Distribution Barrier Determination Date) and (ii) on each Scheduled Trading Day during each of the second to fourth Observation Periods falls below its Distribution Barrier Price, you will not receive any Potential Distribution Amount during the entire Scheduled Tenor of the Basket ELIs; and
  - Delivery of the Stock Amount** – since the Closing Price of the Worst Performing Stock on the Valuation Date falls below its Put Strike Price, you will receive the Stock Amount (and the cash payment of Fractional Stock (if any)) on the Settlement Date (subject to payment of any Delivery Expenses). You will suffer a loss as the Closing Price of the Worst Performing Stock as of the Valuation Date is lower than its Put Strike Price, and therefore the market value of the Stock Amount (calculated based on the Closing Price of the Worst Performing Stock on the Valuation Date) is less than the Purchase Price.

**If you choose not to sell such Worst Performing Stock on the Settlement Date, you will be exposed to the market risk of holding it. In the worst case, if the market price of such Worst Performing Stock remains at zero till the Settlement Date, you will lose all of your investment.**



### How do you apply for our Basket ELIs?

If you wish to apply for our Basket ELIs, you must submit your application to a distributor prior to the end of the Offer Period. Your distributor will then apply for such Basket ELIs for you with us (as the Issuer). Payment should be made to your distributor in accordance with their normal operating procedures.

You should note that the Initial Price of a Linked Stock may either be (i) the Closing Price of such Linked Stock on the Trade Date; or (ii) the market spot price of such Linked Stock as agreed between the Issuer and you (through your distributor) at the time of your application on the Trade Date and your purchase order will be executed at such agreed price. For the avoidance of doubt, the Initial Prices of all the Linked Stocks in the Stock Basket will be determined by using the same method, i.e. either of the method (i) or (ii). In case (i) above, the Distribution Barrier Price and the Put Strike Price of each Linked Stock will not be known at the time of your application, and you will be committed to invest in our Basket ELIs before the exact value of these terms are finalised (unless there is a post-sale cooling-off period applicable to such Basket ELIs and you exercise such right). In both cases, we will deliver a notification letter to you through your distributor no later than the second Business Day after the Trade Date setting out all the finalised trade specific terms. The finalised trade specific terms will also be set out in the relevant Term Sheet. Please refer to the paragraph headed "Where can you find more information about us and our Basket ELIs?" on page 107 of this Product Booklet.

### Commissions

We may pay a commission to your distributor. Distributor(s)' commissions and other transaction costs (including our cost of hedging) will be indirectly factored and subsumed into the Purchase Price for our Basket ELIs.

### What charges do you have to pay?

**Delivery Expenses** – If the Stock Amount is determined on the Valuation Date to be deliverable to you on the Settlement Date, you will have to pay all expenses (including the buyers' stamp duty, if applicable) arising from the delivery of the Stock Amount.

For the avoidance of doubt, no expenses are currently payable by you upon any payment in cash.

**Distributor's charges** – Your distributor may charge fees to open and maintain your securities or investment account. Please contact your distributor for further information.

**You should note that any Delivery Expenses and distributor's charges will affect the potential return on your investment.**

### Post-sale cooling-off period

There is no post-sale cooling-off period for you to cancel or unwind (as the case may be) your purchase order for the Basket ELIs with a scheduled Investment Period of one year or less.

In respect of our Basket ELIs with an Investment Period of more than one year, there is a post-sale cooling-off period and you have the right to cancel or unwind your purchase order (as the case may be) (in whole but not in part) for your investment in our Basket ELIs by giving an irrevocable written instruction to your distributor within 5 Business Days after you place your purchase order (the post-sale cooling-off period). If you choose to do so, you will need to submit your instruction to your distributor between **11:00 a.m. and 2:30 p.m.** on any Business Day during the post-sale cooling-off period.

If you submit a written instruction to cancel your purchase order to your distributor **before the Trade Date**, the Purchase Price will not be deducted from your designated cash account on the Issue Date.

If you submit your written instruction to unwind your purchase order **on or after the Trade Date**, we will refund to you through your distributor a cash amount (equal to the full Purchase Price less any market value adjustment). **The refund amount will be capped at and may be substantially less than the Purchase Price.**

Whether you cancel or unwind your purchase order during the post-sale cooling-off period, your distributor's commission (if any) will not be charged by your distributor. Your distributor may charge you an administrative handling fee for cancelling or unwinding your purchase order during the post-sale cooling off period.

Please refer to the section headed "Is there a post-sale cooling-off period for our Basket ELIs?" under "More information about our Basket ELIs" on page 104 of this Product Booklet for further details.

### Is there any market making arrangement before expiry of our Basket ELIs?

In respect of our Basket ELIs with an Investment Period of 6 months or less, there is no market making arrangement.

In respect of our Basket ELIs with an Investment Period of more than 6 months, we, as the market agent, will provide limited market making arrangement for our Basket ELIs on every first, third and if applicable, fifth Fridays of each month during the period from the Business Day immediately after the Issue Date up to the fifth Business Day immediately before the scheduled Valuation Date, or if any such day is not a day on which the Exchange opens, such day will be postponed to the next Business Day on which the Exchange opens (each a "**Market Making Day**").

On each Market Making Day, we will make available (via your distributor) indicative bid prices (on a per Nominal Unit basis) for our Basket ELIs during normal business hours on such Market Making Day.

If you wish to sell your Nominal Units in our Basket ELIs on a particular Market Making Day, you must contact your distributor to request for a firm bid price between **11:00 a.m. and 2:30 p.m.** on such Market Making Day.

**You should note that (a) the firm bid price will only be valid for a limited period of time as notified to you by your distributor and (b) the firm bid price may be substantially less than the Purchase Price.**

Your distributor may also charge you a fee when you sell your Nominal Units in our Basket ELIs back to us on a Market Making Day and such fee will reduce the amount you receive.

**Please note that indicative bid prices and/or firm bid prices and market making arrangements may not be available on a Market Making Day if certain events occur.** Please refer to the section headed “Is there any market making arrangement for our Basket ELIs before expiry?” under “More information about our Basket ELIs” on page 105 of this Product Booklet for further details.

### **Adjustment to the terms and conditions or early termination of our Basket ELIs**

Upon the occurrence of certain events (such as a Potential Adjustment Event, a Merger Event or a Tender Offer in respect of a Linked Stock), we may amend or adjust some of the terms and conditions of our Basket ELIs (such as adjusting the Put Strike Price, substituting the affected Linked Stock or adjusting certain key dates). Upon the occurrence of certain events (such as an Additional Disruption Event), we may early terminate our Basket ELIs.

You should refer to the “General Terms and Conditions of Basket ELIs” in Appendix 1 to this Product Booklet for further details.

### **Offer Documents**

You must read and understand the following Offer Documents for detailed information about us and our Basket ELIs before deciding whether to invest in our Basket ELIs:

- (a) the indicative term sheet for the relevant series of our Basket ELIs you are considering;
- (b) our Information Memorandum dated 20 November 2023 together with any addendum as stated in the relevant indicative term sheet;
- (c) our Financial Disclosure Document together with any addendum as stated in the relevant indicative term sheet; and
- (d) this Product Booklet for our Basket ELIs dated 20 November 2023 together with any addendum as stated in the relevant indicative term sheet.

**Your distributor is obliged to distribute to you all the Offer Documents in either English or Chinese as you may prefer. If you are in any doubt about any of the contents of the Offer Documents, you should seek independent professional advice.**

### **Our ongoing disclosure obligations**

We, as the Issuer and the Product Arranger, will keep the SFC and the distributors informed as soon as reasonably practicable if (a) we (as the Issuer) cease to meet any applicable eligibility requirements in the Code; (b) we (as the Product Arranger) cease to meet any applicable eligibility requirements in the Code; and (c) to the extent permitted by any applicable law, there are any changes in our financial condition or other circumstances which could reasonably be expected to have a material adverse effect on our ability (as the Issuer) to fulfil our commitment in connection with our Basket ELIs. Your distributor will in turn inform you. Please contact your distributor for further details.

**KEY FACTS STATEMENT (B)**  
**Basket ELIs (Daily Autocall without Daily Knock-in Feature)**  
**issued by**  
**Bank of China (Hong Kong) Limited**

*There are six categories of our Basket ELIs. This key facts statement only provides you with the key information about one category of our Basket ELIs that we may issue – Basket ELIs (Daily Autocall without Daily Knock-in Feature). This statement forms part of the Offer Documents (as defined below) for our Basket ELIs. You should not invest in our Basket ELIs based on this key facts statement alone and you should read all the Offer Documents for our Basket ELIs before you decide whether to invest in this product. Capitalised terms used in this section and not otherwise defined herein shall have the meanings given to them in the general terms and conditions of our Basket ELIs in Appendix 1 to this Product Booklet (“General Terms and Conditions”).*

**What are the key risks?**

- **Unlisted structured investment products.** Our Basket ELIs are unlisted structured investment products embedded with derivatives and are NOT equivalent to time deposits.
- **Not covered by the Investor Compensation Fund.** Our Basket ELIs are not listed on any stock exchange and are not covered by the Investor Compensation Fund in Hong Kong.
- **Not principal protected.** Our Basket ELIs are not principal protected: **you could lose all of your investment.**
- **No collateral.** Our Basket ELIs are not secured on any of our assets or any collateral.
- **Capped maximum potential gain.** The maximum potential gain under our Basket ELIs is capped at the sum of (i) the difference between the Nominal Unit Value of our Basket ELIs and the Purchase Price (if any) and (ii) the aggregate Potential Distribution Amount(s) payable during the Scheduled Tenor of our Basket ELIs. It is possible that you may not receive any Potential Distribution Amount for the entire Scheduled Tenor of our Basket ELIs.
- **Potential payout is determined by the Worst Performing Stock.** The potential payout of our Basket ELIs is determined by reference to the performance of the Worst Performing Stock in the Stock Basket on each relevant Scheduled Trading Day. If any of the Linked Stocks in the Stock Basket performs poorly against your expectation, you will not benefit from the performance of the other Linked Stocks in the Stock Basket even if they perform well and you may suffer a loss under our Basket ELIs.
- **Not the same as buying any Linked Stock in the Stock Basket.** Buying our Basket ELIs is not the same as buying any Linked Stock in the Stock Basket. You do not acquire any right in any Linked Stock in the Stock Basket, except where the Worst Performing Stock as of the Valuation Date is determined to be deliverable to you on the Settlement Date, in which case you will be entitled to the rights of such Worst Performing Stock from and including the Valuation Date in accordance with the General Terms and Conditions. Changes in the market price of any Linked Stock may not lead to a corresponding change, or any change at all, in the market value of, and/or your potential gain or loss under, our Basket ELIs.
- **Liquidity risk and limited market making arrangement.** Our Basket ELIs are designed to be held until expiry. We will only provide limited market making arrangement for our Basket ELIs with an Investment Period of more than 6 months on a bi-weekly basis. If you sell your investment in our Basket ELIs before expiry, you may receive an amount which is substantially less than your original investment amount.
- **Re-investment risk following early termination.** Our Basket ELIs will be early terminated upon the trigger of the Autocall Feature. You will not receive any further Potential Distribution Amount following such early termination. You may bear re-investment risk since the prevailing market conditions may have changed and may hinder you from making any further investment under similar investment terms. You may not be able to get the same rate of return if you re-invest in investments with similar risk parameters.

- **Maximum loss upon BOCHK's default or insolvency.** Our Basket ELIs constitute general, unsecured and unsubordinated contractual obligations of Bank of China (Hong Kong) Limited and of no other person (including the ultimate holding company of our group, Bank of China Limited). If you purchase our Basket ELIs, you are relying upon the creditworthiness of Bank of China (Hong Kong) Limited and have no rights under the terms and conditions of our Basket ELIs against the issuers of the Linked Stocks. In the worst case scenario, **you could lose all of your investment.**

BOCHK is not the ultimate holding company of the group to which we belong and with which our name is identified. The ultimate holding company of our group is Bank of China Limited which does not guarantee the performance of our obligations under our Basket ELIs.

- **You will be exposed to the risks associated with our Basket ELIs starting from the Trade Date.** As all terms applicable to our Basket ELIs will be finalised on the Trade Date, you will be subject to the terms and conditions of our Basket ELIs from the Trade Date, and you will be exposed to the risks associated with our Basket ELIs starting from the Trade Date.
- **No direct contractual rights against the Issuer and reliance upon distributor.** Each series of our Basket ELIs will be represented by a global certificate and no individual certificate will be issued to you with respect to your interest in our Basket ELIs. You do not have any direct contractual rights against us (as the Issuer). To assert your rights as an investor in our Basket ELIs against us (as the Issuer), you will have to rely on your distributor (and, if applicable, its direct or indirect custodian) to take action on your behalf. You therefore will be exposed to the credit risks and other default risks of your distributor (and, if applicable, its direct or indirect custodian). This is a complicated area of law and you should seek independent legal advice for further information.
- **English version of the terms and conditions prevails over Chinese version.** The global certificate representing a series of our Basket ELIs and the terms and conditions of our Basket ELIs will only be issued in English for the purpose of lodgment with the relevant clearing system(s). If there is any inconsistency between the Chinese version and the English version of such terms and conditions of our Basket ELIs, the English version will prevail over the Chinese version. If you do not understand the English version, you should seek independent professional advice.
- **Conflicts of interest.** Potential and actual conflicts of interest may arise from the different roles played by us and our subsidiaries and affiliates in connection with our Basket ELIs and our economic interests in each role may be adverse to your interests in our Basket ELIs.
- **Additional risks for RMB-denominated Basket ELIs and/or Basket ELIs linked to RMB-traded Linked Stock.** Where the settlement currency of the Basket ELIs is RMB, and/or any linked stock is denominated and traded in RMB, the performance of such Basket ELIs may be adversely affected due to risks relating to RMB, such as the current limited pool of RMB outside the mainland China, offshore RMB exchange rate risk and RMB interest rate risk. Our payment under any RMB-denominated Basket ELIs may also be postponed, or delivered in a HKD equivalent amount upon occurrence of an RMB disruption event.

### What are Basket ELIs (Daily Autocall without Daily Knock-in Feature)?

#### A. Overview of this product

- **Product type:** It is a structured investment product which has an embedded conditional put option over the Linked Stocks in the Stock Basket, under which you will be obliged to buy a number of the Worst Performing Stock as of the Valuation Date at expiry at a pre-fixed price if certain conditions are met.
- **Investment Period and Scheduled Tenor:** Its Investment Period commences from the scheduled Trade Date to the scheduled Valuation Date (both days inclusive), which generally ranges from 1 month to 3 years. The Scheduled Tenor of our Basket ELIs commences from the Issue Date to the scheduled Settlement Date (both days inclusive).

- **Linked Stocks:** The Stock Basket may comprise a minimum of 2 and a maximum of 6 Linked Stocks. The Linked Stocks will be shares and/or units of companies and/or funds listed on The Stock Exchange of Hong Kong Limited (the “**Exchange**”) and traded in an Underlying Currency of HKD, RMB or such other currencies as specified in the relevant Term Sheet. The Stock Basket may comprise a mixture of Linked Stocks traded in different currencies. However, not all stocks listed on the Exchange can be used as Linked Stocks in the Stock Basket for our Basket ELIs – please contact your distributor for more details.
- **Settlement Currency:** We may issue and settle our Basket ELIs in RMB or any non-restricted and freely convertible currency such as HKD or USD as specified in the relevant Term Sheet.
- **Issued in Nominal Units of Nominal Unit Value:** Each series of our Basket ELIs will be issued in units (the “**Nominal Units**”). Each Nominal Unit represents a specific nominal amount called “**Nominal Unit Value**” as specified in the relevant Term Sheet. The Purchase Price for each Nominal Unit is specified as a percentage of the Nominal Unit Value of our Basket ELIs in the relevant Term Sheet and may be set either as equal to or at a discount to the Nominal Unit Value of our Basket ELIs.
- **Worst Performing Stock:** The potential payout of our Basket ELIs is determined by reference to the performance of the Worst Performing Stock in the Stock Basket on each relevant Scheduled Trading Day. The Linked Stock in the Stock Basket with the lowest Performance on a Scheduled Trading Day will be the Worst Performing Stock for that Scheduled Trading Day. The Worst Performing Stock on each Scheduled Trading Day can be different. The Performance of each Linked Stock in the Stock Basket on a Scheduled Trading Day will be calculated in accordance with the following formula:

$$\text{Performance} = \frac{\text{Closing Price of the Linked Stock on a Scheduled Trading Day}}{\text{Initial Price of the Linked Stock}} \times 100\%$$

If more than one Linked Stock has the same lowest Performance on a Scheduled Trading Day, we will determine the Worst Performing Stock on such Scheduled Trading Day in our sole and absolute discretion acting in good faith and in a commercially reasonable manner.

## B. Potential Distribution Amount

- You may receive a Potential Distribution Amount on a per Nominal Unit basis for each Observation Period (being a period commencing from but excluding the relevant Period Start Date to and including the relevant Period End Date, as specified in the relevant Term Sheet) on each Distribution Payment Date depending on the performance of the Worst Performing Stock on the relevant Scheduled Trading Day(s). Such Potential Distribution Amount for a particular Observation Period is calculated as follows:

$$\text{Nominal Unit Value} \times \text{the applicable Distribution Rate}$$

- **Distribution Rate:** The relevant Term Sheet will specify the Distribution Rate applicable to an Observation Period as either:
  - (a) a Fixed Distribution Rate – in such case, you will receive a fixed Potential Distribution Amount for such Observation Period at the Fixed Distribution Rate, being the Reference Rate, as specified in the relevant Term Sheet, if the Closing Price of the Worst Performing Stock on the Period End Date for such Observation Period (subject to postponement in the case of a Disrupted Day for any Linked Stock for the purpose of determining the relevant Closing Price for such Linked Stock) (i.e. the Distribution Barrier Determination Date) is at or above its applicable Distribution Barrier Price. Provided that if the Daily Autocall Feature is triggered during such Observation Period, the fixed Potential Distribution Amount for such Observation Period is payable regardless of the performance of the Linked Stocks in the Stock Basket and will either (i) not be pro-rated (i.e. the fixed Potential Distribution Amount will be calculated from but excluding the relevant Period Start Date up to and including the relevant Period End Date) or (ii) be calculated on a pro-rata basis from but excluding the relevant Period Start Date to and including the Autocall Trigger Date (regardless of whether any such day is a Disrupted Day for any Linked Stock), as specified in the relevant Term Sheet; or



- (b) a Variable Distribution Rate – in such case, you will receive a variable Potential Distribution Amount for such Observation Period at the Variable Distribution Rate calculated in accordance with the following formula:

$$\text{Variable Distribution Rate} = \text{Reference Rate} \times \frac{\text{Days In}}{\text{Total Days}}$$

Where,

**“Days In”** means the total number of Scheduled Trading Days (excluding any Disrupted Day for any Linked Stock) in the relevant Observation Period (or, if the Daily Autocall Feature is triggered during such Observation Period, the period commencing from but excluding the relevant Period Start Date to and including the Autocall Trigger Date) on which the Closing Price of the Worst Performing Stock on such Scheduled Trading Day is at or above its applicable Distribution Barrier Price;

**“Total Days”** means the total number of Scheduled Trading Days (excluding any Disrupted Day for any Linked Stock) in the relevant Observation Period. If the Daily Autocall Feature is triggered during such Observation Period, each Scheduled Trading Day from but excluding the Autocall Trigger Date to and including the relevant Period End Date for such Observation Period shall be deemed not to be a Disrupted Day for any Linked Stock;

**“Reference Rate”** means a percentage specified as such in the relevant Term Sheet and is the same for all Observation Periods; and

**“Distribution Barrier Price”** means, in respect of a Linked Stock, the price equal to a specified percentage of its Initial Price applicable to an Observation Period, as specified in the relevant Term Sheet and may be different for each Observation Period. The specified percentage used to calculate the Distribution Barrier Price for each Linked Stock for the same Observation Period is the same.

**You may not receive any Potential Distribution Amount for an Observation Period or even for the entire Scheduled Tenor of our Basket ELIs.**

#### **C. Daily Autocall Feature**

- This category of our Basket ELIs contains a Daily Autocall Feature. The Daily Autocall Feature will be triggered on an Autocall Determination Date if the Closing Price of the Worst Performing Stock on such Autocall Determination Date, which is set as each Scheduled Trading Day (excluding any Disrupted Day for any Linked Stock) during the period from and including the date as specified in the relevant Term Sheet, which is on or after the Issue Date, to but excluding the Valuation Date (i.e. an Autocall Period) is at or above its Autocall Price. The Autocall Price of each Linked Stock is set as a percentage of its Initial Price, as specified in the relevant Term Sheet and will be the same for each Autocall Determination Date. The specified percentage used to calculate the Autocall Price for each Linked Stock is the same.
- Following the trigger of the Daily Autocall Feature on an Autocall Determination Date (the **“Autocall Trigger Date”**), we will terminate our Basket ELIs on the Autocall Trigger Date and you will receive a cash amount on a per Nominal Unit basis called the **“Autocall Cash Amount”** (being 100% of the Nominal Unit Value), together with any Potential Distribution Amount which will be calculated up to and including (i) the relevant Period End Date or (ii) the Autocall Trigger Date, as specified in the relevant Term Sheet, on the Autocall Settlement Date (being a date falling no later than 3 Business Days after such Autocall Trigger Date).



#### D. Settlement at expiry (on the Settlement Date)

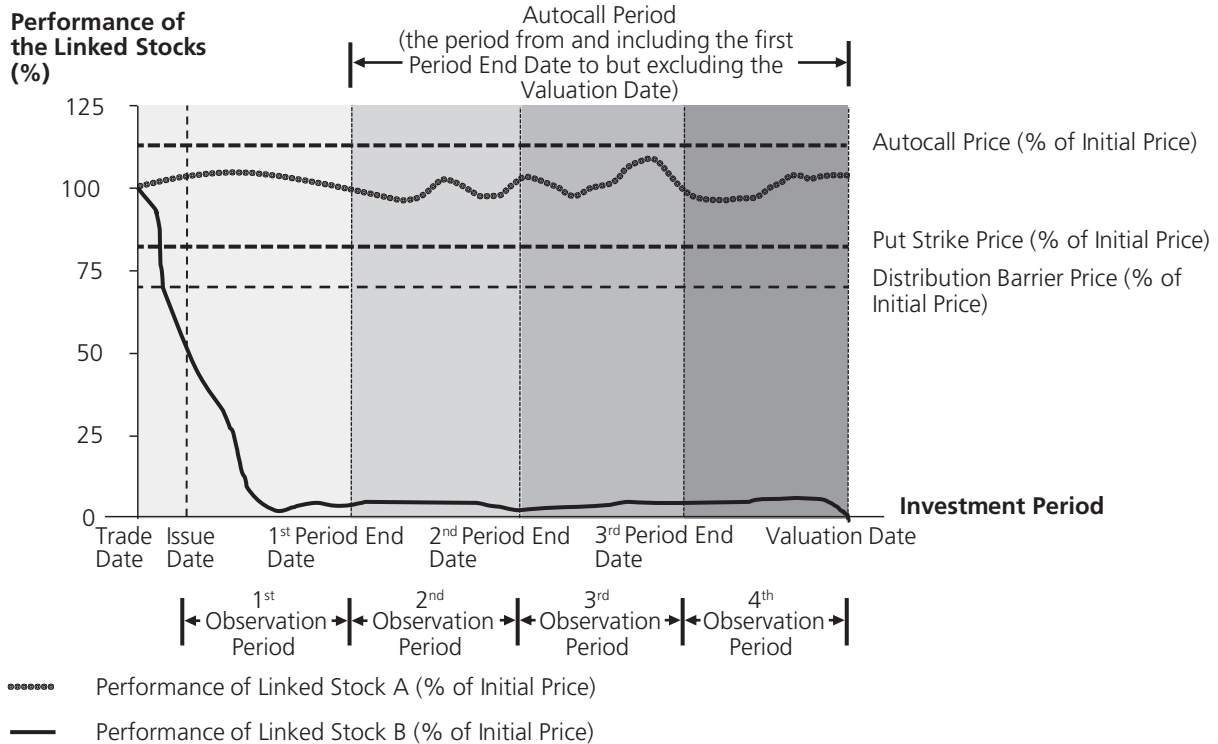
- If the Daily Autocall Feature has not been triggered and our Basket ELLs are not otherwise early terminated in accordance with the General Terms and Conditions, the settlement at expiry of our Basket ELLs will be as illustrated below:

If the Closing Price of the Worst Performing Stock on the Valuation Date is:	You will receive on the Settlement Date (being a date falling no later than (in the case of any payment in cash) 3 Business Days or (in the case of delivery of the Stock Amount) 3 Clearance System Business Days after the Valuation Date) on a per Nominal Unit basis:
<b>AT or ABOVE</b> its Put Strike Price <sup>1</sup>	Cash Amount (being 100% of the Nominal Unit Value) and Potential Distribution Amount (if any) for the last Observation Period
<b>BELOW</b> its Put Strike Price <sup>1</sup> (in which case the conditional put option will be exercised by us on the Valuation Date)	<p>All of the following:</p> <ul style="list-style-type: none"> <li>(i) Stock Amount (being a number of the Worst Performing Stock as of the Valuation Date determined by reference to its Put Strike Price<sup>1</sup>), subject to payment of any Delivery Expenses, calculated as follows: <math display="block">\frac{\text{Nominal Unit Value (converted into the Underlying Currency of such Worst Performing Stock at the Exchange Rate if applicable)}}{\text{Put Strike Price}^1 \text{ of such Worst Performing Stock}}</math> </li> <li>(ii) cash payment of Fractional Stock (if any); and</li> <li>(iii) Potential Distribution Amount (if any) for the last Observation Period</li> </ul> <p><b>You will suffer a loss in this scenario if the sum of the market value of the Stock Amount (calculated based on the Closing Price of the Worst Performing Stock on the Valuation Date) together with the cash payment of Fractional Stock (if any) and any Potential Distribution Amount paid for the entire Scheduled Tenor is less than the Purchase Price.</b></p> <p><b>In the worst case, the market price of such Worst Performing Stock may drop to zero and the Stock Amount may become worthless.</b></p>

<sup>1</sup>“**Put Strike Price**” means, in respect of a Linked Stock, the price equal to a specified percentage of its Initial Price, as specified in the relevant Term Sheet. The specified percentage used to calculate the Put Strike Price for each Linked Stock is the same.

## Worst case scenario

The following hypothetical example does not reflect a complete analysis of all possible gain or loss scenarios and is for illustrative purposes only. You must not rely on it as an indication of the actual performance of the Linked Stocks or the potential payout of our Basket ELIs.



- The above example assumes that:
  - the Purchase Price is equal to 100% of the Nominal Unit Value of the Basket ELIs;
  - the Fixed Distribution Rate applies to the first Observation Period and the Variable Distribution Rate applies to each of the second to fourth Observation Periods; and
  - the Autocall Determination Dates are set as each Scheduled Trading Day (excluding any Disrupted Day for any Linked Stock) during the Autocall Period.
- The above example illustrates that:
  - No Potential Distribution Amount** – since the Closing Price of the Worst Performing Stock (being Linked Stock B) (i) on the Period End Date of the first Observation Period (i.e. the Distribution Barrier Determination Date) and (ii) on each Scheduled Trading Day during each of the second to fourth Observation Periods falls below its Distribution Barrier Price, you will not receive any Potential Distribution Amount during the entire Scheduled Tenor of the Basket ELIs;
  - No trigger of Daily Autocall Feature** – since the Closing Price of the Worst Performing Stock on each Autocall Determination Date falls below its Autocall Price, no Daily Autocall Feature is triggered; and

- (c) **Delivery of the Stock Amount** – since the Closing Price of the Worst Performing Stock on the Valuation Date falls below its Put Strike Price, you will receive the Stock Amount (and the cash payment of Fractional Stock (if any)) on the Settlement Date (subject to payment of any Delivery Expenses). You will suffer a loss as the Closing Price of the Worst Performing Stock as of the Valuation Date is lower than its Put Strike Price, and therefore the market value of the Stock Amount (calculated based on the Closing Price of the Worst Performing Stock on the Valuation Date) is less than the Purchase Price.

**If you choose not to sell such Worst Performing Stock on the Settlement Date, you will be exposed to the market risk of holding it. In the worst case, if the market price of such Worst Performing Stock remains at zero till the Settlement Date, you will lose all of your investment.**

### How do you apply for our Basket ELIs?

If you wish to apply for our Basket ELIs, you must submit your application to a distributor prior to the end of the Offer Period. Your distributor will then apply for such Basket ELIs for you with us (as the Issuer). Payment should be made to your distributor in accordance with their normal operating procedures.

You should note that the Initial Price of a Linked Stock may either be (i) the Closing Price of such Linked Stock on the Trade Date; or (ii) the market spot price of such Linked Stock as agreed between the Issuer and you (through your distributor) at the time of your application on the Trade Date and your purchase order will be executed at such agreed price. For the avoidance of doubt, the Initial Prices of all the Linked Stocks in the Stock Basket will be determined by using the same method, i.e. either of the method (i) or (ii). In case (i) above, the Distribution Barrier Price, the Put Strike Price and the Autocall Price of each Linked Stock will not be known at the time of your application, and you will be committed to invest in our Basket ELIs before the exact value of these terms are finalised (unless there is a post-sale cooling-off period applicable to such Basket ELIs and you exercise such right). In both cases, we will deliver a notification letter to you through your distributor no later than the second Business Day after the Trade Date setting out all the finalised trade specific terms. The finalised trade specific terms will also be set out in the relevant Term Sheet. Please refer to the paragraph headed “Where can you find more information about us and our Basket ELIs?” on page 107 of this Product Booklet.

### Commissions

We may pay a commission to your distributor. Distributor(s)' commissions and other transaction costs (including our cost of hedging) will be indirectly factored and subsumed into the Purchase Price for our Basket ELIs.

### What charges do you have to pay?

**Delivery Expenses** – If the Stock Amount is determined on the Valuation Date to be deliverable to you on the Settlement Date, you will have to pay all expenses (including the buyers' stamp duty, if applicable) arising from the delivery of the Stock Amount.

For the avoidance of doubt, no expenses are currently payable by you upon any payment in cash.

**Distributor's charges** – Your distributor may charge fees to open and maintain your securities or investment account. Please contact your distributor for further information.

**You should note that any Delivery Expenses and distributor's charges will affect the potential return on your investment.**

### Post-sale cooling-off period

There is no post-sale cooling-off period for you to cancel or unwind (as the case may be) your purchase order for the Basket ELLs with a scheduled Investment Period of one year or less.

In respect of our Basket ELLs with an Investment Period of more than one year, there is a post-sale cooling-off period and you have the right to cancel or unwind your purchase order (as the case may be) (in whole but not in part) for your investment in our Basket ELLs by giving an irrevocable written instruction to your distributor within 5 Business Days after you place your purchase order (the post-sale cooling-off period). If you choose to do so, you will need to submit your instruction to your distributor between **11:00 a.m. and 2:30 p.m.** on any Business Day during the post-sale cooling-off period.

If you submit a written instruction to cancel your purchase order to your distributor **before the Trade Date**, the Purchase Price will not be deducted from your designated cash account on the Issue Date.

If you submit your written instruction to unwind your purchase order **on or after the Trade Date**, we will refund to you through your distributor a cash amount (equal to the full Purchase Price less any market value adjustment). **The refund amount will be capped at and may be substantially less than the Purchase Price.**

Whether you cancel or unwind your purchase order during the post-sale cooling-off period, your distributor's commission (if any) will not be charged by your distributor. Your distributor may charge you an administrative handling fee for cancelling or unwinding your purchase order during the post-sale cooling off period.

Please refer to the section headed "Is there a post-sale cooling-off period for our Basket ELLs?" under "More information about our Basket ELLs" on page 104 of this Product Booklet for further details.

### Is there any market making arrangement before expiry of our Basket ELLs?

In respect of our Basket ELLs with an Investment Period of 6 months or less, there is no market making arrangement.

In respect of our Basket ELLs with an Investment Period of more than 6 months, we, as the market agent, will provide limited market making arrangement for our Basket ELLs on every first, third and if applicable, fifth Fridays of each month during the period from the Business Day immediately after the Issue Date up to the fifth Business Day immediately before the scheduled Valuation Date, or if any such day is not a day on which the Exchange opens, such day will be postponed to the next Business Day on which the Exchange opens (each a "**Market Making Day**").

On each Market Making Day, we will make available (via your distributor) indicative bid prices (on a per Nominal Unit basis) for our Basket ELLs during normal business hours on such Market Making Day.

If you wish to sell your Nominal Units in our Basket ELLs on a particular Market Making Day, you must contact your distributor to request for a firm bid price between **11:00 a.m. and 2:30 p.m.** on such Market Making Day.

**You should note that (a) the firm bid price will only be valid for a limited period of time as notified to you by your distributor and (b) the firm bid price may be substantially less than the Purchase Price.**

Your distributor may also charge you a fee when you sell your Nominal Units in our Basket ELLs back to us on a Market Making Day and such fee will reduce the amount you receive.

**Please note that indicative bid prices and/or firm bid prices and market making arrangements may not be available on a Market Making Day if certain events occur.** Please refer to the section headed “Is there any market making arrangement for our Basket ELLs before expiry?” under “More information about our Basket ELLs” on page 105 of this Product Booklet for further details.

#### **Adjustment to the terms and conditions or early termination of our Basket ELLs**

Upon the occurrence of certain events (such as a Potential Adjustment Event, a Merger Event or a Tender Offer in respect of a Linked Stock), we may amend or adjust some of the terms and conditions of our Basket ELLs (such as adjusting the Put Strike Price, substituting the affected Linked Stock or adjusting certain key dates). Upon the occurrence of certain events (such as an Additional Disruption Event), we may early terminate our Basket ELLs.

You should refer to the “General Terms and Conditions of Basket ELLs” in Appendix 1 to this Product Booklet for further details.

#### **Offer Documents**

You must read and understand the following Offer Documents for detailed information about us and our Basket ELLs before deciding whether to invest in our Basket ELLs:

- (a) the indicative term sheet for the relevant series of our Basket ELLs you are considering;
- (b) our Information Memorandum dated 20 November 2023 together with any addendum as stated in the relevant indicative term sheet;
- (c) our Financial Disclosure Document together with any addendum as stated in the relevant indicative term sheet; and
- (d) this Product Booklet for our Basket ELLs dated 20 November 2023 together with any addendum as stated in the relevant indicative term sheet.

**Your distributor is obliged to distribute to you all the Offer Documents in either English or Chinese as you may prefer. If you are in any doubt about any of the contents of the Offer Documents, you should seek independent professional advice.**

#### **Our ongoing disclosure obligations**

We, as the Issuer and the Product Arranger, will keep the SFC and the distributors informed as soon as reasonably practicable if (a) we (as the Issuer) cease to meet any applicable eligibility requirements in the Code; (b) we (as the Product Arranger) cease to meet any applicable eligibility requirements in the Code; and (c) to the extent permitted by any applicable law, there are any changes in our financial condition or other circumstances which could reasonably be expected to have a material adverse effect on our ability (as the Issuer) to fulfil our commitment in connection with our Basket ELLs. Your distributor will in turn inform you. Please contact your distributor for further details.

**KEY FACTS STATEMENT (C)**  
**Basket ELIs (Periodic Autocall without Daily Knock-in Feature)**  
**issued by**  
**Bank of China (Hong Kong) Limited**

*There are six categories of our Basket ELIs. This key facts statement only provides you with the key information about one category of our Basket ELIs that we may issue – Basket ELIs (Periodic Autocall without Daily Knock-in Feature). This statement forms part of the Offer Documents (as defined below) for our Basket ELIs. You should not invest in our Basket ELIs based on this key facts statement alone and you should read all the Offer Documents for our Basket ELIs before you decide whether to invest in this product. Capitalised terms used in this section and not otherwise defined herein shall have the meanings given to them in the general terms and conditions of our Basket ELIs in Appendix 1 to this Product Booklet (“General Terms and Conditions”).*

**What are the key risks?**

- **Unlisted structured investment products.** Our Basket ELIs are unlisted structured investment products embedded with derivatives and are NOT equivalent to time deposits.
- **Not covered by the Investor Compensation Fund.** Our Basket ELIs are not listed on any stock exchange and are not covered by the Investor Compensation Fund in Hong Kong.
- **Not principal protected.** Our Basket ELIs are not principal protected: **you could lose all of your investment.**
- **No collateral.** Our Basket ELIs are not secured on any of our assets or any collateral.
- **Capped maximum potential gain.** The maximum potential gain under our Basket ELIs is capped at the sum of (i) the difference between the Nominal Unit Value of our Basket ELIs and the Purchase Price (if any) and (ii) the aggregate Potential Distribution Amount(s) payable during the Scheduled Tenor of our Basket ELIs. It is possible that you may not receive any Potential Distribution Amount for the entire Scheduled Tenor of our Basket ELIs.
- **Potential payout is determined by the Worst Performing Stock.** The potential payout of our Basket ELIs is determined by reference to the performance of the Worst Performing Stock in the Stock Basket on each relevant Scheduled Trading Day. If any of the Linked Stocks in the Stock Basket performs poorly against your expectation, you will not benefit from the performance of the other Linked Stocks in the Stock Basket even if they perform well and you may suffer a loss under our Basket ELIs.
- **Not the same as buying any Linked Stock in the Stock Basket.** Buying our Basket ELIs is not the same as buying any Linked Stock in the Stock Basket. You do not acquire any right in any Linked Stock in the Stock Basket, except where the Worst Performing Stock as of the Valuation Date is determined to be deliverable to you on the Settlement Date, in which case you will be entitled to the rights of such Worst Performing Stock from and including the Valuation Date in accordance with the General Terms and Conditions. Changes in the market price of any Linked Stock may not lead to a corresponding change, or any change at all, in the market value of, and/or your potential gain or loss under, our Basket ELIs.
- **Liquidity risk and limited market making arrangement.** Our Basket ELIs are designed to be held until expiry. We will only provide limited market making arrangement for our Basket ELIs with an Investment Period of more than 6 months on a bi-weekly basis. If you sell your investment in our Basket ELIs before expiry, you may receive an amount which is substantially less than your original investment amount.
- **Re-investment risk following early termination.** Our Basket ELIs will be early terminated upon the trigger of the Autocall Feature. You will not receive any further Potential Distribution Amount following such early termination. You may bear re-investment risk since the prevailing market conditions may have changed and may hinder you from making any further investment under similar investment terms. You may not be able to get the same rate of return if you re-invest in investments with similar risk parameters.



- **Maximum loss upon BOCHK's default or insolvency.** Our Basket ELIs constitute general, unsecured and unsubordinated contractual obligations of Bank of China (Hong Kong) Limited and of no other person (including the ultimate holding company of our group, Bank of China Limited). If you purchase our Basket ELIs, you are relying upon the creditworthiness of Bank of China (Hong Kong) Limited and have no rights under the terms and conditions of our Basket ELIs against the issuers of the Linked Stocks. In the worst case scenario, **you could lose all of your investment.**

BOCHK is not the ultimate holding company of the group to which we belong and with which our name is identified. The ultimate holding company of our group is Bank of China Limited which does not guarantee the performance of our obligations under our Basket ELIs.

- **You will be exposed to the risks associated with our Basket ELIs starting from the Trade Date.** As all terms applicable to our Basket ELIs will be finalised on the Trade Date, you will be subject to the terms and conditions of our Basket ELIs from the Trade Date, and you will be exposed to the risks associated with our Basket ELIs starting from the Trade Date.
- **No direct contractual rights against the Issuer and reliance upon distributor.** Each series of our Basket ELIs will be represented by a global certificate and no individual certificate will be issued to you with respect to your interest in our Basket ELIs. You do not have any direct contractual rights against us (as the Issuer). To assert your rights as an investor in our Basket ELIs against us (as the Issuer), you will have to rely on your distributor (and, if applicable, its direct or indirect custodian) to take action on your behalf. You therefore will be exposed to the credit risks and other default risks of your distributor (and, if applicable, its direct or indirect custodian). This is a complicated area of law and you should seek independent legal advice for further information.
- **English version of the terms and conditions prevails over Chinese version.** The global certificate representing a series of our Basket ELIs and the terms and conditions of our Basket ELIs will only be issued in English for the purpose of lodgment with the relevant clearing system(s). If there is any inconsistency between the Chinese version and the English version of such terms and conditions of our Basket ELIs, the English version will prevail over the Chinese version. If you do not understand the English version, you should seek independent professional advice.
- **Conflicts of interest.** Potential and actual conflicts of interest may arise from the different roles played by us and our subsidiaries and affiliates in connection with our Basket ELIs and our economic interests in each role may be adverse to your interests in our Basket ELIs.
- **Additional risks for RMB-denominated Basket ELIs and/or Basket ELIs linked to RMB-traded Linked Stock.** Where the settlement currency of the Basket ELIs is RMB, and/or any linked stock is denominated and traded in RMB, the performance of such Basket ELIs may be adversely affected due to risks relating to RMB, such as the current limited pool of RMB outside the mainland China, offshore RMB exchange rate risk and RMB interest rate risk. Our payment under any RMB-denominated Basket ELIs may also be postponed, or delivered in a HKD equivalent amount upon occurrence of an RMB disruption event.

#### What are Basket ELIs (Periodic Autocall without Daily Knock-in Feature)?

##### A. Overview of this product

- **Product type:** It is a structured investment product which has an embedded conditional put option over the Linked Stocks in the Stock Basket, under which you will be obliged to buy a number of the Worst Performing Stock as of the Valuation Date at expiry at a pre-fixed price if certain conditions are met.
- **Investment Period and Scheduled Tenor:** Its Investment Period commences from the scheduled Trade Date to the scheduled Valuation Date (both days inclusive), which generally ranges from 1 month to 3 years. The Scheduled Tenor of our Basket ELIs commences from the Issue Date to the scheduled Settlement Date (both days inclusive).



- **Linked Stocks:** The Stock Basket may comprise a minimum of 2 and a maximum of 6 Linked Stocks. The Linked Stocks will be shares and/or units of companies and/or funds listed on The Stock Exchange of Hong Kong Limited (the “**Exchange**”) and traded in an Underlying Currency of HKD, RMB or such other currencies as specified in the relevant Term Sheet. The Stock Basket may comprise a mixture of Linked Stocks traded in different currencies. However, not all stocks listed on the Exchange can be used as Linked Stocks in the Stock Basket for our Basket ELs – please contact your distributor for more details.
- **Settlement Currency:** We may issue and settle our Basket ELs in RMB or any non-restricted and freely convertible currency such as HKD or USD as specified in the relevant Term Sheet.
- **Issued in Nominal Units of Nominal Unit Value:** Each series of our Basket ELs will be issued in units (the “**Nominal Units**”). Each Nominal Unit represents a specific nominal amount called “**Nominal Unit Value**” as specified in the relevant Term Sheet. The Purchase Price for each Nominal Unit is specified as a percentage of the Nominal Unit Value of our Basket ELs in the relevant Term Sheet and may be set either as equal to or at a discount to the Nominal Unit Value of our Basket ELs.
- **Worst Performing Stock:** The potential payout of our Basket ELs is determined by reference to the performance of the Worst Performing Stock in the Stock Basket on each relevant Scheduled Trading Day. The Linked Stock in the Stock Basket with the lowest Performance on a Scheduled Trading Day will be the Worst Performing Stock for that Scheduled Trading Day. The Worst Performing Stock on each Scheduled Trading Day can be different. The Performance of each Linked Stock in the Stock Basket on a Scheduled Trading Day will be calculated in accordance with the following formula:

$$\text{Performance} = \frac{\text{Closing Price of the Linked Stock on a Scheduled Trading Day}}{\text{Initial Price of the Linked Stock}} \times 100\%$$

If more than one Linked Stock has the same lowest Performance on a Scheduled Trading Day, we will determine the Worst Performing Stock on such Scheduled Trading Day in our sole and absolute discretion acting in good faith and in a commercially reasonable manner.

## **B. Potential Distribution Amount**

- You may receive a Potential Distribution Amount on a per Nominal Unit basis for each Observation Period (being a period commencing from but excluding the relevant Period Start Date to and including the relevant Period End Date, as specified in the relevant Term Sheet) on each Distribution Payment Date depending on the performance of the Worst Performing Stock on the relevant Scheduled Trading Day(s). Such Potential Distribution Amount for a particular Observation Period is calculated as follows:

### **Nominal Unit Value x the applicable Distribution Rate**

- **Distribution Rate:** The relevant Term Sheet will specify the Distribution Rate applicable to an Observation Period as either:
  - (a) a Fixed Distribution Rate – in such case, you will receive a fixed Potential Distribution Amount for such Observation Period at the Fixed Distribution Rate, being the Reference Rate, as specified in the relevant Term Sheet, if the Closing Price of the Worst Performing Stock on the Period End Date for such Observation Period (subject to postponement in the case of a Disrupted Day for any Linked Stock for the purpose of determining the relevant Closing Price for such Linked Stock) (i.e. the Distribution Barrier Determination Date) is at or above its applicable Distribution Barrier Price; or

- (b) a Variable Distribution Rate – in such case, you will receive a variable Potential Distribution Amount for such Observation Period at the Variable Distribution Rate calculated in accordance with the following formula:

$$\text{Variable Distribution Rate} = \text{Reference Rate} \times \frac{\text{Days In}}{\text{Total Days}}$$

Where,

**“Days In”** means the total number of Scheduled Trading Days (excluding any Disrupted Day for any Linked Stock) in the relevant Observation Period on which the Closing Price of the Worst Performing Stock on such Scheduled Trading Day is at or above its applicable Distribution Barrier Price;

**“Total Days”** means the total number of Scheduled Trading Days (excluding any Disrupted Day for any Linked Stock) in the relevant Observation Period;

**“Reference Rate”** means a percentage specified as such in the relevant Term Sheet and is the same for all Observation Periods; and

**“Distribution Barrier Price”** means, in respect of a Linked Stock, the price equal to a specified percentage of its Initial Price applicable to an Observation Period, as specified in the relevant Term Sheet and may be different for each Observation Period. The specified percentage used to calculate the Distribution Barrier Price for each Linked Stock for the same Observation Period is the same.

**You may not receive any Potential Distribution Amount for an Observation Period or even for the entire Scheduled Tenor of our Basket ELIs.**

#### **C. Periodic Autocall Feature**

- This category of our Basket ELIs contains a Periodic Autocall Feature. The Periodic Autocall Feature will be triggered on an Autocall Determination Date if the Closing Price of the Worst Performing Stock on such Autocall Determination Date, which is set as each Period End Date (excluding the Valuation Date) during the period as specified in the relevant Term Sheet (subject to postponement in the case of a Disrupted Day for any Linked Stock for the purpose of recording the relevant Closing Price) is at or above its Autocall Price. The Autocall Price of each Linked Stock is set as a percentage of its Initial Price, as specified in the relevant Term Sheet and will be the same for each Autocall Determination Date. The specified percentage used to calculate the Autocall Price for each Linked Stock is the same.
- If the Periodic Autocall Feature is triggered following a postponed determination of the Closing Price of the Worst Performing Stock in respect of an Autocall Determination Date which is a Disrupted Day for such Linked Stock, the Periodic Autocall Feature shall be deemed to have been triggered on that original Autocall Determination Date which is a Disrupted Day for such Linked Stock. The Autocall Determination Date on which the Periodic Autocall Feature is triggered or is deemed to be triggered is the Autocall Trigger Date. You should refer to “General Terms and Conditions of Basket ELIs” in Appendix 1 to this Product Booklet for further details.
- Following the trigger of the Periodic Autocall Feature, we will terminate our Basket ELIs on such Autocall Trigger Date and you will receive a cash amount on a per Nominal Unit basis called the **“Autocall Cash Amount”** (being 100% of the Nominal Unit Value), together with any Potential Distribution Amount for the relevant Observation Period during which the Periodic Autocall Feature is triggered or is deemed to be triggered, on the Autocall Settlement Date (being a date falling no later than 3 Business Days after such Autocall Trigger Date or where the Periodic Autocall Feature is deemed to be triggered on an Autocall Determination Date which is a Disrupted Day for any Linked Stock for the purpose of determining the Closing Price of such Linked Stock, no later than 3 Business Days after the day on which the Closing Price of such Linked Stock in respect of that Autocall Determination Date is determined).

#### D. Settlement at expiry (on the Settlement Date)

- If the Periodic Autocall Feature has not been triggered and our Basket ELIs are not otherwise early terminated in accordance with the General Terms and Conditions, the settlement at expiry of our Basket ELIs will be as illustrated below:

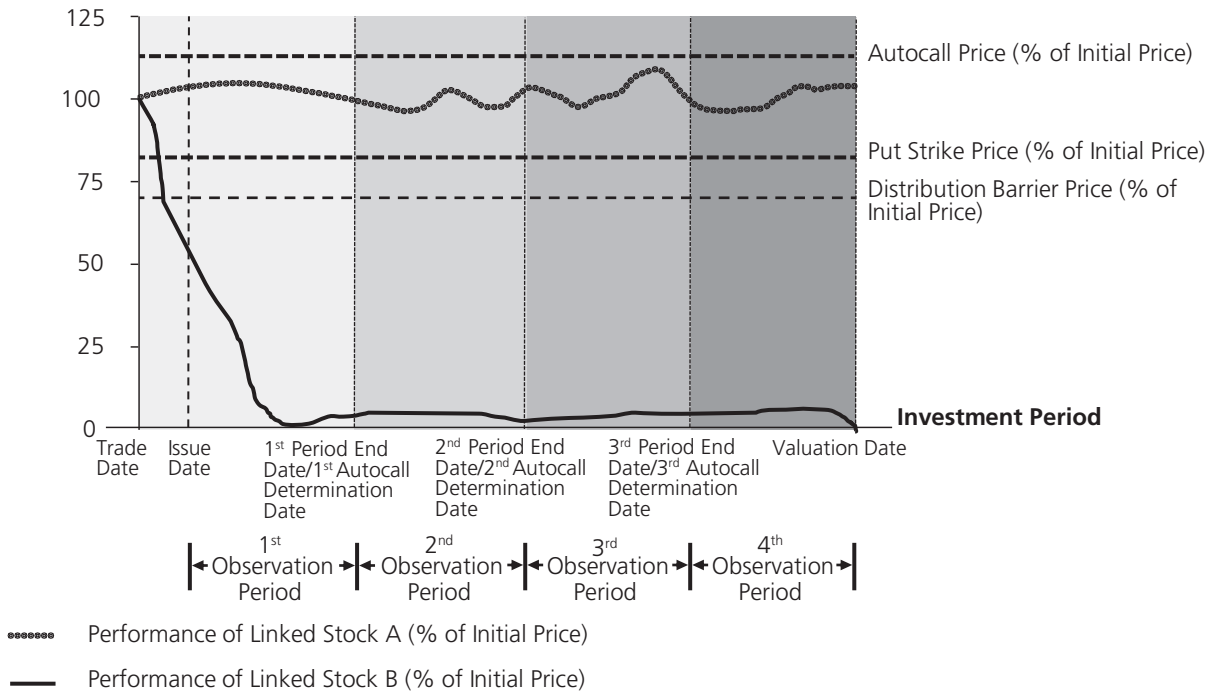
If the Closing Price of the Worst Performing Stock on the Valuation Date is:	You will receive on the Settlement Date (being a date falling no later than (in the case of any payment in cash) 3 Business Days or (in the case of delivery of the Stock Amount) 3 Clearance System Business Days after the Valuation Date) on a per Nominal Unit basis:
<b>AT or ABOVE</b> its Put Strike Price <sup>1</sup>	Cash Amount (being 100% of the Nominal Unit Value) and Potential Distribution Amount (if any) for the last Observation Period
<b>BELOW</b> its Put Strike Price <sup>1</sup> (in which case the conditional put option will be exercised by us on the Valuation Date)	<p>All of the following:</p> <ul style="list-style-type: none"> <li>(i) Stock Amount (being a number of the Worst Performing Stock as of the Valuation Date determined by reference to its Put Strike Price<sup>1</sup>), subject to payment of any Delivery Expenses, calculated as follows: <math display="block">\frac{\text{Nominal Unit Value (converted into the Underlying Currency of such Worst Performing Stock at the Exchange Rate if applicable)}}{\text{Put Strike Price}^1 \text{ of such Worst Performing Stock}}</math> </li> <li>(ii) cash payment of Fractional Stock (if any); and</li> <li>(iii) Potential Distribution Amount (if any) for the last Observation Period</li> </ul> <p><b>You will suffer a loss in this scenario if the sum of the market value of the Stock Amount (calculated based on the Closing Price of the Worst Performing Stock on the Valuation Date) together with the cash payment of Fractional Stock (if any) and any Potential Distribution Amount paid for the entire Scheduled Tenor is less than the Purchase Price.</b></p> <p><b>In the worst case, the market price of such Worst Performing Stock may drop to zero and the Stock Amount may become worthless.</b></p>

<sup>1</sup>“**Put Strike Price**” means in respect of a Linked Stock, the price equal to a specified percentage of its Initial Price, as specified in the relevant Term Sheet. The specified percentage used to calculate the Put Strike Price for each Linked Stock is the same.

## Worst case scenario

The following hypothetical example does not reflect a complete analysis of all possible gain or loss scenarios and is for illustrative purposes only. You must not rely on it as an indication of the actual performance of the Linked Stocks or the potential payout of our Basket ELIs.

### Performance of the Linked Stocks (%)



- The above example assumes that:
  - the Purchase Price is equal to 100% of the Nominal Unit Value of the Basket ELIs; and
  - the Fixed Distribution Rate applies to the first Observation Period and the Variable Distribution Rate applies to each of the second to fourth Observation Periods.
- The above example illustrates that:
  - No Potential Distribution Amount** – since the Closing Price of the Worst Performing Stock (being Linked Stock B) (i) on the Period End Date of the first Observation Period (i.e. the Distribution Barrier Determination Date) and (ii) on each Scheduled Trading Day during each of the second to fourth Observation Periods falls below its Distribution Barrier Price, you will not receive any Potential Distribution Amount during the entire Scheduled Tenor of the Basket ELIs;
  - No trigger of Periodic Autocall Feature** – since the Closing Price of the Worst Performing Stock on each Autocall Determination Date falls below its Autocall Price, no Periodic Autocall Feature is triggered; and

- (c) **Delivery of the Stock Amount** – since the Closing Price of the Worst Performing Stock on the Valuation Date falls below its Put Strike Price, you will receive the Stock Amount (and the cash payment of Fractional Stock (if any)) on the Settlement Date (subject to payment of any Delivery Expenses). You will suffer a loss as the Closing Price of the Worst Performing Stock as of the Valuation Date is lower than its Put Strike Price, and therefore the market value of the Stock Amount (calculated based on the Closing Price of the Worst Performing Stock on the Valuation Date) is less than the Purchase Price.

**If you choose not to sell such Worst Performing Stock on the Settlement Date, you will be exposed to the market risk of holding it. In the worst case, if the market price of such Worst Performing Stock remains at zero till the Settlement Date, you will lose all of your investment.**

### **How do you apply for our Basket ELIs?**

If you wish to apply for our Basket ELIs, you must submit your application to a distributor prior to the end of the Offer Period. Your distributor will then apply for such Basket ELIs for you with us (as the Issuer). Payment should be made to your distributor in accordance with their normal operating procedures.

You should note that the Initial Price of a Linked Stock may either be (i) the Closing Price of such Linked Stock on the Trade Date; or (ii) the market spot price of such Linked Stock as agreed between the Issuer and you (through your distributor) at the time of your application on the Trade Date and your purchase order will be executed at such agreed price. For the avoidance of doubt, the Initial Prices of all the Linked Stocks in the Stock Basket will be determined by using the same method, i.e. either of the method (i) or (ii). In case (i) above, the Distribution Barrier Price, the Put Strike Price and the Autocall Price of each Linked Stock will not be known at the time of your application, and you will be committed to invest in our Basket ELIs before the exact value of these terms are finalised (unless there is a post-sale cooling-off period applicable to such Basket ELIs and you exercise such right). In both cases, we will deliver a notification letter to you through your distributor no later than the second Business Day after the Trade Date setting out all the finalised trade specific terms. The finalised trade specific terms will also be set out in the relevant Term Sheet. Please refer to the paragraph headed “Where can you find more information about us and our Basket ELIs?” on page 107 of this Product Booklet.

### **Commissions**

We may pay a commission to your distributor. Distributor(s)' commissions and other transaction costs (including our cost of hedging) will be indirectly factored and subsumed into the Purchase Price for our Basket ELIs.

### **What charges do you have to pay?**

**Delivery Expenses** – If the Stock Amount is determined on the Valuation Date to be deliverable to you on the Settlement Date, you will have to pay all expenses (including the buyers' stamp duty, if applicable) arising from the delivery of the Stock Amount.

For the avoidance of doubt, no expenses are currently payable by you upon any payment in cash.

**Distributor's charges** – Your distributor may charge fees to open and maintain your securities or investment account. Please contact your distributor for further information.

**You should note that any Delivery Expenses and distributor's charges will affect the potential return on your investment.**

### Post-sale cooling-off period

There is no post-sale cooling-off period for you to cancel or unwind (as the case may be) your purchase order for the Basket ELLs with a scheduled Investment Period of one year or less.

In respect of our Basket ELLs with an Investment Period of more than one year, there is a post-sale cooling-off period and you have the right to cancel or unwind your purchase order (as the case may be) (in whole but not in part) for your investment in our Basket ELLs by giving an irrevocable written instruction to your distributor within 5 Business Days after you place your purchase order (the post-sale cooling-off period). If you choose to do so, you will need to submit your instruction to your distributor between **11:00 a.m. and 2:30 p.m.** on any Business Day during the post-sale cooling-off period.

If you submit a written instruction to cancel your purchase order to your distributor **before the Trade Date**, the Purchase Price will not be deducted from your designated cash account on the Issue Date.

If you submit your written instruction to unwind your purchase order **on or after the Trade Date**, we will refund to you through your distributor a cash amount (equal to the full Purchase Price less any market value adjustment). **The refund amount will be capped at and may be substantially less than the Purchase Price.**

Whether you cancel or unwind your purchase order during the post-sale cooling-off period, your distributor's commission (if any) will not be charged by your distributor. Your distributor may, however, charge you an administrative handling fee for cancelling or unwinding your purchase order during the post-sale cooling off period.

Please refer to the section headed "Is there a post-sale cooling-off period for our Basket ELLs?" under "More information about our Basket ELLs" on page 104 of this Product Booklet for further details.

### Is there any market making arrangement before expiry of our Basket ELLs?

In respect of our Basket ELLs with an Investment Period of 6 months or less, there is no market making arrangement.

In respect of our Basket ELLs with an Investment Period of more than 6 months, we, as the market agent, will provide limited market making arrangement for our Basket ELLs on every first, third and if applicable, fifth Fridays of each month during the period from the Business Day immediately after the Issue Date up to the fifth Business Day immediately before the scheduled Valuation Date, or if any such day is not a day on which the Exchange opens, such day will be postponed to the next Business Day on which the Exchange opens (each a "**Market Making Day**").

On each Market Making Day, we will make available (via your distributor) indicative bid prices (on a per Nominal Unit basis) for our Basket ELLs during normal business hours on such Market Making Day.

If you wish to sell your Nominal Units in our Basket ELLs on a particular Market Making Day, you must contact your distributor to request for a firm bid price between **11:00 a.m. and 2:30 p.m.** on such Market Making Day.

**You should note that (a) the firm bid price will only be valid for a limited period of time as notified to you by your distributor and (b) the firm bid price may be substantially less than the Purchase Price.**

Your distributor may also charge you a fee when you sell your Nominal Units in our Basket ELLs back to us on a Market Making Day and such fee will reduce the amount you receive.

**Please note that indicative bid prices and/or firm bid prices and market making arrangements may not be available on a Market Making Day if certain events occur.** Please refer to the section headed “Is there any market making arrangement for our Basket ELLs before expiry?” under “More information about our Basket ELLs” on page 105 of this Product Booklet for further details.

#### **Adjustment to the terms and conditions or early termination of our Basket ELLs**

Upon the occurrence of certain events (such as a Potential Adjustment Event, a Merger Event or a Tender Offer in respect of a Linked Stock), we may amend or adjust some of the terms and conditions of our Basket ELLs (such as adjusting the Put Strike Price, substituting the affected Linked Stock or adjusting certain key dates). Upon the occurrence of certain events (such as an Additional Disruption Event), we may early terminate our Basket ELLs.

You should refer to the “General Terms and Conditions of Basket ELLs” in Appendix 1 to this Product Booklet for further details.

#### **Offer Documents**

You must read and understand the following Offer Documents for detailed information about us and our Basket ELLs before deciding whether to invest in our Basket ELLs:

- (a) the indicative term sheet for the relevant series of our Basket ELLs you are considering;
- (b) our Information Memorandum dated 20 November 2023 together with any addendum as stated in the relevant indicative term sheet;
- (c) our Financial Disclosure Document together with any addendum as stated in the relevant indicative term sheet; and
- (d) this Product Booklet for our Basket ELLs dated 20 November 2023 together with any addendum as stated in the relevant indicative term sheet.

**Your distributor is obliged to distribute to you all the Offer Documents in either English or Chinese as you may prefer. If you are in any doubt about any of the contents of the Offer Documents, you should seek independent professional advice.**

#### **Our ongoing disclosure obligations**

We, as the Issuer and the Product Arranger, will keep the SFC and the distributors informed as soon as reasonably practicable if (a) we (as the Issuer) cease to meet any applicable eligibility requirements in the Code; (b) we (as the Product Arranger) cease to meet any applicable eligibility requirements in the Code; and (c) to the extent permitted by any applicable law, there are any changes in our financial condition or other circumstances which could reasonably be expected to have a material adverse effect on our ability (as the Issuer) to fulfil our commitment in connection with our Basket ELLs. Your distributor will in turn inform you. Please contact your distributor for further details.



**KEY FACTS STATEMENT (D)**  
**Basket ELIs (without Autocall and with Daily Knock-in Feature)**  
**issued by**  
**Bank of China (Hong Kong) Limited**

*There are six categories of our Basket ELIs. This key facts statement only provides you with the key information about one category of our Basket ELIs that we may issue – Basket ELIs (without Autocall and with Daily Knock-in Feature). This statement forms part of the Offer Documents (as defined below) for our Basket ELIs. You should not invest in our Basket ELIs based on this key facts statement alone and you should read all the Offer Documents for our Basket ELIs before you decide whether to invest in this product. Capitalised terms used in this section and not otherwise defined herein shall have the meanings given to them in the general terms and conditions of our Basket ELIs in Appendix 1 to this Product Booklet (“General Terms and Conditions”).*

**What are the key risks?**

- **Unlisted structured investment products.** Our Basket ELIs are unlisted structured investment products embedded with derivatives and are NOT equivalent to time deposits.
- **Not covered by the Investor Compensation Fund.** Our Basket ELIs are not listed on any stock exchange and are not covered by the Investor Compensation Fund in Hong Kong.
- **Not principal protected.** Our Basket ELIs are not principal protected: **you could lose all of your investment.**
- **No collateral.** Our Basket ELIs are not secured on any of our assets or any collateral.
- **Capped maximum potential gain.** The maximum potential gain under our Basket ELIs is capped at the sum of (i) the difference between the Nominal Unit Value of our Basket ELIs and the Purchase Price (if any) and (ii) the aggregate Potential Distribution Amount(s) payable during the Scheduled Tenor of our Basket ELIs. It is possible that you may not receive any Potential Distribution Amount for the entire Scheduled Tenor of our Basket ELIs.
- **Potential payout is determined by the Worst Performing Stock.** The potential payout of our Basket ELIs is determined by reference to the performance of the Worst Performing Stock in the Stock Basket on each relevant Scheduled Trading Day. If any of the Linked Stocks in the Stock Basket performs poorly against your expectation, you will not benefit from the performance of the other Linked Stocks in the Stock Basket even if they perform well and you may suffer a loss under our Basket ELIs.
- **Not the same as buying any Linked Stock in the Stock Basket.** Buying our Basket ELIs is not the same as buying any Linked Stock in the Stock Basket. You do not acquire any right in any Linked Stock in the Stock Basket, except where the Worst Performing Stock as of the Valuation Date is determined to be deliverable to you on the Settlement Date, in which case you will be entitled to the rights of such Worst Performing Stock from and including the Valuation Date in accordance with the General Terms and Conditions. Changes in the market price of any Linked Stock may not lead to a corresponding change, or any change at all, in the market value of, and/or your potential gain or loss under, our Basket ELIs.
- **Liquidity risk and limited market making arrangement.** Our Basket ELIs are designed to be held until expiry. We will only provide limited market making arrangement for our Basket ELIs with an Investment Period of more than 6 months on a bi-weekly basis. If you sell your investment in our Basket ELIs before expiry, you may receive an amount which is substantially less than your original investment amount.
- **Maximum loss upon BOCHK’s default or insolvency.** Our Basket ELIs constitute general, unsecured and unsubordinated contractual obligations of Bank of China (Hong Kong) Limited and of no other person (including the ultimate holding company of our group, Bank of China Limited). If you purchase our Basket ELIs, you are relying upon the creditworthiness of Bank of China (Hong Kong) Limited and have no rights under the terms and conditions of our Basket ELIs against the issuers of the Linked Stocks. In the worst case scenario, **you could lose all of your investment.**

BOCHK is not the ultimate holding company of the group to which we belong and with which our name is identified. The ultimate holding company of our group is Bank of China Limited which does not guarantee the performance of our obligations under our Basket ELIs.

- **You will be exposed to the risks associated with our Basket ELIs starting from the Trade Date.** As all terms applicable to our Basket ELIs will be finalised on the Trade Date, you will be subject to the terms and conditions of our Basket ELIs from the Trade Date, and you will be exposed to the risks associated with our Basket ELIs starting from the Trade Date.
- **No direct contractual rights against the Issuer and reliance upon distributor.** Each series of our Basket ELIs will be represented by a global certificate and no individual certificate will be issued to you with respect to your interest in our Basket ELIs. You do not have any direct contractual rights against us (as the Issuer). To assert your rights as an investor in our Basket ELIs against us (as the Issuer), you will have to rely on your distributor (and, if applicable, its direct or indirect custodian) to take action on your behalf. You therefore will be exposed to the credit risks and other default risks of your distributor (and, if applicable, its direct or indirect custodian). This is a complicated area of law and you should seek independent legal advice for further information.
- **English version of the terms and conditions prevails over Chinese version.** The global certificate representing a series of our Basket ELIs and the terms and conditions of our Basket ELIs will only be issued in English for the purpose of lodgment with the relevant clearing system(s). If there is any inconsistency between the Chinese version and the English version of such terms and conditions of our Basket ELIs, the English version will prevail over the Chinese version. If you do not understand the English version, you should seek independent professional advice.
- **Conflicts of interest.** Potential and actual conflicts of interest may arise from the different roles played by us and our subsidiaries and affiliates in connection with our Basket ELIs and our economic interests in each role may be adverse to your interests in our Basket ELIs.
- **Additional risks for RMB-denominated Basket ELIs and/or Basket ELIs linked to RMB-traded Linked Stock.** Where the settlement currency of the Basket ELIs is RMB, and/or any linked stock is denominated and traded in RMB, the performance of such Basket ELIs may be adversely affected due to risks relating to RMB, such as the current limited pool of RMB outside the mainland China, offshore RMB exchange rate risk and RMB interest rate risk. Our payment under any RMB-denominated Basket ELIs may also be postponed, or delivered in a HKD equivalent amount upon occurrence of an RMB disruption event.

#### What are Basket ELIs (without Autocall and with Daily Knock-in Feature)?

##### A. Overview of this product

- **Product type:** It is a structured investment product which has an embedded conditional put option over the Linked Stocks in the Stock Basket, under which you will be obliged to buy a number of the Worst Performing Stock as of the Valuation Date at expiry at a pre-fixed price if certain conditions are met.
- **Investment Period and Scheduled Tenor:** Its Investment Period commences from the scheduled Trade Date to the scheduled Valuation Date (both days inclusive), which generally ranges from 1 month to 3 years. The Scheduled Tenor of our Basket ELIs commences from the Issue Date to the scheduled Settlement Date (both days inclusive).

- **Linked Stocks:** The Stock Basket may comprise a minimum of 2 and a maximum of 6 Linked Stocks. The Linked Stocks will be shares and/or units of companies and/or funds listed on The Stock Exchange of Hong Kong Limited (the “**Exchange**”) and traded in an Underlying Currency of HKD, RMB or such other currencies as specified in the relevant Term Sheet. The Stock Basket may comprise a mixture of Linked Stocks traded in different currencies. However, not all stocks listed on the Exchange can be used as Linked Stocks in the Stock Basket for our Basket ELIs – please contact your distributor for more details.
- **Settlement Currency:** We may issue and settle our Basket ELIs in RMB or any non-restricted and freely convertible currency such as HKD or USD as specified in the relevant Term Sheet.
- **Issued in Nominal Units of Nominal Unit Value:** Each series of our Basket ELIs will be issued in units (the “**Nominal Units**”). Each Nominal Unit represents a specific nominal amount called “**Nominal Unit Value**” as specified in the relevant Term Sheet. The Purchase Price for each Nominal Unit is specified as a percentage of the Nominal Unit Value of our Basket ELIs in the relevant Term Sheet and may be set either as equal to or at a discount to the Nominal Unit Value of our Basket ELIs.
- **Worst Performing Stock:** The potential payout of our Basket ELIs is determined by reference to the performance of the Worst Performing Stock in the Stock Basket on each relevant Scheduled Trading Day. The Linked Stock in the Stock Basket with the lowest Performance on a Scheduled Trading Day will be the Worst Performing Stock for that Scheduled Trading Day. The Worst Performing Stock on each Scheduled Trading Day can be different. The Performance of each Linked Stock in the Stock Basket on a Scheduled Trading Day will be calculated in accordance with the following formula:

$$\text{Performance} = \frac{\text{Closing Price of the Linked Stock on a Scheduled Trading Day}}{\text{Initial Price of the Linked Stock}} \times 100\%$$

If more than one Linked Stock has the same lowest Performance on a Scheduled Trading Day, we will determine the Worst Performing Stock on such Scheduled Trading Day in our sole and absolute discretion acting in good faith and in a commercially reasonable manner.

## **B. Potential Distribution Amount**

- You may receive a Potential Distribution Amount on a per Nominal Unit basis for each Observation Period (being a period commencing from but excluding the relevant Period Start Date to and including the relevant Period End Date, as specified in the relevant Term Sheet) on each Distribution Payment Date depending on the performance of the Worst Performing Stock on the relevant Scheduled Trading Day(s). Such Potential Distribution Amount for a particular Observation Period is calculated as follows:

$$\text{Nominal Unit Value} \times \text{the applicable Distribution Rate}$$

- **Distribution Rate:** The relevant Term Sheet will specify the Distribution Rate applicable to an Observation Period as either:
  - (a) a Fixed Distribution Rate – in such case, you will receive a fixed Potential Distribution Amount for such Observation Period at the Fixed Distribution Rate, being the Reference Rate, as specified in the relevant Term Sheet, if the Closing Price of the Worst Performing Stock on the Period End Date for such Observation Period (subject to postponement in the case of a Disrupted Day for any Linked Stock for the purpose of determining the relevant Closing Price for such Linked Stock) (i.e. the Distribution Barrier Determination Date) is at or above its applicable Distribution Barrier Price; or

- (b) a Variable Distribution Rate – in such case, you will receive a variable Potential Distribution Amount for such Observation Period at the Variable Distribution Rate calculated in accordance with the following formula:

$$\text{Variable Distribution Rate} = \text{Reference Rate} \times \frac{\text{Days In}}{\text{Total Days}}$$

Where,

**“Days In”** means the total number of Scheduled Trading Days (excluding any Disrupted Day for any Linked Stock) in the relevant Observation Period on which the Closing Price of the Worst Performing Stock on such Scheduled Trading Day is at or above its applicable Distribution Barrier Price;

**“Total Days”** means the total number of Scheduled Trading Days (excluding any Disrupted Day for any Linked Stock) in the relevant Observation Period;

**“Reference Rate”** means a percentage specified as such in the relevant Term Sheet and is the same for all Observation Periods; and

**“Distribution Barrier Price”** means, in respect of a Linked Stock, the price equal to a specified percentage of its Initial Price applicable to an Observation Period, as specified in the relevant Term Sheet and may be different for each Observation Period. The specified percentage used to calculate the Distribution Barrier Price for each Linked Stock for the same Observation Period is the same.

**You may not receive any Potential Distribution Amount for an Observation Period or even for the entire Scheduled Tenor of our Basket ELLs.**

**C. Daily Knock-in Feature and settlement at expiry (on the Settlement Date)**

- The Daily Knock-in Feature is triggered if the Closing Price of the Worst Performing Stock on any Knock-in Determination Date, which is set as each Scheduled Trading Day during the Investment Period, is below its Knock-in Price. Provided that if any Knock-in Determination Date (except for Valuation Date) is a Disrupted Day for any Linked Stock, such Linked Stock will be disregarded for the purpose of determining whether a Daily Knock-in Feature is triggered on such Scheduled Trading Day.
- The Knock-in Price of each Linked Stock will always be set at a price below its Put Strike Price. Both the Knock-in Price and the Put Strike Price of each Linked Stock are set as a percentage of its Initial Price as specified in the relevant Term Sheet. The specified percentages used to calculate the Knock-in Price and the Put Strike Price for each Linked Stock respectively is the same. The specified percentage used to calculate the Knock-in Price for each Knock-in Determination Date is the same.

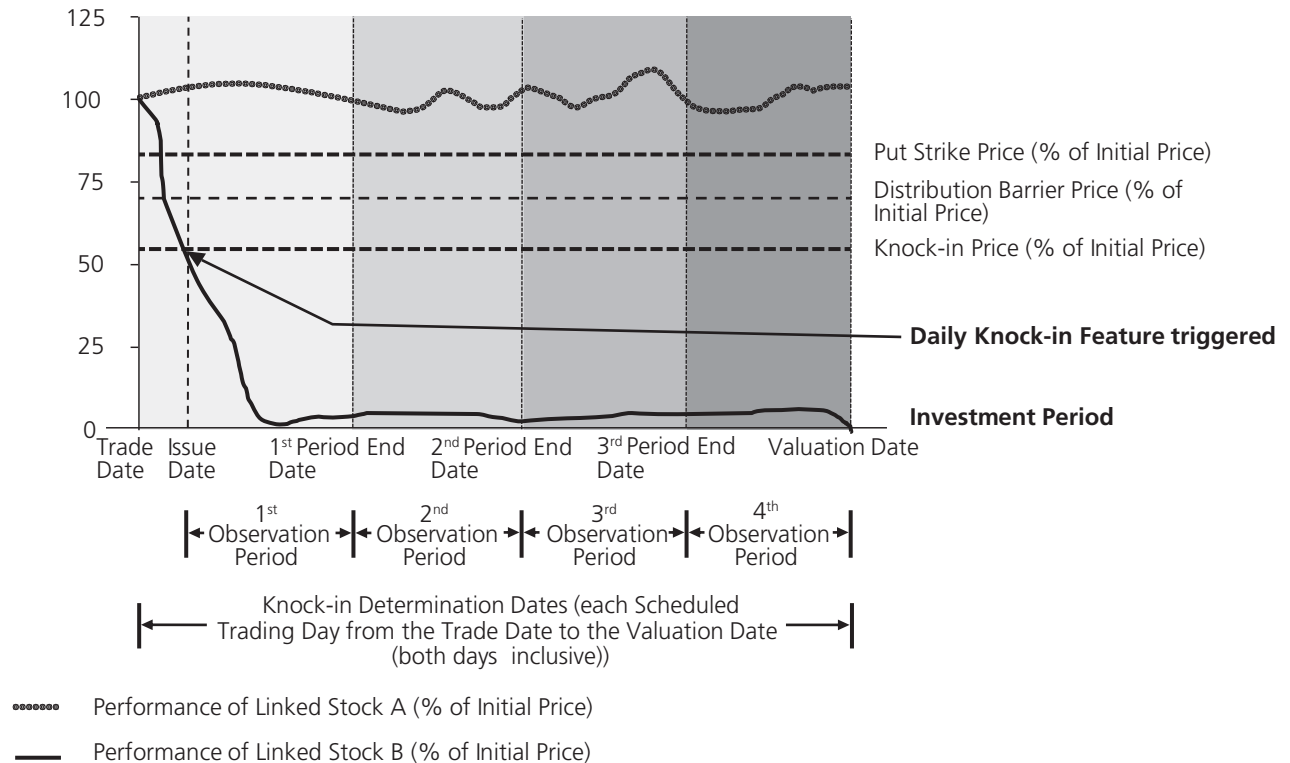
- If our Basket ELIs are not early terminated in accordance with the General Terms and Conditions, the settlement at expiry of our Basket ELIs will be as illustrated below:

Has the Daily Knock-in Feature been triggered on any Knock-in Determination Date?	If the Closing Price of the Worst Performing Stock on the Valuation Date is:	You will receive on the Settlement Date (being a date falling no later than (in the case of any payment in cash) 3 Business Days or (in the case of delivery of the Stock Amount) 3 Clearance System Business Days after the Valuation Date) on a per Nominal Unit basis:
<b>No</b>	Not relevant (as the Daily Knock-in Feature has not been triggered)	Cash Amount (being 100% of the Nominal Unit Value) and Potential Distribution Amount (if any) for the last Observation Period
<b>Yes</b>	<b>AT or ABOVE</b> its Put Strike Price <sup>^</sup> <sup>^</sup> This scenario will not occur if the Daily Knock-in Feature is triggered on the Valuation Date as the Knock-in Price of each Linked Stock will be set at a price lower than its Put Strike Price.	Cash Amount (being 100% of the Nominal Unit Value) and Potential Distribution Amount (if any) for the last Observation Period
<b>Yes</b>	<b>BELOW</b> its Put Strike Price (in which case the conditional put option will be exercised by us on the Valuation Date)	<p>All of the following:</p> <ul style="list-style-type: none"> <li>(i) Stock Amount (being a number of the Worst Performing Stock as of the Valuation Date determined by reference to its Put Strike Price), subject to payment of any Delivery Expenses, calculated as follows:  <math display="block">\frac{\text{Nominal Unit Value (converted into the Underlying Currency of such Worst Performing Stock at the Exchange Rate if applicable)}}{\text{Put Strike Price of such Worst Performing Stock}}</math> </li> <li>(ii) cash payment of Fractional Stock (if any); and</li> <li>(iii) Potential Distribution Amount (if any) for the last Observation Period</li> </ul> <p><b>You will suffer a loss in this scenario if the sum of the market value of the Stock Amount (calculated based on the Closing Price of the Worst Performing Stock on the Valuation Date) together with the cash payment of Fractional Stock (if any) and any Potential Distribution Amount paid for the entire Scheduled Tenor is less than the Purchase Price.</b></p> <p><b>In the worst case, the market price of such Worst Performing Stock may drop to zero and the Stock Amount may become worthless.</b></p>

## Worst case scenario

The following hypothetical example does not reflect a complete analysis of all possible gain or loss scenarios and is for illustrative purposes only. You must not rely on it as an indication of the actual performance of the Linked Stocks or the potential payout of our Basket ELIs.

### Performance of the Linked Stocks (%)



- The above example assumes that:
  - the Purchase Price is equal to 100% of the Nominal Unit Value of the Basket ELIs; and
  - the Fixed Distribution Rate applies to the first Observation Period and the Variable Distribution Rate applies to each of the second to fourth Observation Periods.
- The above example illustrates that:
  - No Potential Distribution Amount** – since the Closing Price of the Worst Performing Stock (being Linked Stock B) (i) on the Period End Date of the first Observation Period (i.e. the Distribution Barrier Determination Date) and (ii) on each Scheduled Trading Day during each of the second to fourth Observation Periods falls below its Distribution Barrier Price, you will not receive any Potential Distribution Amount during the entire Scheduled Tenor of the Basket ELIs; and
  - Daily Knock-in Feature triggered and delivery of the Stock Amount** – Since:
    - the Closing Price of the Worst Performing Stock on at least one Knock-in Determination Date (which is set as each Scheduled Trading Day during the Investment Period) falls below its Knock-in Price, the Daily Knock-in Feature has been triggered; and
    - the Closing Price of the Worst Performing Stock on the Valuation Date falls below its Put Strike Price,



you will receive the Stock Amount (and the cash payment of Fractional Stock (if any)) on the Settlement Date (subject to payment of any Delivery Expenses). You will suffer a loss as the Closing Price of the Worst Performing Stock as of the Valuation Date is lower than its Put Strike Price, and therefore the market value of the Stock Amount (calculated based on the Closing Price of the Worst Performing Stock on the Valuation Date) is less than the Purchase Price.

**If you choose not to sell such Worst Performing Stock on the Settlement Date, you will be exposed to the market risk of holding it. In the worst case, if the market price of such Worst Performing Stock remains at zero till the Settlement Date, you will lose all of your investment.**

### **How do you apply for our Basket ELIs?**

If you wish to apply for our Basket ELIs, you must submit your application to a distributor prior to the end of the Offer Period. Your distributor will then apply for such Basket ELIs for you with us (as the Issuer). Payment should be made to your distributor in accordance with their normal operating procedures.

You should note that the Initial Price of a Linked Stock may either be (i) the Closing Price of such Linked Stock on the Trade Date; or (ii) the market spot price of such Linked Stock as agreed between the Issuer and you (through your distributor) at the time of your application on the Trade Date and your purchase order will be executed at such agreed price. For the avoidance of doubt, the Initial Prices of all the Linked Stocks in the Stock Basket will be determined by using the same method, i.e. either of the method (i) or (ii). In case (i) above, the Distribution Barrier Price, the Put Strike Price and the Knock-in Price of each Linked Stock will not be known at the time of your application, and you will be committed to invest in our Basket ELIs before the exact value of these terms are finalised (unless there is a post-sale cooling-off period applicable to such Basket ELIs and you exercise such right). In both cases, we will deliver a notification letter to you through your distributor no later than the second Business Day after the Trade Date setting out all the finalised trade specific terms. The finalised trade specific terms will also be set out in the relevant Term Sheet. Please refer to the paragraph headed "Where can you find more information about us and our Basket ELIs?" on page 107 of this Product Booklet.

### **Commissions**

We may pay a commission to your distributor. Distributor(s)' commissions and other transaction costs (including our cost of hedging) will be indirectly factored and subsumed into the Purchase Price for our Basket ELIs.

### **What charges do you have to pay?**

**Delivery Expenses** – If the Stock Amount is determined on the Valuation Date to be deliverable to you on the Settlement Date, you will have to pay all expenses (including the buyers' stamp duty, if applicable) arising from the delivery of the Stock Amount.

For the avoidance of doubt, no expenses are currently payable by you upon any payment in cash.

**Distributor's charges** – Your distributor may charge fees to open and maintain your securities or investment account. Please contact your distributor for further information.

**You should note that any Delivery Expenses and distributor's charges will affect the potential return on your investment.**



### Post-sale cooling-off period

There is no post-sale cooling-off period for you to cancel or unwind (as the case may be) your purchase order for the Basket ELIs with a scheduled Investment Period of one year or less.

In respect of our Basket ELIs with an Investment Period of more than one year, there is a post-sale cooling-off period and you have the right to cancel or unwind your purchase order (as the case may be) (in whole but not in part) for your investment in our Basket ELIs by giving an irrevocable written instruction to your distributor within 5 Business Days after you place your purchase order (the post-sale cooling-off period). If you choose to do so, you will need to submit your instruction to your distributor between **11:00 a.m. and 2:30 p.m.** on any Business Day during the post-sale cooling-off period.

If you submit a written instruction to cancel your purchase order to your distributor **before the Trade Date**, the Purchase Price will not be deducted from your designated cash account on the Issue Date.

If you submit your written instruction to unwind your purchase order **on or after the Trade Date**, we will refund to you through your distributor a cash amount (equal to the full Purchase Price less any market value adjustment). **The refund amount will be capped at and may be substantially less than the Purchase Price.**

Whether you cancel or unwind your purchase order during the post-sale cooling-off period, your distributor's commission (if any) will not be charged by your distributor. Your distributor may charge you an administrative handling fee for cancelling or unwinding your purchase order during the post-sale cooling off period.

Please refer to the section headed "Is there a post-sale cooling-off period for our Basket ELIs?" under "More information about our Basket ELIs" on page 104 of this Product Booklet for further details.

### Is there any market making arrangement before expiry of our Basket ELIs?

In respect of our Basket ELIs with an Investment Period of 6 months or less, there is no market making arrangement.

In respect of our Basket ELIs with an Investment Period of more than 6 months, we, as the market agent, will provide limited market making arrangement for our Basket ELIs on every first, third and if applicable, fifth Fridays of each month during the period from the Business Day immediately after the Issue Date up to the fifth Business Day immediately before the scheduled Valuation Date, or if any such day is not a day on which the Exchange opens, such day will be postponed to the next Business Day on which the Exchange opens (each a "**Market Making Day**").

On each Market Making Day, we will make available (via your distributor) indicative bid prices (on a per Nominal Unit basis) for our Basket ELIs during normal business hours on such Market Making Day.

If you wish to sell your Nominal Units in our Basket ELIs on a particular Market Making Day, you must contact your distributor to request for a firm bid price between **11:00 a.m. and 2:30 p.m.** on such Market Making Day.

**You should note that (a) the firm bid price will only be valid for a limited period of time as notified to you by your distributor and (b) the firm bid price may be substantially less than the Purchase Price.**

Your distributor may also charge you a fee when you sell your Nominal Units in our Basket ELIs back to us on a Market Making Day and such fee will reduce the amount you receive.

**Please note that indicative bid prices and/or firm bid prices and market making arrangements may not be available on a Market Making Day if certain events occur.** Please refer to the section headed “Is there any market making arrangement for our Basket ELIs before expiry?” under “More information about our Basket ELIs” on page 105 of this Product Booklet for further details.

### **Adjustment to the terms and conditions or early termination of our Basket ELIs**

Upon the occurrence of certain events (such as a Potential Adjustment Event, a Merger Event or a Tender Offer in respect of a Linked Stock), we may amend or adjust some of the terms and conditions of our Basket ELIs (such as adjusting the Put Strike Price, substituting the affected Linked Stock or adjusting certain key dates). Upon the occurrence of certain events (such as an Additional Disruption Event), we may early terminate our Basket ELIs.

You should refer to the “General Terms and Conditions of Basket ELIs” in Appendix 1 to this Product Booklet for further details.

### **Offer Documents**

You must read and understand the following Offer Documents for detailed information about us and our Basket ELIs before deciding whether to invest in our Basket ELIs:

- (a) the indicative term sheet for the relevant series of our Basket ELIs you are considering;
- (b) our Information Memorandum dated 20 November 2023 together with any addendum as stated in the relevant indicative term sheet;
- (c) our Financial Disclosure Document together with any addendum as stated in the relevant indicative term sheet; and
- (d) this Product Booklet for our Basket ELIs dated 20 November 2023 together with any addendum as stated in the relevant indicative term sheet.

**Your distributor is obliged to distribute to you all the Offer Documents in either English or Chinese as you may prefer. If you are in any doubt about any of the contents of the Offer Documents, you should seek independent professional advice.**

### **Our ongoing disclosure obligations**

We, as the Issuer and the Product Arranger, will keep the SFC and the distributors informed as soon as reasonably practicable if (a) we (as the Issuer) cease to meet any applicable eligibility requirements in the Code; (b) we (as the Product Arranger) cease to meet any applicable eligibility requirements in the Code; and (c) to the extent permitted by any applicable law, there are any changes in our financial condition or other circumstances which could reasonably be expected to have a material adverse effect on our ability (as the Issuer) to fulfil our commitment in connection with our Basket ELIs. Your distributor will in turn inform you. Please contact your distributor for further details.

**KEY FACTS STATEMENT (E)**  
**Basket ELIs (Daily Autocall with Daily Knock-in Feature)**  
**issued by**  
**Bank of China (Hong Kong) Limited**

*There are six categories of our Basket ELIs. This key facts statement only provides you with the key information about one category of our Basket ELIs that we may issue – Basket ELIs (Daily Autocall with Daily Knock-in Feature). This statement forms part of the Offer Documents (as defined below) for our Basket ELIs. You should not invest in our Basket ELIs based on this key facts statement alone and you should read all the Offer Documents for our Basket ELIs before you decide whether to invest in this product. Capitalised terms used in this section and not otherwise defined herein shall have the meanings given to them in the general terms and conditions of our Basket ELIs in Appendix 1 to this Product Booklet (“General Terms and Conditions”).*

**What are the key risks?**

- **Unlisted structured investment products.** Our Basket ELIs are unlisted structured investment products embedded with derivatives and are NOT equivalent to time deposits.
- **Not covered by the Investor Compensation Fund.** Our Basket ELIs are not listed on any stock exchange and are not covered by the Investor Compensation Fund in Hong Kong.
- **Not principal protected.** Our Basket ELIs are not principal protected: **you could lose all of your investment.**
- **No collateral.** Our Basket ELIs are not secured on any of our assets or any collateral.
- **Capped maximum potential gain.** The maximum potential gain under our Basket ELIs is capped at the sum of (i) the difference between the Nominal Unit Value of our Basket ELIs and the Purchase Price (if any) and (ii) the aggregate Potential Distribution Amount(s) payable during the Scheduled Tenor of our Basket ELIs. It is possible that you may not receive any Potential Distribution Amount for the entire Scheduled Tenor of our Basket ELIs.
- **Potential payout is determined by the Worst Performing Stock.** The potential payout of our Basket ELIs is determined by reference to the performance of the Worst Performing Stock in the Stock Basket on each relevant Scheduled Trading Day. If any of the Linked Stocks in the Stock Basket performs poorly against your expectation, you will not benefit from the performance of the other Linked Stocks in the Stock Basket even if they perform well and you may suffer a loss under our Basket ELIs.
- **Not the same as buying any Linked Stock in the Stock Basket.** Buying our Basket ELIs is not the same as buying any Linked Stock in the Stock Basket. You do not acquire any right in any Linked Stock in the Stock Basket, except where the Worst Performing Stock as of the Valuation Date is determined to be deliverable to you on the Settlement Date, in which case you will be entitled to the rights of such Worst Performing Stock from and including the Valuation Date in accordance with the General Terms and Conditions. Changes in the market price of any Linked Stock may not lead to a corresponding change, or any change at all, in the market value of, and/or your potential gain or loss under, our Basket ELIs.
- **Liquidity risk and limited market making arrangement.** Our Basket ELIs are designed to be held until expiry. We will only provide limited market making arrangement for our Basket ELIs with an Investment Period of more than 6 months on a bi-weekly basis. If you sell your investment in our Basket ELIs before expiry, you may receive an amount which is substantially less than your original investment amount.
- **Re-investment risk following early termination.** Our Basket ELIs will be early terminated upon the trigger of the Autocall Feature. You will not receive any further Potential Distribution Amount following such early termination. You may bear re-investment risk since the prevailing market conditions may have changed and may hinder you from making any further investment under similar investment terms. You may not be able to get the same rate of return if you re-invest in investments with similar risk parameters.

- **Maximum loss upon BOCHK's default or insolvency.** Our Basket ELIs constitute general, unsecured and unsubordinated contractual obligations of Bank of China (Hong Kong) Limited and of no other person (including the ultimate holding company of our group, Bank of China Limited). If you purchase our Basket ELIs, you are relying upon the creditworthiness of Bank of China (Hong Kong) Limited and have no rights under the terms and conditions of our Basket ELIs against the issuers of the Linked Stocks. In the worst case scenario, **you could lose all of your investment.**

BOCHK is not the ultimate holding company of the group to which we belong and with which our name is identified. The ultimate holding company of our group is Bank of China Limited which does not guarantee the performance of our obligations under our Basket ELIs.

- **You will be exposed to the risks associated with our Basket ELIs starting from the Trade Date.** As all terms applicable to our Basket ELIs will be finalised on the Trade Date, you will be subject to the terms and conditions of our Basket ELIs from the Trade Date, and you will be exposed to the risks associated with our Basket ELIs starting from the Trade Date.
- **No direct contractual rights against the Issuer and reliance upon distributor.** Each series of our Basket ELIs will be represented by a global certificate and no individual certificate will be issued to you with respect to your interest in our Basket ELIs. You do not have any direct contractual rights against us (as the Issuer). To assert your rights as an investor in our Basket ELIs against us (as the Issuer), you will have to rely on your distributor (and, if applicable, its direct or indirect custodian) to take action on your behalf. You therefore will be exposed to the credit risks and other default risks of your distributor (and, if applicable, its direct or indirect custodian). This is a complicated area of law and you should seek independent legal advice for further information.
- **English version of the terms and conditions prevails over Chinese version.** The global certificate representing a series of our Basket ELIs and the terms and conditions of our Basket ELIs will only be issued in English for the purpose of lodgment with the relevant clearing system(s). If there is any inconsistency between the Chinese version and the English version of such terms and conditions of our Basket ELIs, the English version will prevail over the Chinese version. If you do not understand the English version, you should seek independent professional advice.
- **Conflicts of interest.** Potential and actual conflicts of interest may arise from the different roles played by us and our subsidiaries and affiliates in connection with our Basket ELIs and our economic interests in each role may be adverse to your interests in our Basket ELIs.
- **Additional risks for RMB-denominated Basket ELIs and/or Basket ELIs linked to RMB-traded Linked Stock.** Where the settlement currency of the Basket ELIs is RMB, and/or any linked stock is denominated and traded in RMB, the performance of such Basket ELIs may be adversely affected due to risks relating to RMB, such as the current limited pool of RMB outside the mainland China, offshore RMB exchange rate risk and RMB interest rate risk. Our payment under any RMB-denominated Basket ELIs may also be postponed, or delivered in a HKD equivalent amount upon occurrence of an RMB disruption event.

## What are Basket ELIs (Daily Autocall with Daily Knock-in Feature)?

### A. Overview of this product

- **Product type:** It is a structured investment product which has an embedded conditional put option over the Linked Stocks in the Stock Basket, under which you will be obliged to buy a number of the Worst Performing Stock as of the Valuation Date at expiry at a pre-fixed price if certain conditions are met.
- **Investment Period and Scheduled Tenor:** Its Investment Period commences from the scheduled Trade Date to the scheduled Valuation Date (both days inclusive), which generally ranges from 1 month to 3 years. The Scheduled Tenor of our Basket ELIs commences from the Issue Date to the scheduled Settlement Date (both days inclusive).
- **Linked Stocks:** The Stock Basket may comprise a minimum of 2 and a maximum of 6 Linked Stocks. The Linked Stocks will be shares and/or units of companies and/or funds listed on The Stock Exchange of Hong Kong Limited (the “**Exchange**”) and traded in an Underlying Currency of HKD, RMB or such other currencies as specified in the relevant Term Sheet. The Stock Basket may comprise a mixture of Linked Stocks traded in different currencies. However, not all stocks listed on the Exchange can be used as Linked Stocks in the Stock Basket for our Basket ELIs – please contact your distributor for more details.
- **Settlement Currency:** We may issue and settle our Basket ELIs in RMB or any non-restricted and freely convertible currency such as HKD or USD as specified in the relevant Term Sheet.
- **Issued in Nominal Units of Nominal Unit Value:** Each series of our Basket ELIs will be issued in units (the “**Nominal Units**”). Each Nominal Unit represents a specific nominal amount called “**Nominal Unit Value**” as specified in the relevant Term Sheet. The Purchase Price for each Nominal Unit is specified as a percentage of the Nominal Unit Value of our Basket ELIs in the relevant Term Sheet and may be set either as equal to or at a discount to the Nominal Unit Value of our Basket ELIs.
- **Worst Performing Stock:** The potential payout of our Basket ELIs is determined by reference to the performance of the Worst Performing Stock in the Stock Basket on each relevant Scheduled Trading Day. The Linked Stock in the Stock Basket with the lowest Performance on a Scheduled Trading Day will be the Worst Performing Stock for that Scheduled Trading Day. The Worst Performing Stock on each Scheduled Trading Day can be different. The Performance of each Linked Stock in the Stock Basket on a Scheduled Trading Day will be calculated in accordance with the following formula:

$$\text{Performance} = \frac{\text{Closing Price of the Linked Stock on a Scheduled Trading Day}}{\text{Initial Price of the Linked Stock}} \times 100\%$$

If more than one Linked Stock has the same lowest Performance on a Scheduled Trading Day, we will determine the Worst Performing Stock on such Scheduled Trading Day in our sole and absolute discretion acting in good faith and in a commercially reasonable manner.

## B. Potential Distribution Amount

- You may receive a Potential Distribution Amount on a per Nominal Unit basis for each Observation Period (being a period commencing from but excluding the relevant Period Start Date to and including the relevant Period End Date, as specified in the relevant Term Sheet) on each Distribution Payment Date depending on the performance of the Worst Performing Stock on the relevant Scheduled Trading Day(s). Such Potential Distribution Amount for a particular Observation Period is calculated as follows:

### Nominal Unit Value x the applicable Distribution Rate

- Distribution Rate:** The relevant Term Sheet will specify the Distribution Rate applicable to an Observation Period as either:
  - (a) a Fixed Distribution Rate – in such case, you will receive a fixed Potential Distribution Amount for such Observation Period at the Fixed Distribution Rate, being the Reference Rate, as specified in the relevant Term Sheet, if the Closing Price of the Worst Performing Stock on the Period End Date for such Observation Period (subject to postponement in the case of a Disrupted Day for any Linked Stock) for the purpose of determining the relevant Closing Price for such Linked Stock) (i.e. the Distribution Barrier Determination Date) is at or above its applicable Distribution Barrier Price. Provided that if the Daily Autocall Feature is triggered during such Observation Period, the fixed Potential Distribution Amount for such Observation Period is payable regardless of the performance of the Linked Stocks in the Stock Basket and will either (i) not be pro-rated (i.e. the fixed Potential Distribution Amount will be calculated from but excluding the relevant Period Start Date up to and including the relevant Period End Date) or (ii) be calculated on a pro-rata basis from but excluding the relevant Period Start Date to and including the Autocall Trigger Date (regardless of whether any such day is a Disrupted Day for any Linked Stock), as specified in the relevant Term Sheet; or
  - (b) a Variable Distribution Rate – in such case, you will receive a variable Potential Distribution Amount for such Observation Period at the Variable Distribution Rate calculated in accordance with the following formula:

$$\text{Variable Distribution Rate} = \text{Reference Rate} \times \frac{\text{Days In}}{\text{Total Days}}$$

Where,

**"Days In"** means the total number of Scheduled Trading Days (excluding any Disrupted Day for any Linked Stock) in the relevant Observation Period (or, if the Daily Autocall Feature is triggered during such Observation Period, the period commencing from but excluding the relevant Period Start Date to and including the Autocall Trigger Date) on which the Closing Price of the Worst Performing Stock on such Scheduled Trading Day is at or above its applicable Distribution Barrier Price;

**"Total Days"** means the total number of Scheduled Trading Days (excluding any Disrupted Day for any Linked Stock) in the relevant Observation Period. If the Daily Autocall Feature is triggered during such Observation Period, each Scheduled Trading Day from but excluding the Autocall Trigger Date to and including the relevant Period End Date for such Observation Period shall be deemed not to be a Disrupted Day for any Linked Stock;

**"Reference Rate"** means a percentage specified as such in the relevant Term Sheet and is the same for all Observation Periods; and

**"Distribution Barrier Price"** means, in respect of a Linked Stock, the price equal to a specified percentage of its Initial Price applicable to an Observation Period, as specified in the relevant Term Sheet and may be different for each Observation Period. The specified percentage used to calculate the Distribution Barrier Price for each Linked Stock for the same Observation Period is the same.

**You may not receive any Potential Distribution Amount for an Observation Period or even for the entire Scheduled Tenor of our Basket ELIs.**



### C. Daily Autocall Feature

- This category of our Basket ELIs contains a Daily Autocall Feature. The Daily Autocall Feature will be triggered on an Autocall Determination Date if the Closing Price of the Worst Performing Stock on such Autocall Determination Date, which is set as each Scheduled Trading Day (excluding any Disrupted Day for any Linked Stock) during the period from and including the date as specified in the relevant Term Sheet, which is on or after the Issue Date, to but excluding the Valuation Date (i.e. an Autocall Period) is at or above its Autocall Price. The Autocall Price of each Linked Stock is set as a percentage of its Initial Price, as specified in the relevant Term Sheet and will be the same for each Autocall Determination Date. The specified percentage used to calculate the Autocall Price for each Linked Stock is the same.
- Following the trigger of the Daily Autocall Feature on an Autocall Determination Date (the “**Autocall Trigger Date**”), we will terminate our Basket ELIs on the Autocall Trigger Date and you will receive a cash amount on a per Nominal Unit basis called the “**Autocall Cash Amount**” (being 100% of the Nominal Unit Value), together with any Potential Distribution Amount which will be calculated up to and including (i) the relevant Period End Date or (ii) the Autocall Trigger Date, as specified in the relevant Term Sheet, on the Autocall Settlement Date (being a date falling no later than 3 Business Days after such Autocall Trigger Date).

### D. Daily Knock-in Feature and settlement at expiry (on the Settlement Date)

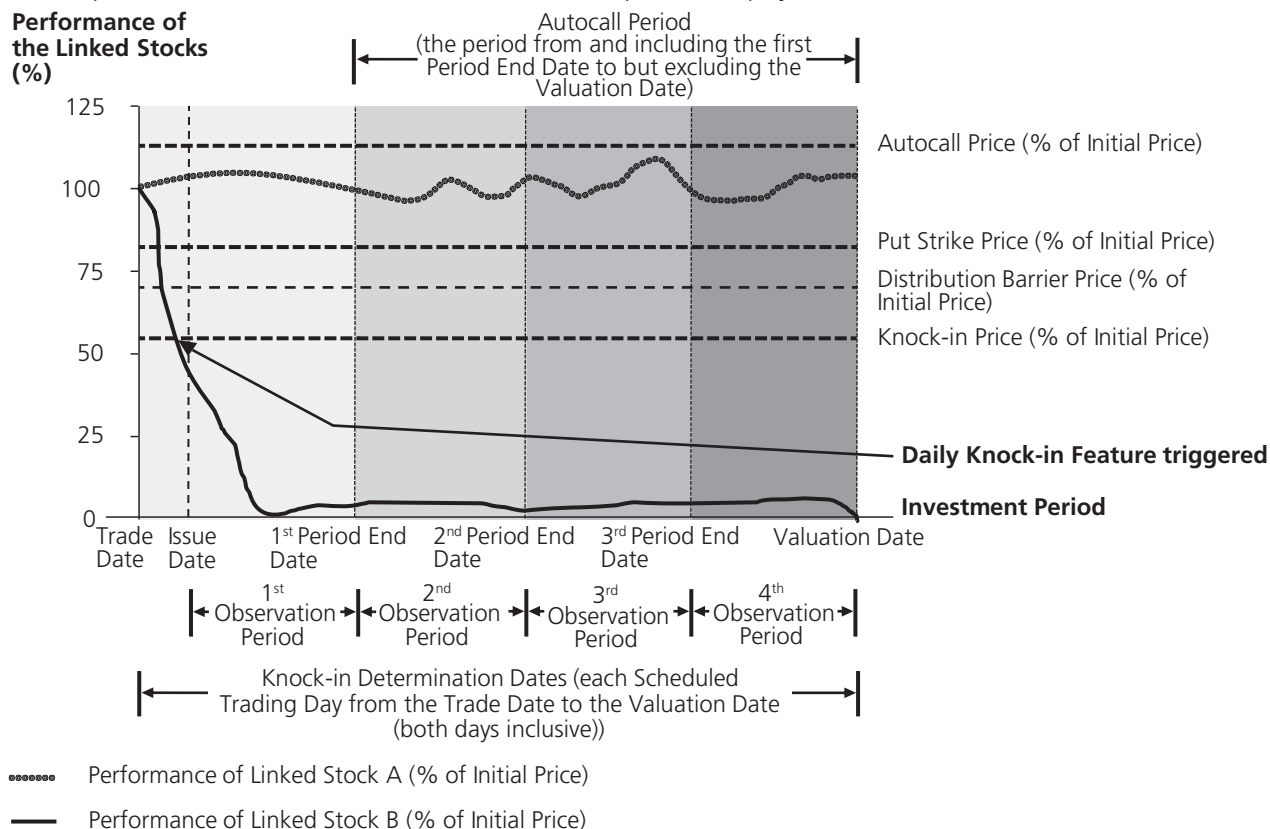
- The Daily Knock-in Feature is triggered if the Closing Price of the Worst Performing Stock on any Knock-in Determination Date, which is set as each Scheduled Trading Day during the Investment Period, is below its Knock-in Price. Provided that if any Knock-in Determination Date (except for Valuation Date) is a Disrupted Day for any Linked Stock, such Linked Stock will be disregarded for the purpose of determining whether a Daily Knock-in Feature is triggered on such Scheduled Trading Day.
- The Knock-in Price of each Linked Stock will always be set at a price below its Autocall Price and its Put Strike Price. Both the Knock-in Price and the Put Strike Price of each Linked Stock are set as a percentage of its Initial Price as specified in the relevant Term Sheet. The specified percentages used to calculate the Knock-in Price and the Put Strike Price for each Linked Stock respectively is the same. The specified percentage used to calculate the Knock-in Price for each Knock-in Determination Date is the same.

- If the Daily Autocall Feature has not been triggered and our Basket ELLs are not otherwise early terminated in accordance with the General Terms and Conditions, the settlement at expiry of our Basket ELLs will be as illustrated below:

Has the Daily Knock-in Feature been triggered on any Knock-in Determination Date?	If the Closing Price of the Worst Performing Stock on the Valuation Date is:	You will receive on the Settlement Date (being a date falling no later than (in the case of any payment in cash) 3 Business Days or (in the case of delivery of the Stock Amount) 3 Clearance System Business Days after the Valuation Date) on a per Nominal Unit basis:
<b>No</b>	Not relevant (as the Daily Knock-in Feature has not been triggered)	Cash Amount (being 100% of the Nominal Unit Value) and Potential Distribution Amount (if any) for the last Observation Period
<b>Yes</b>	<b>AT or ABOVE</b> its Put Strike Price <sup>^</sup> <sup>^</sup> This scenario will not occur if the Daily Knock-in Feature is triggered on the Valuation Date as the Knock-in Price of each Linked Stock will be set at a price lower than its Put Strike Price.	Cash Amount (being 100% of the Nominal Unit Value) and Potential Distribution Amount (if any) for the last Observation Period
<b>Yes</b>	<b>BELOW</b> its Put Strike Price (in which case the conditional put option will be exercised by us on the Valuation Date)	<p>All of the following:</p> <ul style="list-style-type: none"> <li>(i) Stock Amount (being a number of the Worst Performing Stock as of the Valuation Date determined by reference to its Put Strike Price), subject to payment of any Delivery Expenses, calculated as follows:  <math display="block">\frac{\text{Nominal Unit Value (converted into the Underlying Currency of such Worst Performing Stock at the Exchange Rate if applicable)}}{\text{Put Strike Price of such Worst Performing Stock}}</math> </li> <li>(ii) cash payment of Fractional Stock (if any); and</li> <li>(iii) Potential Distribution Amount (if any) for the last Observation Period</li> </ul> <p><b>You will suffer a loss in this scenario if the sum of the market value of the Stock Amount (calculated based on the Closing Price of the Worst Performing Stock on the Valuation Date) together with the cash payment of Fractional Stock (if any) and any Potential Distribution Amount paid for the entire Scheduled Tenor is less than the Purchase Price.</b></p> <p><b>In the worst case, the market price of such Worst Performing Stock may drop to zero and the Stock Amount may become worthless.</b></p>

## Worst case scenario

The following hypothetical example does not reflect a complete analysis of all possible gain or loss scenarios and is for illustrative purposes only. You must not rely on it as an indication of the actual performance of the Linked Stocks or the potential payout of our Basket ELIs.



- The above example assumes that:
  - the Purchase Price is equal to 100% of the Nominal Unit Value of the Basket ELIs;
  - the Fixed Distribution Rate applies to the first Observation Period and the Variable Distribution Rate applies to each of the second to fourth Observation Periods; and
  - the Autocall Determination Dates are set as each Scheduled Trading Day (excluding any Disrupted Day for any Linked Stock) during the Autocall Period.
- The above example illustrates that:
  - No Potential Distribution Amount** – since the Closing Price of the Worst Performing Stock (being Linked Stock B) (i) on the Period End Date of the first Observation Period (i.e. the Distribution Barrier Determination Date) and (ii) on each Scheduled Trading Day during each of the second to fourth Observation Periods falls below its Distribution Barrier Price, you will not receive any Potential Distribution Amount during the entire Scheduled Tenor of the Basket ELIs;
  - No trigger of Daily Autocall Feature** – since the Closing Price of the Worst Performing Stock on each Autocall Determination Date falls below its Autocall Price, no Daily Autocall Feature is triggered; and
  - Daily Knock-in Feature triggered and delivery of the Stock Amount** – Since:
    - the Closing Price of the Worst Performing Stock on at least one Knock-in Determination Date (which is set as each Scheduled Trading Day during the Investment Period) falls below its Knock-in Price, the Daily Knock-in Feature has been triggered; and
    - the Closing Price of the Worst Performing Stock on the Valuation Date falls below its Put Strike Price,

you will receive the Stock Amount (and the cash payment of Fractional Stock (if any)) on the Settlement Date (subject to payment of any Delivery Expenses). You will suffer a loss as the Closing Price of the Worst Performing Stock as of the Valuation Date is lower than its Put Strike Price, and therefore the market value of the Stock Amount (calculated based on the Closing Price of the Worst Performing Stock on the Valuation Date) is less than the Purchase Price.

**If you choose not to sell such Worst Performing Stock on the Settlement Date, you will be exposed to the market risk of holding it. In the worst case, if the market price of such Worst Performing Stock remains at zero till the Settlement Date, you will lose all of your investment.**

#### **How do you apply for our Basket ELIs?**

If you wish to apply for our Basket ELIs, you must submit your application to a distributor prior to the end of the Offer Period. Your distributor will then apply for such Basket ELIs for you with us (as the Issuer). Payment should be made to your distributor in accordance with their normal operating procedures.

You should note that the Initial Price of a Linked Stock may either be (i) the Closing Price of such Linked Stock on the Trade Date; or (ii) the market spot price of such Linked Stock as agreed between the Issuer and you (through your distributor) at the time of your application on the Trade Date and your purchase order will be executed at such agreed price. For the avoidance of doubt, the Initial Prices of all the Linked Stocks in the Stock Basket will be determined by using the same method, i.e. either of the method (i) or (ii). In case (i) above, the Distribution Barrier Price, the Put Strike Price, the Autocall Price and the Knock-in Price of each Linked Stock will not be known at the time of your application, and you will be committed to invest in our Basket ELIs before the exact value of these terms are finalised (unless there is a post-sale cooling-off period applicable to such Basket ELIs and you exercise such right). In both cases, we will deliver a notification letter to you through your distributor no later than the second Business Day after the Trade Date setting out all the finalised trade specific terms. The finalised trade specific terms will also be set out in the relevant Term Sheet. Please refer to the paragraph headed "Where can you find more information about us and our Basket ELIs?" on page 107 of this Product Booklet.

#### **Commissions**

We may pay a commission to your distributor. Distributor(s)' commissions and other transaction costs (including our cost of hedging) will be indirectly factored and subsumed into the Purchase Price for our Basket ELIs.

#### **What charges do you have to pay?**

**Delivery Expenses** – If the Stock Amount is determined on the Valuation Date to be deliverable to you on the Settlement Date, you will have to pay all expenses (including the buyers' stamp duty, if applicable) arising from the delivery of the Stock Amount.

For the avoidance of doubt, no expenses are currently payable by you upon any payment in cash.

**Distributor's charges** – Your distributor may charge fees to open and maintain your securities or investment account. Please contact your distributor for further information.

**You should note that any Delivery Expenses and distributor's charges will affect the potential return on your investment.**

#### **Post-sale cooling-off period**

There is no post-sale cooling-off period for you to cancel or unwind (as the case may be) your purchase order for the Basket ELIs with a scheduled Investment Period of one year or less.

In respect of our Basket ELIs with an Investment Period of more than one year, there is a post-sale cooling-off period and you have the right to cancel or unwind your purchase order (as the case may be) (in whole but not in part) for your investment in our Basket ELIs by giving an irrevocable written instruction to your distributor within 5 Business Days after you place your purchase order (i.e. the post-sale cooling-off period). If you choose to do so, you will need to submit your instruction to your distributor between **11:00 a.m. and 2:30 p.m.** on any Business Day during the post-sale cooling-off period.

If you submit a written instruction to cancel your purchase order to your distributor **before the Trade Date**, the Purchase Price will not be deducted from your designated cash account on the Issue Date.

If you submit your written instruction to unwind your purchase order **on or after the Trade Date**, we will refund to you through your distributor a cash amount (equal to the full Purchase Price less any market value adjustment). **The refund amount will be capped at and may be substantially less than the Purchase Price.**

Whether you cancel or unwind your purchase order during the post-sale cooling-off period, your distributor's commission (if any) will not be charged by your distributor. Your distributor may charge you an administrative handling fee for cancelling or unwinding your purchase order during the post-sale cooling off period.

Please refer to the section headed "Is there a post-sale cooling-off period for our Basket ELIs?" under "More information about our Basket ELIs" on page 104 of this Product Booklet for further details.

#### **Is there any market making arrangement before expiry of our Basket ELIs?**

In respect of our Basket ELIs with an Investment Period of 6 months or less, there is no market making arrangement.

In respect of our Basket ELIs with an Investment Period of more than 6 months, we, as the market agent, will provide limited market making arrangement for our Basket ELIs on every first, third and if applicable, fifth Fridays of each month during the period from the Business Day immediately after the Issue Date up to the fifth Business Day immediately before the scheduled Valuation Date, or if any such day is not a day on which the Exchange opens, such day will be postponed to the next Business Day on which the Exchange opens (each a "**Market Making Day**").

On each Market Making Day, we will make available (via your distributor) indicative bid prices (on a per Nominal Unit basis) for our Basket ELIs during normal business hours on such Market Making Day.

If you wish to sell your Nominal Units in our Basket ELIs on a particular Market Making Day, you must contact your distributor to request for a firm bid price between **11:00 a.m. and 2:30 p.m.** on such Market Making Day.

**You should note that (a) the firm bid price will only be valid for a limited period of time as notified to you by your distributor and (b) the firm bid price may be substantially less than the Purchase Price.**

Your distributor may also charge you a fee when you sell your Nominal Units in our Basket ELIs back to us on a Market Making Day and such fee will reduce the amount you receive.

**Please note that indicative bid prices and/or firm bid prices and market making arrangements may not be available on a Market Making Day if certain events occur.** Please refer to the section headed "Is there any market making arrangement for our Basket ELIs before expiry?" under "More information about our Basket ELIs" on page 105 of this Product Booklet for further details.

#### **Adjustment to the terms and conditions or early termination of our Basket ELIs**

Upon the occurrence of certain events (such as a Potential Adjustment Event, a Merger Event or a Tender Offer in respect of a Linked Stock), we may amend or adjust some of the terms and conditions of our Basket ELIs (such as adjusting the Put Strike Price, substituting the affected Linked Stock or adjusting certain key dates). Upon the occurrence of certain events (such as an Additional Disruption Event), we may early terminate our Basket ELIs.

You should refer to the "General Terms and Conditions of Basket ELIs" in Appendix 1 to this Product Booklet for further details.

### Offer Documents

You must read and understand the following Offer Documents for detailed information about us and our Basket ELIs before deciding whether to invest in our Basket ELIs:

- (a) the indicative term sheet for the relevant series of our Basket ELIs you are considering;
- (b) our Information Memorandum dated 20 November 2023 together with any addendum as stated in the relevant indicative term sheet;
- (c) our Financial Disclosure Document together with any addendum as stated in the relevant indicative term sheet; and
- (d) this Product Booklet for our Basket ELIs dated 20 November 2023 together with any addendum as stated in the relevant indicative term sheet.

**Your distributor is obliged to distribute to you all the Offer Documents in either English or Chinese as you may prefer. If you are in any doubt about any of the contents of the Offer Documents, you should seek independent professional advice.**

### Our ongoing disclosure obligations

We, as the Issuer and the Product Arranger, will keep the SFC and the distributors informed as soon as reasonably practicable if (a) we (as the Issuer) cease to meet any applicable eligibility requirements in the Code; (b) we (as the Product Arranger) cease to meet any applicable eligibility requirements in the Code; and (c) to the extent permitted by any applicable law, there are any changes in our financial condition or other circumstances which could reasonably be expected to have a material adverse effect on our ability (as the Issuer) to fulfil our commitment in connection with our Basket ELIs. Your distributor will in turn inform you. Please contact your distributor for further details.



**KEY FACTS STATEMENT (F)**  
**Basket ELIs (Periodic Autocall with Daily Knock-in Feature)**  
**issued by**  
**Bank of China (Hong Kong) Limited**

*There are six categories of our Basket ELIs. This key facts statement only provides you with the key information about one category of our Basket ELIs that we may issue – Basket ELIs (Periodic Autocall with Daily Knock-in Feature). This statement forms part of the Offer Documents (as defined below) for our Basket ELIs. You should not invest in our Basket ELIs based on this key facts statement alone and you should read all the Offer Documents for our Basket ELIs before you decide whether to invest in this product. Capitalised terms used in this section and not otherwise defined herein shall have the meanings given to them in the general terms and conditions of our Basket ELIs in Appendix 1 to this Product Booklet (“General Terms and Conditions”).*

**What are the key risks?**

- **Unlisted structured investment products.** Our Basket ELIs are unlisted structured investment products embedded with derivatives and are NOT equivalent to time deposits.
- **Not covered by the Investor Compensation Fund.** Our Basket ELIs are not listed on any stock exchange and are not covered by the Investor Compensation Fund in Hong Kong.
- **Not principal protected.** Our Basket ELIs are not principal protected: **you could lose all of your investment.**
- **No collateral.** Our Basket ELIs are not secured on any of our assets or any collateral.
- **Capped maximum potential gain.** The maximum potential gain under our Basket ELIs is capped at the sum of (i) the difference between the Nominal Unit Value of our Basket ELIs and the Purchase Price (if any) and (ii) the aggregate Potential Distribution Amount(s) payable during the Scheduled Tenor of our Basket ELIs. It is possible that you may not receive any Potential Distribution Amount for the entire Scheduled Tenor of our Basket ELIs.
- **Potential payout is determined by the Worst Performing Stock.** The potential payout of our Basket ELIs is determined by reference to the performance of the Worst Performing Stock in the Stock Basket on each relevant Scheduled Trading Day. If any of the Linked Stocks in the Stock Basket performs poorly against your expectation, you will not benefit from the performance of the other Linked Stocks in the Stock Basket even if they perform well and you may suffer a loss under our Basket ELIs.
- **Not the same as buying any Linked Stock in the Stock Basket.** Buying our Basket ELIs is not the same as buying any Linked Stock in the Stock Basket. You do not acquire any right in any Linked Stock in the Stock Basket, except where the Worst Performing Stock as of the Valuation Date is determined to be deliverable to you on the Settlement Date, in which case you will be entitled to the rights of such Worst Performing Stock from and including the Valuation Date in accordance with the General Terms and Conditions. Changes in the market price of any Linked Stock may not lead to a corresponding change, or any change at all, in the market value of, and/or your potential gain or loss under, our Basket ELIs.
- **Liquidity risk and limited market making arrangement.** Our Basket ELIs are designed to be held until expiry. We will only provide limited market making arrangement for our Basket ELIs with an Investment Period of more than 6 months on a bi-weekly basis. If you sell your investment in our Basket ELIs before expiry, you may receive an amount which is substantially less than your original investment amount.
- **Re-investment risk following early termination.** Our Basket ELIs will be early terminated upon the trigger of the Autocall Feature. You will not receive any further Potential Distribution Amount following such early termination. You may bear re-investment risk since the prevailing market conditions may have changed and may hinder you from making any further investment under similar investment terms. You may not be able to get the same rate of return if you re-invest in investments with similar risk parameters.

- **Maximum loss upon BOCHK's default or insolvency.** Our Basket ELIs constitute general, unsecured and unsubordinated contractual obligations of Bank of China (Hong Kong) Limited and of no other person (including the ultimate holding company of our group, Bank of China Limited). If you purchase our Basket ELIs, you are relying upon the creditworthiness of Bank of China (Hong Kong) Limited and have no rights under the terms and conditions of our Basket ELIs against the issuers of the Linked Stocks. In the worst case scenario, **you could lose all of your investment.**

BOCHK is not the ultimate holding company of the group to which we belong and with which our name is identified. The ultimate holding company of our group is Bank of China Limited which does not guarantee the performance of our obligations under our Basket ELIs.

- **You will be exposed to the risks associated with our Basket ELIs starting from the Trade Date.** As all terms applicable to our Basket ELIs will be finalised on the Trade Date, you will be subject to the terms and conditions of our Basket ELIs from the Trade Date, and you will be exposed to the risks associated with our Basket ELIs starting from the Trade Date.
- **No direct contractual rights against the Issuer and reliance upon distributor.** Each series of our Basket ELIs will be represented by a global certificate and no individual certificate will be issued to you with respect to your interest in our Basket ELIs. You do not have any direct contractual rights against us (as the Issuer). To assert your rights as an investor in our Basket ELIs against us (as the Issuer), you will have to rely on your distributor (and, if applicable, its direct or indirect custodian) to take action on your behalf. You therefore will be exposed to the credit risks and other default risks of your distributor (and, if applicable, its direct or indirect custodian). This is a complicated area of law and you should seek independent legal advice for further information.
- **English version of the terms and conditions prevails over Chinese version.** The global certificate representing a series of our Basket ELIs and the terms and conditions of our Basket ELIs will only be issued in English for the purpose of lodgment with the relevant clearing system(s). If there is any inconsistency between the Chinese version and the English version of such terms and conditions of our Basket ELIs, the English version will prevail over the Chinese version. If you do not understand the English version, you should seek independent professional advice.
- **Conflicts of interest.** Potential and actual conflicts of interest may arise from the different roles played by us and our subsidiaries and affiliates in connection with our Basket ELIs and our economic interests in each role may be adverse to your interests in our Basket ELIs.
- **Additional risks for RMB-denominated Basket ELIs and/or Basket ELIs linked to RMB-traded Linked Stock.** Where the settlement currency of the Basket ELIs is RMB, and/or any linked stock is denominated and traded in RMB, the performance of such Basket ELIs may be adversely affected due to risks relating to RMB, such as the current limited pool of RMB outside the mainland China, offshore RMB exchange rate risk and RMB interest rate risk. Our payment under any RMB-denominated Basket ELIs may also be postponed, or delivered in a HKD equivalent amount upon occurrence of an RMB disruption event.

## What are Basket ELIs (Periodic Autocall with Daily Knock-in Feature)?

### A. Overview of this product

- **Product type:** It is a structured investment product which has an embedded conditional put option over the Linked Stocks in the Stock Basket, under which you will be obliged to buy a number of the Worst Performing Stock as of the Valuation Date at expiry at a pre-fixed price if certain conditions are met.
- **Investment Period and Scheduled Tenor:** Its Investment Period commences from the scheduled Trade Date to the scheduled Valuation Date (both days inclusive), which generally ranges from 1 month to 3 years. The Scheduled Tenor of our Basket ELIs commences from the Issue Date to the scheduled Settlement Date (both days inclusive).
- **Linked Stocks:** The Stock Basket may comprise a minimum of 2 and a maximum of 6 Linked Stocks. The Linked Stocks will be shares and/or units of companies and/or funds listed on The Stock Exchange of Hong Kong Limited (the “**Exchange**”) and traded in an Underlying Currency of HKD, RMB or such other currencies as specified in the relevant Term Sheet. The Stock Basket may comprise a mixture of Linked Stocks traded in different currencies. However, not all stocks listed on the Exchange can be used as Linked Stocks in the Stock Basket for our Basket ELIs – please contact your distributor for more details.
- **Settlement Currency:** We may issue and settle our Basket ELIs in RMB or any non-restricted and freely convertible currency such as HKD or USD as specified in the relevant Term Sheet.
- **Issued in Nominal Units of Nominal Unit Value:** Each series of our Basket ELIs will be issued in units (the “**Nominal Units**”). Each Nominal Unit represents a specific nominal amount called “**Nominal Unit Value**” as specified in the relevant Term Sheet. The Purchase Price for each Nominal Unit is specified as a percentage of the Nominal Unit Value of our Basket ELIs in the relevant Term Sheet and may be set either as equal to or at a discount to the Nominal Unit Value of our Basket ELIs.
- **Worst Performing Stock:** The potential payout of our Basket ELIs is determined by reference to the performance of the Worst Performing Stock in the Stock Basket on each relevant Scheduled Trading Day. The Linked Stock in the Stock Basket with the lowest Performance on a Scheduled Trading Day will be the Worst Performing Stock for that Scheduled Trading Day. The Worst Performing Stock on each Scheduled Trading Day can be different. The Performance of each Linked Stock in the Stock Basket on a Scheduled Trading Day will be calculated in accordance with the following formula:

$$\text{Performance} = \frac{\text{Closing Price of the Linked Stock on a Scheduled Trading Day}}{\text{Initial Price of the Linked Stock}} \times 100\%$$

If more than one Linked Stock has the same lowest Performance on a Scheduled Trading Day, we will determine the Worst Performing Stock on such Scheduled Trading Day in our sole and absolute discretion acting in good faith and in a commercially reasonable manner.

## B. Potential Distribution Amount

- You may receive a Potential Distribution Amount on a per Nominal Unit basis for each Observation Period (being a period commencing from but excluding the relevant Period Start Date to and including the relevant Period End Date, as specified in the relevant Term Sheet) on each Distribution Payment Date depending on the performance of the Worst Performing Stock on the relevant Scheduled Trading Day(s). Such Potential Distribution Amount for a particular Observation Period is calculated as follows:

### **Nominal Unit Value x the applicable Distribution Rate**

- Distribution Rate:** The relevant Term Sheet will specify the Distribution Rate applicable to an Observation Period as either:
  - (a) a Fixed Distribution Rate – in such case, you will receive a fixed Potential Distribution Amount for such Observation Period at the Fixed Distribution Rate, being the Reference Rate, as specified in the relevant Term Sheet, if the Closing Price of the Worst Performing Stock on the Period End Date for such Observation Period (subject to postponement in the case of a Disrupted Day for any Linked Stock for the purpose of determining the relevant Closing Price for such Linked Stock) (i.e. the Distribution Barrier Determination Date) is at or above its applicable Distribution Barrier Price; or
  - (b) a Variable Distribution Rate – in such case, you will receive a variable Potential Distribution Amount for such Observation Period at the Variable Distribution Rate calculated in accordance with the following formula:

$$\text{Variable Distribution Rate} = \text{Reference Rate} \times \frac{\text{Days In}}{\text{Total Days}}$$

Where,

“**Days In**” means the total number of Scheduled Trading Days (excluding any Disrupted Day for any Linked Stock) in the relevant Observation Period on which the Closing Price of the Worst Performing Stock on such Scheduled Trading Day is at or above its applicable Distribution Barrier Price;

“**Total Days**” means the total number of Scheduled Trading Days (excluding any Disrupted Day for any Linked Stock) in the relevant Observation Period;

“**Reference Rate**” means a percentage specified as such in the relevant Term Sheet and is the same for all Observation Periods; and

“**Distribution Barrier Price**” means, in respect of a Linked Stock, the price equal to a specified percentage of its Initial Price applicable to an Observation Period, as specified in the relevant Term Sheet and may be different for each Observation Period. The specified percentage used to calculate the Distribution Barrier Price for each Linked Stock for the same Observation Period is the same.

**You may not receive any Potential Distribution Amount for an Observation Period or even for the entire Scheduled Tenor of our Basket ELIs.**

### C. Periodic Autocall Feature

- This category of our Basket ELIs contains a Periodic Autocall Feature. The Periodic Autocall Feature will be triggered on an Autocall Determination Date if the Closing Price of the Worst Performing Stock on such Autocall Determination Date, which is set as each Period End Date (excluding the Valuation Date) during the period as specified in the relevant Term Sheet (subject to postponement in the case of a Disrupted Day for any Linked Stock for the purpose of recording the relevant Closing Price) is at or above its Autocall Price. The Autocall Price of each Linked Stock is set as a percentage of its Initial Price, as specified in the relevant Term Sheet and will be the same for each Autocall Determination Date. The specified percentage used to calculate the Autocall Price for each Linked Stock is the same.
- If the Periodic Autocall Feature is triggered following a postponed determination of the Closing Price of the Worst Performing Stock in respect of an Autocall Determination Date which is a Disrupted Day for such Linked Stock, the Periodic Autocall Feature shall be deemed to have been triggered on that original Autocall Determination Date which is a Disrupted Day for such Linked Stock. The Autocall Determination Date on which the Periodic Autocall Feature is triggered or is deemed to be triggered is the Autocall Trigger Date. You should refer to “General Terms and Conditions of Basket ELIs” in Appendix 1 to this Product Booklet for further details.
- Following the trigger of the Periodic Autocall Feature, we will terminate our Basket ELIs on such Autocall Trigger Date and you will receive a cash amount on a per Nominal Unit basis called the “**Autocall Cash Amount**” (being 100% of the Nominal Unit Value), together with any Potential Distribution Amount for the relevant Observation Period during which the Periodic Autocall Feature is triggered or is deemed to be triggered, on the Autocall Settlement Date (being a date falling no later than 3 Business Days after such Autocall Trigger Date or where the Periodic Autocall Feature is deemed to be triggered on an Autocall Determination Date which is a Disrupted Day for any Linked Stock for the purpose of determining the Closing Price of such Linked Stock, no later than 3 Business Days after the day on which the Closing Price of such Linked Stock in respect of that Autocall Determination Date is determined).

### D. Daily Knock-in Feature and settlement at expiry (on the Settlement Date)

- The Daily Knock-in Feature is triggered if the Closing Price of the Worst Performing Stock on any Knock-in Determination Date, which is set as each Scheduled Trading Day during the Investment Period is below its Knock-in Price. Provided that if any Knock-in Determination Date (except for Valuation Date) is a Disrupted Day for any Linked Stock, such Linked Stock will be disregarded for the purpose of determining whether a Daily Knock-in Feature is triggered on such Scheduled Trading Day.
- The Knock-in Price of each Linked Stock will always be set at a price below its Autocall Price and its Put Strike Price. Both the Knock-in Price and the Put Strike Price of each Linked Stock are set as a percentage of its Initial Price as specified in the relevant Term Sheet. The specified percentages used to calculate the Knock-in Price and the Put Strike Price for each Linked Stock respectively is the same. The specified percentage used to calculate the Knock-in Price for each Knock-in Determination Date is the same.

- If the Periodic Autocall Feature has not been triggered and our Basket ELIs are not otherwise early terminated in accordance with the General Terms and Conditions, the settlement at expiry of our Basket ELIs will be as illustrated below:

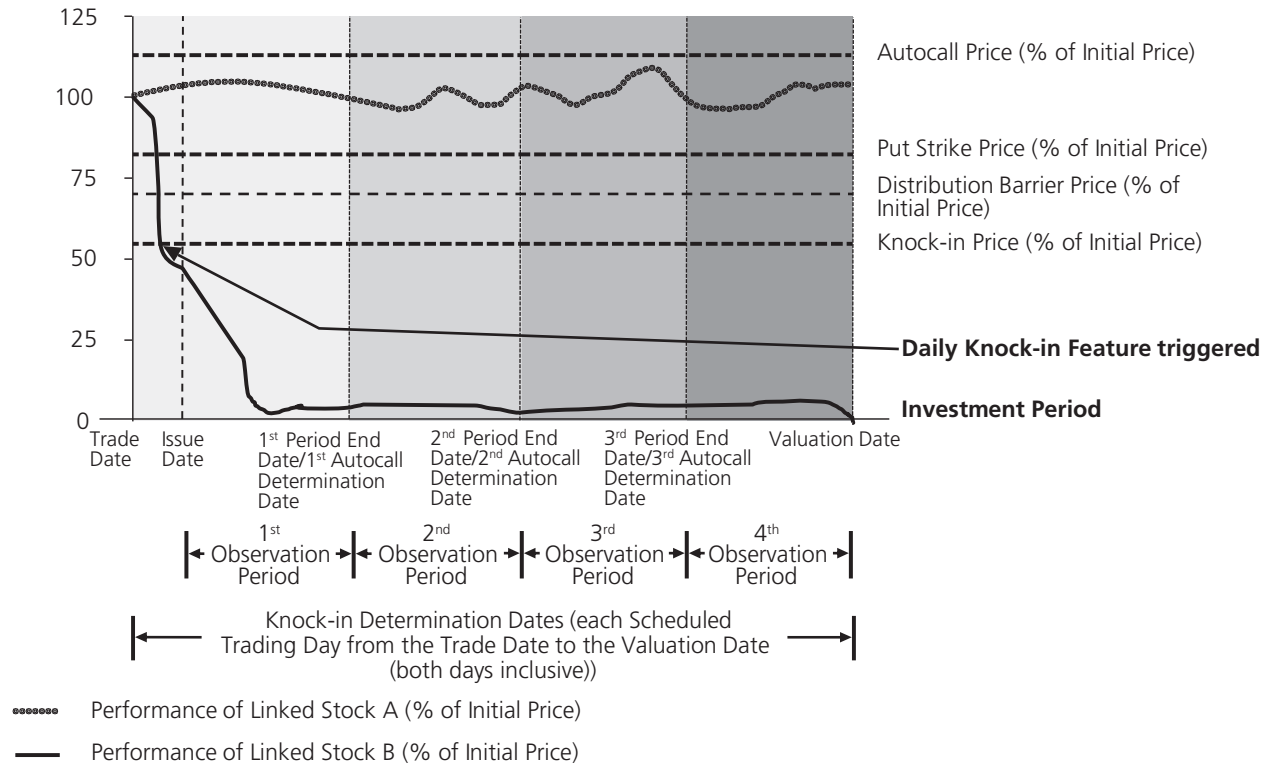
Has the Daily Knock-in Feature been triggered on any Knock-in Determination Date?	If the Closing Price of the Worst Performing Stock on the Valuation Date is:	You will receive on the Settlement Date (being a date falling no later than (in the case of any payment in cash) 3 Business Days or (in the case of delivery of the Stock Amount) 3 Clearance System Business Days after the Valuation Date) on a per Nominal Unit basis:
<b>No</b>	Not relevant (as the Daily Knock-in Feature has not been triggered)	Cash Amount (being 100% of the Nominal Unit Value) and Potential Distribution Amount (if any) for the last Observation Period
<b>Yes</b>	<b>AT or ABOVE</b> its Put Strike Price <sup>^</sup> <sup>^</sup> This scenario will not occur if the Daily Knock-in Feature is triggered on the Valuation Date as the Knock-in Price of each Linked Stock will be set at a price lower than its Put Strike Price.	Cash Amount (being 100% of the Nominal Unit Value) and Potential Distribution Amount (if any) for the last Observation Period
<b>Yes</b>	<b>BELOW</b> its Put Strike Price (in which case the conditional put option will be exercised by us on the Valuation Date)	<p>All of the following:</p> <ul style="list-style-type: none"> <li>(i) Stock Amount (being a number of the Worst Performing Stock as of the Valuation Date determined by reference to its Put Strike Price), subject to payment of any Delivery Expenses, calculated as follows:  <math display="block">\frac{\text{Nominal Unit Value (converted into the Underlying Currency of such Worst Performing Stock at the Exchange Rate if applicable)}}{\text{Put Strike Price of such Worst Performing Stock}}</math> </li> <li>(ii) cash payment of Fractional Stock (if any); and</li> <li>(iii) Potential Distribution Amount (if any) for the last Observation Period</li> </ul> <p><b>You will suffer a loss in this scenario if the sum of the market value of the Stock Amount (calculated based on the Closing Price of the Worst Performing Stock on the Valuation Date) together with the cash payment of Fractional Stock (if any) and any Potential Distribution Amount paid for the entire Scheduled Tenor is less than the Purchase Price.</b></p> <p><b>In the worst case, the market price of such Worst Performing Stock may drop to zero and the Stock Amount may become worthless.</b></p>



## Worst case scenario

The following hypothetical example does not reflect a complete analysis of all possible gain or loss scenarios and is for illustrative purposes only. You must not rely on it as an indication of the actual performance of the Linked Stocks or the potential payout of our Basket ELs.

### Performance of the Linked Stocks (%)



- The above example assumes that:
  - the Purchase Price is equal to 100% of the Nominal Unit Value of the Basket ELs; and
  - the Fixed Distribution Rate applies to the first Observation Period and the Variable Distribution Rate applies to each of the second to fourth Observation Periods.
- The above example illustrates that:
  - No Potential Distribution Amount** – since the Closing Price of the Worst Performing Stock (being Linked Stock B) (i) on the Period End Date of the first Observation Period (i.e. the Distribution Barrier Determination Date) and (ii) on each Scheduled Trading Day during each of the second to fourth Observation Periods falls below its Distribution Barrier Price, you will not receive any Potential Distribution Amount during the entire Scheduled Tenor of the Basket ELs;
  - No trigger of Periodic Autocall Feature** – since the Closing Price of the Worst Performing Stock on each Autocall Determination Date falls below its Autocall Price, no Periodic Autocall Feature is triggered; and
  - Daily Knock-in Feature triggered and delivery of the Stock Amount** – Since:
    - the Closing Price of the Worst Performing Stock on at least one Knock-in Determination Date (which is set as each Scheduled Trading Day during the Investment Period) falls below its Knock-in Price, the Daily Knock-in Feature has been triggered; and
    - the Closing Price of the Worst Performing Stock on the Valuation Date falls below its Put Strike Price,
 you will receive the Stock Amount (and the cash payment of Fractional Stock (if any)) on the Settlement Date (subject to payment of any Delivery Expenses). You will suffer a loss as the Closing Price of the Worst Performing Stock as of the Valuation Date is lower than its Put Strike Price, and therefore the market value of the Stock Amount (calculated based on the Closing Price of the Worst Performing Stock on the Valuation Date) is less than the Purchase Price.

**If you choose not to sell such Worst Performing Stock on the Settlement Date, you will be exposed to the market risk of holding it. In the worst case, if the market price of such Worst Performing Stock remains at zero till the Settlement Date, you will lose all of your investment.**

#### **How do you apply for our Basket ELIs?**

If you wish to apply for our Basket ELIs, you must submit your application to a distributor prior to the end of the Offer Period. Your distributor will then apply for such Basket ELIs for you with us (as the Issuer). Payment should be made to your distributor in accordance with their normal operating procedures.

You should note that the Initial Price of a Linked Stock may either be (i) the Closing Price of such Linked Stock on the Trade Date; or (ii) the market spot price of such Linked Stock as agreed between the Issuer and you (through your distributor) at the time of your application on the Trade Date and your purchase order will be executed at such agreed price. For the avoidance of doubt, the Initial Prices of all the Linked Stocks in the Stock Basket will be determined by using the same method, i.e. either of the method (i) or (ii). In case (i) above, the Distribution Barrier Price, the Put Strike Price, the Autocall Price and the Knock-in Price of each Linked Stock will not be known at the time of your application, and you will be committed to invest in our Basket ELIs before the exact value of these terms are finalised (unless there is a post-sale cooling-off period applicable to such Basket ELIs and you exercise such right). In both cases, we will deliver a notification letter to you through your distributor no later than the second Business Day after the Trade Date setting out all the finalised trade specific terms. The finalised trade specific terms will also be set out in the relevant Term Sheet. Please refer to the paragraph headed "Where can you find more information about us and our Basket ELIs?" on page 107 of this Product Booklet.

#### **Commissions**

We may pay a commission to your distributor. Distributor(s)' commissions and other transaction costs (including our cost of hedging) will be indirectly factored and subsumed into the Purchase Price for our Basket ELIs.

#### **What charges do you have to pay?**

**Delivery Expenses** – If the Stock Amount is determined on the Valuation Date to be deliverable to you on the Settlement Date, you will have to pay all expenses (including the buyers' stamp duty, if applicable) arising from the delivery of the Stock Amount.

For the avoidance of doubt, no expenses are currently payable by you upon any payment in cash.

**Distributor's charges** – Your distributor may charge fees to open and maintain your securities or investment account. Please contact your distributor for further information.

**You should note that any Delivery Expenses and distributor's charges will affect the potential return on your investment.**

#### **Post-sale cooling-off period**

There is no post-sale cooling-off period for you to cancel or unwind (as the case may be) your purchase order for the Basket ELIs with a scheduled Investment Period of one year or less.

In respect of our Basket ELIs with an Investment Period of more than one year, there is a post-sale cooling-off period and you have the right to cancel or unwind your purchase order (as the case may be) (in whole but not in part) for your investment in our Basket ELIs by giving an irrevocable written instruction to your distributor within 5 Business Days after you place your purchase order (the post-sale cooling-off period). If you choose to do so, you will need to submit your instruction to your distributor between **11:00 a.m. and 2:30 p.m.** on any Business Day during the post-sale cooling-off period.

If you submit a written instruction to cancel your purchase order to your distributor **before the Trade Date**, the Purchase Price will not be deducted from your designated cash account on the Issue Date.

If you submit your written instruction to unwind your purchase order **on or after the Trade Date**, we will refund to you through your distributor a cash amount (equal to the full Purchase Price less any market value adjustment). **The refund amount will be capped at and may be substantially less than the Purchase Price.**

Whether you cancel or unwind your purchase order during the post-sale cooling-off period, your distributor's commission (if any) will not be charged by your distributor. Your distributor may, however, charge you an administrative handling fee for cancelling or unwinding your purchase order during the post-sale cooling off period.

Please refer to the section headed "Is there a post-sale cooling-off period for our Basket ELIs?" under "More information about our Basket ELIs" on page 104 of this Product Booklet for further details.

#### **Is there any market making arrangement before expiry of our Basket ELIs?**

In respect of our Basket ELIs with an Investment Period of 6 months or less, there is no market making arrangement.

In respect of our Basket ELIs with an Investment Period of more than 6 months, we, as the market agent, will provide limited market making arrangement for our Basket ELIs on every first, third and if applicable, fifth Fridays of each month during the period from the Business Day immediately after the Issue Date up to the fifth Business Day immediately before the scheduled Valuation Date, or if any such day is not a day on which the Exchange opens, such day will be postponed to the next Business Day on which the Exchange opens (each a "**Market Making Day**").

On each Market Making Day, we will make available (via your distributor) indicative bid prices (on a per Nominal Unit basis) for our Basket ELIs during normal business hours on such Market Making Day.

If you wish to sell your Nominal Units in our Basket ELIs on a particular Market Making Day, you must contact your distributor to request for a firm bid price between **11:00 a.m. and 2:30 p.m.** on such Market Making Day.

**You should note that (a) the firm bid price will only be valid for a limited period of time as notified to you by your distributor and (b) the firm bid price may be substantially less than the Purchase Price.**

Your distributor may also charge you a fee when you sell your Nominal Units in our Basket ELIs back to us on a Market Making Day and such fee will reduce the amount you receive.

**Please note that indicative bid prices and/or firm bid prices and market making arrangements may not be available on a Market Making Day if certain events occur.** Please refer to the section headed "Is there any market making arrangement for our Basket ELIs before expiry?" under "More information about our Basket ELIs" on page 105 of this Product Booklet for further details.

#### **Adjustment to the terms and conditions or early termination of our Basket ELIs**

Upon the occurrence of certain events (such as a Potential Adjustment Event, a Merger Event or a Tender Offer in respect of a Linked Stock), we may amend or adjust some of the terms and conditions of our Basket ELIs (such as adjusting the Put Strike Price, substituting the affected Linked Stock or adjusting certain key dates). Upon the occurrence of certain events (such as an Additional Disruption Event), we may early terminate our Basket ELIs.

You should refer to the "General Terms and Conditions of Basket ELIs" in Appendix 1 to this Product Booklet for further details.

### Offer Documents

You must read and understand the following Offer Documents for detailed information about us and our Basket ELIs before deciding whether to invest in our Basket ELIs:

- (a) the indicative term sheet for the relevant series of our Basket ELIs you are considering;
- (b) our Information Memorandum dated 20 November 2023 together with any addendum as stated in the relevant indicative term sheet;
- (c) our Financial Disclosure Document together with any addendum as stated in the relevant indicative term sheet; and
- (d) this Product Booklet for our Basket ELIs dated 20 November 2023 together with any addendum as stated in the relevant indicative term sheet.

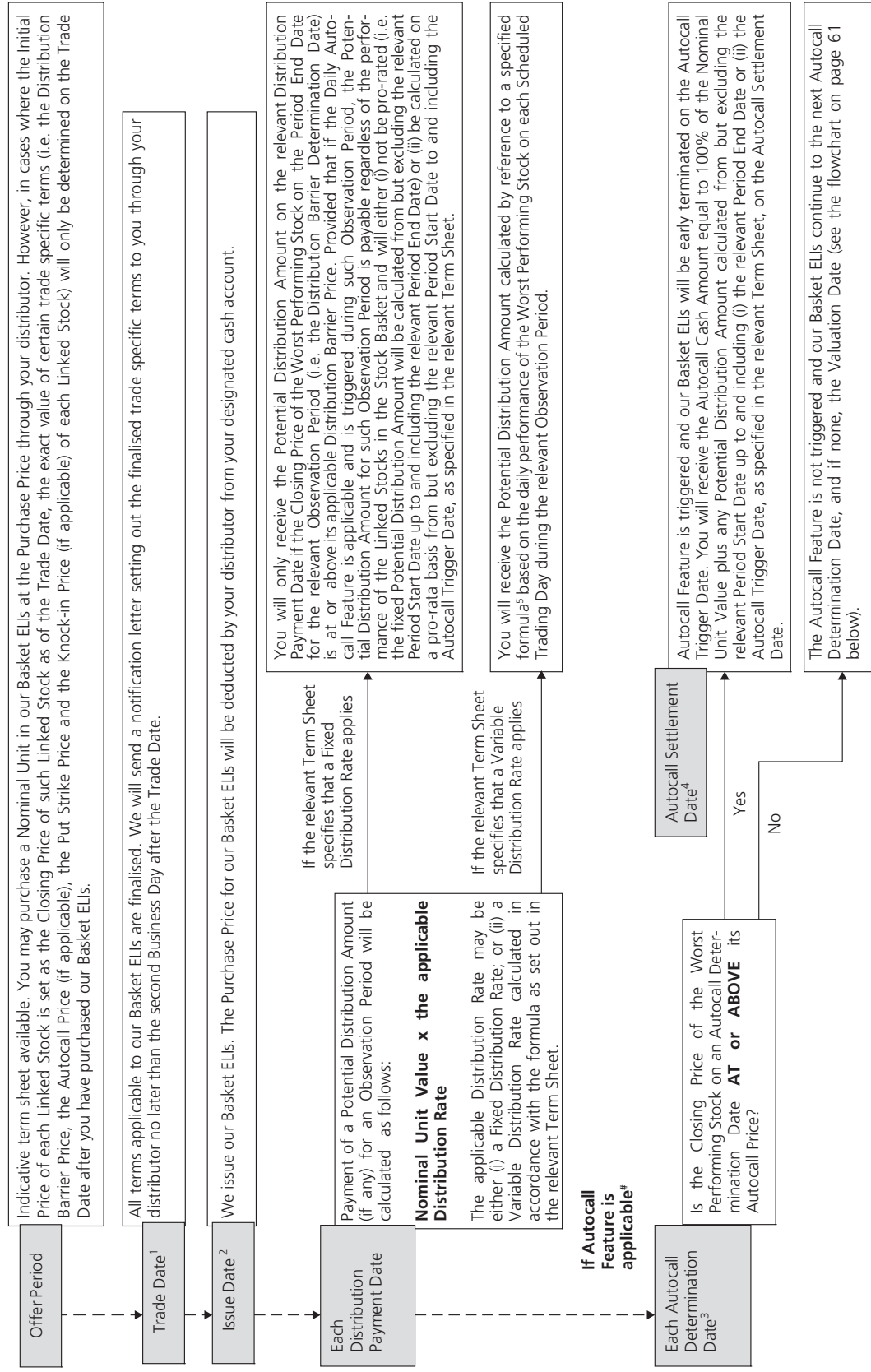
**Your distributor is obliged to distribute to you all the Offer Documents in either English or Chinese as you may prefer. If you are in any doubt about any of the contents of the Offer Documents, you should seek independent professional advice.**

### Our ongoing disclosure obligations

We, as the Issuer and the Product Arranger, will keep the SFC and the distributors informed as soon as reasonably practicable if (a) we (as the Issuer) cease to meet any applicable eligibility requirements in the Code; (b) we (as the Product Arranger) cease to meet any applicable eligibility requirements in the Code; and (c) to the extent permitted by any applicable law, there are any changes in our financial condition or other circumstances which could reasonably be expected to have a material adverse effect on our ability (as the Issuer) to fulfil our commitment in connection with our Basket ELIs. Your distributor will in turn inform you. Please contact your distributor for further details.

# HOW DO OUR BASKET ELIS WORK? – A FLOWCHART DESCRIPTION

## (A) During the Investment Period of our Basket ELIs:



# **If Autocall Feature is not applicable, our Basket ELIs continue to the Valuation Date (see the flowchart on page 61 below).**

1 The Trade Date will be the last day of the Offer Period.

2 The Issue Date is set as 3 to 10 Business Days after the Trade Date.

3 Each Autocall Determination Date is set as (if Daily Autocall Feature is applicable) each Scheduled Trading Day (excluding any Disrupted Day for any Linked Stock) during the period from and including the date as specified in the relevant Term Sheet, which is on or after the Issue Date, to but excluding the Valuation Date; or (if Periodic Autocall Feature is applicable) each Period End Date (excluding the Valuation Date) during the period as specified in the relevant Term Sheet.

4 The Autocall Settlement Date will be a date falling no later than 3 Business Days after the Autocall Trigger Date (i.e. the Autocall Determination Date on which the Autocall Feature is triggered) or where Periodic Autocall Feature applies and is deemed to be triggered on an Autocall Determination Date which is a Disrupted Day for any Linked Stock for the purpose of determining the Closing Price of such affected Linked Stock on that Autocall Trigger Date, no later than 3 Business Days after the day on which the Closing Price of such affected Linked Stock in respect of that Autocall Determination Date is determined.

5 The specified formula is:

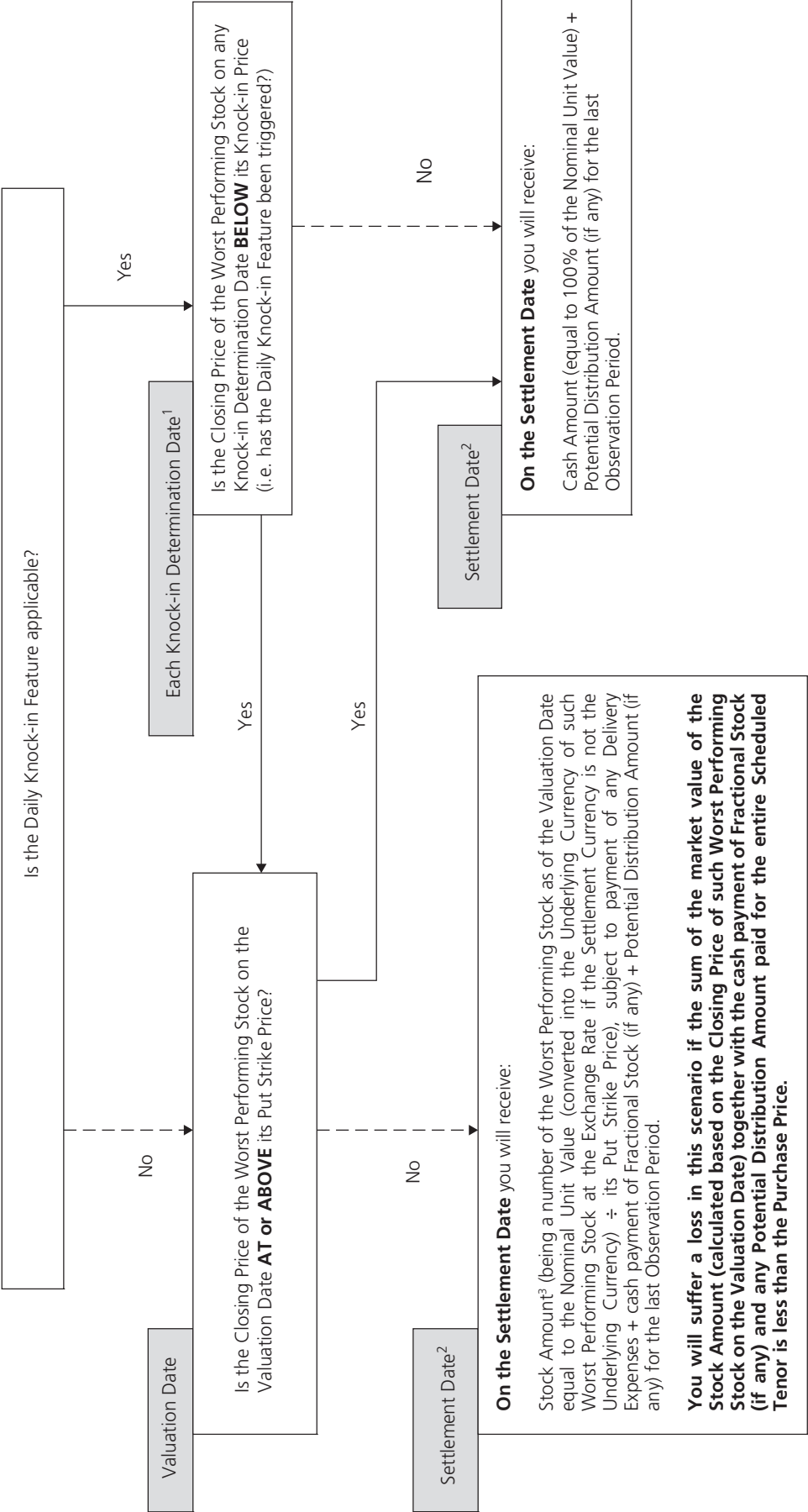
Variable Distribution Rate = a Reference Rate x Days In / Total Days

**"Days In"** means the total number of Scheduled Trading Days (excluding any Disrupted Day for any Linked Stock) in the relevant Observation Period (or, if the Daily Autocall Feature applies, where the Daily Autocall Feature is triggered during such Observation Period, the period commencing from but excluding the relevant Period Start Date to and including the Autocall Trigger Date) on which the Closing Price of the Worst Performing Stock on such Scheduled Trading Day is at or above its applicable Distribution Barrier Price; and

**"Total Days"** means the total number of Scheduled Trading Days (excluding any Disrupted Day for any Linked Stock) in the relevant Observation Period. If the Daily Autocall Feature applies, where the Daily Autocall Feature is triggered during such Observation Period, each Scheduled Trading Day from but excluding the Autocall Trigger Date to and including the relevant Period End Date for such Observation Period shall be deemed not to be a Disrupted Day for any Linked Stock.



**(B) Settlement at expiry – the Autocall Feature is not applicable or (if applicable) is not triggered and our Basket ELIs are not otherwise early terminated in accordance with the General Terms and Conditions:**



- 1 A Knock-in Determination Date is set as each Scheduled Trading Day during the Investment Period, provided that (a) if any Knock-in Determination Date (except for the Valuation Date) is a Disrupted Day for any Linked Stock, such Linked Stock will be disregarded for the purposes of determining whether a Daily Knock-in Feature has been triggered on such Scheduled Trading Day; and (b) the Knock-in Determination Date that is the Valuation Date shall be subject to postponement in the case of a Disrupted Day for any Linked Stock.
- 2 The Settlement Date will be a date falling no later than (in case of any payment in cash) 3 Business Days or (in case of delivery of the Stock Amount) 3 Clearance System Business Days after the Valuation Date.
- 3 If you receive the Stock Amount on the Settlement Date, you will also be exposed to the fluctuation of the market price of the Worst Performing Stock as of the Valuation Date between the Valuation Date (on which your Stock Amount is determined) and the Settlement Date (on which you will receive your Stock Amount). The market price of such Worst Performing Stock may fall further below the Closing Price of such Worst Performing Stock as of the Valuation Date after you receive such Worst Performing Stock. If you choose not to sell such Worst Performing Stock on the Settlement Date, you will be further exposed to the market risk of holding such Worst Performing Stock. In the worst case, the market price of such Worst Performing Stock may drop to zero and the Stock Amount may become worthless.

## RISK FACTORS

*This section sets out the risks applicable to our Basket ELIs. You should read this section together with the section headed “What are the key risks?” in each of the Key Facts Statements in this Product Booklet, the “Important Risk Warnings” and other risk factors highlighted in the relevant Term Sheet.*

- **Basket ELIs are non-principal protected**

Our Basket ELIs are non-principal protected unlisted structured investment products embedded with derivatives. They are not equivalent to conventional time deposits. The settlement under our Basket ELIs at expiry may be the Cash Amount or the Stock Amount comprising a number of the Worst Performing Stock as of the Valuation Date. In case the Stock Amount is deliverable to you, the sum of the market value of the Stock Amount (calculated based on the Closing Price of the Worst Performing Stock on the Valuation Date) together with the cash payment of Fractional Stock (if any) and any Potential Distribution Amount paid for the entire Scheduled Tenor may be less or substantially less than the Purchase Price. **In the worst case scenario, you may lose all of your investment.**

- **Capped maximum potential gain**

Upon termination of our Basket ELIs at expiry or upon trigger of an Autocall Feature (if applicable), the maximum potential gain is capped at the sum of (i) the difference between the Nominal Unit Value of our Basket ELIs and the Purchase Price (if any); and (ii) the aggregate Potential Distribution Amount payable under our Basket ELIs.

You will not receive any Potential Distribution Amount in respect of an Observation Period:

- (a) where Fixed Distribution Rate applies to that Observation Period, if the Closing Price of the Worst Performing Stock on the Distribution Barrier Determination Date is below its applicable Distribution Barrier Price; or
- (b) where Variable Distribution Rate applies to that Observation Period, if the Closing Price of the Worst Performing Stock on each Scheduled Trading Day of that Observation Period is below its applicable Distribution Barrier Price.

It is possible that you may not receive any Potential Distribution Amount during the entire Scheduled Tenor of our Basket ELIs.

- **Potential payout is determined by the Worst Performing Stock**

The potential payout of our Basket ELIs at expiry is determined by reference to the performance of the Worst Performing Stock in the Stock Basket on each relevant Scheduled Trading Day. If any of the Linked Stocks in the Stock Basket performs poorly against your expectation, you will not benefit from the performance of the other Linked Stocks in the Stock Basket and may suffer a loss under our Basket ELIs.

- **Basket ELIs are not listed on any stock exchange and are not covered by the Investor Compensation Fund**

As our Basket ELIs are not listed on any stock exchange, our Basket ELIs are not covered by the Investor Compensation Fund in Hong Kong.

- **The terms applicable to our Basket ELIs may not be finalised at the time of your application**

The Initial Price of a Linked Stock may be set out in the indicative term sheet as (i) the Closing Price of such Linked Stock on the Trade Date, or (ii) the market spot price of such Linked Stock as agreed between the Issuer and you (through your distributor) at the time of your application on the Trade Date. For the avoidance of doubt, the Initial Prices of all the Linked Stocks in the Stock Basket will be determined by using the same method, i.e. either of the method (i) or (ii). In the case of (i), certain trade specific terms such as the Distribution Barrier Price, the Autocall Price (if applicable), the Put Strike Price and the Knock-in Price (if applicable) of each Linked Stock will each be expressed as a specified percentage of its Initial Price in the indicative term sheet and the exact value of such terms may only be determined by the Issuer and finalised after the close of trading of the Exchange on the Trade Date. Accordingly, in such case, you may not know the exact value of the Initial Price, the Distribution Barrier Price, the Autocall Price (if applicable), the Put Strike Price and the Knock-in Price (if applicable) of each Linked Stock at the time of your application. By submitting an application through your distributor for a series of our Basket ELIs, you will be committed to invest in such Basket ELIs before the exact value of these terms are finalised unless a post-sale cooling-off period applies to such Basket ELIs and you exercise such right.

- **Post-sale cooling-off period only applies to our Basket ELIs with an Investment Period of more than one year and the amount to be returned for cancellation or unwinding may be substantially less than your original investment**

Post-sale cooling-off period does not apply to our Basket ELIs with an Investment Period of one year or less.

If you have purchased our Basket ELIs with an Investment Period of more than one year, you can choose to cancel or unwind your purchase order (as the case may be) (in whole but not in part) for our Basket ELIs during the post-sale cooling-off period. If you submit your instruction to unwind your purchase order to your distributor after your purchase order is executed on the Trade Date, the amount refunded to you will be reduced by any market value adjustments. The market value adjustment (if any) will be calculated by us (as the Calculation Agent) in our sole and absolute discretion, acting in good faith and in a commercially reasonable manner, based on many factors, including without limitation, the market price and the expected price volatility of each Linked Stock; the expected dividends on each Linked Stock (if any); the market interest rate movement; the prevailing exchange rate (if applicable); the time remaining to expiry of our Basket ELIs; our financial conditions and creditworthiness; the cost incurred by us in unwinding any related underlying hedging arrangements entered into in respect of our Basket ELIs; and the value of the relevant embedded conditional put option (where Autocall Feature and/or Daily Knock-in Feature applies) or put option (where Autocall Feature and Daily Knock-in Feature do not apply). If you submit your instructions to cancel your purchase order to your distributor before your purchase order is executed on the Trade Date, there will be no market value adjustment. However, in both cases, your distributor may charge you an administrative handling fee for cancelling or unwinding your purchase order during the post-sale cooling-off period. For the avoidance of doubt, if our Basket ELIs are denominated in RMB and the post-sale cooling-off period arrangement is applicable, such refund to you will not be subject to an RMB Disruption Event.

Please refer to the section headed “Is there a post-sale cooling-off period for our Basket ELIs?” under “More information about our Basket ELIs” on page 104 of this Product Booklet for further details of how the Purchase Price will be refunded to you. **The amount for each Nominal Unit in our Basket ELIs refunded to you may be less than, or substantially less than, the Purchase Price.**

- **There will be limited market making arrangements only for some of our Basket ELIs**

Our Basket ELIs are designed to be held until expiry. You should be prepared to invest your funds for the entire Investment Period.

In respect of our Basket ELIs with an Investment Period of 6 months or less, there is no market making arrangement. The limited market making arrangements only apply to our Basket ELIs with an Investment Period of more than 6 months. Any indicative bid prices provided under the market making arrangements will be subject to intra-day changes to reflect the changes in the spot reference price of the relevant Linked Stock during the relevant Market Making Day and are provided for your reference only as they may not be the same as the firm bid price at which we, as the market agent, are willing to buy back your Nominal Units in our Basket ELIs. You should note that any firm bid price provided to you by your distributor will only be valid for a limited period of time on the relevant Market Making Day.

**Please note that the firm bid price at which we are willing to buy back each of your Nominal Units in our Basket ELIs before its expiry may be less than, or substantially less than, the Purchase Price.** Your distributor may also charge a fee for your sell back application under our market making arrangement. You will need to contact your distributor for further details.

You should note that we (as the market agent) will not be able to provide market making arrangements on a Market Making Day if:

- (a) there is a market disruption or suspension of trading of any Linked Stock; or
- (b) if we (as the market agent) experience technical problems beyond our control affecting our ability to provide indicative bid prices or firm bid prices for our Basket ELIs on such Market Making Day, including any power failure or breakdown of our computer system.

In such case, the Market Making Day will be postponed to the next Business Day which is also a Scheduled Trading Day on which we (as the market agent) are able to provide market making arrangements.

In addition, if the Settlement Currency is RMB and an RMB Disruption Event occurs on the relevant date of payment under the market making arrangement for our Basket ELIs, payments will be postponed and may be made in an HKD Equivalent Amount.

Please refer to the section headed “Is there any market making arrangement for our Basket ELIs before expiry?” under “More information about our Basket ELIs” on page 105 of this Product Booklet for further details of our market making arrangement (including the circumstances under which we may not be able to provide market making arrangements on a Market Making Day).

- **English version of the terms and conditions of our Basket ELI prevails over the Chinese version**

The global certificate representing a series of our Basket ELIs and the terms and conditions of our Basket ELIs will only be issued in English for the purpose of lodgment with the relevant clearing system(s). If there is any inconsistency between the Chinese version and the English version of such terms and conditions of our Basket ELIs, the English version will prevail over the Chinese version. If you do not understand the English version, you should seek independent professional advice.

- **Exchange rate risk**

You should note that there may be an exchange rate risk in respect of our Basket ELIs where the settlement is converted from one currency into another. A series of our Basket ELIs may be issued and settled in a currency other than the Underlying Currency of the Worst Performing Stock as of the Valuation Date. If the Settlement Currency of a series of our Basket ELIs is not the Underlying Currency of the Worst Performing Stock as of the Valuation Date, we will convert the Settlement Currency into the Underlying Currency of the Worst Performing Stock as of the Valuation Date when making calculations of the Stock Amount and convert the cash payment for the Fractional Stock (if any) into the Settlement Currency at the exchange rate determined in accordance with the relevant Term Sheet, in which case, you would bear the risk of exchange rate fluctuation during the Investment Period of our Basket ELIs.

In addition, a series of our Basket ELIs may be issued and settled in a currency other than your home currency. If you convert payments made on our Basket ELIs back to your home currency, the amount you receive will be subject to the prevailing exchange rate between the Settlement Currency and your home currency.

- **Re-investment risk following early termination**

If our Basket ELIs are early terminated by us following the trigger of the Autocall Feature (if applicable), you will not receive any further Potential Distribution Amount following such early termination. You may bear re-investment risk since the prevailing market conditions may have changed and may hinder you from making any further investment under similar investment terms. You may not be able to get the same rate of return if you re-invest in investments with similar risk parameters.

- **You will be exposed to the risks associated with our Basket ELIs starting from the Trade Date**

As all terms applicable to our Basket ELIs will be finalised on the Trade Date, you will be subject to the terms and conditions of our Basket ELIs from the Trade Date, and you will be exposed to the risks associated with our Basket ELIs starting from the Trade Date.



- **No direct contractual rights against the Issuer and reliance upon distributor**

Each series of our Basket ELIs will be represented by a global certificate and no individual certificate will be issued to you with respect to your interest in our Basket ELIs. Only your distributor or its direct or indirect custodian (as the case may be) will have direct contractual rights against us (as the Issuer) under the Deed of Covenant. You do not have any direct contractual rights against us (as the Issuer) or your distributor's direct or indirect custodian (as the case may be). To assert your rights as an investor in our Basket ELIs against us (as the Issuer), you will have to rely on your distributor (and, if applicable, through its direct or indirect custodian) to take action on your behalf. If your distributor (i) fails to take action in accordance with your instructions; (ii) becomes insolvent; or (iii) defaults on its obligations, you will need to take action against your distributor in accordance with the customer agreement you sign with your distributor to establish your interest in our Basket ELIs first before you could assert your right of claim against your distributor's direct or indirect custodian (if applicable) and us (as the Issuer). You may experience difficulties in taking such legal proceedings. This is a complicated area of law and you should seek independent legal advice for further information.

- **You rely on the creditworthiness of your distributor and (where applicable) its custodian, the Principal Paying Agent and/or Paying Agent or the nominee of the relevant clearing system(s)**

We (as the Issuer) will make all cash payments, procure delivery of the Stock Amount and/or distribute notices in respect of our Basket ELIs through the Principal Paying Agent and/or the Paying Agent to the nominee of the relevant clearing system(s), being the ELI Holder. Once we have done so, you will have to rely on:

- (i) the Principal Paying Agent and/or the Paying Agent and the nominee of the relevant clearing system(s) to distribute notices to or credit the accounts of and/or deliver the Stock Amount to your distributor (or, where applicable, its direct or indirect custodian(s)); and
- (ii) your distributor (or, where applicable, its direct or indirect custodian(s)) to distribute notices to you or credit your account with payment and/or deliver the Stock Amount to you.

As a result of having to rely on your distributor (and, where applicable, its direct or indirect custodian(s)) and our Principal Paying Agent and/or Paying Agent in these circumstances, you will be exposed to the credit risks and other default risks of these parties. You will also be exposed to the credit risks and other default risks of the nominee of the relevant clearing system(s).

There is no assurance of protection against a default by your distributor or, where applicable, its direct or indirect custodian(s), in respect of its obligations under the customer agreement between you and your distributor. If your distributor becomes insolvent or default on its obligations under the customer agreement agreed between you and your distributor, you may only have a claim as an unsecured creditor of such distributor. You will need to take action against your distributor in accordance with such customer agreement.

If your distributor's custodian(s), the Principal Paying Agent, the Paying Agent or the nominee of the relevant clearing system(s) becomes insolvent or defaults on its obligations, you will have no direct contractual rights against such custodian, the Principal Paying Agent, the Paying Agent or the nominee of the relevant clearing system(s) and will have to rely on your distributor to take action against such custodian, the Principal Paying Agent, the Paying Agent or the nominee of the relevant clearing system(s). **In the worst case scenario, you could lose all of your investment in our Basket ELIs** regardless of the performance of the Linked Stocks in the Stock Basket and our performance of our obligations under our Basket ELIs.

- **Regulatory action(s) by resolution authorities under the Financial Institutions (Resolution) Ordinance in the event that BOCHK is failing could adversely affect the market value or potential payout of our Basket ELIs**

The Financial Institutions (Resolution) Ordinance (Cap. 628, the Laws of Hong Kong) (the "**FIRO**") was enacted by the Legislative Council of Hong Kong in June 2016. The FIRO (except Part 8, section 192 and Division 10 of Part 15 thereof) came into operation in July 2017.

The FIRO provides a regime for the orderly resolution of financial institutions with a view to avoiding or mitigating the risks otherwise posed by their non-viability to the stability and effective working of the financial system of Hong Kong, including the continued performance of critical financial functions. The FIRO seeks to provide the relevant resolution authorities with a range of powers to bring about timely and orderly resolution in order to stabilise and secure continuity for a failing authorised institution in Hong Kong. In particular, it is envisaged that subject to certain safeguards, the relevant resolution authority would be provided with powers to affect contractual and property rights as well as payments (including in respect of any priority of payment) that creditors would receive in resolution, including but not limited to powers to write off, or convert into equity, all or a part of the liabilities of the failing financial institution.

As an authorised institution regulated by the Hong Kong Monetary Authority, BOCHK is subject to and bound by the FIRO. The exercise of any resolution power by the relevant resolution authority under the FIRO in respect of BOCHK may have a material adverse effect on the market value or potential payout of our Basket ELIs, and as a result, you may not be able to recover all or any amount due under our Basket ELIs. **In the worst case scenario, you could lose all of your investment regardless of the performance of the Linked Stocks.**

This is a complicated area of law and if you have any doubt or wish to understand more, you should obtain independent legal advice.

### **Risks relating to the Stock Basket**

- **Not the same as buying any Linked Stock in the Stock Basket**

Buying our Basket ELIs is not the same as buying any Linked Stock in the Stock Basket. You do not acquire any right in any Linked Stock in the Stock Basket (including any right to dividends or declarations, or any voting rights attached to the Linked Stocks in the Stock

Basket), except where the Stock Amount is determined on the Valuation Date to be deliverable to you on the Settlement Date, in which case you will be entitled to the rights of the Worst Performing Stock as of the Valuation Date as if you had been registered as the holder of such number of the Worst Performing Stock comprising the Stock Amount from and including the Valuation Date in accordance with the General Terms and Conditions.

You should note that during the period from and including the Valuation Date until such time as the Stock Amount is delivered to you (such period, the “**Intervening Period**”), none of the Issuer, the Principal Paying Agent or our respective nominee will (i) be obliged to deliver to you (via your distributor) any letter, certificate, notice, circular, dividend, distribution or any other document or payment whatsoever received by us (as the Issuer or the Principal Paying Agent) or our respective nominee in its capacity as a holder of such Worst Performing Stock, (ii) be obliged to exercise any other rights (including voting rights) that a holder of such Worst Performing Stock would normally be entitled to during such Intervening Period, or (iii) be liable to you in respect of any loss or damage which you may suffer as a result, whether directly or indirectly, of you not being registered as legal owner of such Worst Performing Stock during the Intervening Period. However, we (as the Issuer) will notify you (via your distributor) of any such dividend, distribution, bonus issue, shares or units issued pursuant to a share split or consolidation in respect of such Worst Performing Stock received by us (as the Issuer or the Principal Paying Agent) or our respective nominee during the Intervening Period as described further in Condition 4(i) and will make available such dividend or distribution payment or such shares or units to such ELI Holder as soon as practicable in a commercially reasonable manner upon production of such evidence of entitlement and identification as may be reasonably required. We (as the Issuer) will also notify you (via your distributor) as soon as practicable of our receipt of any right, entitlement or offer during the Intervening Period which you are entitled to exercise or accept as a beneficial owner of the Worst Performing Stock, and make available any document relating to such right, entitlement or offer for your collection upon production of such evidence of entitlement and identification as may reasonably be required, and following our receipt of written notification as may reasonably be required and, where appropriate, any relevant payment or consideration necessary in connection with exercising or accepting any such right, entitlement or offer from you, we (as the Issuer or the Principal Paying Agent) or our respective nominee shall, on your behalf, exercise or accept such right, entitlement or offer. You should discuss with your distributor the arrangements with respect to the Stock Amount during the Intervening Period.

Further, changes in the market price of any Linked Stock may not lead to a corresponding change, or any change at all, in the market value of, and/or your potential gain or loss under, our Basket ELIs.

- **Exposure to price movements of the Worst Performing Stock as of the Valuation Date starting from the Valuation Date in the case of physical delivery of the Stock Amount**

If it is determined on the Valuation Date that you are to receive the Stock Amount, you should note that the actual delivery of the Stock Amount will only be made on the Settlement Date. Therefore, you will be exposed to any movement in the market price of the Worst Performing Stock as of the Valuation Date starting from the Valuation Date. You

should note that subsequent to the delivery of the Stock Amount to you on the Settlement Date, you will be exposed to the market risk of holding such Worst Performing Stock if you choose not to sell your holding on the Settlement Date as the market price of such Worst Performing Stock may fall further below its Closing Price on the Valuation Date after the Settlement Date. **In the worst case scenario, the Worst Performing Stock as of the Valuation Date comprising the Stock Amount delivered to you may be worthless and you could lose all of your investment in our Basket ELIs.**

- **You may receive odd lots of the Worst Performing Stock**

If the settlement at expiry is determined to be physical delivery of the Stock Amount, you may receive odd lots of the Worst Performing Stock as of the Valuation Date. You should note that such Worst Performing Stock is generally traded in board lots on the Exchange. Accordingly, you may have difficulty in selling odd lots of such Worst Performing Stock and even if you manage to do so, the sale price for such odd lots of the Worst Performing Stock may be lower than that for such Worst Performing Stock trading in board lots.

- **Risks relating to adjustment, replacement of a Linked Stock and early termination of our Basket ELIs**

*Adjustment to the terms and conditions of our Basket ELIs*

If we (as the Calculation Agent) determine in our sole and absolute discretion acting in good faith and in a commercially reasonable manner that (i) a Potential Adjustment Event (such as a subdivision or consolidation of a Linked Stock) or (ii) a Merger Event or (iii) a Tender Offer in respect of a Linked Stock has occurred during the period between the Trade Date and the Valuation Date (both days inclusive) (details of which are set out in Condition 9 of the General Terms and Conditions), we (as the Calculation Agent) will, in our sole and absolute discretion acting in good faith and in a commercially reasonable manner, adjust certain terms and conditions of our Basket ELIs, including but not limited to the Distribution Barrier Price, the Autocall Price (if applicable), the Put Strike Price, the Knock-in Price (if applicable) and the Stock Amount, to account for the diluting, concentrative effect or other economic effect of the relevant event so as to preserve the economic equivalence of our Basket ELIs.

In determining the aforesaid adjustment(s):

- (a) if options contracts or futures contracts of the affected Linked Stock are traded on the Exchange or any other exchange, we (as the Calculation Agent) will follow any adjustment to the terms of the relevant options contract or futures contract made and announced by the Exchange or such other exchange, unless following such adjustment is not able to preserve the economic equivalence of our Basket ELIs. In such case, we (as the Calculation Agent) will determine the aforesaid adjustment(s) in our sole and absolute discretion acting in good faith and in a commercially reasonable manner so as to preserve the economic equivalence of our Basket ELIs; or
- (b) if there are no options contracts or futures contracts of such Linked Stock traded on the Exchange or any other exchange, we (as the Calculation Agent) will take into account and (where, and to the extent, applicable) follow the relevant rules as set out

in the Operational Trading Procedures for Options Trading Exchange Participants of the Stock Exchange so as to preserve the economic equivalence of our Basket ELIs.

You should note that we (as the Calculation Agent), when determining whether to make any adjustments and/or in making any such adjustments, although acting in good faith and in a commercially reasonable manner, will not take into account your specific circumstances and/or tax or other consequences of such adjustments in any particular jurisdiction.

#### *Replacement of a Linked Stock or Early Termination of our Basket ELIs*

If during the period between the Trade Date and the Valuation Date (both days inclusive), we (as the Calculation Agent) determine in our sole and absolute discretion acting in good faith and in a commercially reasonable manner that (i) none of the adjustments to the terms and conditions of our Basket ELIs is able to account for the Merger Event or Tender Offer in respect of a Linked Stock (as described above) so as to preserve the economic equivalence of our Basket ELIs, or (ii) an Additional Disruption Event (such as De-Listing and Insolvency) has occurred, we will replace the relevant Linked Stock with the stocks or units (as the case may be) of another entity listed on the Exchange (which is not already comprised in the Stock Basket) in the similar economic sector and having similar market capitalisation as the affected Linked Stock. If we, as the Calculation Agent, determine that replacement of the relevant Linked Stock is not appropriate, we will early terminate our Basket ELIs in accordance with the General Terms and Conditions by payment of the Early Termination Amount.

The Early Termination Amount is an amount determined by us (as the Calculation Agent) in our sole and absolute discretion acting in good faith and in a commercially reasonable manner, equal to the fair market value of each Nominal Unit in our Basket ELIs as of the date of termination of our Basket ELIs, based on many factors, including without limitation, the market price and the expected price volatility of each Linked Stock; the expected dividends of each Linked Stock (if any); the market interest rates movement; the prevailing exchange rate (if applicable); the time remaining to expiry of our Basket ELIs; any Potential Distribution Amount of the relevant Observation Period for the relevant series of our Basket ELIs; our financial condition and creditworthiness; the cost incurred by us in unwinding any related underlying hedging arrangements entered into in respect of such Basket ELIs; and the value of its embedded conditional put option (where Autocall Feature and/or Daily Knock-in Feature applies) or put option (where Autocall Feature and Daily Knock-in Feature do not apply). **Depending on the then prevailing market conditions, the Early Termination Amount may be less, or substantially less, than the Purchase Price.**

You should refer to Conditions 9 and 10 of the General Terms and Conditions for further details. **Any adjustments and/or replacement or early termination of our Basket ELIs will be made by us (as the Calculation Agent) in our sole and absolute discretion acting in good faith and in a commercially reasonable manner.**

- **Risks relating to Basket ELIs linked to a unit or share of a fund in general**

Where a Linked Stock is a unit or share of a fund, being a real estate investment trust and/or an exchange traded fund, neither we nor our affiliates have the ability to control or predict the actions of the manager and/or the trustee of the fund. The manager and/or the trustee

of the fund are not involved in the offer of our Basket ELIs in any way and have no obligation to consider your interests in taking any action that might affect the market value of the units or shares of the fund and, in turn, our Basket ELIs.

We have no role in relation to the units or shares of the fund. The manager of the fund is responsible for making strategic, investment and other trading decisions with respect to the management of the fund assets, consistent with its investment objectives and/or investment restrictions as set out in its constitutive documents. The performance of the fund assets is significantly dependent upon the capabilities of the management team of the manager of the fund. The manner in which the fund assets are managed and the timing of such decisions will have a significant impact on the performance of the fund assets, and hence, on the performance of the fund and may adversely affect the market value and/or the potential gain or loss of our Basket ELIs.

There is also a risk that (i) the investment objectives and/or investment restrictions as set out in the constitutive documents in relation to the funds are materially changed after the date when our Basket ELIs are offered or are not complied with; or (ii) the method of calculating the net asset value of the fund assets is materially changed after the date when our Basket ELIs are offered. Such changes will impact on the performance of the fund assets and on the relevant Linked Stock. The applicable laws and regulations governing the funds may restrict the operations of the funds and restrict their ability to achieve the investment objectives. In such case, we (as the Calculation Agent), may decide, in our sole and absolute discretion acting in good faith and in a commercially reasonable manner, to replace the relevant Linked Stock based on the method as stated above, or, if the replacement of the relevant Linked Stock is not appropriate, to early terminate our Basket ELIs in accordance with Condition 9(c). The Early Termination Amount that you will receive may be less, or substantially less, than the Purchase Price.

Please read the offering documents of the fund comprising the relevant Linked Stock to understand its key features and risks.

- **Risk factors specific to Basket ELIs linked to a unit or share of an exchange traded fund ("ETF")**

Where a Linked Stock is a unit or share in a fund which is an ETF, you should note that an ETF is exposed to the political, economic, currency and other risks related to the underlying asset pool or index that the ETF is designed to track. There may also be disparity between the performance of the ETF and the performance of the underlying asset pool or index that the ETF is designed to track as a result of, for example, failure of the tracking strategy, currency differences, fees and expenses. In addition, where the underlying asset pool or index that the ETF is designed to track is subject to restricted access, the efficiency in the unit creation or redemption to keep the market price of the ETF in line with its net asset value may be disrupted, causing the ETF to trade at a premium or discount to its net asset value. Such risks may have a negative impact on the performance of the ETF and may adversely affect the market value and/or the potential gain or loss of our Basket ELIs.



If an ETF adopts a synthetic replication investment strategy to achieve its investment objectives by investing in financial derivative instruments linked to the performance of an underlying asset pool or index that the ETF is designed to track, you should also note that:

- (a) investments in financial derivative instruments will expose the ETF to the credit, potential contagion and concentration risks of the counterparties who issued such financial derivative instruments. As such counterparties are predominantly international financial institutions, the failure of one such counterparty may have a negative effect on other counterparties of the ETF. Even if the ETF has collateral to reduce the counterparty risk, there may still be a risk that the market value of the collateral has fallen substantially when the ETF seeks to realise the collateral; and
- (b) the ETF may be exposed to higher liquidity risk if the ETF invests in financial derivative instruments which do not have an active secondary market. Such derivatives may have to be valued or sold at a much lower price than those with an active secondary market given a wider bid-offer spread in the price of the derivatives. This may have a negative impact on the performance of the ETF and may adversely affect the market value and/or the potential gain or loss of our Basket ELIs.

Please read the offering documents of the relevant ETF to understand its key features and risks.

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

If our Basket ELIs are linked to a China ETF issued and traded outside mainland China with direct investment in the mainland Chinese securities market through the Qualified Foreign Institutional Investor regime and RMB Qualified Foreign Institutional Investor regime (collectively, "**QFI regimes**") and/or the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (collectively, "**China Connect**"), you should note the additional risks below:

- (a) the novelty and untested nature of China Connect makes such China ETF investing through it riskier than traditional ETFs. The policy and rules for the QFI regimes and China Connect prescribed by the PRC central government are subject to change, and there may be uncertainty to their implementation. Such uncertainty and potential change of the laws and regulations for the QFI regimes and China Connect may adversely impact on the performance of such China ETF, and may also have potential retrospective effect. These changes may in turn adversely affect the market value and/or potential gain or loss of our Basket ELIs;
- (b) such China ETF primarily invests in securities traded in the mainland Chinese securities market and is subject to concentration risk. Investment in the mainland Chinese securities market (which are inherently stock markets with restricted access) involves certain risks and special considerations as compared with investment in more developed economies or markets, such as greater political, tax, economic, foreign exchange, liquidity and regulatory risks. The operation of such China ETF may also be affected by interventions by the applicable government(s) and regulators in the financial markets;

- (c) trading under the China Connect will be subject to a daily quota which is utilised on a first-come-first-serve basis under the China Connect. In the event that the daily quota under the China Connect is reached, the manager may need to suspend creation of further units or shares of such China ETF, and therefore may affect liquidity in unit or share trading of such China ETF. In such event, the trading price of a unit or share of such China ETF is likely to be at a significant premium to its net asset value, and may be highly volatile. The People's Bank of China and the State Administration of Foreign Exchange have published the detailed implementation rules removing the investment quota allocated to such China ETF under the QFI regimes with effect from 6 June 2020; and
- (d) there are risks and uncertainties associated with the current tax law in the PRC applicable to China ETFs investing in the mainland China through the QFI regimes and/or China Connect. Although such China ETFs may have made a tax provision in respect of potential tax liability, the provision may be excessive or inadequate. Any shortfall between the provisions and actual tax liabilities may be covered by the assets of such China ETF. This may adversely affect the net asset value of such China ETF and the market value and/or potential gain or loss of our Basket ELLs.

Although the units or shares of such China ETFs are listed on the Exchange, there is no guarantee that an active trading market for such units or shares will sustain or, if an active market does develop, liquidity of that market can be sustained. Also, the price and trading volume of the units or shares of such China ETFs may be highly volatile subject to the market sentiment, and may be more volatile than would generally be expected for ETFs with a longer trading history.

The above risks may have a significant adverse impact on the performance of the units or shares of a China ETF and the market value and/or potential gain or loss of our Basket ELLs.

Please read the offering documents of the relevant China ETF to understand its key features and risks.

- **Risk factors specific to Basket ELLs linked to a unit of a real estate investment trust ("REIT")**

Where a Linked Stock is a unit in a fund which is a REIT, you should note that the investment objective of a REIT is to invest in a real estate portfolio. Each REIT is exposed to risks relating to investments in real estate, including but not limited to (a) adverse changes in political or economic conditions; (b) changes in interest rates and the availability of debt or equity financing, which may result in an inability by the REIT to maintain or improve the real estate portfolio and finance future acquisitions; (c) changes in environmental, zoning and other governmental rules; (d) changes in market rents; (e) any required repair and maintenance of the portfolio properties; (f) breach of any property laws or regulations; (g) the illiquidity of real estate investment; (h) real estate taxes; (i) any hidden interests in the portfolio properties; (j) any increase in insurance premiums; and (k) any uninsurable losses.

There may also be disparity between the market price of the units of a REIT and the net asset value per unit. This is because the market price of the units of a REIT also depends on many factors, including but not limited to (a) the market value and perceived prospects of the real estate portfolio; (b) changes in economic or market conditions; (c) changes in market valuations of similar companies; (d) changes in interest rates; (e) the perceived attractiveness of the units of the REIT against those of other equity securities; (f) the future

size and liquidity of the market for the units and the real estate investment trust market generally; (g) any future changes to the regulatory system, including the tax system; and (h) the ability of the REIT to implement its investment and growth strategies and to retain its key personnel. Such risks may have a negative impact on the performance of the relevant Linked Stock and therefore the market value and/or the potential gain or loss of our Basket ELIs. In addition, an increase in the market price of units of the REIT or its real estate portfolio may not lead to an increase in the market value and/or the potential gain or loss of our Basket ELIs of the same magnitude or even any increase at all.

Please read the offering documents of the relevant REIT to understand its key features and risks.

- **Risk factors specific to Basket ELIs linked to a Linked Stock traded through the multiple counters model**

Where the issuer of a Linked Stock adopts the multiple counters model for trading its shares or units on the Exchange in HKD and one or more foreign currencies (such as RMB and/or United States Dollars) (each, a “**Foreign Currency**”) separately, you need to consider the following additional risks in light of the novelty and relatively untested nature of the Exchange’s multiple counters model:

- (a) our Basket ELIs may relate to HKD-traded shares or units or Foreign Currency-traded shares or units only. If the relevant Linked Stock is shares or units traded in one currency counter, movements in the trading prices of shares or units traded in another currency counter should not directly affect the market value and/or the potential gain or loss of our Basket ELIs;
- (b) if there is a suspension of inter-counter transfer of such shares or units between different currency counters for any reason, such shares or units will only be able to be traded in the relevant currency counter on the Exchange, which may affect the demand and supply of such shares or units and have an adverse effect on the market value and/or the potential gain or loss of our Basket ELIs; and
- (c) the trading price on the Exchange of shares or units traded in one currency counter may deviate significantly from the trading price on the Exchange of shares or units traded in another currency counter due to different factors, such as market liquidity, RMB conversion risk (where applicable), supply and demand in each counter and exchange rate fluctuations. Changes in the trading price of the relevant Linked Stock may adversely affect the market value and/or the potential gain or loss of our Basket ELIs.

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

## **Risk factors specific to Basket ELIs denominated in RMB and/or Basket ELIs linked to RMB-traded Linked Stock**

Where our Basket ELIs are denominated in RMB or our Basket ELIs are linked to RMB-traded Linked Stock, you should note the following additional risks:

- **Offshore RMB exchange rate risks**

While both onshore RMB (i.e. RMB traded in mainland China) ("**onshore RMB**") and offshore RMB (i.e. RMB traded outside mainland China) ("**offshore RMB**") are the same currency, they are traded in different and separate markets operating under different regulations and independent liquidity pool. Onshore RMB and offshore RMB are currently traded in different markets with different exchange rates, whereby their exchange rate movements may not be in the same direction or magnitude. The offshore RMB exchange rate may deviate significantly from the onshore RMB exchange rate. In the case where: (i) the Underlying Currency of the Worst Performing Stock as of the Valuation Date is traded in a currency other than RMB but our Basket ELIs are denominated in RMB, or (ii) the Underlying Currency of the Worst Performing Stock as of the Valuation Date is traded in RMB but our Basket ELIs are denominated in a currency other than RMB, changes in the offshore RMB exchange rate may adversely affect the market value of our Basket ELIs and the market value of the Stock Amount deliverable to you (and the value of such Stock Amount in its Underlying Currency) in the case of physical settlement.

Where the Underlying Currency of the Worst Performing Stock as of the Valuation Date is traded in a currency other than RMB but our Basket ELIs are denominated in RMB, in case of physical delivery of such Worst Performing Stock, if the value of RMB against such other currency on the Valuation Date is lower than that as at the Trade Date (i.e. RMB depreciates against such other currency), you will receive a fewer number of such Worst Performing Stock because a lesser amount of such other currency can be converted from the Nominal Unit Value in RMB to calculate the number of such Worst Performing Stock at its Put Strike Price.

Where the Underlying Currency of the Worst Performing Stock as of the Valuation Date is traded in RMB but our Basket ELIs are denominated in a currency other than RMB, in case of physical delivery of such Worst Performing Stock, if the value of RMB against such other currency on the Valuation Date is higher than that as at the Trade Date (i.e. RMB appreciates against such other currency), you will receive a fewer number of such Worst Performing Stock because a lesser amount of RMB can be converted from the Nominal Unit Value in such currency other than RMB to calculate the number of such Worst Performing Stock at its Put Strike Price.

The exchange rate of offshore RMB will be affected by, amongst other things, the PRC central government's foreign exchange control. Non RMB-based investors may have to convert their home currency into RMB when investing in our RMB-denominated Basket ELIs. Such investors may also have to convert payments made on such Basket ELIs (or proceeds from selling the RMB-traded Linked Stock delivered to such investors under our Basket ELIs) back to their home currency. During these processes, such investors will incur currency conversion costs and be exposed to risk of fluctuation in the exchange rate of offshore RMB against their home currency.

Please note that like other foreign currencies, the exchange rate of offshore RMB may rise or fall. There is no guarantee that RMB will not depreciate. Our Basket ELIs denominated in RMB shall not be used as an investment for speculating in the appreciation of RMB.

- **Limited pool of RMB outside mainland China**

RMB is subject to foreign exchange control and restrictions by the PRC central government.

There is currently a limited pool of RMB outside mainland China. Should the PRC central government tighten its foreign exchange control over the cross border movements between onshore RMB and offshore RMB, the liquidity in RMB is likely to be adversely affected. Such limitation on liquidity in RMB may increase our unwind cost on any hedging arrangements relating to our Basket ELIs denominated in RMB or our Basket ELIs linked to RMB-traded Linked Stocks which may in turn adversely affect the market value and/or the potential gain or loss of such Basket ELIs.

- **Settlement risks for RMB Disruption Event**

In the case where the Calculation Agent determines, in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner), that an RMB Disruption Event (for example, if an event occurs which makes it impossible for us to convert any amount due and payable in RMB under our Basket ELIs in the RMB exchange market in Hong Kong) has occurred on any date on which any amount payable in RMB under our Basket ELIs are scheduled to be paid, such payment will be postponed to the second Business Day after the date on which the RMB Disruption Event ceases to exist, unless the RMB Disruption Event continues to exist for twelve consecutive Business Days from the original scheduled payment date. In such case, we (as the Issuer) will make payment of the HKD Equivalent Amount no later than the second Business Day after that twelfth Business Day. Any such payment made by us (as the Issuer) shall be in full and final settlement of our obligations to pay the relevant amount payable in RMB on the affected payment date in respect of our Basket ELIs. Please refer to page 132 of this Product Booklet under “HKD Equivalent Amount” for further details.

The occurrence of an RMB Disruption Event could delay a payment to you under our Basket ELIs. We will not pay any extra amount (such as interest) for any delay in making such payment. In addition, if such payment is made in the HKD Equivalent Amount, you will also be exposed to the risk of fluctuation in the offshore RMB exchange rate against HKD. If offshore RMB depreciates significantly against HKD following the occurrence of an RMB Disruption Event, you will suffer a loss in HKD terms as the HKD Equivalent Amount paid to you will be substantially less than the value of the relevant amount payable in RMB on the original payment date in HKD terms (calculated based on the offshore RMB exchange rate against HKD prior to the occurrence of the RMB Disruption Event).

- **RMB interest rate risk**

The interest rate for offshore RMB may be different from the interest rate for onshore RMB. The interest rate for offshore RMB and the interest rate for onshore RMB are currently traded in different markets with different rates, whereby their movements may not be in the same direction or magnitude. The interest rate for offshore RMB may deviate significantly from the interest rate for onshore RMB. Interest rates for onshore RMB are controlled by the PRC central government. Any liberalisation of the interest rate for onshore RMB may occur and may affect the interest rate for offshore RMB. The market value and/or the potential gain or loss of our Basket ELIs denominated in RMB and Basket ELIs linked to RMB-traded Linked Stock may be adversely affected by the fluctuations in the interest rate for offshore RMB.

### **Risks relating to certain disruption events**

- **Impact of a Disrupted Day**

If a Disrupted Day occurs or exists in respect of any Linked Stock of our Basket ELIs, such that the Closing Price of the affected Linked Stock is not available, on:

- (a) in the case where the Periodic Autocall Feature applies, any Autocall Determination Date for the purpose of determining if the Periodic Autocall Feature is triggered;
- (b) in the case where a Fixed Distribution Rate applies to an Observation Period, the Distribution Barrier Determination Date for the purpose of determining whether the Potential Distribution Amount is payable in respect of such Observation Period;
- (c) in the case where the Daily Knock-in Feature applies, the Knock-in Determination Date which is the Valuation Date; or
- (d) the Valuation Date,

as the case may be, and on which we need to record the Closing Price of the Linked Stocks of our Basket ELIs, then our recording of the Closing Price(s) of the unaffected Linked Stock(s) in respect of such date will be the original scheduled date and our recording of the Closing Price of the affected Linked Stock in respect of such date may be postponed to the following Scheduled Trading Day up to the eighth Scheduled Trading Day immediately following the original scheduled date which is a Disrupted Day for such affected Linked Stock. We will notify your distributor of the postponement as soon as practicable but in any event no later than the second Business Day after such postponement. If it continues to be a Disrupted Day after such eighth Scheduled Trading Day, we (as the Calculation Agent) will act in good faith and in a commercially reasonable manner to determine the Closing Price of the affected Linked Stock on the basis of our estimate of the fair price of the affected Linked Stock that would have prevailed on that eighth Scheduled Trading Day by reference to, without limitation, the last reported price of the affected Linked Stock and prevailing market conditions notwithstanding that such eighth Scheduled Trading Day is a Disrupted Day for such affected Linked Stock. Such fair price will be deemed to be the Closing Price of such affected Linked Stock for the original scheduled date. Our determination may have an unforeseen adverse impact on the market value of, and/or your potential gain or loss under, the relevant Basket ELIs.



Any such postponement will result in the corresponding postponement of the Distribution Payment Date and/or the Autocall Settlement Date or the Settlement Date (as the case may be). We will not be liable for any interest in respect of the amount due or any loss or damage that you may suffer as a result of such postponement as a result of a Disrupted Day.

If a Disrupted Day occurs or exists in respect of any Linked Stock of our Basket ELIs, such that the Closing Price of the affected Linked Stock is not available, on:

- (a) in the case where Daily Autocall Feature applies, any Autocall Determination Date;
- (b) in the case where a Variable Distribution Rate applies to such Observation Period, any Scheduled Trading Day during an Observation Period for the purpose of determining the Potential Distribution Amount payable in respect of such Observation Period; or
- (c) in the case where the Daily Knock-in Feature applies, any Knock-in Determination Date (except for the Valuation Date),

as the case may be, then (i) that Autocall Determination Date will be excluded for the purpose of determining whether the Daily Autocall Feature is triggered, (ii) that Scheduled Trading Day during such Observation Period will be excluded for the purpose of determining the "Total Days" and whether such date is a "Days In" (for the avoidance of doubt, no Potential Distribution Amount will be payable if the "Days In" is zero, irrespective of the number of "Total Days"), and (iii) that such affected Linked Stock will be disregarded for the purpose of determining whether the Daily Knock-in Feature is triggered on such Scheduled Trading Day (for the avoidance of doubt, if such Scheduled Trading Day is a Disrupted Day for all Linked Stocks of our Basket ELIs, such Scheduled Trading Day will be excluded for the purpose of determining whether the Daily Knock-in Feature is triggered).

If the Initial Price in respect of each Linked Stock is set as the Closing Price on the Trade Date and the Initial Price of any Linked Stock cannot be recorded on the Trade Date as a result of it being a Disrupted Day for any Linked Stock, your purchase order for our Basket ELIs will be cancelled. Please refer to page 84 of this Product Booklet under "Trade Date" for further details.

- **Delay in settlement**

Upon the occurrence of a Settlement Disruption Event as provided in Condition 4(g) on the scheduled Settlement Date, the delivery of the Stock Amount to the designated securities account(s) will be postponed to the first following date on which delivery of the Stock Amount can take place through the Clearance System. If a Settlement Disruption Event prevents settlement on each of the eight Clearance System Business Days immediately following the scheduled Settlement Date, then the delivery of the Stock Amount will be postponed until it can be effected through the relevant Clearance System or in any other commercially reasonable manner (as determined by us (as the Calculation Agent) in our sole and absolute discretion acting in good faith and in a commercially reasonable manner). There is no assurance of the duration of such delay in delivery of the Stock Amount. We will not pay any interest or other amount as a result of such delay. Any movement in the market price of the Worst Performing Stock as of the Valuation Date during the deferred period

could adversely affect the market value of the Stock Amount delivered to you on the deferred Settlement Date. We will notify your distributor about the delay in settlement in accordance with Condition 4(g).

### **Risks relating to us as the Issuer**

- **When you invest in our Basket ELIs, you will be relying on the creditworthiness of BOCHK**

When investing in our Basket ELIs, you will be relying upon the creditworthiness of Bank of China (Hong Kong) Limited and of no other person (including the ultimate holding company of our group, Bank of China Limited). Our Basket ELIs represent our general, unsecured and unsubordinated contractual obligations and are not secured on any assets. If we (as the Issuer) become insolvent or default on our obligations under our Basket ELIs, you will have to rely on your distributor (by itself or through its direct or indirect custodian) to take action on your behalf to claim as our unsecured creditor regardless of the performance of any Linked Stock in the Stock Basket. **In the worst case scenario, you may lose all of your investment.**

BOCHK is not the ultimate holding company of the group to which we belong and with which our name is identified. The ultimate holding company of our group is Bank of China Limited which does not guarantee the performance of our obligations under our Basket ELIs.

- **Risk relating to hedging activities**

We (as the Issuer) and/or our respective affiliates may enter into hedging transactions with counterparties in the market to enable us to fulfil our obligations under our Basket ELIs. These transactions typically involve contracts for the purchase and/or sale of any Linked Stock and the establishment of long and/or short positions in any Linked Stock which may be constantly adjusted. The unwinding or adjustment of the positions in a Linked Stock shortly before the time at which the Closing Price of such Linked Stock is recorded may affect such Closing Price of the Linked Stock recorded on dates such as a Scheduled Trading Day during an Observation Period, a Knock-in Determination Date (if applicable), the Valuation Date and an Autocall Determination Date (if applicable), particularly if there is otherwise low trading volume in such Linked Stock at that time.

It is possible that this activity could:

- (a) where a Fixed Distribution Rate applies to an Observation Period, push the Closing Price of the relevant Worst Performing Stock down to a level below its applicable Distribution Barrier Price on the Distribution Barrier Determination Date, resulting in no Potential Distribution Amount being payable in respect of that Observation Period;
- (b) where a Variable Distribution Rate applies to an Observation Period, push the Closing Price of the relevant Worst Performing Stock down to a level below its applicable Distribution Barrier Price on a Scheduled Trading Day during that Observation Period, resulting in no Potential Distribution Amount being accrued in respect of that Scheduled Trading Day;

- (c) where the Autocall Feature is applicable, either push the Closing Price of the relevant Worst Performing Stock (i) down to a level below its Autocall Price on an Autocall Determination Date, resulting in the non-trigger of the Autocall Feature; or (ii) up to a level above its Autocall Price on an Autocall Determination Date, resulting in the trigger of the Autocall Feature and our Basket ELIs will be early terminated upon the trigger of the Autocall Feature. In case (ii) above, you will not receive any further Potential Distribution Amount following such early termination and may bear re-investment risk since the prevailing market conditions may have changed and may hinder you from making any further investment under similar investment terms;
- (d) where the Daily Knock-in Feature is applicable, push the Closing Price of the relevant Worst Performing Stock down to a level below the Knock-in Price on a Knock-in Determination Date which leads to the trigger of the Daily Knock-in Feature, and push the Closing Price of the relevant Worst Performing Stock down to a level below its Put Strike Price on the Valuation Date, resulting in the physical delivery of the Stock Amount with a market value less than or substantially less than the Purchase Price. In this case, you may lose all, or a substantial part, of your investment; and/or
- (e) where the Daily Knock-in Feature is not applicable, push the Closing Price of the relevant Worst Performing Stock down to a level below its Put Strike Price on the Valuation Date, resulting in the physical delivery of the Stock Amount with a market value less than or substantially less than the Purchase Price. In this case, you may lose all, or a substantial part, of your investment.

If the hedging counterparties default or fail to fulfill their obligations under the hedging transactions but such default or failure does not constitute a Hedging Disruption as defined in Condition 20, we (as the Issuer) will bear all the risks involved and we (as the Issuer) will keep the same terms and payout structure pursuant to our Basket ELIs.

- **Conflicts of interest**

We, BOCHK, are the Issuer and the Product Arranger of our Basket ELIs and also the market agent, the Principal Paying Agent, the Calculation Agent and a distributor for our Basket ELIs. Potential and actual conflicts of interest may arise from the different roles played by us and our subsidiaries and affiliates in connection with our Basket ELIs. Although our economic interests in each role may have an adverse implication on your investment in our Basket ELIs, we maintain regulatorily required information barriers between different business areas and have policies and procedures designed to minimise and manage such conflicts of interests to comply with applicable laws and regulations, and to ensure those transactions or dealings will be transacted at arms' length.

## WHAT ARE THE KEY TERMS OF OUR BASKET ELIs?

The terms and conditions applicable to a series of our Basket ELIs are constituted by the general terms and conditions of Basket ELIs set out in Appendix 1 to this Product Booklet ("**General Terms and Conditions**"), as amended, varied or supplemented by the final term sheet attached to or endorsed upon the relevant Global Certificate.

The following table summarises the meaning of the key terms of our Basket ELIs. Please note that we are issuing our Basket ELIs in series under our Programme and the following terms should be read as applying to each series separately.

### Subscription

#### *Offer Period*

This is the period during which you may purchase our Basket ELIs of a particular series. We may at our sole and absolute discretion without prior notice shorten or extend the Offer Period or decide not to issue any series of our Basket ELIs at any time.

If the Offer Period changes, we may at our sole and absolute discretion reschedule the Trade Date, Issue Date, Distribution Payment Date(s), Period Start Date(s), Period End Date(s), Autocall Determination Date(s) (if applicable), Distribution Barrier Determination Date(s) (if applicable), Knock-in Determination Date(s) (if applicable), Valuation Date and the Settlement Date. If any of these dates are rescheduled, we will issue a revised indicative term sheet reflecting the rescheduled dates for your information through your distributor. In such case you will be able to cancel your purchase order within a specified period of time as notified to you by your distributor. Neither we nor your distributor will charge you any fees for such cancellation.

#### *Nominal Unit and Nominal Unit Value*

Each series of our Basket ELIs is issued in units called "**Nominal Units**".

Each Nominal Unit in a series of our Basket ELIs represents a specified nominal value called the "**Nominal Unit Value**" as specified in the relevant Term Sheet. This is equivalent to the face value of a Nominal Unit in such series of our Basket ELIs.

The relevant Term Sheet will specify the minimum amount of Nominal Unit Value (expressed in a cash amount in the Settlement Currency) that you must apply for under a particular series of our Basket ELIs ("**Minimum Application Amount**").

## *Purchase Price*

This is the price you have to pay for purchasing each Nominal Unit in a series of our Basket ELIs. It may be set either as equal to or at a discount to the Nominal Unit Value of our Basket ELIs.

The Purchase Price for each Nominal Unit is specified as a percentage of the Nominal Unit Value of our Basket ELIs (rounded up to the nearest 2 decimal places, with 0.005 or above being rounded upwards) in the relevant Term Sheet.

The Purchase Price is determined by us for each series of our Basket ELIs based on a number of factors, including but not limited to:

- the choice of each Linked Stock;
- the price volatility of each Linked Stock;
- the length of the Investment Period (i.e. the period between the scheduled Trade Date and the scheduled Valuation Date (both days inclusive));
- the length of the Scheduled Tenor (i.e. the period between the Issue Date and the scheduled Settlement Date (both days inclusive));
- the prevailing market interest rate;
- the expected dividends (if any) of each Linked Stock;
- the Put Strike Price of each Linked Stock;
- the Distribution Barrier Price(s) of each Linked Stock;
- the Autocall Price (if applicable) of each Linked Stock;
- the frequency of Autocall Determination Dates (if applicable);
- the Knock-in Price (if applicable) of each Linked Stock;
- the Distribution Rate in respect of each Observation Period;
- the commission we offer to the distributors and other transaction costs (including our cost of hedging); and
- the value of the embedded conditional put option (where Autocall Feature and/or Daily Knock-in Feature applies) or put option (where Autocall Feature and Daily Knock-in Feature do not apply).

Subject to the operating procedures of your distributor, you may need to pay the Purchase Price to your distributor at the time of your application for our Basket ELIs. Please ask your distributor for details.

*Trade Date*

This is the date on which all terms applicable to our Basket ELIs are finalised and we will specify the Trade Date (which will be the last day of the Offer Period) in the relevant Term Sheet.

We will record the Initial Price of each Linked Stock on the Trade Date.

We will send a notification letter setting out the finalised trade specific terms to you through your distributor no later than the second Business Day after the Trade Date.

If the Initial Price in respect of each Linked Stock is set as the Closing Price of such Linked Stock on the Trade Date and the Initial Price of any Linked Stock cannot be recorded on the Trade Date as a result of it being a Disrupted Day for any Linked Stock, your purchase order for our Basket ELIs will be cancelled. The Purchase Price will not be deducted from your designated cash account that you hold with your distributor on the Issue Date and we and your distributor will not charge you any fees for such cancellation. However, if the Initial Price of each Linked Stock has been agreed between the Issuer and you (through your distributor) at the time of your application on the Trade Date, your purchase order for our Basket ELIs will not be cancelled despite the Trade Date being a Disrupted Day for any Linked Stock and will be executed at such agreed price.

*Disrupted Day*

This is a Scheduled Trading Day in respect of a Linked Stock on which the Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event (such as Trading Disruption, Exchange Disruption or Early Closure) has occurred.

*Issue Date*

This is the date as specified in the relevant Term Sheet on which we issue the series of our Basket ELIs.

The Issue Date will be set as a number of Business Days, being 3 to 10 Business Days after the Trade Date as specified in the relevant Term Sheet.



*Settlement Currency*

This is the currency in which our Basket ELIs are denominated. You will pay the Purchase Price and receive any cash payment under a series of our Basket ELIs in the Settlement Currency.

If the Settlement Currency of a series of our Basket ELIs is not the Underlying Currency of the Worst Performing Stock as of the Valuation Date, we will convert the Settlement Currency into the Underlying Currency when making calculations of the Stock Amount and convert the cash payment for the Fractional Stock (if any) into the Settlement Currency at the Exchange Rate as set out in the relevant Term Sheet.

*Exchange Rate (only applicable where the Settlement Currency is not the Underlying Currency of the Worst Performing Stock as of the Valuation Date)*

It is the exchange rate between the Settlement Currency and the Underlying Currency of the Worst Performing Stock as of the Valuation Date which is based on the mid-market rate as displayed on the specified Reuters or Bloomberg screen page at the scheduled weekday closing time of the Exchange (without regard to after hours or any other trading outside of the regular trading session hours of the Exchange) on the Valuation Date, or if the relevant page or the relevant rate is not displayed at such time on such date, such exchange rate as determined by the Calculation Agent in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) on the Valuation Date.

If the Underlying Currency of the Worst Performing Stock as of the Valuation Date is RMB or the Settlement Currency is RMB, we will use the offshore RMB exchange rate.

The relevant Term Sheet will specify if the Exchange Rate is applicable and if so, what it is, for a particular series of our Basket ELIs.

*Worst Performing Stock*

In respect of a Scheduled Trading Day, it is the Linked Stock in the Stock Basket which generates the lowest Performance on such Scheduled Trading Day, provided that, if more than one Linked Stock have the same lowest Performance in respect of a Scheduled Trading Day, then the Calculation Agent shall determine the Worst Performing Stock in respect of such Scheduled Trading Day in its sole and absolute discretion acting in good faith and in a commercially reasonable manner.

*Performance*

In respect of a Linked Stock on a particular Scheduled Trading Day, the percentage calculated in accordance with the following formula (rounded to the nearest 0.0001%, with 0.00005% or above being rounded upwards):

$$\frac{\text{Closing Price of the relevant Linked Stock on the relevant Scheduled Trading Day}}{\text{Initial Price of the relevant Linked Stock}} \times 100\%$$

*Linked Stock*

Potential gain or loss on our Basket ELIs is linked to the performance of the Linked Stocks in the Stock Basket. The Linked Stocks will be shares and/or units of companies and/or funds (being exchange traded funds or real estate investment trusts) listed on the Exchange and traded in an Underlying Currency of HKD, RMB or such other currencies as specified in the relevant Term Sheet. The Stock Basket may comprise a mixture of Linked Stocks traded in different currencies. The relevant Term Sheet will specify such Linked Stocks. Not all Hong Kong listed stocks or units can be used as the Linked Stocks for our Basket ELIs. Please contact your distributor for details.

*Underlying Currency*

It is the currency in which a Linked Stock is traded on the Exchange, which is HKD, RMB or such other currencies as specified in the relevant Term Sheet.

*Exchange*

This is The Stock Exchange of Hong Kong Limited, being the exchange on which the Linked Stocks are listed.

*Closing Price*

In respect of a Linked Stock on a particular Scheduled Trading Day, its official closing price quoted by the Exchange as at the Valuation Time (being the scheduled weekday closing time of the Exchange (without regard to after hours or any other trading outside of the regular trading session hours of the Exchange) or, if the Exchange closes earlier, such actual closing time of the Exchange) on that day.

### *Initial Price*

This is either (i) the Closing Price of a Linked Stock on the Trade Date; or (ii) the market spot price of a Linked Stock as agreed between the Issuer and you (through your distributor) at the time of your application on the Trade Date and your purchase order will be executed at such agreed price. For the avoidance of doubt, the Initial Prices of all the Linked Stocks in the Stock Basket will be determined by using the same method, i.e. either of the method (i) or (ii).

The various benchmark prices which may affect your potential gain or loss under our Basket ELIs will each be set as a fixed percentage of the Initial Price.

### *Investment Period*

This is the period between the date on which all the terms and conditions of our Basket ELIs you wish to purchase are finalised and the date on which the settlement at expiry is scheduled to be determined, i.e. the period from the scheduled Trade Date to the scheduled Valuation Date (both days inclusive).

You should note that there is a time gap of 3 to 10 Business Days between the Trade Date and the Issue Date. You will be exposed to the risks associated with our Basket ELIs starting from the Trade Date.

You should note that although all the terms and conditions of our Basket ELIs are finalised on the Trade Date, our Basket ELIs will only be issued on the Issue Date. In addition, although the mode of settlement at expiry will be determined on the Valuation Date, the payment of the Cash Amount or delivery of the Stock Amount and the cash payment of the Fractional Stock (if any) to you will only be made on the Settlement Date, being a date falling no later than 3 Business Days (in the case of any payment in cash) or 3 Clearance System Business Days (in the case of delivery of the Stock Amount) after the Valuation Date.

### *Scheduled Tenor*

This is the period commencing from the Issue Date to the scheduled Settlement Date (both days inclusive).

**During the Investment  
Period:**

**In respect of each Observation Period**

*Observation Period*

This is a period in respect of which a Potential Distribution Amount (if any) may be payable. An Observation Period commences from but excluding the relevant Period Start Date to and including the relevant Period End Date, as specified in the relevant Term Sheet. For the avoidance of doubt, the Period Start Date and the Period End Date will not be subject to any postponement in case of a Disrupted Day for any Linked Stock. There can be only one or more than one Observation Period in the Investment Period.

*Distribution Payment Date*

A Distribution Payment Date is the date on which a Potential Distribution Amount may be paid.

The Distribution Payment Date will be a date falling no later than 3 Business Days after the Period End Date of the relevant Observation Period as specified in the relevant Term Sheet, provided that (a) where a Fixed Distribution Rate applies and the determination of the Closing Price of any Linked Stock on the Period End Date of the relevant Observation Period (i.e. the Distribution Barrier Determination Date) is postponed as a result of a Disrupted Day for the affected Linked Stock, the Distribution Payment Date for such Observation Period shall be no later than 3 Business Days after the day on which the Closing Price of such affected Linked Stock is determined; (b) where the Autocall Feature applies and is triggered or is deemed to have been triggered during such Observation Period, the Distribution Payment Date for such Observation Period shall be the Autocall Settlement Date; and (c) the Distribution Payment Date in relation to the last Observation Period shall be the Settlement Date.

If our Basket ELIs are denominated in RMB and an RMB Disruption Event occurs on, or prior to and is continuing on, a scheduled date of payment, payments under such Basket ELIs will be postponed and may be made in an HKD Equivalent Amount. Please see "What happens if an RMB Disruption Event occurs on a scheduled payment date?" on page 101 of this Product Booklet for details.

### *Potential Distribution Amount*

You may receive a Potential Distribution Amount on a per Nominal Unit basis on the relevant Distribution Payment Date for an Observation Period.

Whether a Potential Distribution Amount is payable and the amount of the Potential Distribution Amount payable in respect of an Observation Period are subject to the performance of the relevant Worst Performing Stock by reference to its Distribution Barrier Price.

The amount of Potential Distribution Amount (if any) payable in respect of an Observation Period is calculated by reference to the applicable Distribution Rate in accordance with the following formula (rounded up to the nearest 2 decimal places, with 0.005 or above being rounded upwards):

$$\text{Nominal Unit Value} \times \text{the applicable Distribution Rate}$$

You should note that it is possible that you will not receive any Potential Distribution Amount throughout the entire Scheduled Tenor of our Basket ELIs.

### *Distribution Rate*

The Distribution Rate in respect of an Observation Period may be a fixed percentage or a variable percentage as specified in the relevant Term Sheet.

#### (a) Fixed Distribution Rate

The relevant Term Sheet will specify the Observation Period(s) to which the Fixed Distribution Rate is applicable. The Potential Distribution Amount will be a fixed amount. You will only receive the Potential Distribution Amount for the relevant Observation Period at the Fixed Distribution Rate being the Reference Rate if the Closing Price of the Worst Performing Stock on the Distribution Barrier Determination Date (being the Period End Date of such Observation Period or, if such day is not a Scheduled Trading Day, the following Scheduled Trading Day) is at or above its Distribution Barrier Price, provided that if such day is a Disrupted Day for any Linked Stock, the determination of the relevant Closing Price for such Linked Stock will be subject to postponement.

Provided that if the Daily Autocall Feature is triggered during such Observation Period, the fixed Potential Distribution Amount for such Observation Period is payable regardless of the performance of the Linked Stocks in the Stock Basket and will either (as specified in the relevant Term Sheet):

- (i) not be pro-rated, i.e. the fixed Potential Distribution Amount will be calculated from but excluding the relevant Period Start Date up to and including the relevant Period End Date in accordance with the following formula:

Nominal Unit Value x the Fixed Distribution Rate;  
or

- (ii) be calculated on a pro-rata basis from but excluding the relevant Period Start Date to and including the Autocall Trigger Date, in accordance with the following formula:

Nominal Unit Value x the Fixed Distribution Rate x  $\frac{n}{N}$

Where:

- “n” means the number of Scheduled Trading Day(s) (regardless of whether any such day is a Disrupted Day for any Linked Stock) from but excluding the relevant Period Start Date to and including the Autocall Trigger Date; and
- “N” means the number of Scheduled Trading Day(s) (regardless of whether any such day is a Disrupted Day for any Linked Stock) in the relevant Observation Period.

(b) Variable Distribution Rate

The Distribution Rate may be a variable percentage depending on the daily performance of the Worst Performing Stock on the relevant Scheduled Trading Day during the relevant Observation Period.

The relevant Term Sheet will specify the Observation Period(s) to which the Variable Distribution Rate is applicable and the formula to calculate the Variable Distribution Rate. The Variable Distribution Rate for each relevant Observation Period will be determined in accordance with the following formula:

$$\text{Reference Rate} \times \frac{\text{Days In}}{\text{Total Days}}$$

- **“Reference Rate”** means a fixed percentage applicable to an Observation Period as specified in the relevant Term Sheet. The Reference Rate is the same for all Observation Periods;
- **“Days In”** means the total number of Scheduled Trading Days (excluding any Disrupted Day for any Linked Stock) in the relevant Observation Period (or, if the Daily Autocall Feature applies, where the Daily Autocall Feature is triggered during such Observation Period, the period commencing from but excluding the relevant Period Start Date to and including the Autocall Trigger Date), on which the Closing Price of the Worst Performing Stock on such Scheduled Trading Day is at or above its applicable Distribution Barrier Price; and
- **“Total Days”** means the total number of Scheduled Trading Days (excluding any Disrupted Day for any Linked Stock) in the relevant Observation Period. If the Daily Autocall Feature applies and is triggered during such Observation Period, each Scheduled Trading Day from but excluding the Autocall Trigger Date to and including the relevant Period End Date for such Observation Period shall be deemed not to be a Disrupted Day for any Linked Stock.

#### *Distribution Barrier Price*

The Distribution Barrier Price in respect of a Linked Stock for an Observation Period will be specified as a fixed percentage of its Initial Price (rounded up to the nearest 4 decimal places, with 0.00005 or above being rounded upwards) in the relevant Term Sheet. The specified percentage used to calculate the Distribution Barrier Price for each Linked Stock for the same Observation Period is the same. There may be a different Distribution Barrier Price for each Observation Period. The Distribution Barrier Price in respect of a Linked Stock will normally be set at a price below its Initial Price.

It is the benchmark price used to determine whether the fixed Potential Distribution Amount in respect of an Observation Period is payable for our Basket ELIs and whether a particular Scheduled Trading Day in an Observation Period is a “Days in” for the purpose of the calculation of the Variable Distribution Rate.



**During the Autocall Period  
(if applicable):**

**Early termination of our Basket ELIs if the Autocall  
Feature is triggered**

*Autocall Feature*

There are two variations of the Autocall Feature: (i) Daily Autocall Feature and (ii) Periodic Autocall Feature. The relevant Term Sheet will specify which type of the Autocall Feature applies.

The Autocall Feature is triggered on an Autocall Determination Date (i.e. the Autocall Trigger Date) if the Closing Price of the Worst Performing Stock on that Autocall Determination Date is at or above its Autocall Price.

If the Autocall Feature is triggered, our Basket ELIs will be terminated on the Autocall Trigger Date, following which you will receive the Autocall Cash Amount and the Potential Distribution Amount (if any) on the Autocall Settlement Date. We will have no further obligation to make any further payments or to procure the delivery of any Stock Amount pursuant to our Basket ELIs following such payment.

*Autocall Price*

The Autocall Price for a Linked Stock will be specified as a fixed percentage of its Initial Price (rounded up to the nearest 4 decimal places, with 0.00005 or above being rounded upwards) in the relevant Term Sheet. The specified percentage used to calculate the Autocall Price for each Linked Stock is the same. The Autocall Price for each Autocall Determination Date will be the same.

It is the benchmark price used to determine if an Autocall Feature is triggered on an Autocall Determination Date.

*Autocall Period*

Where the Daily Autocall Feature applies to a series of our Basket ELIs, the Autocall Period will be specified in the Term Sheet, which will be the period from and including a date specified in the relevant Term Sheet, which is on or after the Issue Date, to but excluding the Valuation Date.

*Autocall Trigger Date*

The Autocall Trigger Date is the Autocall Determination Date on which the Autocall Feature is triggered or (if Periodic Autocall Feature applies, where the determination of the Closing Price of the affected Linked Stock for the Autocall Determination Date is postponed as a result of a Disrupted Day for any Linked Stock) is deemed to have been triggered.

### *Autocall Determination Date*

The Autocall Determination Dates will be specified in the relevant Term Sheet.

An Autocall Determination Date could be set as any of the following:

- (a) where the Daily Autocall Feature applies to a series of our Basket ELIs, each Scheduled Trading Day (excluding any Disrupted Day for any Linked Stock) during the relevant Autocall Period as specified in the relevant Term Sheet; or
- (b) where the Periodic Autocall Feature applies to a series of our Basket ELIs, each Period End Date (excluding the Valuation Date) during the period as specified in the relevant Term Sheet (if any such day is not a Scheduled Trading Day, the following Scheduled Trading Day). Provided that:
  - (i) if any such day is a Disrupted Day, the determination of the Closing Price(s) in respect of that Autocall Determination Date will be the original scheduled Autocall Determination Date which is not a Disrupted Day for any unaffected Linked Stock, and the determination of the Closing Price of such affected Linked Stock in respect of that Autocall Determination Date will be postponed to the following Scheduled Trading Day, unless each of the eight Scheduled Trading Days immediately following that Autocall Determination Date is a Disrupted Day for such affected Linked Stock. In that case, (A) we, as the Calculation Agent, will then determine, in our sole and absolute discretion acting in good faith and in a commercially reasonable manner, the fair price of the affected Linked Stock as of the closing time of the Exchange on that eighth Scheduled Trading Day (by reference to, without limitation, the last reported price of the Linked Stock and prevailing market conditions), notwithstanding that it is a Disrupted Day for such affected Linked Stock and (B) such fair price shall be deemed to be the Closing Price of such affected Linked Stock on that Autocall Determination Date; and

- (ii) If the Periodic Autocall Feature is triggered following the postponed determination of the Closing Price of any Linked Stock in respect of an Autocall Determination Date which is a Disrupted Day for such affected Linked Stock, the Periodic Autocall Feature shall be deemed to have been triggered on the original Autocall Determination Date which is a Disrupted Day for such affected Linked Stock for the purpose of determining the relevant Potential Distribution Amount.

*Autocall Cash Amount*

We will pay the Autocall Cash Amount on a per Nominal Unit basis on the Autocall Settlement Date together with any Potential Distribution Amount for that Observation Period upon the trigger of the Autocall Feature.

The Autocall Cash Amount per Nominal Unit is a cash amount equal to 100% of the Nominal Unit Value.

*Autocall Settlement Date*

This is the date on which we will pay the Autocall Cash Amount together with the Potential Distribution Amount for the relevant Observation Period (if any) to your distributor. It will be a date falling no later than 3 Business Days after the Autocall Trigger Date, or where the Periodic Autocall Feature applies and is deemed to be triggered on an Autocall Determination Date which is a Disrupted Day for any Linked Stock for the purpose of determining the Closing Price of such affected Linked Stock, no later than 3 Business Days after the day on which the Closing Price of such affected Linked Stock in respect of that Autocall Determination Date is determined.

If our Basket ELIs are denominated in RMB and an RMB Disruption Event occurs on, or prior to and is continuing on, a scheduled date of payment, payments under such Basket ELIs will be postponed and may be made in an HKD Equivalent Amount. Please see “What happens if an RMB Disruption Event occurs on a scheduled payment date?” on page 101 of this Product Booklet for details.

<b>On the Settlement Date:</b>	<b>Mode of settlement at expiry</b>
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<b><i>For Basket ELIs where Daily Knock-in Feature does not apply</i></b>
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*Settlement on the Settlement Date for Basket ELIs where Daily Knock-in Feature does not apply*

If our Basket ELIs are not early terminated and the Daily Knock-in Feature does not apply, the mode of settlement at expiry of our Basket ELIs will be determined by reference to the Closing Price of the Worst Performing Stock on the Valuation Date as follows:

- (a) if the Closing Price of the Worst Performing Stock on the Valuation Date is at or above its Put Strike Price, you will receive the Cash Amount together with any Potential Distribution Amount for the last Observation Period on the Settlement Date; or
- (b) if the Closing Price of the Worst Performing Stock on the Valuation Date is below its Put Strike Price, you will receive the Stock Amount together with cash payment of the Fractional Stock (if any) and payment of any Potential Distribution Amount for the last Observation Period on the Settlement Date (subject to payment of any Delivery Expenses).

<b><i>For Basket ELIs where Daily Knock-in Feature applies</i></b>
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*Settlement on the Settlement Date for Basket ELIs where Daily Knock-in Feature applies*

If our Basket ELIs are not early terminated and the Daily Knock-in Feature applies, the mode of settlement at expiry of our Basket ELIs will be determined by reference to the Closing Price of the Worst Performing Stock on each Knock-in Determination Date as well as the Valuation Date as follows:

- (a) (i) if the Daily Knock-in Feature has not been triggered; or (ii) if the Daily Knock-in Feature has been triggered but the Closing Price of the Worst Performing Stock on the Valuation Date is at or above its Put Strike Price, you will receive the Cash Amount together with any Potential Distribution Amount for the last Observation Period on the Settlement Date; or

- (b) if the Daily Knock-in Feature has been triggered and the Closing Price of the Worst Performing Stock on the Valuation Date is below its Put Strike Price, you will receive the Stock Amount together with cash payment of the Fractional Stock (if any) and payment of any Potential Distribution Amount for the last Observation Period on the Settlement Date.

#### *Daily Knock-in Feature*

The Daily Knock-in Feature is triggered if the Closing Price of the Worst Performing Stock on any Knock-in Determination Date is below its Knock-in Price.

#### *Knock-in Determination Dates*

Knock-in Determination Dates are each Scheduled Trading Day during the Investment Period, provided that (a) if any Knock-in Determination Date (except for the Valuation Date) is a Disrupted Day for any Linked Stock, such Linked Stock will be disregarded for the purposes of determining whether a Daily Knock-in Feature has been triggered on such Scheduled Trading Day (for the avoidance of doubt, if such Scheduled Trading Day is a Disrupted Day for all Linked Stocks of our Basket ELLs, such Scheduled Trading Day will be excluded for the purposes of determining whether a Daily Knock-in Feature has been triggered), and (b) the Knock-in Determination Date that is the Valuation Date shall be subject to postponement in the case of a Disrupted Day for any Linked Stock as described in the General Terms and Conditions (see "Valuation Date" below).

#### *Knock-in Price*

The Knock-in Price applicable to each Linked Stock will be specified as a fixed percentage of its Initial Price (rounded up to the nearest 4 decimal places, with 0.00005 or above being rounded upwards) in the relevant Term Sheet. The specified percentage used to calculate the Knock-in Price of each Linked Stock for each Knock-in Determination Date is the same. The Knock-in Price of each Linked Stock will be set at a price lower than its Autocall Price (where the Autocall Feature applies) and its Put Strike Price. It is used to determine whether the Daily Knock-in Feature is triggered.

***For each of the 6 categories of our Basket ELLs, whether Daily Knock-in Feature applies or not***

*Put Strike Price*

The Put Strike Price for a Linked Stock will be specified as a fixed percentage of its Initial Price (rounded up to the nearest 4 decimal places, with 0.00005 or above being rounded upwards) in the relevant Term Sheet. The specified percentage used to calculate the Put Strike Price for each Linked Stock is the same. It will be set at a price at or lower than its Initial Price. It is the benchmark price used to determine the settlement of our Basket ELLs on the Settlement Date if (i) the Daily Knock-in Feature is not applicable or (ii) the Daily Knock-in Feature is applicable and triggered.

*Valuation Date*

If our Basket ELLs are not early terminated, this is the date on which the Closing Price of a Linked Stock is recorded and the mode of settlement at expiry of our Basket ELLs is determined.

The relevant Term Sheet will specify the scheduled Valuation Date. The Valuation Date is subject to postponement for up to 8 Scheduled Trading Days as a result of a Disrupted Day for any Linked Stock as described in the General Terms and Conditions.

*Cash Amount*

The Cash Amount per Nominal Unit is a cash amount equal to 100% of the Nominal Unit Value.

*Stock Amount*

The Stock Amount per Nominal Unit is a number of the Worst Performing Stock as of the Valuation Date calculated by reference to its Put Strike Price with the following formula (rounded up to the nearest 4 decimal places, with 0.00005 or above being rounded upwards):

$$\text{Stock Amount per Nominal Unit} = \frac{\text{Nominal Unit Value (converted into the Underlying Currency of such Worst Performing Stock at the Exchange Rate if the Settlement Currency is not the Underlying Currency of such Worst Performing Stock)}}{\text{Put Strike Price of such Worst Performing Stock}}$$

provided that if the Stock Amount deliverable on the Settlement Date is not a whole number, you will receive the number of the Worst Performing Stock as of the Valuation Date comprising the Stock Amount per Nominal Unit rounded down to the nearest whole stock and cash payment of the Fractional Stock (if any), calculated by reference to the Closing Price of the Worst Performing Stock on the Valuation Date (rounded up to the nearest 2 decimal places, with 0.005 or above being rounded upwards).

The market value of the Stock Amount deliverable on the Settlement Date may be substantially less than the Purchase Price. When the Stock Amount is determined on the Valuation Date to be deliverable to you on the Settlement Date, you will be exposed to the fluctuation of the market price of the Worst Performing Stock between the Valuation Date (on which your Stock Amount is determined) and the Settlement Date (on which you will receive your Stock Amount). You will be exposed to the market risk of holding the Stock Amount if you choose not to sell your holding once delivered to you. The maximum loss of your investment could be your entire investment amount.

#### *Fractional Stock*

If the Stock Amount consists of Fractional Stock, you will receive on the Settlement Date, a cash payment in the Settlement Currency calculated in accordance with the formula below (rounded up to the nearest 2 decimal places, with 0.005 or above being rounded upwards):

$$\begin{array}{l} \text{Cash payment} \\ \text{of Fractional} \\ \text{Stock for each} \\ \text{Nominal Unit} \end{array} = \begin{array}{l} \text{Closing Price of the Worst} \\ \text{Performing Stock on the Valuation} \\ \text{Date (converted into Settlement} \\ \text{Currency at the Exchange Rate if} \\ \text{the Settlement Currency is not} \\ \text{the Underlying Currency of such} \\ \text{Worst Performing Stock)} \end{array} \times \begin{array}{l} \text{the number} \\ \text{of Fractional} \\ \text{Stock} \end{array}$$



*Settlement Date*

This is the date which is no later than 3 Business Days (in case of any payment in cash) or 3 Clearance System Business Days (in case of delivery of the Stock Amount) after the Valuation Date (if the Valuation Date in respect of any Linked Stock is postponed, such postponed Valuation Date) on which you will receive (a) the Cash Amount or (b) the Stock Amount and cash payment of the Fractional Stock (if any), together with any Potential Distribution Amount for the last Observation Period, provided that in the case of delivery of the Stock Amount and the occurrence of a Settlement Disruption Event, such date will be postponed in accordance with Condition 4(g) of the General Terms and Conditions.

If our Basket ELIs are denominated in RMB and an RMB Disruption Event occurs on, or prior to and is continuing on, a scheduled date of payment, payments under such Basket ELIs will be postponed and may be made in an HKD Equivalent Amount. Please see "What happens if an RMB Disruption Event occurs on a scheduled payment date?" on page 101 of this Product Booklet for details.

No interest will be payable if settlement occurs after the originally scheduled Settlement Date.

*Business Day*

A day other than a Saturday, Sunday, or public holiday, on which banks and foreign exchange markets are open for business in Hong Kong and any other Additional Business Centre(s) as specified in the relevant Term Sheet.

*Clearance System Business Day*

Any day on which the Clearance System is (or, but for the occurrence of a Settlement Disruption Event, would have been) open for the acceptance and execution of settlement instructions, where "Clearance System" means the Central Clearing and Settlement System of Hong Kong ("**CCASS**") or such other applicable clearance system (through which transfers of the number of the Worst Performing Stock as of the Valuation date which form the Stock Amount are customarily settled as approved by the Issuer), or any successor to such clearance system.

*Delivery Expenses*

If the Stock Amount is deliverable, you will have to pay any Delivery Expenses.

Delivery Expenses are all costs, taxes, duties, levies and/or expenses (including the prevailing buyers' stamp duty, if applicable, subject to the prevailing laws and regulations (including the Stamp Duty Ordinance (Cap. 117, Laws of Hong Kong))), calculated at the Put Strike Price of the Worst Performing Stock as of the Valuation Date, (if applicable, converted into HKD at the exchange rate as determined by the Hong Kong Monetary Authority and currently published on the website of Hong Kong Exchanges and Clearing Limited at [http://www.hkex.com.hk/eng/market/sec\\_tradinfo/stampfx/stampfx.asp](http://www.hkex.com.hk/eng/market/sec_tradinfo/stampfx/stampfx.asp) by 11:00 a.m. or earlier on the Valuation Date)) arising from the delivery of the Stock Amount. Please contact your distributor for further information.

For the avoidance of doubt, no expenses are payable by you upon any payment in cash.

*Distributor's charges*

Your distributor may charge fees for opening and maintaining the securities or investment account for our Basket ELIs, and may also charge handling fees for your request under the market making arrangement or post-sale cooling-off arrangement. Please contact your distributor for further information.

**Dates for payment, deliveries or determination of the Closing Price**

Unless otherwise specified in the relevant Term Sheet, (i) scheduled dates for payment of any cash (such as the Distribution Payment Date, Autocall Settlement Date and Settlement Date) must be a Business Day; and (ii) scheduled dates for delivery of the Stock Amount must be a Clearance System Business Day. We will not pay any interest or amount for the delay in the payment of cash or delivery of the Stock Amount in the event that the scheduled date for payment or delivery is not a Business Day or a Clearance System Business Day respectively.

Scheduled dates for determining the Closing Price of a Linked Stock must be a Scheduled Trading Day (i.e. a day on which the Exchange and the Related Exchange are scheduled to be open for its regular trading sessions) that is not a Disrupted Day for such Linked Stock. Please see the General Terms and Conditions for the detailed meanings of these terms and for details about the situations where we will determine, in our sole and absolute discretion acting in good faith and in a commercially reasonable manner, the Closing Price of the affected Linked Stock on the basis of our good faith determination of the fair price of such affected Linked Stock (by reference to, without limitation, the last reported price of such affected Linked Stock and the prevailing market conditions).

## What happens if an RMB Disruption Event occurs on a scheduled payment date?

- In the case where the Settlement Currency is RMB, upon the occurrence of an RMB Disruption Event on a scheduled payment date, such payment will be postponed to the second Business Day after the date on which the RMB Disruption Event ceases to exist, unless the RMB Disruption Event continues to exist for twelve consecutive Business Days after the original scheduled payment date.
- If the RMB Disruption Event continues to exist for twelve consecutive Business Days after the original scheduled payment date, payment of the HKD Equivalent Amount will be made to you no later than the second Business Day after that twelfth Business Day.
- **“HKD Equivalent Amount”** means, following the occurrence of an RMB Disruption Event and in respect of an amount payable in RMB on the relevant affected payment date, an amount in HKD determined by us as the Calculation Agent in our sole and absolute discretion acting in good faith and in a commercially reasonable manner, by converting such amount into HKD using the exchange rate as at 16:00 (Hong Kong time) of the twelfth Business Day from the original scheduled payment date, based on (i) the mid-market exchange rate of HKD per one USD as displayed on Reuters Page <HKD=> (or such replacement page) and (ii) the mid-market foreign exchange rate of RMB per one USD as displayed on Reuters page <CNH=> (or such replacement page), provided that if any such rate is not available, we as the Calculation Agent shall determine such exchange rate in our sole and absolute discretion acting in good faith and in a commercially reasonable manner.
- We will notify you as soon as practicable of such postponement of payment but in any event no later than the second Business Day after the original scheduled payment date and, if applicable, the determination of such HKD Equivalent Amount no later than the second Business Day after that twelfth Business Day. You should refer to Condition 4(e) of the “General Terms and Conditions of Basket ELIs” in Appendix 1 to this Product Booklet for further details.

## MORE INFORMATION ABOUT DELIVERY OF THE STOCK AMOUNT

### When will the Stock Amount be delivered?

- You will receive the Stock Amount on the Settlement Date (subject to payment of any Delivery Expenses and any other charges levied by the distributor in connection with the provision of custodial, transfer and clearing services) if the Closing Price of the Worst Performing Stock on the Valuation Date is less than its Put Strike Price and where the Daily Knock-in Feature applies, the Daily Knock-in Feature has been triggered.
- If it is determined on the Valuation Date that a number of the Worst Performing Stock as of the Valuation Date comprising the Stock Amount is deliverable to you on the Settlement Date, we (as the Issuer) will arrange for the relevant Stock Amount to be delivered through the Principal Paying Agent and/or the Paying Agent to the ELI Holder (being a nominee for Euroclear and/or Clearstream, Luxembourg), who will in turn instruct the relevant Clearance System (being CCASS or such other applicable clearance system (through which transfers of such Stock Amount are customarily settled as approved by the Issuer), or any successor to such clearance system) to deliver the same to the accounts of the distributor(s) (or, where applicable, the accounts of its/their direct or indirect custodian(s)) by way of electronic settlement through the relevant Clearance System. Once we have done so, you will have to rely on:
  - (i) the Principal Paying Agent and/or the Paying Agent, the ELI Holder and the relevant Clearance System to deliver the relevant Stock Amount to your distributor (or, where applicable, its direct or indirect custodian(s)); and
  - (ii) your distributor (or, where applicable, its direct or indirect custodian(s)) to deliver the relevant Stock Amount to you.
- Scheduled date for the delivery of the Stock Amount must be a Clearance System Business Day.
- Upon the occurrence of a Settlement Disruption Event (being an event which we (the Issuer), in our sole and absolute discretion acting in good faith and in a commercially reasonable manner, determines to be beyond our control and to be an event as a result of which the Clearance System cannot clear the transfer of the Stock Amount) on the scheduled Settlement Date, the delivery of the Stock Amount to your designated account(s) will be postponed to the first following date on which delivery of the Stock Amount can take place through the Clearance System unless a Settlement Disruption Event prevents settlement on each of the eight Clearance System Business Days immediately following the original date that, but for the Settlement Disruption Event, would have been the Settlement Date. In that case,
  - (i) if such Stock Amount can be delivered in any other commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion acting in good faith and in a commercially reasonable manner), then the Settlement Date will be that eighth Clearance System Business Day on which delivery of the Stock Amount can be effected through the use of such other commercially reasonable manner; and

- (ii) if such Stock Amount cannot be delivered in any other commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion acting in good faith and in a commercially reasonable manner), then the Settlement Date will be postponed until delivery can be effected through the Clearance System or in any other commercially reasonable manner.
- We will give notice to your distributor of any postponement of the Settlement Date no later than the second Business Day after the originally scheduled Settlement Date following the occurrence of the Settlement Disruption Event. We will give further notice to your distributor on that eighth Clearance System Business Day following the originally scheduled Settlement Date regarding whether we are able to deliver the Stock Amount to you in any other commercially reasonable manner or whether the delivery of the Stock Amount will be postponed indefinitely until delivery through the Clearance System or in any other commercially reasonable manner is possible. You should note that the delay may persist for a prolonged period or indefinitely and we will not make any payment, whether of interest or otherwise, on such Basket ELIs as a result of any delay in the delivery of the Stock Amount.

You should refer to Condition 4(g) of the General Terms and Conditions for further details.

**What if a fraction of the Worst Performing Stock as of the Valuation Date or odd lots of such Worst Performing Stock is deliverable?**

- The number of the Worst Performing Stock as of the Valuation Date deliverable will be calculated on a per Nominal Unit basis and may not be in multiples of that Worst Performing Stock's trading board lot. We will calculate the Stock Amount on a per Nominal Unit basis. This means that if a greater number of that Worst Performing Stock could be deliverable by calculating on an aggregated basis, we will still deliver the lower number of that Worst Performing Stock calculated on a per Nominal Unit basis.
- If the number of the Worst Performing Stock as of the Valuation Date deliverable on the Settlement Date comprises any odd lots, you will receive such odd lots of that Worst Performing Stock. You may not be able to sell odd lots of that Worst Performing Stock, and even if you manage to sell such odd lots of that Worst Performing Stock, they may be sold at a lower price per that Worst Performing Stock than that Worst Performing Stock in board lot or multiples of board lot.
- If the Stock Amount comprises Fractional Stock, you will receive the cash payment of the Fractional Stock (rounded up to the nearest 2 decimal places, with 0.005 or above being rounded upwards) equal to the Closing Price of the Worst Performing Stock on the Valuation Date multiplied by the number of the Fractional Stock and converted into the Settlement Currency at the Exchange Rate if the Settlement Currency is not the Underlying Currency of that Worst Performing Stock.

## MORE INFORMATION ABOUT OUR BASKET ELIs

### Is there a post-sale cooling-off period for our Basket ELIs?

#### **Basket ELIs with an Investment Period of one year or less**

A post-sale cooling-off period does not apply to our Basket ELIs with an Investment Period of one year or less.

#### **Basket ELIs with an Investment Period of more than one year**

A post-sale cooling-off period only applies to our Basket ELIs with an Investment Period of more than one year. You have the right to cancel or unwind your purchase order (as the case may be) (in whole but not in part) for your investment in such Basket ELIs by giving an irrevocable written instruction to your distributor within 5 Business Days after you place your purchase order (i.e. the post-sale cooling-off period). If you choose to do so, you will need to submit your instruction to your distributor between **11:00 am and 2:30 pm** on any Business Day during the post-sale cooling-off period.

If you submit a written instruction to cancel your purchase order to your distributor before your purchase order is executed on the Trade Date, the Purchase Price will not be deducted from your designated cash account that you hold with your distributor on the Issue Date and no market value adjustment will be deducted from your designated cash account.

If you submit a written instruction to unwind your purchase order to your distributor after your purchase order is executed on the Trade Date, the Purchase Price will be deducted from your designated cash account that you hold with your distributor on the Issue Date and we will refund to you through your distributor a cash amount (equal to the full Purchase Price less any market value adjustment) on the third Business Day after the Issue Date. Please check with your distributor for further details.

The market value adjustment (if any) to the Purchase Price will be calculated by us (as the Calculation Agent) in our sole and absolute discretion, acting in good faith and in a commercially reasonable manner, based on many factors, including without limitation, the market price and the expected price volatility of each Linked Stock; the expected dividends on each Linked Stock (if any); the market interest rate movement; the prevailing exchange rate (if applicable); the time remaining to expiry of our Basket ELIs; our financial conditions and creditworthiness; the cost incurred by us in unwinding any related underlying hedging arrangements entered into in respect of our Basket ELIs; the value of the relevant embedded conditional put option (where Autocall Feature and/or Daily Knock-in Feature applies) or put option (where Autocall Feature and Daily Knock-in Feature do not apply). **You should note that if you submit a written instruction to unwind your purchase order to your distributor after your purchase order is executed on the Trade Date, the cash amount for each Nominal Unit that you will receive will be capped at and may be substantially less than the Purchase Price, and you will suffer a loss on your investment by unwinding your purchase order in this case.** For the avoidance of doubt, if our Basket ELIs are denominated in RMB and the post-sale cooling-off period arrangement is applicable, such refund to you will not be subject to an RMB Disruption Event.

Whether you submit a written instruction to cancel or unwind your purchase order during the post-sale cooling off period, your distributor's commission (if any) will not be charged by your distributor. You should note that your distributor may, however, charge you an administrative handling fee for cancelling or unwinding your purchase order during the post-sale cooling off period. Please check with your distributor for further details.

### **Is there any market making arrangement for our Basket ELLs before expiry?**

#### **Basket ELLs with an Investment Period of 6 months or less**

In respect of our Basket ELLs with an Investment Period of 6 months or less, there is no market making arrangement.

#### **Basket ELLs with an Investment Period of more than 6 months**

In respect of our Basket ELLs with an Investment Period of more than 6 months, we, as the market agent, will provide limited market making arrangement for our Basket ELLs on every first, third and if applicable, fifth Fridays of each month during the period from the Business Day immediately after the Issue Date up to the fifth Business Day immediately before the scheduled Valuation Date, or if any such day is not a Scheduled Trading Day, such day will be postponed to the next Business Day on which the Exchange opens (each a "**Market Making Day**").

#### ***Indicative bid price***

On each Market Making Day, we (as the market agent) will make available (via your distributor) indicative bid prices (on a per Nominal Unit basis) for our Basket ELLs during normal business hours. Each indicative bid price will be determined by us (as the market agent) in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) taking into account certain factors including but not limited to:

- (i) the market price of each Linked Stock;
- (ii) the expected price volatility of each Linked Stock;
- (iii) the expected dividends on each Linked Stock (if any);
- (iv) market interest rates movement;
- (v) the prevailing exchange rate (if applicable);
- (vi) the time remaining to expiry of our Basket ELLs;
- (vii) any Potential Distribution Amount of the relevant Observation Period for the series of our Basket ELLs accrued up to and including the relevant Market Making Day;
- (viii) our financial conditions;
- (ix) our creditworthiness;



- (x) the cost incurred by us in unwinding any related underlying hedging arrangements entered into in respect of our Basket ELIs; and
- (xi) the value of the relevant embedded conditional put option (where Autocall Feature and/or Daily Knock-in Feature applies) or put option (where Autocall Feature and Daily Knock-in Feature do not apply).

Each indicative bid price provided by us on a Market Making Day will be subject to intra-day changes to reflect the changes in the spot reference price of each Linked Stock during the relevant Market Making Day. **Each indicative bid price is provided for your reference only as it may not be the same as and could be either higher or lower than the firm bid price at which we are willing to buy back each of your Nominal Units in our Basket ELIs.**

### ***Firm bid price***

Following our provision of an indicative bid price on a Market Making Day, if you wish to sell your Nominal Units in our Basket ELIs on such Market Making Day, you must contact your distributor to request for a firm bid price between **11:00 am and 2:30 pm** on such Market Making Day. The amount of our Basket ELIs you may sell back to us must be equal to, or be a multiple of, one Nominal Unit.

Upon your request for a firm bid price, we, as the market agent, will determine the firm bid price (on a per Nominal Unit basis) (acting in good faith and in a commercially reasonable manner) at which we are willing to buy back each of your Nominal Units in our Basket ELIs based on the indicative bid price and depending on the prevailing market conditions at the time you request for the firm bid price, adjusted for any intra-day market changes. We will notify your distributor of such firm bid price and your distributor will in turn inform you. **You should note that the firm bid price provided to you by your distributor will only be valid for a limited period of time as notified to you by your distributor.** Upon acceptance of the firm bid price by you within that specified period of time, we, as the market agent, will buy back your Nominal Units in our Basket ELIs at such firm bid price on such Market Making Day. **You should note that the firm bid price at which we are willing to buy back each of your Nominal Units in our Basket ELIs before its expiry may be less than, or substantially less than, the Purchase Price.**

If you choose to sell your Nominal Units in our Basket ELIs back to us on a Market Making Day, such Nominal Units in our Basket ELIs will be early terminated and we will deliver the sale proceeds of your Nominal Units in our Basket ELIs to you via your distributor no later than the third Business Day after the Market Making Day. Please check with your distributor for further details.

If our Basket ELIs are denominated in RMB, payments under such Basket ELIs will be postponed and may be made in an HKD Equivalent Amount if an RMB Disruption Event occurs. Please see "What happens if an RMB Disruption Event occurs on a scheduled payment date?" on page 101 of this Product Booklet for details.

For the avoidance of doubt, the indicative bid price and firm bid price provided by us take into account any Potential Distribution Amount of the relevant Observation Period for the relevant series of our Basket ELIs accrued up to and including the relevant Market Making Day. We will only pay you (through your distributor) a cash amount representing the executed firm bid price and will not make a separate payment of any such Potential Distribution Amount.

### ***Fee may be charged by your distributor***

Your distributor may also charge a fee for your sell back application under our market making arrangement. You should contact your distributor for further details.

### ***Potential suspension of market making arrangement***

You should note that we will not be able to provide market making arrangements on a Market Making Day if:

- there is a market disruption or suspension of trading of any Linked Stock, or
- if we (as the market agent) experience technical problems beyond our control affecting our ability to provide indicative bid prices or firm bid prices for our Basket ELIs on such Market Making Day, including any power failure or breakdown of our computer system.

In such case, the Market Making Day will be postponed to the next Business Day which is also a Scheduled Trading Day on which we (as the market agent) are able to provide market making arrangements.

### **Where can you find more information about us and our Basket ELIs?**

Our Basket ELIs are issued under the Programme. The Programme is described in our Information Memorandum dated 20 November 2023. Please read and understand the Offer Documents carefully before you decide whether to buy our Basket ELIs. The Offer Documents are available free of charge during the Offer Period of any particular series of our Basket ELIs through one of the following methods of distribution. The method of distribution for a particular series of our Basket ELIs will be specified in the relevant indicative term sheet.

<b>Offer Documents</b>	<b>Method of distribution</b>
<ul style="list-style-type: none"><li>• Information Memorandum (including any addendum)</li><li>• Product Booklet (including any addendum)</li><li>• Financial Disclosure Document (including any addendum)</li></ul>	<ul style="list-style-type: none"><li>(i) Printed copies from our registered office and from the designated branches of your distributor;</li><li>(ii) CD-Rom copies from our registered office and from the designated branches of your distributor; or</li><li>(iii) Electronic copies from our website and/or mobile application and/or from your distributor by emails.</li></ul>
The relevant indicative term sheet	<ul style="list-style-type: none"><li>(i) Printed copies from our registered office and from the designated branches of your distributor; or</li><li>(ii) Electronic copies from our website and/or mobile application and/or from your distributor by emails.</li></ul>

During the Offer Period and the Investment Period of any particular series of our Basket ELIs, you can read copies of the documents about our Basket ELIs as specified in the section headed “Where can you read copies of our documentation?” on page 19 of our Information Memorandum free of charge by visiting our office during normal business hours (other than on Saturdays, Sundays or public holidays). A reasonable fee will be charged if you want to take photocopies of any of such documents whilst they are on display.

### **Who is responsible for the Offer Documents?**

The Offer Documents include particulars given in compliance with the Code for the purpose of giving information with regard to BOCHK (as the Issuer and the Product Arranger), the Programme and our Basket ELIs. We (as the Issuer and the Product Arranger) accept full responsibility for the contents of, and the completeness and the accuracy of the information contained in the Offer Documents and confirm, having made all reasonable enquiries, that to the best of our knowledge and belief there is no untrue or misleading statement, or other facts the omission of which would make any statement therein untrue or misleading. We also confirm that we (as the Issuer and the Product Arranger) meet the respective eligibility requirements under the Code and our Basket ELIs comply with the Code.

Our Information Memorandum and our Financial Disclosure Document (taken together with, and as supplemented by, this Product Booklet) is accurate at the date of this Product Booklet. You must not assume that information in our Information Memorandum, our Financial Disclosure Document or this Product Booklet is accurate at any time after the date of this Product Booklet. The relevant Term Sheet will tell you if an addendum to our Information Memorandum, Financial Disclosure Document or this Product Booklet has been published.

None of the distributors who sell our Basket ELIs is responsible in any way to ensure the accuracy of the Offer Documents.

### **What is the governing law of our Basket ELIs?**

Our Basket ELIs are governed by Hong Kong law. The General Terms and Conditions provide that the courts of Hong Kong have non-exclusive jurisdiction to settle any disputes in connection with our Basket ELIs. If you are in any doubt as to the application of Hong Kong law, you should consult your solicitor and other independent professional advisers.

### **References to “investors” and “you”**

References in the Offer Documents to “investors” or to “you” are references to investors who have made an application for our Basket ELIs through a distributor, notwithstanding that the legal holder of our Basket ELIs are the relevant nominee for Euroclear and/or Clearstream, Luxembourg.

### **The Offer Documents are not prospectuses**

The Offer Documents do not constitute a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong). We have not and do not intend to lodge or register the Offer Documents under the securities laws of any jurisdiction outside Hong Kong. Investors in those jurisdictions are required to inform themselves of, and observe, any applicable restrictions in making applications for our Basket ELIs.

## **On-going disclosure by BOCHK**

We, as the Issuer and the Product Arranger, will keep the SFC and the distributors informed as soon as reasonably practicable if (a) we (as the Issuer) cease to meet any applicable eligibility requirements in the Code; (b) we (as the Product Arranger) cease to meet any applicable eligibility requirements in the Code; and (c) to the extent permitted by any applicable law, there are any changes in our financial condition or other circumstances which could reasonably be expected to have a material adverse effect on our ability (as the Issuer) to fulfil our commitment in connection with our Basket ELIs. Your distributor will in turn inform you. Please contact your distributor for further details.

### **Who may consider investing in our Basket ELIs?**

You may consider investing in our Basket ELIs if you:

- have experience in investing in unlisted structured investment products embedded with derivatives and are looking for more tailored ways of investing in accordance with your market views;
- accept that our Basket ELIs are non-principal protected structured investment products;
- understand that our Basket ELIs are not equivalent to conventional time deposits or direct investments in the Linked Stocks;
- take a neutral to mildly positive outlook on the market prices of the Linked Stocks;
- would like to earn potentially higher returns than conventional time deposits and are prepared to take a higher level of risk for a part of your investment portfolio;
- understand that the potential gain or loss of our Basket ELIs is linked to the performance of the Worst Performing Stock on each relevant Scheduled Trading Day irrespective of the performance of other Linked Stocks in the Stock Basket even if they perform well;
- understand that you may not receive any Potential Distribution Amount during the Scheduled Tenor of our Basket ELIs;
- understand that our Basket ELIs are designed to be held until expiry and we will only provide limited market making arrangement for our Basket ELIs with an Investment Period of more than 6 months; and
- understand that you may receive the Stock Amount (the market value of which may be substantially less than the Purchase Price and you may lose all of your investment).

**Our Basket ELIs are not designed for inexperienced investors who:**

- (i) have no knowledge in derivative instruments;
- (ii) do not want to take the credit risk of us (as the Issuer);
- (iii) do not want to invest for the whole investment period of our Basket ELIs; or
- (iv) do not want to take risk on any part of their capital.

## APPENDIX 1 – GENERAL TERMS AND CONDITIONS OF BASKET ELIs

*The following is the text of the general terms and conditions (the “**General Terms and Conditions**”) applicable to our Basket ELIs. The relevant Term Sheet (as defined below) in relation to the issue of any series of Basket ELIs may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with these General Terms and Conditions, amend, vary or supplement these General Terms and Conditions for the purpose of such series of Basket ELIs. These General Terms and Conditions, together with the relevant Term Sheet for a series of Basket ELIs, will be endorsed upon, or attached to, the Global Certificate (as defined below) and each definitive Basket ELI of a series of Basket ELIs (if applicable). Capitalised terms used in these General Terms and Conditions and not otherwise defined herein shall have the meaning given to them in the relevant Term Sheet.*

*The Basket ELIs (in global and definitive form) and related terms and conditions will be issued in English, which shall prevail over any Chinese version in the event of conflict or discrepancy.*

*The SFC takes no responsibility as to the contents of the General Terms and Conditions. The SFC’s authorisation of this Product Booklet does not imply SFC’s endorsement of the General Terms and Conditions.*

### 1 Basket ELI Form, Status, Transfer and Title

#### (a) Form

The Basket ELIs are issued in registered form and, in the case of definitive Basket ELIs, serially numbered. Each Basket ELI is subject to and with the benefit of a global certificate (the “**Global Certificate**”) made by the Issuer and the Agency Agreement. The ELI Holders (as defined below) are entitled to the benefit of the Deed of Covenant dated 17 January 2008 (the “**Deed of Covenant**”) and made by the Issuer under the terms of which accountholders in Euroclear and/or Clearstream are given direct enforceable rights against the Issuer under the Basket ELIs. The original of the Deed of Covenant is held by the Principal Paying Agent.

Basket ELIs in definitive form will only be issued in exchange for a Global Certificate in whole but not in part if both Euroclear and Clearstream are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business or do so cease business and, in any such case, no successor clearing system is available. In the event of any such exchange, references in these General Terms and Conditions to the Global Certificate shall be deemed to be, as appropriate, references to such definitive certificates.

The applicable Term Sheet for a Basket ELI is endorsed upon, or attached to, the Global Certificate and may specify other terms and conditions which shall amend, vary and supplement these General Terms and Conditions for the purpose of a Basket ELI. References herein to the “relevant Term Sheet” are to the Term Sheet or Term Sheets (in the case of any further Nominal Units in a Basket ELI issued pursuant to Condition 13) attached to the Global Certificate.

The ELI Holders are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Global Certificate, the relevant Term Sheet, the Deed of Covenant and the Agency Agreement.

*(b) Status*

The obligation of the Issuer under a Basket ELI is neither a deposit liability of the Issuer nor a debt of any kind. It is a general, unsecured and unsubordinated contractual obligation of the Issuer which will rank equally with all other present and future general, unsecured and unsubordinated obligations of the Issuer, other than obligations preferred by mandatory provisions of law.

*(c) Transfers*

A Basket ELI will be transferable only by means of delivery of the relevant Global Certificate to the Registrar in accordance with the provisions of the Agency Agreement. Transfers of beneficial interests in a Basket ELI will be effected only in an amount equal to the Nominal Unit Value or integral multiples thereof in accordance with the rules and procedures of the time being of either Euroclear and/or Clearstream.

*(d) Title*

Each person who is for the time being shown in the records of Euroclear and/or Clearstream as the holder of a particular number in Nominal Units of a Basket ELI shall be treated by the Issuer and the Agents as the absolute owner and holder of such number of Nominal Units in such Basket ELI. The expression “**ELI Holders**” shall be construed accordingly.

## **2 Basket ELI Rights and Expenses**

*(a) Basket ELI rights*

Each Nominal Unit in a Basket ELI gives each ELI Holder, upon compliance with Condition 4 or 7, the right to receive the Autocall Cash Amount on the Autocall Settlement Date (if applicable), or as the case may be, the Cash Amount or the Stock Amount (as the case may be) on the Settlement Date.

In respect of an Observation Period where a Potential Distribution Amount is payable, the Issuer will pay each ELI Holder the Potential Distribution Amount in accordance with Condition 6.



*(b) Expenses*

In the case where the Issuer has to procure the delivery of the Stock Amount on the Settlement Date pursuant to Condition 4, the following provision will apply:

ELI Holders entitled to delivery of the Stock Amount will be required to pay to the Issuer a sum, as determined by the Issuer, equal to any Delivery Expenses provided that the ELI Holders shall not be liable for the transferor's share of any stamp duty. An amount equivalent to any Delivery Expenses must be paid by the ELI Holders in accordance with Condition 4.

**3 No Rights in respect of any Linked Stock**

Subject to Condition 4,

- (a) the ELI Holders have no rights in respect of any Linked Stock;
- (b) in the event the Issuer and/or any of its affiliates should hold any Linked Stock during the Investment Period, all such Linked Stock will be held solely for the account of the Issuer and/or its affiliates as appropriate but in no circumstances whatsoever will any Linked Stock be allocated or deemed allocated by the Issuer for the benefit of the Basket ELI or for the fulfilment by the Issuer (as the case may be) of any of its obligations under these General Terms and Conditions and/or for the benefit of any ELI Holders;
- (c) the Issuer will have no obligations to any ELI Holders whatsoever, in relation to any Linked Stock held by the Issuer during the Investment Period; and
- (d) neither the Issuer nor its agent or nominee shall be under any obligation to deliver to such ELI Holders any letter, certificate, notice, circular, dividend or any other document or payment whatsoever received by the Issuer or its agent or nominee in its capacity as a holder of such Linked Stock.

**4 Settlement of Basket ELI**

- (a) A Basket ELI may only be terminated in an amount equal to the Nominal Unit Value or integral multiples thereof.
- (b) *No Requirement to Deliver any Notice*

The ELI Holders will not be required to deliver any notice for any purpose in relation to the expiry or settlement of a Basket ELI.

(c) *Cancellation*

The Issuer will procure that the Registrar will, with effect from the Business Day following the Settlement Date or the Autocall Settlement Date (if applicable) or such date as the Basket ELI has been early terminated pursuant to Conditions 9(b) or 9(c) (as the case may be), remove from its Register the names of the ELI Holders in respect of the Basket ELI which has expired or has been terminated in accordance with these General Terms and Conditions and thereby cancel such Basket ELI.

(d) *Settlement at Expiry*

In respect of a Basket ELI, if there is no trigger of an Autocall Feature under Condition 7 (where Autocall Feature is applicable) or early termination under these General Terms and Conditions, the Basket ELI will automatically expire on the Valuation Date (without notice being given to the ELI Holders), and:

- (i) where the Daily Knock-in Feature is not applicable, if the Closing Price of the Worst Performing Stock on the Valuation Date is at or above its Put Strike Price; or where the Daily Knock-in Feature is applicable, (x) if the Daily Knock-in Feature has not been triggered or (y) if the Daily Knock-in Feature has been triggered but the Closing Price of the Worst Performing Stock on the Valuation Date is at or above its Put Strike Price, the Issuer shall pay to each of the ELI Holders the applicable Cash Amount and the Potential Distribution Amount (if any) for the last Observation Period in accordance with this Condition 4 on the Settlement Date; or
- (ii) where the Daily Knock-in Feature is not applicable, if the Closing Price of the Worst Performing Stock on the Valuation Date is below its Put Strike Price; or where the Daily Knock-in Feature is applicable, the Daily Knock-in Feature has been triggered and the Closing Price of the Worst Performing Stock on the Valuation Date is below its Put Strike Price, the Issuer shall procure the delivery of the Stock Amount to each of the ELI Holders and pay the cash payment of the Fractional Stock (if any) in accordance with Condition 5 and the Potential Distribution Amount (if any) for the last Observation Period on the Settlement Date.

For the avoidance of doubt, where the Basket ELI has expired on the Valuation Date, subject as provided below in the case of a Settlement Disruption Event or an RMB Disruption Event, payment of the Cash Amount and the Potential Distribution Amount (if any) for the last Observation Period or delivery of the Stock Amount and cash payment of the Fractional Stock (if any) (as the case may be) will be despatched to the ELI Holders on the Settlement Date, which shall constitute full and final settlement of the obligations of the Issuer with respect to the Basket ELI. Subject to such payment and/or delivery, as the case may be, having been made, the Issuer shall have no further obligations in respect of the Basket ELI.

*(e) Cash Settlement*

Payments of the Cash Amount (if any), the Autocall Cash Amount (if applicable), Early Termination Amount (if any) or cash payment for the Fractional Stock (if any) pursuant to these General Terms and Conditions (as the case may be) in respect of a Basket ELI will be made by crediting that amount to the respective Designated Accounts of each of the ELI Holders.

In the case where the Settlement Currency is RMB and the Calculation Agent determines, in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner), that an RMB Disruption Event has occurred on any day on which any amount payable in RMB under the Basket ELI are scheduled to be paid, such payment will be postponed to the second Business Day after the date on which the RMB Disruption Event ceases to exist, unless the RMB Disruption Event continues to exist for twelve consecutive Business Days from the original scheduled payment date. In such case, the Issuer will make payment of the HKD Equivalent Amount no later than the second Business Day after that twelfth Business Day. Any such payment made by the Issuer shall be in full and final settlement of its obligations to pay the relevant amount payable in RMB on the affected payment date in respect of the Basket ELI.

If the Calculation Agent determines that an RMB Disruption Event has occurred under this Condition 4(e), the Issuer will notify the ELI Holders in accordance with Condition 12 as soon as practicable of the postponement of payment of the amounts payable in RMB under the Basket ELI but in any event no later than the second Business Day after the original scheduled payment date, and if applicable, the determination of the HKD Equivalent Amount no later than the second Business Day after that twelfth Business Day.

*(f) Physical Settlement*

- (i) In the case where the Stock Amount is determined on the Valuation Date to be deliverable to the ELI Holders, the Issuer will procure the delivery of the relevant number of the Worst Performing Stock as of the Valuation Date comprising the Stock Amount to each ELI Holder on the Settlement Date by way of electronic settlement through the Clearance System.
- (ii) In order to obtain delivery of the relevant Stock Amount, (x) any Delivery Expenses must be paid by the ELI Holders to the Issuer and (y) the ELI Holders must notify the Issuer of such details as are required by the Issuer for the delivery of the Stock Amount which may include account details and/or the name and address of any person(s) into whose name evidence of the Stock Amount is to be registered and/or any bank or agent to whom documents evidencing the Stock Amount are to be delivered.

(iii) Subject as provided below in the case of a Settlement Disruption Event, the Issuer will procure:

- (x) the delivery of the relevant Stock Amount using the method specified in this Condition 4(f) to the ELI Holders on the Settlement Date; and
- (y) the despatch of any cash payment to which an ELI Holder is entitled, including the cash payment of the Fractional Stock (if any) pursuant to Condition 5 below and the Potential Distribution Amount pursuant to Condition 6 below, if any, on the Settlement Date.

*(g) Settlement Disruption Event*

If, prior to the delivery of the relevant Stock Amount in accordance with this Condition 4, a Settlement Disruption Event occurs and is subsisting and which means that delivery of such Stock Amount will not be able to be effected on the originally scheduled Settlement Date, then the Settlement Date will be the first following date on which delivery of such Stock Amount can take place through the Clearance System unless a Settlement Disruption Event prevents settlement on each of the eight Clearance System Business Days immediately following the original Settlement Date that, but for the Settlement Disruption Event, would have been the Settlement Date. In that case,

- (i) if such Stock Amount can be delivered in any other commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion acting in good faith and in a commercially reasonable manner), then the Settlement Date will be that eighth Clearance System Business Day on which delivery of such Stock Amount can be effected through the use of such other commercially reasonable manner (which other manner of delivery will be deemed the relevant Clearance System for the purposes of delivery of such Stock Amount under Condition 4(f)), and
- (ii) if such Stock Amount cannot be delivered in any other commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion acting in good faith and in a commercially reasonable manner), then the Settlement Date will be postponed until delivery can be effected through the Clearance System or in any other commercially reasonable manner.

The Issuer shall notify the ELI Holders of any such postponement in accordance with Condition 12 (x) no later than the second Business Day after the originally scheduled Settlement Date following the occurrence of the Settlement Disruption Event and (y) on that eighth Clearance System Business Day following the originally scheduled Settlement Date regarding whether it will be able to deliver such Stock Amount to the ELI Holders in any other commercially reasonable manner or whether the delivery of such Stock Amount will be postponed indefinitely until delivery through the Clearance System or in any other commercially reasonable manner is possible. Such ELI Holders shall not be entitled to any payment, whether of interest or otherwise, on such Basket ELI as a result of any delay in the delivery of such Stock Amount pursuant to this

Condition 4(g). Where delivery of such Stock Amount has been postponed as provided in this Condition 4(g), the Issuer shall not be in breach of these General Terms and Conditions and no liability in respect thereof shall attach to the Issuer.

*(h) Registration*

The Issuer shall not be under any obligation to register or procure the registration of the ELI Holders or any other person as the registered holder in the register of members of the relevant Listed Entity.

*(i) Intervening Period*

(i) In the case where the Issuer is to procure the delivery of the Stock Amount to an ELI Holder on the Settlement Date pursuant to Condition 4(f) and subject to sub-paragraph (ii) of this Condition 4(i) below, such ELI Holder shall become entitled to all those rights attaching to the relevant Stock Amount to be delivered to him from and including the Valuation Date. Such rights shall include the rights that he would have become entitled to if he had been registered as the holder of such Worst Performing Stock on the Valuation Date.

(ii) Notwithstanding sub-paragraph (i) of this Condition 4(i) above, during the Intervening Period, none of the Issuer, the Principal Paying Agent, nor any other person shall at any time:

- (x) be under any obligation to deliver or procure the delivery to such ELI Holder any letter, certificate, notice, circular, dividend, distribution or any other document or, except as provided herein, payment whatsoever received by that person in respect of such Worst Performing Stock;
- (y) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such Worst Performing Stock; or
- (z) be under any liability to such ELI Holder in respect of any loss or damage which such ELI Holder may sustain or suffer as a result, whether directly or indirectly, of that person not being registered during such Intervening Period as a legal owner of such Worst Performing Stock.

(iii) Notwithstanding anything in this Condition 4(i), the Issuer shall:

- (x) notify such ELI Holder of the receipt by the Issuer or the Principal Paying Agent or their nominee during the Intervening Period of any dividend, distribution, bonus issue, shares or units issued pursuant to a subdivision or consolidation in respect of such Worst Performing Stock;
- (y) make available such dividend or distribution payment or such shares or units to such ELI Holder as soon as practicable in a commercially reasonable manner upon production of such evidence of entitlement and identification as may reasonably be required by the Issuer; and

- (z) notify such ELI Holder as soon as practicable of the receipt by the Issuer or the Principal Paying Agent or their nominee during the Intervening Period of any right, entitlement or offer which the ELI Holder is entitled to exercise or accept as a beneficial owner of the Worst Performing Stock, and make available any document relating to such right, entitlement or offer for collection by the ELI Holder upon production of such evidence of entitlement and identification as may reasonably be required, and following receipt by the Issuer of written notification as may reasonably be required and, where appropriate, any relevant payment or consideration necessary in connection with exercising or accepting any such right, entitlement or offer from the ELI Holder, the Issuer, the Principal Paying Agent or their nominee shall, on behalf of the ELI Holder, exercise or accept such right, entitlement or offer.
- (iv) This Condition 4(i) shall not be construed so as to give rise to any relationship of agency, trust or fiduciary between (x) the Issuer, the Principal Paying Agent or their nominee and (y) any ELI Holder. None of the Issuer, the Principal Paying Agent or their nominee shall owe any duty of a fiduciary nature to any ELI Holder.

## 5 Fractional Stock

If the Stock Amount consists of any Fractional Stock, the Issuer shall on the Settlement Date pay to each of the ELI Holders a cash amount in the Settlement Currency equal to the Closing Price of the Worst Performing Stock on the Valuation Date multiplied by the number of Fractional Stock and converted into the Settlement Currency at the Exchange Rate (where the Settlement Currency is not the Underlying Currency of such Worst Performing Stock) (rounded up to the nearest 2 decimal places, with 0.005 or above being rounded upwards) by crediting such cash amount to the respective Designated Accounts of each of the ELI Holders.

## 6 Potential Distributions

### (a) *Potential Distribution for an Observation Period*

In respect of an Observation Period, the Calculation Agent will calculate the Potential Distribution Amount for that Observation Period and the Issuer will pay the Potential Distribution Amount (if any) calculated in accordance with the following formula in accordance with Condition 6(c) on the immediately following Distribution Payment Date:

$$\text{Nominal Unit Value} \times \text{Distribution Rate}$$

### (b) *Fixed Distribution Rate and Variable Distribution Rate*

#### (i) *Fixed Distribution Rate*

In respect of each Observation Period to which the “**Fixed Distribution Rate**” is specified to be applicable in the Term Sheet, the Fixed Distribution Rate shall be the Reference Rate, provided that the Potential Distribution Amount for each

Observation Period to which the Fixed Distribution Rate applies is only payable on the relevant Distribution Payment Date if the Closing Price of the Worst Performing Stock on the relevant Distribution Barrier Determination Date is at or above its Distribution Barrier Price. Provided that where the Daily Autocall Feature is specified as applicable in the Term Sheet and the Daily Autocall Feature is triggered during the Observation Period, the fixed Potential Distribution Amount for such Observation Period is payable regardless of the performance of the Linked Stocks in the Stock Basket and will either (as specified in the Term Sheet):

- (x) not be pro-rated, i.e. the fixed Potential Distribution Amount will be calculated from but excluding the relevant Period Start Date up to and including the relevant Period End Date in accordance with the following formula:

Nominal Unit Value x the Fixed Distribution Rate; or

- (y) be calculated on a pro-rata basis from but excluding the relevant Period Start Date to and including the Autocall Trigger Date, in accordance with the following formula:

$$\text{Nominal Unit Value} \times \text{the Fixed Distribution Rate} \times \frac{n}{N}$$

Where:

“**n**” means the number of Scheduled Trading Day(s) (regardless of whether any such day is a Disrupted Day for any Linked Stock) from but excluding the relevant Period Start Date to and including the Autocall Trigger Date; and

“**N**” means the number of Scheduled Trading Day(s) (regardless of whether any such day is a Disrupted Day for any Linked Stock) in the relevant Observation Period.

(ii) *Variable Distribution Rate*

In respect of each Observation Period to which the “**Variable Distribution Rate**” is specified to be applicable in the Term Sheet, the Variable Distribution Rate shall be a rate in percentage terms determined by the Calculation Agent in accordance with the following formula (rounded up to the nearest 4 decimal places, with 0.00005 or above being rounded upwards):

$$\text{Reference Rate} \times \frac{\text{Days In}}{\text{Total Days}}$$

Where:

“**Days In**” means the total number of Scheduled Trading Days (excluding any Disrupted Day for any Linked Stock) in (A) the relevant Observation Period; or (B) where the Daily Autocall Feature is specified as applicable in the Term Sheet and the Daily Autocall Feature is triggered during such Observation Period, the period



commencing from but excluding the relevant Period Start Date to and including the Autocall Trigger Date, on which the Closing Price of the Worst Performing Stock on such Scheduled Trading Day is at or above its Distribution Barrier Price for such Observation Period.

**“Total Days”** means the total number of Scheduled Trading Days (excluding any Disrupted Day for any Linked Stock) in the relevant Observation Period. If the Daily Autocall Feature applies and is triggered during such Observation Period, each Scheduled Trading Day from but excluding the Autocall Trigger Date to and including the relevant Period End Date for such Observation Period shall be deemed not to be a Disrupted Day for any Linked Stock.

(c) *Payment*

Subject to Conditions 6(a) and 6(b), a Potential Distribution Amount shall be paid to each of the ELI Holders by crediting that amount to the respective Designated Accounts of each of the ELI Holders. If an Autocall Feature is specified as applicable in the Term Sheet and is triggered on an Autocall Trigger Date in accordance with Condition 7, no Potential Distribution Amount is payable in respect of the Observation Period(s) falling after the Autocall Trigger Date.

## **7 Autocall Feature**

- (a) This Condition 7 will apply only if an Autocall Feature is specified as applicable in the Term Sheet.
- (b) An Autocall Feature is triggered if the Closing Price of the Worst Performing Stock on an Autocall Determination Date is equal to or greater than its Autocall Price. Upon the trigger of the Autocall Feature, the Basket ELI will be early terminated on the Autocall Trigger Date.
- (c) A Basket ELI is automatically terminated during an Observation Period pursuant to the trigger of the Autocall Feature, without notice being given to the ELI Holders. The ELI Holders will not be required to deliver any notice and the Issuer must pay to each ELI Holder the Autocall Cash Amount together with any Potential Distribution Amount for that Observation Period (as determined in accordance with Condition 6) no later than the Autocall Settlement Date in accordance with Condition 4. Upon payment of the Autocall Cash Amount together with any Potential Distribution Amount, the Issuer shall have no further obligations in respect of the Basket ELI.

## **8 Daily Knock-in Feature**

- (a) This Condition 8 will apply only if a Daily Knock-in Feature is specified as applicable in the Term Sheet.
- (b) A Daily Knock-in Feature is triggered if the Closing Price of the Worst Performing Stock on any Knock-in Determination Date is below its Knock-in Price. Subject to Condition 7, upon the trigger of a Daily Knock-in Feature, the Basket ELI shall be settled in accordance with Condition 4(d) above.

## **9 Adjustments, Replacement of a Linked Stock and Early Termination**

(a) *Potential Adjustment Events*

If the Calculation Agent determines in its sole and absolute discretion acting in good faith and in a commercially reasonable manner that a Potential Adjustment Event in

respect of a Linked Stock has occurred during the period between the Trade Date and the Valuation Date (both days inclusive), the Calculation Agent will, in its sole and absolute discretion acting in good faith and in a commercially reasonable manner determine any corresponding adjustment(s) to the terms and conditions of the Basket ELI which are appropriate to account for the diluting, concentrative or other economic effect of such event(s) on the Basket ELI so as to preserve the economic equivalence of the Basket ELI. In determining such adjustment(s):

- (i) if options contracts or futures contracts of such Linked Stock are traded on the Exchange or the Related Exchange, the Calculation Agent will follow any adjustment to the terms of the relevant options contract or futures contract made and announced by the Exchange or the Related Exchange, unless following such adjustment is not able to preserve the economic equivalence of the Basket ELI. In such case, the Calculation Agent will determine the aforesaid adjustment(s) in its sole and absolute discretion acting in good faith and in a commercially reasonable manner so as to preserve the economic equivalence of the Basket ELI; or
- (ii) if there are no options contracts or futures contracts of such Linked Stock traded on the Exchange or the Related Exchange, the Calculation Agent will take into account and (where, and to the extent, applicable) follow the relevant rules as set out in the Operational Trading Procedures for Options Trading Exchange Participants of the Stock Exchange so as to preserve the economic equivalence of the Basket ELI.

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

*(b) Merger Event or Tender Offer*

If the Calculation Agent determines in its sole and absolute discretion acting in good faith and in a commercially reasonable manner that a Merger Event or a Tender Offer in respect of a Linked Stock has occurred during the period between the Trade Date and the Valuation Date (both days inclusive):

- (i) subject to Condition 9(b)(ii) below, the Calculation Agent will, in its sole and absolute discretion acting in good faith and in a commercially reasonable manner make the corresponding adjustment(s), relevant to the settlement, payment or other terms and conditions of the Basket ELI as the Calculation Agent determines appropriate to account for the economic effect of such event(s) on the Basket ELI so as to preserve the economic equivalence of the Basket ELI. In determining such adjustment(s):
  - (x) if options contracts or futures contracts of such Linked Stock are traded on the Exchange or the Related Exchange, the Calculation Agent will follow any adjustment to the terms of the relevant options contract or futures contract made and announced by the Exchange or the Related Exchange, unless following such adjustment is not able to preserve the economic equivalence of the Basket ELI. In such case, the Calculation Agent will determine the

aforesaid adjustment(s) in its sole and absolute discretion acting in good faith and in a commercially reasonable manner so as to preserve the economic equivalence of the Basket ELI; or

- (y) if there are no options contracts or futures contracts of such Linked Stock traded on the Exchange or the Related Exchange, the Calculation Agent will take into account and (where, and to the extent, applicable) follow the relevant rules as set out in the Operational Trading Procedures for Options Trading Exchange Participants of the Stock Exchange so as to preserve the economic equivalence of the Basket ELI; or

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

- (ii) if the Calculation Agent determines in its sole and absolute discretion acting in good faith and in a commercially reasonable manner that none of the foregoing adjustments is able to account for the economic effect of such event(s) on the Basket ELI so as to preserve the economic equivalence of the Basket ELI, the Calculation Agent will seek to replace the relevant affected Linked Stock with stocks or units (as the case may be) of another Listed Entity selected by the Calculation Agent, in its sole and absolute discretion acting in good faith and in a commercially reasonable manner (such replacement stocks or units being the ("**Substitute Stock**") which meet all of the following criteria:

- (x) being listed on the Exchange which is not already comprised in the Stock Basket;
- (y) belonging to a similar economic sector as the affected Linked Stock; and
- (z) having a similar market capitalisation as the affected Linked Stock.

If the Calculation Agent determines, in its sole and absolute discretion acting in good faith and in a commercially reasonable manner, that it is unable to find a Substitute Stock which meets all of the above criteria, then the Calculation Agent will seek to replace the relevant affected Linked Stock with stocks or units (as the case may be) of another entity selected by the Calculation Agent, in its sole and absolute discretion acting in good faith and in a commercially reasonable manner which meets the criteria of (x) and (y) above only.

If the Calculation Agent determines, in its sole and absolute discretion acting in good faith and in a commercially reasonable manner, that replacement of the affected Linked Stock is appropriate, such Substitute Stock shall be deemed to be a "**Linked Stock**" and the entity issuing the Substitute Stock shall be deemed to be a "**Listed Entity**". The Calculation Agent may make any further adjustments to the terms and conditions of the Basket ELI as it thinks fit (acting in good faith and in a commercially reasonable manner) to account for the occurrence of the relevant event.

If the Calculation Agent determines, in its sole and absolute discretion acting in good faith and in a commercially reasonable manner, that replacement of the affected Linked Stock is not appropriate, then the Basket ELI will be terminated as of the date selected by the Calculation Agent in its sole and absolute discretion acting in good faith and in a commercially reasonable manner and entitlement of each ELI Holder to receive the Cash Amount or the Stock Amount and the cash payment of Fractional Stock (if any) (as the case may be) shall cease and the Issuer's obligation under the Basket ELI shall be satisfied in full upon payment of the Early Termination Amount no later than 3 Business Days after the effective date of such early termination.

*(c) Additional Disruption Event*

If, during the period between the Trade Date and the Valuation Date (both days inclusive), the Calculation Agent determines in its sole and absolute discretion acting in good faith and in a commercially reasonable manner that an Additional Disruption Event in respect of a Linked Stock has occurred, the Calculation Agent will seek to replace the relevant affected Linked Stock with a Substitute Stock based on the same method of selection as set out in Condition 9(b)(ii) above. If the Calculation Agent determines, in its sole and absolute discretion acting in good faith and in a commercially reasonable manner that replacement of the affected Linked Stock is not appropriate, the Basket ELI shall be early terminated as of the date selected by the Calculation Agent in its sole and absolute discretion acting in good faith and in a commercially reasonable manner and entitlement of each ELI Holder to each receive the Cash Amount or the Stock Amount and the cash payment of Fractional Stock (if any) (as the case may be) shall cease and the Issuer's obligation under the Basket ELI shall be satisfied in full upon payment of the Early Termination Amount no later than 3 Business Days after the effective date of such early termination.

*(d) Notification of Adjustment, Replacement or Early Termination*

The Issuer shall give notice as soon as practicable of the occurrence of any event described in this Condition 9 and the corresponding adjustment(s) and/or replacement, or early termination (as the case may be) and of the effective date of such adjustment(s) and/or replacement, or early termination and in the case of an early termination, the relevant Early Termination Amount payable upon termination to the ELI Holders in accordance with Condition 12.

## **10 Early Termination Amount**

- (a) Where a Basket ELI is to be terminated pursuant to Condition 9 above, the Basket ELI will be terminated by payment of the Early Termination Amount in accordance with Condition 4(e). Upon payment of such amount, the Issuer shall have no further obligations in respect of the Basket ELI.
- (b) The Early Termination Amount will be an amount in the Settlement Currency as determined by the Calculation Agent, in its sole and absolute discretion acting in good faith and in a commercially reasonable manner, equal to the fair market value of each

Nominal Unit in the Basket ELI as of the date of termination of the Basket ELI, based on factors, including without limitation, the market price and the expected price volatility of each Linked Stock, the expected dividends of each Linked Stock (if any), the market interest rates movement, the prevailing exchange rate (if applicable), the time remaining to expiry of the Basket ELI, any Potential Distribution Amount of the relevant Observation Period for the relevant Basket ELI, the Issuer's financial condition and creditworthiness, the cost incurred by the Issuer in unwinding any related underlying hedging arrangements entered into in respect of such Basket ELI, and the value of the embedded conditional put option (where Autocall Feature and/or Daily Knock-in Feature applies) or put option (where Autocall Feature and Daily Knock-in Feature do not apply).

## **11 Benefit of Agreement**

References to the Issuer include references to its successors, including, without limitation, an entity which assumes the rights and obligations of the Issuer by operation of the law of the jurisdiction of incorporation or domicile of the Issuer.

## **12 Notices**

All notices regarding Basket ELIs in definitive form will be deemed to be validly given if sent by mail or (if posted to an address overseas) by airmail to the ELI Holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been received by the ELI Holders on the fourth day after mailing.

In the case of any Basket ELI represented by a Global Certificate held on behalf of Euroclear and/or Clearstream, notice may be delivered to Euroclear and/or Clearstream for communication by them to the ELI Holders.

Notice to be given by any ELI Holder shall be in writing and given by lodging the same, together (in the case of any Basket ELI in definitive form) with the relevant definitive Basket ELI, with the Issuer. In the case of any Basket ELI represented by a Global Certificate, such notice may be given by any ELI Holder to the Issuer through Euroclear and/or Clearstream, in such manner as the Issuer and Euroclear and/or Clearstream, as the case may be, may approve for this purpose.

Where the determination of the Closing Price of the Worst Performing Stock in respect of the Valuation Date, a Distribution Barrier Determination Date or (where Periodic Autocall Feature applies) an Autocall Determination Date is postponed as a result of a Disrupted Day in accordance with these General Terms and Conditions, the Issuer will notify the ELI Holders of the postponement as soon as practicable and in any event no later than the second Business Day after such postponement in accordance with this Condition 12.

## **13 Further Issues**

The Issuer shall be at liberty from time to time, without the consent of the ELI Holders, to create and issue further Nominal Units so as to form a single series with the issued Nominal Units of the Basket ELI.

## **14 No Waiver**

No failure by the Issuer to exercise a right or power, and no delay by the Issuer in exercising a right or power, operates as a waiver of that or any other right or power.

## **15 Purchase**

The Issuer or any of its Affiliates may at any time purchase any Nominal Units in a Basket ELI at any price in the open market or by private arrangement. Any such Nominal Units in the Basket ELI so purchased may be held or resold or surrendered for cancellation.

## **16 Third Party Rights**

A person who is not a party to these General Terms and Conditions has no right under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong) to enforce or to enjoy the benefit of any term of these General Terms and Conditions.

## **17 Governing Law and Jurisdiction**

These General Terms and Conditions are governed by the laws of Hong Kong and the Issuer and each ELI Holder agree to submit to the non-exclusive jurisdiction of the courts of Hong Kong.

## **18 Language**

In the event of any inconsistency between the Chinese version of these General Terms and Conditions and the English version of these General Terms and Conditions, the English version of these General Terms and Conditions shall prevail.

## **19 Modification**

The Issuer may, without the consent of the ELI Holders, effect any modification of the provisions of the Basket ELI or the Global Certificate which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law. Any such modifications shall be determined by the Issuer in its sole and absolute discretion acting in good faith and in a commercially reasonable manner, binding on the Issuer and the ELI Holders and notified to the ELI Holders in accordance with Condition 12 as soon as practicable after it has been made.

## **20 Definitions**

In these General Terms and Conditions unless the context otherwise requires:

**“Additional Business Centre”** means the business centres specified as such in the Term Sheet.

**“Additional Disruption Event”** means any of Change in Law, De-Listing, Hedging Disruption, Increased Cost of Hedging, Insolvency, Insolvency Filing and Nationalisation; and in case of a Linked Stock which is a unit or share of a fund, Extraordinary Fund Event.

**"Affiliates"** means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer or any entity directly or indirectly under common control with the Issuer. For these purposes, **"control"** means ownership of a majority of the voting power of an entity.

**"Agency Agreement"** means the Agency Agreement, as amended and/or supplemented and/or restated from time to time, dated as of 17 January 2008 and made between the Issuer, Bank of China (Hong Kong) Limited as principal paying agent and as calculation agent, and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch as paying agent and as registrar.

**"Agent"** means each of the Principal Paying Agent and the Paying Agent.

**"Autocall Cash Amount"** in respect of each Nominal Unit, means 100% of the Nominal Unit Value.

**"Autocall Determination Date"** means:

- (a) where Daily Autocall Feature applies, each Scheduled Trading Day (excluding any Disrupted Day for any Linked Stock) during the Autocall Period; or
- (b) where Periodic Autocall Feature applies, each Period End Date (excluding the Valuation Date) during the period as specified in the Term Sheet (if any such day is not a Scheduled Trading Day, the following Scheduled Trading Day). Provided that:
  - (i) if any such day is a Disrupted Day for any Linked Stock, the determination of the Closing Price(s) of the unaffected Linked Stock(s) in respect of that Autocall Determination Date will be the originally scheduled Autocall Determination Date and the determination of the Closing Price of such affected Linked Stock in respect of that Autocall Determination Date will be postponed to the following Scheduled Trading Day, unless each of the eight Scheduled Trading Days immediately following that Autocall Determination Date is a Disrupted Day for such affected Linked Stock. In that case:
    - (x) the Calculation Agent shall determine in its sole and absolute discretion acting in good faith and in a commercially reasonable manner the fair price of the affected Linked Stock as of the closing time of the Exchange on that eighth Scheduled Trading Day (by reference to, without limitation, the last reported price of the affected Linked Stock and the prevailing market conditions), notwithstanding that it is a Disrupted Day for such affected Linked Stock; and
    - (y) such fair price shall be deemed to be the Closing Price of such affected Linked Stock for that Autocall Determination Date; and
  - (ii) if the Periodic Autocall Feature is triggered following a postponed determination of the Closing Price of any Linked Stock in respect of an Autocall Determination Date which is a Disrupted Day for such affected Linked Stock, the Periodic Autocall Feature shall be deemed to have been triggered on that original Autocall Determination Date which is a Disrupted Day for such affected Linked Stock.



**“Autocall Feature”** means the Autocall Feature as described in Condition 7, which is either a Daily Autocall Feature or a Periodic Autocall Feature, specified as applicable in the Term Sheet.

**“Autocall Period”** means (where Daily Autocall Feature is specified as applicable in the Term Sheet) the period specified as such in the relevant Term Sheet.

**“Autocall Price”** means, in respect of a Linked Stock, the price specified as such in the relevant Term Sheet, being a specified percentage of its Initial Price (rounded up to the nearest 4 decimal places, with 0.00005 or above being rounded upwards).

**“Autocall Settlement Date”** means such number of Business Days (in any case, no later than 3 Business Days) after the Autocall Trigger Date as specified in the Term Sheet, or where Periodic Autocall Feature applies and is deemed to be triggered on an Autocall Determination Date which is a Disrupted Day for any Linked Stock for the purpose of determining the Closing Price of such affected Linked Stock, such number of Business Days (in any case, no later than 3 Business Days) after the day on which the Closing Price of such affected Linked Stock in respect of that Autocall Determination Date is determined.

**“Autocall Trigger Date”** means the Autocall Determination Date on which the Autocall Feature is triggered or (where Periodic Autocall Feature applies and the determination of the Closing Price of any Linked Stock for the relevant Autocall Determination Date has been postponed as a result of a Disrupted Day for such affected Linked Stock) is deemed to have been triggered in accordance with the definition of **“Autocall Determination Date”**.

**“Basket ELI”** means a series of the equity linked investments linked to a basket of stocks constituted by these General Terms and Conditions and the Term Sheet having the same series number as specified in the Term Sheet.

**“Business Day”** means a day other than a Saturday, Sunday, or public holiday, on which banks and foreign exchange markets are open for business in Hong Kong and any other Additional Business Centre(s).

**“Calculation Agent”** means Bank of China (Hong Kong) Limited acting in the capacity as calculation agent under the Agency Agreement and its successor.

**“Cash Amount”** in respect of each Nominal Unit, means 100% of the Nominal Unit Value.

**“Change in Law”** means that:

- (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 Calculation Agent determines in its sole and absolute discretion acting in good faith and in a commercially reasonable manner that:

- (i) it has become illegal for the Issuer to hold, acquire or dispose of any Linked Stock in the Stock Basket; or
- (ii) the Issuer will incur a materially increased cost in performing its obligations in relation to the Basket ELI (including, without limitation, due to any increase in tax liability, decrease in tax benefit or any other adverse effect on its tax position).

**"Clearance System"** means, in respect of a Basket ELI, Central Clearing and Settlement System of Hong Kong ("**CCASS**") or such other applicable clearance system (through which transfers of the number of the Worst Performing Stock as of the Valuation Date which form the Stock Amount are customarily settled as approved by the Issuer), or any successor to such clearance system.

**"Clearance System Business Day"** means, in respect of a Clearance System, any day on which such Clearance System is (or, but for the occurrence of a Settlement Disruption Event, would have been) open for the acceptance and execution of settlement instructions.

**"Clearstream"** means Clearstream Banking, société anonyme.

**"Closing Price"** means, in respect of a Linked Stock and a Scheduled Trading Day, the official closing price per unit or share (as the case may be) of the Linked Stock quoted by the Exchange as at the Valuation Time on that Scheduled Trading Day.

**"Condition"** means a condition in these General Terms and Conditions.

**"Daily Autocall Feature"** means the Autocall Feature described in Condition 7 whereby the Autocall Determination Date is set to be each Scheduled Trading Day (excluding any Disrupted Day for any Linked Stock) during the Autocall Period.

**"Daily Knock-in Feature"** means the daily knock-in feature as described in Condition 8.

**"Delivery Expenses"** means all costs, taxes, duties, levies and/or expenses (including the prevailing buyers' stamp duty, if applicable, subject to the prevailing laws and regulations) arising from the delivery of the Stock Amount.

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

**"Designated Account"** means the account maintained by an ELI Holder with a Designated Bank and identified as such in the Register.

**"Designated Bank"** means (in the case of payment in a Settlement Currency other than RMB and euro) a bank in the principal financial centre of the country or region of such Settlement Currency (which, if the Settlement Currency is Australian dollars or New Zealand dollars, shall be Melbourne and Wellington, respectively), (in the case of a payment in RMB) a bank in Hong Kong and (in the case of a payment in euro) any bank which processes payments in euro.

**“Disrupted Day”** means, in respect of a Linked Stock, a Scheduled Trading Day on which the Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

**“Distribution Barrier Determination Date”** means, in respect of each Observation Period to which the Fixed Distribution Rate is specified as applicable in the Term Sheet, the Period End Date of such Observation Period or, if such day is not a Scheduled Trading Day, the following Scheduled Trading Day, provided that if such day is a Disrupted Day for any Linked Stock, the determination of the Closing Price(s) of the unaffected Linked Stock(s) in respect of that Distribution Barrier Determination Date will be the originally scheduled Distribution Barrier Determination Date, and the determination of the Closing Price of such affected Linked Stock in respect of that Distribution Barrier Determination Date will be postponed to the following Scheduled Trading Day, unless each of the eight Scheduled Trading Days immediately following that Distribution Barrier Determination Date is a Disrupted Day for such affected Linked Stock.

In that case:

- (a) the Calculation Agent shall determine in its sole and absolute discretion acting in good faith and in a commercially reasonable manner the fair price of such affected Linked Stock as of the closing time of the Exchange on that eighth Scheduled Trading Day (by reference to, without limitation, the last reported price of such affected Linked Stock and the prevailing market conditions), notwithstanding that it is a Disrupted Day for such affected Linked Stock; and
- (b) such fair price shall be deemed to be the Closing Price of such affected Linked Stock for that Distribution Barrier Determination Date.

**“Distribution Barrier Price”** in respect of a Linked Stock and each Observation Period, means the relevant price specified as such in the Term Sheet for the relevant Observation Period, being a specified percentage of its Initial Price (rounded up to the nearest 4 decimal places, with 0.00005 or above being rounded upwards).

**“Distribution Payment Date”** means such number of Business Days (in any case no later than 3 Business Days) after the relevant Period End Date as specified in the Term Sheet, provided that:

- (a) where the Fixed Distribution Rate applies and the determination of the Closing Price of any Linked Stock on the relevant Distribution Barrier Determination Date is postponed as a result of a Disrupted Day for such affected Linked Stock, the Distribution Payment Date for the relevant Observation Period shall be such number of Business Days (in any case no later than 3 Business Days) as specified in the Term Sheet after the day on which such Closing Price of such affected Linked Stock in respect of the scheduled Distribution Barrier Determination Date is determined;
- (b) where an Autocall Feature applies and is triggered or is deemed to have been triggered during an Observation Period, the Distribution Payment Date for the relevant Observation Period shall be the Autocall Settlement Date; and

- (c) the Distribution Payment Date in relation to the last Observation Period shall be the Settlement Date (provided that no Autocall Feature, if applicable, has been triggered).

**“Distribution Rate”** means, in respect of an Observation Period, the relevant Fixed Distribution Rate or the relevant Variable Distribution Rate as may be specified as applicable in the Term Sheet.

**“Early Closure”** means, in respect of a Linked Stock, closure of the Exchange or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange or Related Exchange at least one hour (which shall exclude, where relevant, any time period when the Exchange or Related Exchange is closed between the end of the morning trading session and the start of the afternoon trading session) prior to (a) the actual closing time for the regular trading session on such Exchange or Related Exchange, or (b) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time.

**“Early Termination Amount”** means such amount in the Settlement Currency as determined by the Calculation Agent in accordance with Condition 10.

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

**“Exchange Rate”** means, if applicable, the rate specified as such in the Term Sheet.

**“Exchange Disruption”** in respect of a Linked Stock, means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent in its sole and absolute discretion acting in good faith and in a commercially reasonable manner) the ability of market participants in general (a) to effect transactions in, or obtain market prices for, such Linked Stock on the Exchange, or (b) to effect transactions in, or obtain market prices for, futures or options contracts relating to such Linked Stock on the relevant Related Exchange.

**“Extraordinary Fund Event”** means, where a Linked Stock is a unit or share of a fund, in the determination of the Calculation Agent (acting in good faith and in a commercially reasonable manner), the occurrence of any of the following events:

- (a) such Linked Stock ceases to exist;
- (b) the units or shares in such Linked Stock are reclassified or the index that such Linked Stock tracks changes or it is acquired by or aggregated to another fund, whose mandate, risk-profile and/or benchmarks is deemed by the Calculation Agent to be different from the mandate, risk-profile and/or benchmark of such Linked Stock stated as of the Trade Date (or any proposal for the foregoing occurs);
- (c) the resignation, termination, or replacement of its Fund Administrator or Fund Advisor;
- (d) any change or modification of the related Fund Documents that could reasonably be expected to affect the market price of such Linked Stock or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent) from those prevailing on the date on which such Linked Stock was first included in the Basket ELL;

- (e) any breach or violation of any strategy or investment guidelines stated in the related Fund Documents that is reasonably likely to affect the market price of such Linked Stock, or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent); or
- (f) (i) cancellation, suspension or revocation of the registration or approval of such Linked Stock or the relevant Listed Entity by any governmental, legal or regulatory entity with authority over such Linked Stock or the relevant Listed Entity, (ii) any change in the legal, tax, accounting, or regulatory treatments of the relevant Listed Entity or its Fund Advisor that is reasonably likely to have an adverse impact on the market price of such Linked Stock or on any investor therein (as determined by the Calculation Agent), or (iii) the relevant Listed Entity or any of its Fund Administrator or Fund Advisor becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of the relevant Listed Entity, its Fund Administrator or Fund Advisor.

**"Euroclear"** means Euroclear Bank S.A./N.V.

**"Fixed Distribution Rate"** means the rate calculated in accordance with Condition 6(b)(i).

**"Fractional Stock"** means a fraction of the Worst Performing Stock as of the Valuation Date.

**"Fund Administrator"** means, in respect of a Listed Entity that is a fund, the trustee of such Listed Entity from time to time.

**"Fund Advisor"** means, in respect of a Listed Entity that is a fund, the manager of such Listed Entity from time to time.

**"Fund Documents"** means, in respect of a Listed Entity that is a fund, the constitutive and governing documents, subscription agreements and other agreements of such Listed Entity specifying the terms and conditions relating to a Linked Stock and any additional fund documents, for example, the offering memorandum of such Listed Entity, in each case, as amended from time to time.

**"General Terms and Conditions"** means these terms and conditions.

**"Global Certificate"** means the certificate of the Basket ELL as specified in Condition 1(a).

**"Hedging Disruption"** means that the Issuer and/or any of its Affiliates are unable, after using commercially reasonable efforts, to:

- (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the risk of the Issuer issuing and performing its obligations with respect to the Basket ELL; or
- (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s),

provided that any such inability that is incurred due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed a Hedging Disruption.

**"HKD"** means the currency of Hong Kong.

**"HKD Equivalent Amount"** means, following the occurrence of an RMB Disruption Event and in respect of an amount payable in RMB on the relevant affected payment date, an amount in HKD determined by the Calculation Agent in its sole and absolute discretion acting in good faith and in a commercially reasonable manner, by converting such amount into HKD using the exchange rate as at 16:00 (Hong Kong time) of the twelfth Business Day from the original scheduled payment date, based on (i) the mid-market exchange rate of HKD per one USD as displayed on Reuters Page <HKD=> (or such replacement page) and (ii) the mid-market foreign exchange rate of RMB per one USD as displayed on Reuters page <CNH=> (or such replacement page), provided that if any such rate is not available, the Calculation Agent shall determine such exchange rate in its sole and absolute discretion acting in good faith and in a commercially reasonable manner.

**"Hong Kong"** means the Hong Kong Special Administrative Region of the PRC.

**"Increased Cost of Hedging"** means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to:

- (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the risk of the Issuer issuing and performing its obligations with respect to the Basket ELL; or
- (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s),

provided that any such materially increased amount that is incurred due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

**"Initial Price"** means the Closing Price of a Linked Stock as of the Trade Date or the market spot price of a Linked Stock, as specified in the Term Sheet.

**"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 Listed Entity of such affected Linked Stock:

- (a) all the shares of that Listed Entity are required to be transferred to a trustee, liquidator or other similar official; or
- (b) holders of the shares of that Listed Entity become legally prohibited from transferring them.

**"Insolvency Filing"** means, in respect of a Linked Stock, that the Listed Entity of such affected Linked Stock institutes or has instituted against it by a regulator, supervisor or any

similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by such Listed Entity shall not be deemed an Insolvency Filing.

**"Intervening Period"** means such period of time from and including the Valuation Date until such time as the ELI Holders are delivered with the Stock Amount.

**"Investment Period"** means the duration between the date on which all of the terms and conditions of the Basket ELI are finalised and the scheduled date on which the mode of settlement at expiry is determined, i.e. the period from the scheduled Trade Date to the scheduled Valuation Date (both days inclusive).

**"Issue Date"** means the Issue Date specified in the Term Sheet or, if such date is not a Business Day, the following Business Day.

**"Issuer"** means Bank of China (Hong Kong) Limited.

**"Knock-in Determination Date"** means each Scheduled Trading Day during the Investment Period, provided that (a) if any Knock-in Determination Date (except for the Valuation Date) is a Disrupted Day for any Linked Stock, such Linked Stock will be disregarded for the purposes of determining whether a Daily Knock-in Feature has been triggered on such Scheduled Trading Day (for the avoidance of doubt, if such Scheduled Trading Day is a Disrupted Day for all Linked Stocks of a Basket ELI, such Scheduled Trading Day will be excluded for the purposes of determining whether a Daily Knock-in Feature has been triggered); and (b) the Knock-in Determination Date that is the Valuation Date shall be subject to postponement in the case of a Disrupted Day for any Linked Stock in accordance with the definition of **"Valuation Date"**.

**"Knock-in Price"** means, in respect of a Linked Stock, the price specified as such in the Term Sheet, being a specified percentage of its Initial Price (rounded up to the nearest 4 decimal places with 0.00005 or above being rounded upwards).

**"Linked Stock"** means the stocks or units of a Listed Entity specified as such in the Term Sheet.

**"Listed Entity"** means, in respect of a Linked Stock, a company or a fund (being an exchange-traded fund or a real estate investment trust) listed on the Exchange, the stocks or units of which are the subject of a Basket ELI offered by the Issuer under these General Terms and Conditions.

**"Market Disruption Event"** means, in respect of a Linked Stock, the occurrence or existence of:

- (a) a Trading Disruption or an Exchange Disruption, which is (in the determination of the Calculation Agent acting in good faith and in a commercially reasonable manner)



material, at any time during the one hour prior to the actual closing time of the Exchange or the relevant Related Exchange, at the relevant Valuation Time;

- (b) an Early Closure; or
- (c) the issuance of the tropical cyclone warning signal number 8 or above or the issuance of a "BLACK" rainstorm warning by the Hong Kong Observatory which either results in the Exchange being closed for dealings for an entire day or results in the Exchange being closed prior to its regular time for close of trading on any day, provided that there shall be no Market Disruption Event solely by reason of the Exchange opening for trading later than its regular time for the opening of trading on such day as a result of the tropical cyclone warning signal number 8 or above or the "BLACK" rainstorm warning having been issued.

**"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 Calculation Agent in its sole and absolute discretion acting in good faith and in a commercially reasonable manner.

**"Merger Event"** means, in respect of a Linked Stock, any of the following:

- (a) reclassification or change of such Linked Stock that results in a transfer of, or an irrevocable commitment to transfer, all such Linked Stock outstanding to another entity or person;
- (b) consolidation, amalgamation, merger or binding share exchange of a Listed Entity with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Listed Entity is the continuing entity and which does not result in any such reclassification or change of all such Linked Stock outstanding);
- (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 Linked Stock of the Listed Entity that results in a transfer of or an irrevocable commitment to transfer all such Linked Stock (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 Listed Entity or its subsidiaries with or into another entity in which the Listed Entity is the continuing entity and which does not result in a reclassification or change of all such Linked Stock outstanding but results in the outstanding Linked Stock (other than the Linked Stock owned or controlled by such other entity) of such Listed Entity immediately prior to such event collectively representing less than 50 per cent. of the outstanding Linked Stock of such Listed Entity immediately following such event.

**"Nationalisation"** means in respect of a Linked Stock, that all the stocks or units (as the case may be) of the relevant Listed Entity or all or substantially all the assets of that Listed Entity are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or person thereof.

**"Nominal Unit"** means each unit of the Basket ELI representing the Nominal Unit Value.

**"Nominal Unit Value"** means the nominal amount of each Nominal Unit in the Settlement Currency as specified in the Term Sheet.

**"Observation Period"** means each period commencing from but excluding the relevant Period Start Date to and including the relevant Period End Date.

**"Paying Agent"** means The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch acting in the capacity as paying agent under the Agency Agreement and any of its successor.

**"Performance"** means, in respect of a Linked Stock and a Scheduled Trading Day, the percentage calculated in accordance with the following formula (rounded to the nearest 0.0001%, with 0.00005% or above being rounded upwards):

$$\frac{\text{Closing Price of the Linked Stock on a Scheduled Trading Day}}{\text{Initial Price of the Linked Stock}} \times 100\%$$

**"Period End Date"** means each date specified as such in the Term Sheet. For the avoidance of doubt, the Period End Date will not be subject to any postponement in case of a Disrupted Day for any Linked Stock.

**"Period Start Date"** means each date specified as such in the Term Sheet. For the avoidance of doubt, the Period Start Date will not be subject to any postponement in case of a Disrupted Day for any Linked Stock.

**"Periodic Autocall Feature"** means the Autocall Feature described in Condition 7 whereby the Autocall Determination Date is set to be each Period End Date (excluding the Valuation Date) during the period as specified in the Term Sheet.

**"Potential Adjustment Event"** means, in respect of a Linked Stock, any of the following:

- (a) a subdivision, consolidation or reclassification of such Linked Stock (unless resulting in a Merger Event), or a free distribution or dividend of such Linked Stock to existing holders by way of bonus, capitalisation or similar issue;
- (b) a distribution, issue or dividend to existing holders of such Linked Stock of:
  - (i) additional stock or unit (as the case maybe) of such Linked Stock; or
  - (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation and dissolution of the relevant Listed Entity equally or proportionately with such payments to holders of such Linked Stock; or
  - (iii) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the relevant Listed Entity as a result of a spin-off or other similar transaction; or

- (iv) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (c) an extraordinary dividend as determined by the Calculation Agent in its sole and absolute discretion acting in good faith and in a commercially reasonable manner;
- (d) a call by the relevant Listed Entity in respect of such Linked Stock that are not fully paid;
- (e) a repurchase by the relevant Listed Entity or any of its subsidiaries of such Linked Stock whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (f) in respect of the relevant Listed Entity, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Listed Entity, pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instrument or stock rights at a price below their market value as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- (g) any other event that has or may have, in the opinion of the Calculation Agent acting in good faith and in a commercially reasonable manner, a diluting, concentrative or other economic effect on the theoretical value of the relevant Linked Stock.

**"Potential Distribution Amount"** in respect of an Observation Period and each Nominal Unit, means the amount calculated in accordance with Condition 6.

**"PRC"** means the People's Republic of China.

**"Principal Paying Agent"** means Bank of China (Hong Kong) Limited acting in the capacity as principal paying agent under the Agency Agreement and any of its successor.

**"Purchase Price"** in respect of each Nominal Unit means the amount specified as such in the Term Sheet, being a specified percentage of the Nominal Unit Value (rounded up to the nearest 2 decimal places, with 0.005 or above being rounded upwards).

**"Put Strike Price"** in respect of a Linked Stock means the price specified as such in the Term Sheet, being a specified percentage of its Initial Price (rounded up to the nearest 4 decimal places, with 0.00005 or above being rounded upwards).

**"Reference Rate"** means the percentage specified as such in the Term Sheet.

**"Register"** means the register kept by the Registrar in accordance with the provisions of the Agency Agreement.

**"Registrar"** means The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch acting in the capacity as registrar under the Agency Agreement and any of its successor, or such other registrar as appointed by the Issuer and notified to the ELI Holders.

**“Related Exchange”** in respect of a Linked Stock, means each exchange or quotation system (if any) on which options or futures contracts relating to that Linked Stock are traded or quoted, as determined by the Calculation Agent.

**“RMB”** means Renminbi, the lawful currency of the PRC.

**“RMB Disruption Event”** means the occurrence of any event that, in the determination of the Calculation Agent in its sole and absolute discretion acting in good faith and in a commercially reasonable manner, makes it impossible for the Issuer to:

- (a) obtain a firm quote of an offer price in respect of any amount due and payable in RMB under the Basket ELI on the relevant scheduled payment date, in the RMB exchange market in Hong Kong in order to perform its obligations under the Basket ELI;
- (b) convert any amount due and payable in RMB under the Basket ELI in the RMB exchange market in Hong Kong, other than where such impossibility is due to the failure of the Issuer to comply with any law, rule or regulation enacted by any government authority (unless such law, rule or regulation is enacted after the Trade Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation); or
- (c) transfer RMB between accounts inside Hong Kong, other than where such impossibility is due to the failure of the Issuer to comply with any law, rule or regulation enacted by any government authority (unless such law, rule or regulation is enacted after the Trade Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

For the avoidance of doubt, the following shall not constitute an RMB Disruption Event:

- (A) the inability for the Issuer to obtain such firm quote due to issues relating to its creditworthiness; and
- (B) the inability for the Issuer to convert RMB for any amount due and payable in RMB under the Basket ELI due to issues relating to its creditworthiness.

**“Scheduled Closing Time”** in respect of an Exchange or Related Exchange and a Scheduled Trading Day means the scheduled weekday closing time of the relevant Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

**“Scheduled Trading Day”** in respect of a Linked Stock means a day on which the relevant Exchange and Related Exchange are scheduled to be open for its regular trading sessions.

**“Settlement Currency”** means the currency specified as such in the Term Sheet.

**“Settlement Date”** means:

- (a) in the case of any payment in cash, such number of Business Days as specified in the Term Sheet (in any case, no later than 3 Business Days) after the Valuation Date (if the Valuation Date in respect of any Linked Stock is postponed, such postponed Valuation Date); or

- (b) in the case of delivery of the Stock Amount, such number of Clearance System Business Days as specified in the Term Sheet (in any case, no later than 3 Clearance System Business Days) after the Valuation Date (if the Valuation Date in respect of any Linked Stock is postponed, such postponed Valuation Date), provided that where a Settlement Disruption Event occurs, the Settlement Date will be determined in accordance with Condition 4.

**“Settlement Disruption Event”** means an event which the Issuer, in its sole and absolute discretion acting in good faith and in a commercially reasonable manner, determines to be beyond its control and to be an event as a result of which the Clearance System cannot clear the transfer of the Stock Amount.

**“Stock Amount”** in respect of each Nominal Unit, means the number of the Worst Performing Stock as of the Valuation Date determined in accordance with the following formula (rounded up to the nearest 4 decimal places, with 0.00005 or above being rounded upwards):

$$\frac{\text{Nominal Unit Value (converted into the Underlying Currency of such Worst Performing Stock at the Exchange Rate if the Settlement Currency is not the Underlying Currency of such Worst Performing Stock)}}{\text{Put Strike Price of such Worst Performing Stock}}$$

**“Stock Basket”** means the basket comprising of the Linked Stocks specified as such in the Term Sheet.

**“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 the relevant Listed Entity, as determined by the Calculation Agent in its sole and absolute discretion acting in good faith and in a commercially reasonable manner, based upon the making of filings with governmental or self regulatory agencies or such other information as the Calculation Agent deems relevant.

**“Term Sheet”** in respect of a Basket ELI means the final term sheet issued under these General Terms and Conditions, based on the standard format set out in Appendix 2 to the Product Booklet for Non-Principal Protected Unlisted Equity Linked Investments Linked to a Basket of Stocks dated 20 November 2023.

**“Trade Date”** means the date specified as such in the Term Sheet.

**“Trading Disruption”** means, in respect of a Linked Stock, any suspension of or limitation imposed on trading by the Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (a) relating to such Linked Stock on the Exchange, or (b) in futures or options contracts relating to such Linked Stock on the relevant Related Exchange.

**“Underlying Currency”** means, in respect of a Linked Stock, the currency in which such Linked Stock is traded on the Exchange, which is RMB, HKD or such other currencies as specified in the relevant Term Sheet.

**"USD"** means the currency of the United States of America.

**"Valuation Date"** means the date specified as such in the Term Sheet (if such day is not a Scheduled Trading Day, the following Scheduled Trading Day) provided that, if such day is a Disrupted Day for any Linked Stock, the Valuation Date in respect of the unaffected Linked Stock(s) shall be the originally scheduled Valuation Date, and the Valuation Date in respect of such affected Linked Stock shall be the first following Scheduled Trading Day which is not a Disrupted Day in respect of such Linked Stock, unless each of the eight Scheduled Trading Days immediately following the scheduled Valuation Date is a Disrupted Day in respect of such Linked Stock. In that case:

- (a) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date in respect of such affected Linked Stock, notwithstanding the fact that it is a Disrupted Day in respect of such affected Linked Stock; and
- (b) the Calculation Agent shall determine in its sole and absolute discretion acting in good faith and in a commercially reasonable manner the fair price of such Linked Stock as of the closing time of the Exchange on that eighth Scheduled Trading Day (by reference to, without limitation, the last reported price of such Linked Stock and the prevailing market conditions); and
- (c) such fair price shall be deemed to be the Closing Price of such Linked Stock for that Valuation Date.

**"Valuation Time"** in respect of the Exchange or a Related Exchange and a Scheduled Trading Day means the Scheduled Closing Time of the Exchange or the relevant Related Exchange on such Scheduled Trading Day in relation to a Linked Stock. If the Exchange or the relevant Related Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

**"Variable Distribution Rate"** means the rate calculated in accordance with Condition 6(b)(ii).

**"Worst Performing Stock"** means, in respect of a Scheduled Trading Day, the Linked Stock in the Stock Basket which generates the lowest Performance on such Scheduled Trading Day, provided that, if more than one Linked Stock have the same lowest Performance in respect of a Scheduled Trading Day, then the Calculation Agent shall determine the Worst Performing Stock in respect of such Scheduled Trading Day in its sole and absolute discretion acting in good faith and in a commercially reasonable manner.

## 21 Interpretation

Headings are for convenience only and do not affect interpretation.

The following rules apply unless the context requires otherwise:

- (a) The singular includes the plural and the converse.
- (b) A gender includes all genders.
- (c) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (d) A reference to a person, corporation, trust, partnership, unincorporated body or other entity includes any of them.
- (e) A reference to a paragraph or schedule is a reference to a paragraph of, or schedule to, these General Terms and Conditions.
- (f) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.
- (g) A reference to "writing" includes a facsimile transmission and any means of reproducing words in a tangible and permanently visible form.
- (h) Mentioning anything after "include", "includes", or "including" does not limit what else might be included.



## APPENDIX 2 – STANDARD FORMAT OF TERM SHEET FOR BASKET ELIs

*The standard format of the indicative term sheet and the Term Sheet for Basket ELIs is set out below. Each indicative term sheet or Term Sheet covers one series of our Basket ELIs only.*

*We may issue more than one series of our Basket ELIs on any Issue Date. You must obtain the relevant indicative term sheet before applying for a series of our Basket ELIs. The exact value of certain trade specific terms about the relevant series of our Basket ELIs may only be ascertained on the Trade Date and such terms are noted with asterisks (\*) in the indicative term sheet, and the exact amount will be specified in the Term Sheet. The Term Sheet setting out the finalised trade specific terms will be available for inspection at our office from the Issue Date. We will deliver to you (through your distributor) a notification letter setting out the exact value of such trade specific terms no later than the second Business Day after the Trade Date.*

*References to “investors” or to “you” in the indicative term sheet are references to investors who decide to make an application for a series of our Basket ELIs through a distributor, while such references in the Term Sheet are references to the ELI Holders.*

**[Indicative] Term Sheet for Non-Principal Protected Unlisted Equity Linked Investments Linked to a Basket of Stocks ([without] [Periodic] [Daily] Autocall [and] [with] [without] Daily Knock-in Feature) (“Basket ELI ([Without Autocall] [Periodic Autocall] [Daily Autocall] [and] [with Daily Knock-in Feature] [without Daily Knock-in Feature])” or in this term sheet, the “Basket ELI”)**

**[insert date]**

### IMPORTANT

*[[Insert the following sections for indicative term sheet:]*

This indicative term sheet must be read in conjunction with our information memorandum dated 20 November 2023 (“**Information Memorandum**”) [together with the addendum dated [insert date]], our financial disclosure document dated [insert date] (“**Financial Disclosure Document**”) [together with the addendum dated [insert date]] and the product booklet for our Basket ELIs dated 20 November 2023 (“**Product Booklet**”) [together with the addendum dated [insert date]] (the Information Memorandum, the Financial Disclosure Document, the Product Booklet together with [any relevant addendum and] this indicative term sheet are collectively “**Offer Documents**”). The applicable general terms and conditions for our Basket ELIs are set out in Appendix 1 to the Product Booklet (pages 111-140) (“**General Terms and Conditions**”).

[Printed copies of the Offer Documents are available from our registered office and the designated branches of your distributor.] [CD-Rom copies of the Information Memorandum, Product Booklet and Financial Disclosure Document [and the addendum dated *[insert date]* to the [Information Memorandum]/[Product Booklet]/[Financial Disclosure Document]] are available from our registered office and the designated branches of your distributor.] [Electronic copies of the Offer Documents are available from your distributor by email.] [Electronic copies of the Offer Documents are available from our website *[insert website]* [and our mobile application *[insert name of mobile application]*].] Your distributor is obliged to distribute all of the Offer Documents to you in either English or Chinese version, as you may prefer. **If English is not your preferred language, you can request for a copy of the Chinese version of this Term Sheet from your distributor.** 倘若英文並非閣下屬意的語言，閣下可向閣下的分銷商索取本條款表的中文版本。

You are warned that the market value of our Basket ELIs may fluctuate and you may sustain a total loss of your investment. You should therefore ensure that you understand the nature of our Basket ELIs and carefully study the risk factors set out in the Offer Documents and, where necessary, seek independent professional advice, before you decide whether to invest in our Basket ELIs.

The Securities and Futures Commission (“**SFC**”) has authorised our Basket ELIs under section 104A(1) of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (“**SFO**”) and the issue of this indicative term sheet based on the standard format set out in Appendix 2 to the Product Booklet under section 105(1) of the SFO. The SFC takes no responsibility for our Basket ELIs or the contents of this indicative term sheet, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this indicative term sheet. The SFC’s authorisation does not imply its endorsement or recommendation of our Basket ELIs referred to in this indicative term sheet nor does it imply that the SFC guarantees the commercial merits of our Basket ELIs or their performance. The SFC’s authorisation does not mean our Basket ELIs are suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors. Interested persons should consider obtaining independent advice before investing in our Basket ELIs.

The Offer Documents include particulars given in compliance with the Code on Unlisted Structured Investment Products (the “**Code**”) issued by the SFC for the purpose of giving information with regard to Bank of China (Hong Kong) Limited (as the Issuer and the Product Arranger), the Programme and our Basket ELIs. We (as the Issuer and the Product Arranger) accept full responsibility for the contents of, and the completeness and the accuracy of the information contained in the Offer Documents and confirm, having made all reasonable enquiries, that to the best of our knowledge and belief there is no untrue or misleading statement, or other facts the omission of which would make any statement therein untrue or misleading. We also confirm that we (as the Issuer and the Product Arranger) meet the respective eligibility requirements under the Code and our Basket ELIs comply with the Code.]

*[[Insert the following section for Term Sheet:]*

This Term Sheet constitutes the final Term Sheet for the purposes of the “General Terms and Conditions of Basket ELIs” (“**Terms and Conditions**”) as set out in Appendix 1 in the Product Booklet dated 20 November 2023. The SFC takes no responsibility for the contents of this Term Sheet. The SFC’s authorisation does not imply its endorsement of the terms as set out in this Term Sheet.]

Capitalised terms not defined in this [indicative term sheet]/[Term Sheet] have the meaning given to them in the Product Booklet.

*[[Insert this section for indicative term sheet:]]*

### IMPORTANT RISK WARNINGS

- **Unlisted structured investment products.** Our Basket ELIs are unlisted structured investment products embedded with derivatives and are NOT equivalent to time deposits.
- **Not covered by the Investor Compensation Fund.** Our Basket ELIs are not listed on any stock exchange and are not covered by the Investor Compensation Fund in Hong Kong.
- **Not principal protected.** Our Basket ELIs are not principal protected: **you could lose all of your investment.**
- **No collateral.** Our Basket ELIs are not secured on any of our assets or any collateral.
- **Capped maximum potential gain.** The maximum potential gain under our Basket ELIs is capped at the sum of (i) the difference between the Nominal Unit Value of our Basket ELIs and the Purchase Price (if any) and (ii) the aggregate Potential Distribution Amount(s) payable during the Scheduled Tenor of our Basket ELIs. It is possible that you may not receive any Potential Distribution Amount for the entire Scheduled Tenor of our Basket ELIs.
- **Potential payout is determined by the Worst Performing Stock.** The potential payout of our Basket ELIs is determined by reference to the performance of the Worst Performing Stock in the Stock Basket on each relevant Scheduled Trading Day. If any of the Linked Stocks in the Stock Basket performs poorly against your expectation, you will not benefit from the performance of the other Linked Stocks in the Stock Basket even if they perform well and you may suffer a loss under our Basket ELIs.
- **Not the same as buying any Linked Stock in the Stock Basket.** Buying our Basket ELIs is not the same as buying any Linked Stock in the Stock Basket. You do not acquire any right in any Linked Stock in the Stock Basket, except where the Worst Performing Stock as of the Valuation Date is determined to be deliverable to you on the Settlement Date, in which case you will be entitled to the rights of such Worst Performing Stock from and including the Valuation Date in accordance with the General Terms and Conditions. Changes in the market price of any Linked Stock may not lead to a corresponding change, or any change at all, in the market value of, and/or your potential gain or loss under, our Basket ELIs.
- **Liquidity risk and limited market making arrangement.** Our Basket ELIs are designed to be held until expiry. We will only provide limited market making arrangement for our Basket ELIs with an Investment Period of more than 6 months on a bi-weekly basis. If you sell your investment in our Basket ELIs before expiry, you may receive an amount which is substantially less than your original investment amount.
- **Re-investment risk following early termination.** Our Basket ELIs will be early terminated upon the trigger of the Autocall Feature. You will not receive any further Potential Distribution Amount following such early termination. You may bear re-investment risk since the prevailing market conditions may have changed and may hinder

you from making any further investment under similar investment terms. You may not be able to get the same rate of return if you re-invest in investments with similar risk parameters.]

- **Maximum loss upon BOCHK's default or insolvency.** Our Basket ELIs constitute general, unsecured and unsubordinated contractual obligations of Bank of China (Hong Kong) Limited and of no other person (including the ultimate holding company of our group, Bank of China Limited). If you purchase our Basket ELIs, you are relying upon the creditworthiness of Bank of China (Hong Kong) Limited and have no rights under the terms and conditions of our Basket ELIs against the issuers of the Linked Stocks. In the worst case scenario, **you could lose all of your investment.**

BOCHK is not the ultimate holding company of the group to which we belong and with which our name is identified. The ultimate holding company of our group is Bank of China Limited which does not guarantee the performance of our obligations under our Basket ELIs.

- **You will be exposed to the risks associated with our Basket ELIs starting from the Trade Date.** As all terms applicable to our Basket ELIs will be finalised on the Trade Date, you will be subject to the terms and conditions of our Basket ELIs from the Trade Date, and you will be exposed to the risks associated with our Basket ELIs starting from the Trade Date.
- **No direct contractual rights against the Issuer and reliance upon distributor.** Each series of our Basket ELIs will be represented by a global certificate and no individual certificate will be issued to you with respect to your interest in our Basket ELIs. You do not have any direct contractual rights against us (as the Issuer). To assert your rights as an investor in our Basket ELIs against us (as the Issuer), you will have to rely on your distributor (and, if applicable, its direct or indirect custodian) to take action on your behalf. You therefore will be exposed to the credit risks and other default risks of your distributor (and, if applicable, its direct or indirect custodian). This is a complicated area of law and you should seek independent legal advice for further information.
- **English version of the terms and conditions prevails over Chinese version.** The global certificate representing a series of our Basket ELIs and the terms and conditions of our Basket ELIs will only be issued in English for the purpose of lodgment with the relevant clearing system(s). If there is any inconsistency between the Chinese version and the English version of such terms and conditions of our Basket ELIs, the English version will prevail over the Chinese version. If you do not understand the English version, you should seek independent professional advice.
- **Conflicts of interest.** Potential and actual conflicts of interest may arise from the different roles played by us and our subsidiaries and affiliates in connection with our Basket ELIs and our economic interests in each role may be adverse to your interests in our Basket ELIs.

[• **Additional risks for RMB-denominated Basket ELIs and/or Basket ELIs linked to RMB-traded Linked Stock.**

Where the settlement currency of the Basket ELIs is RMB, and/or any linked stock is denominated and traded in RMB, the performance of such Basket ELIs may be adversely affected due to risks relating to RMB, such as the current limited pool of RMB outside the mainland China, offshore RMB exchange rate risk and RMB interest rate risk. Our payment under any RMB-denominated Basket ELIs may also be postponed, or delivered in a HKD equivalent amount upon occurrence of an RMB disruption event.]

## SUMMARY TERMS

<b>Issuer:</b>	Bank of China (Hong Kong) Limited (" <b>BOCHK</b> ")
<b>Product Arranger:</b>	BOCHK
<b>Offer Period:</b>	[ <i>insert time</i> ] on [ <i>insert date</i> ] to [ <i>insert time</i> ] on [ <i>insert date</i> ] (may change without prior notice)
<b>Series Number:</b>	[ <i>insert series number</i> ]
<b>Trade Date:</b>	[ <i>insert scheduled Trade Date, being the last day of the Offer Period</i> ]
<b>Issue Date:</b>	[ <i>insert number of business days, being between 3 to 10</i> ] Business Days after the Trade Date (Expected to be [ <i>insert issue date</i> ])
<b>Minimum Application Amount:</b>	[ <i>insert currency and amount</i> ] [and thereafter in increment of [ <i>insert currency and amount</i> ]]
<b>Nominal Unit Value:</b>	[ <i>insert currency and amount</i> ] per Nominal Unit
<b>Aggregate Nominal Unit Value:</b>	[To be determined on Trade Date]/[ <i>insert aggregate Nominal Unit Value</i> ]
<b>Settlement Currency:</b>	[HKD]/[RMB]/[ <i>insert other currency which is non-restricted and freely convertible</i> ]
<b>Purchase Price:</b>	[ <i>insert currency and amount</i> ] (being [ <i>insert percentage</i> ]% of the Nominal Unit Value) (rounded up to the nearest 2 decimal places, with 0.005 or above being rounded upwards)
<b>Valuation Date:</b>	[ <i>insert scheduled Valuation Date</i> ], subject to postponement in the case of a Disrupted Day for any Linked Stock as provided in the General Terms and Conditions
<b>Investment Period:</b>	The period from the scheduled Trade Date to the scheduled Valuation Date (both days inclusive)
<b>Scheduled Tenor:</b>	The period from the Issue Date to the scheduled Settlement Date (both days inclusive)

**Exchange Rate:**

*[insert if all the Linked Stocks in the Stock Basket are traded in the same currency:*

The exchange rate between the Settlement Currency and the Underlying Currency of the Worst Performing Stock as of the Valuation Date which is based on:

*[insert if the Underlying Currency of all the Linked Stocks in the Stock Basket is HKD: [(i)] the mid-market rate [between the Settlement Currency and USD] as displayed on [Reuters] [Bloomberg] screen [insert the Reuters or Bloomberg (as the case may be) screen page] at the Scheduled Closing Time on the Exchange on the Valuation Date, [and (ii) the mid-market rate between HKD and USD as displayed on [Reuters] [Bloomberg] screen [insert screen page] at the Scheduled Closing Time on the Exchange on the Valuation Date,] or if the relevant page[(s)] or the relevant rate[(s)] is not displayed at such time on such date, such exchange rate as determined by the Calculation Agent in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) on the Valuation Date.]*

*[insert if the Underlying Currency of all the Linked Stocks in the Stock Basket is RMB: [(i)] the mid-market rate [between the Settlement Currency and USD] as displayed on [Reuters] [Bloomberg] screen [insert screen page] at the Scheduled Closing Time on the Exchange on the Valuation Date, [and (ii) the mid-market rate between offshore RMB and USD as displayed on [Reuters] [Bloomberg] screen [insert screen page] at the Scheduled Closing Time on the Exchange on the Valuation Date,] or if the relevant page[(s)] or the relevant rate[(s)] is not displayed at such time on such date, such exchange rate as determined by the Calculation Agent in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) on the Valuation Date.]*



*[insert if the Underlying Currency of all the Linked Stocks in the Stock Basket is the same currency (other than HKD and RMB)]: [(i)] the mid-market rate [between the Settlement Currency and USD] as displayed on [Reuters] [Bloomberg] screen [insert screen page] at the Scheduled Closing Time on the Exchange on the Valuation Date, [and (ii) the mid-market rate between [insert other currency] and USD as displayed on [Reuters] [Bloomberg] screen [insert screen page] at the Scheduled Closing Time on the Exchange on the Valuation Date,] or if the relevant page[(s)] or the relevant rate[(s)] is not displayed at such time on such date, such exchange rate as determined by the Calculation Agent in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) on the Valuation Date.]]*

*[insert if the Linked Stocks in the Stock Basket are traded in different currencies:*

If the Underlying Currency of the Worst Performing Stock as of the Valuation Date is RMB, the exchange rate between the Settlement Currency and RMB which is based on: [(i)] the mid-market rate [between the Settlement Currency and USD] as displayed on [Reuters] [Bloomberg] screen [insert screen page] at the Scheduled Closing Time on the Exchange on the Valuation Date, [and (ii) the mid-market rate between offshore RMB and USD as displayed on [Reuters] [Bloomberg] screen [insert screen page] at the Scheduled Closing Time on the Exchange on the Valuation Date,] or if the relevant page[(s)] or the relevant rate[(s)] is not displayed at such time on such date, such exchange rate as determined by the Calculation Agent in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) on the Valuation Date.

If the Underlying Currency of the Worst Performing Stock as of the Valuation Date is HKD, the exchange rate between the Settlement Currency and HKD which is based on: [(i)] the mid-market rate [between the Settlement Currency and USD] as displayed on [Reuters] [Bloomberg] screen [insert screen page] at the Scheduled Closing Time on the Exchange on the Valuation Date, [and (ii) the mid-market rate between HKD and USD as displayed on [Reuters] [Bloomberg] screen [insert screen page] at the Scheduled Closing Time on the Exchange on the Valuation Date,] or if the relevant page[(s)] or the relevant rate[(s)] is not displayed at such time on such date, such exchange rate as determined by the Calculation Agent in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) on the Valuation Date.

If the Underlying Currency of the Worst Performing Stock as of the Valuation Date is *[insert other currency]*, the exchange rate between the Settlement Currency and *[insert other currency]* which is based on: [(i)] the mid-market rate [between the Settlement Currency and USD] as displayed on [Reuters] [Bloomberg] screen *[insert screen page]* at the Scheduled Closing Time on the Exchange on the Valuation Date, [and (ii) the mid-market rate between *[insert other currency]* and USD as displayed on [Reuters] [Bloomberg] screen *[insert screen page]* at the Scheduled Closing Time on the Exchange on the Valuation Date,] or if the relevant page[(s)] or the relevant rate[(s)] is not displayed at such time on such date, such exchange rate as determined by the Calculation Agent in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) on the Valuation Date.]

*[insert if the Underlying Currency of all the Linked Stocks in the Stock Basket is the same as the Settlement Currency:*

Not applicable]

**Exchange:**

The Stock Exchange of Hong Kong Limited.

**Closing Price:**

In respect of a Linked Stock and a Scheduled Trading Day, the official closing price per share or unit (as the case may be) of the Linked Stock quoted by the Exchange as at the Valuation Time on that Scheduled Trading Day.

**Observation Period:**

[Each]/[The] period commencing from but excluding the relevant Period Start Date (see Table 1 below) to and including the relevant Period End Date (see Table 1 below) and in each case without any adjustment.

**Stock Basket<sup>#</sup>:**

A basket comprising the following Linked Stocks:

<b>Linked Stock</b>	<b>Stock code</b>	<b>Underlying Currency</b>	<b>Initial Price<sup>[*]</sup></b>	<b>Put Strike Price<sup>[*]</sup></b> (rounded up to the nearest 4 decimal places, with 0.00005 or above being rounded upwards)	<b>[Autocall Price<sup>[*]</sup>]</b> (rounded up to the nearest 4 decimal places, with 0.00005 or above being rounded upwards)	<b>[Knock-in Price<sup>[*]</sup>]</b> (rounded up to the nearest 4 decimal places, with 0.00005 or above being rounded upwards)
[Share]/[Unit] of [insert name of Listed Entity]	[insert stock code]	[HKD] [RMB] [insert other currency]	[[[insert the exact price], being] [the] [The] [Closing Price of the Linked Stock on the Trade Date] / [market spot price of the Linked Stock as agreed between the Issuer and you (through your distributor) at the time of your application on the Trade Date]	[[insert the exact price], being] [insert percentage]% of the Initial Price	[[insert the exact price], being] [insert percentage]% of the Initial Price	[[insert the exact price], being] [insert percentage]% of the Initial Price
[Share]/[Unit] of [insert name of Listed Entity]	[insert stock code]	[HKD] [RMB] [insert other currency]	[[[insert the exact price], being] [the] [The] [Closing Price of the Linked Stock on the Trade Date] / [market spot price of the Linked Stock as agreed between the Issuer and you (through your distributor) at the time of your application on the Trade Date]	[[insert the exact price], being] [insert percentage]% of the Initial Price	[[insert the exact price], being] [insert percentage]% of the Initial Price	[[insert the exact price], being] [insert percentage]% of the Initial Price

<sup>#</sup> Stock Basket comprises of a minimum of 2 to a maximum of 6 Linked Stocks.

**[AUTOCALL FEATURE]** *[delete this section where Autocall Feature is not applicable]*

**Autocall Feature:**

[Daily Autocall Feature]/[Periodic Autocall Feature] applies

The Autocall Feature is triggered if the Closing Price of the Worst Performing Stock on an Autocall Determination Date is at or above its Autocall Price.

If the Autocall Feature is triggered, the Basket ELI will be terminated on the Autocall Trigger Date and the Autocall Cash Amount together with any Potential Distribution Amount will be paid on the Autocall Settlement Date. We will have no further obligation in respect of the Basket ELI.

**Autocall Trigger Date:**

The Autocall Determination Date on which the Autocall Feature is triggered [*insert where Periodic Autocall Feature applies*; or (where the determination of the Closing Price of any Linked Stock for the relevant Autocall Determination Date has been postponed as a result of a Disrupted Day for such affected Linked Stock) is deemed to have been triggered in accordance with the definition of “Autocall Determination Date” below].

[*insert where Daily Autocall Feature applies*:

**Autocall Period:**

The period from and including [*specify date which is on or after the Issue Date*] [the Period End Date of the [*nth*] Observation Period] to but excluding the Valuation Date.]

**Autocall Determination Date:**

[*insert where Daily Autocall Feature applies*: Each Scheduled Trading Day (excluding any Disrupted Day for any Linked Stock) during the Autocall Period.]

[*insert where Periodic Autocall Feature applies*: Each Period End Date during the period from and including the Period End Date of the [*nth*] Observation Period to but excluding the Valuation Date (if any such day is not a Scheduled Trading Day, the following Scheduled Trading Day), provided that:

- (i) if any such day is a Disrupted Day for any Linked Stock, the determination of the Closing Price of such affected Linked Stock in respect of that Autocall Determination Date will be postponed as provided in the General Terms and Conditions for the purposes of determining if the Periodic Autocall Feature has been triggered in respect of that Autocall Determination Date; and
- (ii) if the Periodic Autocall Feature is triggered following a postponed determination of the Closing Price of any Linked Stock in respect of an Autocall Determination Date which is a Disrupted Day for such affected Linked Stock, the Periodic Autocall Feature shall be deemed to have been triggered on that original Autocall Determination Date which is a Disrupted Day for such affected Linked Stock.]

**Autocall Cash Amount:** In respect of each Nominal Unit, 100% of the Nominal Unit Value.

**Autocall Settlement Date:** *[insert number]* Business Days (in any case, no later than 3 Business Days) after the Autocall Trigger Date *[[insert where Periodic Autocall Feature applies:]* or where Periodic Autocall Feature is deemed to be triggered on an Autocall Determination Date which is a Disrupted Day for any Linked Stock for the purpose of determining the Closing Price of such affected Linked Stock, *[insert number]* Business Days (in any case, no later than 3 Business Days) after the day on which the Closing Price of such affected Linked Stock in respect of that Autocall Determination Date is determined.]]

## POTENTIAL DISTRIBUTION AMOUNT(S)

**Distribution Barrier Price<sup>†1</sup>:** In respect of each Linked Stock and each Observation Period, see Table 2 below, being a specified percentage of its Initial Price (rounded up to the nearest 4 decimal places, with 0.00005 or above being rounded upwards).

**Potential Distribution Amount:** In respect of an Observation Period and each Nominal Unit, an amount (if any) calculated in accordance with the following formula (rounded up to the nearest 2 decimal places, with 0.005 or above being rounded upwards):

Nominal Unit Value x Distribution Rate

**Distribution Rate:** In respect of each Observation Period,

*[insert where Fixed Distribution Rate applies:*

Fixed Distribution Rate – applicable to the *[1st]/[nth]* Observation Period *[to the [last]/[nth]* Observation Period (both inclusive)], being the Reference Rate. The Potential Distribution Amount for each Observation Period to which the Fixed Distribution Rate applies is only payable on the relevant Distribution Payment Date if the Closing Price of the Worst Performing Stock on the relevant Distribution Barrier Determination Date is at or above its Distribution Barrier Price.

Where:

**“Distribution Barrier Determination Date”** means, in respect of each Observation Period to which the Fixed Distribution Rate applies, the Period End Date of such Observation Period or, if such day is not a Scheduled Trading Day, the following Scheduled Trading Day, provided that if such date is a Disrupted Day for any Linked Stock, the determination of the relevant Closing Price of such affected Linked Stock will be subject to postponement as provided in the General Terms and Conditions.]

*[[insert where Daily Autocall Feature applies:]* Provided that if the Daily Autocall Feature is triggered during such Observation Period, the fixed Potential Distribution Amount for such Observation Period is payable regardless of the performance of the Linked Stocks in the Stock Basket and *[insert where the Potential Distribution Amount is not pro-rated:* will not be pro-rated, i.e. the fixed Potential Distribution Amount will be calculated from but excluding the relevant Period Start Date up to and including the relevant Period End Date in accordance with the following formula:

Nominal Unit Value x the Fixed Distribution Rate]

*[insert where the Potential Distribution Amount is calculated on a pro-rata basis:* will be calculated on a pro-rata basis from but excluding the relevant Period Start Date to and including the Autocall Trigger Date, in accordance with the following formula:

Nominal Unit Value x the Fixed Distribution Rate x  $\frac{n}{N}$

Where:

“**n**” means the number of Scheduled Trading Day(s) (regardless of whether any such day is a Disrupted Day for any Linked Stock) from but excluding the relevant Period Start Date to and including the Autocall Trigger Date; and

“**N**” means the number of Scheduled Trading Day(s) (regardless of whether any such day is a Disrupted Day for any Linked Stock) in the relevant Observation Period.]]

*[insert where Variable Distribution Rate applies:*

Variable Distribution Rate – applicable to the [1st]/[nth] Observation Period [to the [last]/[nth] Observation Period (both inclusive)], being a rate in percentage terms determined by the Calculation Agent in accordance with the following formula (rounded up to the nearest 4 decimal places, with 0.00005 or above being rounded upwards):

$$\text{Reference Rate} \times \frac{\text{Days In}}{\text{Total Days}}$$

Where:

“**Days In**” means the total number of Scheduled Trading Days (excluding any Disrupted Day for any Linked Stock) in the relevant Observation Period *[[insert where Autocall Feature applies:]* or where an Autocall Feature is triggered during the relevant Observation Period, in the period commencing from but excluding the relevant Period Start Date to and including the Autocall Trigger Date], on which the Closing Price of the Worst Performing Stock on such Scheduled Trading Day is at or above its Distribution Barrier Price; and

“**Total Days**” means the total number of Scheduled Trading Days (excluding any Disrupted Day for any Linked Stock) in the relevant Observation Period. *[[insert if Autocall Feature applies:]* If the Daily Autocall Feature applies and is triggered during such Observation Period, each Scheduled Trading Day from but excluding the Autocall Trigger Date to and including the relevant Period End Date for such Observation Period shall be deemed not to be a Disrupted Day for any Linked Stock.]

For the avoidance of doubt, no Potential Distribution Amount will be payable if the “Days In” is zero, irrespective of the number of “Total Days”.]



**Reference Rate:** *[insert percentage]%*

**Distribution Payment Dates:** *[insert number]* Business Days (in any case, no later than 3 Business Days) after a Period End Date provided that:

*[(i)] [insert where Fixed Distribution Rate applies: where Fixed Distribution Rate applies and the determination of the Closing Price of any Linked Stock on the relevant Distribution Barrier Determination Date is postponed as a result of a Disrupted Day for such affected Linked Stock, the Distribution Payment Date in relation to the relevant Observation Period shall be no later than 3 Business Days after the day on which such Closing Price of such affected Linked Stock in respect of the scheduled Distribution Barrier Determination Date is determined[; and]/[.]]*

*[(i)]/[(ii)] [insert when Autocall Feature applies: where Autocall Feature applies and is triggered or is deemed to have been triggered during an Observation Period, the Distribution Payment Date in relation to the relevant Observation Period shall be the Autocall Settlement Date[; and]/[.]]*

*[(i)]/[(ii)]/[(iii)] the Distribution Payment Date in relation to the last Observation Period shall be the Settlement Date [insert where Autocall Feature applies: (provided that no Autocall Feature has been triggered).]*

**[DAILY KNOCK-IN FEATURE]** *[delete this section where Daily Knock-in Feature is not applicable]*

**Daily Knock-in Feature:** Daily Knock-in Feature is triggered if the Closing Price of the Worst Performing Stock on any Knock-in Determination Date is below its Knock-in Price.

**Knock-in Determination Date:** Each Scheduled Trading Day during the Investment Period, provided that, (i) if any Knock-in Determination Date (except for the Valuation Date) is a Disrupted Day for any Linked Stock, such Linked Stock will be disregarded for the purposes of determining whether a Daily Knock-in Feature has been triggered on such Scheduled Trading Day; and (ii) the Knock-in Determination Date that is the Valuation Date shall be subject to postponement in the case of a Disrupted Day for any Linked Stock in accordance with the provisions set out in the definition of “Valuation Date”.]

## FINAL SETTLEMENT

### Settlement Date:

- (a) in the case of payment of the Cash Amount, *[insert number]* Business Days (in any case no later than 3 Business Days) after the Valuation Date; and
- (b) in the case of delivery of the Stock Amount, *[insert number]* Clearance System Business Days (in any case no later than 3 Clearance System Business Days) after the Valuation Date, provided that where a Settlement Disruption Event occurs, the Settlement Date will be determined in accordance with the General Terms and Conditions.

For the avoidance of doubt, no interest will be payable for any such postponement or if settlement occurs after the originally scheduled Settlement Date.

### Settlement on the Settlement Date:

*[insert where Autocall Feature applies: Provided that no Autocall Feature has been triggered,]* *[in]/[In]* respect of each Nominal Unit:

- (i) if: *[insert where the Daily Knock-in Feature is applicable:*
  - (a) the Daily Knock-in Feature has not been triggered; or
  - (b) the Daily Knock-in Feature has been triggered but] the Closing Price of the Worst Performing Stock on the Valuation Date is at or above its Put Strike Price, you will receive the Cash Amount together with any Potential Distribution Amount for the last Observation Period on the Settlement Date; or
- (ii) if *[insert where Daily Knock-in Feature is applicable: the Daily Knock-in Feature has been triggered and]* the Closing Price of the Worst Performing Stock on the Valuation Date is below its Put Strike Price, you will receive the Stock Amount together with any Potential Distribution Amount for the last Observation Period on the Settlement Date (subject to the payment of any Delivery Expenses).

Where,

**"Cash Amount"** in respect of each Nominal Unit means 100% of the Nominal Unit Value; and

**"Stock Amount"** in respect of each Nominal Unit means the number of the Worst Performing Stock as of the Valuation Date determined in accordance with the following formula (rounded up to the nearest 4 decimal places, with 0.00005 or above being rounded upwards):

$$\frac{\text{Nominal Unit Value (converted into the Underlying Currency of such Worst Performing Stock at the Exchange Rate if the Settlement Currency is not the Underlying Currency of such Worst Performing Stock)}}{\text{Put Strike Price of such Worst Performing Stock}}$$

Provided that only an integral number of such Worst Performing Stock will be delivered. If the Stock Amount deliverable on the Settlement Date comprises any Fractional Stock, the Fractional Stock will be settled in cash by reference to the Closing Price of such Worst Performing Stock on the Valuation Date (converted into the Settlement Currency at the Exchange Rate if the Settlement Currency is not the Underlying Currency of such Worst Performing Stock and rounded up to the nearest 2 decimal places, with 0.005 or above being rounded upwards) as provided in the General Terms and Conditions.

**Delivery Expenses:**

If the Stock Amount is deliverable, you will have to pay any Delivery Expenses (including the prevailing buyer's stamp duty (currently at the rate of [0.13]%), if applicable, subject to the prevailing laws and regulations (including the Stamp Duty Ordinance (Cap 117, Laws of Hong Kong)), calculated at the Put Strike Price of the Worst Performing Stock as of the Valuation Date, (if applicable, converted into HKD at the exchange rate as determined by the Hong Kong Monetary Authority and currently published on the website of Hong Kong Exchanges and Clearing Limited at [http://www.hkex.com.hk/eng/market/sec\\_tradinfo/stampfx/stampfx.asp](http://www.hkex.com.hk/eng/market/sec_tradinfo/stampfx/stampfx.asp) by 11:00 a.m. or earlier on the Valuation Date)).

**Additional Business  
Centre(s):**

*[insert any additional business centres]*

**Table 1**

<b>Observation Period</b>	<b>Fixed/Variable Distribution Rate applies</b>	<b>Period Start Date (exclusive)<sup>#</sup></b>	<b>Period End Date (inclusive)<sup>#+</sup></b>
[[number]]	[Fixed]/[Variable] Distribution Rate	[date]	[date]]
[[number]]	[Fixed]/[Variable] Distribution Rate	[date]	[date]]
[number]	[Fixed]/[Variable] Distribution Rate	[date]	Valuation Date

<sup>#</sup> If such date is not a Scheduled Trading Day, the following Scheduled Trading Day. For the avoidance of doubt, such date will not be subject to any postponement in case of a Disrupted Day for any Linked Stock.

<sup>+</sup> If there is only one Observation Period, the Period End Date will always be the Valuation Date.

**Table 2**

<b>Observation Period</b>	<b>Distribution Barrier Price<sup>[*]</sup> in respect of [Share]/[Unit] of [insert name of Listed Entity]</b>	<b>Distribution Barrier Price<sup>[*]</sup> in respect of [Share]/[Unit] of [insert name of Listed Entity]</b>
[[number]]	[[insert the exact price], being] [insert percentage]% of the Initial Price	[[insert the exact price], being] [insert percentage]% of the Initial Price]
[number]	[[insert the exact price], being] [insert percentage]% of the Initial Price	[[insert the exact price], being] [insert percentage]% of the Initial Price

[[Insert this section for indicative term sheet:]]

### **Post-sale cooling-off period**

[[insert where the Investment Period is 1 year or less:]] Post-sale cooling-off period is not applicable.]

[[insert where the Investment Period is more than 1 year:]] You may cancel or unwind your purchase order (as the case may be) (in whole but not in part) by giving an irrevocable written instruction to your distributor within 5 Business Days after you place your purchase order. You should ask your distributor for further details of its operating procedures for this cooling-off arrangements. Please refer to the paragraph headed “Is there a post-sale cooling-off period for our Basket ELIs?” on page 104 of the Product Booklet.]

### **Market making arrangements**

[[insert where the Investment Period is 6 months or less:]] Market making arrangement is not applicable.]

*[[insert where the Investment Period is more than 6 months:]]* On each Market Making Day, BOCHK (as the market agent) will make available (through your distributor) (i) indicative bid prices (on a per Nominal Unit basis) for our Basket ELIs during normal business hours; and (ii) a firm bid price to buy back your Nominal Unit(s) in our Basket ELIs (on a per Nominal Unit basis) upon your request, provided that your request for a firm bid price is submitted to your distributor between 11:00 am and 2:30 pm. The amount of such Basket ELIs you may sell back to us must be equal to, or be a multiple of, one Nominal Unit.

Market Making Day means every first, third and if applicable fifth Fridays of each month during the period from the Business Day immediately after the Issue Date up to the fifth Business Day immediately before the scheduled Valuation Date, or if any such day is not a day on which the Exchange opens, the next Business Day on which the Exchange opens.

Please refer to the paragraph headed “Is there any market making arrangement for our Basket ELIs before expiry?” on page 105 of the Product Booklet for further details about our market making arrangement.]

### **Cancellation of offer**

We reserve the right to cancel the offering of our Basket ELIs on or before the end of the Offer Period in our sole and absolute discretion. Upon such cancellation, we will notify your distributor who will in turn notify you of such cancellation. Please contact your distributor for further information on how and when your purchase monies will be refunded to you in such circumstances.

### **Information about the Linked Stocks/Listed Entities**

The Linked Stocks are listed on the Exchange and the issuers of the Linked Stocks (each a “**Listed Entity**”) are required by the Exchange to continuously disclose information that has a material impact on market activity in and the market price of the Linked Stocks. You can find information about the Listed Entities (including its published audited financial statements and interim financial statements) on the Exchange’s website at <http://www.hkexnews.hk>. You may obtain historical closing price information of the Linked Stocks on the website of the Exchange at <http://www.hkexnews.hk>.

Information included on any third party’s websites referred to in this indicative term sheet does not form part of the Offer Documents.

The offer of our Basket ELIs is made solely on the basis of the information contained in the Offer Documents. Accordingly, you should exercise an appropriate degree of caution when assessing the value of other sources of information relating to the Issuer, our Basket ELIs or a Listed Entity.

*[[Risk factor to be inserted for newly listed securities with a trading history of less than 60 Business Days and with a minimum market capitalisation of HKD10 billion as of the Trade Date:]]*

## Newly Listed Stock

The securities of *[insert name of newly listed stock]* *[and [insert name of newly listed stock]]* were listed on the Exchange on *[insert date]* *[and [insert date] [respectively]]*. Prior to the listing of the securities, there had been no public market for the securities and an active public market for the securities may not develop or be sustained in the future. You will not be able to analyse or compare the trading history of the securities, particularly in relation to either the volatility or liquidity which may have an impact on the gain or loss on your investment.

Although the securities are listed on the Exchange, there is no guarantee that a trading market for the securities will develop or, if a market does develop, the liquidity of that market. Also the price and trading volume of the securities may be highly volatile subject to the market sentiment, and may be more volatile than would generally be expected for a stock that has a longer trading history.]

*[[Risk factor to be inserted where a Linked Stock is an exchange traded fund:]*

## **Risk factors specific to Basket ELIs linked to a unit or share of an exchange traded fund (“ETF”)**

*[Each of] [insert name of the Linked Stock] [and [insert name(s) of the Linked Stock(s)]]* is a unit or share of an ETF. The manager and/or the trustee of an ETF are not involved in the offer of our Basket ELIs in any way and have no obligation to consider your interests in taking any action that might affect the market value of the units or share of an ETF and our Basket ELIs. Neither we nor our affiliates have the ability to control or predict the actions of the manager and/or the trustee of an ETF.

We have no role in managing the underlying assets of an ETF. The manager of a fund is responsible for making strategic, investment and other trading decisions with respect to the management of the fund assets, consistent with its investment objectives and/or investment restrictions as set out in its constitutive documents. The performance of the fund assets is significantly dependent upon the capabilities of the management team of the manager of the fund. The manner in which the fund assets are managed and the timing of such decisions will have a significant impact on the performance of the fund assets, and hence, on the performance of an ETF and the potential gain or loss of our Basket ELIs.

An ETF is exposed to the political, economic, currency and other risks related to the underlying asset pool or index that the relevant ETF is designed to track. There may also be disparity between the performance of an ETF and the performance of the underlying asset pool or index that the relevant ETF is designed to track as a result of, for example, failure of the tracking strategy, currency differences, fees and expenses. In addition, where the underlying asset pool or index that an ETF is designed to track is subject to restricted access, the efficiency in the unit creation or redemption to keep the price of the relevant ETF in line with its net asset value may be disrupted, causing the relevant ETF to trade at a premium or discount to its net asset value. Such risks may have a negative impact on the performance of the relevant ETF and may adversely affect the market value of and/or the potential gain or loss of our Basket ELIs.

*[[insert where the ETF adopts a synthetic replication investment strategy:] [Each of] [insert name of the Linked Stock] [and [insert name(s) of the Linked Stock(s)]]* adopts a synthetic replication investment strategy to achieve its investment objectives by investing in financial derivative instruments linked to the performance of an underlying asset pool or index that the relevant ETF is designed to track, you should also note that:

- (a) investments in financial derivative instruments will expose an ETF to the credit, potential contagion and concentration risks of the counterparties who issued such financial derivative instruments. As such counterparties are predominantly international financial institutions, the failure of one such counterparty may have a negative effect on other counterparties of the relevant ETF. Even if an ETF has collateral to reduce the counterparty risk, there may still be a risk that the market value of the collateral has fallen substantially when the relevant ETF seeks to realise the collateral; and
- (b) an ETF may be exposed to higher liquidity risk if the relevant ETF invests in financial derivative instruments which do not have an active secondary market. Such derivatives may have to be valued or sold at a much lower price than those with an active secondary market given a wider bid-offer spread in the price of the derivatives. This may have a negative impact on the performance of the ETF and may adversely affect the market value and/or the potential gain or loss of our Basket ELIs.]

Please read the offering document of the relevant ETF to understand its key features and risks.]

*[[Risk factor to be inserted where a Linked Stock is the unit or share of an exchange traded fund investing through the QFI regimes and/or China Connect]*

### **Risks relating to Basket ELIs linked to an exchange traded fund investing through the QFI regimes and/or China Connect (“China ETF”)**

[Each of] *[insert name of the Linked Stock]* [and *[insert name(s) of the Linked Stock(s)]*] is a unit or share of a China ETF issued and traded outside mainland China with direct investment in the mainland Chinese securities market through the Qualified Foreign Institutional Investor regime and RMB Qualified Foreign Institutional Investor regime (collectively, “**QFI regimes**”) and/or the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (collectively, “**China Connect**”).

You should note the additional risks below:

- (a) the novelty and untested nature of China Connect makes such China ETF investing through it riskier than traditional ETFs. The policy and rules for the QFI regimes and China Connect prescribed by the PRC central government are subject to change, and there may be uncertainty to their implementation. Such uncertainty and potential change of the laws and regulations for the QFI regimes and China Connect may adversely impact on the performance of such China ETF, and may also have potential retrospective effect. These changes may in turn adversely affect the market value and/or potential gain or loss of our Basket ELIs;



- (b) such China ETF primarily invests in securities traded in the mainland Chinese securities market and is subject to concentration risk. Investment in the mainland Chinese securities market (which are inherently stock markets with restricted access) involves certain risks and special considerations as compared with investment in more developed economies or markets, such as greater political, tax, economic, foreign exchange, liquidity and regulatory risks. The operation of such China ETF may also be affected by interventions by the applicable government(s) and regulators in the financial markets;
- (c) trading under the China Connect will be subject to a daily quota which is utilised on a first-come-first-serve basis under the China Connect. In the event that the daily quota under the China Connect is reached, the manager may need to suspend creation of further units or shares of such China ETF, and therefore may affect liquidity in unit or share trading of such China ETF. In such event, the trading price of a unit or share of such China ETF is likely to be at a significant premium to its net asset value, and may be highly volatile. The People's Bank of China and the State Administration of Foreign Exchange have published the detailed implementation rules removing the investment quota allocated to such China ETF under the QFI regimes with effect from 6 June 2020; and
- (d) there are risks and uncertainties associated with the current tax law in the PRC applicable to China ETFs investing in the mainland China through the QFI regimes and/or China Connect. Although such China ETFs may have made a tax provision in respect of potential tax liability, the provision may be excessive or inadequate. Any shortfall between the provisions and actual tax liabilities may be covered by the assets of such China ETF. This may adversely affect the net asset value of such China ETF and the market value and/or potential gain or loss of our Basket ELIs.

Although the units or shares of such China ETFs are listed on the Exchange, there is no guarantee that an active trading market for such units or shares will sustain or, if an active market does develop, liquidity of that market can be sustained. Also, the price and trading volume of the units or shares of such China ETFs may be highly volatile subject to the market sentiment, and may be more volatile than would generally be expected for ETFs with a longer trading history.

The above risks may have a significant adverse impact on the performance of the units or shares of a China ETF and the market value and/or potential gain or loss of our Basket ELIs.

Please read the offering documents of the relevant China ETF to understand its key features and risks.]

[[*Risk Factor to be inserted where a Linked Stock is a real estate investment trust:*]

### **Risk factors specific to Basket ELIs linked to a unit of a real estate investment trust ("REIT")**

[Each of] *[insert name of the Linked Stock]* [and *[insert name(s) of the Linked Stock(s)]*] is a unit in a fund which is a REIT. You should note that the investment objective of a REIT is to invest in a real estate portfolio. A REIT is exposed to risks relating to investments in real estate, including but not limited to (a) adverse changes in political or economic conditions; (b) changes in interest rates and the availability of debt or equity financing, which may result in an inability by the relevant REIT to maintain or improve the real estate portfolio and finance future acquisitions; (c) changes in environmental, zoning and other governmental rules; (d) changes in market rents; (e) any required repair and maintenance of the portfolio properties; (f) breach of any property laws or regulations; (g) the illiquidity of real estate investment; (h) real estate taxes; (i) any hidden interests in the portfolio properties; (j) any increase in insurance premiums; and (k) any uninsurable losses.

There may also be disparity between the market price of the units of a REIT and the net asset value per unit. This is because the market price of the units of a REIT also depends on many factors, including but not limited to (a) the market value and perceived prospects of the real estate portfolio; (b) changes in economic or market conditions; (c) changes in market valuations of similar companies; (d) changes in interest rates; (e) the perceived attractiveness of the units of the relevant REIT against those of other equity securities; (f) the future size and liquidity of the market for the units and the real estate investment trust market generally; (g) any future changes to the regulatory system, including the tax system; and (h) the ability of the relevant REIT to implement its investment and growth strategies and to retain its key personnel. Such risks may have a negative impact on the performance of the relevant Linked Stock and therefore the market value and/or the potential gain or loss of our Basket ELIs. In addition, increase in the market price of units of the relevant REIT or its real estate portfolio may not lead to an increase in the market value and/or the potential gain or loss of our Basket ELIs of the same magnitude or even any increase at all.

Please read the offering documents of the relevant REIT to understand its key features and risks.]

[[*Risk Factor to be inserted where a Linked Stock is trading through the multiple counters model:*]

**Risk factors specific to Basket ELIs linked to a Linked Stock traded through the multiple counters model**

[Each of] *[insert name of the Linked Stock]* [and *[insert name(s) of the Linked Stock(s)]*] consists of shares or units of a company or a fund which are traded in HKD and one or more foreign currencies (such as RMB and/or United States Dollars) (each, a “**Foreign Currency**”) separately through the multiple counters model of the Exchange. You need to consider the following additional risks in light of the novelty and relatively untested nature of the Exchange’s multiple counters model:

- (a) our Basket ELIs may relate to HKD-traded shares or units or Foreign Currency-traded shares or units only. If the relevant Linked Stock is shares or units traded in one currency counter, movements in the trading prices of shares or units traded in another currency counter should not directly affect the market value and/or the potential gain or loss of our Basket ELIs;
- (b) if there is a suspension of inter-counter transfer of such shares or units between different currency counters for any reason, such shares or units will only be able to be traded in the relevant currency counter on the Exchange, which may affect the demand and supply of such shares or units and have an adverse effect on the market value and/or the potential gain or loss of our Basket ELIs; and

- (c) the trading price on the Exchange of shares or units traded in one currency counter may deviate significantly from the trading price on the Exchange of shares or units traded in another currency counter due to different factors, such as market liquidity, RMB conversion risk (where applicable), supply and demand in each counter and exchange rate fluctuations. Changes in the trading price of the Linked Stock may adversely affect the market value and/or the potential gain or loss of our Basket ELIs.

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

*[[Risk Factor to be inserted where our Basket ELIs are denominated in RMB and/or linked to a Linked Stock that is traded in RMB:]]*

### **Risk factors specific to Basket ELIs denominated in RMB and/or Basket ELIs linked to RMB-traded Linked Stock**

Where our Basket ELIs are denominated in RMB or our Basket ELIs are linked to RMB-traded Linked Stock, you should note the following additional risks:

#### *(a) Offshore RMB exchange rate risks*

While both onshore RMB (i.e. RMB traded in mainland China) ("**onshore RMB**") and offshore RMB (i.e. RMB traded outside mainland China) ("**offshore RMB**") are the same currency, they are traded in different and separate markets operating under different regulations and independent liquidity pool. Onshore RMB and offshore RMB are currently traded in different markets with different exchange rates, whereby their exchange rate movements may not be in the same direction or magnitude. The offshore RMB exchange rate may deviate significantly from the onshore RMB exchange rate. In the case where: (i) the Underlying Currency of the Worst Performing Stock as of the Valuation Date is traded in a currency other than RMB but our Basket ELIs are denominated in RMB, or (ii) the Underlying Currency of the Worst Performing Stock as of the Valuation Date is traded in RMB but our Basket ELIs are denominated in a currency other than RMB, changes in the offshore RMB exchange rate may adversely affect the market value of our Basket ELIs and the market value of the Stock Amount deliverable to you (and the value of such Stock Amount in its Underlying Currency) in the case of physical settlement.

Where the Underlying Currency of the Worst Performing Stock as of the Valuation Date is traded in a currency other than RMB but our Basket ELIs are denominated in RMB, in case of physical delivery of such Worst Performing Stock, if the value of RMB against such other currency on the Valuation Date is lower than that as at the Trade Date (i.e. RMB depreciates against such other currency), you will receive a fewer number of such Worst Performing Stock because a lesser amount of such other currency can be converted from the nominal value in RMB to calculate the number of such Worst Performing Stocks at its Put Strike Price.

Where the Underlying Currency of the Worst Performing Stock as of the Valuation Date is traded in RMB but our Basket ELLs are denominated in a currency other than RMB, in case of physical delivery of such Worst Performing Stock, if the value of RMB against such other currency on the Valuation Date is higher than that as at the Trade Date (i.e. RMB appreciates against such other currency), you will receive a fewer number of such Worst Performing Stock because a lesser amount of RMB can be converted from the nominal value in such currency other than RMB to calculate the number of such Worst Performing Stocks at its Put Strike Price.

The exchange rate of offshore RMB will be affected by, amongst other things, the PRC central government's foreign exchange control. Non RMB-based investors may have to convert their home currency into RMB when investing in RMB-denominated Basket ELLs. Such investors may also have to convert payments made on such Basket ELLs (or proceeds from selling the RMB-traded Linked Stocks delivered to such investors under our Basket ELLs) back to their home currency. During these processes, such investors will incur currency conversion costs and be exposed to risk of fluctuation in the exchange rate of offshore RMB against their home currency.

Please note that like other foreign currencies, the exchange rate of offshore RMB may rise or fall. There is no guarantee that RMB will not depreciate. Our Basket ELLs denominated in RMB shall not be used as an investment for speculating in the appreciation of RMB.

- (b) *Limited pool of RMB outside mainland China may adversely affect the liquidity and market value of our Basket ELLs*

RMB is subject to foreign exchange control and restrictions by the PRC central government.

There is currently a limited pool of RMB outside mainland China. Should the PRC central government tighten its foreign exchange control over the cross border movements between onshore RMB and offshore RMB, the liquidity in RMB is likely to be adversely affected. Such limitation on liquidity in RMB may increase our unwind cost on any hedging arrangements relating to our Basket ELLs denominated in RMB or our Basket ELLs linked to RMB-traded Linked Stocks which may in turn adversely affect the market value and/or the potential gain or loss of such Basket ELLs.

- (c) *Settlement risks for RMB Disruption Event*

In the case where the Calculation Agent determines, in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner), that an RMB Disruption Event (for example, if an event occurs which makes it impossible for us to convert any amount due and payable in RMB under our Basket ELLs in the RMB exchange market in Hong Kong) has occurred on any date on which any amount payable in RMB under our Basket ELLs are scheduled to be paid, such payment will be postponed to the second Business Day after the date on which the RMB Disruption Event ceases to exist, unless the RMB Disruption Event continues to exist for twelve consecutive Business Days from the original scheduled payment date. In such case, we (as the Issuer) will make payment of the HKD Equivalent Amount no later than the second Business Day after that twelfth Business Day. Any such payment made by us (as the Issuer) shall be in full and final settlement of our obligations to pay the relevant amount payable in RMB on the affected payment date in respect of our Basket ELLs.

The occurrence of an RMB Disruption Event could delay a payment to you under our Basket ELIs. We will not pay any extra amount (such as interest) for any delay in making such payment. In addition, if such payment is made in the HKD Equivalent Amount, you will also be exposed to the risk of fluctuation in the offshore RMB exchange rate against HKD. If offshore RMB depreciates significantly against HKD following the occurrence of an RMB Disruption Event, you will suffer a loss in HKD terms as the HKD Equivalent Amount paid to you will be substantially less than the value of the relevant amount payable in RMB on the original payment date in HKD terms (calculated based on the offshore RMB exchange rate against HKD prior to the occurrence of the RMB Disruption Event).

(d) *RMB interest rate risk*

The interest rate for offshore RMB may be different from the interest rate for onshore RMB. The interest rate for offshore RMB and the interest rate for onshore RMB are currently traded in different markets with different rates, whereby their movements may not be in the same direction or magnitude. The interest rate for offshore RMB may deviate significantly from the interest rate for onshore RMB. Interest rates for onshore RMB are controlled by the PRC central government. Any liberalisation of the interest rate for onshore RMB may occur and may affect the interest rate for offshore RMB. The market value and/or the potential gain or loss of our Basket ELIs denominated in RMB and Basket ELIs linked to RMB-traded Linked Stock may be adversely affected by the fluctuations in the interest rate for offshore RMB.]

**[Updated information]**

[The [[insert number][st/nd/rd/th] paragraph under the] [sub-]section headed [insert heading] on page[s] [insert number] [to [insert number]] of the [insert name of document] shall be [deleted/amended/supplemented as follows/ replaced by the following:]/[deleted/replaced, the details of which are set out in an addendum dated [insert date]] [The following shall be inserted after the [insert number][st/nd/rd/th] paragraph under the] [sub-]section headed [insert heading] on page [insert number] [to [insert number]] of the [Information Memorandum]/[Financial Disclosure Document]/[Product Booklet]:]

[insert details of changes]

**[No] [M][m]aterial adverse change**

[Save as disclosed in [page [insert number] of] the [Information Memorandum] [Financial Disclosure Document] [addendum to the [Information Memorandum]/[Financial Disclosure Document]] [and] this indicative term sheet[, ] [There/there] has been no material adverse change in the financial, business or trading position of the Issuer since the date of our financial statements for the period ended [insert date] that is material in the context of the offer of our Basket ELIs.

**[No] [M][m]aterial litigation**

[Save as disclosed in [page *[insert number]* of] the [Information Memorandum] [Financial Disclosure Document] [addendum to the [Information Memorandum]/[Financial Disclosure Document]] [and] this indicative term sheet[,], [The/the] Issuer is not involved in any litigation, claims or arbitration proceedings against or affecting the Issuer, nor is the Issuer aware of any claims pending or, to its knowledge, threatened against the Issuer, which are material in the context of the offer of our Basket ELIs.

This indicative term sheet has been prepared by the Issuer for information purposes only. This document is an indicative summary of the terms and conditions of our Basket ELIs described herein. The final terms and conditions of our Basket ELIs are set out in Appendix 1 to the Product Booklet (as amended, varied or supplemented by the Term Sheet attached to or endorsed upon the relevant Global Certificate), we will deliver to you a notification letter setting out the trade specific terms of our Basket ELIs no later than the second Business Day after the Trade Date.

The Issuer is acting solely as principal and not as advisor or fiduciary. The Issuer does not provide, and has not provided, any investment advice or recommendation to you in relation to the transaction and/or any related securities described herein. You may not rely on any communication (written or oral) from the Issuer as investment advice or as a recommendation to enter into any transaction. Accordingly the Issuer is under no obligation to, and shall not, determine the suitability for you of the transaction described herein.

The information contained in the Information Memorandum, Financial Disclosure Documents and the Product Booklet (taken together with, and as updated by, any relevant addendum and this indicative term sheet) is accurate as at the date of this indicative term sheet.]

**[ANNEX  
INFORMATION SUPPLEMENTAL TO THE  
[INFORMATION MEMORANDUM]/[PRODUCT BOOKLET]/  
[FINANCIAL DISCLOSURE DOCUMENT]**

We have published *[insert name of document]* on *[insert date]*. Selected relevant parts of the *[insert name of document]* are set out below. The selected relevant parts of the *[insert name of document]* supplement certain information contained in the [Information Memorandum]/[Product Booklet]/[Financial Disclosure Document].

*[insert details]*



### APPENDIX 3 – ILLUSTRATION OF POTENTIAL GAIN OR LOSS OF OUR BASKET ELIs

*You should note that the following example is purely hypothetical for illustrative purposes only and is by no means an indication of past or future gain or loss and the actual performance of the Linked Stocks or our Basket ELIs. In addition, it does not take into account any expenses relating to the nominal units in a series of our Basket ELIs held by you, including without limitation: (i) handling fees or other charges which may be levied by a distributor and/or (ii) Delivery Expenses in connection with the delivery of the Worst Performing Stock as of the Valuation Date, which would adversely affect your potential gain or loss in our Basket ELIs.*

This scenario analysis is based on the following terms:

<b>Nominal Unit Value:</b>	HKD10,000 per Nominal Unit (for all scenarios)/USD10,000 for scenario 3(1)(ii) and 3(2)(iii)/RMB10,000 for scenario 4.
<b>Purchase Price:</b>	100.00% of the Nominal Unit Value.
<b>Basket:</b>	Stock A and Stock B.
<b>Trade Date:</b>	12 August 20XX.
<b>Issue Date:</b>	26 August 20XX (10 Business Days after Trade Date).
<b>Investment Period:</b>	107 days (being the number of days from the Trade Date to the scheduled Valuation Date (both days inclusive)).
<b>Autocall Cash Amount:</b>	100% of the Nominal Unit Value.
<b>Valuation Date:</b>	26 November 20XX (3 months after the Issue Date).
<b>Settlement Date:</b>	29 November 20XX (3 Business Days or Clearance System Business Days after the Valuation Date).
<b>Cash Amount:</b>	100% of the Nominal Unit Value, i.e. HKD10,000 per Nominal Unit (for all scenarios)/USD10,000 for scenario 3(1)(ii) and 3(2)(iii)/RMB10,000 for scenario 4.

<b>Settlement Currency:</b>	Hong Kong dollars (“HKD”) (for all scenarios)/USD (“USD”) for scenarios 3(1)(ii) and 3(2)(iii)/Renminbi (“RMB”) for scenario 4.
<b>Exchange Rate:</b>	7.8 (where the Settlement Currency is USD)/1.25 (where the Settlement Currency is RMB).

Linked Stock	Initial Price (Closing Price of the Linked Stock on the Trade Date)	Put Strike Price (95% of the Initial Price)	Knock-in Price (75% of the Initial Price)	Autocall Price (105% of the Initial Price)
Stock A (A Company Shares)	HKD110.0000	HKD104.5000	HKD82.5000	HKD115.5000
Stock B (B Company Shares)	HKD84.0000	HKD79.8000	HKD63.0000	HKD88.2000

Observation Period	Period Start Date (exclusive)	Period End Date (inclusive)	Total Days	Distribution Barrier Price (% of the Initial Price)	Distribution Rate
1	26 August 20XX	26 September 20XX	18	5% (i.e. Stock A: HKD5.50; Stock B: HKD4.20)	2% <sup>1</sup> (Fixed)
2	26 September 20XX	26 October 20XX	21	85% (i.e. Stock A: HKD93.50; Stock B: HKD71.40)	X% <sup>2</sup> (Variable)
3	26 October 20XX	26 November 20XX	21	85% (i.e. Stock A: HKD93.50; Stock B: HKD71.40)	X% <sup>2</sup> (Variable)

Note 1 The Potential Distribution Amount for this Observation Period is only payable on the relevant Distribution Payment Date if the Closing Price of the Worst Performing Stock on the Period End Date of this Observation Period (subject to adjustment in the case of a Disrupted Day for any Linked Stock for the purpose of determining the relevant Closing Price for such Linked Stock) is at or above its Distribution Barrier Price.

Note 2  $X = \text{Reference Rate} \times \frac{\text{Days In}}{\text{Total Days}}$

Where: “Reference Rate” means 2%.

### How do we determine the Worst Performing Stock on a particular Scheduled Trading Day?

The Linked Stock in the Stock Basket with the lowest Performance on a particular Scheduled Trading Day will be the Worst Performing Stock on such Scheduled Trading Day. We will use the following formula to determine the Performance for each Linked Stock on a Scheduled Trading Day:

$$\text{Performance of a Linked Stock} = \frac{\text{Closing Price of the Linked Stock on a Scheduled Trading Day}}{\text{Initial Price of the Linked Stock}} \times 100\%$$

Using the methodology as stated above, the following calculations illustrate how to determine the Worst Performing Stock on a particular day (e.g. the first Period End Date).

Assuming that on the first Period End Date, the Closing Price of Stock A is HKD120.0000 and that of Stock B is HKD80.0000. Hence, the Performance of each Linked Stock in the Stock Basket on the first Period End Date is calculated as follows:

$$\text{– Performance of Stock A: } \frac{\text{HKD120.0000}}{\text{HKD110.0000}} \times 100\% = 109.0909\%$$

$$\text{– Performance of Stock B: } \frac{\text{HKD80.0000}}{\text{HKD84.0000}} \times 100\% = 95.2381\%$$

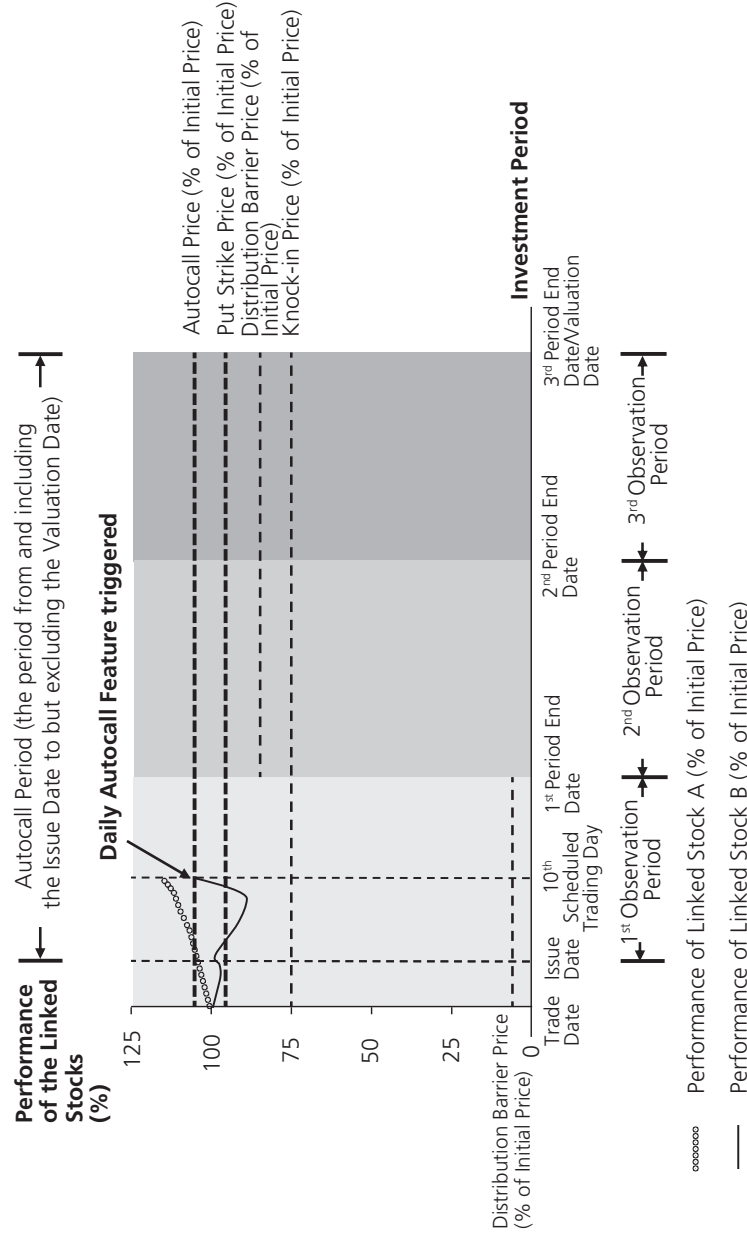
As Stock B has the lowest Performance, it will be the Worst Performing Stock on the first Period End Date.

The Worst Performing Stock for each of the relevant Scheduled Trading Day will be determined by the same methodology as stated above.

**Scenario 1 – Where the Daily Autocall Feature is triggered during an Observation Period for which a Fixed Distribution Rate is applicable**

Assuming that:

- (i) the Daily Autocall Feature applies and the Autocall Determination Date is set as each Scheduled Trading Day during the Autocall Period (being the period from and including the Issue Date to but excluding the Valuation Date); and
- (ii) the Closing Price of the Worst Performing Stock (i.e. Stock B, as illustrated by the diagram) on the 10th Scheduled Trading Day in the 1st Observation Period is at its Autocall Price.



**(1) Where the fixed Potential Distribution Amount is calculated on a non pro-rata basis**

Observation Period	Has the Autocall Feature been triggered?	Potential Distribution Amount (rounded up to the nearest 2 decimal places, with 0.005 or above being rounded upwards)	Autocall Cash Amount payable on the Autocall Settlement Date
1st Observation Period	Yes, as the Closing Price of the Worst Performing Stock on the 10th Scheduled Trading Day is at its Autocall Price.	= HKD10,000 x 2% = HKD200 payable on the Autocall Settlement Date	HKD10,000

The Daily Autocall Feature is triggered on the 10th Scheduled Trading Day in the 1st Observation Period and our Basket ELLs will be early terminated. The relevant Potential Distribution Amount for the 1st Observation Period will be calculated from but excluding the relevant Period Start Date to and including the relevant Period End Date.

In the above scenario analysis, if you make an investment of HKD10,000 (being the Purchase Price), you will receive in total HKD10,200 (i.e. HKD200 + HKD10,000) (being the total Potential Distribution Amount for the 1st Observation Period and the Autocall Cash Amount).

**(2) Where the fixed Potential Distribution Amount is calculated on a pro-rata basis**

Observation Period	Has the Autocall Feature been triggered?	Scheduled Trading Days from but excluding the relevant Period Start Date to and including the Autocall Trigger Date	Total Scheduled Trading Days from but excluding the relevant Period Start Date to and including the relevant Period End Date	Potential Distribution Amount (rounded up to the nearest 2 decimal places, with 0.005 or above being rounded upwards)	Autocall Cash Amount payable on the Autocall Settlement Date
1st Observation Period	Yes, as the Closing Price of the Worst Performing Stock on the 10th Scheduled Trading Day is at its Autocall Price.	10	18	$= \text{HKD}10,000 \times 2\% \times 10/18$ $= \text{HKD}111.11 \text{ payable on the Autocall Settlement Date}$	HKD10,000

The Daily Autocall Feature is triggered on the 10th Scheduled Trading Day in the 1st Observation Period and our Basket ELIs will be early terminated. The relevant Potential Distribution Amount for the 1st Observation Period will be calculated from but excluding the relevant Period Start Date to and including the Autocall Trigger Date on which the Daily Autocall Feature is triggered.

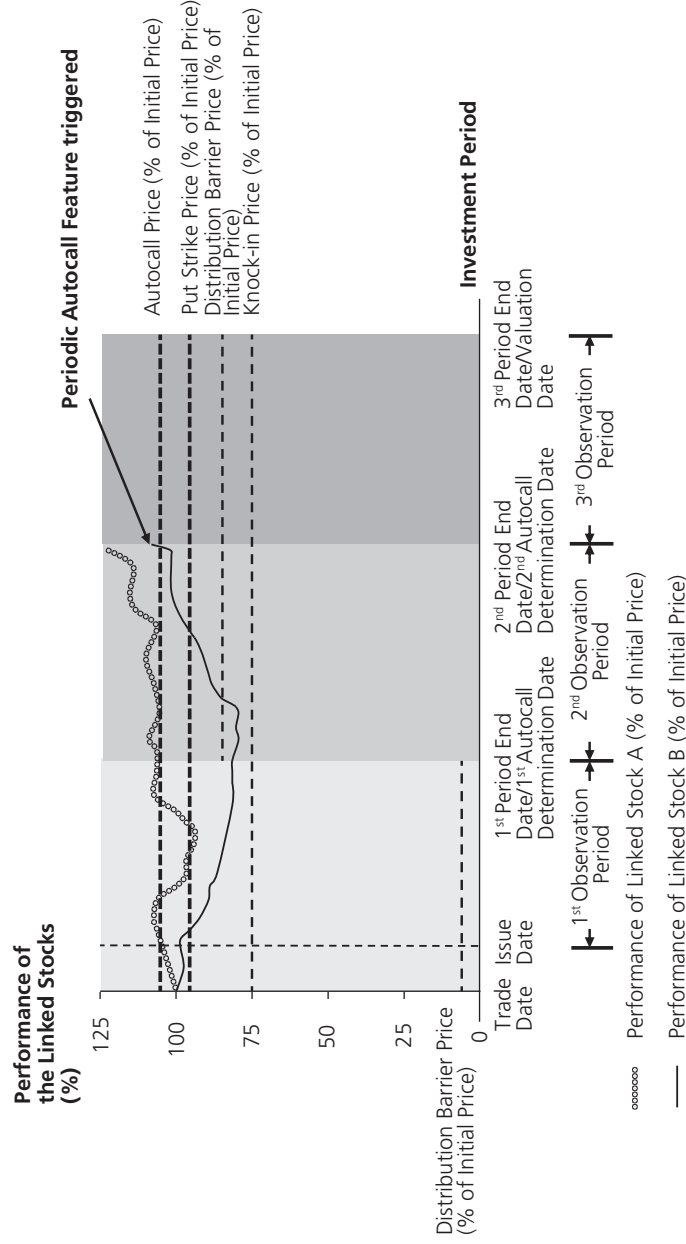
In the above scenario analysis, if you make an investment of HKD10,000 (being the Purchase Price), you will receive in total HKD10,111.11 (i.e. HKD111.11 + HKD10,000) (being the total Potential Distribution Amount for the 1st Observation Period and the Autocall Cash Amount).

**Scenario 2 – Where the Daily Autocall Feature or the Periodic Autocall Feature is triggered during an Observation Period for which a Variable Distribution Rate is applicable**

**(1) Where the Periodic Autocall Feature applies**

Assuming that:

- (i) the Periodic Autocall Feature applies and the Autocall Determination Date is set as each Period End Date other than the Valuation Date; and
- (ii) the Closing Price of the Worst Performing Stock (i.e. Stock B, as illustrated by the diagram) on the 2nd Autocall Determination Date is above its Autocall Price.





The Periodic Autocall Feature is triggered and our Basket ELIs will be early terminated.

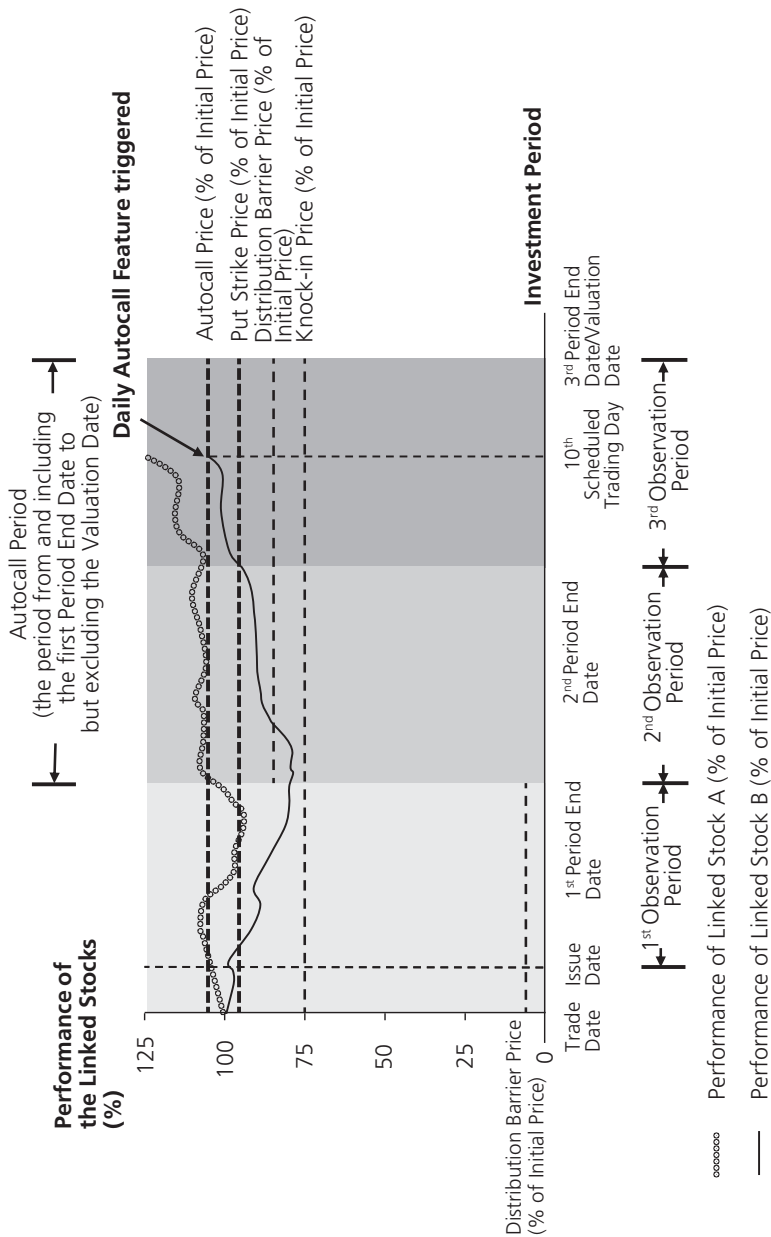
<b>Observation Period</b>	<b>Has the Autocall Feature been triggered?</b>	<b>Days In</b>	<b>Total Days</b>	<b>Is the Closing Price of the Worst Performing Stock on the Period End Date <math>\geq</math> its Distribution Barrier Price?</b>	<b>Potential Distribution Amount (rounded up to the nearest 2 decimal places, with 0.005 or above being rounded upwards)</b>	<b>Autocall Cash Amount payable on the Autocall Settlement Date</b>
1st Observation Period	No	Not applicable	Not applicable	Yes	= HKD10,000 x 2% = HKD200 payable on the 1st Distribution Payment Date	Not applicable
2nd Observation Period	Yes, as the Closing Price of the Worst Performing Stock on the 2nd Autocall Determination Date is above its Autocall Price.	15	21	Not applicable	= HKD10,000 x (2% x 15/21) = HKD142.86 payable on the Autocall Settlement Date	HKD10,000

In the above scenario analysis, if you make an investment of HKD10,000 (being the Purchase Price), you will receive in total HKD10,342.86 (i.e. HKD200 + HKD142.86 + HKD10,000) (being the total Potential Distribution Amounts for the 1st and 2nd Observation Periods and the Autocall Cash Amount).

## (2) Where the Daily Autocall Feature applies

Assuming that:

- (i) the Daily Autocall Feature applies and the Autocall Determination Date is set as each Scheduled Trading Day during the Autocall Period (being the period from and including the Period End Date of the 1st Observation Period to but excluding the Valuation Date); and
- (ii) the Closing Price of the Worst Performing Stock (i.e. Stock B, as illustrated by the diagram) on the 10th Scheduled Trading Day in the 3rd Observation Period is at its Autocall Price.



The Daily Autocall Feature is triggered on the 10th Scheduled Trading Day in the 3rd Observation Period and our Basket ELLs will be early terminated.

Observation Period	Has the Autocall Feature been triggered?	Days In	Total Days	Is the Closing Price of the Worst Performing Stock on the Period End Date $\geq$ its Distribution Barrier Price?	Potential Distribution Amount (rounded up to the nearest 2 decimal places, with 0.005 or above being rounded upwards)	Autocall Cash Amount payable on the Autocall Settlement Date
1st Observation Period	No	Not applicable	Not applicable	Yes	= HKD10,000 x 2% = HKD200 payable on the 1st Distribution Payment Date	Not applicable
2nd Observation Period	No	15	21	Not applicable	= HKD10,000 x (2% x 15/21) = HKD142.86 payable on the 2nd Distribution Payment Date	Not applicable
3rd Observation Period	Yes as the Closing Price of the Worst Performing Stock on the 10th Scheduled Trading Day is at its Autocall Price.	10*	21	Not applicable	= HKD10,000 x (2% x 10/21) = HKD95.24 payable on the Autocall Settlement Date	HKD10,000

In the above scenario analysis, if you make an investment of HKD10,000 (being the Purchase Price), you will receive in total HKD10,438.10 (i.e. HKD200 + HKD142.86 + HKD95.24 + HKD10,000) (being the total Potential Distribution Amounts for the 1st, 2nd and 3rd Observation Periods and the Autocall Cash Amount).

\* In the above scenario analysis, the Daily Autocall Feature is triggered and our Basket ELLs will be early terminated and the relevant Potential Distribution Amount for the 3rd Observation Period will be calculated up to (and including) the Autocall Trigger Date on which the Autocall Feature is triggered, notwithstanding that the Total Days will remain unchanged.

### Scenario 3 – Where the Periodic Autocall Feature is not triggered

#### (1) Where the Daily Knock-in Feature does not apply

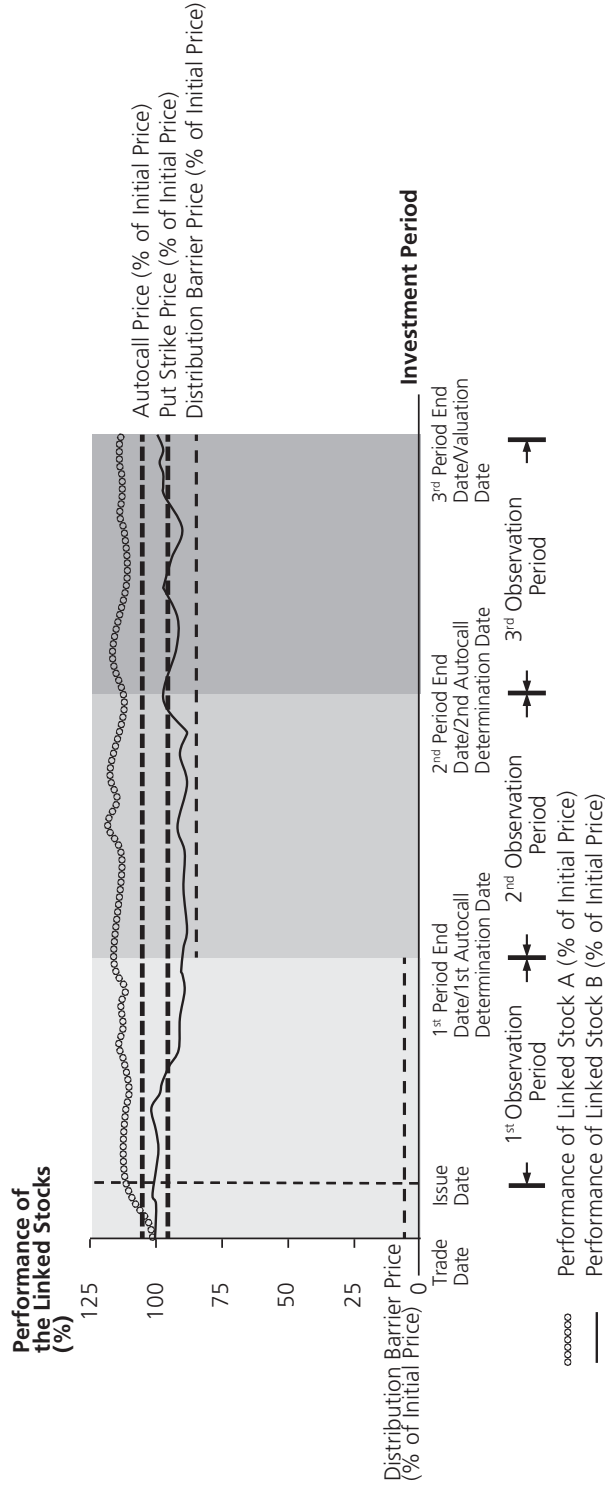
Assuming that:

- (i) the Periodic Autocall Feature applies and the Autocall Determination Date is set as each Period End Date other than the Valuation Date; and
- (ii) no Periodic Autocall Feature has been triggered as the Closing Price of the Worst Performing Stock (i.e. Stock B, as illustrated by the diagram) on each Autocall Determination Date is below its Autocall Price.

The settlement at expiry in respect of each Nominal Unit will be calculated as follows:

Scenarios	Is the Closing Price of the Worst Performing Stock on the Valuation Date at or above its Put Strike Price?	Settlement on the Settlement Date
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- (i) Best case scenario (i.e. you receive the maximum Potential Distribution Amount for all Observation Periods (being HKD600\*) and the Cash Amount at expiry as the Closing Price of the Worst Performing Stock as of the Valuation Date is above its Put Strike Price): Closing Price of the Worst Performing Stock as of the Valuation Date = HKD82



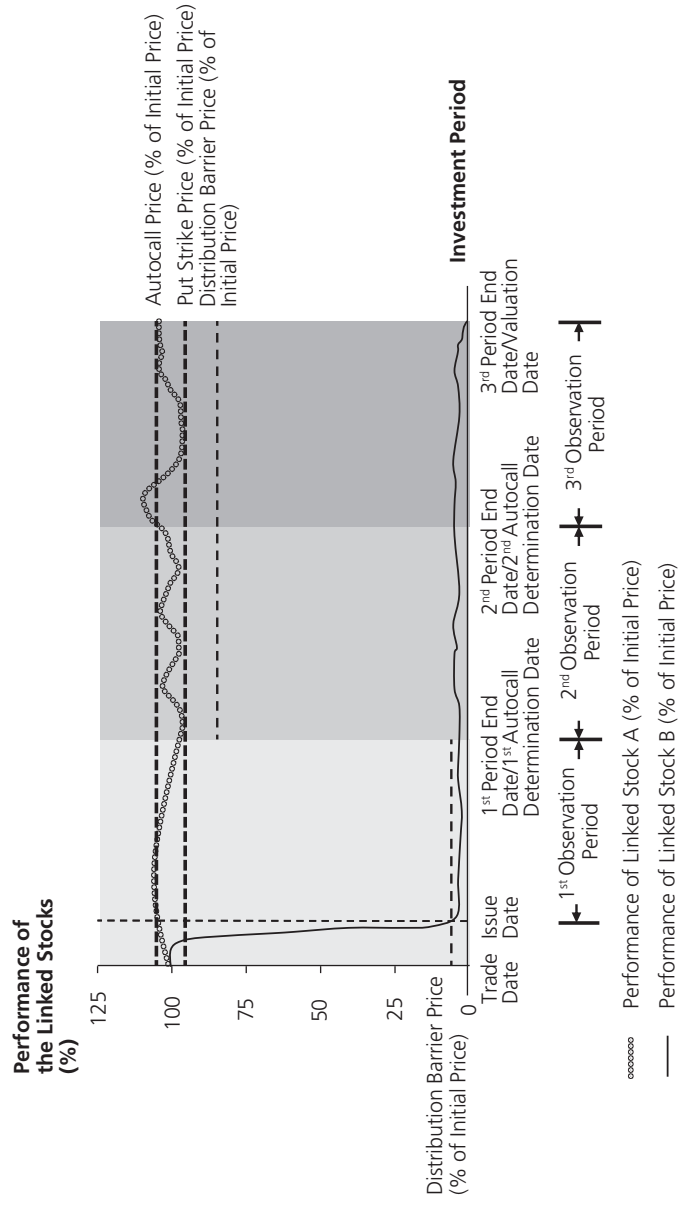
In the above scenario analysis, if you make an investment of HKD10,000 (being the Purchase Price), you will receive in total HKD10,600 (i.e. HKD200 + HKD200 + HKD200 + HKD10,000) (being the total Potential Distribution Amounts for the 1st, 2nd and 3rd Observation Periods and the Cash Amount).

\* The Potential Distribution Amount for each Observation Period in respect of each Nominal Unit is calculated as follows:

Observation Period	Days In	Total Days	Potential Distribution Amount (rounded up to the nearest 2 decimal places, with 0.005 or above being rounded upwards)
1st Observation Period	Not applicable	Not applicable	<p>= HKD10,000 x 2%</p> <p>= HKD200 payable on the 1st Distribution Payment Date</p> <p>You receive the Potential Distribution Amount for the 1st Observation Period as the Closing Price of the Worst Performing Stock on the Period End Date for 1st Observation Period is above its Distribution Barrier Price.</p>
2nd Observation Period	21	21	<p>= HKD10,000 x (2% x 21/21)</p> <p>= HKD200 payable on the 2nd Distribution Payment Date</p> <p>You receive the maximum Potential Distribution Amount for the 2nd Observation Period as the Closing Price of the Worst Performing Stock on each Scheduled Trading Day during the 2nd Observation Period is above its Distribution Barrier Price.</p>
3rd Observation Period	21	21	<p>= HKD10,000 x (2% x 21/21)</p> <p>= HKD200 payable on the Settlement Date</p> <p>You receive the maximum Potential Distribution Amount for the 3rd Observation Period as the Closing Price of the Worst Performing Stock on each Scheduled Trading Day during the 3rd Observation Period is above its Distribution Barrier Price.</p>

Scenarios	Is the Closing Price of the Worst Performing Stock on the Valuation Date at or above its Put Strike Price?	Settlement on the Settlement Date
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<p>(ii) Worst case scenario (i.e. you will not receive any Potential Distribution Amount for any Observation Period as the Closing Price of the Worst Performing Stock on the Period End Date of the 1st Observation Period (i.e. the Distribution Barrier Determination Date) and each Scheduled Trading Day during the 2nd and 3rd Observation Periods is below its Distribution Barrier Price and you will receive the Stock Amount at expiry as the Closing Price of the Worst Performing Stock as of the Valuation Date is below its Put Strike Price): Closing Price of the Worst Performing Stock as of the Valuation Date = HKD0</p>	No	<p><b>If the Settlement Currency is HKD:</b> 125 B Company Shares<sup>1</sup> + cash payment of Fractional Stock of HKD0<sup>1</sup></p> <p>If you make an investment of HKD10,000 (being the Purchase Price), you will suffer an unrealized loss of HKD10,000 (being HKD10,000 (i.e. the Purchase Price) – HKD0<sup>2</sup> (i.e. the market value of the Stock Amount, calculated based on the Closing Price of the Worst Performing Stock as of the Valuation Date and the cash payment of Fractional Stock))</p> <p><b>If the Settlement Currency is USD:</b> 977 B Company Shares<sup>3</sup> + cash payment of Fractional Stock of USD0<sup>3</sup></p> <p>If you make an investment of USD10,000 (being the Purchase Price), you will suffer an unrealized loss of USD10,000 (being USD10,000 (i.e. the Purchase Price) – USD0<sup>4</sup> (i.e. the market value of the Stock Amount, calculated based on the Closing Price of the Worst Performing Stock as of the Valuation Date and the cash payment of Fractional Stock))</p> <p><b>Please note that you will suffer a total loss in your investment in this scenario.</b></p> <p>The accompanying notes are specified on pages 186-187 of this Product Booklet.</p>
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**(2) Where the Daily Knock-in Feature applies**

Assuming that:

- (i) the Periodic Autocall Feature applies and the Autocall Determination Date is set as each Period End Date other than the Valuation Date; and
- (ii) no Autocall Feature has been triggered as the Closing Price of the Worst Performing Stock on each Autocall Determination Date is below its Autocall Price.

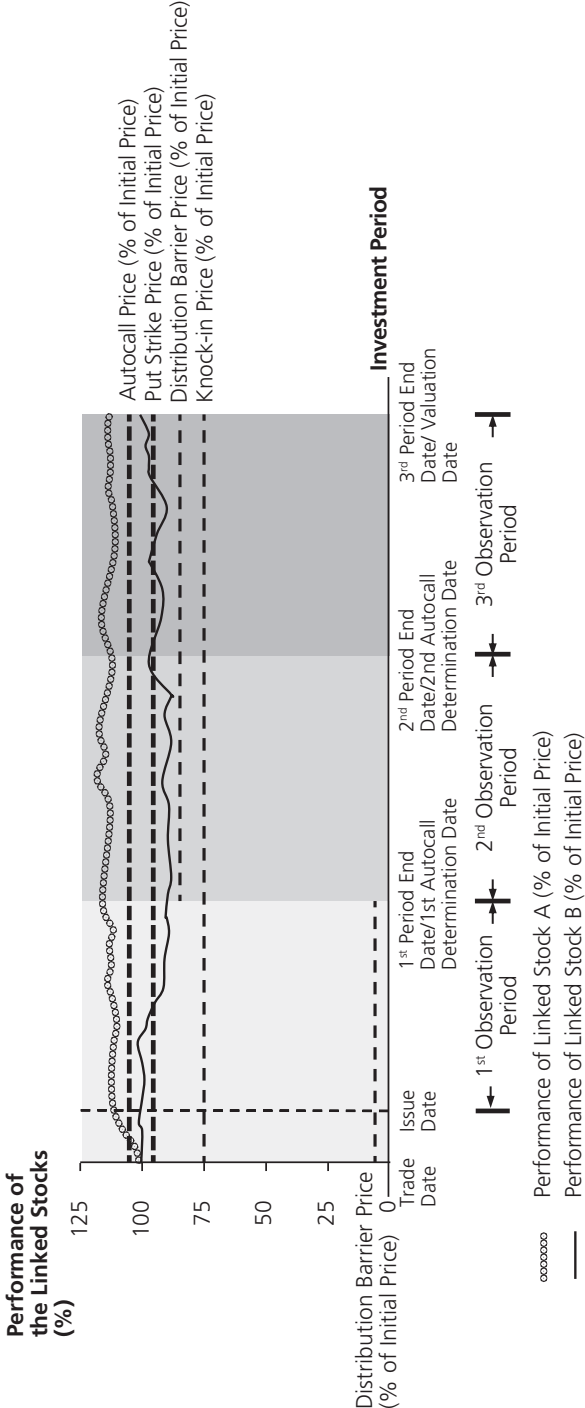
The settlement at expiry in respect of each Nominal Unit will be calculated as follows:

Scenarios	Has the Daily Knock-in Feature been triggered?	Is the Closing Price of the Worst Performing Stock on the Valuation Date at or above its Put Strike Price?	Settlement on the Settlement Date
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- (i) Best case scenario I (i.e. you receive the maximum Potential Distribution Amount for all Observation Periods (being HKD600\*) and the Cash Amount at expiry as the Daily Knock-in Feature has not been triggered): Closing Price of the Worst Performing Stock as of the Valuation Date = HKD80

Not relevant as the Daily Knock-in Feature has not been triggered

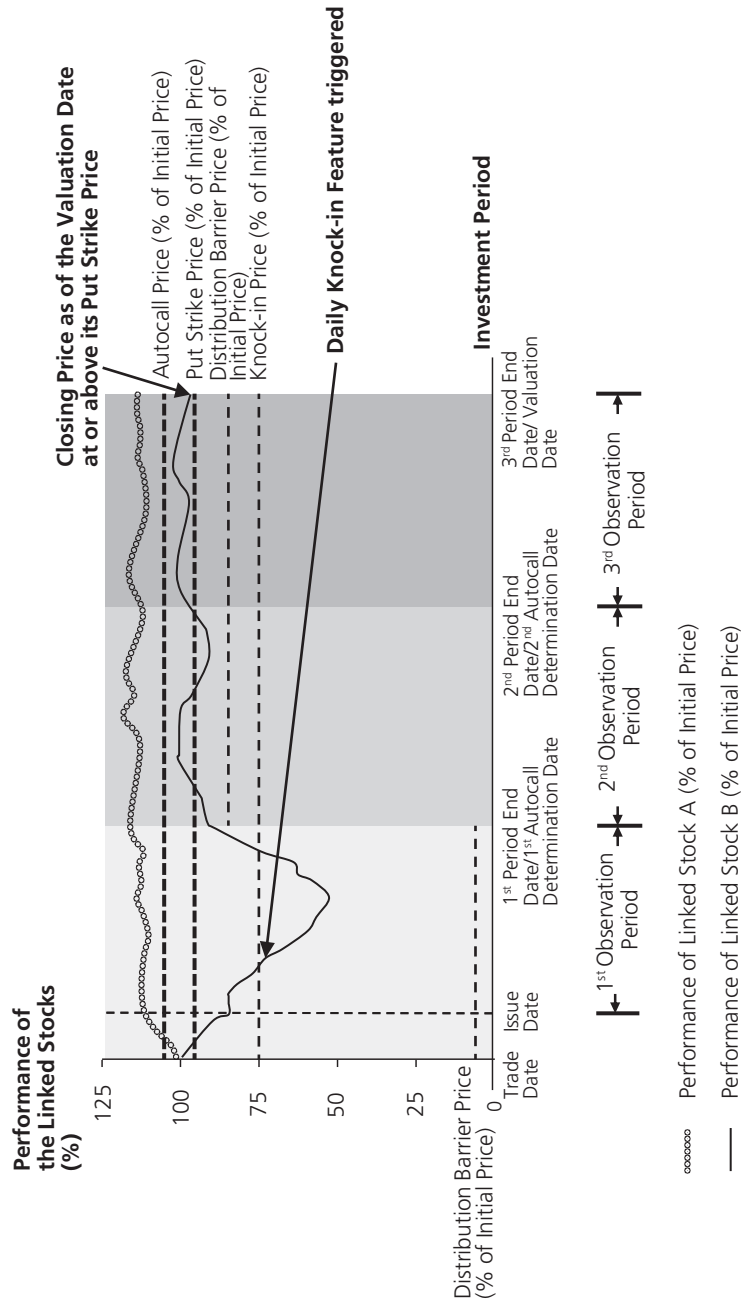
The Cash Amount, being HKD10,000 + Potential Distribution Amount for the last Observation Period (being HKD200\*)





Scenarios	Has the Daily Knock-in Feature been triggered?	Is the Closing Price of the Worst Performing Stock on the Valuation Date at or above its Put Strike Price?	Settlement on the Settlement Date
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(ii) Best case scenario II (i.e. you receive the maximum Potential Distribution Amount for all Observation Periods (being HKD600*) and the Cash Amount at expiry as the Closing Price of the Worst Performing Stock as of the Valuation Date is above its Put Strike Price despite the Daily Knock-in Feature has been triggered): Closing Price of the Worst Performing Stock as of the Valuation Date = HKD82	Yes	Yes	The Cash Amount, being HKD10,000 + Potential Distribution Amount for the last Observation Period (being HKD200*)
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In the above best case scenario I and II, if you make an investment of HKD10,000 (being the Purchase Price), you will receive in total HKD10,600 (i.e. HKD200 + HKD200 + HKD200 + HKD10,000) (being the total Potential Distribution Amounts for the 1st, 2nd and 3rd Observation Periods and the Cash Amount).

\*The Potential Distribution Amount for each Observation Period in respect of each Nominal Unit is calculated as follows:

Observation Period	Days In	Total Days	Potential Distribution Amount (rounded up to the nearest 2 decimal places, with 0.005 or above being rounded upwards)
1st Observation Period	Not applicable	Not applicable	<p>= HKD10,000 x 2 %</p> <p>= HKD200 payable on the 1st Distribution Payment Date</p> <p>You receive the Potential Distribution Amount for the 1st Observation Period as the Closing Price of the Worst Performing Stock on the 1st Period End Date is above its Distribution Barrier Price.</p>
2nd Observation Period	21	21	<p>= HKD10,000 x (2% x 21/21)</p> <p>= HKD200 payable on the 2nd Distribution Payment Date</p> <p>You receive the maximum Potential Distribution Amount for the 2nd Observation Period as the Closing Price of the Worst Performing Stock on each Scheduled Trading Day during the 2nd Observation Period is above its Distribution Barrier Price.</p>
3rd Observation Period	21	21	<p>= HKD10,000 x (2% x 21/21)</p> <p>= HKD200 payable on the Settlement Date</p> <p>You receive the maximum Potential Distribution Amount for the 3rd Observation Period as the Closing Price of the Worst Performing Stock on each Scheduled Trading Day during the 3rd Observation Period is above its Distribution Barrier Price.</p>

Scenarios	Has the Daily Knock-in Feature been triggered?	Is the Closing Price of the Worst Performing Stock on the Valuation Date at or above its Put Strike Price?	Settlement on the Settlement Date
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(iii) Worst case scenario (i.e. you will not receive any Potential Distribution Amount for any Observation Period as the Closing Price of the Worst Performing Stock on the Period End Date of the 1st Observation Period (i.e. the Distribution Barrier Determination Date) and each Scheduled Trading Day during the 2nd and 3rd Observation Periods is below its Distribution Barrier Price and you will receive the Stock Amount at expiry as the Daily Knock-in Feature has been triggered and the Closing Price of the Worst Performing Stock on the Valuation Date is below its Put Strike Price): Closing Price as of the Valuation Date = HKD0

Yes

No

**If the Settlement Currency is HKD:**  
125 B Company Shares<sup>1</sup> + cash payment of Fractional Stock of HKD0<sup>1</sup>

If you make an investment of HKD10,000 (being the Purchase Price), you will suffer an unrealized loss of HKD10,000 (being HKD10,000 (i.e. the Purchase Price) – HKD0<sup>2</sup> (i.e. the market value of the Stock Amount, calculated based on the Closing Price of the Worst Performing Stock as of the Valuation Date and the cash payment of Fractional Stock))

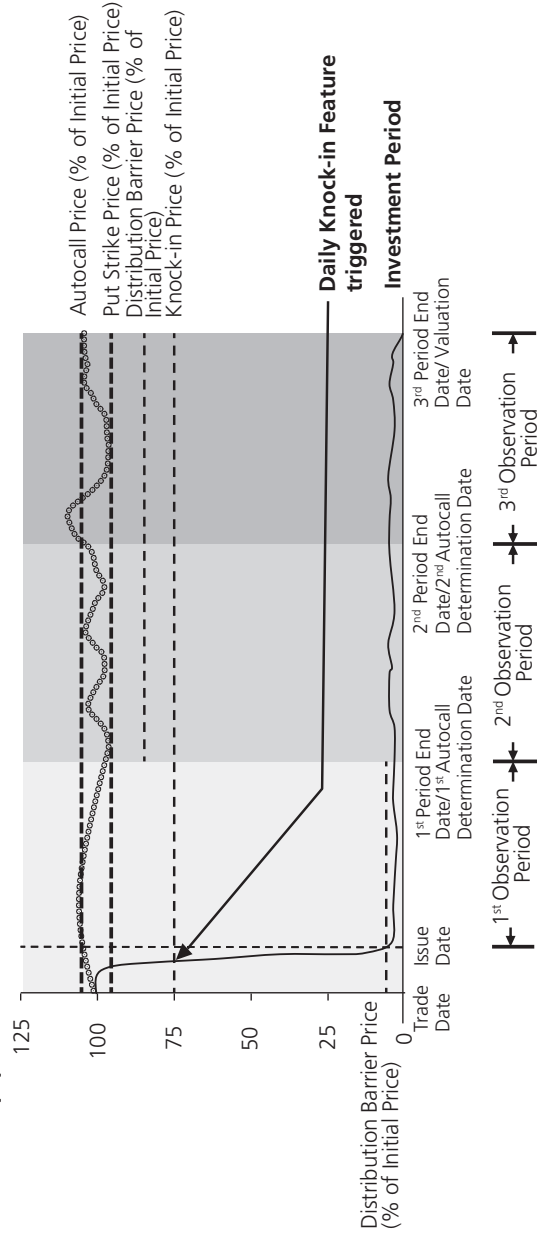
**If the Settlement Currency is USD:**  
977 B Company Shares<sup>3</sup> + cash payment of Fractional Stock of USD0<sup>3</sup>

If you make an investment of USD10,000 (being the Purchase Price), you will suffer an unrealized loss of USD10,000 (being USD10,000 (i.e. the Purchase Price) – USD0<sup>4</sup> (i.e. the market value of the Stock Amount, calculated based on the Closing Price of the Worst Performing Stock as of the Valuation Date and the cash payment of Fractional Stock))

**Please note that you will suffer a total loss in your investment in this scenario.**

The accompanying notes are specified on pages 186-187 of this Product Booklet.

Performance of the Linked Stocks (%)



Performance of Linked Stock A (% of Initial Price)

Performance of Linked Stock B (% of Initial Price)

**Notes:**

**1:** If the Settlement Currency is HKD, the Stock Amount per Nominal Unit will be calculated as follows (rounded up to the nearest 4 decimal places, with 0.00005 or above being rounded upwards):

$$\frac{\text{Nominal Unit Value}}{\text{Put Strike Price of the Worst Performing Stock as of the Valuation Date}} = \frac{\text{HKD10,000}}{\text{HKD79.80}} = 125.3133 \text{ B Company Shares}$$

The whole number of such Worst Performing Stock (being 125 B Company Shares) will be settled by physical delivery at settlement. The fractional number of such Worst Performing Stock comprising the Stock Amount (being 0.3133 B Company Shares) (“**Fractional Stock**”) will be settled by a cash payment in the Settlement Currency calculated as follows (rounded up to the nearest 2 decimal places, with 0.005 or above being rounded upwards):

$$\begin{aligned} \text{Cash payment of Fractional Stock for each Nominal Unit} &= \text{Fractional Stock} \times \text{Closing Price of the B Company Shares on the Valuation Date} \\ &= 0.3133 \text{ B Company Shares} \times \text{HKD0} \\ &= \text{HKD0} \end{aligned}$$

**2:** If the Settlement Currency is HKD, the market value of the Stock Amount (calculated based on the Closing Price of the Worst Performing Stock as of the Valuation Date) will be:

$$\begin{aligned} &125 \text{ B Company Shares} \times \text{Closing Price of the Worst Performing Stock as of the Valuation Date} + \text{cash payment of Fractional Stock} \\ &= 125 \times \text{HKD0} + \text{HKD0} \\ &= \text{HKD0} \end{aligned}$$

**3:** If the Settlement Currency is USD, the Stock Amount per Nominal Unit will be calculated as follows (rounded up to the nearest 4 decimal places, with 0.00005 or above being rounded upwards):

$$\frac{\text{Nominal Unit Value} \times \text{Exchange Rate}}{\text{Put Strike Price}} = \frac{\text{USD}10,000 \times 7.8}{\text{HKD}79.80}$$

of the Worst Performing Stock  
as of the Valuation Date

$$= 977.4436 \text{ B Company Shares}$$

The whole number of such Worst Performing Stock (being 977 B Company Shares) will be settled by physical delivery at settlement. The fractional number of such Worst Performing Stock comprising the Stock Amount (being 0.4436 B Company Shares) (“**Fractional Stock**”) will be settled by a cash payment in the Settlement Currency calculated as follows (rounded up to the nearest 2 decimal places, with 0.005 or above being rounded upwards):

$$\begin{aligned} \text{Cash payment of} &= \text{Fractional Stock} \times \text{Closing Price of the B Company Shares on the Valuation Date/Exchange Rate} \\ \text{Fractional Stock for} &= 0.4436 \text{ B Company Shares} \times \text{HKD}0/7.8 \\ \text{each Nominal Unit} &= \text{USD}0 \end{aligned}$$

**4:** If the Settlement Currency is USD, the market value of the Stock Amount (calculated based on the Closing Price of the Worst Performing Stock as of the Valuation Date) will be:

$$\begin{aligned} &977 \text{ B Company Shares} \times (\text{Closing Price of such Worst Performing Stock as of the Valuation Date/Exchange Rate}) + \text{cash payment of Fractional Stock} \\ &= 977 \times (\text{HKD}0/7.8) + \text{USD}0 \\ &= \text{USD}0 \end{aligned}$$

#### **Scenario 4: RMB Disruption Scenario – Where an RMB Disruption Event occurs and continues to exist for twelve consecutive Business Days from the Settlement Date**

Taking the best case scenario 3(1)(i) at page 179 of this Product Booklet, assuming that the Settlement Currency is RMB and the Cash Amount and the Potential Distribution Amount for the last Observation Period is RMB10,200.00. If an RMB Disruption Event occurs and continues to exist for twelve consecutive Business Days after the original Settlement Date, the cash payment of the Cash Amount together with the Potential Distribution Amount for the last Observation Period will be made in an amount in HKD determined by us (as the Calculation Agent) by converting such amount payable in RMB into HKD using the exchange rate as of the twelfth Business Day from the original Settlement Date. You will therefore be exposed to the risk of fluctuation in the exchange rate of offshore RMB against HKD. Assuming that the exchange rate of offshore RMB against HKD prior to the occurrence of the RMB Disruption Event is 1.25 and the RMB depreciates significantly against HKD following the occurrence of the RMB Disruption Event and the exchange rate as of the twelfth Business Day from the original Settlement Date is 0.8, you will suffer a loss of HKD4,590 in HKD terms as the HKD Equivalent Amount paid to you, being HKD8,160 (i.e. RMB10,200 x 0.8), is substantially less than the value of the relevant amount payable in RMB on the original Settlement Date in HKD terms (calculated based on the exchange rate of offshore RMB against HKD prior to the occurrence of the RMB Disruption Event), being HKD12,750 (i.e. RMB10,200 x 1.25).

#### **Scenario 5 – Where we (as the Issuer) become insolvent during the Investment Period or default on our obligations**

If we (as the Issuer) become insolvent anytime between the Trade Date and the Settlement Date (both days inclusive) or default on our obligations under our Basket ELLs, you will have to rely on your distributor (and, if applicable, its direct or indirect custodian) to take action on your behalf to claim as our unsecured creditor. In the worst case scenario, you WILL NOT receive any of the Potential Distribution Amount on any Distribution Payment Date, the Autocall Cash Amount on the Autocall Settlement Date (if applicable), or the Cash Amount or Stock Amount on the Settlement Date (as the case may be) regardless of the performance of the Linked Stocks in the Stock Basket and get nothing back and **the maximum potential loss could be 100% of your original investment amount.**

**REGISTERED OFFICE OF ISSUER, PRODUCT ARRANGER  
AND PRINCIPAL PAYING AGENT**

**Bank of China (Hong Kong) Limited**

14th Floor  
Bank of China Tower  
1 Garden Road  
Hong Kong

**PAYING AGENT AND REGISTRAR**

**The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch**

10 Marina Boulevard  
Marina Bay Financial Centre Tower 2, #46-01  
Singapore 018983

**LEGAL ADVISER**

*To Issuer as to Hong Kong law*

**King & Wood Mallesons**

13th Floor, Gloucester Tower  
The Landmark  
15 Queen's Road Central  
Central, Hong Kong