



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)

(“Bank”)

as Issuer and Product Arranger

Non-Principal Protected Unlisted Equity Linked Investments (Call Option)

Our Non-Principal Protected Unlisted Equity Linked Investments (Call Option) (“**ELIs (Call Option)**”) are not equivalent to conventional time deposits and are **not principal protected**. They are unlisted structured investment products embedded with derivatives. **You may sustain a total loss in your investment.**

The Securities and Futures Commission (“**SFC**”) has authorised our ELIs (Call Option) under section 104A(1) of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) (“**SFO**”) and the issue of this Principal Brochure and the termsheet based on the standard format as set out in Appendix 2 to this Principal Brochure as part of the Offering Documents (as defined on page 13 of this Principal Brochure) for our ELIs (Call Option) under section 105(1) of the SFO. The SFC takes no responsibility for our ELIs (Call Option) or the contents of such Offering Documents, makes no representation as to their 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 such Offering Documents. The SFC’s authorisation does not imply its endorsement or recommendation of the ELIs (Call Option) referred to in the Offering Documents nor does it imply that the SFC guarantees the commercial merits of our ELIs (Call Option) or their performance. The SFC’s authorisation does not mean our ELIs (Call Option) 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 professional advice before investing in our ELIs (Call Option).

IMPORTANT

Our ELIs (Call Option) are complex products. You should exercise caution in relation to our ELIs (Call Option). You are warned that the performance of our ELIs (Call Option) may fluctuate and you may sustain a total loss of your investment. You should therefore ensure that you understand the nature of our ELIs (Call Option) and carefully study the risk factors set out in this Principal Brochure and other documents comprising the Offering Documents for our ELIs (Call Option) and, where necessary, seek independent professional advice, before you decide whether to invest in our ELIs (Call Option).

The Offering Documents of our ELIs (Call Option) include particulars given in compliance with the Code on Unlisted Structured Investment Products issued by the SFC (the “**Code**”) for the purpose of giving information with regard to the Bank (as the Issuer and the Product Arranger) and our ELIs (Call Option). References to the “**Bank**”, “**we**” or “**us**” in this Principal Brochure mean Bank of China (Hong Kong) Limited. We (as the Issuer and the Product Arranger) accept full responsibility for the contents of, and the completeness and accuracy of the information contained in the Offering Documents and confirm, having made all reasonable enquiries, that to the best of our knowledge and belief the Offering Documents, when read together, will contain 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 ELIs (Call Option) comply with the Code.

Our ELIs (Call Option) constitute general unsecured contractual obligations of Bank of China (Hong Kong) Limited (as the Issuer) and of no other person. If you invest in our ELIs (Call Option), you are relying upon the creditworthiness of Bank of China (Hong Kong) Limited (as the Issuer).

Post-sale cooling-off period pursuant to Part IV of the Code and market making arrangement pursuant to Part III of the Code **DO NOT APPLY** to any of our ELIs (Call Option) because we will only offer ELIs (Call Option) with an Investment Period of not more than six months.

If English is not your preferred language, you may request for a copy of this Principal Brochure written in Chinese from our sales staff at our designated branches. 倘若英文並非閣下屬意的語言，閣下可向本行指定分行的銷售人員索取本指南的中文版本。

All references to “**RMB**” in this Principal Brochure are to Renminbi, the lawful currency of the People’s Republic of China (“**PRC**”).

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KEY FACTS STATEMENT

ELIs (Call Option) offered by the Bank

Our ELIs (Call Option) are unlisted structured investment products embedded with derivatives. This statement provides you with the key information about our ELIs (Call Option). You should not invest in our ELIs (Call Option) based on the information contained in this statement alone. You should read and understand the remaining sections of this Principal Brochure (in particular, the section headed “Risk Factors”) and the other Offering Documents before deciding whether to invest.

Capitalised terms used in this statement not otherwise defined in this statement shall have the meanings given to them in the Terms and Conditions of our ELIs (Call Option) set out in Appendix 1 to this Principal Brochure.

What is an ELI (Call Option)?

Our ELIs (Call Option) are unlisted structured investment products which have an embedded call option over the Linked Stock.

You invest in our ELI (Call Option) by placing a particular quantity of the Linked Stock as the Initial Investment in a Securities Account held with the Bank on the Application Date. During the Term of our ELI (Call Option), you must maintain the Initial Investment in your Securities Account, and you cannot sell or deal in the Initial Investment.

The settlement at maturity under our ELIs (Call Option) depends on the Final Closing Price of the Linked Stock on the Valuation Date, as follows:

- (i) if the Final Closing Price is **above** the Strike Price, you will receive on the Settlement Date an aggregate cash amount equal to (i) the cash proceeds of selling to us the Initial Investment held in your Securities Account, valued at the Strike Price plus (ii) the Distribution Amount.

You make a gain in this case which is limited to the difference between such aggregate cash amount and the value of the Initial Investment as of the Trade Date. **However, you lose the opportunity of selling such Initial Investment at the prevailing market price of the Linked Stock which is higher than the Strike Price.**

- (ii) if the Final Closing Price is **at or below** the Strike Price, you will receive a cash amount equal to the Distribution Amount on the Settlement Date. Your undertaking to maintain the Initial Investment in the Securities Account will cease to apply with effect on and from the Settlement Date and you are free to deal in such Initial Investment from that date onwards.

Although you will receive the Distribution Amount in this case, the prevailing market price of the Linked Stock may have decreased substantially and **you will suffer a loss if the prevailing market value of the Initial Investment (together with the Distribution Amount) is less than the value of the Initial Investment as of the Trade Date. In the worst case scenario, the market price of the Linked Stock may drop to zero and the Initial Investment may become worthless.**

What are the key risks?

- **Unlisted structured investment products**

Our ELIs (Call Option) are unlisted structured investment products embedded with derivatives. They are NOT the same as and should NOT be treated as substitutes for conventional time deposits.

- **Not principal protected**

Our ELIs (Call Option) are NOT principal protected. You could lose all of your Initial Investment.

- **Not covered by Investor Compensation Fund**

Our ELIs (Call Option) are not listed on any stock exchange and are not covered by the Investor Compensation Fund in Hong Kong.

- **Not the same as investment in or sale of the Linked Stock**

Investing in our ELIs (Call Option) is not the same as investing in or selling of the Linked Stock. Movements in the market price of the Linked Stock may not lead to any corresponding change in the performance of our ELIs (Call Option).

- **Liquidity risk**

Our ELIs (Call Option) are designed to be held until their maturity. There will be no market making arrangements for our ELIs (Call Option), and you cannot transfer or early terminate your ELI (Call Option) after your ELI (Call Option) order is accepted by us on the Trade Date.

- **Capped maximum potential gain**

The maximum potential gain under our ELIs (Call Option) is limited to the difference between (i) the sum of the cash payment of the Initial Investment valued at the Strike Price and the Distribution Amount and (ii) the value of the Initial Investment as of the Trade Date (calculated based on the Initial Price) even if your view on the market price movement of the Linked Stock is correct.

- **No collateral**

Our ELIs (Call Option) are NOT secured on any of our assets or any collateral.

- **Credit and insolvency risk**

If you invest in our ELIs (Call Option), you are relying upon the creditworthiness of Bank of China (Hong Kong) Limited (as the Issuer) and of no other person. If we become insolvent or default on our obligations under our ELIs (Call Option), you can only claim as an unsecured creditor of Bank of China (Hong Kong) Limited regardless of the performance of the Linked Stock and the terms of our ELIs (Call Option). **In the worst case scenario, you could lose all of your Initial Investment.**

Bank of China (Hong Kong) Limited 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 who does not guarantee the performance of our obligations under our ELIs (Call Option).

- **Early termination risk by us**

We may early terminate an ELI (Call Option) upon the occurrence of a Potential Adjustment Event (such as a bonus issue or payment of an extraordinary dividend), a Merger Event or a Tender Offer where we as the Issuer (acting in good faith and in commercially reasonable manner) determine that an adjustment to the Initial Investment (amongst others) is necessary to account for the relevant event and to preserve the economic equivalence of an affected ELI (Call Option) since the Initial Investment will remain unchanged during the Term of the ELI (Call Option) and will not be adjusted. We may also early terminate an ELI (Call Option) upon the occurrence of an Extraordinary Disruption Event (regardless of whether an adjustment to the Initial Investment is necessary). If an ELI (Call Option) is early terminated by us, we (as the Issuer) acting in good faith and in a commercially reasonable manner will determine the Early Termination

Amount as of the effective date of such early termination, which may be payable by you to us (in the case where the Early Termination Amount is below zero) or by us to you (in the case where the Early Termination Amount is at or above zero). **If the Early Termination Amount is payable by you to us, such amount may be higher than the value of your Initial Investment as of the Trade Date (calculated based on the Initial Price). You may therefore suffer a loss or a substantial loss.** If we are unable to debit such Early Termination Amount from the Settlement Account due to insufficient funds or the occurrence of any event beyond our control, we acting in good faith and in a commercially reasonable manner may take any action in respect of the Initial Investment, including effecting the transfer of the Initial Investment from the Securities Account to us.

- **Exposure to risks from the time you place your order**

Once you place your order with us, you will be committed to invest in our ELI (Call Option) and a particular quantity of the Linked Stock equal to the Initial Investment will be frozen in your Securities Account and you cannot sell or deal in the Initial Investment during the Term of our ELI (Call Option). You will lose the opportunity of selling the Initial Investment at the prevailing market price of the Linked Stock which may be higher than the Strike Price, and you will be exposed to the risks associated with our ELI (Call Option) from the time you place your order.

- **No selling or dealing in the Initial Investment during the Term of our ELI (Call Option)**

By investing in our ELI (Call Option), you undertake not to deal in, make any withdrawal, create any encumbrance or dispose of the Initial Investment throughout the Term of our ELI (Call Option). A breach of your undertaking of not selling or dealing in the Initial Investment will constitute an Extraordinary Disruption Event under the terms of our ELI (Call Option), leading to an early termination of our ELI (Call Option).

- **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 ELIs (Call Option) and our economic interests in each role may be adverse to your interests in our ELIs (Call Option).

- **Additional risks for RMB-denominated ELIs (Call Option) linked to RMB-traded Linked Stock**

- (i) **Limited pool of RMB outside mainland China** – RMB is subject to foreign exchange control by the PRC central government. There is currently a limited pool of RMB outside mainland China and any tightening of foreign exchange control may adversely affect the liquidity of offshore RMB, and the performance of our RMB-denominated ELIs (Call Option) linked to RMB-traded Linked Stock.
- (ii) **Payment postponement for RMB disruption event** – If the Settlement Currency is RMB and a RMB Disruption Event occurs on a scheduled payment date in respect of any payment in RMB payable by us, payments will be postponed and may be made in an HKD Equivalent Amount. We will not pay any extra amount for such postponed payment. You may also suffer a loss in HKD terms if RMB depreciates against HKD following the occurrence of a RMB Disruption Event.

What are the key features of an ELI (Call Option)?

- **Product Type:** Our ELIs (Call Option) are unlisted structured investment products which have an embedded call option over the Linked Stock.

By investing in an ELI (Call Option):

- (i) you are selling a call option over the Linked Stock to us under which you will be obliged to sell a number of Linked Stock equal to Initial Investment to us at a pre-determined price called the Strike Price on the Settlement Date (being the second Clearing System Business Day after the Valuation Date) if the Final Closing Price of the Linked Stock is above the Strike Price on the Valuation Date; and
 - (ii) you will receive an option premium in return which forms part of the Distribution Amount payable in cash (less any Cash Settlement Expenses) on the Settlement Date.
- **Linked Stock:** Our ELIs (Call Option) are linked to shares of a company or units of a fund (being an exchange traded fund or a real estate investment trust) listed on the Exchange and traded in HKD or RMB. Not all listed stocks can be selected as the Linked Stock. You should check with our sales staff at our designated branches for further details of the available stocks.
 - **Initial Investment:** You invest in an ELI (Call Option) by placing a particular quantity of the Linked Stock, calculated in board lot or multiples of board lot of the Linked Stock (which is subject to the Minimum Initial Investment as specified in the relevant Termsheet) as the Initial Investment in a Securities Account held with the Bank on the Application Date. During the Term of our ELI (Call Option) (being the period from and including the Trade Date to and including the Settlement Date), you must maintain the Initial Investment in your Securities Account, and you cannot sell or deal in the Initial Investment. The Initial Investment will remain unchanged during the Term of the ELI (Call Option) and will not be adjusted pursuant to an occurrence of a Potential Adjustment Event, a Merger Event or a Tender Offer relating to the Linked Stock or the issuer of the Linked Stock.
 - **Settlement Currency:** The Settlement Currency can be HKD (in which case the Linked Stock is also traded in HKD) or RMB (in which case the Linked Stock is also traded in RMB).
 - **Initial Price:** The Initial Price can be set as either (i) the market spot price of the Linked Stock as agreed between you and us at the time you place an order of the ELI (Call Option) on the Application Date (which will become the Trade Date if your order is accepted) or (ii) the official closing price of the Linked Stock as published by the Exchange as of the Trade Date.
 - **Strike Price:** This is the benchmark price we use to compare the Final Closing Price of the Linked Stock with, for determination of the amount payable to you on the Settlement Date. The Strike Price will be specified in the relevant Termsheet as a fixed percentage of the Initial Price of the Linked Stock. The Strike Price will always be set at a level which is at or above the Initial Price.
 - **Investment Period and Scheduled Tenor:** The Investment Period starts from and including the Trade Date to and including the scheduled Valuation Date, while the Scheduled Tenor starts from and including the Start Date to and including the scheduled Settlement Date. We will not offer any ELI (Call Option) with an Investment Period of more than six months. You may request for a tailor-made Investment Period to suit your investment strategy, provided that the Investment Period will not be more than six months.

- **Distribution Amount:** The Distribution Amount will start to accrue from and including the Start Date. Subject to any early termination of the ELI (Call Option), the Distribution Amount (less any Cash Settlement Expenses) in the Settlement Currency will be payable in cash on the Settlement Date, which is calculated as follows:

$$(\text{Initial Investment} / \text{Board Lot}) \times \text{Distribution Amount per Board Lot}$$

Where:

“**Actual Distribution Rate**” means the actual distribution rate for a Scheduled Tenor calculated in accordance with the following formula (calculated to 4 decimal places, 0.00005 being rounded upwards):

$$\text{Annualised Distribution Rate} \times \text{Scheduled Tenor} / \text{Day Count Basis}$$

“**Annualised Distribution Rate**” means the distribution rate per annum specified in the relevant Termsheet, based on the hypothetical assumption that an ELI (Call Option) can be rolled over on the same terms for a period of 365 days. It does not reflect the Actual Distribution Rate for a Scheduled Tenor of an ELI (Call Option). You should not rely on the Annualised Distribution Rate as an indication of the expected potential return of an ELI (Call Option).

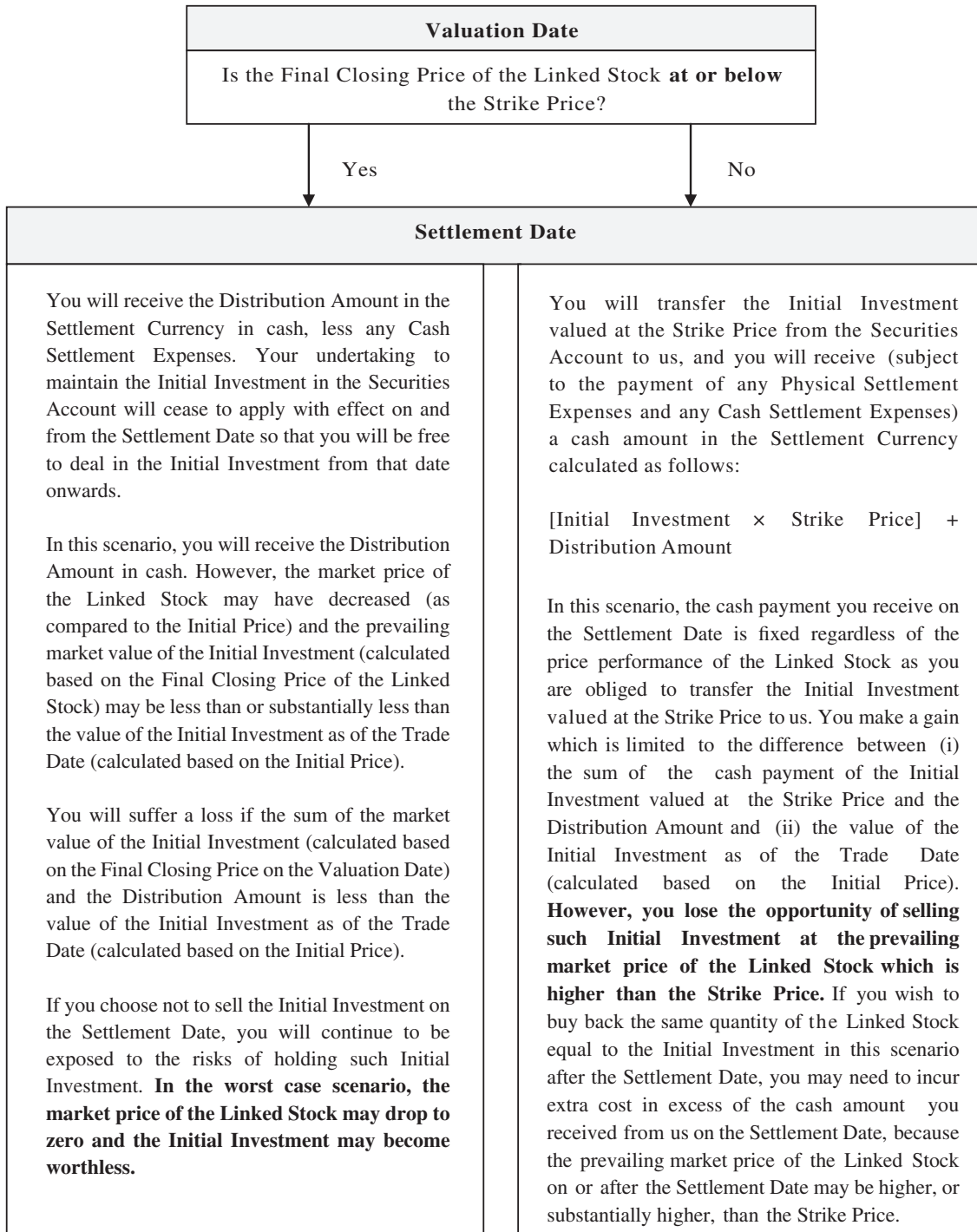
“**Board Lot**” means the trading board lot of the Linked Stock.

“**Day Count Basis**” will be 365.

“**Distribution Amount per Board Lot**” means an amount in the Settlement Currency calculated in accordance with the following formula (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\text{Board Lot} \times \text{Initial Price} \times \text{Actual Distribution Rate}$$

- **Settlement At Maturity:** Your payout at maturity of our ELIs (Call Option) on the Settlement Date depends on the Final Closing Price of the Linked Stock on the Valuation Date as illustrated in the diagram below:



What are the fees and charges payable by you?

- **Cash Settlement Expenses** are all charges or expenses, including any taxes and duties, that are incurred for payment of a cash amount to you. Currently, no Cash Settlement Expenses are payable. If any Cash Settlement Expenses are payable in the future, we will inform you in advance before you place your order for an ELI (Call Option).
- **Physical Settlement Expenses** are out-of-pocket expenses relating to the transfer of the Linked Stock. These expenses include the seller's stamp duty (if applicable, subject to the prevailing laws and regulations).

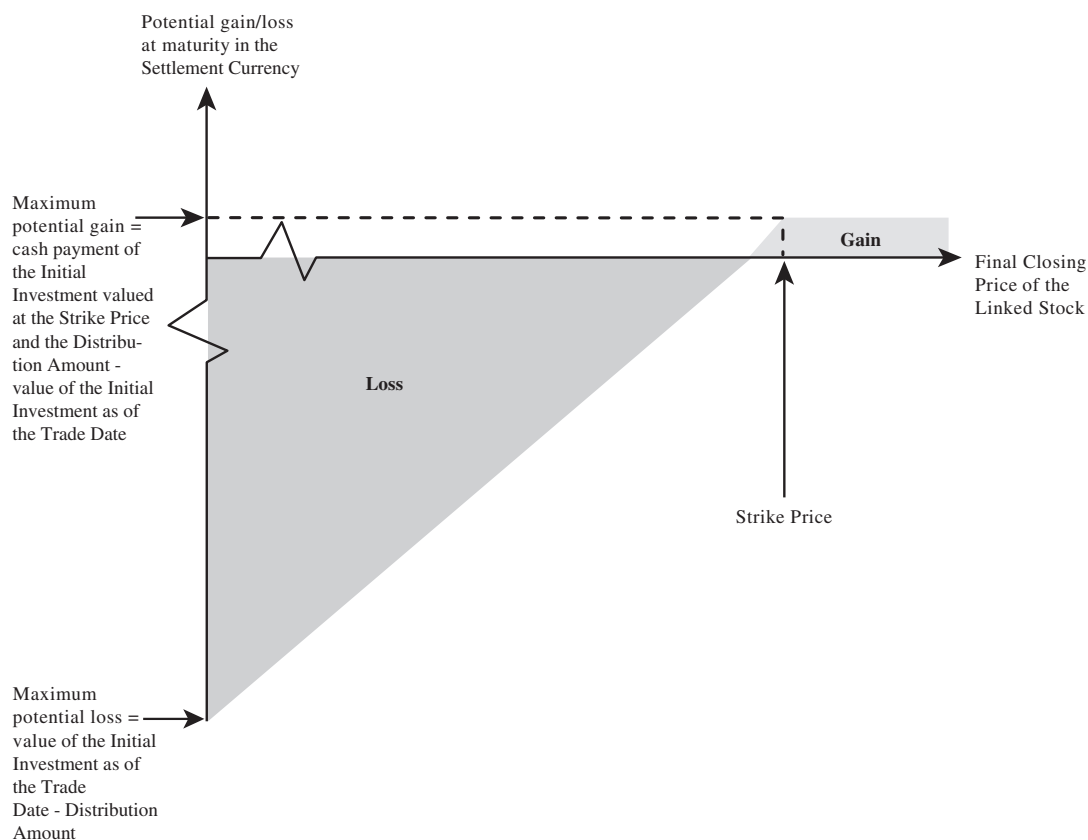
There is no subscription or service charge for placing an order for an ELI (Call Option) with us. All related charges incurred by us (including our hedging cost) will be factored into the calculation of the Annualised Distribution Rate.

You should note that any Cash Settlement Expenses or Physical Settlement Expenses will reduce your potential gain or increase your potential loss under your investment in our ELIs (Call Option). Please refer to page 40 of this Principal Brochure for further details.

Scenario Analysis

The diagram below shows the maximum potential gain or loss of our ELIs (Call Option) at maturity compared with the value of the Initial Investment as of the Trade Date (calculated based on the Initial Price). Please note that:

- (i) the diagram is based on the assumptions that:
 - (a) the Final Closing Price of the Linked Stock is the same as the prevailing market price of the Linked Stock as of the Settlement Date; and
 - (b) the Bank is not insolvent or has not defaulted on its obligations under the ELI (Call Option); and
- (ii) the diagram does not take into account any Cash Settlement Expenses or Physical Settlement Expenses payable by you on the Settlement Date.



If the Final Closing Price of the Linked Stock is at or below the Strike Price, you will receive the Distribution Amount in the Settlement Currency in cash, and your undertaking to maintain the Initial Investment in the Securities Account will cease to apply with effect on and from the Settlement Date. The prevailing market value of the Initial Investment (calculated based on the Final Closing Price of the Linked Stock) may be less than or substantially less than the value of the Initial Investment as of the Trade Date (calculated based on the Initial Price). **In the worst case scenario, the market price of the Limited Stock may drop to zero and the Initial Investment may become worthless.**

Please refer to the section headed “Scenario Analysis” in this Principal Brochure for more detailed illustrative examples of how our ELIs (Call Option) work.

How can you apply for our ELIs (Call Option)?

If you wish to apply for our ELIs (Call Option), you can contact our sales staff at any of our designated branches in Hong Kong to enquire about our ELIs (Call Option) and the application procedure. Please refer to page 40 of this Principal Brochure for further details.

You may apply for an ELI (Call Option) by placing an order with us on any Exchange Business Day during an Application Period. Once you place your ELI (Call Option) order with us, you will be committed to invest in the ELI (Call Option) and a particular quantity of the Linked Stock equal to the Initial Investment will be frozen in your Securities Account from the Application Date. If your order is accepted by us on the Trade Date, you must maintain the Initial Investment in your Securities Account and you cannot sell or deal in the Initial Investment during the Term of our ELI (Call Option).

You should note that the Initial Price can be set as either (i) the market spot price of the Linked Stock as agreed between you and us at the time you place an order of the ELI (Call Option) on the Application Date (which will become the Trade Date if your order is accepted) or (ii) the official closing price of the Linked

Stock as published by the Exchange as of the Trade Date. In case of (ii) above, the Strike Price will not be known at the time of your application, and you will be committed to invest in the ELI (Call Option) before the exact value of the Strike Price is finalised. In both cases, if your order is accepted and executed by us on the Trade Date, we will send you a Confirmation which sets out all the finalised terms (other than the Initial Investment which will be set out in the Initial Investment Statement) applicable to your ELI (Call Option) within 2 Business Days after the Trade Date.

Adjustments to the terms and conditions or early termination of our ELIs (Call Option)

Upon the occurrence of a Potential Adjustment Event, a Merger Event or a Tender Offer:

- (i) if the Bank (as Issuer) (after taking into account such factors as set out on page 35 of this Principal Brochure), acting in good faith and in a commercially reasonable manner, determines that an adjustment to the Initial Investment is not necessary to account for the relevant event, the Bank (as the Issuer) (acting in good faith and in a commercially reasonable manner) may adjust the other terms and conditions (such as adjusting the Strike Price) of our ELIs (Call Option) to account for that event in order to preserve the economic equivalence of our ELIs (Call Option). Please refer to page 35 of this Principal Brochure for further details on the relevant adjustment events and what factors the Bank will take into account when making such adjustments.
- (ii) if the Bank (as Issuer) (after taking into account such factors as set out on page 35 of this Principal Brochure), acting in good faith and in a commercially reasonable manner, determines that: (a) an adjustment to the Initial Investment (amongst others) is necessary to account for the relevant event and to preserve the economic equivalence of our ELIs (Call Option), the ELIs (Call Option) will be early terminated since the Initial Investment will remain unchanged during the Term of the ELIs (Call Option) and will not be adjusted; or (b) none of the adjustments contemplated to be made in (i) above is able to preserve the economic equivalence of our ELIs (Call Option), then the ELIs (Call Option) will also be early terminated. Please refer to page 36 of this Principal Brochure for further details.

Upon the occurrence of an Extraordinary Disruption Event (regardless of whether an adjustment to the Initial Investment is necessary), the Bank (as Issuer) will also early terminate our ELIs (Call Option). Please refer to page 36 of this Principal Brochure for further details on what constitutes an Extraordinary Disruption Event.

If the Bank (as Issuer) determines to early terminate our ELIs (Call Option), an Early Termination Amount may be payable by you to us (in the case where such amount is below zero) or by us to you (in the case where such amount is at or above zero). If the Early Termination Amount is payable by you to us, such amount may be higher than the value of your Initial Investment as of the Trade Date (calculated based on the Initial Price). You may therefore suffer a loss or a substantial loss. For further details of the calculation and payment of the Early Termination Amount, please refer to pages 36 to 37 of this Principal Brochure. The Bank may also adjust the Valuation Date or the Settlement Date upon the occurrence of a Market Disruption Event or a Settlement Disruption Event (as the case may be).

If the Settlement Currency is RMB and a RMB Disruption Event occurs on a scheduled payment date, any amount payable in RMB under our ELIs (Call Option) will be postponed and may be made in a HKD Equivalent Amount.

Any adjustment, determination of early termination and the occurrence of a RMB Disruption Event will be determined by us in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner). Please refer to pages 33 to 37 of this Principal Brochure for further details.

Is there any post-sale cooling-off period for our ELIs (Call Option)?

Since we will not offer any ELI (Call Option) with an Investment Period of more than six months, post-sale cooling-off period pursuant to Part IV of the Code **DOES NOT APPLY** to any of our ELIs (Call Option). **You cannot cancel or unwind your ELI (Call Option) after you have placed your order with us.**

Is there any market making arrangement for our ELIs (Call Option) before maturity?

Since we will not offer any ELI (Call Option) with an Investment Period of more than six months, market making arrangement pursuant to Part III of the Code **DOES NOT APPLY** to any of our ELIs (Call Option). **You cannot transfer or early terminate your ELI (Call Option) after your order is accepted by us on the Trade Date.**

Our ongoing disclosure obligations

We (as the Issuer and the Product Arranger) will keep the SFC and all investors in our ELIs (Call Option) informed as soon as reasonably practicable if (a) we (as the Issuer) cease to meet any eligibility requirements applicable to issuers under the Code, (b) we (as the Product Arranger) cease to meet any eligibility requirements applicable to product arrangers under 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 to fulfill our commitment in connection with our ELIs (Call Option). Please contact our sales staff at any of our designated branches for details.

Offering Documents

The following offering documents (“**Offering Documents**”) contain detailed information about the Bank (as the Issuer and the Product Arranger) and our ELIs (Call Option). You should read all of these Offering Documents before deciding whether to invest in our ELIs (Call Option):

- (i) this Principal Brochure for our ELIs (Call Option) dated 11 March 2020 and the addendum hereto (if any) as specified in the relevant Termsheet;
- (ii) the Financial Disclosure Document and the addendum thereto (if any) as specified in the relevant Termsheet; and
- (iii) the relevant Termsheet.

Before you place an order for an ELI (Call Option), we (as the intermediary) are obliged to distribute to you ALL of the above Offering Documents in English or Chinese as you may prefer.

Important

If you are in doubt, you should seek independent professional advice. The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.

RISK FACTORS

You should read and understand all the risks before deciding whether to invest in our ELIs (Call Option).

- **Our ELIs (Call Option) are unlisted structured investment products**

Our ELIs (Call Option) are unlisted structured investment products embedded with derivatives. They are not the same as and should not be treated as substitutes for conventional time deposits.

- **Our ELIs (Call Option) are NOT principal protected**

Our ELIs (Call Option) are not principal protected. Your payout at maturity of our ELIs (Call Option) will depend on the Final Closing Price of the Linked Stock as compared to the Strike Price.

If the Final Closing Price of the Linked Stock is at or below the Strike Price, you will receive the Distribution Amount in cash (less any Cash Settlement Expenses) on the Settlement Date, and your undertaking to maintain the Initial Investment in the Securities Account will cease to apply with effect on and from the Settlement Date. In this scenario, although you will receive the Distribution Amount in cash, the market price of the Linked Stock may have decreased (as compared to the Initial Price) and the prevailing market value of the Initial Investment (calculated based on the Final Closing Price of the Linked Stock) may be less than or substantially less than the value of the Initial Investment as of the Trade Date (calculated based on the Initial Price).

You will suffer a loss if the sum of the market value of the Initial Investment (calculated based on the Final Closing Price on the Valuation Date) and the Distribution Amount is less than the value of the Initial Investment as of the Trade Date (calculated based on the Initial Price). **If you choose not to sell the Initial Investment on the Settlement Date, you will continue to be exposed to the risks of holding such Initial Investment. In the worst case scenario, the market price of the Linked Stock may drop to zero and the Initial Investment may become worthless.**

- **Capped maximum potential gain**

If the Final Closing Price of the Linked Stock is above the Strike Price, you will transfer the Initial Investment valued at the Strike Price to us, and you will receive the following on the Settlement Date:

- (i) (subject to the payment of any Physical Settlement Expenses) a cash amount in the Settlement Currency equal to the Initial Investment multiplied by the Strike Price, and
- (ii) the Distribution Amount in the Settlement Currency (less any Cash Settlement Expenses).

The maximum potential gain under our ELIs (Call Option) is capped at and limited to the difference between (i) the sum of the cash payment of the Initial Investment valued at the Strike Price and the Distribution Amount and (ii) the value of the Initial Investment as of the Trade Date (calculated based on the Initial Price), even if your view on the market price movement of the Linked Stock is correct.

However, you lose the opportunity of selling such Initial Investment at the prevailing market price of the Linked Stock which is higher than the Strike Price. If you wish to buy back the same quantity of the Linked Stock equal to the Initial Investment in this scenario after the Settlement Date, you may need to incur extra cost in excess of the cash amount you received from us on the Settlement Date, because the prevailing market price of the Linked Stock on or after the Settlement Date may be higher, or substantially higher, than the Strike Price.

- **Our ELIs (Call Option) are not listed on any stock exchange. They are not covered by the Investor Compensation Fund**

Our ELIs (Call Option) are not listed on any stock exchange, and are not covered by the Investor Compensation Fund in Hong Kong.

- **Our ELIs (Call Option) are designed to be held to their maturity. There is no market making arrangement for our ELIs (Call Option)**

Our ELIs (Call Option) are not transferable and are designed to be held until their maturity. We will not provide any market making arrangements for our ELIs (Call Option) pursuant to Part III of the Code because we will not offer any ELI (Call Option) with an Investment Period of more than six months. **You cannot transfer or early terminate your ELI (Call Option) after your order is accepted by us on the Trade Date.**

- **There is no post-sale cooling-off period for our ELIs (Call Option)**

We will not provide any post-sale cooling-off period for our ELIs (Call Option) pursuant to Part IV of the Code because we will not offer any ELI (Call Option) with an Investment Period of more than six months. **You cannot cancel or unwind your ELI (Call Option) after you have placed your order with us.**

- **No collateral**

Our ELIs (Call Option) are NOT secured on any of our assets or any collateral.

- **Some of the terms of our ELIs (Call Option) may only be determined after you have placed your order**

You should note that the Initial Price can be set as either (i) the market spot price of the Linked Stock as agreed between you and us at the time you place an order on the Application Date (which will become the Trade Date if your order is accepted) or (ii) the official closing price of the Linked Stock as published by the Exchange as of the Trade Date. In case of (ii) above, the Strike Price will be specified as a specified percentage of the Initial Price in the relevant Termsheet and will not be known at the time of your application, and you will be committed to invest the ELI (Call Option) before the exact value of the Strike Price is finalised. You will have to bear the risk of changing market conditions between the time you place your order and the time all the commercial terms of your ELI (Call Option) are recorded and determined on the Trade Date. In any event, if your order is accepted and executed by us on the Trade Date, we will send you a Confirmation which sets out all the finalised terms (other than the Initial Investment which will be set out in the Initial Investment Statement) applicable to your ELI (Call Option) within 2 Business Days after the Trade Date.

- **Your ELI (Call Option) order will be rejected if the Initial Price cannot be recorded on the Trade Date**

You should note that if the Initial Price is set as the official closing price of the Linked Stock as published by the Exchange as of the Trade Date, and the Initial Price cannot be recorded on the Trade Date due to the occurrence of a disruption event (such as a Market Disruption Event), your ELI (Call Option) order will not be accepted and will not be executed by us.

- **Exposure to risks from the time you place your order**

Once you place your order with us, you will be committed to invest in our ELI (Call Option) and a particular quantity of the Linked Stock equal to the Initial Investment will be frozen in your Securities Account and you cannot sell or deal in the Initial Investment during the Term of our ELI (Call Option). Therefore, you will lose the opportunity of selling the Initial Investment at the prevailing market price of the Linked Stock which may be higher than the Strike Price, and you will be exposed to the risks associated with our ELI (Call Option) from the time you place your order.

- **No selling or dealing in the Initial Investment during the Term of our ELI (Call Option)**

By investing in our ELI (Call Option), you undertake not to deal in, make any withdrawal, create any encumbrance or dispose of the Initial Investment during the Term of our ELI (Call Option). A breach of your undertaking of not selling or dealing in the Initial Investment will constitute an Extraordinary Disruption Event under the terms of our ELI (Call Option), leading to an early termination of our ELI (Call Option). Please see paragraph headed “Early termination of our ELIs (Call Option)” at page 21 of this Principal Brochure for further details.

Risks relating to the Linked Stock

- **Not the same as investment in or sale of the Linked Stock**

Investing in our ELIs (Call Option) is not the same as investing in or selling of the Linked Stock.

Investment involves risk. Changes in the market price of the Linked Stock may not lead to any corresponding change in the performance of our ELIs (Call Option).

- **Risk factors specific to our ELIs (Call Option) linked to a fund**

If our ELIs (Call Option) are linked to a fund, you should note that neither we nor our affiliates have the ability to control or predict the actions of the manager and/or the trustee of a fund. The manager and/or the trustee are not involved in the offer of our ELIs (Call Option) and have no obligation to consider your interests in taking any action that might affect the market value of the fund and/or the performance of our ELIs (Call Option).

We have no role in relation to the units 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 the performance of the fund. It may adversely affect the performance of our ELIs (Call Option).

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

- **Risk factors specific to our ELIs (Call Option) linked to an exchange traded fund (“ETF”)**

If our ELIs (Call Option) are linked to an ETF, you should note that the investment objective of most ETFs is to track the performance of the assets underlying the ETFs or, as the case may be, a specified index. However, increases in the price of the assets underlying the ETFs or the level of the related index (as the case may be) may not lead to an increase in the price of the ETFs of the same magnitude or even any increase at all. Similarly, movements in the market price of the ETFs may not lead to any corresponding change in the performance of our ELIs (Call Option).

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 a 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 tracks is subject to restricted access, the efficiency in the unit creation or redemption to keep the 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 the market value and/or potential gain or loss of our ELIs (Call Option).

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 note that:

- (a) investing in financial derivative instruments will expose the ETF to the credit, potential contagion and concentration risks of the counterparties who issued the 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 such collateral; and
- (b) the ETF may be exposed to a higher liquidity risk if the ETF invests in financial derivative instruments which do not have an active secondary market.

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

- **Risk factors specific to our ELIs (Call Option) linked to an exchange traded fund (“China ETF”) investing through Renminbi Qualified Foreign Institutional Investor (“RQFII”) regime and/or the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (collectively, “China Connect”)**

If our ELIs (Call Option) are linked to a China ETF issued and traded outside mainland China with direct investment in the mainland Chinese securities market through the RQFII regime and/or China Connect, you should note the additional risks below:

- (a) the novelty and untested nature of a China ETF investing through China Connect make such a China ETF riskier than traditional ETFs. The policies and rules for the RQFII regime and China Connect prescribed by the PRC central government are subject to change, and there may be uncertainty to their interpretation and/or implementation. Such uncertainty and potential change of the laws and regulations for the RQFII regime and China Connect may adversely impact on the performance of the 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 ELIs (Call Option);

- (b) a 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 a China ETF may also be affected by interventions by the applicable government(s) and regulators in the financial markets which may adversely affect the performance of such China ETF, which in turn may adversely affect the market value and/or potential gain or loss of our ELIs (Call Option);
- (c) in accordance with the current RQFII regime, investment by a China ETF in the securities market in mainland China under the RQFII regime is currently subject to its manager's RQFII quota allocated to such China ETF. In addition, trading of securities invested by a China ETF under China Connect will be subject to a daily quota which does not belong to such China ETF and is utilised on a "first-come-first-serve" basis. In the event that RQFII quota allocated to the China ETF and/or the daily quota under China Connect are reached and the manager is unable to acquire additional quota for the China ETF, the manager may need to suspend creation of further units of such China ETF, and therefore may affect liquidity in unit trading of such China ETF. In such event, the trading price of a unit of such China ETF is likely to be valued at a significant premium to its net asset value, and may be highly volatile. Although the State Administration of Foreign Exchange has announced that the quota restrictions under the RQFII (and Qualified Foreign Institutional Investor) regimes will be removed, the detailed implementation rules and official effective date of the quota removal are not yet available; and
- (d) the general tax laws and regulations in mainland China are under constant development and often subject to change as a result of shift in policy of PRC central government. As such, there is a possibility that current tax laws, rules, regulations and practice in mainland China and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. There are risks and uncertainties associated with the current tax law in the PRC applicable to China ETFs investing in mainland China through the RQFII regime 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 ETFs. This may adversely affect the net asset value of such China ETFs and the market value and/or potential gain or loss of our ELIs (Call Option).

Although the units of China ETFs are listed on the Exchange, there is no guarantee that an active trading market for such units 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 of 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 of a China ETF and the market value and/or potential gain or loss of our ELIs (Call Option).

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

- **Risk factors specific to our ELIs (Call Option) linked to a real estate investment trust ("REIT")**

Where our ELIs (Call Option) are linked to a fund which is a REIT, you should note that the investment objective of REITs 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 REIT 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 Linked Stock and therefore the performance of our ELIs (Call Option). 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 of our ELIs (Call Option) 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 our ELIs (Call Option) linked to a Linked Stock traded through the dual counters model**

Where the issuer of the Linked Stock adopts the dual counters model for trading its shares or units on the Exchange in RMB and HKD separately, you need to consider the following additional risks in light of the novelty and relatively untested nature of the Exchange's dual counters model:

- (a) our ELIs (Call Option) may relate to either HKD-traded or RMB-traded shares or units only. If the Linked Stock is HKD-traded shares or units, movements in the trading prices of RMB-traded shares or units should not directly affect the performance of our ELIs (Call Option). Similarly, if the Linked Stock is RMB-traded shares or units, movements in the trading prices of HKD-traded shares or units should not directly affect the performance of our ELIs (Call Option);
- (b) if there is a suspension of inter-counter transfer of such shares or units between the HKD counter and the RMB counter 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 performance of our ELIs (Call Option); and
- (c) the trading price on the Exchange of (i) HKD-traded shares or units and (ii) RMB-traded shares or units may deviate significantly due to different factors, such as market liquidity, RMB conversion risk, supply and demand in each counter and the exchange rate between offshore RMB and HKD. Changes in the trading price of the Linked Stock in HKD or RMB (as the case may be) may adversely affect the performance of our ELIs (Call Option).

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

Risk factors specific to our RMB-denominated ELIs (Call Option) linked to RMB-traded Linked Stock

In respect of our RMB-denominated ELIs (Call Option) 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.

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 ELIs (Call Option). Such investors may also have to convert payments made on such ELIs (Call Option) 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 RMB-denominated ELIs (Call Option) 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 of 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 RMB-denominated ELIs (Call Option) linked to RMB-traded Linked Stock which may in turn adversely affect the performance of such ELIs (Call Option).

- **Settlement risks for RMB Disruption Event**

In the case where the Settlement Currency is RMB and we determine, in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner), that a 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 ELIs (Call Option) in the RMB exchange market in Hong Kong) has occurred on any date on which any amount payable in RMB under our ELIs (Call Option) are scheduled to be paid by us, 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 will pay the HKD Equivalent Amount no later than the second Business Day after that twelfth Business Day. Any such payment made by us shall constitute full and final settlement of our obligations to pay the relevant amount payable in RMB on the affected payment date in respect of our ELIs (Call Option).

The occurrence of a RMB Disruption Event could result in a delay in payments made to you under our ELIs (Call Option). 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 a 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 performance of our RMB-denominated ELIs (Call Option) linked to RMB-traded Linked Stock may be adversely affected by the fluctuations in the interest rate for offshore RMB.

Risks relating to certain corporate or disruption events

- **Adjustment to the terms of our ELIs (Call Option) if a Potential Adjustment Event, a Merger Event or Tender Offer occurs**

If we (as the Issuer) in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) determine that a Potential Adjustment Event (including but not limited to a subdivision or consolidation of the Linked Stock, a bonus issue or rights issue, payment of an extraordinary dividend or any other event which has a diluting or concentrative effect on the theoretical value of the Linked Stock) has occurred on or after the Trade Date but on or prior to the Valuation Date, or a Merger Event (including the merging of the issuer of the Linked Stock with another entity or acquisition of the issuer of the Linked Stock by another entity) or a Tender Offer (including a tender offer by another entity to purchase the voting shares of the issuer of the Linked Stock) in relation to which the Merger Date or the Tender Offer Date (as the case may be) has occurred on or after the Trade Date but on or prior to the Valuation Date and we (as the Issuer) (after taking into account such factors as set out on page 35 of this Principal Brochure), acting in good faith and in a commercially reasonable manner, determine that an adjustment to the Initial Investment is not necessary to account for the relevant event, we (as the Issuer) in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) may make adjustments to the other terms and conditions of the affected ELI (Call Option) (including, but not limited to, adjusting the Strike Price) to account for the diluting, concentrative or other economic effect, in order to preserve the economic equivalence of the affected ELI (Call Option).

All adjustments or determinations made by us (as the Issuer) are, save as in the case of manifest error, final, conclusive and binding on you and us. We will notify you as soon as practicable upon the occurrence of any such event, any adjustment made and the effective date of such adjustment.

- **Early termination of our ELIs (Call Option)**

If we (as the Issuer) in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) determine that a Potential Adjustment Event (including but not limited to a subdivision or consolidation of the Linked Stock, a bonus issue or rights issue, payment of an extraordinary dividend or any other event which has a diluting or concentrative effect on the theoretical value of the Linked Stock) has occurred on or after the Trade Date but on or prior to the Valuation Date, or a Merger Event (including the merging of the issuer of the Linked Stock with another entity or acquisition of the issuer of the Linked Stock by another entity) or Tender Offer (including a tender offer by another entity to purchase the voting shares of the issuer of the Linked Stock) in relation to which the Merger Date or the Tender Offer Date (as the case may be) has occurred on or after the Trade Date but on or prior to the Valuation Date, and we (as the Issuer) (after taking into account such factors as set out on page 35 of this Principal Brochure), acting in good faith and in commercially reasonable manner, determine that:

- (i) an adjustment to the Initial Investment (amongst others) is necessary to account for the relevant event and to preserve the economic equivalence of such affected ELI (Call Option), we will early terminate the affected ELI (Call Option) as soon as practicable after the occurrence of the relevant event since the Initial Investment will remain unchanged during the Term of the ELI (Call Option) and will not be adjusted; or

- (ii) none of the adjustments contemplated to be made under “Adjustment to the terms of our ELIs (Call Option) if a Potential Adjustment Event, a Merger Event or Tender Offer occurs” above is able to preserve the economic equivalence of the affected ELI (Call Option), then the affected ELI (Call Option) will also be early terminated as soon as practicable after the occurrence of the relevant event.

In each case, we will determine the Early Termination Amount as of the effective date of such early termination.

If we (as the Issuer) in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) determine that an Extraordinary Disruption Event (including but not limited to, a delisting of the Linked Stock, a disruption event relating to the underlying fund (if applicable), the Bank’s inability to hedge its exposure under the ELI (Call Option) or a breach of the representation, warranties and undertaking provided by you in relation to the Initial Investment as set out in Condition 2.1 or 2.2 of the Terms and Conditions) occurs on or after the Trade Date but on or prior to the Valuation Date (regardless of whether an adjustment to the Initial Investment is necessary), we will also early terminate the affected ELI (Call Option) as soon as practicable after the occurrence of the relevant event and determine the Early Termination Amount as of the effective date of such early termination.

The Early Termination Amount is a cash amount in the Settlement Currency determined by us in our sole and absolute discretion acting in good faith and in a commercially reasonable manner, equal to the fair value of the ELI (Call Option) as of the effective date of such early termination, taking into account factors, including without limitation, the market interest rate movements, the current and expected market price and price volatility of the Linked Stock, the remaining Investment Period, the value of the embedded call option, any accrued Distribution Amount, our creditworthiness, the related transaction costs (including the unwind cost of hedging) and our operational or administrative costs related to the early termination of the affected ELI (Call Option).

The Early Termination Amount may be payable by you to us (in the case where such amount is below zero) or by us to you (in the case where such amount is at or above zero) on the Early Termination Payment Date (which is the fifth Business Day after the effective date of the termination). If the Early Termination Amount is at or above zero, we will pay the Early Termination Amount (if any) to the Settlement Account on the Early Termination Payment Date following which your undertakings in respect of the Initial Investment in the Securities Account will cease to apply with effect on and from such date. **If the Early Termination Amount is below zero, you will have to pay an amount equal to the absolute value of the Early Termination Amount to us on the Early Termination Payment Date. Such amount may be higher than the value of your Initial Investment as of the Trade Date (calculated based on the Initial Price). You may therefore suffer a loss or substantial loss. In addition, if we are unable to debit such Early Termination Amount from the Settlement Account due to insufficient funds or the occurrence of any event beyond our control, we may take any action in respect of the Initial Investment as we deem fit in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner), including (i) effect the transfer of the Initial Investment from the Securities Account to us, (ii) disposal of the Initial Investment at such time as we deem fit in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) and (iii) apply all or part of the sale proceeds of the Initial Investment to discharge all expenses incurred by us in effecting such sale and any shortfall in your obligations to pay such Early Termination Amount.**

All determinations made by us are final, conclusive and binding on you. We will notify you as soon as practicable upon the occurrence of any such event, any early termination made and the effective date of such early termination. We will notify you of the Early Termination Amount payable by you or by us on the effective date of such early termination via our usual means of communication (such as by post, email or phone). You should refer to Conditions 6, 7 and 8 of the Terms and Conditions for further details.

- **Impact of Market Disruption Event**

If we (as the Issuer) (acting in good faith and in a commercially reasonable manner) determine that a Market Disruption Event has occurred on the scheduled Valuation Date, then the Valuation Date shall be postponed to the following Exchange Business Day on which there is no Market Disruption Event unless a Market Disruption Event occurs on each of the eight Exchange Business Days immediately following the scheduled Valuation Date. In that case, that eighth Exchange Business Day shall be deemed to be the Valuation Date, notwithstanding the Market Disruption Event, and we (as the Issuer) will determine (acting in good faith and in a commercially reasonable manner) the fair price of the Linked Stock on the eighth Exchange Business Day by reference to, without limitation, the last reported price of the Linked Stock, the market interest rate movements and the prevailing market conditions. Such price shall be deemed to be the Final Closing Price. Our determination may have unforeseen adverse impact on your potential gain or loss on the ELI (Call Option). Delay in determining the Final Closing Price will cause consequential delay in settlement. We will not be liable for any interest in respect of any loss or damage that you may suffer as a result of such delay.

- **Impact of Settlement Disruption Event**

In the case where you are required to transfer the Initial Investment from the Securities Account to us on the Settlement Date and we (as the Issuer), in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner), determine that such transfer of the Initial Investment on the scheduled Settlement Date is not possible by reason of a Settlement Disruption Event having occurred on such date (for example, if the Clearing System is closed down for any unforeseeable reason on the Settlement Date), then the Settlement Date shall be postponed to the following Clearing System Business Day on which there is no Settlement Disruption Event. The cash payment payable by us on the Settlement Date shall be postponed accordingly and, your undertakings in respect of the Initial Investment shall continue to be applicable up to the postponed Settlement Date. For the avoidance of doubt, we will be entitled to all the rights attaching to the Initial Investment from and including the Valuation Date. Neither you nor us will be liable for any interest in respect of the amount due or any loss or damage that the other party may suffer as a result of any delay in payment and/or settlement due to the existence of a Settlement Disruption Event.

Risks relating to us as the Issuer

- **You will be relying on the creditworthiness of Bank of China (Hong Kong) Limited when you invest in our ELIs (Call Option)**

Our ELIs (Call Option) represent the general unsecured contractual obligations of Bank of China (Hong Kong) Limited and of no other person and are not secured on any assets or any collateral. When investing in our ELIs (Call Option), you will be relying upon the creditworthiness of Bank of China (Hong Kong) Limited (as the Issuer) and of no other person. There is no assurance of protection against our insolvency or a default by us in respect of our payment or delivery obligations under our ELIs (Call Option). We are a large financial institution and we have many financial products and contracts outstanding at any given time.

If we become insolvent or default on our obligations under our ELIs (Call Option), you can only claim as an unsecured creditor of Bank of China (Hong Kong) Limited regardless of the performance of the Linked Stock and the terms of the ELI (Call Option). **In the worst case scenario, you could lose all of your Initial Investment.**

Bank of China (Hong Kong) Limited 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 our obligations under our ELIs (Call Option).

- **Risk relating to our hedging activities**

We and/or our subsidiaries and/or affiliates may enter into hedging transactions in the market to enable us to fulfill our obligations under our ELIs (Call Option). These transactions typically involve contracts for the purchase and/or sale of the Linked Stock and the establishment of long and/or short positions in the Linked Stock which may be constantly adjusted. It is possible that these activities could adversely affect the market price of the Linked Stock on the Valuation Date and push the Final Closing Price of the Linked Stock down to a level below the Strike Price, resulting in the lapse of the embedded call option which may lead to a loss under your investment. In the worst case scenario, the market price of the Linked Stock may drop to zero and the Initial Investment may become worthless.

However, if the hedging counterparties default or fail to fulfill their obligations under the hedging transactions which does not constitute a Hedging Disruption as contemplated in Condition 13 of the Terms and Conditions, we will bear all the risks involved and we will keep the same terms and payout structure pursuant to our ELIs (Call Option).

- **Conflicts of Interest**

We and our subsidiaries and affiliates may engage in transactions involving, and may provide investment and other services to, any company or fund to which our ELIs (Call Option) are linked. Those transactions may have a positive or negative impact on the performance of our ELIs (Call Option). We and our subsidiaries and affiliates may have officers who serve as directors of any of the companies to which our ELIs (Call Option) are linked. In addition, we may issue other competing financial products which may affect the performance of our ELIs (Call Option).

You should note that potential or actual conflicts of interest may arise from the different roles played by us and our subsidiaries and affiliates in connection with our ELIs (Call Option) and our economic interest in each such role may be adverse to your interest. We shall deal with such conflict of interest (if any) in compliance with any applicable laws or regulations. We also maintain regulatorily required information barriers between our different business areas as well as policies and procedures designed to minimise and manage such potential or actual conflicts of interest to comply with applicable laws and regulations, and to ensure those transactions or dealings will be transacted at arm's length.

- **Risks relating to the maintenance and operation of your accounts with us**

You should note that the maintenance and operation of your Settlement Account and Securities Account with us are subject to the general account opening terms separately agreed between you and us at the time of your opening of such accounts (as may be modified from time to time). It is important that you understand and accept the terms and conditions of operation of such Settlement Account and Securities Account which may also affect or even lead to early termination of our ELIs (Call Option). Please contact our sales staff at our designated branches for further details.

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

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.

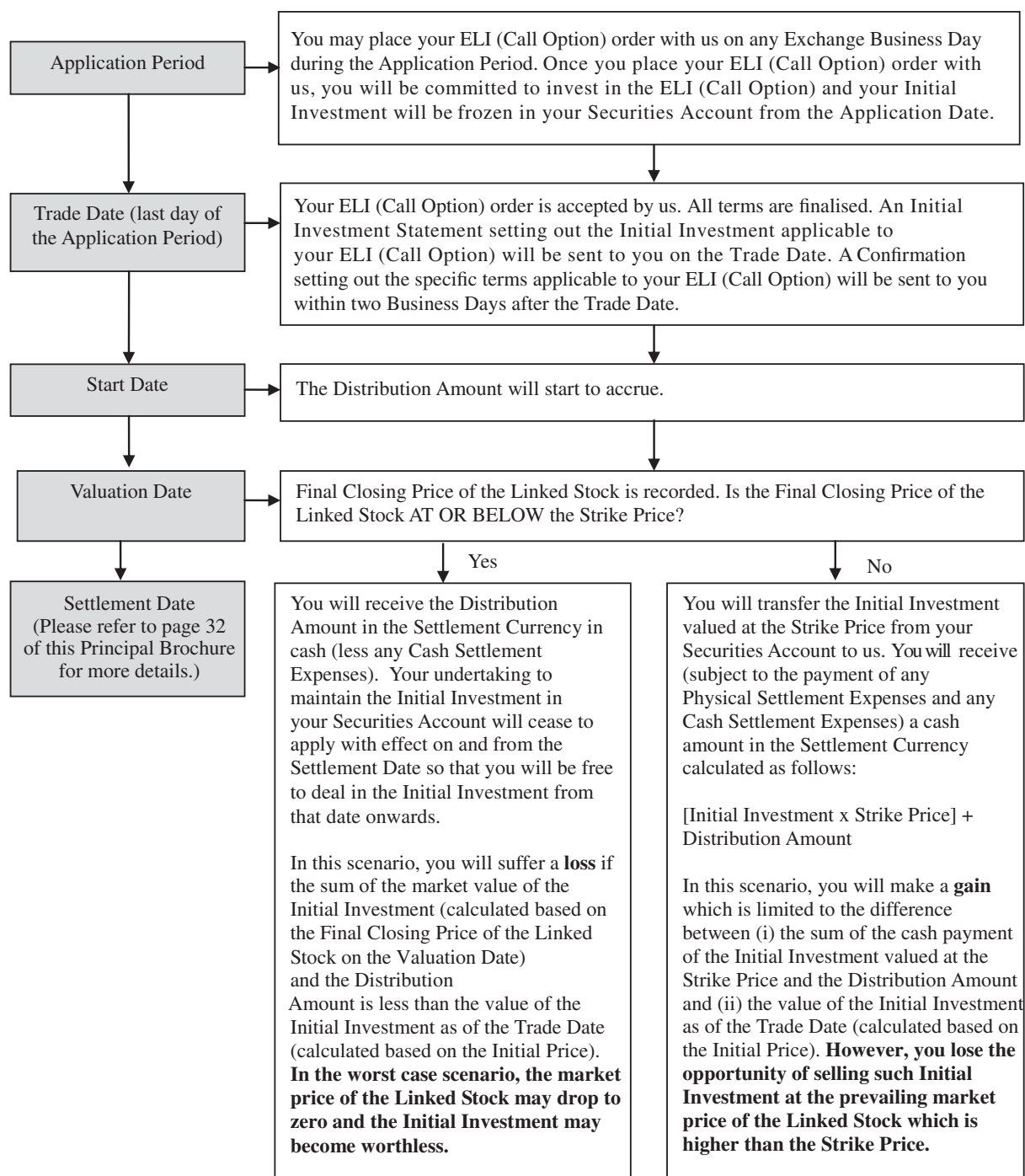
The FIRO provides a regime for the orderly resolution of financial institutions with a view to avoiding or mitigating the risks otherwise posed by their non-viability to the stability and effective working of the financial system of Hong Kong, including the continued performance of critical financial 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, the Bank (as Issuer) 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 the Bank (as Issuer) may have a material adverse effect on the market value or potential payout of our ELIs (Call Option), and as a result, you may not be able to recover all or any amount due under our ELIs (Call Option). **In the worst case scenario, you could lose all of your investment regardless of the performance of the Linked Stock.**

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

HOW DO OUR ELIs (CALL OPTION) WORK? – A FLOWCHART DESCRIPTION



WHAT ARE THE KEY FEATURES OF OUR ELIs (CALL OPTION)?

Below are the key features of our ELIs (Call Option). You should read all of this Principal Brochure (together with any addendum hereto), the Financial Disclosure Document (together with any addendum thereto) and the relevant Termsheet before deciding whether or not to invest in our ELIs (Call Option).

Capitalised terms used in this section not otherwise defined below shall have the meanings given to them in the Terms and Conditions of our ELIs (Call Option) set out in Appendix 1 to this Principal Brochure.

What are our ELIs (Call Option)?

Our ELIs (Call Option) are unlisted structured investment products embedded with derivatives. Derivatives are financial instruments whose value and potential return are based on the performance of their linked stock(s) or asset(s).

Our ELIs (Call Option) have an embedded call option over the Linked Stock. By investing in an ELI (Call Option):

- (i) you are selling a call option over the Linked Stock to us under which you will be obliged to sell a number of Linked Stock equal to the Initial Investment to us at a pre-determined price called the Strike Price on the Settlement Date (being the second Clearing System Business Day after the Valuation Date) if the Final Closing Price of the Linked Stock is above the Strike Price on the Valuation Date; and
- (ii) you will receive an option premium in return which forms part of the Distribution Amount payable in cash (less any Cash Settlement Expenses) on the Settlement Date.

Glossary of our ELIs (Call Option)

The meaning of the key terms of our ELIs (Call Option) are summarized below:

A. Application for our ELIs (Call Option)

Initial Investment:

- This is a particular quantity of the Linked Stock, calculated in board lot or multiples of board lot of the Linked Stock in a Securities Account held by you with us on the Application Date for investment in our ELI (Call Option), which is subject to the Minimum Initial Investment as specified in the relevant Termsheet.
- During the Term of our ELI (Call Option), you must maintain the Initial Investment in your Securities Account, and you cannot sell or deal in the Initial Investment.
- The Initial Investment will be agreed with you before you place the order and confirmed in the relevant Initial Investment Statement.

- The Initial Investment will remain unchanged during the Term of the ELI (Call Option) and will not be adjusted pursuant to an occurrence of a Potential Adjustment Event, a Merger Event or a Tender Offer relating to the Linked Stock or the issuer of the Linked Stock.
- Settlement Currency:**
- The Settlement Currency can be either HKD (in which case the Linked Stock is also traded in HKD) or RMB (in which case the Linked Stock is also traded in RMB). This is the currency in which an ELI (Call Option) is issued and settled.
 - The Distribution Amount and, where applicable, any cash amount payable by us are denominated in the Settlement Currency (subject to the occurrence of a RMB Disruption Event if the Settlement Currency is RMB). Where applicable, any cash amount payable by you to us is denominated in the Settlement Currency.
- Linked Stock:**
- An ELI (Call Option) is linked to a Linked Stock, which will be shares of a company or units of a fund (being an ETF or a REIT) listed on the Exchange and traded in HKD or RMB.
 - Not all Hong Kong listed stocks can be selected as a Linked Stock. You should check with our sales staff for further details of the available stocks.
 - The Linked Stock will be specified in the relevant Termsheet.
- Exchange:**
- The Stock Exchange of Hong Kong Limited.
- Underlying Currency:**
- The Underlying Currency is the currency in which the Linked Stock is traded on the Exchange, which is either RMB or HKD as specified in the relevant Termsheet.
- Board Lot:**
- The trading board lot of the Linked Stock.
- Initial Price:**
- The Initial Price can be set as either (i) the market spot price of the Linked Stock as agreed between you and us at the time you place an order of the ELI (Call Option) on the Application Date (which will become the Trade Date if your order is accepted) or (ii) the official closing price of the Linked Stock as published by the Exchange as of the Trade Date. The Initial Price will be specified in the relevant Termsheet.
 - We will use the Initial Price to calculate the Strike Price.
 - You should note that if the Initial Price is set as the official closing price of the Linked Stock as published by the Exchange as of the Trade Date, the Strike Price will not be known at the time of your application, and you will be committed to invest in the ELI (Call Option) before the exact value of the Strike Price is finalised.

Strike Price:

- This is the benchmark price we use to compare the Final Closing Price of the Linked Stock with for determination of the amount payable at maturity of the ELI (Call Option), which will be specified in the relevant Termsheet.
- The Strike Price will be set as a percentage of the Initial Price (calculated to 4 decimal places, 0.00005 being rounded upwards). The relevant percentage will be specified in the relevant Termsheet. The Strike Price will always be set at a level which is at or above the Initial Price. You are obliged to sell the Linked Stock valued at the Strike Price to us if the Final Closing Price of the Linked Stock is above the Strike Price.

Application Period:

- This is the period during which you can apply for our ELI (Call Option), which will be specified in the relevant Termsheet. We may at our sole and absolute discretion acting in good faith and in a commercially reasonable manner shorten or extend the Application Period without prior notice at any time.

Application Date:

- The day on which you place your ELI (Call Option) order with us. The Application Date can be any Exchange Business Day during an Application Period. Once you place your ELI (Call Option) order with us, you will be committed to invest in the ELI (Call Option) and your Initial Investment will be frozen in your securities account from the Application Date.

Trade Date:

- The Exchange Business Day on which your ELI (Call Option) order is accepted and executed by us. The Trade Date will be the last day of the Application Period and will be specified in the relevant Termsheet.
- We will send you an Initial Investment Statement setting out the Initial Investment applicable to your ELI (Call Option) on the Trade Date.
- All the terms of your ELI (Call Option) will be finalised on the Trade Date.
- You should note that if the Initial Price is set as the official closing price of the Linked Stock as published by the Exchange as of the Trade Date and the Initial Price of the Linked Stock cannot be recorded due to the occurrence of any market disruption event (such as suspension of trading on the Exchange of the Linked Stock), your order will not be accepted and will not be executed by us.
- We will send you a Confirmation setting out the finalised terms (other than the Initial Investment which will be set out in the Initial Investment Statement) of your ELI (Call Option) to you within two Business Days after the Trade Date.

- Start Date:**
- This is the day on which the Distribution Amount will start to accrue. The Start Date will be specified in the relevant Termsheet. The Start Date is a day falling 2 Business Days after the Trade Date, but may be shortened to be the same day as the Trade Date or extended up to 14 Business Days after the Trade Date, upon your request and accepted by us.
- Investment Period:**
- The number of calendar days from and including the Trade Date to and including the scheduled Valuation Date, which will be specified in the relevant Termsheet.
 - We will not offer any ELI (Call Option) with an Investment Period of more than six months. You may request for a tailor-made Investment Period to suit your investment strategy, provided that the Investment Period will not be more than six months.
- Scheduled Tenor:**
- The number of calendar days from and including the Start Date to and including the scheduled Settlement Date, as specified in the Confirmation.
- Term:**
- The period from and including the Trade Date to and including the Settlement Date.
 - By investing in our ELI (Call Option), you undertake not to deal in, make any withdrawal, create any encumbrance or dispose of the Initial Investment throughout the Term of our ELI (Call Option). A breach of your undertaking of not selling or dealing in the Initial Investment will constitute an Extraordinary Disruption Event under the terms of our ELI (Call Option), leading to an early termination of our ELI (Call Option).
- Business Day:**
- The day on which commercial banks are open for business in Hong Kong, excluding Saturdays, Sundays and public holidays.

B. At maturity of our ELIs (Call Option)

- Valuation Date:**
- The day on which the Final Closing Price of the Linked Stock is recorded for the purposes of determining the payout on the Settlement Date.
 - The Valuation Date will be specified in the Confirmation, subject to postponement as elaborated on page 34 of this Principal Brochure.
- Final Closing Price:**
- The official closing price of the Linked Stock (as published by the Exchange) as of the Valuation Date.

Settlement At Maturity:

- If the Final Closing Price of the Linked Stock is **at or below** the Strike Price, you will receive on the Settlement Date the Distribution Amount in the Settlement Currency in cash (less any Cash Settlement Expenses). Your undertaking to maintain the Initial Investment in the Securities Account will cease to apply with effect on and from the Settlement Date.
- If the Final Closing Price of the Linked Stock is **above** its Strike Price, you will transfer the Initial Investment valued at the Strike Price from your Securities Account to us on the Settlement Date and you will receive (i) the Distribution Amount (less any Cash Settlement Expenses) and (ii) (subject to your payment of any Physical Settlement Expenses) a cash amount in the Settlement Currency equal to the Initial Investment multiplied by the Strike Price.

Distribution Amount:

- The Distribution Amount for an ELI (Call Option) is a cash amount in the Settlement Currency payable on the Settlement Date calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

$(\text{Initial Investment} / \text{Board Lot}) \times \text{Distribution Amount per Board Lot}$

Distribution Amount per Board Lot:

- The Distribution Amount per Board Lot is used to calculate the Distribution Amount, which is calculated as follows (calculated to 2 decimal places, 0.005 being rounded upwards):

$\text{Board Lot} \times \text{Initial Price} \times \text{Actual Distribution Rate}$

Annualised Distribution Rate:

- A pre-determined rate used to calculate the Distribution Amount, which is expressed as an annualised rate. It is based on the hypothetical assumption that the ELI (Call Option) can be rolled over on the same terms for a period of 365 days. It does not reflect the Actual Distribution Rate of an ELI (Call Option). You should not rely on the annualised rate as an indication of the potential return for an ELI (Call Option).
- It is determined based on a number of factors, including but not limited to, the choice of the Linked Stock, price volatility of the Linked Stock, the Investment Period, the Scheduled Tenor, the Strike Price, our creditworthiness, the value of the embedded call option, the cost of our hedging arrangement relating to our ELIs (Call Option) and the prevailing market interest rate.

Actual Distribution Rate:

- This is the actual distribution rate for the Scheduled Tenor of an ELI (Call Option), being the Annualised Distribution Rate \times Scheduled Tenor / Day Count Basis (calculated to 4 decimal places, 0.00005 being rounded upwards).

- Day Count Basis:**
- The denominator used to calculate the Distribution Amount. The Day Count Basis will be 365.
- Settlement Date:**
- The day on which you will receive the settlement at maturity as described above.
 - The Settlement Date will be set as the second Business Day (in the case where your undertaking to maintain the Initial Investment in the Securities Account will cease to apply and you will receive the Distribution Amount in cash) or the second Clearing System Business Day (in the case where you are to transfer the Initial Investment from your Securities Account to us and will receive both (a) the Distribution Amount in cash and (b) a cash amount in the Settlement Currency equal to the Initial Investment multiplied by the Strike Price) after the Valuation Date, subject to postponement as elaborated on page 33 of this Principal Brochure.
- Clearing System:**
- The Central Clearing and Settlement System or any successor thereto.
- Clearing System Business Day:**
- A day on which the Clearing System is scheduled to open for the acceptance and execution of settlement instructions.
- Exchange Business Day:**
- A day on which the Exchange is scheduled to open for trading.
- Cash Settlement Expenses:**
- All charges or expenses, including any taxes and duties that are incurred for payment of a cash amount to you. Currently, there are no such charges or expenses.
 - If any Cash Settlement Expenses are payable in future, we will inform you in advance before you place your order for an ELI (Call Option).
- Physical Settlement Expenses:**
- Physical Settlement Expenses are out-of-pocket expenses relating to the transfer of the Linked Stock. These expenses include the seller's stamp duty (if applicable, subject to the prevailing laws and regulations), currently at a rate of 0.1% of the market value of the Linked Stock calculated at the Final Closing Price (if applicable, converted into HKD at the exchange rate as determined by the Hong Kong Monetary Authority and currently published on The Stock Exchange of Hong Kong Limited at http://www.hkex.com.hk/eng/market/sec_tradinfo/stampfx/stampfx.asp by 11:00a.m. or earlier on the Valuation Date) arising from the transfer of the Linked Stock. Please check with our sales staff for details of such charges.

Do you have any rights in the Initial Investment during the Term of the ELI (Call Option)?

You invest in our ELI (Call Option) by placing the Initial Investment in the Securities Account held with us on the Trade Date. During the Term of our ELI (Call Option), you must maintain the Initial Investment in the Securities Account and you cannot sell or deal in the Initial Investment. By investing in the ELI (Call Option), you represent, warrant and undertake that during the Term of the ELI (Call Option) you will not and will not agree, attempt or take any step to:

- (i) deal in or make any withdrawal of all or any part of the Initial Investment from the Securities Account;
- (ii) create any encumbrance (such as mortgage, charge or lien) or allow any encumbrance to exist on the whole or any part of the Initial Investment, other than any encumbrance granted in favour of us; and
- (iii) dispose of all or any part of the Initial Investment.

A breach of the above representation, warranties and undertaking will constitute an “Extraordinary Disruption Event”, which will lead to an early termination of the ELI (Call Option). Please see paragraph headed “Are there any situations where our ELIs (Call Option) may be early terminated before maturity?” at page 36 of this Principal Brochure.

During the Term of the ELI (Call Option), you remain as the sole beneficial owner of the Initial Investment and shall be entitled to all the rights attaching to the Initial Investment, except for cases where we are authorised to transfer or sell the Initial Investment from the Securities Account under the terms of the ELI (Call Option) (such as in the case of an early termination of the ELI (Call Option) and we are unable to debit the Early Termination Amount from the Settlement Account due to insufficient funds or the occurrence of any event beyond our control).

In the case where you are required to transfer the Initial Investment from the Securities Account to us on the Settlement Date, we will be entitled to all those rights attaching to the Initial Investment from and including the Valuation Date. Such rights shall include the rights that we would be entitled to as if we had been registered as the holder of such Linked Stock from and including the Valuation Date onwards.

You should also refer to Conditions 2 and 5 of the Terms and Conditions as set out in Appendix 1 to this Principal Brochure for more details.

What happens if a Settlement Disruption Event occurs on the Valuation Date?

In the case where you are required to transfer the Initial Investment from the Securities Account to us on the Settlement Date and we (as the Issuer), in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner), determine that such transfer of the Initial Investment on the scheduled Settlement Date is not possible by reason of a Settlement Disruption Event having occurred on such date (for example, if the Clearing System is closed down for any unforeseeable reason on the Settlement Date), the Settlement Date shall be postponed to the following Clearing System Business Day on which there is no Settlement Disruption Event. The cash payment payable by us on the Settlement Date shall be postponed accordingly and, your undertakings in respect of the Initial Investment shall continue to be applicable up to the postponed Settlement Date. For the avoidance of doubt, we will be entitled to all the rights attaching to the Initial Investment from and including the Valuation Date.

We will notify you of any such postponement of the Settlement Date on the second Business Day after the scheduled Settlement Date.

Neither you nor us will be liable for any interest in respect of the amount due or any loss or damage that the other party may suffer as a result of any delay in payment and/or settlement due to the existence of a Settlement Disruption Event. You should refer to Condition 4.1 of the Terms and Conditions as set out in Appendix 1 to this Principal Brochure for more details.

What happens if a RMB Disruption Event occurs on a scheduled payment date in respect of any payment in RMB payable by us?

In the case where the Settlement Currency is RMB and we determine, in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner), that a 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 ELIs (Call Option) in the RMB exchange market in Hong Kong) has occurred on any date on which any amount payable in RMB under our ELIs (Call Option) are scheduled to be paid by us, 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 will pay the HKD Equivalent Amount no later than the second Business Day after that twelfth Business Day. Any such payment made by us shall constitute full and final settlement of our obligations to pay the relevant amount payable in RMB on the affected payment date in respect of our ELIs (Call Option).

The HKD Equivalent Amount is an amount in HKD determined by us in our sole and absolute discretion acting in good faith and a commercially reasonable manner, by converting the amount payable in RMB 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 exchange rate of HKD per one USD as displayed on Reuters Page <HKD=> (or such replacement page) and (ii) the 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 shall determine such exchange rate in our sole and absolute discretion acting in good faith and a commercially reasonable manner.

We will notify you of such postponement as soon as practicable but no later than the second Business Day after the 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. 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 any delay in settlement due to the existence of a RMB Disruption Event. You should refer to Condition 4.2 of the Terms and Conditions as set out in Appendix 1 to this Principal Brochure for further details.

Will the Valuation Date be subject to adjustment?

The Valuation Date will be specified in the relevant Termsheet, or if such day is not an Exchange Business Day, then the following Exchange Business Day. Provided that if we determine that a Market Disruption Event in respect of the Linked Stock (such as suspension of trading of the Linked Stock on the Exchange) occurs on the scheduled Valuation Date (“**Disrupted Day**”), the Valuation Date will be postponed to the following Exchange Business Day which is not a Disrupted Day, unless each of the eight Exchange Business Days immediately following the scheduled Valuation Date is a Disrupted Day. In that case (i) that eighth Exchange Business Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) we (as the Issuer) will determine (acting in good faith and in a commercially

reasonable manner) the fair price of the Linked Stock on that eighth Exchange Business Day, by reference to, without limitation, the last reported price of the Linked Stock, the market interest rate movements and the prevailing market conditions. Such price shall be deemed to be the Final Closing Price of the Linked Stock. The Settlement Date will be postponed accordingly.

We will notify you of such deemed Valuation Date and Final Closing Price as soon as it is determined. You should refer to Condition 9 of the Terms and Conditions as set out in Appendix 1 to this Principal Brochure for more details.

When will the terms and conditions of the ELI (Call Option) be adjusted?

If we (as the Issuer) in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) determine that a Potential Adjustment Event (including but not limited to a subdivision or consolidation of the Linked Stock, a bonus issue or rights issue, payment of an extraordinary dividend or any other event which has a diluting or concentrative effect on the theoretical value of the Linked Stock) has occurred on or after the Trade Date but on or prior to the Valuation Date, or a Merger Event (including the merging of the issuer of the Linked Stock with another entity or acquisition of the issuer of the Linked Stock by another entity) or a Tender Offer (including a tender offer by another entity to purchase the voting shares of the issuer of the Linked Stock) in relation to which the Merger Date or the Tender Offer Date (as the case may be) has occurred on or after the Trade Date but on or prior to the Valuation Date and we (as the Issuer) (after taking into account such factors as set out in (a) and (b) below), acting in good faith and in a commercially reasonable manner, determine that an adjustment to the Initial Investment is not necessary to account for the relevant event, we (as the Issuer) in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) may make adjustments to the other terms and conditions of the affected ELI (Call Option) (including, but not limited to, adjusting the Strike Price) to account for the diluting, concentrative or other economic effect, in order to preserve the economic equivalence of the affected ELI (Call Option).

In determining the aforesaid adjustment(s):

- (a) if options contracts or futures contracts of the Linked Stock are traded on the Exchange or any other exchange, we 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 the ELI (Call Option). In such case, we 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 the ELI (Call Option); or
- (b) if there are no options contracts or futures contracts of the Linked Stock traded on the Exchange or any other exchange, we 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 ELI (Call Option).

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

All adjustments or determinations made by us (as the Issuer) are, save as in the case of manifest error, final, conclusive and binding on you and us. We will notify you as soon as practicable upon the occurrence of such event, any adjustment made and the effective date of such adjustment. You should refer to Conditions 6 and 7 of the Terms and Conditions as set out in Appendix 1 to this Principal Brochure for more details.

Are there any situations where our ELIs (Call Option) may be early terminated before maturity?

If we (as the Issuer) in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) determine that a Potential Adjustment Event (including but not limited to a subdivision or consolidation of the Linked Stock, a bonus issue or rights issue, payment of an extraordinary dividend or any other event which has a diluting or concentrative effect on the theoretical value of the Linked Stock) has occurred on or after the Trade Date but on or prior to the Valuation Date, or a Merger Event (including the merging of the issuer of the Linked Stock with another entity or acquisition of the issuer of the Linked Stock by another entity) or a Tender Offer (including a tender offer by another entity to purchase the voting shares of the issuer of the Linked Stock) in relation to which the Merger Date or the Tender Offer Date (as the case may be) has occurred on or after the Trade Date but on or prior to the Valuation Date and we (as Issuer) (after taking into account such factors as set out in (a) and (b) on page 35 of this Principal Brochure), acting in good faith and in a commercially reasonable manner, determine that:

- (i) an adjustment to the Initial Investment (amongst others) is necessary to account for the relevant event and to preserve the economic equivalence of the ELI (Call Option), we will early terminate the affected ELI (Call Option) as soon as practicable after the occurrence of the relevant event since the Initial Investment will remain unchanged during the Term of the ELI (Call Option) and will not be adjusted; or
- (ii) none of the adjustments contemplated to be made under “When will the terms and conditions of the ELI (Call Option) be adjusted?” on page 35 of this Principal Brochure is able to preserve the economic equivalence of the ELI (Call Option), then the ELI (Call Option) will also be early terminated as soon as practicable after the occurrence of the relevant event.

In addition, if we (as Issuer) in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) determine that an Extraordinary Disruption Event (including but not limited to, a delisting of the Linked Stock, a disruption event relating to the underlying fund (if applicable), the Bank’s inability to hedge its exposure under the ELI (Call Options) or a breach of the representation, warranties and undertaking provided by you in relation to the Initial Investment as set out under the paragraph headed “Do you have any rights in the Initial Investment during the Term of the ELI (Call Option)?” on page 33 of this Principal Brochure) occurs on or after the Trade Date but on or prior to the Valuation Date (regardless of whether an adjustment to the Initial Investment is necessary), we will also early terminate the affected ELI (Call Option) as soon as practicable after the occurrence of the relevant event.

In each case, we will in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) determine the Early Termination Amount of the ELI (Call Option) as of the effective date of such early termination.

The Early Termination Amount is determined by us (as the Issuer), in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner), representing the fair value of such ELI (Call Option) as of the effective date of early termination of such ELI (Call Option), taking into account factors, including without limitation, the market interest rate movements, the current and expected market price and price volatility of the Linked Stock, the remaining Investment Period, the value of the embedded call option, any accrued Distribution Amount, our creditworthiness, the related transaction costs (including the unwind cost of hedging related to the ELI (Call Option)) and our operational or administrative costs related to the early termination of the affected ELI (Call Option).

The Early Termination Amount may be payable by you to us (in the case where such amount is below zero) or by us to you (in the case where such amount is at or above zero). In that case where:

- (a) the Early Termination Amount is at or above zero, we will pay an amount in the Settlement Currency (if any) equal to the Early Termination Amount to the Settlement Account on the fifth Business Day after the effective date of such early termination (being the Early Termination Payment Date). Your undertakings in respect of the Initial Investment in the Securities Account will cease to apply with effect on and from such date. Our obligations and your obligations under the ELI (Call Option) will be satisfied and discharged in full upon completion of the above; or
- (b) the Early Termination Amount is below zero, you will pay an amount in the Settlement Currency equal to the absolute value of the Early Termination Amount to us. You irrevocably authorise us to debit such Early Termination Amount from the Settlement Account on the fifth Business Day after the effective date of such early termination, following which your undertakings in respect of the Initial Investment in the Securities Account will cease to apply with effect on and from such date. **You should note that such Early Termination Amount may be higher than the value of your Initial Investment as of the Trade Date (calculated based on the Initial Price). You may therefore suffer a loss or substantial loss. In addition, if we are unable to debit such Early Termination Amount from the Settlement Account due to insufficient funds or the occurrence of any event beyond our control, we may take any action in respect of the Initial Investment as we deem fit in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner), including (i) effect the transfer of the Initial Investment from the Securities Account to us, (ii) disposal of the Initial Investment at such time as we deem fit in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) and (iii) apply all or part of the sale proceeds of the Initial Investment to discharge all expenses incurred by us in effecting such sale and any shortfall in your obligations to pay such Early Termination Amount.**

All determinations made by us are final, conclusive and binding on you. We will notify you as soon as practicable upon the occurrence of any such event, whether we determine that the relevant ELI (Call Option) shall be early terminated and the effective date of such early termination. We will notify you of the Early Termination Amount payable by you or by us on the effective date of such early termination via our usual means of communication (such as by post, email or phone). You should refer to Conditions 6, 7 and 8 of the Terms and Conditions as set out in Appendix 1 to this Principal Brochure for more details.

What is the governing law of our ELIs (Call Option)?

Our ELIs (Call Option) are governed by the laws of Hong Kong Special Administrative Region of the People's Republic of China.

FURTHER INFORMATION RELATING TO OUR ELIs (CALL OPTION)

What is included in our ELIs (Call Option) documentation?

Offering Documents

The following documents constitute the Offering Documents of our ELIs (Call Option). You should read all of these Offering Documents before deciding whether to invest:

- (i) Principal Brochure: This Principal Brochure, together with the addendum hereto (if any) as specified in the relevant Termsheet, contains an overview of our ELIs (Call Option), including:
 - a key facts statement for our ELIs (Call Option);
 - the product features and risk factors relating to our ELIs (Call Option);
 - the Terms and Conditions for our ELIs (Call Option);
 - the general procedure of investing in our ELIs (Call Option); and
 - the general information about us (as the Issuer and the Product Arranger).
- (ii) Financial Disclosure Document: The Financial Disclosure Document, together with the addendum thereto (if any), comprises our most recently published audited annual consolidated financial statements and unaudited interim financial information (if any). The relevant Termsheet will specify the date(s) of the Financial Disclosure Document and the addendum thereto (if any).
- (iii) Termsheet: The relevant Termsheet sets out a summary of the specific terms that are applicable to an ELI (Call Option) that you wish to apply for. We have set out in Appendix 2 to this Principal Brochure a standard form of the Termsheet for our ELIs (Call Option). The relevant Termsheet sets out the terms which will be specified at the time you apply for an ELI (Call Option).

The offer of our ELIs (Call Option) is made only on the basis of the above Offering Documents. We (as the intermediary) are obliged to distribute to you all of the above Offering Documents in English or Chinese as you may prefer.

The Offering Documents can be obtained free of charge through the following methods of distribution as specified in the relevant Termsheet:

Offering Documents	Method of distribution
<ul style="list-style-type: none">• This Principal Brochure and the addendum thereto (if any) as specified in the relevant Termsheet• The Financial Disclosure Document and the addendum thereto (if any) as specified in the relevant Termsheet	<ol style="list-style-type: none">(i) Printed copies from any of our branches in Hong Kong;(ii) CD-Rom copies from any of our branches in Hong Kong (whether or not CD-Rom copies are available for an ELI (Call Option) will be specified in the relevant Termsheet); and(iii) Electronic copies on our website <i>www.bochk.com</i> or from us by email (whether or not electronic copies are available for an ELI (Call Option) will be specified in the relevant Termsheet).

Offering Documents	Method of distribution
<ul style="list-style-type: none"> • The relevant Termsheet 	<ul style="list-style-type: none"> (i) Printed copies from any of our branches in Hong Kong; and (ii) Electronic copies from us by email (whether or not electronic copies are available for an ELI (Call Option) will be specified in the relevant Termsheet).

Legal documents

The following documents set out the legally binding terms and conditions of our ELIs (Call Option):

- (i) Terms and Conditions of the ELIs (Call Option): The terms and conditions that are applicable to all our ELIs (Call Option) are set out in Appendix 1. These Terms and Conditions as set out in Appendix 1 may be applied, disapplied, amended, varied and/or supplemented by the specific terms and conditions that are applicable to an ELI (Call Option) which will be set out in the relevant Initial Investment Statement and Confirmation.
- (ii) Initial Investment Statement for the ELIs (Call Option): The form of the Initial Investment Statement is set out in Appendix 3 to this Principal Brochure. The Initial Investment applicable to an ELI (Call Option) will be set out in the relevant Initial Investment Statement which reflects the Initial Investment agreed with you before you place the order. The relevant Initial Investment Statement applicable to an ELI (Call Option) will be sent to you on the Trade Date.
- (iii) Confirmation for the ELIs (Call Option): The form of Confirmation for our ELIs (Call Option) is set out in Appendix 4 to this Principal Brochure. The specific terms and conditions (apart from the Initial Investment) applicable to an ELI (Call Option) will be set out in the relevant Confirmation which reflects the specific terms as summarised in the relevant Termsheet. In the event of any inconsistency between the Terms and Conditions and the relevant Confirmation, the relevant Confirmation will prevail. The Confirmation applicable to an ELI (Call Option) will be sent to you within 2 Business Days after the Trade Date.

For whom are our ELIs (Call Option) designed for?

Our ELIs (Call Option) are designed for investors who:

- have a stable or neutral view on the market price of the Linked Stock;
- have knowledge or experience in investing in unlisted structured investment products embedded with derivatives;
- are prepared to hold their Initial Investment and their investment in their ELIs (Call Option) until the Settlement Date; and
- are prepared to take our credit risk.

For whom are our ELIs (Call Option) NOT designed for?

Our ELIs (Call Option) are NOT designed for investors who:

- have a very positive or negative outlook on the market or the Linked Stock;

- do not have knowledge or experience in investing in derivative investments;
- do not want to take our credit risk;
- do not want to risk any part of their Initial Investment; or
- may need to sell or deal in the Initial Investment or early terminate their ELIs (Call Option) before the Settlement Date for liquidity needs.

How can you apply for an ELI (Call Option)?

Our ELIs (Call Option) are only available from the Bank (as an intermediary). To invest in our ELIs (Call Option), you must already have, or you must open, a cash account in the Settlement Currency and a securities account with us (as the intermediary). In case where the Settlement Currency is RMB, you must also have a cash account in HKD for receipt of any HKD Equivalent Amount in case of a RMB Disruption Event. If you wish to apply for our ELIs (Call Option), you can contact our sales staff at any of our designated branches in Hong Kong to enquire about our ELIs (Call Option).

You may apply for an ELI (Call Option) by placing an order with us on any Exchange Business Day during an Application Period. Once you place an ELI (Call Option) order with us, you will be committed to invest in the ELI (Call Option) and your Initial Investment will be frozen in your securities account from the Application Date. Post-sale cooling-off period pursuant to Part IV of the Code does not apply to our ELIs (Call Option). An Initial Investment Statement setting out the Initial Investment applicable to your ELI (Call Option) will be sent to you on the Trade Date.

We may accept or reject an ELI (Call Option) application at our sole and absolute discretion. If your ELI (Call Option) order is accepted by us, we will execute the purchase order on the Trade Date. You cannot sell or deal in the Initial Investment during the Term of the ELI (Call Option). A Confirmation setting out the specific terms (apart from the Initial Investment) applicable to your ELI (Call Option) will be sent to you within 2 Business Days after the Trade Date. If your ELI (Call Option) order is rejected by us, we will notify you on the day you placed your purchase order and the frozen Initial Investment will be released on the same day.

Do you have to pay any fees or charges?

No subscription charges – There is no subscription charge for placing an order for an ELI (Call Option) with us. All related charges incurred by us (including our hedging cost) will be factored into the calculation of the Annualised Distribution Rate.

Cash Settlement Expenses – Cash Settlement Expenses are all charges or expenses, including any taxes and duties that are incurred for payment of a cash amount to you. Cash Settlement Expenses, if applicable, will be deducted from any cash amount you may receive under your ELI (Call Option). Currently, no Cash Settlement Expense is payable. If any Cash Settlement Expenses are payable in the future, we will inform you in advance before you place your order for an ELI (Call Option).

Physical Settlement Expenses – If there is any transfer of the Linked Stock, you will have to pay for any Physical Settlement Expenses, which are out-of-pocket expenses relating to the transfer and delivery of the Linked Stock including the seller's stamp duty (if applicable, subject to the prevailing laws and regulations). Please ask us for details of such charges.

You should note that any Cash Settlement Expenses or Physical Settlement Expenses will reduce your potential gain or increase your potential loss under your investment in our ELI (Call Option).

Is post-sale cooling-off period available?

No. Post-sale cooling-off period pursuant to Part IV of the Code is mandatory for unlisted structured investment products with a scheduled tenor of more than one year. The post-sale cooling-off period pursuant to Part IV of the Code **DOES NOT APPLY** to our ELIs (Call Option) because we will not offer any ELI (Call Option) with an Investment Period of more than six months. **You cannot cancel or unwind your ELI (Call Option) after you have placed your order with us.**

Is there any market making arrangement for your ELI (Call Option) before maturity?

No. Market making arrangement pursuant to Part III of the Code is mandatory for unlisted structured investment products with a scheduled tenor of more than six months. The market making arrangement pursuant to Part III of the Code **DOES NOT APPLY** to our ELIs (Call Option) because we will not offer any ELI (Call Option) with an Investment Period of more than six months. **You cannot transfer or early terminate your ELI (Call Option) after your order is accepted by us on the Trade Date.**

How will you know what the settlement at maturity will be?

We will notify you within 2 Business Days after the Valuation Date of your settlement at maturity.

What are our key responsibilities in the offer of our ELIs (Call Option)?

We act as the Issuer and the Product Arranger in the offer of our ELIs (Call Option). We (as the Issuer) will enter into the ELI (Call Option) with you as a principal. We (as the Product Arranger) will perform the administrative functions in the offer of our ELIs (Call Option).

We (as the Issuer and the Product Arranger), on behalf of our directors, will accept service of process at our registered office specified at the back page of this Principal Brochure.

Where can you find more information about the Bank and the ELI (Call Option)?

You can obtain further information on the Bank from our website www.bochk.com.

Information contained in the websites referred to in this Principal Brochure or any other Offering Document (other than the electronic copies of the Offering Documents appearing on our website) do not form part of the Offering Documents. We do not accept any responsibility for information contained in any third party websites.

What are our ongoing disclosure obligations?

We (as the Issuer and the Product Arranger) will keep the SFC and all investors in our ELIs (Call Option) informed as soon as reasonably practicable if (a) we (as the Issuer) cease to meet any eligibility requirements applicable to issuers under the Code, (b) we (as the Product Arranger) cease to meet any eligibility requirements applicable to product arrangers under the Code, and (c) to the extent permitted by any applicable law, there are changes in the financial condition or other circumstances which could reasonably be expected to have a material adverse effect on our ability to fulfil our commitment in connection with our ELIs (Call Option). Please contact our sales staff for further details.

Who is responsible for the Offering Documents of our ELIs (Call Option)?

We (as the Issuer and the Product Arranger) accept full responsibility for the contents of, and the completeness and accuracy of the information contained in the Offering Documents of our ELIs (Call Option) and confirm, having made all reasonable enquiries, that to the best of our knowledge and belief the Offering Documents, when read together, will contain no untrue or misleading statement, or other facts the omission of which would make any statement therein untrue or misleading.

This Principal Brochure is accurate at the date of this Principal Brochure. You must not assume that information in this Principal Brochure is accurate at any time after the date of this Principal Brochure. Any updated information of this Principal Brochure will be specified in the relevant Termsheet or addendum to the Principal Brochure (as applicable).

Where can you read the documentation for the ELIs (Call Option)?

While any of our ELIs (Call Option) remains outstanding, you can read the following documents (without any charges) by visiting our office at 8th Floor, Bank of China Tower, 1 Garden Road, Hong Kong during normal business hours on any Business Day:

- a certified true copy of our articles of association (in English version only);
- copies of this Principal Brochure and the addendum thereto (if any) (in separate English and Chinese language versions);
- copies of our Financial Disclosure Document and the addendum thereto (if any) (English and Chinese language versions contained in one document);
- upon request by an investor of an ELI (Call Option), the relevant Termsheet for that ELI (Call Option) (in separate English and Chinese language versions);
- upon request by an investor of an ELI (Call Option), the relevant Initial Investment Statement and Confirmation for that ELI (Call Option) (English and Chinese language versions contained in one document);
- a certified true copy of the letter of our auditors consenting to the inclusion of their report in the Financial Disclosure Document and the addendum thereto (if any) (in English language version only); and
- copies of any notices given by us under the terms and conditions of our ELIs (Call Option) (in separate English and Chinese language versions).

A reasonable fee will be charged if you want to take photocopies of any of such documents.

Is this a prospectus?

This Principal Brochure does not constitute a prospectus under the Companies (Winding up and Miscellaneous Provisions Ordinance (Cap.32, Laws of Hong Kong).

Taxation

The statements below regarding taxation are based on the laws and practice in Hong Kong and the United States on the date of this Principal Brochure. The relevant laws, rules and practice relating to tax are subject to change and amendment (and such change may be made on a retrospective basis). As such, there can be no guarantee that the summary provided below will continue to be applicable after the date of this Principal Brochure. The statements below do not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to invest in our ELIs (Call Option) and do not purport to deal with the tax consequences applicable to all categories of investors. You should consult your own tax adviser about the tax consequences of investing in our ELIs (Call Option).

Hong Kong Taxation

Withholding Tax

We are not required under current law to make any withholding on account of Hong Kong tax from payments in respect of our ELIs (Call Option).

Capital gains tax

Under Hong Kong law, no capital gains tax is payable in Hong Kong on any capital gains arising from the termination of our ELIs (Call Option).

Profits tax

No Hong Kong profits tax is payable in respect of dividends of any company or in respect of any gains arising from the sale of the Linked Stock or our ELIs (Call Option), except that Hong Kong profits tax may be chargeable on any such gains where the sale or disposal is or forms part of a trade, profession or business carried on in Hong Kong.

Stamp duty

Our ELIs (Call Option) are not expected to be subject to Hong Kong stamp duty or bearer instrument duty upon their execution. However, if under the terms and conditions of an ELI (Call Option), there is any transfer of stocks (which fall within the meaning of “Hong Kong Stock” under the Stamp Duty Ordinance), stamp duty will be payable currently at the rate of 0.2% by reference to the value of the consideration paid or their market value, which will be payable as to 0.1% by the buyer (being the Bank) and as to 0.1% by the seller (being the investor), subject to any applicable exemption or remission. Please see the relevant Termsheet for further details.

United States Taxation

FATCA Withholding Tax for Non-U.S. Investors

Legislation known as the United States Hiring Incentives to Restore Employment Act (the “**HIRE Act**”), which included provisions referred to as the Foreign Account Tax Compliance Act (“**FATCA**”), was passed in the United States on 18 March 2010. Under the HIRE Act and FATCA, we may be required to withhold money on account of U.S. federal tax on all, or a portion of:

- (a) any payments made in respect of the ELIs (Call Option) that are linked to the value of, or dividends on, stock issued by an entity that is treated as a U.S. corporation (or by any other entity the dividends of which would be U.S. source) for U.S. federal income tax purposes (such payments, “**U.S. Source Payments**”); or
- (b) any “foreign passthru payments” (regardless of whether such payments have any connection to U.S. Source Payments) made in respect of the ELIs (Call Option) after 31 December 2018, subject to the grandfathering rule described below.

Subject to the discussion below regarding the withholding on gross proceeds under the Proposed Regulations (as defined below), the HIRE Act and FATCA withholding tax can affect both coupon or periodic payments and “gross proceeds.”

Based on the provisions of the HIRE Act, current regulations under FATCA and other related official guidance issued by the U.S. Internal Revenue Service, payments made with respect to an ELI (Call Option) that are not U.S. Source Payments will not be subject to HIRE Act or FATCA withholding tax if such ELI (Call Option) is issued on or before (and is not materially modified after) the Grandfather Date; for these purposes, the “**Grandfather Date**” is the date that is six months after the date on which final regulations defining the term “foreign passthru payment” are filed with the U.S. Federal Register. As of the date of this Principal Brochure, no such final regulations have been filed with the U.S. Federal Register.

In addition, the recently issued proposed regulations (the “**Proposed Regulations**”) would eliminate FATCA withholding tax on “gross proceeds” and delay the withholding on “foreign passthru payments” until the date that is two years after the date of publication in the U.S. Federal Register of final regulations defining the term “foreign passthru payment” (the “**Delayed Withholding Effective Date**”). As of the date of this Principal Brochure, no such final regulations have been published in the U.S. Federal Register. Taxpayers generally may rely on the Proposed Regulations until the final regulations are issued. There is no assurance, however, that the final regulations, once issued, will not reinstate this withholding obligation (or otherwise modify the Proposed Regulations), possibly with retroactive effect.

We will neither offer nor issue any ELI (Call Option) providing for payments that are U.S. Source Payments. Additionally, any ELI (Call Option) we offer or issue either will be issued on or before (and not be materially modified after) the Grandfather Date or will not provide for any payments on or after the Delayed Withholding Effective Date. Therefore, on the basis of the current regulations and the Proposed Regulations and other official guidance and the above analysis, payments made with respect to the ELI (Call Option) will not be subject to HIRE Act or FATCA withholding tax.

The HIRE Act and FATCA provisions are particularly complex, and their application is uncertain at this time. The above description is based in part on U.S. Treasury regulations and other guidance that may change and such changes may have retroactive effect. You should consult your own tax adviser as to the application of the HIRE Act and FATCA to the ELIs (Call Option).

The above summary only applies to you if you are a non-U.S. investor. You are a non-U.S. investor unless you are: (1) an individual citizen or resident of the United States, (2) a corporation that is formed or organized under the laws of the United States, any state thereof or the District of Columbia or any entity that is taxable as a corporation so formed or organized, (3) an estate that is subject to U.S. federal income taxation regardless of its source, or (4) a trust that is subject to the jurisdiction of a U.S. court and for which one or more “United States persons” (as defined in the U.S. Internal Revenue Code) control all of the substantial decisions, or has otherwise made an appropriate election under the U.S. Treasury regulations. If you are an investor treated as a partnership for U.S. federal income tax purposes, FATCA withholding tax may apply to you and your beneficial owners based on your and your beneficial owners’ activities and status and you should consult your own tax adviser regarding any FATCA withholding tax consideration arising from your investment in the ELIs (Call Option).

SCENARIO ANALYSIS

The following hypothetical examples are for illustrative purposes only. They do not reflect a complete analysis of all possible potential gain or loss scenarios and must not be relied on as an indication of the actual performance of the Linked Stock or the ELIs (Call Option). They do not take into account any Cash Settlement Expenses and Physical Settlement Expenses (if applicable) payable by the investor upon cash settlement or transfer of the Linked Stock. You should not rely on these examples when making an investment decision.

This example is based on an investment in the ELI (Call Option) with the following terms:

Investment Period:	99 calendar days (commencing from and including Trade Date to and including the scheduled Valuation Date)
Scheduled Tenor:	92 calendar days (commencing from and including Start Date to and including the scheduled Settlement Date)
Trade Date:	3 March 20XX
Start Date:	10 March 20XX
Valuation Date:	10 June 20XX
Settlement Date:	12 June 20XX
Linked Stock:	Shares in Company A
Settlement Currency:	HKD
Underlying Currency:	HKD
Initial Investment:	400 shares of the Linked Stock
	During the Term of the ELI (Call Option), you must maintain the Initial Investment in your Securities Account, and you cannot sell or deal in the Initial Investment.
Board Lot:	100 shares of the Linked Stock
Initial Price:	HKD80.0000
Strike Price:	HKD82.4000 (being 103% of the Initial Price)
Annualised Distribution Rate:	4.00% per annum*

* The Annualised Distribution Rate is expressed in an annualised format and is based on the hypothetical assumption that the ELI (Call Option) can be rolled over on the same terms for a period of 365 days. It does not reflect the Actual Distribution Rate of the ELI (Call Option). You should not rely on the Annualised Distribution Rate as an indication of the potential return for the ELI (Call Option).

Actual Distribution Rate: Annualised Distribution Rate x Scheduled Tenor / 365
= 4.00% per annum x 92/365
= 1.0082% (calculated to 4 decimal places, 0.00005 being rounded upwards)

Distribution Amount per Board Lot: The Distribution Amount per Board Lot is calculated as follows:
= Board Lot x Initial Price x Actual Distribution Rate
= 100 x HKD80.0000 x 1.0082%
= HKD80.66 (calculated to 2 decimal places, 0.005 being rounded upwards)

Distribution Amount: The Distribution Amount is calculated as follows:
= (Initial Investment / Board Lot) x Distribution Amount per Board Lot
= 400 shares / 100 x HKD80.66
= HKD322.64 (calculated to 2 decimal places, 0.005 being rounded upwards)

Scenario 1 – Final Closing Price of the Linked Stock is ABOVE Strike Price

Assuming the Final Closing Price of the Linked Stock on the Valuation Date is HKD85.00 per share, which is above the Strike Price, you will transfer the Initial Investment from your Securities Account to us, and you will receive the following cash payment on the Settlement Date:

= Distribution Amount + a cash amount equal to the Initial Investment multiplied by the Strike Price
= HKD322.64 + 400 shares x HKD82.4000
= HKD322.64 + HKD32,960.00
= HKD33,282.64

In this scenario, the cash payment you receive on the Settlement Date is fixed regardless of the price performance of the Linked Stock as you are obliged to transfer the Initial Investment valued at the Strike Price to us. You make a gain of HKD1,282.64 which is limited to the difference between (i) the sum of the cash payment of the Initial Investment valued at the Strike Price (HKD32,960.00) and the Distribution Amount (HKD322.64) and (ii) the value of the Initial Investment as of the Trade Date (400 x HKD80.0000 = HKD32,000.00). **However, you lose the opportunity of selling such Initial Investment at the prevailing market price of the Linked Stock which is higher than the Strike Price.**

Scenario 2 – Final Closing Price of the Linked Stock is AT or BELOW Strike Price

Assuming that the Final Closing Price of the Linked Stock on the Valuation Date is at or below the Strike Price, you will receive on the Settlement Date the Distribution Amount in cash (i.e. HKD322.64) and your undertaking of maintaining the Initial Investment in the Securities Account will cease to apply with effect on and from the Settlement Date.

In this scenario, you will receive the Distribution Amount in cash. However, the market price of the Linked Stock may have decreased (as compared to the Initial Price) and the prevailing market value of the Initial Investment may be less than or substantially less than the value of your Initial Investment as of the Trade Date (calculated based on the Initial Price). You will suffer a loss if the sum of the market value of the Initial Investment (calculated based on the Final Closing Price) and the Distribution Amount is less than or substantially less than the value of the Initial Investment as of the Trade Date (calculated based on the Initial Price).

The table below illustrates the relevant gain/loss as measured in the Settlement Currency where the Final Closing Price ranges from HKD82.4000 to HKD0, by comparing:

- (a) the sum of (i) the market value of the Initial Investment as of the Valuation Date (calculated based on the Final Closing Price) and (ii) the Distribution Amount; against
- (b) the value of the Initial Investment as of the Trade Date (calculated based on the Initial Price).

Final Closing Price	(a) the sum of (i) the market value of the Initial Investment as of the Valuation Date and (ii) the Distribution Amount	(b) the value of the Initial Investment as of the Trade Date	Gain/Loss in the Settlement Currency (being (a) - (b))
HKD82.4000	HKD32,960.00 + HKD322.64 = HKD33,282.64	HKD32,000.00	HKD1,282.64
HKD79.5000	HKD31,800 + HKD322.64 = HKD32,122.64	HKD32,000.00	HKD122.64
HKD79.2000	HKD31,680 + HKD322.64 = HKD32,002.64	HKD32,000.00	HKD2.64
HKD70.0000	HKD28,000.00 + HKD322.64 = HKD28,322.64	HKD32,000.00	-HKD3,677.36
HKD0	HKD0 + HKD322.64 = HKD322.64	HKD32,000.00	-HKD31,677.36

Any further downside movement in the market price of the Linked Stock after the Valuation Date up to the Settlement Date could adversely affect your investment. Furthermore, if you choose not to sell the Initial Investment on the Settlement Date, you will continue to be exposed to the risks of holding such Initial Investment. **In the worst case scenario, the market price of the Linked Stock may drop to zero and the Initial Investment may become worthless.**

Scenario 3 (Default scenario) – The Bank becomes insolvent or defaults on its obligations

If the Bank becomes insolvent or defaults on its obligations under the ELI (Call Option), you will not receive the Distribution Amount in cash or the cash payment of the Initial Investment (if any), you can only claim as an unsecured creditor of Bank of China (Hong Kong) Limited regardless of the performance of the Linked Stock and the terms of the ELI (Call Option). You will remain the sole beneficial owner of the Initial Investment. However, you may experience difficulties and delays to get back the Initial Investment which is held in your Securities Account with the Bank as your custodian. **In the worst case scenario, you could lose all of your investment.**

Scenario 4 (RMB disruption scenario) – Where a RMB Disruption Event occurs and continues to exist for twelve consecutive Business Days from the Settlement Date

Taking the scenario 1 above, assuming that the Settlement Currency and Underlying Currency are RMB, and the cash payment receivable by you on the Settlement Date is RMB33,282.64.

If a RMB Disruption Event occurs and continues to exist for twelve consecutive Business Days from the Settlement Date, such cash payment will be made in HKD determined by us by converting such amount payable in RMB into HKD using the RMB/HKD exchange rate as of such 12th Business Day. You will therefore be exposed to the risk of fluctuation in the exchange rate of offshore RMB against HKD.

Assuming that the RMB/HKD exchange rate prior to the occurrence of a RMB Disruption Event is 1.2475 and RMB depreciates significantly against HKD following the occurrence of a RMB Disruption Event and the RMB/HKD exchange rate as of such 12th Business Day is 0.8, the HKD Equivalent Amount you will receive is HKD26,626.11 ($\text{RMB}33,282.64 \times 0.8$) (calculated to 2 decimal places, 0.005 being rounded upwards). Therefore, you will suffer a loss of HKD14,893.98 (calculated to 2 decimal places, 0.005 being rounded upwards) in HKD terms, as the HKD Equivalent Amount (i.e. HKD26,626.11) you will receive is substantially less than the value of the relevant amount payable in RMB on the original payment date in HKD terms (calculated based on the RMB/HKD exchange rate prior to the occurrence of a RMB Disruption Event), being HKD41,520.09 (being $\text{RMB}33,282.64 \times 1.2475$) (calculated to 2 decimal places, 0.005 being rounded upwards).

Scenario 5 – Where the ELIs (Call Option) are early terminated by us before maturity due to a Potential Adjustment Event

Assuming that Company A issued an extraordinary dividend on 20 May 20xx and the Bank (as Issuer), in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) determines that a Potential Adjustment Event has occurred. Assuming that options contracts of Company A are traded on the Exchange and pursuant to the adjustments to the terms of the relevant options contracts of Company A made and announced by the Exchange, the Strike Price of the ELI (Call Option) should be adjusted to HKD75.808 and the Initial Investment should be increased to 434.78 shares of Company A. Given that the Initial Investment will remain unchanged during the Term of the ELI (Call Option) and will not be adjusted, an adjustment of the Strike Price of Company A solely is not able to preserve the economic equivalence of the affected ELI (Call Option). Hence, the affected ELI (Call Option) will be early terminated.

In this scenario, the Bank (as Issuer) will determine in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) the Early Termination Amount of the affected ELI (Call Option), representing the fair value of such ELI (Call Option) as of the effective date of early termination of such ELI (Call Option), taking into account such factors as set out on page 36 of this Principal Brochure.

Assuming that the Early Termination Amount is determined by the Bank (as Issuer) to be – HK\$7,000. As the Early Termination Amount is below zero, you will need to pay an amount in the Settlement Currency (i.e. HKD) equal to the absolute value of the Early Termination Amount to us (i.e. HK\$7,000) and you will get back your Initial Investment. You irrevocably authorise us to debit the Early Termination Amount from the Settlement Account on the fifth Business Day after the effective date of such early termination, following which your undertakings in respect of the Initial Investment in the Securities Account will cease to apply with effect on and from such date. Please note that if we are unable to debit such Early Termination Amount from the Settlement Account due to insufficient funds or the occurrence of any event beyond our control, we may take any action in respect of the Initial Investment as we deem fit in our sole and absolute discretion

(acting in good faith and in a commercially reasonable manner), including (i) effect the transfer of the Initial Investment from the Securities Account to us, (ii) disposal of the Initial Investment at such time as we deem fit in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner) and (iii) apply all or part of the sale proceeds of the Initial Investment to discharge all expenses incurred by us in effecting such sale and any shortfall in your obligations to pay such Early Termination Amount.

In this scenario, you may suffer a loss if the prevailing market value of the Initial Investment, after taking into account the payment of the Early Termination Amount of HKD7,000, is less than the value of the Initial Investment as of the Trade Date (calculated based on the Initial Price).

You should note that the Early Termination Amount payable by you to us may be higher than the value of the Initial Investment as of the Trade Date. You may therefore suffer a loss or a substantial loss.

INFORMATION ABOUT US

We were established in Hong Kong on 1 October 2001. Our registered office address, which is also the address for service of process of our directors, is set out at the back page of this Principal Brochure.

Bank of China (Hong Kong) Limited (“**BOCHK**”) is a locally incorporated licensed bank. BOC Hong Kong (Holdings) Limited (“**BOC Holdings**”) was incorporated in Hong Kong on 12 September 2001 to hold the entire equity interest in BOCHK, its principal operating subsidiary. After a global initial public offering, BOC Holdings began trading on the main board of The Stock Exchange of Hong Kong Limited on 25 July 2002, with stock code “2388”, ADR OTC Symbol “BHKLY”.

In line with the strategic plan of Bank of China Limited (“**BOC**”) and BOCHK in the ASEAN region and Hong Kong, BOC Holdings has completed disposal of all of its interests in Nanyang Commercial Bank, Limited and Chiyu Banking Corporation Limited in May 2016 and March 2017 respectively.

BOCHK is a commercial bank in Hong Kong with established market positions in all major businesses. It has an extensive local branch network and diverse service platforms, including about 200 branches, e-channels of over 1,000 self-service machines, as well as Internet and mobile banking services.

It offers a comprehensive range of financial, investment and wealth management services to personal, corporate and institutional customers. BOCHK is one of the three note-issuing banks and the Clearing Bank for Renminbi business in Hong Kong. Through the deep collaboration with its parent bank, BOC, it provides a full range of cross-border services to multinationals, cross-border customers, Mainland enterprises going global, central banks and supersovereign organisations.

Up-to-date information, including our financial information and/or any of our major development may be viewed from www.bochk.com by following the main page followed by “**About Us**”.

APPENDIX 1 – TERMS AND CONDITIONS OF OUR ELIs (CALL OPTION)

*The following are the terms and conditions (the “**Terms and Conditions**”) applicable to our ELIs (Call Option). The relevant Initial Investment Statement and Confirmation in relation to each ELI (Call Option) may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, apply, disapply, amend, vary and/or supplement these Terms and Conditions for the purpose of such ELI (Call Option). Capitalised terms used in these Terms and Conditions and not otherwise defined herein shall have the meaning given to them in the relevant Confirmation.*

The SFC takes no responsibility as to the contents of these Terms and Conditions, makes no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of these Terms and Conditions. The SFC’s authorisation of this Principal Brochure does not imply the SFC’s endorsement of these Terms and Conditions.

1. ACCEPTANCE AND CONFIRMATION

- 1.1 The Customer may from time to time make an application for an ELI (Call Option) with the Bank on any Exchange Business Day. The Bank may in its sole and absolute discretion accept or reject an application for an ELI (Call Option) from the Customer as the Bank in its sole discretion thinks fit.
- 1.2 Upon acceptance by the Bank of an application in respect of an ELI (Call Option) from the Customer on the Trade Date, a binding contract between the Bank and the Customer in respect of that ELI (Call Option) is formed. The Customer acknowledges and agrees that such contract will be on the Initial Investment set out in an Initial Investment Statement sent to the Customer by the Bank on the Trade Date and the terms set out in a Confirmation sent to the Customer by the Bank within two Business Days after the Trade Date and such Initial Investment Statement and Confirmation are conclusive as to the terms of the contract agreed between the Bank and the Customer in respect of the relevant ELI (Call Option), except in the case of manifest error.
- 1.3 These Terms and Conditions, the relevant Initial Investment Statement and the relevant Confirmation issued by the Bank in respect of such application together constitute all the terms and conditions agreed between the Bank and the Customer in respect of an ELI (Call Option) (each an “**Agreement**”). Where there is any inconsistency between these Terms and Conditions and the Confirmation in respect of an ELI (Call Option), the Confirmation will prevail for the purposes of the relevant ELI (Call Option).
- 1.4 Where there is any inconsistency between the provisions of the Agreement and the terms of any account maintained by the Customer with the Bank to which an ELI (Call Option) is booked, the Agreement will prevail for the purposes of the relevant ELI (Call Option).

2. INITIAL INVESTMENT AND NEGATIVE PLEDGE

- 2.1 The Customer shall maintain a quantity of the Linked Stock of not less than the Initial Investment in the Securities Account with the Bank on the Trade Date for each ELI (Call Option) entered into between the Bank and the Customer.
- 2.2 In respect of each ELI (Call Option), the Customer represents, warrants and undertakes that during the Term of the ELI (Call Option) the Customer will not and will not agree, attempt or take any step to:
 - (a) deal in or make any withdrawal of all or any part of the Initial Investment from the Securities Account;
 - (b) create any Encumbrance or allow any Encumbrance to exist on the whole or any part of the Initial Investment, other than any Encumbrance granted in favour of the Bank; and

- (c) dispose of (or agree to dispose of) all or any part of the Initial Investment (either in a single transaction or in a series of transactions, whether related or not and whether voluntarily or involuntarily).
- 2.3 A breach of the Condition 2.1 or Condition 2.2 shall constitute an Extraordinary Disruption Event.
- 2.4 During the Term of the ELI (Call Option), the Customer remains the sole beneficial owner of the Initial Investment and shall be entitled to all the rights attaching to the Initial Investment, except for cases where the Bank is authorised to transfer or sell the Initial Investment from the Securities Account under these Terms and Conditions (such as in the case of early termination of the ELI (Call Option) and the Bank is unable to debit the Early Termination Amount from the Settlement Account due to insufficient funds or the occurrence of any event beyond the Bank's control).

3. SETTLEMENT AT MATURITY

- 3.1 On the Settlement Date of an ELI (Call Option):
- (a) if the Final Closing Price of the Linked Stock is at or below the Strike Price, the Bank will pay the Customer a cash amount in the Settlement Currency (subject to the occurrence of a RMB Disruption Event under Condition 4.2 if the Settlement Currency is RMB) equal to the Distribution Amount less any Cash Settlement Expenses to the Settlement Account. The Customer's undertakings in respect of the Initial Investment in the Securities Account under Conditions 2.1 and 2.2 will cease to apply with effect on and from the Settlement Date; or
 - (b) if the Final Closing Price of the Linked Stock is above the Strike Price:
 - (i) the Customer will deliver the Initial Investment to the Bank. The Customer irrevocably authorises the Bank to effect the transfer of the Initial Investment from the Securities Account to the Bank's nominated account on the Settlement Date under this Condition 3.1(b); and
 - (ii) subject to the payment of any Physical Settlement Expenses, the Bank will pay the Customer a cash amount in the Settlement Currency (subject to the occurrence of a RMB Disruption Event under Condition 4.2 if the Settlement Currency is RMB) equal to the sum of (x) the Initial Investment multiplied by the Strike Price and (y) the Distribution Amount, less any Cash Settlement Expenses to the Settlement Account.

The Customer ratifies and confirms whatever the Bank does or purports to do in accordance with this Condition.

- 3.2 In the case where a cash amount is payable by the Bank on the Settlement Date, the Customer must pay all charges and/or expenses (if any) including any taxes or duties which are incurred for receipt of the cash amount under the ELI (Call Option) ("**Cash Settlement Expenses**").
- 3.3 In the case where the Customer is required to transfer the Initial Investment from the Securities Account on the Settlement Date under Condition 3.1(b), the Customer must pay the Bank a cash amount, as determined by the Bank, equal to all charges incurred in respect of the transfer of the Initial Investment, including without limitation, any prevailing seller's stamp duty (if applicable, subject to the prevailing laws and regulations), agent's expenses, levies, registration charges and other expenses payable on or in connection with the transfer of the Initial Investment (as specified in the Confirmation) (together "**Physical Settlement Expenses**").

4. SETTLEMENT DISRUPTION EVENT AND RMB DISRUPTION EVENT

Settlement Disruption Event

- 4.1 In the case where the Customer is required to transfer the Initial Investment from the Securities Account on the Settlement Date under Condition 3.1(b) and the Bank determines that, in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner), such transfer of the Initial Investment on the scheduled Settlement Date is not possible by reason of a Settlement Disruption Event having occurred on such date, then the Settlement Date shall be postponed to the following Clearing System Business Day on which there is no Settlement Disruption Event. For the avoidance of doubt, the cash payment payable by the Bank under Condition 3.1(b) shall be postponed accordingly. The Bank will notify the Customer of the postponement on the second Business Day after the scheduled Settlement Date.

Neither the Customer nor the Bank will be liable for any interest in respect of the amount due or any loss or damage that the other party may suffer as a result of any delay in settlement due to the existence of a Settlement Disruption Event.

RMB Disruption Event

- 4.2 In the case where the Settlement Currency is RMB and the Bank determines that, in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner), a RMB Disruption Event has occurred on any date on which any amount payable in RMB under these Terms and Conditions are scheduled to be paid by the Bank, such payment will be postponed to the second Business Day after the date on which the RMB Disruption Event ceases to exist. The Bank will notify the Customer of the postponement as soon as practicable but no later than the second Business Day after the scheduled payment date. If the RMB Disruption Event continues to exist for twelve consecutive Business Days from the scheduled payment date, the Bank will make payment of the HKD Equivalent Amount no later than the second Business Day after that twelfth Business Day to the HKD Settlement Account. The Bank will notify the Customer as soon as practicable but no later than the second Business Day after that twelfth Business Day of the relevant settlement arrangement (including the determination of the HKD Equivalent Amount). Any such payment made by the Bank 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 ELI (Call Option).

All determinations made by the Bank pursuant to these Terms and Conditions shall be made in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) and shall be conclusive and binding on the Customer and the Bank except in the case of manifest error. The Bank will not be liable for any interest in respect of the amount due or any loss or damage that the Customer may suffer as a result of any delay in settlement due to the existence of a RMB Disruption Event.

5. INTERVENING PERIOD

- 5.1 In the case where the Customer is required to deliver the Initial Investment from the Securities Account on the Settlement Date pursuant to Condition 3.1(b), the Bank shall be entitled to all those rights attaching to the Linked Stock comprising the Initial Investment from and including the Valuation Date. Such rights shall include the rights that the Bank would be entitled to as if the Bank had been registered as the holder of such Linked Stock from and including the Valuation Date onwards.
- 5.2 This Condition 5 shall not be construed so as to give rise to any relationship of agency, trust or fiduciary between (i) the Customer and (ii) the Bank in its capacity as the beneficial owner of the Linked Stock during the period from and including the Valuation Date to and until such time that such Linked Stock is delivered to the Bank.

6. POTENTIAL ADJUSTMENT EVENT

- 6.1 If the Bank 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 the Linked Stock has occurred on or after the Trade Date but on or prior to the Valuation Date and the Bank (after taking into account such factors as set out in (a) and (b) below), acting in good faith and in a commercially reasonable manner, determines that an adjustment to the Initial Investment is not necessary to account for the relevant event, the Bank may in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) make any corresponding adjustments to the other terms of the ELI (Call Option) (including but not limited to, adjusting the Strike Price) to account for the diluting or concentrative effect of such event in order to preserve the economic equivalence of the ELI (Call Option).

In determining the aforesaid adjustment(s):

- (a) if options contracts or futures contracts of the Linked Stock are traded on the Exchange or any other exchange, the Bank 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 the ELI (Call Option). In such case, the Bank 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 ELI (Call Option); or
- (b) if there are no options contracts or futures contracts of the Linked Stock traded on the Exchange or any other exchange, the Bank 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 ELI (Call Option).

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

- 6.2 If the Bank (after taking into account such factors as set out in (a) and (b) in Condition 6.1) determines in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) that:
- (i) an adjustment to the Initial Investment (amongst others) is necessary to account for the relevant event and to preserve the economic equivalence of the ELI (Call Option), then the ELI (Call Option) shall be early terminated as soon as practicable after the occurrence of such event since the Initial Investment will remain unchanged during the Term of the ELI (Call Option) and will not be adjusted; or
 - (ii) none of the foregoing adjustments contemplated in Condition 6.1 is able to preserve the economic equivalence of the ELI (Call Option), then the ELI (Call Option) shall also be early terminated as soon as practicable after the occurrence of the relevant event.

In each case, the Bank in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) will determine the Early Termination Amount of the ELI (Call Option) as of the effective date of such early termination. In that case:

- (a) where the Early Termination Amount is at or above zero, the Bank will pay an amount in the Settlement Currency (if any) (subject to the occurrence of a RMB Disruption Event under Condition 4.2 if the Settlement Currency is RMB) equal to the Early Termination Amount less any Cash Settlement Expenses to the Settlement Account on the Early Termination Payment Date.

The Customer's undertakings in respect of the Initial Investment in the Securities Account under Conditions 2.1 and 2.2 will cease to apply with effect on and from the Early Termination Payment Date. Both parties' respective obligations under the ELI (Call Option) shall be satisfied and discharged in full upon completion of the above; or

- (b) where the Early Termination Amount is below zero, the Customer will pay an amount in the Settlement Currency equal to the absolute value of the Early Termination Amount to the Bank. The Customer irrevocably authorises the Bank to debit such Early Termination Amount from the Settlement Account on the Early Termination Payment Date, following which the Customer's undertakings in respect of the Initial Investment in the Securities Account under Conditions 2.1 and 2.2 will cease to apply with effect on and from the Early Termination Payment Date. If the Bank is unable to debit such Early Termination Amount from the Settlement Account on the Early Termination Payment Date due to either insufficient funds in the Settlement Account or the occurrence of any event beyond the control of the Bank, the Customer irrevocably authorises the Bank to take any action in respect of the Initial Investment as the Bank deems fit in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner), including without limitation (i) effect the transfer of the Initial Investment from the Securities Account to the Bank's nominated account, (ii) dispose of the Initial Investment at such time as the Bank deems fit in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner), and (iii) apply all or part of the sale proceeds of the Initial Investment, to discharge all expenses incurred by the Bank in effecting such sale and any shortfall in the Customer's obligation to pay the Early Termination Amount.

The Customer ratifies and confirms whatever the Bank does or purports to do in accordance with this Condition.

- 6.3 If the Bank determines in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) that a Potential Adjustment Event has occurred as contemplated by this Condition 6, the Bank will notify the Customer as soon as practicable of the occurrence of such event, the corresponding adjustment or termination (as the case may be) made by the Bank and the effective date of such adjustment or termination (as the case may be). In the case of early termination, the Bank will notify the Customer of the Early Termination Amount on the effective date of such termination. All determinations made by the Bank pursuant to these Terms and Conditions shall be conclusive and binding on the Customer and the Bank except in the case of manifest error.

- 6.4 **"Potential Adjustment Event"** means any of the following events in respect of the Linked Stock or the Equity Issuer:

- (a) a subdivision, consolidation or reclassification of the Linked Stock (unless such event results in a Merger Event, in which case, the Bank will make a decision in accordance with Condition 7) or a free distribution or dividend of the Linked Stock to existing holders by way of bonus, capitalisation or similar issue;
- (b) an extraordinary distribution or dividend;
- (c) a call by the Equity Issuer in respect of the Linked Stock that are not fully paid;
- (d) a repurchase by the Equity Issuer or any of its subsidiaries of the Linked Stock, whether out of profits or capital and whether the consideration for such repurchase is cash, new shares, securities or otherwise; or
- (e) any other event that may, in the opinion of the Bank (acting in good faith and in a commercially reasonable manner), have a diluting or concentrative effect on the theoretical value of the Linked Stock.

7. MERGER EVENT OR TENDER OFFER

- 7.1 If the Bank 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 relation to which the Merger Date or the Tender Offer Date (as the case may be) has occurred on or after the Trade Date but on or prior to the Valuation Date and the Bank (after taking into account such factors as set out in (a) and (b) below), acting in good faith and in a commercially reasonable manner, determines that an adjustment to the Initial Investment is not necessary to account for the relevant event, the Bank may in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) make any corresponding adjustments to the other terms of the ELI (Call Option) (including but not limited to, adjusting the Strike Price) to account for the economic effect of such event so as to preserve the economic equivalence of the ELI (Call Option), including treating the share or unit of the surviving entity after the Merger Event or the Tender Offer as the Linked Stock but will not include any substitution of the Linked Stock.

In determining the aforesaid adjustment(s):

- (a) if options contracts or futures contracts of the Linked Stock are traded on the Exchange or any other exchange, the Bank 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 the ELI (Call Option). In such case, the Bank 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 ELI (Call Option); or
- (b) if there are no options contracts or futures contracts of the Linked Stock traded on the Exchange or any other exchange, the Bank 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 ELI (Call Option).

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

- 7.2 If the Bank (after taking into account such factors as set out in (a) and (b) in Condition 7.1) determines in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) that:
- (i) an adjustment to the Initial Investment (amongst others) is necessary to account for the relevant event and to preserve the economic equivalence of the ELI (Call Option), then the ELI (Call Option) shall be early terminated as soon as practicable after the occurrence of such event since the Initial Investment will remain unchanged during the Term of the ELI (Call Option) and will not be adjusted; or
 - (ii) none of the foregoing adjustments contemplated in Condition 7.1 is able to preserve the economic equivalence of the ELI (Call Option), then the ELI (Call Option) shall also be early terminated as soon as practicable after the occurrence of the relevant event.

In each case, the Bank in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) will determine the Early Termination Amount of the ELI (Call Option) as of the effective date of such early termination. In that case:

- (a) where the Early Termination Amount is at or above zero, the Bank will pay an amount in the Settlement Currency (if any) (subject to the occurrence of a RMB Disruption Event under Condition 4.2 if the Settlement Currency is RMB) equal to the Early Termination Amount less any Cash Settlement Expenses to the Settlement Account on the Early Termination Payment Date. The Customer's undertakings in respect of the Initial Investment in the Securities Account under

Conditions 2.1 and 2.2 will cease to apply with effect on and from the Early Termination Payment Date. Both parties' respective obligations under the ELI (Call Option) shall be satisfied and discharged in full upon completion of the above; or

- (b) where the Early Termination Amount is below zero, the Customer will pay an amount in the Settlement Currency equal to the absolute value of the Early Termination Amount to the Bank. The Customer irrevocably authorises the Bank to debit such Early Termination Amount from the Settlement Account on the Early Termination Payment Date, following which the Customer's undertakings in respect of the Initial Investment in the Securities Account under Conditions 2.1 and 2.2 will cease to apply with effect on and from the Early Termination Payment Date. If the Bank is unable to debit such Early Termination Amount from the Settlement Account on the Early Termination Payment Date due to either insufficient funds in the Settlement Account or the occurrence of any event beyond the control of the Bank, the Customer irrevocably authorises the Bank to take any action in respect of the Initial Investment as the Bank deems fit in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner), including without limitation (i) effect the transfer of the Initial Investment from the Securities Account to the Bank's nominated account, (ii) dispose of the Initial Investment at such time as the Bank deems fit in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner), and (iii) apply all or part of the sale proceeds of the Initial Investment to discharge all expenses incurred by the Bank in effecting such sale and any shortfall in the Customer's obligation to pay the Early Termination Amount.

The Customer ratifies and confirms whatever the Bank does or purports to do in accordance with this Condition.

- 7.3 If the Bank determines in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) that a Merger Event or Tender Offer (as the case may be) has occurred as contemplated by this Condition 7, the Bank will notify the Customer as soon as practicable of the occurrence of such event, the corresponding adjustment or termination (as applicable) made by the Bank and the effective date of such adjustment or termination (as applicable). In the case of early termination, the Bank will notify the Customer of the Early Termination Amount on the effective date of such termination. All determinations made by the Bank pursuant to these Terms and Conditions shall be conclusive and binding on the Customer and the Bank except in the case of manifest error.

8. EXTRAORDINARY DISRUPTION EVENT

- 8.1 If the Bank determines in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) that an Extraordinary Disruption Event has occurred (regardless of whether an adjustment to the Initial Investment is necessary), the ELI (Call Option) shall be early terminated as soon as practicable after the occurrence of such event as determined by the Bank in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner), and the Bank will determine the Early Termination Amount of the ELI (Call Option) as of the effective date of such early termination. In that case:
 - (a) where the Early Termination Amount is at or above zero, the Bank will pay an amount in the Settlement Currency (if any) (subject to the occurrence of a RMB Disruption Event under Condition 4.2 if the Settlement Currency is RMB) equal to the Early Termination Amount less any Cash Settlement Expenses to the Settlement Account on the Early Termination Payment Date. The Customer's undertakings in respect of the Initial Investment in the Securities Account under Conditions 2.1 and 2.2 will cease to apply with effect on and from the Early Termination Payment Date. Both parties' respective obligations under the ELI (Call Option) shall be satisfied and discharged in full upon completion of the above; or

- (b) where the Early Termination Amount is below zero, the Customer will pay an amount in the Settlement Currency equal to the absolute value of the Early Termination Amount to the Bank. The Customer irrevocably authorises the Bank to debit such Early Termination Amount from the Settlement Account on the Early Termination Payment Date, following which the Customer's undertakings in respect of the Initial Investment in the Securities Account under Conditions 2.1 and 2.2 will cease to apply with effect on and from the Early Termination Payment Date. If the Bank is unable to debit such Early Termination Amount from the Settlement Account due to either insufficient funds in the Settlement Account or the occurrence of any event beyond the control of the Bank, the Customer irrevocably authorises the Bank to take any action in respect of the Initial Investment as the Bank deems fit in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner), including without limitation (i) effect the transfer of the Initial Investment from the Securities Account to the Bank's nominated account, (ii) dispose of the Initial Investment at such time as the Bank deems fit in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner), and (iii) apply all or part of the sale proceeds of the Initial Investment to discharge all expenses incurred by the Bank in effecting such sale and any shortfall in the Customer's obligation to pay the Early Termination Amount.

The Customer ratifies and confirms whatever the Bank does or purports to do in accordance with this Condition.

- 8.2 If the Bank determines in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) that an Extraordinary Disruption Event has occurred as contemplated by this Condition 8, the Bank will notify the Customer as soon as practicable of the occurrence of such event, the termination made by the Bank and the effective date of such termination. The Bank will notify the Customer of the Early Termination Amount on the effective date of such termination. All determinations made by the Bank pursuant to these Terms and Conditions shall be conclusive and binding on the Customer and the Bank except in the case of manifest error.

9. MARKET DISRUPTION

- 9.1 If the Bank determines in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) that the scheduled Valuation Date in respect of an ELI (Call Option) is a Disrupted Day, the Valuation Date will be postponed to the following Exchange Business Day on which it is not a Disrupted Day, unless each of the eight Exchange Business Days immediately following the scheduled Valuation Date is a Disrupted Day. In that case,

- (a) that eighth Exchange Business Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day; and
- (b) the Bank shall determine, acting in good faith and in a commercially reasonable manner, the fair price of the Linked Stock on that eighth Exchange Business Day by reference to, without limitation, the last reported price of the Linked Stock, the market interest rate movements and the prevailing market conditions, such price shall be deemed to be the Final Closing Price of the Linked Stock.

- 9.2 The Bank shall notify the Customer of such deemed Valuation Date and such calculated Final Closing Price as soon as it has been calculated.

10. THIRD PARTY RIGHTS

A person who is not a party to these 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 Terms and Conditions.

11. ASSIGNMENT, TRANSFER OR NOVATION

The Customer cannot assign, transfer or novate any of its rights or obligations under these Terms and Conditions in respect of an ELI (Call Option) without the prior written consent of the Bank.

12. GOVERNING LAW

These Terms and Conditions are governed by, and will be construed in accordance with the laws of the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**").

13. DEFINITIONS

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

"**Actual Distribution Rate**" means the actual distribution rate for a Scheduled Tenor as specified in the Confirmation calculated in accordance with the following formula (calculated to 4 decimal places, 0.00005 being rounded upwards):

$$\text{Annualised Distribution Rate} \times \text{Scheduled Tenor} / \text{Day Count Basis}$$

"**Annualised Distribution Rate**" means the distribution rate per annum specified in the Confirmation, based on the hypothetical assumption that an ELI (Call Option) can be rolled over on the same terms for a period of 365 days.

"**Application Date**" means the date on which the Customer makes an application for an ELI (Call Option).

"**Bank**" means Bank of China (Hong Kong) Limited.

"**Board Lot**" means the trading board lot of the Linked Stock.

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

"**Change in Law**" means during the period on or after the Trade Date but on or prior to the Valuation Date:

- (a) due to the adoption of or any change in any applicable law or regulation (including without limitation, any tax law); or
- (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Bank determines (acting in good faith and in a commercially reasonable manner) that:
 - (i) it has become illegal to hold, acquire or dispose of any Linked Stock; or
 - (ii) it will incur a materially increased cost in performing its obligations under the ELI (Call Option) (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

"**Clearing System**" means the Central Clearing and Settlement System or any successor thereto.

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

"**Confirmation**" means a confirmation relating to an ELI (Call Option) confirming the final terms (apart from the Initial Investment) applicable to that ELI (Call Option) and a form of which is set out in Appendix 4 to the Principal Brochure.

“**Customer**” means the person or, if more than one, the persons jointly, party to the Agreement for an ELI (Call Option) other than the Bank.

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

“**Delisting**” means, in respect of the Linked Stock, the Exchange announces that pursuant to the rules of such Exchange, such 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 Hong Kong.

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

“**Distribution Amount**” means an amount in the Settlement Currency calculated in accordance with the following formula (calculated to 2 decimal places, 0.005 being rounded upwards):

$$(\text{Initial Investment} / \text{Board Lot}) \times \text{Distribution Amount per Board Lot}$$

“**Distribution Amount per Board Lot**” means an amount in the Settlement Currency calculated in accordance with the following formula (calculated to 2 decimal places, 0.005 being rounded upwards):

$$\text{Board Lot} \times \text{Initial Price} \times \text{Actual Distribution Rate}$$

“**Early Closure**” means, in respect of the Linked Stock, closure of the Exchange or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by the 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 the actual closing time for the regular trading session on the Exchange or Related Exchange.

“**Early Termination Amount**” means an amount in the Settlement Currency determined by the Bank in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) equal to the fair value of such ELI (Call Option) as of the effective date of termination, taking into account factors including but not limited to, the market interest rate movements, the current and expected market price and price volatility of the Linked Stock, the remaining Investment Period, the value of the embedded call option, any accrued Distribution Amount, the creditworthiness of the Bank, the related transaction costs (including the unwind cost of hedging) and the operational or administrative costs of the Bank related to the early termination of the ELI (Call Option).

“**Early Termination Payment Date**” means the fifth Business Day after the effective date of termination of an ELI (Call Option) pursuant to Condition 6.2, Condition 7.2 or Condition 8.1.

“**Encumbrance**” means any of the following:

- (a) any security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention or flawed deposit arrangement;
- (b) any title retention arrangement;
- (c) any right, interest or arrangement which has the effect of giving another person a preference, priority or advantage over creditors including any right of set-off;
- (d) any third party right or interest or any right arising as a consequence of the enforcement of a judgment; or
- (e) any agreement to create any of them or allow them to exist.

“**Equity Issuer**” means the issuer(s) of the Linked Stock.

“**ELI (Call Option)**” means a Non-Principal Protected Unlisted Equity Linked Investment (Call Option) constituted by these Terms and Conditions and the relevant Confirmation.

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

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

“**Exchange Disruption**” in respect of the Linked Stock, means any event (other than an Early Closure) that disrupts or impairs (as determined by the Bank 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, the Linked Stock on the Exchange, or (b) to effect transactions in, or obtain market prices for, futures or options contracts relating to the Linked Stock on the Related Exchange.

“**Extraordinary Disruption Event**” means the occurrence of:

- (a) any Change in Law, Delisting, Hedging Disruption, Increased Cost of Hedging, Insolvency, Nationalisation or, if applicable, Fund Disruption Event between the Trade Date and the Valuation Date (both days inclusive); or
- (b) a breach of Condition 2.1 or Condition 2.2 by the Customer during the Term.

“**Final Closing Price**” means the official closing price of the Linked Stock as published by the Exchange as of the Valuation Date, provided that if such day is a Disrupted Day, the Final Closing Price shall be determined in accordance with Condition 9.

“**Fund Disruption Event**” means, in the case where the Linked Stock is a unit in a fund, any of the following in respect of the Linked Stock or the Equity Issuer, in each case as determined by the Bank in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner):

- (a) the Equity Issuer ceases to exist;
- (b) the Linked Stock is reclassified, the reference underlying(s) that the Equity Issuer tracks has changed or the Equity Issuer is acquired by, or aggregated into, another fund, whose mandate, risk-profile and/or benchmarks are deemed by the Bank to be different from the mandate, risk-profile and/or benchmarks stated of the Equity Issuer as of the Trade Date (or any proposal for the foregoing occurs);
- (c) there is a material change in the mandate, risk profile, prospectus, statement of additional information, articles of incorporation, investment management agreement or annual and semi-annual report of the Equity Issuer, or there is a material change in any other rule, law, regulation, similar guideline, constitutional documents, report or other document governing the investment by the Equity Issuer of its assets since the Trade Date;
- (d) there is any proposal to wind up or terminate the Equity Issuer, or any substantive litigation by the investors in the Equity Issuer; or
- (e) any material breach or violation of any investment strategy or guidelines stated in the mandate, risk profile, prospectus, statement of additional information, articles of incorporation, investment management agreement or annual and semi-annual report or other document governing the investment by the Equity Issuer of its assets that is reasonably likely to materially affect the market value of the Linked Stock or the rights or remedies of any holder thereof since the Trade Date.

“**Hedging Disruption**” means that the Bank or any of its affiliates are unable, after using its 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 entering into and performing its obligations under the ELI (Call Option); or
- (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s),

provided that any such disruption that is incurred due to the deterioration of the creditworthiness of the Bank shall not be deemed a Hedging Disruption.

“**HKD**” means Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China.

“**HKD Equivalent Amount**” means, following the occurrence of a RMB Disruption Event and in respect of an amount payable by the Bank in RMB on the relevant affected payment date, an amount in HKD (calculated to 2 decimal places, 0.005 being rounded upwards) determined by the Bank in its sole and absolute discretion acting in good faith and 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 exchange rate of HKD per one USD as displayed on Reuters Page (or such replacement page) and (ii) the foreign exchange rate of RMB per one USD as displayed on Reuters page (or such replacement page), provided that if any such rate is not available, the Bank shall determine such exchange rate in its sole and absolute discretion acting in good faith and a commercially reasonable manner.

“**HKD Settlement Account**” means a cash account of the Customer in HKD for settlement of any HKD Equivalent Amount in case of a RMB Disruption Event as designated by the Customer.

“**Increased Cost of Hedging**” means the Bank 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 entering into and performing its obligations under the ELI (Call Option); 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 Bank shall not be deemed an Increased Cost of Hedging.

“**Initial Investment**” means a particular quantity of the Linked Stock in board lot or multiples of board lot specified as such in the Initial Investment Statement. The Initial Investment will remain unchanged during the Term of the ELI (Call Option) and will not be adjusted pursuant to an occurrence of a Potential Adjustment Event, a Merger Event or a Tender Offer relating to the Linked Stock or the Equity Issuer.

“**Initial Investment Statement**” means a statement issued by the Bank confirming the Initial Investment and the form of which is set out in Appendix 3 to the Principal Brochure.

“**Initial Price**” means the price specified as such in the Confirmation, being the market spot price of the Linked Stock at the time the Customer places an order of the ELI (Call Option) on the Trade Date or the official closing price of the Linked Stock as published by the Exchange as of the Trade Date.

“**Insolvency**” means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of, or any analogous proceeding affecting, an Equity Issuer:

- (a) the Linked Stock of that Equity Issuer are required to be transferred to a trustee, liquidator or other similar official; or
- (b) holders of the Linked Stock of that Equity Issuer become legally prohibited from transferring them.

“**Investment Period**” means the number of calendar days from and including the Trade Date to and including the scheduled Valuation Date, as specified in the Confirmation.

“**Linked Stock**” means the shares or the units specified as such in the Confirmation.

“Market Disruption Event” means the occurrence or existence of:

- (a) a Trading Disruption or an Exchange Disruption, which is (in the determination of the Bank in good faith and in a commercially reasonable manner) material, at any time during the one hour period before the Scheduled Closing 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 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 in relation to the Linked Stock or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Bank (acting in good faith and in a commercially reasonable manner).

“Merger Event” means, in respect of the 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 an Equity Issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Equity Issuer is the continuing entity and which does not result in any such reclassification or change of 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 Equity Issuer that results in a transfer of or an irrevocable commitment to transfer 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 Equity Issuer or its subsidiaries with or into another entity in which the Equity Issuer is the continuing entity and which does not result in a reclassification or change of such Linked Stock outstanding but results in the outstanding Linked Stock (other than Linked Stock owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Linked Stock immediately following such event.

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

“Potential Adjustment Event” has the meaning given to the term in section 6.4 of these Terms and Conditions.

“Principal Brochure” means the principal brochure for the ELI (Call Option) dated 11 March 2020.

“Related Exchange” in respect of the Linked Stock, means each exchange or quotation system (if any) on which options or futures contracts relating to the Linked Stock are traded or quoted, as determined by the Bank.

“RMB” means Renminbi, the lawful currency of the People’s Republic of China (“**PRC**”).

“RMB Disruption Event” means the occurrence of any event that, in the determination of the Bank in its sole and absolute discretion acting in good faith and a commercially reasonable manner, makes it impossible for the Bank to:

- (a) obtain a firm quote of an offer price in respect of any amount due and payable in RMB under the ELI (Call Option) on the relevant scheduled payment date, in the general RMB exchange market in Hong Kong in order to perform its obligations under the ELI (Call Option);
- (b) convert any amount due and payable in RMB under the ELI (Call Option) in the general RMB exchange market in Hong Kong, other than where such impossibility is due to the failure of the Bank 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 Bank, 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 Bank 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 Bank, due to an event beyond its control, to comply with such law, rule or regulation).

For the avoidance of doubt, the following events shall not constitute a RMB Disruption Event:

- (A) the inability for the Bank to obtain such firm quote due to issues relating to its creditworthiness; and
- (B) the inability for the Bank to convert RMB due to issues relating to its creditworthiness.

“Scheduled Closing Time” in respect of the Exchange or Related Exchange and an Exchange Business Day means the scheduled weekday closing time of the Exchange or Related Exchange on such Exchange Business Day, without regard to after hours or any other trading outside of the regular trading session hours.

“Scheduled Tenor” means the number of calendar days from and including the Start Date to and including the scheduled Settlement Date, as specified in the Confirmation.

“Securities Account” means a securities account of the Customer as designated by the Customer.

“Settlement Account” means a cash account of the Customer in the Settlement Currency as designated by the Customer.

“Settlement Currency” means HKD or RMB, as specified in the Confirmation.

“Settlement Date” means the second Business Day (in the case where the Customer’s undertaking to maintain the Initial Investment in the Securities Account will cease to apply and the Customer will receive the Distribution Amount in cash) or the second Clearing System Business Day (in the case where the Customer is required to transfer the Initial Investment from the Securities Account to the Bank and will receive both (a) the Distribution Amount in cash and (b) a cash amount in the Settlement Currency equal to the Initial Investment multiplied by the Strike Price) after the Valuation Date, subject to adjustment in accordance with Condition 4.

“Settlement Disruption Event” means an event beyond the control of the Bank as a result of which the Customer cannot effect transfer of any Linked Stock from the Securities Account as determined by the Bank in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner).

“Start Date” means the date specified as such in the Confirmation, being the date on which the Distribution Amount starts to accrue.

“Strike Price” means the price specified as such in the Confirmation, being a specified percentage of the Initial Price (calculated to 4 decimal places, 0.00005 being rounded upwards).

“**Tender Offer**” means 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 Equity Issuer, as determined by the Bank, based upon the making of filings with governmental or self regulatory agencies or such other information as the Bank deems relevant.

“**Tender Offer Date**” means, in respect of a Tender Offer, the date on which voting shares or units in the amount of the applicable percentage threshold are actually purchased or otherwise obtained (as determined by the Bank in good faith and in a commercially reasonable manner).

“**Term**” means the period from and including the Trade Date to and including the Settlement Date.

“**Trade Date**” means the date specified as such in the Confirmation.

“**Trading Disruption**” means, in respect of the 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 Exchange or Related Exchange or otherwise (a) relating to the Linked Stock on the Exchange, or (b) in futures or options contracts relating to the Linked Stock on the Related Exchange.

“**Underlying Currency**” means the currency in which the Linked Stock is traded on the Exchange, which is either RMB or HKD as specified in the Confirmation.

“**Valuation Date**” means the date specified as such in the Confirmation, provided that if such date is not an Exchange Business Day, the following Exchange Business Day, subject to postponement in accordance with Condition 9.

APPENDIX 2 – FORM OF TERMSHEET FOR OUR ELIs (CALL OPTION)

We set out below a form of the Termsheet for our ELIs (Call Option). It is indicative only. Each Termsheet covers an ELI (Call Option) only.

You must read the relevant Termsheet for the particular ELI (Call Option) you are interested in and all other Offering Documents before deciding whether to invest in an ELI (Call Option).

Non-Principal Protected Unlisted Equity Linked Investments (Call Option) ("ELIs (Call Option)") offered by Bank of China (Hong Kong) Limited

[insert date]

IMPORTANT RISK WARNING

- **Unlisted structured investment products**

Our ELIs (Call Option) are unlisted structured investment products embedded with derivatives. They are NOT the same as and should NOT be treated as substitutes for conventional time deposits.

- **Not principal protected**

Our ELIs (Call Option) are NOT principal protected. You could lose all of your Initial Investment.

- **Not covered by Investor Compensation Fund**

Our ELIs (Call Option) are not listed on any stock exchange and are not covered by the Investor Compensation Fund in Hong Kong.

- **Not the same as investment in or sale of the Linked Stock**

Investing in our ELIs (Call Option) is not the same as investing in or selling of the Linked Stock. Movements in the market price of the Linked Stock may not lead to any corresponding change in the performance of our ELIs (Call Option).

- **Liquidity risk**

Our ELIs (Call Option) are designed to be held until their maturity. There will be no market making arrangements for our ELIs (Call Option), and you cannot transfer or early terminate your ELIs (Call Option) after your ELIs (Call Option) order is accepted by us on the Trade Date.

- **Capped maximum potential gain**

The maximum potential gain under our ELIs (Call Option) is limited to the difference between (i) the sum of the cash payment of the Initial Investment valued at the Strike Price and the Distribution Amount and (ii) the value of the Initial Investment as of the Trade Date (calculated based on the Initial Price) even if your view on the market price movement of the Linked Stock is correct.

- **No collateral**

Our ELIs (Call Option) are NOT secured on any of our assets or any collateral.

- **Credit and insolvency risk**

If you invest in our ELIs (Call Option), you are relying upon the creditworthiness of Bank of China (Hong Kong) Limited (as the Issuer) and of no other person. If we become insolvent or default on our obligations under our ELIs (Call Option), you can only claim as an unsecured creditor of Bank of China (Hong Kong) Limited regardless of the performance of the Linked Stock and the terms of our ELIs (Call Option). **In the worst case scenario, you could lose all of your Initial Investment.**

Bank of China (Hong Kong) Limited 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 who does not guarantee the performance of our obligations under our ELIs (Call Option).

- **Early termination risk by us**

We may early terminate an ELI (Call Option) upon the occurrence of a Potential Adjustment Event (such as a bonus issue or payment of an extraordinary dividend), a Merger Event or a Tender Offer where we as the Issuer (acting in good faith and in commercially reasonable manner) determine that an adjustment to the Initial Investment (amongst others) is necessary to account for the relevant event and to preserve the economic equivalence of an affected ELI Call Option since the Initial Investment will remain unchanged during the Term of the ELI (Call Option) and will not be adjusted. We may also early terminate an ELI (Call Option) upon the occurrence of an Extraordinary Disruption Event (regardless of whether an adjustment to the Initial Investment is necessary). If an ELI (Call Option) is early terminated by us, we (as the Issuer) acting in good faith and in a commercially reasonable manner will determine the Early Termination Amount as of the effective date of such early termination, which may be payable by you to us (in the case where the Early Termination Amount is below zero) or by us to you (in the case where the Early Termination Amount is at or above zero). **If the Early Termination Amount is payable by you to us, such amount may be higher than the value of your Initial Investment as of the Trade Date (calculated based on the Initial Price). You may therefore suffer a loss or a substantial loss.** If we are unable to debit such Early Termination Amount from the Settlement Account due to insufficient funds or the occurrence of any event beyond our control, we acting in good faith and in a commercially reasonable manner may take any action in respect of the Initial Investment, including effecting the transfer of the Initial Investment from the Securities Account to us.

- **Exposure to risks from the time you place your order**

Once you place your order with us, you will be committed to invest in our ELI (Call Option) and a particular quantity of the Linked Stock equal to the Initial Investment will be frozen in your Securities Account and you cannot sell or deal in the Initial Investment during the Term of our ELI (Call Option). You will lose the opportunity of selling the Initial Investment at the prevailing market price of the Linked Stock which may be higher than the Strike Price, and you will be exposed to the risks associated with our ELI (Call Option) from the time you place your order.

- **No selling or dealing in the Initial Investment during the Term of our ELI (Call Option)**

By investing in our ELI (Call Option), you undertake not to deal in, make any withdrawal, create any encumbrance or dispose of the Initial Investment throughout the Term of our ELI (Call Option). A breach of your undertaking of not selling or dealing in the Initial Investment will constitute an Extraordinary Disruption Event under the terms of our ELI (Call Option), leading to an early termination of our ELI (Call Option).

- **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 ELIs (Call Option) and our economic interests in each role may be adverse to your interests in our ELIs (Call Option).

- **Additional risks for RMB-denominated ELIs (Call Option) linked to RMB-traded Linked Stock**

- (i) **Limited pool of RMB outside the PRC** – RMB is subject to foreign exchange control by the PRC central government. There is currently a limited pool of RMB outside the PRC and any tightening of foreign exchange control may adversely affect the liquidity of offshore RMB, and the performance of our RMB-denominated ELIs (Call Option) linked to RMB-traded Linked Stock.
- (ii) **Payment postponement for RMB disruption event** – If the Settlement Currency is RMB and a RMB Disruption Event occurs on a scheduled payment date in respect of any payment in RMB payable by us, payments will be postponed and may be made in an HKD Equivalent Amount. We will not pay any extra amount for such postponed payment. You may also suffer a loss in HKD terms if RMB depreciates against HKD following the occurrence of a RMB Disruption Event.]

Offering Documents

This Termsheet must be read in conjunction with:

- (i) the principal brochure for our ELIs (Call Option) dated 11 March 2020 (“**Principal Brochure**”) [together with the addendum dated *[insert date]*]; and
- (ii) the financial disclosure document dated *[insert date]* (“**Financial Disclosure Document**”) [together with the addendum dated *[insert date]*],

each issued by the Bank (this Termsheet, the Principal Brochure [(together with the addendum to the Principal Brochure)] and the Financial Disclosure Document [(together with the addendum to the Financial Disclosure Document)] are together, the “**Offering Documents**”).

You should read and understand each Offering Document before deciding whether to invest in our ELIs (Call Option). If you are in any doubt of the contents of any Offering Document, you should seek independent professional advice. Printed copies of the Offering Documents [and CD-Rom copies of the Principal Brochure and Financial Disclosure Document] are available from our designated branches. [Electronic copies of the Offering Documents are available from us by email, and electronic copies of the Principal Brochure [(together with the addendum to the Principal Brochure)] and the Financial Disclosure Document[(together with the addendum to the Financial Disclosure Document)] are available for download from our website at www.bochk.com].

If English is not your preferred language, you may request for a copy of this Termsheet written in Chinese from our sales staff at our designated branches. 倘若英文並非閣下屬意的語言，閣下可向本行指定分行的銷售人員索取本條款表的中文版本。

INDICATIVE TERMS AND CONDITIONS

Terms which are not defined in this Termsheet shall have the same meanings as set out in the Terms and Conditions in Appendix 1 to the Principal Brochure.

The Bank (as the Issuer and the Product Arranger):	Bank of China (Hong Kong) Limited
Application Period:	<i>[insert time]</i> on <i>[insert date]</i> to <i>[insert time]</i> on <i>[insert date]</i>
Product code:	<i>[insert number]</i>
Settlement Currency:	[HKD][RMB]
Investment Period:	The number of calendar days from and including the Trade Date to and including the scheduled Valuation Date.
Scheduled Tenor:	<i>[insert number of calendar days]</i> calendar days from and including the Start Date to and including the scheduled Settlement Date.
Minimum Initial Investment:	<i>[insert number]</i> of [shares/units] of the Linked Stock and thereafter in increments of <i>[insert number]</i> of the [shares/units] of the Linked Stock.
Initial Investment:	A particular quantity of the Linked Stock as agreed with you before you place the order and confirmed in the Initial Investment Statement.
Linked Stock:	The [shares/units] of <i>[insert name of company/fund]</i> ([Stock code: <i>[insert stock code]</i>]/ Reuters RIC code: <i>[insert stock code]</i>)
Underlying Currency:	[HKD][RMB]
Board Lot:	<i>[insert number]</i> of [shares/units] of the Linked Stock.
Exchange:	The Stock Exchange of Hong Kong Limited
Trade Date:	<i>[insert trade date]</i>
Start Date:	<i>[insert start date]</i>
Valuation Date:	<i>[insert valuation date]</i> , if such day is not an Exchange Business Day, then the following Exchange Business Day, unless a Market Disruption Event occurs on such day, such day will be postponed in accordance with Condition 9 of the Terms and Conditions.

Settlement Date:	The second Business Day (in the case where your undertaking to maintain the Initial Investment in the Securities Account will cease to apply and you will receive the Distribution Amount in cash) or the second Clearing System Business Day (in the case where you are obliged to transfer the Initial Investment from the Securities Account to the Bank and will receive both (a) the Distribution Amount in cash and (b) a cash amount in the Settlement Currency equal to the Initial Investment multiplied by the Strike Price) after the Valuation Date, unless a Settlement Disruption Event [or a RMB Disruption Event] occurs, such day will be postponed in accordance with Condition 4 of the Terms and Conditions.
Initial Price:	<i>[insert initial price]</i> /[The official closing price of the Linked Stock as published by the Exchange as of the Trade Date]/[The market spot price of the Linked Stock as agreed between the Issuer and you at the time of your application on the Trade Date]
Strike Price:	<i>[[insert strike price] (being) [insert number]% of the Initial Price[]]</i>
Final Closing Price:	The official closing price of the Linked Stock as published by the Exchange as of the Valuation Date, provided that if such day is a Disrupted Day, the Final Closing Price in respect of such day shall be determined by the Bank, in accordance with Condition 9 of the Terms and Conditions.
Distribution Amount per Board Lot:	An amount in the Settlement Currency calculated in accordance with the following formula (calculated to 2 decimal places, 0.005 being rounded upwards): Board Lot x Initial Price x Actual Distribution Rate
Distribution Amount:	An amount in the Settlement Currency calculated in accordance with the following formula (calculated to 2 decimal places, 0.005 being rounded upwards): (Initial Investment / Board Lot) x Distribution Amount per Board Lot
Annualised Distribution Rate:	<i>[insert annualised distribution rate]</i> per annum, based on the hypothetical assumption that the ELI (Call Option) can be rolled over on the same terms for a period of 365 days. It does not reflect the Actual Distribution Rate of the ELI (Call Option). You should not rely on the annualised rate as an indication of the potential return for the ELI (Call Option).
Actual Distribution Rate:	<i>[insert actual distribution rate]</i> for the Scheduled Tenor (calculated to 4 decimal places, 0.00005 being rounded upwards, being Annualised Distribution Rate x Scheduled Tenor/Day Count Basis)
Day Count Basis:	365

Settlement at maturity: (i) If the Final Closing Price of the Linked Stock is **AT** or **BELOW** the Strike Price, you will receive the Distribution Amount in the Settlement Currency in cash (less any Cash Settlement Expenses) on the Settlement Date and your undertaking of maintaining the Initial Investment in the Securities Account will cease to apply with effect on and from the Settlement Date;

OR

(ii) If the Final Closing Price of the Linked Stock is **ABOVE** the Strike Price, you will transfer the Initial Investment from the Securities Account to the Bank, and you will receive the following (subject to the payment of any Physical Settlement Expenses) on the Settlement Date:

- (a) the Distribution Amount in the Settlement Currency in cash (less any Cash Settlement Expenses); and
- (b) a cash amount in the Settlement Currency equal to the Initial Investment multiplied by the Strike Price (less any Cash Settlement Expenses).

Cash Settlement Expenses: All charges or expenses including any taxes and duties that are incurred for payment of a cash amount to you. [Currently there are no such charges or expenses.][Cash Settlement Expenses are payable. Please ask us for details.]

Physical Settlement Expenses: Physical Settlement Expenses are out-of-pocket expenses relating to the transfer of the Linked Stock. These expenses include the seller's stamp duty (if applicable, subject to the prevailing laws and regulations), currently at a rate of [0.1]% of the market value of the Linked Stock calculated at the Final Closing Price (if applicable, converted into HKD at the exchange rate as determined by the Hong Kong Monetary Authority and currently published on The Stock Exchange of Hong Kong Limited at http://www.hkex.com.hk/eng/market/sec_tradinfo/stampfx/stampfx.asp by 11:00a.m. or earlier on the Valuation Date) arising from the transfer of the Linked Stock. Please ask us for details of such charges.

Terms and Conditions: Terms and Conditions of the ELIs (Call Option) as set out in Appendix 1 to the Principal Brochure.

Initial Investment Statement: The Initial Investment Statement will set out the Initial Investment and will be sent to you on the Trade Date. The form of the Initial Investment Statement is set out in Appendix 3 to the Principal Brochure.

Confirmation: The Confirmation will be sent to you within 2 Business Days after the Trade Date. A form of the Confirmation is set out in Appendix 4 to the Principal Brochure.

The Initial Investment Statement and the Confirmation will apply, disapply, amend, vary, and/or supplement the Terms and Conditions. The Initial Investment Statement and the Confirmation, together with the Terms and Conditions, constitute the full set of legal terms and conditions applicable to the ELI (Call Option).

Post-sale cooling off period:

Since the Bank will only offer ELIs (Call Option) with an Investment Period of not more than six months, post-sale cooling-off period pursuant to Part IV of the Code on Unlisted Structured Investment Products issued by the SFC (the “Code”) **DOES NOT APPLY** to any of our ELIs (Call Option).

Market making arrangements:

Since the Bank will only offer ELIs (Call Option) with an Investment Period of not more than six months, market making arrangement pursuant to Part III of the Code **DOES NOT APPLY** to any of our ELIs (Call Option). You cannot transfer or early terminate the ELI (Call Option) after your ELI (Call Option) order is accepted by us on the Trade Date.

[Updated information about the Bank

[insert details of the updated information]

[No] [M] [m]aterial adverse change

[Save as disclosed in the section headed *[insert heading]* of [the addendum to] our Financial Disclosure Document,] [There/there] has been no material adverse change in our financial or trading position since the date of our latest financial statements for the period ended *[insert date]*.

[No] [M] [m]aterial litigation

[Save as disclosed in the section headed *[insert heading]* of [the addendum to] our Financial Disclosure Document,] [There/there] are no litigation or arbitration proceedings against or affecting us, nor are we aware of any claims pending or, to our knowledge, threatened against us, which are material in the context of our offering of the ELI (Call Option).

Information relating to the Linked Stock

The Linked Stock is listed on The Stock Exchange of Hong Kong Limited and the entity issuing such Linked Stock (“**Equity Issuer**”) is required by the Exchange to continuously disclose information that has a material impact on market activity in and the market price of the Linked Stock. You can find information about the Equity Issuer (including its published audited consolidated financial statements and interim financial statements) and obtain historic price information of the Equity Issuer on the website operated by the Exchange at <http://www.hkexnews.hk>. You may obtain historical closing price information of the Linked Stock on the website of the Exchange at <http://www.hkexnews.hk>.

[Newly Listed Stock

The Linked Stock (the “**Newly Listed Stock**”) was listed on The Stock Exchange of Hong Kong Limited on *[insert date]*. Prior to the listing of the Newly Listed Stock, there had been no public market for the Newly Listed Stock and an active public market for the Newly Listed Stock may not develop or be sustained in the future. You will not be able to analyze or compare the trading history of the Newly Listed Stock, particularly in relation to either the volatility or liquidity which may have an impact on the return of your investment.

Although the Newly Listed Stock is listed on The Stock Exchange of Hong Kong Limited, there is no guarantee that a trading market for the Newly Listed Stock will develop or, if a market does develop, the liquidity of that market. Also, the price and trading volume of the Newly Listed Stock 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.]¹

[Risk factors specific to ELIs (Call Option) linked to a unit of an exchange traded fund (“ETF”)]

The Linked Stock is a unit of an ETF. The manager and/or the trustee of an ETF are not involved in the offer of our ELIs (Call Option) and have no obligation to consider your interests in taking any action that might affect the market value of the units of an ETF and/or our ELIs (Call Option). 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. It may adversely affect the performance of our ELIs (Call Option).

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 a 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 tracks is subject to restricted access, the efficiency in the unit creation or redemption to keep the 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 Linked Stock and our ELIs (Call Option).]²

[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 relevant ETF is designed to track, you should note that:

- (a) investing in financial derivative instruments will expose the ETF to the credit, potential contagion and concentration risks of the counterparties who issued the 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.

Please read the offering document of the relevant ETF to understand its key features and risks.]³

[Risk factors specific to ELIs (Call Option) linked to an exchange traded fund (“China ETF”) investing through Renminbi Qualified Foreign Institutional Investor (“RQFII”) regime and/or the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (collectively, “China Connect”)]

The Linked Stock is a unit of a China ETF issued and traded outside mainland China with direct investment in the mainland Chinese securities market through the RQFII regime and/or China Connect. You should note the additional risks below:

- (a) the novelty and untested nature of a China ETF investing through China Connect make such a China ETF riskier than traditional ETFs. The policies and rules for the RQFII regime and China Connect prescribed by the PRC central government are new and subject to change, and there may be uncertainty to their interpretation and/or implementation. Such uncertainty and potential change of the laws and regulations for the RQFII regime and China Connect may adversely impact on the performance of the 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 ELIs (Call Option);
- (b) a 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 a China ETF may also be affected by interventions by the applicable government(s) and regulators in the financial markets which may adversely affect the performance of such China ETF, which in turn may adversely affect the market value and/or potential gain or loss of our ELIs (Call Option);
- (c) in accordance with the current RQFII regime, investment by a China ETF in the securities market in mainland China under the RQFII regime is currently subject to its manager's RQFII quota allocated to such China ETF. In addition, trading of securities invested by a China ETF under China Connect will be subject to a daily quota which does not belong to such China ETF and is utilised on a "first-come-first-serve" basis. In the event that RQFII quota allocated to the China ETF and/or the daily quota under China Connect are reached and the manager is unable to acquire additional quota for the China ETF, the manager may need to suspend creation of further units of such China ETF, and therefore may affect liquidity in unit trading of such China ETF. In such event, the trading price of a unit of such China ETF is likely to be valued at a significant premium to its net asset value, and may be highly volatile. Although the State Administration of Foreign Exchange has announced that the quota restrictions under the RQFII (and Qualified Foreign Institutional Investor) regimes will be removed, the detailed implementation rules and official effective date of the quota removal are not yet available; and
- (d) the general tax laws and regulations in mainland China are under constant development and often subject to change as a result of shift in policy of PRC central government. As such, there is a possibility that current tax laws, rules, regulations and practice in mainland China and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. There are risks and uncertainties associated with the current tax law in the PRC applicable to China ETFs investing in mainland China through the RQFII regime 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 ETFs. This may adversely affect the net asset value of such China ETFs and the market value and/or potential gain or loss of our ELIs (Call Option).

Although the units of China ETFs are listed on the Exchange, there is no guarantee that an active trading market for such units 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 of 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 of the China ETF and the market value and/or potential gain or loss of our ELIs (Call Option).

Please read the offering documents of the relevant China ETF to understand its key features and risks.]⁴

[Risk factors specific to ELIs (Call Option) linked to a unit of a real estate investment trust ("REIT")

The ELI (Call Option) is linked to a fund which is a REIT. You should note that the investment objective of REITs 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 REIT 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 Linked Stock and therefore the performance of the ELI (Call Option). In addition, 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 of our ELIs (Call Option) 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.]⁵

[Risk factors specific to ELIs (Call Option) linked to a Linked Stock traded through the dual counters model

The issuer of the Linked Stock adopts the dual counters model for trading its shares or units on the Exchange in RMB and HKD separately. You need to consider the following additional risks in light of the novelty and relatively untested nature of the Exchange's dual counters model:

- (a) our ELIs (Call Option) relate to either HKD-traded or RMB-traded shares or units only. If the Linked Stock is HKD-traded shares or units, movements in the trading prices of RMB-traded shares or units should not directly affect the performance of our ELIs (Call Option). Similarly, if the Linked Stock is RMB-traded shares or units, movements in the trading prices of HKD-traded shares or units should not directly affect the performance of our ELIs (Call Option);
- (b) if there is a suspension of inter-counter transfer of such shares or units between the HKD counter and the RMB counter 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 performance of our ELIs (Call Option); and
- (c) the trading price on the Exchange of (i) HKD-traded shares or units and (ii) RMB-traded shares or units may deviate significantly due to different factors, such as market liquidity, RMB conversion risk, supply and demand in each counter and the exchange rate between offshore RMB and HKD. Changes in the trading price of the Linked Stock in HKD or RMB (as the case may be) may adversely affect the performance of our ELIs (Call Option).

Please read the offering documents of the relevant shares of a company or units of a fund which are traded through the dual counters model to understand its key features and risks.]⁶

[Risk factors specific to our RMB-denominated ELIs (Call Option) linked to RMB-traded Linked Stock

In respect of our RMB-denominated ELIs (Call Option) 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.

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 ELIs (Call Option). Such investors may also have to convert payments made on such ELIs (Call Option) 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 RMB-denominated ELIs (Call Option) shall not be used as an investment for speculating in the appreciation of RMB.

- **Limited pool of RMB outside the PRC**

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 of 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 RMB-denominated ELIs (Call Option) linked to RMB-traded Linked Stock which may in turn adversely affect the performance of such ELIs (Call Option).

- **Settlement risks for RMB Disruption Event**

In the case where the Settlement Currency is RMB and we determine, in our sole and absolute discretion (acting in good faith and in a commercially reasonable manner), that a 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 ELIs (Call Option) in the RMB exchange market in Hong Kong) has occurred on any date on which any amount payable in RMB under our ELIs (Call Option) 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 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 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 ELIs (Call Option).

The occurrence of a RMB Disruption Event could delay a payment to you under our ELIs (Call Option). 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 a 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 performance of our RMB-denominated ELIs (Call Option) linked to RMB-traded Linked Stock may be adversely affected by the fluctuations in the interest rate for offshore RMB.]⁷

Additional Information

Information contained in any websites referred to in this Termsheet (other than the electronic copies of the Offering Documents appearing on our website) does not form part of the Offering Documents and we do not accept any responsibility for information contained in those websites.

Structured transactions are complex and may involve a high risk of loss. Prior to entering into a transaction you should consult with your own professional legal, regulatory, tax, financial and accounting advisors to the extent you consider it necessary, and make your own investment, hedging and trading decisions based upon your own judgment and advice from those independent professional advisers you consider necessary.

The information contained in the Principal Brochure, the Financial Disclosure Document (taken together with, and as updated by, [the addendum[s] thereto and] this Termsheet) is accurate as at the date of this Termsheet. This document includes particulars given in compliance with the Code for the purpose of giving information with regard to the Bank (as the Issuer and the Product Arranger) and the ELI (Call Option). We (as the Issuer and the Product Arranger) accept full responsibility for the contents of, the completeness and accuracy of the information contained in the Principal Brochure [(together with the addendum thereto)], the Financial Disclosure Document [(together with the addendum thereto)] and this Termsheet and confirm, having made all reasonable enquiries, that to the best of our knowledge and belief the Offering Documents, when read together, will contain no untrue or misleading statement, or other facts the omission of which would make any statement therein untrue or misleading.

As at the date of this Termsheet, we (as the Issuer and the Product Arranger) meet the respective eligibility requirements applicable to issuers and product arrangers set out in the Code. We (as the Issuer and the Product Arranger) also confirm that our ELIs (Call Option) comply with the Code.

The SFC has authorised our ELIs (Call Option) under section 104A(1) of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) (“SFO”) and the issue of this Termsheet based on the standard format set out in Appendix 2 to the Principal Brochure as part of the Offering Documents of our ELIs (Call Option) under section 105(1) of the SFO. The SFC takes no responsibility for our ELIs (Call Option) or the contents of this Termsheet, 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 Termsheet. The SFC’s authorisation does not imply its endorsement or recommendation of the ELIs (Call Option) referred to in this Termsheet nor does it imply that the SFC guarantees the commercial merits of our ELIs (Call Option) or their performance. The SFC’s authorisation does not mean our ELIs (Call Option) 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 professional advice before investing in our ELIs (Call Option).

¹ Insert if the Linked Stock is a newly listed securities with a trading history of less than 60 Exchange Business Days and with a minimum market capitalisation of HKD10 billion as of the Trade Date.

² Insert if the Linked Stock is a unit in an ETF.

³ Insert if the ETF adopts a synthetic replication investment strategy.

⁴ Insert if the Linked Stock is a unit in an RQFII ETF.

⁵ Insert if the Linked Stock is a unit in a REIT.

⁶ Insert if the Linked Stock is trading through a dual counters model.

⁷ Insert for the RMB-denominated ELI (Call Option) linked to RMB-traded Linked Stock.

APPENDIX 3 – FORM OF INITIAL INVESTMENT STATEMENT FOR OUR ELIs (CALL OPTION)

We set out below the form of the Initial Investment Statement for our ELIs (Call Option).

The SFC takes no responsibility as to the contents of the form of the Initial Investment Statement, 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 the Initial Investment Statement. The SFC’s authorisation of the Principal Brochure does not imply its endorsement of the form of the Initial Investment Statement.

SECURITIES ACCT NO	<i>[insert number]</i>		
TRANSACTION & STATEMENT DATE	<i>[insert date]</i>	PAGE	01

NON-PRINCIPAL PROTECTED UNLISTED EQUITY LINKED INVESTMENTS (CALL OPTION) INITIAL INVESTMENT STATEMENT

This Initial Investment Statement constitutes the “Initial Investment Statement” relating to Non-Principal Protected Unlisted Equity Linked Investment (Call Option) described below.

Date	Transaction Details	
Product:	<i>[insert product code]</i>	Product Name: <i>[insert product name]</i>
	Issuer: <i>[insert other details]</i>	Bank of China (Hong Kong) Limited
<i>[insert date]</i>	Subscription: <i>[insert other details]</i>	Initial Investment: <i>[insert initial investment]</i>

APPENDIX 4 – FORM OF CONFIRMATION FOR OUR ELIs (CALL OPTION)

We set out below the form of the Confirmation for our ELIs (Call Option).

The SFC takes no responsibility as to the contents of the form of the Confirmation, makes no representation as to their 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 the Confirmation. The SFC's authorisation of the Principal Brochure does not imply its endorsement of the form of the Confirmation.

NON-PRINCIPAL PROTECTED UNLISTED EQUITY LINKED INVESTMENTS (CALL OPTION) CONFIRMATION

This Confirmation constitutes the “Confirmation” relating to Non-Principal Protected Unlisted Equity Linked Investment (Call Option) (“**ELI (Call Option)**”) described below. This Confirmation applies, disappplies, amends, varies and/or supplements the Terms and Conditions which are set out in Appendix 1 to the principal brochure for ELIs (Call Option) dated 11 March 2020 (“**Principal Brochure**”).

Terms used herein shall be deemed to be defined as such in the Terms and Conditions. In the event of any inconsistency between the Terms and Conditions and this Confirmation, this Confirmation will prevail.

The terms of the ELI (Call Option) to which this Confirmation relates are as follows:

The Bank:	Bank of China (Hong Kong) Limited
Product code:	<i>[insert number]</i>
Settlement Currency:	[HKD][RMB]
Investment Period:	<i>[insert number of calendar days]</i> calendar days from and including the Trade Date to and including the scheduled Valuation Date.
Scheduled Tenor:	<i>[insert number of calendar days]</i> calendar days from and including the Start Date to and including the scheduled Settlement Date.
Initial Investment:	A particular quantity of the Linked Stock as specified in the Initial Investment Statement.
Linked Stock:	The [shares/units] of <i>[insert company/fund]</i> (Stock code: <i>[insert stock code]</i>)
Underlying Currency:	[HKD][RMB]
Board Lot:	<i>[insert number]</i> of [shares/units] of the Linked Stock.
Exchange:	The Stock Exchange of Hong Kong Limited
Trade Date:	<i>[insert trade date]</i>
Start Date:	<i>[insert start date]</i>

Valuation Date:	<i>[insert valuation date]</i> , if such day is not an Exchange Business Day, then the following Exchange Business Day, unless a Market Disruption Event occurs on such day, such day will be postponed in accordance with Condition 9 of the Terms and Conditions.
Settlement Date:	The second Business Day (in the case where the Customer's undertaking to maintain the Initial Investment in the Securities Account will cease to apply and the Customer will receive the Distribution Amount in cash) or the second Clearing System Business Day (in the case where the Customer is obliged to transfer the Initial Investment from the Securities Account to the Bank and will receive both (a) the Distribution Amount in cash and (b) a cash amount in the Settlement Currency equal to the Initial Investment multiplied by the Strike Price) after the Valuation Date, unless a Settlement Disruption Event [or a RMB Disruption Event] occurs, such day will be postponed in accordance with Condition 4 of the Terms and Conditions.
Initial Price:	<i>[insert initial price]</i>
Strike Price:	<i>[insert strike price]</i> (being <i>[insert number]</i> % of the Initial Price)
Final Closing Price:	The official closing price of the Linked Stock as published by the Exchange as of the Valuation Date, provided that if such day is a Disrupted Day, the Final Closing Price in respect of such day shall be determined by the Bank, in accordance with Condition 9 of the Terms and Conditions.
Distribution Amount per Board Lot:	An amount in the Settlement Currency calculated in accordance with the following formula (calculated to 2 decimal places, 0.005 being rounded upwards): Board Lot x Initial Price x Actual Distribution Rate
Distribution Amount:	An amount in the Settlement Currency calculated in accordance with the following formula (calculated to 2 decimal places, 0.005 being rounded upwards): (Initial Investment / Board Lot) x Distribution Amount per Board Lot
Annualised Distribution Rate:	<i>[insert annualised distribution rate]</i> per annum, based on the hypothetical assumption that the ELI (Call Option) can be rolled over on the same terms for a period of 365 days. It does not reflect the Actual Distribution Rate of the ELI (Call Option). The Customer should not rely on the annualised rate as an indication of the potential return for the ELI (Call Option).
Actual Distribution Rate:	<i>[insert actual distribution rate]</i> for the Scheduled Tenor (calculated to 4 decimal places, 0.00005 being rounded upwards, being Annualised Distribution Rate x Scheduled Tenor/Day Count Basis)

Day Count Basis: 365

Settlement at maturity: (i) If the Final Closing Price of the Linked Stock is **AT or BELOW** the Strike Price, the Customer will receive the Distribution Amount in the Settlement Currency in cash (less any Cash Settlement Expenses) on the Settlement Date and the Customer's undertaking of maintaining the Initial Investment in the Securities Account will cease to apply with effect on and from the Settlement Date;

OR

- (ii) If the Final Closing Price of the Linked Stock is **ABOVE** the Strike Price, the Customer will transfer the Initial Investment from the Securities Account to the Bank, and the Customer will receive the following (subject to the payment of any Physical Settlement Expenses) on the Settlement Date:
- (a) the Distribution Amount in the Settlement Currency in cash (less any Cash Settlement Expenses); and
 - (b) a cash amount in the Settlement Currency equal to the Initial Investment multiplied by the Strike Price (less any Cash Settlement Expenses).

Cash Settlement Expenses: All charges or expenses including any taxes and duties that are incurred for payment of a cash amount to the Customer. [Currently there are no such charges or expenses.] [Cash Settlement Expenses are payable. Please ask the Bank for details.]

Physical Settlement Expenses: Physical Settlement Expenses are out-of-pocket expenses relating to the transfer of the Linked Stock. These expenses include the seller's stamp duty (if applicable, subject to the prevailing laws and regulations), currently at a rate of [0.1]% of the market value of the Linked Stock calculated at the Final Closing Price (if applicable, converted into HKD at the exchange rate as determined by the Hong Kong Monetary Authority and currently published on The Stock Exchange of Hong Kong Limited at http://www.hkex.com.hk/eng/market/sec_tradinfo/stampfx/stampfx.asp by 11:00a.m. or earlier on the Valuation Date) arising from the transfer of the Linked Stock. Please ask the Bank for details of such charges.

Terms and Conditions: Terms and Conditions of the ELIs (Call Option) as set out in Appendix 1 to the Principal Brochure.

**ISSUER AND PRODUCT ARRANGER
REGISTERED OFFICE OF THE BANK**

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