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Non-collateralised Structured Products

Launch Announcement for Callable Bull/Bear Contracts (“CBBCs”) to be issued by



The Bank of East Asia, Limited

東亞銀行有限公司

(incorporated with limited liability in Hong Kong)

Particulars of CBBCs

We intend to issue the following CBBCs:

CBBCs					
Stock code	64921	64922	64923	64927	64932
Issue size	40,000,000 CBBCs	60,000,000 CBBCs	200,000,000 CBBCs	40,000,000 CBBCs	40,000,000 CBBCs
Style	European style cash settled	European style cash settled	European style cash settled	European style cash settled	European style cash settled
Category	Category R	Category R	Category R	Category R	Category R
Type	Bull	Bear	Bull	Bull	Bear
Company	Lenovo Group Limited	Sands China Ltd.	Kingsoft Corporation Limited	Tencent Holdings Limited	Tencent Holdings Limited
Shares	Existing issued ordinary shares of the Company	Existing issued ordinary shares of the Company	Existing issued ordinary shares of the Company	Existing issued ordinary shares of the Company	Existing issued ordinary shares of the Company
Board Lot	20,000 CBBCs	40,000 CBBCs	100,000 CBBCs	10,000 CBBCs	10,000 CBBCs
Issue Price per CBBC	HK\$0.25	HK\$0.25	HK\$0.25	HK\$0.25	HK\$0.25
Funding Cost per CBBC as of the Launch Date¹	HK\$0.091	HK\$0.1235	HK\$0.1669	HK\$0.1468	HK\$0.1432
Strike Price	HK\$7.90	HK\$67.00	HK\$14.388	HK\$97.88	HK\$118.88
Call Price	HK\$8.40	HK\$64.00	HK\$16.388	HK\$99.88	HK\$116.88
Launch Date (for all series)	9 June 2014				
Issue Date (for all series)	13 June 2014				

¹ The funding cost is calculated in accordance with the following formula:

$$\text{Funding Cost} = \frac{\text{Strike Price} \times \text{funding rate} \times n / 365}{\text{Number of CBBCs per Entitlement}}$$

Where,

- “n” is the number of days remaining to expiration; initially, “n” is the number of days from (and including) the Launch Date to (and including) the trading day immediately preceding the Expiry Date; and
- the funding rate will fluctuate throughout the term of the CBBCs as further described in the supplemental listing document. As of the Launch Date, the funding rate was 16.0474% (for Stock code 64921), 32.8194% (for Stock code 64922), 95.5637% (for Stock code 64923), 12.2741% (for Stock code 64927) and 9.9025% (for Stock code 64932).

Listing date (for all series)	16 June 2014				
Observation Commencement Date (for all series)	16 June 2014				
Valuation Date (for all series)	The Trading Day (being a day on which the Stock Exchange is scheduled to open for trading for its regular trading sessions) immediately preceding the Expiry Date, subject to postponement in accordance with Product Condition 1.				
Expiry Date²	26 February 2015	31 December 2014	26 August 2015	31 August 2015	27 August 2015
Entitlement	One Share	One Share	One Share	One Share	One Share
Number of CBBCs per Entitlement	10 CBBC(s)	100 CBBC(s)	100 CBBC(s)	100 CBBC(s)	100 CBBC(s)
Effective Gearing*	3.80x	2.17x	0.91x	4.33x	4.33x
Gearing*	3.80x	2.17x	0.91x	4.33x	4.33x
Premium*	9.59%	22.72%	73.52%	13.57%	13.23%

* This data may fluctuate during the life of the CBBCs and may not be comparable to similar information provided by other issuers of callable bull/bear contracts. Each issuer may use different pricing models.

² If such day is a Saturday, Sunday or public holiday in Hong Kong, the immediately succeeding day which is not a Saturday, Sunday or public holiday in Hong Kong.

How much will you receive upon occurrence of a Mandatory Call Event?

A Mandatory Call Event occurs when the Spot Price is:

- (a) in the case of a series of callable bull contracts, at or below the Call Price; or
- (b) in the case of a series of callable bear contracts, at or above the Call Price,

at any time during the Observation Period.

“**Spot Price**” means:

- (a) in respect of a continuous trading session of the Stock Exchange, the price per Share concluded by means of automatic order matching on the Stock Exchange as reported in the official real-time dissemination mechanism for the Stock Exchange during such continuous trading session in accordance with the Rules of the Exchange (“**Trading Rules**”), excluding direct business (as defined in the Trading Rules); and
- (b) in respect of a pre-opening session or a closing auction session (if applicable) of the Stock Exchange, (as the case may be), the final Indicative Equilibrium Price (as defined in the Trading Rules) of the Share (if any) calculated at the end of the pre-order matching period of such pre-opening session or closing auction session (if applicable), (as the case may be), in accordance with the Trading Rules, excluding direct business (as defined in the Trading Rules),

subject to such modification and amendment prescribed by the Stock Exchange from time to time.

“**Observation Period**” means the period commencing from and including the Observation Commencement Date up to and including the close of trading (Hong Kong time) on the Trading Day immediately preceding the Expiry Date. “**Trading Day**” means any day on which the Stock Exchange is scheduled to open for trading for its regular trading sessions.

Subject to Product Condition 2.3(b), we must terminate our CBBCs upon the occurrence of a Mandatory Call Event, and you may receive an amount called the Residual Value (net of exercise expense) per Board Lot in Hong Kong dollars calculated by us in accordance with the following formula:

- (i) In the case of a series of callable bull contracts:

$$\text{Residual Value per Board Lot} = \frac{\text{Entitlement} \times (\text{Minimum Trade Price} - \text{Strike Price}) \times \text{one Board Lot}}{\text{Number of CBBCs per Entitlement}}$$

where:

“**Minimum Trade Price**” means the lowest Spot Price of the Shares during the MCE Valuation Period (being the period commencing from and including the moment upon which the Mandatory Call Event occurs and up to the end of the following trading session on the Stock Exchange subject to any potential extension);

- (ii) In the case of a series of callable bear contracts:

$$\text{Residual Value per Board Lot} = \frac{\text{Entitlement} \times (\text{Strike Price} - \text{Maximum Trade Price}) \times \text{one Board Lot}}{\text{Number of CBBCs per Entitlement}}$$

where:

“**Maximum Trade Price**” means the highest Spot Price of the Shares during the MCE Valuation Period (being the period commencing from and including the moment upon which the Mandatory Call Event occurs and up to the end of the following trading session on the Stock Exchange subject to any potential extension).

If the Residual Value (net of exercise expense) is at or below zero, you will lose all your investment in the CBBCs.

How much will you receive at expiry?

If no Mandatory Call Event occurs during the Observation Period, the CBBCs will be automatically exercised on the Expiry Date. You will receive a Cash Settlement Amount (net of exercise expense) per Board Lot in Hong Kong dollars calculated by us in accordance with the following formula:

(a) In the case of a series of callable bull contracts:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{Entitlement} \times (\text{Closing Price} - \text{Strike Price}) \times \text{one Board Lot}}{\text{Number of CBBCs per Entitlement}}$$

(b) In the case of a series of callable bear contracts:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{Entitlement} \times (\text{Strike Price} - \text{Closing Price}) \times \text{one Board Lot}}{\text{Number of CBBCs per Entitlement}}$$

For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero.

“**Closing Price**” means the official closing price of one Share (as derived from the daily quotation sheet of the Stock Exchange, subject to any adjustments to such closing price as may be necessary to reflect any capitalisation, rights issue, distribution or the like) as of the Trading Day immediately preceding the Expiry Date.

Listing of the CBBCs

We will make an application to the Stock Exchange for the listing of, and permission to deal in, the CBBCs on the Stock Exchange.

Where do you obtain quotes?

You may request to obtain a quote for your CBBCs by calling the following telephone number:

	Stock code: 64921, 64922, 64923, 64927 and 64932
<i>Liquidity Provider:</i>	RHB OSK Securities Hong Kong Limited
<i>Address:</i>	12/F, World-Wide House, 19 Des Voeux Road Central, Hong Kong
<i>Broker ID Number:</i>	9605
<i>Telephone number:</i>	+852 2103-5689

Where can you inspect the relevant documents?

The following documents (“**Listing Documents**”), each in English and Chinese versions, are available for inspection until the Expiry Date at 10 Des Voeux Road Central, Hong Kong:

- 1 our base listing document dated 11 April 2014; and
- 2 the supplemental listing document to be dated on or about 13 June 2014.

IMPORTANT INFORMATION

Unsecured nature of the CBBCs

The CBBCs constitute our general unsecured contractual obligations and of no other person. You are relying upon our creditworthiness and have no rights under the CBBCs against any company. If we become insolvent or default on our obligations under the CBBCs, you may not be able to recover all or even part of the amount due under the CBBCs (if any).

Issuer

We are a licensed bank regulated by, among others, the Hong Kong Monetary Authority.

Our credit ratings are:

<i>Rating Agency</i>	<i>Rating as of Launch Date</i>
Moody's Investors Service Inc. , New York	A2 (negative outlook)
Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.	A (stable outlook)

Investment risk

The price of the CBBCs may fall in value as rapidly as it may rise and you may sustain a total loss of your investment. If the Cash Settlement Amount payable at expiry or upon the occurrence of a Mandatory Call Event (as the case may be) is less than or equal to zero, you will lose all of your investment in the CBBCs.

We or the Liquidity Provider may be the only market participant for the CBBCs. The secondary market for the CBBCs may be limited.

You must:

- carefully study the risk factors set out in the relevant Listing Documents;
- fully understand the potential risks and rewards and independently determine whether the CBBCs are appropriate for you given your objectives, experience, financial and operational resources, and other relevant circumstances; and
- consult with such advisers as you deem necessary to assist yourself in making these determinations.

Hong Kong, 9 June 2014