

# Important Facts Statement



Range Coupon Currency Linked - CNY(offshore)  
Structured Investment Product ("SIP")

DBS Bank (Hong Kong) Limited  
星展銀行(香港)有限公司

May 2016

***This is a structured product which is NOT protected by the Deposit Protection Scheme in Hong Kong.***

***This product is NOT principal protected.***

The contents of this statement have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution before investing in this product. **This statement is a part of the offering documents for this product. You should not invest in this product based on this statement alone.** If you are in any doubt, you should obtain independent professional advice.

**If English is not your preferred language, you may request for the Chinese version of this statement from us.** 倘若英文並非閣下屬意的語言，閣下可向本行索取本概要的中文版本。

*This is a structured product involving derivatives. The investment decision is yours but you should not invest in the product unless DBS Bank (Hong Kong) Limited (the "Bank") has explained to you that the product is suitable for you having regard to your financial situation, investment experience and investment objectives.*

## Product risk rating

**Range Coupon Currency Linked - CNY(offshore) Structured Investment Product is risk rated with Product Risk Level at P2, P3 or P4 and is suitable for investors whose risk profile is C2 or above, C3 or above and C4 or above respectively (depending on its Tenor). Please refer to the Financial Needs Analysis for description of your risk profile.**

## Quick facts

<b>Bank:</b>	DBS Bank (Hong Kong) Limited, including its successors and assigns
<b>Product Type:</b>	Currency-linked structured investment product
<b>Minimum Principal Amount:</b>	An amount equivalent to HKD 300,000 as determined on the Trade Date.
<b>Tenor:</b>	In each case, the tenor as stated in the SIP Order Form and SIP Confirmation.
<b>Investment Currency:</b>	One of the following currencies: CNY(offshore), HKD or USD to be selected by the investor
<b>Linked Currency:</b>	In respect of the selected Investment Currency, one of the currencies referred to as a Linked Currency in the Currency Pairs set out in Schedule 1 or Schedule 2 of the Term Sheet, as agreed in writing on the SIP Order Form and SIP Confirmation
<b>Settlement Currency:</b>	The Investment Currency or the Linked Currency
<b>Interest Rate:</b>	With respect to an Interest Period, One of the following: (a) the Low Interest Rate, as set in the SIP Order Form and SIP Confirmation, if the Final Rate of Exchange is greater than the Upper Barrier Rate or less than Lower Barrier Rate; or (b) the High Interest Rate, as set in the SIP Order Form and SIP Confirmation, if the Final Rate of Exchange is equal to or less than the Upper Barrier Rate AND equal to or greater than the Lower Barrier Rate. <b>Where</b> "High Interest Rate" means the per annum percentage rate as agreed in writing on the SIP Order Form and SIP Confirmation. "Low Interest Rate" means the per annum percentage rate as agreed in writing on the SIP Order Form and SIP Confirmation.

<b>Interest Amount:</b>	<p>An amount in respect of the Interest Period determined as follows:</p> $\text{Principal Amount} \times \text{Interest Rate} \times \text{Day Count Fraction}$ <p>In respect of each Currency Pair set out in Schedule 1 or Schedule 2, the Interest Amount shall be payable in the Investment Currency.</p>
<b>Final Redemption Amount:</b>	<p>The Final Redemption Amount shall be one of the following:</p> <p>(a) 100% of the Principal Amount payable in the Investment Currency, if a Conversion Event has not occurred; or</p> <p>(b) an amount payable in the Linked Currency (being 100% of the Principal Amount converted from the Investment Currency to the Linked Currency at the Conversion Rate and rounded to the nearest Relevant Unit, as set out in the fifth column of Schedule 1 or Schedule 2 to the Term Sheet (with 0.5 Relevant Units being rounded upwards)), if a Conversion Event has occurred.</p>
<b>Conversion Event One:</b>	<p>In respect of a Currency Pair set out in Schedule 1 to the Term Sheet, Conversion Event One has occurred if the Investment Currency has strengthened against the Linked Currency to such extent that the Final Rate of Exchange is less than the Conversion Rate. For the avoidance of doubt, a Conversion Event One shall not apply to any Currency Pairs set out in Schedule 2 to the Term Sheet.</p>
<b>Conversion Event Two:</b>	<p>In respect of a Currency Pair set out in Schedule 2 to the Term Sheet, Conversion Event Two has occurred if the Investment Currency has strengthened against the Linked Currency to such extent that the Final Rate of Exchange is greater than the Conversion Rate. For the avoidance of doubt, a Conversion Event Two shall not apply to any Currency Pairs set out in Schedule 1 to the Term Sheet.</p>
<b>Final Rate of Exchange:</b>	<p>The Spot Rate for the Currency Pair at or about the Determination Time on the Determination Date.</p>
<b>Conversion Rate:</b>	<p>In respect of a Currency Pair set out in Schedule 1, a rate expressed as the amount of Investment Currency that can be purchased with one unit of Linked Currency, as stated under the caption "<b>Conversion Rate</b>" in the SIP Order Form and the SIP Confirmation.</p> <p>In respect of a Currency Pair set out in Schedule 2, a rate expressed as the amount of Linked Currency that can be purchased with one unit of Investment Currency, as stated under the caption "<b>Conversion Rate</b>" in the SIP Order Form and the SIP Confirmation.</p>
<b>Upper Barrier Rate:</b>	<p>In respect of a Currency Pair set out in Schedule 1, a rate expressed as the amount of Investment Currency that can be purchased with one unit of Linked Currency, as stated under the caption "<b>Upper Barrier Rate</b>" in the SIP Order Form and the SIP Confirmation.</p> <p>In respect of a Currency Pair set out in Schedule 2, a rate expressed as the amount of Linked Currency that can be purchased with one unit of Investment Currency, as stated under the caption "<b>Upper Barrier Rate</b>" in the SIP Order Form and the SIP Confirmation.</p>
<b>Lower Barrier Rate:</b>	<p>In respect of a Currency Pair set out in Schedule 1, a rate expressed as the amount of Investment Currency that can be purchased with one unit of Linked Currency, as stated under the caption "<b>Lower Barrier Rate</b>" in the SIP Order Form and the SIP Confirmation.</p> <p>In respect of a Currency Pair set out in Schedule 2, a rate expressed as the amount of Linked Currency that can be purchased with one unit of Investment Currency, as stated under the caption "<b>Lower Barrier Rate</b>" in the SIP Order Form and the SIP Confirmation.</p>
<b>Determination Time:</b>	<p>At approximately 11:30 a.m., Hong Kong time</p>
<b>Determination Date:</b>	<p>The date stated under the caption "<b>Determination Date</b>" in the SIP Order Form and the SIP Confirmation or, if such day is not a Business Day, the immediately succeeding Business Day.</p>
<b>Currency Pair:</b>	<p>One of the Currency Pairs set out in Schedule 1 or Schedule 2 to the Term Sheet, as stated under the caption "<b>Currency Pair</b>" in the SIP Order Form and the SIP Confirmation, taking into account the Investment Currency and Linked Currency specified in the SIP Order Form and the SIP Confirmation.</p>

<b>Spot Rate:</b>	<p>With respect to the Currency Pair, one of the following:</p> <p>If Currency Pair is USD/CNY(offshore), then:</p> <p>Spot Rate means the CNY(offshore)/U.S. Dollar official fixing rate, expressed as the amount of offshore deliverable CNY per one U.S. Dollar, for offshore settlement in two Business Days reported by the Treasury Markets Association of Hong Kong which appears on Reuters page &lt;CNHFIX=&gt; at approximately 11:30 a.m. (Hong Kong time). If such rate is not available at the Determination Time on the relevant Determination Date, then the Spot Rate shall be determined by the Calculation Agent in its sole discretion, acting in good faith and in a commercially reasonable manner.</p> <p>If Currency Pair is CNY(offshore)/HKD, then:</p> <p>Spot Rate will be a rate expressed as the amount of offshore deliverable CNY per one HKD for offshore settlement, determined by the Bank in its sole and absolute discretion acting in good faith and in a commercially reasonable manner, taking into account the following exchange rates reported by the Treasury Markets Association:</p> <p>(1) CNY/U.S. Dollar official fixing rate, expressed as the amount of offshore deliverable CNY per one U.S. Dollar, for offshore settlement in two Business Days reported by the Treasury Markets Association which appears on Reuters page &lt;CNHFIX=&gt; at approximately 11:30 a.m. (Hong Kong time); and</p> <p>(2) HKD/U.S. Dollar official fixing rate, expressed as the amount of HKD per one U.S. Dollar, for settlement in two Business Days reported by the Treasury Markets Association which appears on Reuters page &lt;HKDFIX=&gt; at approximately 11:30 a.m. (Hong Kong time).</p> <p>If either of the rates described in (1) or (2) above is not available on the Determination Date, then the Calculation Agent may in its sole discretion determine the Spot Rate taking into account such factors or rates as it deems relevant.</p>
<b>Day Count Fraction:</b>	<p>a) Actual number of days in the relevant Interest Period divided by 365 if the Investment Currency is HKD; or</p> <p>b) Actual number of days in the relevant Interest Period divided by 360 if the Investment Currency is CNY(offshore) or USD.</p>
<b>Interest Period:</b>	A period beginning from (and including) the Investment Value Date to (but excluding) the Maturity Date
<b>Interest Payment Date:</b>	Maturity Date (if applicable)
<b>100% Principal received at maturity:</b>	No
<b>Callable by the Bank:</b>	No
<b>Early termination right by the Customer:</b>	No
<b>Embedded derivatives:</b>	Yes, the product is embedded with FX options sold and bought by the investor in respect of the chosen Currency Pair.
<b>Maximum potential gain:</b>	The maximum potential gain is limited to the Interest Amount, which is calculated by reference to the High Interest Rate as specified in writing on the SIP Order Form and the SIP Confirmation.
<b>Maximum potential loss:</b>	100% of the Principal Amount.

**What is this product and how does it work?**

- Range Coupon Currency Linked - CNY(offshore) SIP is a structured investment product involving a FX option. By investing in this SIP, investors will receive an interest return and / or take delivery of the Linked Currency at the Conversion Rate.
- In a SIP, the investor selects an Investment Currency and a Linked Currency and agrees with the Bank on a Conversion Rate, a Upper Barrier Rate, a Lower Barrier Rate and a Tenor.
- The Customer will receive, on the Maturity Date, interest which accrues at the High Interest Rate p.a. in Investment Currency (the original currency of the Customer's investment) if the Final Rate of Exchange is equal to or less than the Upper Barrier Rate AND equal to or greater than the Lower Barrier Rate.
- The Customer will receive, on the Maturity Date, interest which accrues at the Low Interest Rate p.a. in

Investment Currency (the original currency of the Customer's investment) if the Final Rate of Exchange is greater than the Upper Barrier Rate or less than the Lower Barrier Rate.

- The Customer will receive, on the Maturity Date, the Final Redemption Amount in Investment Currency (the original currency of the Customer's investment) if Conversion Event One or Conversion Event Two (as the case may be) has not occurred.
- However, if Conversion Event One or Conversion Event Two (as the case may be) has occurred, on the Maturity Date, the Customer will receive the Final Redemption Amount in the Linked Currency converted at the Conversion Rate. In this case, the Customer will incur an exchange loss as the Conversion Rate is worse than\* the Final Rate of Exchange.

\* "worse than" means in the case of Currency Pairs in Schedule 1, the Final Rate of Exchange is less than the Conversion Rate or in the case of Currency Pairs in Schedule 2, the Final Rate of Exchange is greater than the Conversion Rate.

## What are the key risks?

- **Not a traditional deposit / time deposit** – The SIP is a form of structured product that carries risks not normally associated with ordinary bank deposits. This SIP is NOT equivalent to a time deposit. The Customer should therefore not treat the SIP as a substitute for ordinary savings or time deposits. The SIP is NOT a protected deposit and is NOT protected by the Deposit Protection Scheme in Hong Kong.
  - **Derivatives risk** – The SIP is embedded with FX options. Option transactions involve risks, especially when selling an option. No premium will be received in respect of this SIP, you may sustain a loss and your loss could be substantial.
  - **Return is capped / Limited potential gain** – The maximum potential gain is limited to the Interest Amount, which is calculated by reference to the High Interest Rate as specified in writing on the SIP Order Form and the SIP Confirmation.
  - **Not the same as buying the Linked Currency** – Investing in the SIP is not the same as buying the Linked Currency directly.
  - **Principal amount received upon redemption** – If there is no Alternate Currency Event Designation by the Bank,
    - Depending on the performance of the underlying Currency Pair, the Customer will receive the Final Redemption Amount in either the Investment Currency or the Linked Currency on the Maturity Date.
    - In case of receiving the Linked Currency, the Customer must be prepared to take delivery of the Linked Currency at the Conversion Rate which could be worse than\* the Final Rate of Exchange, and in which case the Customer will incur an exchange loss in the SIP.
    - In the worst case scenario, the exchange loss the Customer incurs in the SIP could be substantial and he may lose the original Principal Amount.
- \* "worse than" means in the case of Currency Pairs in Schedule 1, the Final Rate of Exchange is less than the Conversion Rate or in the case of Currency Pairs in Schedule 2, the Final Rate of Exchange is greater than the Conversion Rate.
- **Market risk** – The return of the SIP is linked to the exchange rate of the Investment Currency against the Linked Currency. Movements in exchange rates can be unpredictable, sudden and drastic, and affected by complex political and economic factors.
  - **Currency risk** – Where the Customer has converted amounts from another currency (including your home currency) into the Investment Currency in order to make the investment in the SIP, the Customer should bear in mind the risk of exchange rate fluctuations that may cause a loss on conversion of the Investment Currency and/or the Linked Currency back into such other currency. You should note that such potential loss from the product could offset (or even exceed) the potential gain if the Investment Currency and/or the Linked Currency depreciates against the currency you converted from (including your home currency).
  - **Liquidity risk** – The SIP is a commitment by the Customer for the tenor as stated under the caption "Tenor" in the SIP Order Form and SIP Confirmation. No early uplift, early withdrawal or early termination by the Customer is permitted. The Customer has to maintain the SIP with the Bank up to the Maturity Date.
  - **Credit risk** – The SIP is not secured by any collateral. The Customer is taking on the credit risk of the Bank. In the worst case scenario, where DBS Bank (Hong Kong) Limited (星展銀行(香港)有限公司) is insolvent or defaults on its payment obligations under the SIP, the Customer will receive no interest payment and lose his original investment amount.
  - **Determination of the Exchange Rate** - The exchange rate used in this transaction is determined by reference to a screen rate, and where such rate is not available, the exchange rate will be determined by the Calculation Agent. Customer must therefore be comfortable with the Bank's role as the Calculation Agent in the determination of the exchange rates. All determinations made by the Calculation Agent in good faith shall be conclusive and binding on you.
  - **CNY Currency risk** – CNY may not be freely convertible through banks in Hong Kong. Due to exchange controls and/or restrictions imposed on the convertibility or utilization of CNY (if any) which in turn is affected by, amongst other things, the PRC government's control, there is no guarantee that disruption in the transferability, convertibility or liquidity of CNY will not occur. There is thus a likelihood that you may not be able to convert the CNY(offshore) received into other freely convertible currencies.

While this product may offer higher potential return to Customer compared with time deposits, Customer should

note that he/she may be exposed to the risk of exchange rate fluctuation such that the potential loss from the product could offset (or even exceed) the potential gain if CNY(offshore) depreciates against the investor's home currency if the SIP will be settled in CNY(offshore). Customer should bear in mind the risk of exchange rate fluctuations that may cause a loss on conversion of CNY(offshore) back into investor's home currency.

You should understand the SIP may be settled in CNY(offshore) deliverable in Hong Kong, which is different from that of CNY deliverable in the People's Republic of China (excluding Hong Kong, the Macau Special Administrative Regions and Taiwan).

If the Customer does not have a CNY(offshore) account outside the People's Republic of China (which excluding the Hong Kong, the Macau Special Administrative Regions and Taiwan), he/she will be required to open such account with the Bank, in order to receive payment in CNY(offshore).

- **Alternate Currency Event Designation by the Bank / Maximum Potential Loss** - Upon Alternate Currency Event Designation by the Bank, the Bank will pay the Mandatory Redemption Amount in an alternate currency selected by the Bank in its sole discretion to the Customer on the Mandatory Redemption Date. The Mandatory Redemption Amount is likely to be substantially less than the Principal Amount and in the worst case scenario, the Mandatory Redemption Amount is zero.

Upon Alternate Currency Event Designation by the Bank on or prior to the Maturity Date, no Interest Amount shall be payable to the Customer.

The SIP is not principal protected. Customer could lose all of the Principal Amount.

*The above are the key risk factors associated with the SIP but are not, and are not intended to be, a complete list of all risks and considerations relevant to the SIP or your decision to invest in the SIP. Prospective investors should also see the section headed "Risk Associated with the SIP" in the Term Sheet, together with all other information in the Offering Documents before making any investment decision.*

## What are the key features?

### 1. Currency-linked SIP denominated in the Investment Currency

- The SIP is a currency linked structured investment product. The Final Redemption Amount may be payable in Investment Currency or Linked Currency, depending on performance of the Investment Currency against the Linked Currency relative to the Conversion Rate.
- If Conversion Event One or Conversion Event Two (as applicable) has not occurred, the Customer will receive, on the Maturity Date, the Final Redemption Amount in Investment Currency (the original currency of the Customer's investment).
- However, if Conversion Event One or Conversion Event Two (as applicable) has occurred, the Customer will receive, on the Maturity Date, the Final Redemption Amount in the Linked Currency converted at the Conversion Rate.

### 2. Tenor

- The tenor of the SIP is stated under the caption "**Tenor**" in the SIP Order Form and SIP Confirmation.

### 3. Return

- The Interest Amount will be payable in Investment Currency.
- The Interest Rate of the SIP under the caption "High Interest Rate" and "Low Interest Rate" is stated in the SIP Order Form and SIP Confirmation.

## Scenario analysis

All figures below are hypothetical and are for illustration purposes only. The illustrative examples do not reflect a complete analysis of all possible potential return or loss scenarios. They are not indicative of the actual or future performance of any Linked Currency. You should not rely on these illustrative examples when making an investment decision.

### Illustration 1

#### Assumptions:

Currency Pair:	USD/CNY(offshore)
Investment Currency:	CNY(offshore)
Linked Currency:	USD
This is the 1st Currency Pair in schedule 1 since Investment Currency is CNY(offshore) and Linked Currency is USD	
Principal Amount:	CNY(offshore) 500,000.00
No. of Days in the Interest Period:	36
Spot Rate as at Investment Value Date:	6.5000
Conversion Rate:	6.4500
Upper Barrier Rate:	6.7000

Lower Barrier Rate: 6.3000  
High Interest Rate: 6.00% p.a.  
Low Interest Rate: 0.05% p.a.

**Scenario 1 - Conversion Event One has not occurred – CNY(offshore) has not strengthened against USD (i.e. Final Rate of Exchange is equal to or greater than the Conversion Rate)**

**AND**  
**Final Rate of Exchange is equal to or less than the Upper Barrier Rate AND equal to or greater than the Lower Barrier Rate**

**Assumptions:**

- i) Final Rate of Exchange in respect of the Currency Pair (USD and CNY (offshore)): **6.5500**; and
- ii) No Alternate Currency Event Designation by the Bank

As Conversion Event One has not occurred (i.e. Final Rate of Exchange  $\geq$  Conversion Rate):

Customer receives 100% Principal Amount in CNY (offshore)

As USD/CNH Final Rate of Exchange is less than the Upper Barrier Rate AND equal to greater than the Lower Barrier Rate:

Customer receives interest at the High Interest Rate, being 6.00% p.a. in CNY(offshore)

Customer will receive: CNY(offshore) 500,000.00 + CNY(offshore) (500,000.00 x 6.00% x 36 / 360)  
= CNY(offshore) 503,000.00

**Scenario 2 - Conversion Event One has occurred – CNY(offshore) has strengthened against USD (i.e. Final Rate of Exchange is less than the Conversion Rate)**

**AND**  
**Final Rate of Exchange is less than the Lower Barrier Rate**

**Assumptions:**

- i) Final Rate of Exchange in respect of the Currency Pair (USD and CNY (offshore)): **6.2500**; and
- ii) No Alternate Currency Event Designation by the Bank

As Conversion Event One has occurred (i.e. Final Rate of Exchange < Conversion Rate):

Customer receives 100% Principal Amount in Linked Currency converted at the Conversion Rate

As USD/CNH Final Rate of Exchange is less the Lower Barrier Rate:

Customer receives interest at the Low Interest Rate, being 0.05% p.a. in CNY(offshore)

Customer will receive: USD (500,000.00 / 6.4500) + CNY(offshore) (500,000.00 x 0.05% x 36 / 360)  
= USD 77,519.38 (which is equivalent to CNY(offshore) 484,496.13 if converted into CNY(offshore) using the Final Rate of Exchange) + CNY(offshore) 25.00

Customer will have an unrealized loss of CNY(offshore) 15,478.87

**Scenario 3 - Conversion Event One has not occurred – CNY(offshore) has not strengthened against USD (i.e. Final Rate of Exchange is equal to or greater than the Conversion Rate)**

**AND**  
**Final Rate of Exchange is greater than the Upper Barrier Rate**

**Assumptions:**

- i) Final Rate of Exchange in respect of the Currency Pair (USD and CNY(offshore)): **6.8000**; and
- ii) No Alternate Currency Event Designation by the Bank

As Conversion Event One has not occurred (i.e. Final Rate of Exchange  $\geq$  Conversion Rate):

Customer receives 100% Principal Amount in CNY(Offshore)

As USD/CNH Spot Rate is greater the Upper Barrier Rate:

Customer receives interest at the Low Interest Rate, being 0.05% p.a. in CNY(Offshore)

Customer will receive: CNY(Offshore) 500,000.00 + CNY(Offshore) (500,000.00 x 0.05% x 36 / 360)  
= CNY(Offshore) 500,025.00

**Scenario 4 - Conversion Event One has occurred – CNY(offshore) has strengthened substantially against USD such that the Final Rate of Exchange is less than the Conversion Rate**

**AND**  
**Final Rate of Exchange is less than the Lower Barrier Rate**

**Assumptions:**

- i) Final Rate of Exchange in respect of the Currency Pair (USD and CNY(offshore)): **0.0001**; and

## ii) No Alternate Currency Event Designation by the Bank

As Conversion Event One has occurred (i.e. Final Rate of Exchange < Conversion Rate):  
Customer receives 100% Principal Amount in Linked Currency converted at the Conversion Rate  
As USD/CNH(Offshore) Final Rate of Exchange is less the Lower Barrier Rate:  
Customer receives interest at the Low Interest Rate, being 0.05% p.a. in CNY(Offshore)

Customer will receive: USD (500,000.00 / 6.4500) + CNY(Offshore) (500,000.00 x 0.05% x 36 / 360)  
= USD 77,519.38 (which is equivalent to CNY(Offshore) 7.75 if converted into CNY(Offshore) using the Final Rate of Exchange) + CNY(Offshore) 25.00  
Customer will suffer an unrealized loss of CNY(Offshore) 499,967.25

### **Scenario 5 - Alternate Currency Event Designation by the Bank**

Upon Alternate Currency Event Designation by the Bank, the Bank will pay the Mandatory Redemption Amount in an alternate currency to the Customer on the Mandatory Redemption Date. The Mandatory Redemption Amount is likely to be substantially less than the Principal Amount and in the worst case scenario, the Mandatory Redemption Amount is zero.

### **Scenario 6 - The Bank becomes insolvent or defaults on its obligations**

Assuming that the Bank becomes insolvent during the Tenor of the SIP or defaults on its obligations under the SIP, the Customer can only claim as its unsecured creditor. The Customer may get nothing back and suffer a total loss of his Principal Amount.

## **Illustration 2**

### **The potential exchange rate loss may offset the potential gain from the product if the Customer decides to convert the Investment Currency back to home currency on or after the Maturity Date**

Assumptions:

Customer's home currency: HKD

Investment Currency: CNY(offshore)

Exchange rate of CNY(offshore)/HKD for Customer to convert the Principal Amount from home currency: 1.2000

Principal Amount: CNY(offshore) 100,000

Amount of HKD required:

CNY(offshore) 100,000.00 X 1.2000 = HKD 120,000.00

Assuming the Return of this product is 5.00%p.a. with 6 months tenor and its actual number of days in an Interest Period is 180 days, Customer receives 100% Principal Amount and Interest Amount on the Maturity Date

CNY(offshore) 100,000.00 + (CNY(offshore)100,000.00 X 5.00% X 180/360) = CNY(offshore) 102,500.00

If Customer decides to convert CNY(offshore) back to HKD (his home currency) after the Maturity Date while exchange rate of CNY(offshore)/HKD at that time is 1.0000, i.e. CNY(offshore) has weakened against HKD. The Customer suffers from a net loss of return in this case.

(CNY(offshore) 102,500.00 / 1.0000) – HKD 120,000.00 = -HKD 17,500.00

**Remarks: As illustrated in the above, the exchange rate loss may offset or even exceed the potential gain from this product if Customer decides to convert the Investment Currency back to home currency on or after the Maturity Date.**

## **How can you buy this product?**

- Please contact the Bank to enquire about the SIP. You can visit any of our branches, call our Customer Service Hotline on 2290 8888 (press 3 after language selection) to inquire about the SIP.
- To place an order for the SIP, you must complete the SIP Order Form for the Bank (by submitting a completed SIP Order Form to the Bank or completing the SIP Order Form over the phone with the Bank). The amount you wish to place in the SIP must be deposited with the Bank on or before the submission of the SIP Order Form.

## **Fees and charges**

**No subscription fees or other upfront charges** - The Bank's fees are shown on the Bank Charges Schedule available at branches of the Bank. Although there are no explicit charges, any fees and charges incurred by the Bank, whether to enter into underlying investments or hedging arrangements or for operational or administrative purposes and profit margins, if any, are already inherently contained in and subsumed into the calculation of the interest rate and other variables under the SIP.

## Pre-Investment Cooling-off Period for retail customers

Pre-Investment Cooling-off Period (**PICOP**) is applicable to each particular dealing of this product if you are one of the following retail customer types:

- (1) An elderly customer aged 65 or above, unless you are not a first-time buyer of currency-linked structured investment products AND your asset concentration is below 20% AND you opt out from the PICOP arrangement; or
- (2) A non-elderly customer who is a first time buyer of currency-linked structured investment products AND your asset concentration is 20% or above.

## Can the Bank adjust the terms or early terminate this product?

Under the Applicable Account Terms and Conditions (as defined below), the Bank may, in certain circumstances, amend, suspend or terminate the SIP. Such circumstances include, without limitation, the occurrence of force majeure events, illegality, the occurrence of an event of default committed by the Customer, or upon any insolvency or bankruptcy proceedings being commenced against the Customer. For details, please refer to the Applicable Account Terms and Conditions.

## Offering Documents for this product

The following documents for the SIP ("**Offering Documents**") contain detailed information about the terms of the SIP. You should read and understand all of the Offering Documents before deciding whether to invest in the SIP.

This **Important Facts Statement** which highlights the key features and key risks of the SIP.

The "**Term Sheet**" means the Term Sheet of the SIP setting out the principal terms and conditions of the SIP.

The "**Applicable Account Terms and Conditions**" means the Investment Products Consolidated Terms and Conditions or Terms and Conditions for Accounts under Wealth Management Investment Portfolio (Wealth Management Accounts) (as appropriate, depending on through which account the Customer trades the SIP), a copy of which has been provided to the Customer before or when the Customer opened the SIP account with the Bank.

You should note that the SIP will be governed by the SIP Documents. In the event of any inconsistency, the inconsistency will be resolved in favour of the document ranking higher in the following order of priority: (a) the SIP Confirmation, (b) the SIP Order Form, (c) the Term Sheet, (d) the Applicable Account Terms and Conditions and (e) this Important Facts Statement.

Terms used in this Important Facts Statement but not otherwise defined herein shall have the meaning provided to it in the other Offering Documents.

## IMPORTANT LEGAL INFORMATION

The information provided in this Important Facts Statement does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person. The Bank is acting on a principal-to-principal basis and not acting as your advisor or agent or in any fiduciary capacity to you. This Important Facts Statement does not purport to identify all the risks (direct or indirect) or other material considerations which may be associated with entering into the transaction by a specific person. Prior to entering into the transaction, you should have determined (after consultation with your own advisors if you deem fit), without reliance upon the Bank or its affiliates, the economic risks and merits, as well as the legal, tax, accounting or other material characterisations and consequences of the transaction and that you are able to assume these risks.