

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

**CURRENCY LINKED STRUCTURED INVESTMENT PRODUCT – CNY(OFFSHORE) BULLISH (the “SIP”)
 TERM SHEET¹
 Principal Terms and Conditions**

IMPORTANT:

If you are in doubt as to any aspect of this offer, you should consult a licensed securities dealer, bank manager, solicitor, certified public accountant, tax advisor or other professional advisor.

The contents of this Term Sheet have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to this offer. If you are in any doubt about any of the contents of this Term Sheet, you should obtain independent professional advice.

If English is not your preferred language, you may request for the Chinese version of this Term Sheet from us. 倘若英文並非閣下屬意的語言，閣下可向本行索取本《條款說明書》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.*
- The SIP is risk rated with Product Risk Level at P1 and is suitable for investors whose risk profile as shown in the below table. Please refer to the Financial Needs Analysis for description of your risk profile.

Product Risk Level	Tenor	Suitable for investors whose risk profile is
P1	Equal to or greater than 3 months but up to 1 year	C1 or above

¹ This Term Sheet is strictly confidential and may not be reproduced.

This Term Sheet is provided to you on the understanding that (i) you have sufficient knowledge, experience, and professional advice to make your own evaluation of the merits and risks of a transaction of this type and (ii) you are not relying on us or on any of our affiliates for information, advice or recommendations of any sort.

Although the information contained herein is believed to be reliable, we make no representation as to the accuracy or completeness of any information contained herein or otherwise provided by us. We are acting on a principal-to-principal basis and not acting as your advisor or agent or in any fiduciary capacity to you. This Term Sheet does not purport to identify all of the risks (direct or indirect) or other material considerations which may be associated with you entering into the transaction. Prior to entering into the transaction, you should have determined (after consultation with your own advisors if you deem fit), without reliance upon us or our affiliates, the economic risks and merits, as well as the financial, legal, tax, accounting or other material characterisations and consequences of the transaction and that you are able to assume these risks.

The transaction may be subject to the risk of loss of the entire principal or notional amount of the transaction, the risk that we will fail to perform obligations when due and/or where applicable, given that the transaction is or may be linked to the credit of one or more entities, the deterioration of the credit of any of these entities may result in the loss of your principal or notional amount. Further, the transaction may leverage exposures to currency exchange rates, interest rates, indices or the prices of certain securities and, as a result, any changes in the value of the underlying securities, currency exchange rates, interest rates, indices or prices may cause proportionally greater (positive or negative) movements in the value of the transaction, pose convexity or gamma risk, volatility risk, time decay (theta) risk, basis risk, correlation risk, amortisation risk and/or prepayment risk, any or all of which may affect the payments received or made by you and could result in loss to you.

We, and/or our affiliates, may hold, or trade, or act as market-maker, in any securities or other financial instruments mentioned in this Term Sheet or related derivatives. We, and/or our affiliates conduct many businesses and activities that may relate to issuers mentioned in this Term Sheet and may provide broking, banking and other financial services to such issuers.

This Term Sheet may not be distributed and does not constitute the distribution of any information or the making of any offer or solicitation by anyone in any jurisdiction in which such distribution or offer is not authorised or to any person to whom it is unlawful to distribute such a document or to make such an offer or solicitation.

NOT A PROTECTED DEPOSIT

THE SIP IS NOT A PROTECTED DEPOSIT AND IS NOT PROTECTED BY THE DEPOSIT PROTECTION SCHEME IN HONG KONG.

PRODUCT DESCRIPTION

1. Currency Linked Structured Investment Product – CNY(offshore) Bullish

- This SIP is a USD/CNY(offshore)-linked SIP denominated in CNY(offshore).

2. Tenor

- If there is no Alternate Currency Event Designation by the Bank, the “Tenor” of the SIP is stated under the caption “Tenor” in the SIP Order Form and the SIP Confirmation.

3. Return

- With respect to an Interest Period, the return on this SIP is dependent on the performance of the USD/CNY(offshore) exchange rate at the Determination Time of the Determination Date.
- If there is no Alternate Currency Event Designation by the Bank, with respect to an Interest Period, on the Interest Payment Date:
 - the Customer will receive a Higher Interest Rate if the Spot Rate at the Determination Time on the Determination Date is equal to or less than the Strike Rate; or
 - the Customer will receive a Lower Interest Rate if the Spot Rate at the Determination Time on the Determination Date is greater than the Strike Rate.
- Upon Alternate Currency Event Designation by the Bank on or prior to the Maturity Date, no Interest Amount shall be payable to the Customer.

4. Principal Amount received upon redemption

- If there is no Alternate Currency Event Designation by the Bank, the Customer will receive 100% of the Principal Amount in the Settlement Currency on the Maturity Date only if the Customer holds the SIP up to the Maturity Date.
- Upon Alternate Currency Event Designation by the Bank, the Bank will pay the Mandatory Redemption Amount 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.

KEY RISK FACTORS

Please be reminded of the following key risks of investing in the SIP and refer to the section of “Risks Associated with the SIP” in this Term Sheet for details:

- **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 product is embedded with Currency options. Option transactions involve risks. In respect of each Interest Period, the Interest Amount is variable and subject to the movement of the underlying currency pair.
- **Return is capped / Limited potential gain** – The maximum potential gain is limited to the Interest Amount, which is calculated by referenced to the Interest Rate as specified in writing on the SIP Order Form and the SIP Confirmation.
- **Principal Amount received upon redemption** – If there is no Alternate Currency Event Designation by

the Bank, the Customer will receive 100% of the Principal Amount in Settlement Currency on the Maturity Date only if the Customer holds the SIP up to the Maturity Date.

- **Market risk** – The return of the SIP is linked to the exchange rates of the Investment Currency against USD. 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 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 back into such other 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 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 will 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 (excluding 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.

GENERAL TERMS

Bank:	DBS Bank (Hong Kong) Limited (incorporated in 1953 in the Hong Kong Special Administrative Region) ² , including its successors and assigns.
Customer:	The Customer as stated under the caption "Name(s) (in English)" in the SIP Order Form and SIP Confirmation.
Closing Time and Date of Offer:	4:00 p.m. Hong Kong time on the date stated under the caption " Closing Date " in the SIP Order Form and SIP Confirmation (or such other date as may be determined by the Bank in its sole discretion).
Investment Value Date:	The date stated under the caption " Investment Value Date " in the SIP Order Form and SIP Confirmation, if such day is not a Business Day, it will be the first following day that is a Business Day.
Maturity Date:	Two Business Days immediately after the Determination Date of the final Interest Period, the scheduled Maturity Date is stated under the caption " Maturity Date " in the SIP Order Form and SIP Confirmation.
Tenor:	The tenor stated under the caption " Tenor " in the SIP Order Form and SIP Confirmation.
Minimum Principal Amount:	CNY(offshore) 100,000
Principal Amount:	The Offer Amount (as defined below) (or part thereof, as the case may be) accepted by the Bank.
Minimum Offer Size:	CNY(offshore) 6,000,000 or equivalent
Investment Currency:	CNY(offshore). Reference to "CNY(offshore)" is the lawful currency of the People's Republic of China that are deliverable offshore outside of the People's Republic of China, and for this purpose, excluding Hong Kong, the Macau Special Administrative Regions and Taiwan
Settlement Currency:	CNY(offshore)

Redemption

Redemption on the Maturity Date:	If there is no Alternate Currency Event Designation by the Bank, the Bank will pay 100% of the Principal Amount to the Customer on the Maturity Date in the Settlement Currency, provided that the SIP is maintained by the Customer with the Bank up to the Maturity Date.
Redemption upon Alternate Currency Event Designation:	Upon Alternate Currency Event Designation by the Bank, the Bank will pay the Mandatory Redemption Amount to the Customer on the Mandatory Redemption Date.
Mandatory Redemption Amount:	An amount in an alternate currency to be determined by the Bank acting in good faith and in a commercially reasonable manner, adjusted downward to account fully for all Hedging Costs. 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.
Hedging Costs:	The losses, expenses and costs (if any) incurred by the Bank of unwinding, terminating, liquidating, adjusting, obtaining, replacing or re-establishing any underlying or related hedging arrangements (including but not limited to any options or selling or otherwise realising any instruments of any type whatsoever which the Bank may hold as part of such hedging arrangements), all as calculated by the Bank acting

² Registered office of DBS Bank (Hong Kong) Limited : 11/F, The Center, 99 Queen's Road Central, Hong Kong.

in good faith and in a commercially reasonable manner.

Mandatory Redemption Date:

The date designated as such in the Mandatory Redemption Notice (defined in the Applicable Account Terms and Conditions), which shall be a date falling not less than 2 Business Days after the date of the Mandatory Redemption Notice.

Interest

Payment of Interest Amount:

With respect to an Interest Period, if there is no Alternate Currency Event Designation by the Bank, the Bank will pay the Interest Amount, to the Customer on the Interest Payment Date.

Interest Payment Dates:

With respect to an Interest Period, two Payment Business Day after corresponding Determination Date, and the scheduled dates as set out in the Table A in the SIP Order Form and SIP Confirmation.

Interest Amount:

With respect to an Interest Period, an amount in the Settlement Currency determined by the Bank as follows and rounded to the nearest fen (with 0.5 fen rounded upwards):

$\text{Principal Amount} \times \text{Interest Rate} \times \text{Day Count Fraction}$

Day Count Fraction:

Actual number of days in the relevant Interest Period divided by 360.

Interest Rate:

With respect to an Interest Period, One of the following:

- (a) the Lower Interest Rate corresponding to such Interest Period, as set in the Table A in the SIP Order Form and SIP Confirmation, if the Spot Rate at the Determination Time on the Determination Date is greater than the relevant Strike Rate;

or

- (b) the Higher Interest Rate corresponding to such Interest Period, as set in the Table A in the SIP Order Form and SIP Confirmation, if the Spot Rate at the Determination Time on the relevant Determination Date is equal to or less than the relevant Strike Rate .

Interest Period:

A period beginning from (and including) the Investment Value Date to (but excluding) the first Interest Payment Date, and each successive period (if any) from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date.

Strike Rate:

With respect to each Interest Period, as set out in the Table A in the SIP Order Form and SIP Confirmation.

Determination Date:

With respect to each Interest Period, the date as set out in the Table A in the SIP Order Form and SIP Confirmation, subject to the Business Day Convention set out below.

Determination Time:

11:15 a.m., Hong Kong time

Spot Offshore Deliverable USD/CNY(offshore) Rate (the "Spot Rate"):

Means the CNY(offshore)/U.S. Dollar official fixing rate, expressed as the amount of offshore deliverable CNY(offshore) 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 <CNHFIX=> at approximately 11:15 a.m. (Hong Kong time) on the Determination Date. 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.

Calculation Agent:

DBS Bank (Hong Kong) Limited

Other Terms

Alternate Currency Event Designation by the Bank: The provisions under “Alternative Currency Event” under the Applicable Account Terms and Conditions are applicable. For the Applicable Account Terms and Conditions, see “Documentation and Inconsistencies” below.

OTHER TERMS AND CONDITIONS

No Early Withdrawal by the Customer prior to the Maturity Date: The Customer is not entitled to terminate, withdraw or call for the payment to it or a third party, of all or any part of the Principal Amount before the Maturity Date.

The SIP is not a negotiable or transferable instrument and there is no market for the SIP. THE CUSTOMER SHOULD INTEND TO HOLD THE SIP UP TO THE MATURITY DATE.

Use of Funds: The Customer agrees that the Bank may use the funds invested by the Customer in the SIP at its sole discretion in any manner, including but not limited to entering into any financial transactions and buying and selling any financial instruments or securities, as permitted by law.

Fees & Expenses: The Bank’s fees are shown on the Bank Charges Schedule available at branches of the Bank. The Bank may at its reasonable discretion impose other service fees, facility fees and/or other charges from time to time but will provide the Customer with advance notice of any other fees or charges imposed, or of any changes to the fees or charges.

The Bank is acting as principal and not as your advisor or agent. The Bank will benefit from your purchase of this product. 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.

Determinations by the Bank: All determinations and calculations will be made by the Bank in good faith and in a commercially reasonable manner and shall (in the absence of manifest error) be binding and conclusive on the Customer.

Business Day Convention: Following.
For the purposes of this SIP, this means that:

- (a) If any date on which a rate is to be determined is not a Business Day for Fixing, then the rate shall be determined on the first following day that is a Business Day for Fixing.
- (b) If any date on which any payment is due is not a Business Day, then such payment date will be the first following day that is a Business Day for Payment.

Business Day for Fixing: A day (other than Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in Beijing and Hong Kong.

Business Day: A day (other than Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in Hong Kong.

Documentation and Inconsistencies:

The SIP will be governed by the **SIP Documents**, which means the Important Facts Statement, this Term Sheet, the Applicable Account Terms and Conditions, the SIP Order Form and the SIP Confirmation.

The **"Important Facts Statement"** is a statement which highlights the key features and key risks of the SIP.

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

The **"SIP Confirmation"** means a confirmation issued by the Bank confirming its acceptance of the investment of the Offer Amount (or part thereof, as the case may be) by the Customer in the SIP.

The **"SIP Order Form"** means an order form, which shall have been completed by the Customer for the Bank (in writing or over the phone with the Bank), applying to place the Offer Amount for investment in 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.

In the event of any inconsistency between the provisions of any of the SIP Documents, 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) this Term Sheet, (d) the Applicable Account Terms and Conditions and (e) the Important Facts Statement.

Governing Law:

The laws of the Hong Kong Special Administrative Region of the People's Republic of China (**"Hong Kong"**).

No Gross-Up for Withholding Tax:

All amounts (including the redemption amount) to be paid by the Bank to the Customer shall be paid net of any applicable withholding tax (including any U.S. federal withholding tax imposed or collected pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the **"Code"**), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (a **"FATCA Withholding Tax"**)). No additional amounts shall be payable by the Bank to the Customer on account of any withholding tax (including any FATCA Withholding Tax).

APPLICATION PROCEDURES

1. To place an order for the SIP (the **"SIP Order"**), the Customer must complete the SIP Order Form for the Bank (in writing or on phone with the Bank). The parties intend and agree that the SIP Documents will be conclusive and binding on the Customer (if applicable) upon the Customer's confirmation of placement of that order after completion of the Pre-Investment Cooling-off Period but is subject to final execution and acceptance by the Bank and provided that the SIP Documents may be terminated by the Bank as herein provided.
2. The amount which the Customer wishes to place in the SIP (the **"Offer Amount"**) must be deposited with the Bank on or before the submission of the SIP Order Form. The deposited funds will be held in the relevant account until the Investment Value Date. If the deposited funds are held in an interest-bearing account, the relevant account will be credited with any interest accrued between the date on which the Offer Amount is deposited with the Bank and the Investment Value Date.
3. On the Investment Value Date, if the SIP Order is accepted by the Bank (whether in whole or in part), the Offer Amount (or the relevant part thereof) will be deposited in the SIP on the terms set out in this Term Sheet.
4. A SIP Confirmation will normally be issued to the Customer within two Business Days from the Investment Value Date if the SIP Order is accepted by the Bank, but any failure or delay in doing so will not prejudice

the binding nature of the SIP upon the Customer.

5. The Bank has the discretion not to execute or accept any SIP Order (or any part thereof) notwithstanding the SIP Order has been received by the Bank.
6. Without prejudice to the Bank's discretion as aforesaid, the Bank will not execute and will not accept SIP Orders unless the aggregate of all SIP Orders received by the Bank on or before the Closing Date of Offer is not less than the Minimum Offer Size. Further, if the market is affected by significant exchange rate, interest rate and/or other price movements and/or other unusual conditions before the Closing Date of Offer, the Bank may shorten the SIP offer period and stop receiving new SIP Orders. If a SIP Order has not yet been confirmed by the Bank as being accepted by the Bank in a SIP Confirmation and the SIP Order is not declined by the Bank (the **"Pending Orders"**), the Bank will use its reasonable efforts to execute such Pending Orders, but the Bank will otherwise have no obligation with respect to the Pending Orders.
7. In addition, even if a SIP Order has been received by the Bank, the Bank will have the right to cancel the SIP Order received if a SIP Cancellation Event occurs on or after the Closing Date of Offer and on or before the Investment Value Date.
8. If a SIP Order is not accepted or is cancelled after acceptance as provided for above, the Bank will notify the Customer of any such non-acceptance or cancellation and the termination of the SIP Documents with respect to the SIP without any liability, and then release the Offer Amount deposited (if any) to the Customer (without any interest other than as provided for in paragraph 2 above) as soon as practicable thereafter.

SIP Cancellation Event:

Any of the following:

- (a) any event beyond the control of the Bank which, in the Bank's opinion, will make it impracticable, illegal or impossible for the Bank to perform its obligations under the SIP or to effectively hedge its obligations under the SIP; or
- (b) notwithstanding that the Minimum Offer Size has been reached, in the Bank's opinion, changes in market conditions have made it impracticable for the Bank to effectively hedge its obligations under the SIP given the total amount of SIP Orders.

COMPARISON WITH STANDARD TIME DEPOSIT

If there is no Alternate Currency Event Designation by the Bank, the Customer will receive Interest Amount on each Interest Payment Date, if any, and 100% of the Principal Amount on the Maturity Date. If you wish to compare the return on the SIP with a standard time deposit, please refer to the Bank's per annum interest rate for a standard time deposit of Investment Currency with the respective tenor of an amount equal to the Principal Amount.

RISKS ASSOCIATED WITH THE SIP

Not a traditional deposit / time deposit

- The SIP is a form of structured deposit 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.

Suitability and concentration

- The Customer should ensure that he/she understands the characteristics of the SIP and the nature of the risks associated with his investment. The Customer should consider the suitability of the SIP as an investment in light of his own circumstances and financial condition.
- In particular, the Customer should note that the tenor of the SIP is stated under the caption **"Tenor"** in the SIP Order Form and SIP Confirmation. The SIP should not form a substantial portion of his investment portfolio.

Summary Information Only

- This document contains summary information only. It does not contain all of the terms and conditions (material or otherwise) of the SIP and the Customer is advised to review all of the documents referred to under the section headed **"Documentation and Inconsistencies"**. If the Customer requires further information in relation to the SIP, please contact DBS Bank (Hong Kong) Limited.

Derivatives risk

- The product is embedded with Currency options. Option transactions involve risks. In respect of each Interest Period, the Interest Amount is variable and subject to the movement of the underlying currency pair.

Principal Amount received upon redemption

- If there is no Alternate Currency Event Designation by the Bank, the Customer will receive 100% of the Principal Amount on the Maturity Date only if the Customer holds the SIP up to the Maturity Date.

SIP terms / Return is capped / Limited potential gain

- Certain parameters in respect of the SIP (e.g. Closing Time and Date of Offer) may be affected by a number of market factors, including changes in the value and volatility of the underlying asset(s), changes in foreign exchange rates and economic, financial and political events that are difficult to predict, and thus may be subject to appropriate adjustments by the Bank.
- The total payout the Customer receives for the Tenor of the SIP may be less than the return or interest the Customer may otherwise have received from other investments.
- The SIP has investment risks. The Customer will only receive a return determined in the manner set out in this Term Sheet and the other SIP Documents. The Customer should fully understand the investment risks before making any investment in the SIP.
- The maximum potential gain is limited to the Interest Amount, which is calculated by referenced to the Interest Rate as specified in writing on the SIP Order Form and the SIP Confirmation.

Determination of the Exchange Rate

- The exchange rate used in this transaction is 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 of this SIP 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 will 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 (excluding 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 Customer's attention is drawn to the following (which is not exhaustive):

- Customer will receive lower Interest Rate if the Spot Rate is greater than the Strike Rate.
- The maximum potential gain is limited. Only when the Spot Rate is equal to or less than the Strike Rate, then the Customer will receive the maximum potential gain under this SIP.

Market risk

- The return of the SIP is linked to the exchange rates of the Investment Currency against USD. Movements in exchange rates can be unpredictable, sudden and drastic, and affected by complex political and economic factors.
- The SIP may not be suitable for Customers who are not familiar with the Spot Rate or the factors that affect movements in the Spot Rate. The Spot Rate will be influenced by the complex and interrelated global and regional political, economic, financial and other factors that can affect the currency markets on which USD and CNY are traded. Changes in the exchange rates for each of the currencies result over time from the interaction of many factors directly or indirectly affecting economic and political conditions in the countries in which such currencies are circulated as legal tender, particularly relative rates of inflation, interest rate levels, the balance of payments and the extent of governmental surpluses or deficits in those countries.
- Foreign exchange rates can either be fixed by the government, allowed to float within a range of exchange rates set by the government, or left to float freely. Governments, including those issuing the currencies to which the SIP relates, use a variety of techniques, such as intervention by their central bank or imposition of regulatory controls or taxes, to affect the exchange rates of their respective currencies. They may also issue a new currency to replace an existing currency or alter the exchange rate or relative exchange characteristics by devaluation or revaluation of a currency. Thus, the value of the SIP and amounts payable under the SIP could be affected by the actions of sovereign governments that could change or interfere with previously freely determined currency valuations, fluctuations in response to other market forces and the movement of currencies across borders. There will be no offsetting adjustment or change made during the term of the SIP in the event that the exchange rates should become fixed (or in the case of certain currencies, become floating), or in the event of any devaluation or revaluation or imposition of exchange or other regulatory controls or taxes or in the event of other developments affecting any of the currencies to which the SIP relates, or any other currency.

Currency risk

- Where the Customer has converted amounts from another 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 back into such other 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.

Volatility of foreign exchange rate markets

- The exchange rate for the Currency Pair has in the past been, and may continue to be, volatile.

There are potential conflicts of interest

- The Bank and its affiliates play a variety of roles in connection with the SIP, including acting as counterparty and calculation agent and hedging its obligations under the SIP. The Bank and/or its affiliates may also enter into, adjust and unwind transactions relating to the relevant assets or currencies, whether for its or its affiliates' proprietary accounts or for accounts under management or to facilitate transactions on behalf of Customers or otherwise. In carrying out these roles, the Bank's economic interests and those of its affiliates are potentially adverse to the Customer's interests as counterparty in the SIP.

The Customer must rely on his own evaluation of the merits of the SIP

- In the ordinary course of their businesses, the Bank and/or its affiliates may from time to time express views on expected movements in the exchange rates and/or the interest rates of the relevant currencies or other currencies. These views are sometimes communicated to clients and which are subject to change due to changes in worldwide economic, political and other developments over differing time horizons. In connection with the SIP, the Customer must make his own evaluation of the merits of the SIP and the Customer must not rely on any views which may be expressed by the Bank and/or its affiliates in the ordinary course of their businesses with respect to future price movements in the relevant currencies or other currencies.

Historical information about the exchange rates and/or the interest rates for the relevant currencies may not be indicative of future values

- Historical information on the exchange rates and/or interest rates which may be provided to the Customer is for information only, and the Customer should not regard the information as indicative of the range of, or trends in, or future fluctuations in the exchange rates and/or interest rates or the future performance of the SIP.

The Customer is taking on the credit risk of the Bank

- **The SIP is not secured by any collateral. The Customer is taking on the credit risk of the Bank.** For more information on the Bank, including its financial conditions, you may go to www.dbs.com.hk where you can obtain its latest annual statutory accounts. A printed copy of such statutory accounts is also available upon request. As DBS Bank (Hong Kong) Limited (星展銀行 (香港) 有限公司) publishes statutory accounts annually, information such as shares or debentures issued by it after the end of its last financial year are not available.
- 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 Amount and lose his original investment amount.

Compounding of Risks

- An investment in the SIP involves risks and should only be made after assessing, for example, the direction, timing and magnitude of potential future changes in interest rates, exchange rates and the terms and conditions of the SIP. More than one risk factor may have simultaneous effects with regard to the SIP such that the effect of a particular risk factor may not be predictable. In addition, more than one risk factor may have a compounding effect, which may not be predictable. No assurance can be given as to the effect that any combination of risk factors may have on the value of the SIP.

PAYOUT ILLUSTRATIONS

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 Spot Rate. You should not rely on these illustrative examples when making an investment decision.

Illustration 1

Assumptions :

Tenor:	1 Year
Principal Amount:	CNY(offshore) 100,000
Number of Interest Period:	2
Actual number of days in each Interest Period:	180

Interest Period	Strike Rate	Higher Interest Rate (p.a.)	Lower Interest Rate (p.a.)
1 st	6.2500	4.50%	0.50%
2 nd	6.2000	5.00%	0.50%

Scenario 1 – CNY(offshore) strengthened against USD – USD/CNY(offshore) Spot Rate is equal or less than the Strike Rate at the Determination Time on both Determination Date

Assumptions:

Spot Rate at the Determination Time on 1st Determination Date: 6.1900

Spot Rate at the Determination Time on 2nd Determination Date: 6.1800

No Alternate Currency Event Designation by the Bank

Customer receives Interest Amount of 4.50% p.a. in CNY(offshore) on the first Interest Payment Date

= CNY(offshore) 100,000 x 4.50% x 180 / 360

= CNY(offshore) 2,250.00

Customer receives 100% Principal Amount and Interest Amount of 5.00% p.a. in CNY(offshore) on the Maturity Date

= CNY(offshore) 100,000 + (CNY(offshore) 100,000 x 5.00% x 180 / 360)

= CNY(offshore) 102,500.00

Scenario 2 – CNY(offshore) has not strengthened against USD – USD/CNY(offshore) Spot Rate is greater than the Strike Rate at the Determination Time on both Determination Date

Assumptions:

Spot Rate at the Determination Time on 1st Determination Date: 6.2800

Spot Rate at the Determination Time on 2nd Determination Date: 6.3000

No Alternate Currency Event Designation by the Bank

Customer receives Interest Amount of 0.50% p.a. in CNY(offshore) on the first Interest Payment Date

= CNY(offshore) 100,000 x 0.50% x 180 / 360

= CNY(offshore) 250.00

Customer receives 100% Principal Amount and Interest Amount of 0.50% p.a. in CNY(offshore) on the Maturity Date

= CNY(offshore) 100,000 + (CNY(offshore) 100,000 x 0.50% x 180 / 360)

= CNY(offshore) 100,250.00

Scenario 3 – CNY(offshore) has strengthened against USD in 1st Determination Date AND CNY(offshore) has not strengthened against USD in 2nd Determination Date – USD/CNY(offshore) Spot Rate is equal or less than the Strike Rate at the Determination Time on 1st Determination Dates AND USD/CNY(offshore) Spot Rate is greater than the Strike Rate at the Determination Time on 2nd Determination Date

Assumptions:

Spot Rate at the Determination Time on 1st Determination Date: 6.1900

Spot Rate at the Determination Time on 2nd Determination Date: 6.2800

No Alternate Currency Event Designation by the Bank

Customer receives Interest Amount of 4.50% p.a. in CNY(offshore) on the first Interest Payment Date

= CNY(offshore) $100,000 \times 4.50\% \times 180 / 360$

= CNY(offshore) 2,250.00

Customer receives 100% Principal Amount and Interest Amount of 0.50% p.a. in CNY(offshore) on the Maturity Date

= CNY(offshore) $100,000 + (100,000 \times 0.50\% \times 180 / 360)$

= CNY(offshore) 100,250.00

Scenario 4 – 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 5 - 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

Assumptions :

Tenor: 6 Months
Principal Amount: CNY(offshore) 100,000
Number of Interest Period: 1
Actual number of days in an Interest Period: 180

Interest Period	Strike Rate	Higher Interest Rate (p.a)	Lower Interest Rate (p.a.)
1 st	6.2000	5.00%	0.50%
2 nd	Not applicable because this SIP has only one interest period		

Scenario 1 – CNY(offshore) strengthened against USD – USD/CNY(offshore) Spot Rate is equal or less than the Strike Rate at the Determination Time Determination Date

Assumptions:

Spot Rate at the Determination Time on Determination Date: 6.1900

No Alternate Currency Event Designation by the Bank

Customer receives 100% Principal Amount and Interest Amount of 5.00% p.a. in CNY(offshore) on the Maturity Date

= CNY(offshore) $100,000 + (100,000 \times 5.00\% \times 180 / 360)$

= CNY(offshore) 102,500.00

Scenario 2 – CNY(offshore) has not strengthened against USD – USD/CNY(offshore) Spot Rate is greater than the Strike Rate at the Determination Time on Determination Date

Assumptions:

Spot Rate at the Determination Time on Determination Date: 6.2800

No Alternate Currency Event Designation by the Bank

Customer receives 100% Principal Amount and Interest Amount of 0.50% p.a. in CNY(offshore) on the Maturity Date

= CNY(offshore) 100,000 + (CNY(offshore) 100,000 x 0.50% x 180 / 360)

= CNY(offshore) 100,250.00

Scenario 3 – 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 4 – 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 3

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

Assumptions:

Customer's home currency: HKD

Investment Currency: CNY(offshore)

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

Principle 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 Maturity Date.