

Important Facts Statement

星展銀行  DBS

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

Currency Linked Structured Investment Product -
Bullish / Bearish Performance with Barrier (the "SIP")
Sep 2022

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

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

This SIP is risk rated with Product Risk Level at P1 and is suitable for investors whose risk profile is C1 or above. Please refer to the Financial Needs Analysis for description of your risk profile.

Quick facts

Bank: DBS Bank (Hong Kong) Limited (星展銀行(香港)有限公司) (incorporated in 1953 in the Hong Kong Special Administrative Region of the People's Republic of China ("PRC")), including its successors and assigns.

Product type: Currency-linked structured investment product

**Minimum Principal Amount/
Investment Multiples/
Minimum Offer Size:**

Please refer to the table below

| Investment Currency | Minimum Principal Amount | Investment Multiples | Minimum Offer Size |
|---------------------|--------------------------|----------------------|-------------------------|
| AUD | AUD 10,000 | AUD 1,000 | AUD 600,000 |
| CAD | CAD 10,000 | CAD 1,000 | CAD 600,000 |
| CHF | CHF 10,000 | CHF 1,000 | CHF 500,000 |
| CNY(offshore) | CNY(offshore) 100,000 | CNY(offshore) 10,000 | CNY(offshore) 4,000,000 |
| EUR | EUR 10,000 | EUR 1,000 | EUR 500,000 |
| GBP | GBP 10,000 | GBP 1,000 | GBP 500,000 |
| HKD | HKD 100,000 | HKD 10,000 | HKD 4,000,000 |
| JPY | JPY 1,000,000 | JPY 500,000 | JPY 50,000,000 |
| NZD | NZD 10,000 | NZD 1,000 | NZD 600,000 |
| SGD | SGD 10,000 | SGD 1,000 | SGD 600,000 |
| USD | USD 10,000 | USD 1,000 | USD 500,000 |

Tenor: The tenor stated under the caption "Tenor" in the SIP Order Form and the SIP Confirmation.

| | |
|---|---|
| Investment Currency: | One of the following currencies: AUD, CAD, CHF, CNY(offshore), EUR, GBP, HKD, JPY, NZD, SGD or USD as agreed in writing on the SIP Order Form and SIP Confirmation. |
| Settlement Currency: | The Investment Currency |
| Linked Currency Pair: | Any of the currency pairs under the heading “Linked Currency Pair” in Table 2 in the Term Sheet or any other currency pairs, as agreed in writing on the SIP Order Form and the SIP Confirmation. |
| Bullish Investment / Bearish Investment: | As set out in the SIP Order Form and the SIP Confirmation. |
| Interest Rate: | <p>In the case of Bullish Investment, one of the following:</p> <ul style="list-style-type: none"> • Minimum Interest Rate plus Performance Rate, if the Spot Rate is at all times less than the Barrier Rate during the Monitoring Period and the Final Rate of Exchange is greater than the Strike Rate; OR • In all other cases, Minimum Interest Rate <p>In the case of Bearish Investment, one of the following:</p> <ul style="list-style-type: none"> • Minimum Interest Rate plus Performance Rate, if the Spot Rate is at all times greater than the Barrier Rate during the Monitoring Period and the Final Rate of Exchange is less than the Strike Rate; OR • In all other cases, Minimum Interest Rate |
| Minimum Interest Rate: | With respect to the Interest Payment Date, as set out under the caption “ Minimum Interest Rate ” in the SIP Order Form and the SIP Confirmation. |
| Performance Rate: | <p>In the case of Bullish Investment:</p> <ol style="list-style-type: none"> a) if Investment Currency is the Base currency of the Linked Currency Pair: Participation Ratio * (Final Rate of Exchange – Strike Rate) / Final Rate of Exchange; b) if Investment Currency is not the Base Currency of the Linked Currency Pair: Participation Ratio * (Final Rate of Exchange – Strike Rate) / Strike Rate. <p>In the case of Bearish Investment:</p> <ol style="list-style-type: none"> a) if Investment Currency is the Base currency of the Linked Currency Pair: Participation Ratio * (Strike Rate – Final Rate of Exchange) / Final Rate of Exchange; b) if Investment Currency is not the Base Currency of the Linked Currency Pair: Participation Ratio * (Strike Rate – Final Rate of Exchange) / Strike Rate. |
| Interest Amount: | <p>With respect to the Interest Payment Date, an amount in the Settlement Currency determined by the Bank as follows and rounded to the nearest Relevant Units (with 0.5 Relevant Units being rounded upwards):</p> $\text{Principal Amount} \times \text{Interest Rate}$ |
| Redemption on the Maturity Date: | The Bank will pay 100% of the Principal Amount in Investment Currency to the Customer on the Maturity Date, provided that (a) the SIP is maintained by the Customer with the Bank up to the Maturity Date; and (b) in respect of a SIP that has Chinese Renminbi (“CNY”) (offshore) as the Investment Currency and/or the Settlement Currency and/or a SIP that references CNY(offshore) in the Linked Currency Pair, there is no Alternate Currency Event Designation by the Bank (Please refer to additional provisions under “Other Terms”). |
| Participation Ratio: | With respect to the Linked Currency Pair, the relevant percentage rate stated under the caption “ Participation Ratio ” in the SIP Order Form and the SIP Confirmation. |

| | |
|---|--|
| Strike Rate: | With respect to the Linked Currency Pair, as set out under the caption “ Strike Rate ” in the SIP Order Form and the SIP Confirmation. |
| Barrier Rate: | With respect to Linked Currency Pair, as set out under the caption “ Barrier Rate ” in the SIP Order Form and the SIP Confirmation. |
| Final Rate of Exchange: | The amount of Quote Currency per one unit of Base Currency, for settlement in two Business Days as published by Bloomberg and which appears on Bloomberg FX Fixings page BFIX under caption “MID” at approximately the Determination Time on the Determination Date. If such rate is not available at or about the Determination Time on the relevant Determination Date, then such rate shall be determined by the Calculation Agent in its sole discretion, acting in good faith and in a commercially reasonable manner. |
| Determination Time: | 2:00 p.m., Hong Kong time |
| Determination Date: | The date stated under the caption “ Determination Time ” in the SIP Order Form and the SIP Confirmation, subject to the Business Day Convention as set out in the Term Sheet. |
| Monitoring Period: | The period from the Execution Time on Closing Date to the Determination Time on the Determination Date (both dates and times inclusive). |
| Spot Rate: | The Spot Rate is a rate expressed as the amount of Quote Currency that can be purchased with one unit of Base Currency that is based on the price for one or more actual foreign exchange transactions in the Spot Market as set out in the Term Sheet involving such currency pair (or cross-rates constituting such currency pair, if applicable) for settlement in accordance with the convention for such currency pair, as determined at the relevant time on the relevant date in good faith and in a commercially reasonable manner by the Calculation Agent. |
| Calculation Agent: | DBS Bank (Hong Kong) Limited |
| Interest Payment Date: | Maturity Date |
| 100% Principal received at maturity: | Yes |
| Callable by the Bank: | No |
| Early termination right by the customer: | No |
| Embedded derivatives: | Yes, customer is buying a Reverse Knock-Out currency option on the exchange rate of the Linked Currency Pair. |
| Maximum potential gain: | The Interest Amount. |
| Maximum potential loss: | If 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, and may get nothing back and suffer 100% loss of his Principal Amount. |

What is this product and how does it work?

- This SIP is a structured investment product involving buying currency options on the exchange rate of the Linked Currency Pair.
- The Customer will, on Interest Payment Date, receive an Interest Amount calculated by reference to:
 - In the case of Bullish Investment:**
 - **Minimum Interest Rate plus Performance Rate**, if the Spot Rate is at all times less than the Barrier Rate during the Monitoring Period and the Final Rate of Exchange is greater than the Strike Rate; OR
 - In all other cases, **Minimum Interest Rate**
 - In the case of Bearish Investment:**
 - **Minimum Interest Rate plus Performance Rate**, if the Spot Rate is at all times greater than the Barrier Rate during the Monitoring Period and the Final Rate of Exchange is less than the Strike Rate; OR

- In all other cases, **Minimum Interest Rate**
- The Customer will receive the 100% of Principal Amount in Investment Currency on the Maturity Date only if the Customer holds the SIP up to the Maturity Date, except that in the case of a SIP that has CNY(offshore) as the Investment Currency and/or the Settlement Currency and/or a SIP that references CNY(offshore) in the Linked Currency Pair, such SIP is subject to Alternate Currency Event Designation by the Bank and in the case of that happening, the Customer may receive less than 100% of the Principal Amount.

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 product is embedded with currency options. Option transactions involve risks. The Interest Amount is variable and subject to the movement of the Linked Currency Pair.
- **Return is Capped / Limited potential gain** – The maximum potential gain is limited to the Interest Amount, which is calculated by reference to Minimum Interest Rate plus Performance Rate, depending on the performance of the Linked Currency Pair.
- **Principal Amount received upon redemption** –The Customer will receive 100% of the Principal Amount in Investment Currency on the Maturity Date only if the Customer holds the SIP up to the Maturity Date, except that in the case of a SIP that has CNY(offshore) as the Investment Currency and/or the Settlement Currency and/or a SIP that references CNY(offshore) in the Linked Currency Pair, such SIP is subject to Alternate Currency Event Designation by the Bank and in the case of that happening, the Customer may receive less than 100% of the Principal Amount.
- **Not the same as buying the Linked Currency Pair** – Investing in the SIP is not the same as buying the Linked Currency Pair directly.
- **Market risk** – The return of the SIP is linked to the performance of the Base Currency against the Quote 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 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. The Customer should note that such potential loss from the product could offset (or even exceed) the potential gain if the Investment Currency depreciates against the currency the Customer converted from (including the Customer's 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 with respect to all payments due under the SIP. In the worst case scenario, where the Bank 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 Spot Rate will be determined by the Calculation Agent. The Final Rate of Exchange is by reference to a screen rate, and where such rate is not available, such 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 the Customer.
- **In respect of a SIP that has CNY(offshore) as the Investment Currency and/or the Settlement Currency and/or a SIP that references CNY(offshore) in the Linked Currency Pair, the following additional risks apply:**
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 People's Republic of China ("PRC") government's control, there is no guarantee that disruption in the transferability, convertibility or liquidity of CNY will not occur. In the case of a SIP that has CNY (offshore) as the Investment Currency or the Settlement Currency, there is thus a likelihood that the Customer 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 the SIP if CNY(offshore) depreciates against the investor's home currency. There is no guarantee whether CNY(offshore) will appreciate, remain stable or depreciate. Customer should bear in

mind the risk of exchange rate fluctuations, and in the case of a SIP that has CNY(offshore) as the Investment Currency or the Settlement Currency, such exchange rate fluctuations may cause a loss on conversion of CNY(offshore) back into investor's home currency.

The Customer should understand the SIP will be settled in CNY(offshore) deliverable in Hong Kong, which is different from that of CNY deliverable in the PRC (excluding the Hong Kong and the Macau Special Administrative Regions, and Taiwan).

If the Customer does not have a CNY(offshore) account outside the PRC (excluding the Hong Kong and 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 could be 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 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 "RISKS 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 Structured Investment Product

- The SIP is a currency-linked SIP denominated in the Investment Currency which is stated under the caption "Investment Currency" in the SIP Order Form and the SIP Confirmation.

2. Tenor

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

3. Return

- The return on the SIP is dependent on the performance of the Linked Currency Pair during the Monitoring Period.
- The Customer will, on Maturity Date, receive an Interest Amount in the Investment Currency calculated by reference to:

in the case of Bullish Investment:

- **Minimum Interest Rate plus Performance Rate**, if the Spot Rate is at all times less than the Barrier Rate during the Monitoring Period and the Final Rate of Exchange is greater than the Strike Rate; OR
- In all other cases, **Minimum Interest Rate**

in the case of Bearish Investment:

- **Minimum Interest Rate plus Performance Rate**, if the Spot Rate is at all times greater than the Barrier Rate during the Monitoring Period and the Final Rate of Exchange is less than the Strike Rate; OR
- In all other cases, **Minimum Interest Rate**

4. Principal Amount received upon redemption

- The Customer will receive 100% of the Principal Amount in Investment Currency on the Maturity Date only if the Customer holds the SIP up to the Maturity Date, except that in the case of a SIP with CNY(offshore) as the Investment Currency and/or the Settlement Currency and/or a SIP that references CNY(offshore) in the Linked Currency Pair, such SIP is subject to Alternate Currency Event Designation by the Bank and in the case of that happening, the Customer may receive less than 100% of the Principal Amount.

5. Alternate Currency Event Designation by the Bank

- In the case of a SIP that has CNY(offshore) as the Investment Currency and/or the Settlement Currency and/or a SIP that references CNY(offshore) in the Linked Currency Pair, then such SIP is subject to Alternate Currency Event Designation by the Bank if there is disruption in the transferability, convertibility or liquidity of Chinese Renminbi. 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 could be zero. No interest amount shall be payable to the Customer

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 – Bullish Investment

Assumptions:

| | |
|---|-------------|
| Tenor: | 1 year |
| Principal Amount and Investment Currency / Settlement Currency: | USD 100,000 |
| Linked Currency Pair: | AUD/USD |
| Participation Ratio: | 200% |
| Minimum Interest Rate: | 1% |
| Strike Rate: | 0.7200 |
| Barrier Rate: | 0.8000 |

Scenario 1 – Minimum Interest Rate plus Performance Rate Scenario

AUD strengthened against USD – the AUD/USD Spot Rate is always less than the Barrier Rate during the Monitoring Period and the Final Rate of Exchange is greater than the Strike Rate.

Assumptions:

Final Rate of Exchange: 0.7500

Customer receives 100% of the Principal Amount and Interest Amount with Interest Rate of $1\% + 200\% \times (0.7500 - 0.7200) / 0.7200 = 9.33333\%$ in USD on the Maturity Date

= USD 100,000 + USD 100,000 x 9.33333%

= USD 109,333.33

Scenario 2 – Minimum Interest Rate Scenario

In all other cases

Customer receives 100% of the Principal Amount and Interest Amount with Interest Rate of 1% in USD on the Maturity Date

= USD 100,000 + USD 100,000 x 1%

= USD 101,000.00

Scenario 3 - 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 – Bearish Investment

Assumptions:

| | |
|---|-------------|
| Tenor: | 1 year |
| Principal Amount and Investment Currency / Settlement Currency: | USD 100,000 |

| | |
|------------------------|---------|
| Linked Currency Pair: | AUD/USD |
| Participation Ratio: | 200% |
| Minimum Interest Rate: | 1% |
| Strike Rate: | 0.72 |
| Barrier Rate: | 0.65 |

Scenario 1 – Minimum Interest Rate plus Performance Rate Scenario

AUD weakened against USD – the AUD/USD Spot Rate is always greater than the Barrier Rate during the Monitoring Period and the Final Rate of Exchange is less than the Strike Rate.

Assumptions:

Final Rate of Exchange: 0.7000

Customer receives 100% of the Principal Amount and Interest Amount with Interest Rate of $1\% + 200\% \times (0.7200 - 0.7000) / 0.7200 = 6.55556\%$ in USD on the Maturity Date

= USD 100,000 + USD 100,000 x 6.55556%

= USD 106,555.56

Scenario 2 – Minimum Interest Rate Scenario

In all other cases

Customer receives 100% of the Principal Amount and Interest Amount with Interest Rate of 1% in USD on the Maturity Date

= USD 100,000 + USD 100,000 x 1%

= USD 101,000.00

Scenario 3 - 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.

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, and you are a first-time buyer of the SIP, AND
 - a) Your asset concentration is 20% or above; or
 - b) your asset concentration is below 20% AND you do not choose to opt out from the PICOP arrangement; or
- 2) A non-elderly customer who is a first-time buyer of the SIP AND your asset concentration is 20% or above.

For the purpose of determining whether PICOP is applicable, asset concentration refers to the percentage of total net worth (excluding real estate properties) to be invested in this product.

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 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 the Bank or its 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.