

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 -
CNY(offshore) Bullish / Bearish Investment (the "SIP")
Jun 2018

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, including its successors and assigns.
Product type:	Currency-linked structured investment product
Minimum Principal Amount:	An amount in the Investment Currency which is equivalent to HKD 100,000 as determined on the Closing Date.
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
Bullish / Bearish Investment:	<p>The SIP shall be a "Bullish Investment" if the Interest Amount is calculated by reference to the Higher Interest Rate if the Spot Rate at or about the Determination Time on the Determination Date is equal to or lower than the relevant Strike Rate which indicates an appreciation of the CNY(offshore) against the USD.</p> <p>The SIP shall be a "Bearish Investment" if the Interest Amount is calculated by reference to the Higher Interest Rate if the Spot Rate at or about the Determination Time on the Determination Date is equal to or above the relevant Strike Rate which indicates a depreciation of the CNY(offshore) against the USD.</p> <p>Whether the SIP takes the form of a "Bullish Investment" or a "Bearish Investment" shall be agreed in writing on the SIP Order Form and the SIP</p>

Confirmation.

Interest Rate:

Bullish Investment

With respect to an Interest Period of a Bullish Investment, one of the following:

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

or

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

Bearish Investment

With respect to an Interest Period of a Bearish Investment, one of the following:

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

or

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

Interest Amount:

With respect to each Interest Period, 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):

Principal Amount x Interest Rate x Day Count Fraction

Redemption on the Maturity Date:

The Bank will pay the 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 denominated in CNY(offshore), there is no Alternate Currency Event Designation by the Bank (Please refer to additional provisions under "Other Terms" in the Term Sheet).

Strike Rate:

With respect to each Interest Period, the relevant Strike Rate as set out in the SIP Order Form and the SIP Confirmation.

Determination Time:

11:30 a.m., Hong Kong time

Determination Date:

With respect to each Interest Period, the relevant Determination Date as set out in the SIP Order Form and the SIP Confirmation, subject to the Business Day Convention as set out in the Term Sheet.

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

Means the U.S. Dollar/CNY(offshore) 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 11:30 a.m. (Hong Kong time) . If such rate is not available at or about the Determination Time, 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
Day Count Fraction:	a) Actual number of days in the relevant Interest Period divided by 365 if the Investment Currency is GBP, HKD or SGD; or b) Actual number of days in the relevant Interest Period divided by 360 if the Investment Currency is AUD, CAD, CHF, CNY(offshore), EUR, JPY, NZD or USD.
Interest Payment Date:	With respect to each Interest Period, two Business Days after the corresponding Determination Date, expected to be the scheduled dates as set out in the SIP Order Form and the SIP Confirmation.
100% Principal received at maturity:	Yes (SIP denominated in CNY (offshore) is subject to Alternate Currency Event Designation).
Callable by the Bank:	No
Early termination right by the customer:	No
Embedded derivatives:	Yes, customer is buying an European digital currency option on the exchange rate of the underlying 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 European digital currency option on the exchange rate of the USD/CNY(offshore).
- The Customer will, on each Interest Payment Date, receive an Interest Amount calculated by reference to:

In the case of Bullish Investment:

- Investors will receive the Higher Interest Rate if the Spot Rate at or about the Determination Time on the Determination Date is equal to or lower than the Strike Rate; or
- Lower Interest Rate if the Spot Rate at or about the Determination Time on the Determination Date is above the Strike Rate; or

In the case of Bearish Investment:

- Investors will receive the Higher Interest Rate if the Spot Rate at or about the Determination Time on the Determination Date is equal to or above the Strike Rate; or
- Lower Interest Rate if the Spot Rate at or about the Determination Time on the Determination Date is lower than the Strike Rate.
- The Customer will receive the 100% Principal Amount in Investment Currency on the Maturity Date only if the Customer holds the SIP up to the Maturity Date. SIP denominated in CNY (offshore) is subject to Alternate Currency Event Designation.

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. 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 reference to the Higher 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 Investment 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 CNY 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. 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. 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 the Customer.
- **In respect of a SIP NOT denominated in CNY(offshore), the following additional risk applies:**
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. The Customer should note that even though it is not denominated in CNY, the SIP is subject to the exchange rate risk of offshore deliverable USD/CNY.
- **In respect of a SIP denominated in CNY(offshore), the following additional risks apply:**
(A) 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 the Customer may not be able to convert the CNY(offshore) received into other freely convertible currencies.

While the SIP 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 SIP could offset (or even exceed) the potential gain if CNY(offshore) depreciates against the investor's home currency. 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.

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 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).

(B) 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 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

- This SIP is a currency-linked SIP denominated in Investment Currency. Customer may receive the Interest Amount on each Interest Payment Date depending on performance of USD/CNY(offshore) relative to the Strike Rate. Customer will receive 100% Principal Amount in Investment Currency on the Maturity Date.

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 USD/CNY(offshore) exchange rate at or about the Determination Time on the Determination Date.

- The Customer will, on each Interest Payment Date, receive an Interest Amount calculated by reference to:

in the case of Bullish Investment:

- Higher Interest Rate if the Spot Rate at or about the Determination Time on the Determination Date is equal to or below the Strike Rate; or
- Lower Interest Rate if the Spot Rate at or about the Determination Time on the Determination Date is higher than the Strike Rate; or

in the case of Bearish Investment:

- Higher Interest Rate if the Spot Rate at or about the Determination Time on the Determination Date is equal to or higher than the Strike Rate; or
- Lower Interest Rate if the Spot Rate at or about the Determination Time on the Determination Date is below the Strike Rate.

4. Principal Amount received upon redemption

- 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. SIP denominated in CNY (offshore) is subject to Alternate Currency Event Designation.

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:	CNY (offshore) 100,000
Bullish / Bearish Investment:	Bullish Investment. Customer maintains a bullish view on CNY (offshore).
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	6.5000	5.00%	0.50%
2 nd	6.4500	6.00%	0.50%

Scenario 1 – Best Case Scenario – Movement of CNY(offshore) is the same as customer’s anticipation CNY(offshore) has strengthened against USD – the USD/CNY(offshore) Spot Rate is equal to or lower than the Strike Rate at or about the Determination Time on both Determination Date

Assumptions:

Spot Rate at or about the Determination Time on the 1st Determination Date: 6.4500

Spot Rate at or about the Determination Time on the 2nd Determination Date: 6.4000

No Alternate Currency Event Designation by the Bank

Customer receives Interest Amount with Interest Rate of 5.00% p.a. in CNY(offshore) on the first Interest Payment Date
= CNY(offshore) 100,000 x 5.00% x 180 / 360
= CNY(offshore) 2,500.00

Customer receives 100% Principal Amount and Interest Amount with Interest Rate of 6.00% p.a. in CNY(offshore) on the Maturity Date
= CNY(offshore) 100,000 + (CNY(offshore) 100,000 x 6.00% x 180 / 360)
= CNY(offshore) 103,000.00

Total Return Rate in this scenario: CNY(offshore) (2,500 + 3,000) / 100,000 = 5.50%

Scenario 2 – Worst Case Scenario – Movement of CNY (offshore) is different from customer’s anticipation CNY(offshore) has weakened against USD – the USD/CNY(offshore) Spot Rate is above the Strike Rate at or about the Determination Time on both Determination Date

Assumptions:

Spot Rate at or about the Determination Time on the 1st Determination Date: 6.6000

Spot Rate at or about the Determination Time on the 2nd Determination Date: 6.5500

No Alternate Currency Event Designation by the Bank

Customer receives Interest Amount with Interest Rate 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 with Interest Rate 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

Total Return Rate in this scenario: CNY(offshore) (250 + 250) / 100,000 = 0.50%

Scenario 3 – Middle-of-the-road Scenario – Movement of CNY(offshore) is the same as customer’s anticipation in one Interest Period but different in another Interest Period

CNY(offshore) has strengthened against USD on the 1st Determination Date BUT CNY(offshore) has weakened against USD on the 2nd Determination Date – the USD/CNY(offshore) Spot Rate is equal to or lower than the Strike Rate at or about the Determination Time on the 1st Determination Date AND the USD/CNY(offshore) Spot

Rate is above the Strike Rate at or about the Determination Time on the 2nd Determination Date.

Assumptions:

Spot Rate at or about the Determination Time on the 1st Determination Date: 6.4500
Spot Rate at or about the Determination Time on the 2nd Determination Date: 6.5500
No Alternate Currency Event Designation by the Bank

Customer receives Interest Amount with Interest Rate of 5.00% p.a. in CNY(offshore) on the first Interest Payment Date
= CNY(offshore) 100,000 x 5.00% x 180 / 360
= CNY(offshore) 2,500.00

Customer receives 100% Principal Amount and Interest Amount with Interest Rate 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

Total Return Rate in this scenario: CNY(offshore) (2,500 + 250) / 100,000 = 2.75%

Scenario 4 – Alternate Currency Event Designation by the Bank (Only applicable for SIP denominated in CNY(offshore))

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 – Bearish Investment

Assumptions:

Tenor: 1 Year
Principal Amount and Investment Currency / Settlement Currency: CNY(offshore) 100,000
Bullish / Bearish Investment: Bearish Investment. Customer maintains a bearish view on CNY (offshore).
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	6.6000	4.50%	0.50%
2 nd	6.7000	5.00%	0.50%

Scenario 1 – Best Case Scenario – Movement of CNY(offshore) is the same as customer’s anticipation CNY(offshore) has weakened against USD – the USD/CNY(offshore) Spot Rate is equal to or above the Strike Rate at or about the Determination Time on both Determination Dates

Assumptions:

Spot Rate at or about the Determination Time on the 1st Determination Date: 6.8000
Spot Rate at or about the Determination Time on the 2nd Determination Date: 6.7500

No Alternate Currency Event Designation by the Bank

Customer receives Interest Amount with Interest Rate 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 with Interest Rate of 5.00% p.a. in CNY(offshore) on the Maturity Date
= CNY(offshore) $100,000 + (CNY(offshore) 100,000 \times 5.00\% \times 180 / 360)$
= CNY(offshore) 102,500.00

Total Return Rate in this scenario: CNY(offshore) $(2,250 + 2,500) / 100,000 = 4.75\%$

Scenario 2 – Worst Case Scenario – Movement of CNY (offshore) is different from customer’s anticipation CNY(offshore) has strengthened against USD – the USD/CNY(offshore) Spot Rate is lower than the Strike Rate at or about the Determination Time on both Determination Dates

Assumptions:

Spot Rate at or about the Determination Time on the 1st Determination Date: 6.3000
Spot Rate at or about the Determination Time on the 2nd Determination Date: 6.4500
No Alternate Currency Event Designation by the Bank

Customer receives Interest Amount with Interest Rate of 0.50% p.a. in CNY(offshore) on the first Interest Payment Date
= CNY(offshore) $100,000 \times 0.50\% \times 180 / 360$
= CNY(offshore) 250.00

Customer receives 100% Principal Amount and Interest Amount with Interest Rate of 0.50% p.a. in CNY(offshore) on the Maturity Date
= CNY(offshore) $100,000 + (CNY(offshore) 100,000 \times 0.50\% \times 180 / 360)$
= CNY(offshore) 100,250.00

Total Return Rate in this scenario: CNY(offshore) $(250 + 250) / 100,000 = 0.50\%$

Scenario 3 – Middle-of-the-road Scenario – Movement of CNY(offshore) is the same as customer’s anticipation in one Interest Period but different in another Interest Period

CNY(offshore) has weakened against USD on the 1st Determination Date BUT CNY(offshore) has strengthened against USD on the 2nd Determination Date – the USD/CNY(offshore) Spot Rate is equal to or above the Strike Rate at or about the Determination Time on the 1st Determination Date AND the USD/CNY(offshore) Spot Rate is lower than the Strike Rate at or about the Determination Time on the 2nd Determination Date.

Assumptions:

Spot Rate at or about the Determination Time on the 1st Determination Date: 6.7500
Spot Rate at or about the Determination Time on the 2nd Determination Date: 6.4000
No Alternate Currency Event Designation by the Bank

Customer receives Interest Amount with Interest Rate 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 with Interest Rate of 0.50% p.a. in CNY(offshore) on the Maturity Date
= CNY(offshore) $100,000 + (CNY(offshore) 100,000 \times 0.50\% \times 180 / 360)$
= CNY(offshore) 100,250.00

Total Return Rate in this scenario: $CNY(\text{offshore}) (2,250 + 250) / 100,000 = 2.50\%$

Scenario 4 – Alternate Currency Event Designation by the Bank (Only applicable for SIP denominated in CNY(offshore))

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 3 – Home Currency depreciation

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/Settlement 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:

$CNY(\text{offshore}) 100,000.00 \times 1.2000 = HKD 120,000.00$

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

$CNY(\text{offshore}) 100,000.00 + (CNY(\text{offshore}) 100,000.00 \times 5.00\% \times 180/360) = CNY(\text{offshore}) 102,500.00$

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.

$(CNY(\text{offshore}) 102,500.00 \times 1.0000) - HKD 120,000.00 = - HKD 17,500.00$

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/Settlement Currency back to home currency on or after 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.

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.