

## Equity-Linked Deposit



### DBS Bank (Hong Kong) Limited

(incorporated in Hong Kong with limited liability and a licensed bank regulated by the Hong Kong Monetary Authority and registered with the Securities and Futures Commission for Types 1, 4, 6 and 9 regulated activities under the Securities and Futures Ordinance)  
(the “**Bank**”)

#### as Offeror and Product Arranger

**An Equity-Linked Deposit (“ELD”) is not a time deposit and is not a principal protected investment. It is an unlisted structured investment product which is embedded with derivatives. You may lose your entire investment.**

The Securities and Futures Commission (“**SFC**”) has authorised the ELDs under section 104A(1) of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (“**SFO**”) and the issue of this Principal Brochure and the Information Sheet based on the standard format set out in Appendix C to this Principal Brochure as part of the Offering Documents (as defined on page 11 of this Principal Brochure) for the ELDs under section 105(1) of the SFO. The SFC takes no responsibility for the ELDs or the contents of the Offering Documents, makes no representation as to their accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Offering Documents. The SFC’s authorisation does not imply the SFC’s endorsement or recommendation of the ELDs referred to in the Offering Documents nor does it imply that the SFC guarantees the commercial merits of the ELDs or their performance. The SFC’s authorisation does not mean the ELDs are suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors. Interested persons should consider obtaining independent professional advice before investing in the ELDs.

## Important

The ELDs are complex products. You should exercise caution in relation to the ELDs. You are warned that the performance of the ELDs may fluctuate and you may sustain a total loss of your investment. You should therefore ensure that you understand the nature of the ELDs and carefully study the risk factors set out in this Principal Brochure and other documents comprising the Offering Documents for the ELDs and, where necessary, seek independent professional advice, before you decide whether to invest in the ELDs.

The Offering Documents of the ELDs include particulars given in compliance with the Code on Unlisted Structured Investment Products (the “**Code**”) issued by the SFC for the purpose of giving information with regard to the Bank (as the offeror and product arranger) and the ELDs. The Bank (as the offeror and product arranger) accepts full responsibility for the contents of, and the completeness and accuracy of the information contained in, the Offering Documents and confirms, having made all reasonable enquiries, that to the best of the Bank’s knowledge and belief there is no untrue or misleading statement, or other facts the omission of which would make any statement in the offering documents untrue or misleading.

The Bank (as the offeror and product arranger) also confirms that the ELDs comply with the Code and that the Bank (as the offeror and product arranger) complies with the eligibility requirements applicable to issuers and product arrangers under the Code. The Bank as offeror is the “Issuer” for the purpose of the Code, and the Bank as product arranger is the “Product Arranger” for the purpose of the Code.

The ELDs constitute general, unsecured and unsubordinated contractual obligations of the Bank (as the offeror) and of no other person. If you invest in the ELDs, you are relying upon the creditworthiness of DBS Bank (Hong Kong) Limited (as the offeror) and of no other person and have no rights under the terms of the ELDs against the issuer of the Linked Stock.

The obligations to provide market-making arrangements and post-sale cooling-off periods under Chapters 7 and 8, respectively, of the Code **DO NOT APPLY** to any of the ELDs because the Bank will only offer ELDs with an Investment Period of not more than 6 months.

If English is not your preferred language, you can request from the Bank a Chinese version of this Principal Brochure. 倘若英文並非閣下屬意的語言，閣下可向本行索取本指南的中文版本。

All references to “**PRC**” in this Principal Brochure are to the People’s Republic of China and all references to “**RMB**” in this Principal Brochure are to Renminbi, being the lawful currency of the PRC.

# TABLE OF CONTENTS

Key Facts Statement .....	4
Risk factors .....	12
Key features of the ELDs .....	25
How does an ELD work? .....	26
Adjustments to terms, early termination, postponement of Determination Date and Maturity Date and occurrence of an RMB Disruption Event .....	32
Other information about the ELDs .....	42
Information about the Bank .....	49
Information about the Linked Stock .....	50
Glossary .....	51
Appendix A Illustrative Example .....	58
Appendix B Terms and Conditions of the ELDs .....	66
Appendix C Form of Information Sheet .....	84
Appendix D Form of Confirmation .....	97

# Key Facts Statement

## Equity-Linked Deposits offered by DBS Bank (Hong Kong) Limited

*The ELDs are unlisted structured investment products. This key facts statement provides you with the key information about the ELDs. This statement is a part of the Offering Documents of the ELDs. You should not invest in the ELDs based on this key facts statement alone - you should carefully read all the Offering Documents before deciding whether to invest in the ELDs.*

*Capitalised terms used in this key facts statement not otherwise defined herein shall have the meanings given to them in the Terms and Conditions of the ELDs in Appendix B.*

### What are the key risks of the ELDs?

- **Not principal protected** - The ELDs are NOT principal protected. You may receive a number of shares or units of the Linked Stock instead of cash upon maturity depending on the Final Closing Price of the Linked Stock. The market value of the Linked Stock you receive may be substantially less than your investment amount or may even be worthless. **In the worst case scenario, you may lose all of your investment.**
- **Not a time deposit** - An ELD is an unlisted structured investment product with embedded derivatives and is not equivalent to, nor should it be treated as, a conventional time deposit.
- **Not a protected deposit** - An ELD is not a protected deposit for the purposes of the Deposit Protection Scheme in Hong Kong.
- **Not covered by the Investor Compensation Fund** - The ELDs are not listed on any stock exchange and are not covered by the Investor Compensation Fund in Hong Kong.
- **Limited maximum potential gain** - The maximum potential gain under an ELD is limited to the predetermined Coupon Amount.
- **Not the same as investing in the Linked Stock** - Investing in an ELD is not the same as directly investing in the Linked Stock. A change in the market price of the Linked Stock may not necessarily lead to a corresponding change in the potential payout of the ELD at maturity. You have no rights in the Linked Stock unless and until a number of shares or units of the Linked Stock is determined on the Determination Date to be deliverable to you on the Maturity Date, in which case you will be entitled to rights in the Linked Stock starting from the Determination Date.
- **Credit risk** - When you enter into an ELD, you will be relying on the creditworthiness of DBS Bank (Hong Kong) Limited (as the offeror) and of no other person. If the Bank becomes insolvent or defaults on its obligations under the ELD, you can only claim as an unsecured creditor of the Bank regardless of the performance of the Linked Stock and the terms of the ELD. **In the worst case scenario, you may lose all of your investment.**

- **Not guaranteed or supported by collateral** - The ELDs are not guaranteed or supported by any collateral. In addition, there is no guarantee from the ultimate holding company of the Bank, DBS Group Holdings Ltd.
- **You will be exposed to risks relating to the ELD from the time you place your order for an ELD** - Once you place your order for an ELD, you are committed to the order. You will therefore be exposed to risks relating to the ELD from the time you place your order for an ELD.
- **You cannot early terminate the ELD once your order is accepted and executed on the Trade Date; there are no market-making arrangements; there is no secondary market** - After your order is accepted and executed on the Trade Date, you cannot early terminate your ELD. Since the ELDs have an Investment Period of 6 months or less, the Bank will not provide any market-making arrangements. You must hold your ELD from the time your order is accepted and executed on the Trade Date until the Maturity Date. In addition, as the ELDs are not transferable, there is no secondary market for the ELDs.
- **Conflicts of interest** - Potential and actual conflicts of interest may arise from the different roles played by the Bank and its affiliates in connection with the ELDs. The Bank's economic interests in each role may be adverse to your interests in the ELDs.
- **Additional risks for RMB-denominated ELDs or ELDs linked to RMB-quoted Linked Stock** - You should note that:
  - (i) *Limited pool of RMB outside mainland China* — RMB is subject to foreign exchange control by the PRC central government. There is currently a limited pool of RMB outside mainland China and any tightening of foreign exchange control may adversely affect the liquidity of offshore RMB and the potential return of the RMB-denominated ELDs and our ELDs linked to RMB-quoted Linked Stock.
  - (ii) *Offshore RMB exchange rate and interest rate risks* — If the ELDs are denominated in RMB but the Underlying Currency of the Linked Stock is HKD or if the ELDs are denominated in a Settlement Currency other than RMB but the Underlying Currency of the Linked Stock is RMB, the Bank will use the offshore RMB exchange rate in the calculations of the ELDs. You should note that the offshore RMB exchange rate the Bank uses for the ELDs may deviate significantly from the onshore RMB exchange rate. Changes in the offshore RMB exchange rate may adversely affect the number of shares or units of the Linked Stock deliverable to you (and the value of such number of shares or units of the Linked Stock in the Underlying Currency) in the case of physical settlement. There is no guarantee that RMB will not depreciate. In addition, interest rates for onshore RMB are controlled by the PRC central government. Further liberalisation of interest rates for onshore RMB may occur and may influence the interest rates for offshore RMB. Any fluctuation in interest rates for offshore RMB may affect the potential return of the RMB-denominated ELDs and our ELDs linked to RMB-quoted Linked Stock.

(iii) *Payment postponement for RMB Disruption Event* — If the Settlement Currency of the ELDs is RMB and an RMB Disruption Event occurs on or, prior to and is continuing on, any date on which any amount payable in RMB under the ELDs is scheduled to be paid, such payment will be postponed and may be made in a HKD Equivalent Amount. The Bank will not pay any extra amount (such as interest) for such postponed payment. You may also suffer a loss in HKD terms if RMB depreciates against HKD following the occurrence of an RMB Disruption Event.

### What is an ELD?

- An ELD is an unlisted structured investment product whose potential return is based on the performance of a single Linked Stock (which will be shares in a listed company or units of a fund, being a real estate investment trust or an exchange traded fund, listed on the Stock Exchange and quoted in an Underlying Currency of either Hong Kong Dollars (“**HKD**”) or RMB). Not all Hong Kong listed shares or units can be used as the Linked Stock - you should check with the Bank what Linked Stock is available.
- An ELD contains an embedded derivative - if you invest in an ELD, you are selling to the Bank a put option on the Linked Stock, under which you will be obliged to buy the Linked Stock at the Strike Price if certain conditions are met on the Determination Date, in return for an option premium that has been incorporated in the calculation of the Coupon Amount.
- Depending on the Final Closing Price of the Linked Stock, you will receive on the Maturity Date either a cash amount in the Settlement Currency (subject to the occurrence of an RMB Disruption Event if the Settlement Currency is RMB) or a number of shares or units of the Linked Stock purchased at the Strike Price.
- **Investment Period** - the period from the Trade Date to the Determination Date (both dates inclusive). The Bank will not offer any ELD with an Investment Period of more than 6 months.
- **Tenor** - the number of calendar days from (and including) the Deposit Value Date to (but excluding) the Maturity Date. The Tenor for an ELD can range from 1 month to 6 months.
- **Settlement Currency** - You may choose HKD, United States dollars (“**USD**”), Euro (“**EUR**”), Australian dollars (“**AUD**”), Canadian dollars (“**CAD**”), New Zealand dollars (“**NZD**”), Sterling Pounds (“**GBP**”), Swiss Francs (“**CHF**”) or Japanese Yen (“**JPY**”) or other non-restricted and freely convertible currencies or RMB as specified in the Information Sheet as the Settlement Currency.
- **Strike Price** - a pre-determined price of the Linked Stock against which the Final Closing Price is compared on the Determination Date to determine if, on the Maturity Date, you will receive the Principal Amount and Coupon Amount either in cash or in the form of the Linked Stock.
- **Minimum Principal Amount** - HKD100,000, or its equivalent in the Settlement Currency, calculated at the prevailing exchange rate at the time when you place your order. The Bank will not accept any order less than the minimum Principal Amount.

## Payout at maturity

The settlement under the ELDs on the Maturity Date depends on the Final Closing Price of the Linked Stock on the Determination Date as illustrated below:

### On Determination Date

If Final Closing Price of the Linked Stock is **equal to or greater than** the Strike Price

↓ Yes

↓ No

### On Maturity Date

(2 Business Days after the Determination Date, subject to postponement as described in "Postponement of Maturity Date" on pages 37 to 39)

#### Cash settlement

You will receive a cash amount equal to:

Principal Amount + Coupon Amount

You will make a maximum potential gain that is equal to the Coupon Amount, which will be calculated as:

Principal Amount x Annualised Coupon Rate x Tenor/Day Count Basis

where the "Day Count Basis" is:

- (i) 365 if the Settlement Currency is HKD or GBP;
- (ii) 360 if the Settlement Currency is RMB, USD, EUR, AUD, CAD, NZD, CHF, JPY; or
- (iii) such number as specified in the Information Sheet if the Settlement Currency is any other currency.

There are no cash settlement expenses.

#### Physical settlement

You will receive a number of shares or units of the Linked Stock calculated in accordance with the following formula:

The sum of Principal Amount  
and Coupon Amount (converted  
into the Underlying Currency  
at the Exchange Rate specified in the  
Information Sheet if the Settlement  
Currency is not the  
same as the Underlying Currency)  
Strike Price

The Bank will deliver an integral number of the Linked Stock to you on the Maturity Date (which may include odd lots). If the number of shares or units of the Linked Stock deliverable comprises any fractional shares or units, the Bank will settle such fractional shares or units in cash in the Settlement Currency.

You will need to pay the Physical Settlement Expenses as mentioned in "What charges do you need to pay?" on page 44.

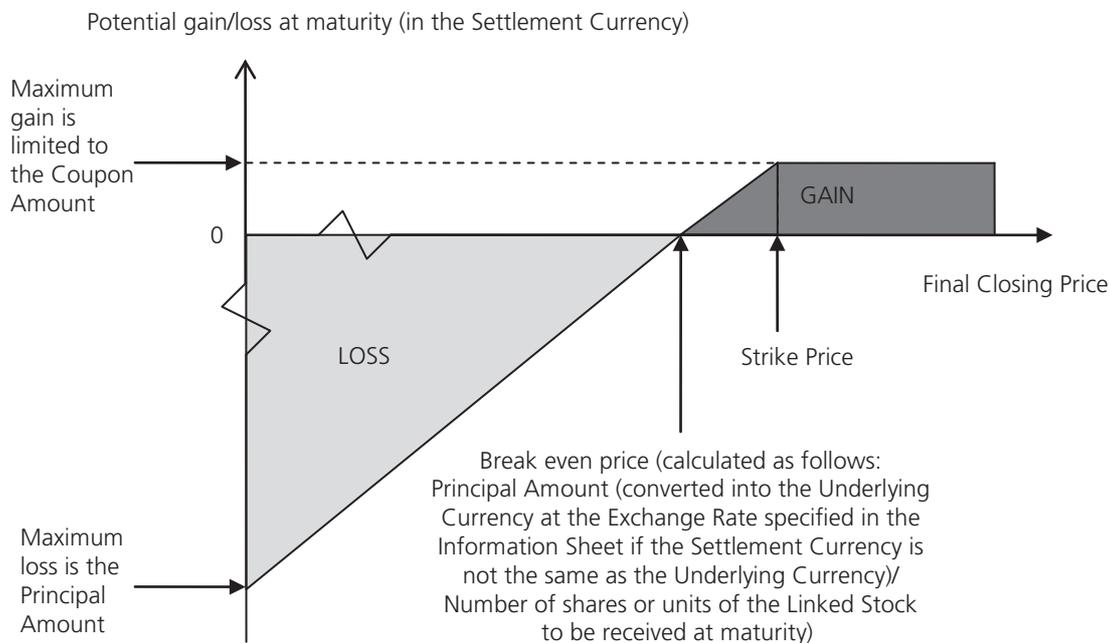
**You will suffer a substantial loss if the Final Closing Price of the Linked Stock is substantially less than the Strike Price.**

**In an extreme case, the Linked Stock that you will receive may be worthless and you may lose your entire investment.**

## Scenario analysis

The following diagram illustrates the maximum potential gain/loss of the ELDs.

As illustrated below, you will (i) make a gain on your investment in the ELDs if the Final Closing Price of the Linked Stock on the Determination Date is greater than the break even price or (ii) suffer a loss on your investment in the ELDs if the Final Closing Price of the Linked Stock on the Determination Date is less than the break even price.



If the Final Closing Price of the Linked Stock is less than the Strike Price, you will receive a number of shares or units of the Linked Stock on the Maturity Date which may be worthless if the market price of the Linked Stock drops to zero. **In the worst case scenario, you could lose all of your investment.**

Please note that the diagram does not take into account any Physical Settlement Expenses and is based on the assumption that the Final Closing Price of the Linked Stock is the same as the price of the Linked Stock on the Maturity Date. You will suffer a further loss if the market price of the Linked Stock to be delivered to you on the Maturity Date falls further between the Determination Date and the Maturity Date.

Please refer to pages 58 to 65 of this Principal Brochure for an illustrative example of the ELD.

## How can you place your order for an ELD?

Please contact the Bank (as the intermediary) to enquire about the ELDs. You can visit any of the branches of the Bank or call the Bank's Customer Service Hotline on 2290 8888 (press 3 after language selection) to enquire about the ELDs.

You can place an order on any Business Day, and you can specify your desired method in setting the Spot Price, the maximum Principal Amount at which you would like the Bank to execute your order, your desired Strike Price (as a percentage of the Spot Price), your desired Deposit Value Date and your desired Determination Date or Maturity Date (you may choose one or the other, bearing in mind that the Maturity Date shall be 2 Business Days after the Determination Date). The Spot Price can be set as either (i) the closing price of the Linked Stock

on the Trade Date, or (ii) the prevailing market price of the Linked Stock at the time the order is executed on the Trade Date provided that such price is less than or equal to the highest spot price you have specified in the Information Sheet, or (iii) the prevailing market price of the Linked Stock at the time the order is executed on the Trade Date. In case of (ii), you will need to specify the highest spot price when you place an order, and your order will be executed only if the prevailing market price is less than or equal to the highest spot price you have specified. In case of (iii), the Bank will execute your order as soon as practicable after you placed the order. Your order will only be valid on the day that you place the order, and the Bank will notify you on that day whether your order has been accepted and executed. You should note that the Bank will not accept or execute your order if, on the Business Day on which you place your order, a Market Disruption Event has occurred before your order has been accepted or executed. In addition, the Bank has the discretion not to accept or execute your order.

Please refer to pages 26 to 28 for more details.

Once you place an ELD order, a cash amount equal to the maximum Principal Amount will be frozen in your Settlement Account. You will not be able to withdraw your order for any reason.

After your ELD order is accepted and executed by the Bank on the Trade Date, the cash amount equal to the actual Principal Amount will not be debited from your Settlement Account until the Deposit Value Date. A Confirmation setting out the details of the ELD will be sent to you within 2 Business Days after the Trade Date.

The balance of monies between the amount frozen in your Settlement Account (i.e. a cash amount equal to the maximum Principal Amount) and the actual Principal Amount will be released to you on the Trade Date.

### **What charges do you need to pay?**

- **No subscription fees or other upfront charges** - Fees and charges incurred by the Bank for operational and administrative purposes in relation to an ELD, if any, as well as the Bank's margins will be incorporated into the calculation of the Annualised Coupon Rate.
- **No cash settlement expenses** - In the case of cash settlement, you will not be required to pay any further expenses.
- **Physical settlement expenses** - In the case of physical settlement, you will have to pay the Physical Settlement Expenses (including the buyer's stamp duty (if applicable, subject to the prevailing laws and regulations) and other charges for the provision of security services) before the settlement is made. The Physical Settlement Expenses will reduce your gain or increase your loss under the ELD.

Please refer to page 44 of this Principal Brochure for details.

### **Is there a post-sale cooling-off period for your ELDs?**

No. The post-sale cooling-off period under Chapter 8 of the Code does not apply to the ELDs since the ELDs will always have an Investment Period of 6 months or less. You cannot request the cancellation of your order or the unwinding of your ELD after you have placed your order.

## **Adjustments to the terms of the ELD or early termination of the ELD, postponement of key dates and occurrence of an RMB Disruption Event**

If the Bank determines that a Potential Adjustment Event in respect of the Linked Stock has occurred and that such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Linked Stock, or upon the occurrence of a Merger Event or Tender Offer, the Bank will make the corresponding adjustments to any terms of the ELD (including, for example, the Strike Price), as the Bank determines appropriate to account for that event so as to preserve the economic equivalence of the ELD. If, in the case of a Merger Event or Tender Offer, the Bank determines that none of the adjustments is able to preserve the economic equivalence of the ELD or upon the occurrence of certain extraordinary events, the Bank will early terminate the ELD.

If an ELD is early terminated by the Bank, you will receive an amount which will be determined by the Bank to be the fair value of the ELD at the time of early termination. **Such amount may be substantially less than the amount you originally invested or you may lose your entire investment.**

Any adjustment or determination will be made by the Bank in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner).

Further, upon occurrence of certain Market Disruption Event or Settlement Disruption Event, some of the key dates relevant to the terms of the ELDs will be postponed.

In addition, if the Settlement Currency is RMB and an RMB Disruption Event occurs on or, prior to and is continuing on, any date on which any amount payable in RMB under the ELDs is scheduled to be paid, such payment may be postponed and made in a HKD Equivalent Amount.

Please refer to pages 32 to 41 of this Principal Brochure for details.

## **Is there any market-making arrangement for your ELDs before maturity?**

No. The market-making arrangements under Chapter 7 of the Code do not apply to the ELDs since the ELDs will always have an Investment Period of 6 months or less. You cannot terminate the ELD after your order is accepted and executed on the Trade Date.

## **Continuing disclosure obligations**

As long as any of the Bank's obligations (as the offeror) under the ELDs remain outstanding, the Bank (as the offeror and product arranger) will keep the SFC and all investors in the ELDs informed as soon as reasonably practicable if (a) the Bank (as the offeror) ceases to meet any eligibility requirements applicable to issuers under the Code, (b) the Bank (as the product arranger) ceases to meet any eligibility requirements applicable to product arrangers under the Code and (c) to the extent permitted by any applicable law, there are any changes in the Bank's financial condition or other circumstances which could reasonably be expected to have a material adverse effect on the Bank's ability (as the offeror) to fulfill its commitments in connection with the ELDs. Please contact the Bank for details.

## Offering documents

Before you decide whether to invest in an ELD, you should read and understand the full set of offering documents for that ELD (“**Offering Documents**”), which comprises:

- (a) this Principal Brochure, and any addendum hereto as specified in the relevant Information Sheet;
- (b) the Financial Disclosure Document and the addendum thereto (if any) as specified in the relevant Information Sheet; and
- (c) the relevant Information Sheet.

Before accepting an order for an ELD, the Bank (as the intermediary) is obliged to distribute to you **ALL** of the Offering Documents in English or Chinese as you may prefer. Hard copies of all the Offering Documents will be available (free of charge) from the Bank while the relevant ELDs are being offered.

## Important

If you are in doubt, please seek independent professional advice. The SFC takes no responsibility for the ELDs or the contents of this key facts statement and makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this key facts statement.

## Risk factors

You must consider the risk factors set out below and in the section headed “What are the key risks of the ELDs?” in the Key Facts Statement of this Principal Brochure.

**Not principal protected and you may lose your entire investment.** An ELD is **NOT** a principal protected product. The potential payout of an ELD depends upon the Final Closing Price of the Linked Stock. Changes in the market price of the Linked Stock can be unpredictable, sudden and large. If the Final Closing Price of the Linked Stock is less than the Strike Price on the Determination Date, a number of shares or units of the Linked Stock will be physically delivered to you instead of cash on the Maturity Date. You will also have to pay for all Physical Settlement Expenses relating to the transfer and receipt of the Linked Stock. The market value of the Linked Stock that you receive (calculated based on the Final Closing Price of the Linked Stock) may be substantially less than your investment amount or may even be worthless. **In the worst case scenario, you may lose your entire investment.**

**Not a time deposit.** An ELD is an unlisted structured investment product which is embedded with derivatives. It is not the same as a conventional time deposit and should not be treated as a substitute for a conventional time deposit.

**Not a protected deposit.** An ELD is **NOT** a protected deposit for the purposes of the Deposit Protection Scheme in Hong Kong.

**Not covered by the Investor Compensation Fund.** An ELD is not listed on any stock exchange and is not covered by the Investor Compensation Fund established under the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) if the Bank defaults under the ELDs.

**Limited maximum potential gain.** The maximum potential gain under an ELD is limited to the predetermined Coupon Amount (even if your view of the market price movement of the Linked Stock is correct).

**Not the same as investing in the Linked Stock.** An investment in an ELD is not the same as a direct investment in the Linked Stock. A change in the market price of the Linked Stock during the Investment Period may not necessarily lead to a corresponding change in the potential payout of the ELD at maturity.

In addition, you have no rights in the Linked Stock including, without limitation, the right to receive dividends or distributions unless a number of shares or units of the Linked Stock is determined on the Determination Date to be deliverable to you on the Maturity Date, in which case you will be entitled to rights in the Linked Stock starting from the Determination Date.

However, during the period from the Determination Date and until such time as the Linked Stock is delivered to you (“**Intervening Period**”), the Bank is not under any obligation (i) to deliver to you any notice or other document or payment received by the Bank or its affiliates in their capacity as the holder of such Linked Stock; or (ii) to exercise any or all rights (including

voting rights) attaching to such Linked Stock that may be available to the Bank or its affiliates in their capacity as the holder of such Linked Stock. The Bank is not liable to you in respect of any loss or damage which you may suffer as a result of the Bank or its affiliates being the holder of such Linked Stock during the Intervening Period.

Please refer to the section headed "Period between the Determination Date and the Maturity Date" on page 31 of this Principal Brochure for more details.

**Credit risk of the Bank.** When you enter into an ELD, you will be relying on the creditworthiness of DBS Bank (Hong Kong) Limited (as the offeror) and of no other person. If the Bank becomes insolvent or defaults on its obligations under the ELD, you can only claim as an unsecured creditor of the Bank regardless of the performance of the Linked Stock and the terms of the ELD. You have no recourse against the ultimate holding company, DBS Group Holdings Ltd, and are only relying on the creditworthiness of DBS Bank (Hong Kong) Limited, rather than that of the ultimate holding company. **In the worst case scenario, you may lose all of your investment.**

**Regulatory action(s) by resolution authorities under the Financial Institutions (Resolution) Ordinance in the event that the Bank is failing could adversely affect the market value or potential payout of the ELDs.** The Financial Institutions (Resolution) Ordinance (Cap. 628, the Laws of Hong Kong) (the "**FIRO**") was enacted by the Legislative Council of Hong Kong in June 2016. The FIRO (except Part 8, section 192 and Division 10 of Part 15 thereof) came into operation in July 2017.

The FIRO provides a regime for the orderly resolution of financial institutions with a view to avoiding or mitigating the risks otherwise posed by their non-viability to the stability and effective working of the financial system of Hong Kong, including the continued performance of critical financial functions. The FIRO seeks to provide the relevant resolution authorities with a range of powers to bring about timely and orderly resolution in order to stabilise and secure continuity for a failing authorised institution in Hong Kong. In particular, it is envisaged that subject to certain safeguards, the relevant resolution authority would be provided with powers to affect contractual and property rights as well as payments (including in respect of any priority of payment) that creditors would receive in resolution, including but not limited to powers to write off, or convert into equity, all or a part of the liabilities of the failing financial institution.

As an authorised institution regulated by the Hong Kong Monetary Authority, the Bank is subject to and bound by the FIRO. The exercise of any resolution power by the relevant resolution authority under the FIRO in respect of the Bank may have a material adverse effect on the market value or potential payout of the ELDs, and as a result, you may not be able to recover all or any amount due under the ELDs. **In the worst case scenario, you could lose all of your investment regardless of the performance of the Linked Stock.**

This is a complicated area of law and if you have any doubt or wish to understand more, you should obtain independent legal advice.

**Not guaranteed or supported by collateral.** The ELDs represent the Bank's general, unsecured and unsubordinated contractual obligations and are not secured on any assets or any collateral. There is no assurance of protection against the Bank's insolvency or a default by the Bank in respect of the Bank's payment or delivery obligations under the ELDs. The Bank is a large financial institution and has many financial products and contracts outstanding at any given time. In addition, there is no guarantee from the Bank's ultimate holding company, DBS Group Holdings Ltd.

**You cannot withdraw your order once it is placed; post-sale cooling off periods do not apply to the ELDs.** Once you place your order for an ELD, you are committed to the order. The post-sale cooling-off period under Chapter 8 of the Code **DOES NOT APPLY** to the ELDs since the ELDs will always have an Investment Period of 6 months or less. You cannot request the cancellation of your order or the unwinding of your ELD after you have placed your order.

**You will be exposed to risks relating to the ELD from the time you place your order for an ELD.** You will be exposed to risks relating to the ELD from the time you place your order for an ELD as you will be unable to withdraw your order even if the price of the Linked Stock moves in a direction that is adverse to your interests after your order is placed. For example, you will be unable to withdraw your order for an ELD even if the market price of the Linked Stock falls further away from the Strike Price.

**Time gap between the Trade Date and the Deposit Value Date.** The Deposit Value Date may be 1 to 10 Business Days after the Trade Date. You should note that, given the same Tenor, the annualised yield of your potential return under an ELD calculated from the Trade Date will be less than the annualised yield calculated from the Deposit Value Date. For ELDs with the same Tenor, the longer the time gap between the Trade Date and the Deposit Value Date, the longer the period of time you will be exposed to the risks associated with the ELD.

**Certain terms will not be known at the time you apply for an ELD.** The Spot Price can be set as either (i) the closing price of the Linked Stock on the Trade Date, or (ii) the prevailing market price of the Linked Stock at the time the order is executed on the Trade Date provided that such price is less than or equal to the highest spot price you have specified in the Information Sheet, or (iii) the prevailing market price of the Linked Stock at the time the order is executed on the Trade Date. When you place your order, you can only specify your desired method in setting the Spot Price, your desired Strike Price (as a percentage of the Spot Price), your desired Deposit Value Date and your desired Determination Date or Maturity Date (you may choose one or the other, bearing in mind that the Maturity Date shall be 2 Business Days after the Determination Date). As a result, at the time you place your order, you will not know the Spot Price that will be eventually recorded, the Strike Price (which is expressed as a percentage of the Spot Price) and the Principal Amount (in the case where the Settlement Currency is the same as the Underlying Currency) for your ELD.

**Order may not be accepted or executed.** The Bank will not accept or execute your order if, on the Business Day on which you place your order, a Market Disruption Event has occurred before your order has been accepted or executed. In addition, in the case where the Spot Price is set as the prevailing market price of the Linked Stock at the time the order is executed on the Trade Date provided that such price is less than or equal to the highest spot price you have specified in the Information Sheet, the Bank will not execute your order if the prevailing market price is higher than the highest spot price you have specified.

The Bank has the sole and absolute discretion not to accept or execute your order for an ELD.

Please refer to the section “Execution of your order on the Trade Date” on pages 27 to 28 for more details.

**You cannot early terminate the ELD once your order is accepted and executed on the Trade Date; there are no market-making arrangements; there is no secondary market for the ELDs.** After your order is accepted and executed on the Trade Date, you cannot early terminate your ELD. You should note that since the ELDs have an Investment Period of 6 months or less, the Bank will not provide any market-making arrangements. You must hold your ELD from the time your order is accepted and executed on the Trade Date until the Maturity Date. In addition, as ELDs are not transferable, there is no secondary market for the ELDs. Therefore, by investing in an ELD, you are committed to holding the ELD until maturity, subject only to the early termination right of the Bank in limited circumstances (as described in the section “Early termination” on pages 34 to 35).

**Exposure to market price movement of the Linked Stock after the Determination Date in the case of physical delivery of a number of shares or units of the Linked Stock.** If it is determined on the Determination Date that you will be entitled to receive physical delivery of a number of shares or units of the Linked Stock, the Linked Stock will only be delivered to you on the Maturity Date (which is 2 Business Days after the Determination Date, subject to postponement as described in “Postponement of Maturity Date” on pages 37 to 39). Therefore, you will be exposed to any movement in the market price of the Linked Stock during the period between the Determination Date and the Maturity Date. You will also be exposed to the market risk of holding such number of shares or units of the Linked Stock if you choose not to sell the same on the Maturity Date.

**Risks associated with settlement disruption and postponement of Maturity Date.** In the case where the Bank is required to deliver the Linked Stock to you on the Maturity Date, if the Maturity Date is not a Clearing System Business Day, the Maturity Date will be postponed to the next Clearing System Business Day. In addition, if an event which the Bank (in its sole and absolute discretion) determines to be beyond its control as a result of which the relevant Clearing System cannot clear the transfer of the Linked Stock, the Maturity Date will be further postponed until the next practicable date, up to the eighth Clearing System Business Day immediately following the original Maturity Date.

If such event persists on such eighth Clearing System Business Day, the Bank will, in lieu of delivering the Linked Stock, pay a cash amount in the Settlement Currency (subject to the occurrence of an RMB Disruption Event if the Settlement Currency is RMB) equal to the fair market value of the Linked Stock on such eighth Clearing System Business Day (as determined by the Bank in good faith and in a commercially reasonable manner), less any relevant reasonable operational and administrative costs. Under these circumstances, you will not have any rights to elect for physical settlement of the Linked Stock. When determining the fair market value of the Linked Stock, the Bank may take into account factors that may include, without limitation, interest rates, the last reported closing price of the Linked Stock, the prevailing market conditions and (where the Settlement Currency is not the same as the Underlying Currency) the bid rate for the Underlying Currency per one Settlement Currency as

per Bloomberg Page: BFIX as of the closing time of the Stock Exchange on such eighth Clearing System Business Day or if such page or the relevant rate is not available, the exchange rate as determined by the Bank in good faith and in a commercially reasonable manner by reference to such sources as the Bank may select in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner). Such amount may be substantially less than the amount that you originally invested or you may lose your entire investment. In paying such cash amount, the Bank will discharge its obligations to deliver the Linked Stock to you.

If the market price of the Linked Stock falls during the period of delay, the market value of the Linked Stock delivered (or the fair market value paid) after the delay will be worth less and may be substantially less as compared with its market value as of the original Maturity Date. You will suffer a loss as a result. The Bank will not pay any extra amount (such as interest) for such delay.

**The terms of the ELDs may be adjusted.** If, during the period from the Trade Date to the Determination Date (both dates inclusive), the Bank determines that a Potential Adjustment Event in respect of the Linked Stock has occurred and that such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Linked Stock (as described in the section “Adjustments to terms” on pages 32 to 33), or if a Merger Event or Tender Offer has occurred (as described in the section “Adjustments to terms” on pages 32 to 33), the Bank may, acting in good faith and in a commercially reasonable manner, make the corresponding adjustments to any terms of the relevant ELD, as the Bank determines appropriate to account for the relevant event so as to preserve the economic equivalence of the ELD. The Bank will notify all investors as soon as practicable in the event of any such adjustments.

**The Bank may early terminate an ELD.** The Bank will early terminate an ELD upon the occurrence, during the period from the Trade Date to the Determination Date (both dates inclusive), of a Merger Event or Tender Offer (as described in the section “Early termination” on pages 34 to 35) if the Bank determines in its sole and absolute discretion, acting in good faith and in a commercially reasonable manner, that the terms of the ELD cannot be adjusted to preserve the economic equivalence of the ELD. The Bank will also early terminate an ELD if an extraordinary event (such as an insolvency or a delisting) has occurred (as described in the section “Early termination” on pages 34 to 35).

In each case, you will receive an amount as determined by the Bank in its sole and absolute discretion, acting in good faith and in a commercially reasonable manner, to be the fair value of the ELD at the time of early termination. Such amount may be substantially less than the amount that you originally invested or you may lose your entire investment.

**You may receive odd lots of the Linked Stock.** If the Bank is to deliver a number of shares or units of the Linked Stock to you on the Maturity Date, you may receive odd lots of the Linked Stock. You may not be able to sell such odd lots of the Linked Stock, and even if you manage to sell such odd lots of the Linked Stock, they may be sold at a lower price per Linked Stock than the Linked Stock in a board lot or multiples of board lots.

**Impact of Market Disruption Events.** If the Bank determines that a Market Disruption Event affecting the Linked Stock has occurred on the Determination Date (i.e. it is a “Disrupted Day”) (as described in the section “Postponement of Determination Date and Maturity Date” on

pages 36 to 39), the Determination Date will be postponed to the first succeeding Scheduled Trading Day which is not a Disrupted Day unless each of the eight Scheduled Trading Days immediately following the scheduled Determination Date is a Disrupted Day. In that case, such eighth Scheduled Trading Day will be deemed to be the Determination Date and the Bank's good faith and commercially reasonable estimate of the fair price of the Linked Stock on such eighth Scheduled Trading Day shall be the Final Closing Price taking into account the following factors (where relevant) including but not limited to the last reported price of the Linked Stock and prevailing market conditions.

Since the Final Closing Price of the Linked Stock on the postponed Determination Date (or as estimated by the Bank) may be greater or less than what it might have been on the original Determination Date, the payout and thus the potential return on your investment in an ELD may be adversely affected as a result of such postponement.

Any delay in determining the Final Closing Price will cause a consequential delay in settlement (i.e. the Maturity Date). The Bank will not be liable for any interest in respect of any loss or damage that you may suffer as a result of such delay.

**Risk factors specific to an ELD linked to an exchange traded fund.** The investment objective of most exchange traded funds ("ETFs") is to track the performance of the equity(ies) or assets underlying the ETFs or, as the case may be, a specified index. However, increases in the price of the equity(ies) or assets underlying the ETFs or the level of the related index (as the case may be) may not lead to a corresponding increase in the price of the ETF. In addition, increases in the price of the units of an ETF may not lead to a corresponding increase in your return.

The ETF is managed by its manager and the investment objectives and investment restrictions of the ETF may change from time to time. Neither the Bank nor the investors have any control over the decisions made by the manager regarding the ETF and have no rights against the manager for its decisions. Such decisions may have an adverse impact on the potential return of the ELD.

An ETF is exposed to the political, economic, currency and other risks related to the equity(ies) or assets underlying the ETF or, as the case may be, the specified index that the ETF is designed to track. There may also be a disparity between the performance of the ETF and the performance of the equity(ies) or assets underlying the ETF or, as the case may be, the specified index as a result of, for example, failure of the tracking strategy, currency differences, fees and expenses. In addition, where the equity(ies) or assets underlying the ETF or, as the case may be, the specified index are subject to restricted access, the efficiency for the creation or redemption of units in the ETF may be disrupted. The units of the ETF may therefore trade at a premium or a discount to their net asset value. These factors may have a negative impact on the performance of the ETF and the ELDs.

Some ETFs may not invest directly in the equity(ies) or assets underlying the ETF or, as the case may be, the constituents of the specified index. Instead, they may adopt a synthetic replication investment strategy to achieve its objective by investing in derivatives issued by market counterparties that are linked to the performance of the equity(ies) or assets underlying the ETF or, as the case may be, the index and/or its constituents. For these synthetic ETFs, you are exposed to the credit risk of the counterparties which issued the derivatives, in addition to the

risks relating to the equity(ies) or assets underlying the ETF or, as the case may be, the index. Potential contagion and concentration risks of the counterparties which issue the derivatives should also be taken into account (for example, since the counterparties are predominantly international financial institutions, the failure of one derivative counterparty in respect of a synthetic ETF may have a “knock-on” effect on other derivative counterparties in respect of the synthetic ETF). Some synthetic ETFs have collateral to reduce counterparty risk, but there may be a risk that the market value of the collateral will fall substantially when the synthetic ETF seeks to realise the collateral.

In addition, a greater liquidity risk is involved if a synthetic ETF involves derivatives which do not have an active secondary market. Such derivatives may have to be valued or sold at a much lower price than those with an active secondary market given a wider bid-offer spread in the price of the derivatives. This may result in losses in the synthetic ETF.

Please refer to the relevant ETF offering documents for further information about the risks applicable to the ETF.

**Risk factors specific to an ELD linked to a real estate investment trust.** The investment objective of real estate investment trust (“**REITs**”) is to invest in a real estate portfolio. Each REIT is exposed to risks relating to investments in real estate, including but not limited to (a) adverse changes in political or economic conditions, (b) changes in interest rates and the availability of debt or equity financing, which may result in an inability by the REIT to maintain or improve the real estate portfolio and finance future acquisitions, (c) changes in environmental, zoning and other governmental rules, (d) changes in market rents, (e) any required repair and maintenance of the portfolio properties, (f) breach of any property laws or regulations, (g) the relative illiquidity of real estate investments, (h) real estate taxes, (i) any hidden interests in the portfolio properties, (j) any increase in insurance premiums and (k) any uninsurable losses.

There may also be disparity between the market price of the units of a REIT and the net asset value per unit. This is because the market price of the units of a REIT also depends on many factors, including but not limited to (i) the market value and perceived prospects of the real estate portfolio, (ii) changes in economic or market conditions, (iii) changes in market valuations of similar companies, (iv) changes in interest rates, (v) the perceived attractiveness of the units of the REIT against those of other equity securities, (vi) the future size and liquidity of the market for the units and the REIT market generally, (vii) any future changes to the regulatory system, including the tax system and (viii) the ability of the REIT to implement its investment and growth strategies and to retain its key personnel. Such risks may have a negative impact on the performance of the units of the REIT and the potential return of the ELDs.

In addition, increases in the market price of the units of the REIT or its real estate portfolio may not lead to an increase in the market value of the ELDs of the same magnitude or even any increase at all.

Please refer to the relevant REIT offering documents for further information about the risks applicable to the REIT.

**Risk factors specific to an ELD linked to the units of an exchange traded fund investing through QFII, RQFII and/or China Connect (“China ETF”).** Where the ELDs are linked to units of a China ETF issued and traded outside mainland China with direct investment in the securities markets in mainland China through the Qualified Foreign Institutional Investor (“QFII”) regime, the RMB Qualified Foreign Institutional Investor (“RQFII”) regime and/or the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (collectively, “China Connect”), such ELDs entail certain additional risks:

- (a) the novelty and untested nature of China Connect makes China ETFs investing through it riskier than traditional ETFs. The policy and rules for the QFII regime, RQFII regime and China Connect prescribed by the PRC central government are subject to change, and there may be uncertainty to their implementation. Such uncertainty and potential change of the laws and regulations in mainland China may have an adverse impact on the performance of a China ETF, and may also have potential retrospective effect. The operation of a China ETF may also be affected by the interventions of applicable governmental bodies and regulators in the financial markets. These changes may in turn adversely affect the potential return of the ELDs linked to the units of a China ETF in which case you may suffer a loss in your investment. In the worst case scenario, you could lose all of your investment;
- (b) a China ETF primarily invests in securities traded in the securities market in mainland China and is subject to concentration risk. Investment in the securities market in mainland China (which are inherently stock markets with restricted access) requires further consideration of factors such as greater political, tax, economic, foreign exchange, liquidity and regulatory risks, as compared with investment in more developed economies or markets. The operation of a China ETF may also be affected by interventions by the applicable government(s) and regulators in the financial markets. This may adversely affect the performance of the China ETF, and may in turn adversely affect the performance of the ELDs;
- (c) trading of securities invested by a China ETF under China Connect will be subject to a daily quota which is utilised on a first-come-first-serve basis under China Connect. If the daily quota under China Connect is reached, the manager may need to suspend creation of further units of the China ETF, and therefore this may affect the liquidity in respect of the units of such China ETF. In such an event, the trading price of a unit of such China ETF is likely to be valued at a significant premium to its net asset value, and the price may be highly volatile. The People’s Bank of China and the State Administration of Foreign Exchange have published the detailed implementation rules removing the investment quota allocated to such China ETF under the QFII and RQFII regimes with effect from 6 June 2020; and
- (d) the general tax laws and regulations in mainland China are under constant development and often subject to change as a result of shifts in policy of the PRC central government. As such, there is a possibility that the current tax laws, rules, regulations and practice in mainland China and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. It is possible that units of a

China ETF could become subject to additional taxation that is not anticipated as at the trade date of the ELDs. A China ETF may make a provision for such unanticipated additional taxation, however any such provision may be more than or less than the actual tax liabilities of the China ETF. In case of a shortfall in the provision for such unanticipated additional taxes of the China ETF, the relevant amounts are likely to be debited from the assets of the China ETF to meet its actual tax liabilities. As a result, the performance of the units of the China ETF may be adversely affected and the degree of impact on the units of such China ETF may vary, depending on factors such as the level of the provision for taxes of the China ETF and the amount of the shortfall at the relevant time. In addition, any changes in tax policies of the PRC central government may reduce the after-tax profits of the companies in mainland China which a China ETF invests in. Any of these changes may reduce the income from, and/or the value of, the units of such China ETF which may adversely affect the potential return of the ELDs in which case you may suffer a loss in your investment. In the worst case scenario, you could lose all of your investment.

Although the units of a China ETF are listed on the Stock Exchange, there is no guarantee that an active trading market for such units can be developed or, if an active market does develop, liquidity of that market can be sustained. Also, the price and trading volume of the units of China ETFs may be highly volatile subject to the market sentiment, and may be more volatile than would generally be expected from ETFs with a longer trading history.

The above risks may have a significant adverse impact on the performance of the units of a China ETF and the market value and potential return of the ELDs. You should read the offering documents of the relevant China ETF for further information about the risks applicable to the relevant China ETF.

**Risk factors specific to ELDs linked to Linked Stock adopting the dual counter model.**

Where the issuer of the Linked Stock of the ELDs adopts the dual counter model for trading shares of a company or units of a fund on the Stock Exchange in RMB and HKD separately, you need to consider the following additional risks in light of the novelty and relatively untested nature of the Stock Exchange's "dual counter" model:

- (a) the ELDs may be linked to the HKD-quoted shares or units or the RMB-quoted shares of a company or units of a fund. If the Linked Stock is the HKD-quoted shares or units, movements in the trading prices of the RMB-quoted shares or units should not directly affect the potential return of the ELDs. Similarly, if the Linked Stock is the RMB-quoted shares or units, movements in the trading prices of the HKD-quoted shares or units should not directly affect the potential return of the ELDs;
- (b) if there is a suspension of inter-counter transfer of such shares or units between the HKD counter and the RMB counter for any reason, such shares or units will only be able to be traded in the relevant currency counter on the Stock Exchange, which may affect the demand and supply of the Linked Stock and have an adverse effect on the potential return of the ELD in which case you may suffer a loss in your investment; and

- (c) the trading price on the Stock Exchange of the HKD-quoted shares or units and RMB-quoted shares or units may deviate significantly due to different factors, such as market liquidity, RMB conversion risk, supply and demand in each counter and the exchange rate between offshore RMB and HKD. Changes in the trading price of the Linked Stock may adversely affect the potential return of the ELDs in which case you may suffer a loss in your investment.

You should read the offering documents of the relevant Linked Stock which are traded through the dual counter model to understand its key features and risks.

**Investing in our ELDs may involve exchange rate risk.** The ELDs may be issued and settled in a currency other than the Underlying Currency of the Linked Stock. If necessary, the Bank will convert the Settlement Currency into the Underlying Currency or convert the Underlying Currency into the Settlement Currency at the Exchange Rate specified in the relevant Information Sheet for the purposes of calculating the number of shares or units of the Linked Stock deliverable or the cash amount for any fractional shares or units of the Linked Stock upon expiry of the ELDs (if applicable).

You should note that fluctuation in the exchange rate may have an adverse impact on the number of shares or units of the Linked Stock deliverable and the cash amount for any fractional shares or units of the Linked Stock and thus on your potential payout under our ELDs.

In addition, if our ELDs are not denominated in your home currency, you will be exposed to fluctuations in the prevailing exchange rate when you convert any payments received under our ELDs back to your home currency.

**Additional risk factors specific to RMB-denominated ELDs and/or ELDs linked to RMB-quoted Linked Stock.** Where the Settlement Currency of the ELDs and/or the Underlying Currency of the Linked Stock is/are RMB, you should note the following additional risks:

- (i) *Offshore RMB exchange rate risks*

While both onshore Renminbi (i.e. Renminbi traded in mainland China) ("**onshore RMB**") and offshore Renminbi (i.e. Renminbi traded outside mainland China) ("**offshore RMB**") are the same currency, they are traded in different and separate markets operating under different regulations and independent liquidity pool. Onshore RMB and offshore RMB are currently quoted in different markets with different exchange rates, whereby their exchange rate movements may not be in the same direction or magnitude. The offshore RMB exchange rate may deviate significantly from the onshore RMB exchange rate.

In the case where: (i) the Underlying Currency is HKD but the ELDs are denominated in RMB, or (ii) the Underlying Currency is RMB but the ELDs are denominated in a currency other than RMB, changes in the offshore RMB exchange rate may adversely affect the number of shares or units of Linked Stock deliverable to you (and the value of such number of shares or units of Linked Stock in the Underlying Currency) in the case of physical settlement.

Where the Underlying Currency is HKD but the ELDs are denominated in RMB, in case of physical delivery of Linked Stock, if RMB depreciates against HKD over the Investment Period, you will receive a fewer number of shares or units of Linked Stock because a lesser amount of HKD can be converted from the Principal Amount (which is denominated in RMB) to calculate the number of Linked Stock deliverable. The market value of such number of Linked Stock quoted in HKD will be less than it would otherwise have been if the RMB remained stable against such currency over the Investment Period.

Where the Underlying Currency is RMB but the ELDs are denominated in a currency other than RMB, in case of physical delivery of Linked Stock, if RMB appreciates against such other currency over the Investment Period, you will receive a fewer number of shares or units of Linked Stock because a lesser amount of RMB can be converted from the Principal Amount (which is denominated in HKD) to calculate the number of Linked Stock deliverable. The market value of such number of Linked Stock quoted in RMB will be less than it would otherwise have been if the RMB remained stable against such other currency over the Investment Period.

The exchange rate of offshore RMB will be affected by, amongst other things, the PRC central government's foreign exchange control (for example, the PRC central government regulates conversion between RMB and such other currency), which may adversely affect your potential return under the ELDs when you convert RMB into such other currency, or vice versa.

If RMB is not your home currency, you may have to convert your home currency into RMB when investing in RMB-denominated ELDs. You may also have to convert payments made on such ELDs or proceeds from selling the RMB-quoted Linked Stock delivered to you under our ELDs back to your home currency. During these processes, you will incur currency conversion costs and be exposed to risk of fluctuation in the exchange rate of offshore RMB against your home currency.

Please note that like other foreign currencies, the exchange rate of offshore RMB may rise or fall. There is no guarantee that RMB will not depreciate. Our RMB-denominated ELDs shall not be used as an investment for speculating in the appreciation of RMB.

*(ii) Limited pool of RMB outside mainland China*

RMB is subject to foreign exchange control and restrictions by the PRC central government.

There is currently a limited pool of RMB outside mainland China. Should the PRC central government tighten its foreign exchange control over the cross border movements between offshore RMB and onshore RMB, the liquidity in offshore RMB is likely to be adversely affected. Such limitation on liquidity in offshore RMB may increase our unwind cost on any hedging arrangements relating to the RMB-denominated ELDs or ELDs linked to RMB-quoted Linked Stock which in turn may adversely affect the potential return of such ELDs.

*(iii) Payment postponement for RMB Disruption Event*

In the case where the Settlement Currency of the ELDs is RMB, upon the occurrence of an RMB Disruption Event on or, prior to and is continuing on, any date on which any amount payable in RMB under the ELDs is scheduled to be paid, such payment will be postponed

to the third Business Day after the date on which the RMB Disruption Event ceases to exist. However, if the RMB Disruption Event continues to exist for twelve consecutive Business Days from the original scheduled date of payment, the Bank will, by no later than the third Business Day after such twelfth Business Day, make such payment in an equivalent amount in HKD calculated by the Bank acting in good faith and in a commercially reasonable manner by using the exchange rate between offshore RMB and HKD as of such twelfth Business Day. Please refer to the section headed "Adjustments to terms, early termination, postponement of Determination Date and Maturity Date and occurrence of an RMB Disruption Event" on pages 32 to 41 of this Principal Brochure for further details.

The occurrence of an RMB Disruption Event could delay a payment to you under the ELDs. The Bank will not pay any extra amount (such as interest) for any delay in making such payment. You may suffer potential loss in interest which could otherwise be earned through placing the relevant amount in a bank deposit had there not been a delay in making such payment. In addition, if such payment is made in an equivalent amount in HKD, you will be exposed to the risk of fluctuation in the exchange rate of offshore RMB against HKD. If RMB depreciates significantly against HKD following the occurrence of an RMB Disruption Event, you will suffer a loss in HKD terms as the equivalent amount in HKD paid to you will be substantially less than the value of the relevant amount payable in RMB on the original payment date in HKD terms (calculated based on the exchange rate between offshore RMB and HKD prior to the occurrence of the RMB Disruption Event).

(iv) *RMB interest rate risk*

The interest rate for offshore RMB may be different from the interest rate for onshore RMB. The interest rate for offshore RMB and the interest rate for onshore RMB are currently quoted in different markets with different rates, whereby their movements may not be in the same direction or magnitude. The interest rate for offshore RMB may deviate significantly from the interest rate for onshore RMB. Interest rates for onshore RMB are controlled by the PRC central government. Further liberalisation of the interest rate for onshore RMB may occur and may influence the interest rate for offshore RMB. The potential return of the RMB-denominated ELDs may be adversely affected by the fluctuations in the interest rate for offshore RMB.

**Risk relating to the maintenance and operation of your accounts established with the Bank.** You should note that the maintenance and operation of your Settlement Account and Securities Account established with the Bank are subject to the general account opening terms separately agreed between you and the Bank at the time of your opening of such accounts (as may be modified from time to time). It is important that you understand and accept the terms and conditions of operation of such Settlement Account and Securities Account which may also affect or even lead to early termination of the ELD. Please call the Bank for details.

**Risk relating to the Bank's hedging activities.** The Bank and/or its affiliates may enter into hedging transactions in the market with their respective hedging counterparties to enable the Bank to fulfill its obligations under an ELD. Such hedging transaction may have an adverse impact on your investment. These transactions typically involve contracts for the purchase and/or sale of the Linked Stock and the establishment of long and/or short positions in the Linked Stock which may be constantly adjusted. It is possible that these activities could adversely affect the market price of the Linked Stock on the Determination Date and push the

Final Closing Price of the Linked Stock down to a level less than the Strike Price, resulting in the physical delivery of a number of shares or units of the Linked Stock with a market value less than or substantially less than your Principal Amount. Therefore, you may lose all, or a substantial part, of your investment.

**Conflicts of interest.** Potential and actual conflicts of interest may arise from the different roles played by the Bank and its affiliates in connection with the ELDs and the Bank's economic interests in each role may be adverse to your interests in the ELDs, for example, its affiliates may trade the Linked Stock or be involved in transactions related to the Linked Stock for their proprietary accounts and/or for other accounts under their management. The Bank or its affiliates may offer other services to the issuer of the Linked Stock and its affiliates, for which they may be remunerated. All of these activities may result in conflicts of interest with respect to certain financial interests of the Bank and its affiliates and hence may have an adverse impact on the market price of the Linked Stock. This may have an adverse impact on your investment in an ELD.

The Bank shall deal with such conflict of interest (if any) taking into consideration of the conventional market practice within the banking industry and in compliance with any applicable laws or regulations. The Bank also maintains regulatorily required information barriers between the different business areas of the Bank as well as regulatorily required policies and procedures designed to minimise and manage such potential or actual conflicts of interest to comply with applicable laws and regulations and to ensure those transactions or dealings will be transacted at arm's length.

## Key features of the ELDs

This is a summary of the key features of the ELDs. You should read all of the Offering Documents before deciding whether or not to invest in the ELDs.

- An ELD is an unlisted structured investment product whose potential return is based on the performance of a single Linked Stock (which will be shares in a listed company or units of a fund, being a real estate investment trust or an exchange traded fund, listed on the Stock Exchange and quoted in an Underlying Currency of either HKD or RMB). Not all Hong Kong listed shares or units can be used as the Linked Stock - you should check with the Bank what Linked Stocks are available.
- An ELD contains an embedded derivative - if you invest in an ELD, you are selling to the Bank a put option on the Linked Stock at the Strike Price under which you will be obliged to buy the Linked Stock at the Strike Price, if certain conditions are met on the Determination Date, in return for an option premium that has been incorporated in the calculation of the Coupon Amount.
- Depending on the Final Closing Price of the Linked Stock (provided that the relevant ELD is not early terminated as provided for in Conditions 8 and 9 of the terms and conditions of the ELDs) you will receive on the Maturity Date either a cash amount in the Settlement Currency (subject to the occurrence of an RMB Disruption Event if the Settlement Currency is RMB) or a number of shares or units of the Linked Stock calculated at the Strike Price together with the cash amount for any fractional shares or units of the Linked Stock, if any.
- Settlement Currency: You may choose HKD, USD, EUR, AUD, CAD, NZD, GBP, CHF or JPY or other non-restricted and freely convertible currencies or RMB as specified in the Information Sheet as the Settlement Currency.
- Minimum Principal Amount: HKD100,000, or its equivalent in the Settlement Currency, calculated at the prevailing exchange rate at the time when you place your order.

## How does an ELD work?

You can place an order on any Business Day, and you can specify certain terms that you would like. Your order will only be valid on the day that you place the order, and the Bank will notify you on that day whether your order has been accepted and executed.

You should bear in mind that you will not be able to withdraw your order once you have placed it, even if the market price of the Linked Stock moves in a direction that is adverse to your interests before the Trade Date. In addition, you should also note that the maximum Principal Amount will be frozen in your Settlement Account from the moment you place your order.

The tables below set out in further detail how you can place an order and how the Bank accepts and executes the order for each type of ELD:

### Placing your ELD order

#### Offer period

- You can place an order for an ELD on any Business Day.

#### Cut-off Time

- You can place an order on any Business Day before 4:00pm. Such order will be valid until 4:00pm of the same day only, and the Bank will notify you on that day whether your order has been accepted and executed.
- You will not be able to withdraw your order once you have placed it.

#### ELD Terms

- When you place your order, you must specify at your own choice the method in setting the Spot Price and the maximum Principal Amount at which you would like the Bank to execute your order. At the time you place your order, you will not know what the Spot Price (at which the ELD will eventually be executed) or the Principal Amount (in the case where the Settlement Currency is the same as the Underlying Currency) for your ELD will be.
- You must also specify what you would like your Strike Price to be, as a percentage of the Spot Price. At the time you place your order, you will also not know the Strike Price that will eventually be recorded for your ELD.
- The actual Spot Price, Principal Amount and Strike Price will only be determined at the time your order is executed by the Bank on the Trade Date.
- You must also specify what your desired Deposit Value Date and your desired Determination Date or Maturity Date will be (you may choose one or the other, bearing in mind that the Maturity Date shall be 2 Business Days after the Determination Date). In any event however, the Investment Period must be 6 months or less.

You will have to contact the Bank's staff to place your order.

The minimum Principal Amount is HKD100,000, or its equivalent in the Settlement Currency, calculated at the prevailing exchange rate at the time when you place your order. However, in the case where the Settlement Currency is the same as the Underlying Currency, the minimum Principal Amount may be greater for a particular ELD as the sum of the Principal Amount and the Coupon Amount, when converted to an amount of the Linked Stock at the Strike Price, must be equal to the value of an integral multiple of the board lot size of the Linked Stock.

Once you place your order, you are committed to the order and a cash amount equal to the maximum Principal Amount will be frozen in your Settlement Account. You will be unable to withdraw your order, and will not be able to withdraw from your Settlement Account any funds deposited for the purpose of the ELD for which you have placed an order, even if the market price of the Linked Stock falls before your order is executed on the Trade Date.

If your Settlement Account is an interest bearing account, you will also receive any interest for the period during which your funds are held in such Settlement Account.

### Execution of your order on the Trade Date

- The Business Day on which you place your order is also the "**Trade Date**" if your order is accepted and executed by the Bank.
- If the Spot Price is set as the prevailing market price at the time the order is executed on the Trade Date provided that such price is less than or equal to the highest spot price you have specified in the Information Sheet, your order will be executed only if the prevailing market price is less than or equal to the highest spot price that you have specified in the Information Sheet.
- If the Spot Price is set at the prevailing market price of the Linked Stock at the time the order is executed on the Trade Date, the Bank will execute your order as soon as practicable after you placed the order.
- The Bank will not accept or execute your order if, on the Business Day on which you place your order, a Market Disruption Event has occurred before your order has been accepted or executed.
- The Bank has the discretion not to accept or execute your order for any reason, including but not limited to a situation where:
  - (a) the aggregate Principal Amount of all orders in respect of the same Linked Stock and containing the same terms (including the Settlement Currency, Tenor, Strike Price and the Deposit Value Date) received is less than HKD300,000, or its equivalent in the Settlement Currency calculated at the prevailing exchange rate at the time when you place your order; or
  - (b) if there is a change in the price volatility in respect of the Linked Stock or market conditions, on the date you place your order.

- If the Bank does not accept or execute your order, your order will expire and there will be no Trade Date in respect of the relevant ELD.
- If the Bank does not accept or execute your order, the Bank will notify you by telephone on the date you place your order. Within the Business Day following such notification, you may withdraw from your Settlement Account any funds deposited for the purpose of the ELD for which you placed the order.
- If the Bank accepts and executes your order on the Trade Date, the Bank will notify you by telephone on the Trade Date. A Confirmation will be issued to you within 2 Business Days after the Trade Date. The Confirmation will set out the final terms of the ELD.
- After your order is accepted and executed on the Trade Date, a cash amount equal to the actual Principal Amount will not be debited from your Settlement Account until the Deposit Value Date. The balance of monies between the amount frozen in your Settlement Account (i.e. a cash amount equal to the maximum Principal Amount) and the actual Principal Amount will be released to you on the Trade Date. You will not be able to early terminate the ELD and must remain invested in the ELD until the Maturity Date.
- The Bank may however early terminate your ELD as described in the section “Early termination” on pages 34 to 35.

## The Deposit Value Date

- The Deposit Value Date will be within the range of 1 to 10 Business Days after the Trade Date.
- The Principal Amount will be debited from your Settlement Account and be invested as the ELD.
- You will be exposed to risks relating to the ELD from the time you place your order for an ELD. For ELDs with the same Tenor, the longer the time gap between the Trade Date and the Deposit Value Date, the longer the period of time you will be exposed to the risks associated with the ELD.
- In addition, you should note that, given the same Tenor, the annualised yield of your potential return under an ELD calculated from the Trade Date will be less than the annualised yield calculated from the Deposit Value Date.

## The Determination Date and the Maturity Date

On the Determination Date	On the Maturity Date
<p>If Final Closing Price of the Linked Stock is <b>equal to or greater than</b> the Strike Price</p>	<p>(2 Business Days after the Determination Date, subject to postponement as described in "Postponement of Maturity Date" on pages 37 to 39)</p> <p>➔ <u>Cash settlement</u></p> <p>You will receive a cash amount equal to:</p> <p style="text-align: center;">Principal Amount + Coupon Amount</p> <p>You will make a maximum potential gain that is equal to the Coupon Amount, which will be calculated as:</p> <p style="text-align: center;">Principal Amount x Annualised Coupon Rate x Tenor/ Day Count Basis</p> <p>where the "Day Count Basis" is:</p> <ul style="list-style-type: none"> <li>(i) 365 if the Settlement Currency is HKD or GBP;</li> <li>(ii) 360 if the Settlement Currency is RMB, USD, EUR, AUD, CAD, NZD, CHF, JPY; or</li> <li>(iii) such number as specified in the Information Sheet if the Settlement Currency is any other currency.</li> </ul> <p>There are no cash settlement expenses.</p>
<p>If Final Closing Price of the Linked Stock is <b>less than</b> the Strike Price</p>	<p>➔ <u>Physical settlement</u></p> <p>You will <b>NOT</b> receive any cash amount in respect of the Principal Amount or the Coupon Amount. Instead, you will receive a number of shares or units of the Linked Stock calculated in accordance with the following formula:</p> <p style="text-align: center;">The sum of Principal Amount and Coupon Amount (converted into the Underlying Currency at the Exchange Rate specified in the Information Sheet if the Settlement Currency is not the same as the Underlying Currency)</p> <hr style="width: 50%; margin: auto;"/> <p style="text-align: center;">Strike Price</p>

The Bank will deliver an integral number of the Linked Stock to you on the Maturity Date (which may include odd lots). If the number of shares or units of the Linked Stock calculated in accordance with the above formula consists of any fractional shares or units of the Linked Stock, such fractional shares or units of the Linked Stock will be settled in cash in the Settlement Currency and calculated in accordance with the formula below:

Fraction of Linked Stock  
(this will not be rounded)

x

Final Closing Price of the Linked Stock (converted into the Settlement Currency at the Exchange Rate specified in the Information Sheet where the Settlement Currency is not the same as the Underlying Currency)

Such cash amount will be rounded to the nearest 2 decimal places, with 0.005 being rounded upwards.

If you receive odd lots of the Linked Stock, you may not be able to sell such odd lots of the Linked Stock, and even if you manage to sell such odd lots of the Linked Stock, they may be sold at a lower price per Linked Stock than the Linked Stock in a board lot or multiples of board lots.

You will need to pay the Physical Settlement Expenses as mentioned in "What charges do you need to pay?" on page 44.

**You will suffer a substantial loss if the Final Closing Price of the Linked Stock is substantially less than the Strike Price. You will suffer a further loss if the price of the Linked Stock to be delivered to you on the Maturity Date falls further between the Determination Date and the Maturity Date. You may also be exposed to further losses should you decide to hold the Linked Stock after it is delivered to you on the Maturity Date.**

**In an extreme case, the Linked Stock that you may receive may be worthless and you may lose your entire investment.**

## Period between the Determination Date and the Maturity Date

- Where a number of shares or units of the Linked Stock is determined on the Determination Date to be deliverable to you on the Maturity Date, you will be entitled to the rights in such number of shares or units of the Linked Stock starting from the Determination Date.
- However, during the Intervening Period, the Bank is not under any obligation (i) to deliver to you any letter, certificate, notice, circular, dividend, distribution or any other document or payment whatsoever received by the Bank or its affiliate(s) in the Bank's capacity as the registered holder of such Linked Stock; or (ii) to exercise any or all rights (including voting rights) attaching to such Linked Stock that may be available to the Bank or its affiliates in their capacity as holder of such Linked Stock. The Bank is not liable to you in respect of any loss or damage which you may suffer as a result of the Bank or its affiliates being the holder of such Linked Stock during the Intervening Period.
- The Bank will notify you in writing as soon as practicable of the receipt of any dividend, distribution, bonus issue, shares or units issued pursuant to a share split or consolidation, by the Bank during the Intervening Period, in respect of the Linked Stock beneficially owned by you, and make available such dividend or distribution payment of the Linked Stock to you in good faith and in a commercially reasonable manner upon production of such evidence of entitlement and identification as the Bank may reasonably require.
- The Bank will also notify you as soon as practicable of the receipt of any right, entitlement or offer which you are entitled to exercise or accept under the terms of the ELD as the beneficial owner of the Linked Stock by the Bank during the Intervening Period, and make available any document relating to such right, entitlement or offer for collection by you upon production of such evidence of entitlement and identification as the Bank may reasonably require. The Bank shall on your behalf, exercise or accept any right, entitlement or offer which you are entitled to exercise or accept as beneficial owner of the relevant Linked Stock during the Intervening Period, following receipt by the Bank of written notification from you as the Bank may reasonably require and, where appropriate, any relevant payment or consideration necessary in connection with exercising or accepting such right, entitlement or offer.
- In addition, the Bank will, as soon as practicable, make available all documentation received by the Bank relating to an entitlement which takes the form of securities by way of rights (in respect of the Linked Stock, to which you are entitled as the beneficial owner of the Linked Stock under the terms of the ELD) for collection by you following the receipt of such entitlement, upon production of such evidence of entitlement and identification as the Bank may reasonably require.
- A maturity advice setting out the settlement (cash settlement or physical settlement) on the Maturity Date will be sent to you within 2 Business Days after the Determination Date.

# Adjustments to terms, early termination, postponement of Determination Date and Maturity Date and occurrence of an RMB Disruption Event

## A. Adjustments to terms

The Bank may have to adjust the terms of an ELD upon the occurrence of certain events. The Bank will notify you as soon as practicable after its determination of the occurrence of such event, the corresponding adjustment made and the effective date of such adjustment.

Events	What adjustments will be made?
<p><b>(a) Potential Adjustment Events</b></p> <p>If the Bank determines that any of the following Potential Adjustment Events occurs during the period from the Trade Date to the Determination Date (both dates inclusive):</p> <ul style="list-style-type: none"> <li>• a subdivision, consolidation or reclassification of the Linked Stock;</li> <li>• a free distribution or dividend of the Linked Stock to existing holders by way of bonus, capitalization or similar issue (such as a rights issue);</li> <li>• a distribution, issue or dividend to existing holders of the Linked Stock of additional shares or units of the Linked Stock, or other share capital or securities granting the right to payment of dividends;</li> <li>• an extraordinary dividend or distribution as determined by the Bank;</li> <li>• a call by the issuer of the Linked Stock in respect of the Linked Stock that are not fully paid;</li> <li>• a repurchase of the Linked Stock;</li> </ul>	
	<p>➔ The Bank will, in good faith and in a commercially reasonable manner, determine whether such event has a diluting or concentrative effect on the theoretical value of the Linked Stock.</p> <p>If so, the Bank will, in good faith and in a commercially reasonable manner, make the corresponding adjustments to any terms of the ELD (including, for example, the Strike Price (which in turn will affect the number of shares or units of the Linked Stock to be delivered)) and determine the effective date of such adjustments in its sole and absolute discretion, as the Bank determines appropriate to account for the diluting or concentrative effect of such event so as to preserve the economic equivalence of the ELD.</p>

- an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the issuer of the Linked Stock; or
- any other event that may have a diluting or concentrative effect on the theoretical value of the Linked Stock.

**(b) Merger Event or Tender Offer**

If any of the following events occur during the period from the Trade Date to the Determination Date (both dates inclusive):

- if the Linked Stock is a share, the merging of the company with another company or the acquisition of the company by another entity or if the Linked Stock is a unit, the merging of the fund with another fund or the acquisition of the fund by another entity; or
- a tender offer by another entity to purchase the company or the fund issuing the shares or units of the Linked Stock.

➔ The Bank will, in good faith and in a commercially reasonable manner, determine the appropriate adjustments (if any) to be made to any terms of the ELD (including, for example, the Strike Price (which in turn will affect the number of shares or units of the Linked Stock to be delivered)) and the effective date of such adjustments in its sole and absolute discretion, to account for the Merger Event or Tender Offer so as to preserve the economic equivalence of the ELD. If the Bank determines in its sole and absolute discretion in good faith and in a commercially reasonable manner that none of the adjustments is able to preserve the economic equivalence of the ELD, the ELD will be early terminated by the Bank. Please refer to the section “Early termination” on page 34 of this Principal Brochure.

In making any of the abovementioned adjustment(s), if options contracts or futures contracts on the Linked Stock are traded on the Stock Exchange or any other exchange, the Bank will follow any adjustment to the terms of the relevant options contract or futures contract made and announced by the Stock Exchange or any other exchange, unless following such adjustment is not able to preserve the economic equivalence of the ELD. In such case, the Bank will determine the aforesaid adjustment(s) in its sole and absolute discretion acting in good faith and in a commercially reasonable manner so as to preserve the economic equivalence of the ELDs. If no such options contracts are traded, the Bank will determine the appropriate adjustments by following the relevant calculation methods set out in the Operational Trading Procedures for Options Trading Exchange Participants of the Stock Exchange published by the Stock Exchange in respect of such event. In determining the effective date(s) of such adjustment(s), the Bank shall observe and use, to the extent reasonably practicable, any such ex-date(s) or other relevant date(s) as provided by the Stock Exchange or any other exchange as the effective date(s) of such adjustment(s).

## B. Early termination

The Bank may also have to terminate an ELD during the period from the Trade Date to the Determination Date (both dates inclusive) upon the occurrence of certain events. The Bank will notify you as soon as practicable after its determination of the occurrence of such event, whether an early termination will be made, the amount payable by the Bank at early termination and the effective date of such early termination.

Events	What actions will be taken?
(a) If, upon the occurrence during the period from the Trade Date to the Determination Date (both dates inclusive) of a merger event or tender offer described in the section "Merger Event or Tender Offer" on page 33 above, the Bank determines in its sole and absolute discretion in good faith and in a commercially reasonable manner that none of the adjustments is able to preserve the economic equivalence of the ELD.	➔ The ELD will be early terminated by the Bank.
(b) If any of the following extraordinary events occurs during the period from the Trade Date to the Determination Date (both dates inclusive): <ul style="list-style-type: none"><li>• the delisting of the Linked Stock;</li><li>• the nationalization of the Linked Stock;</li><li>• the insolvency or the insolvency filing in respect of the Linked Stock;</li><li>• a Hedging Disruption Event (as described in Condition 14 of the Terms and Conditions of the ELDs as set out in Appendix B to this Principal Brochure);</li></ul>	➔ The ELD will be early terminated by the Bank.

- due to the adoption of or any change in any applicable law or regulation, or due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority of any applicable law or regulation, the Bank determines in good faith and in a commercially reasonable manner that (i) it has become illegal for the Bank to hold, acquire or dispose of the Linked Stock or hedging positions relating to the ELD, or (ii) the Bank will incur a materially increased cost in performing its obligations under the ELD; or
- where the Linked Stock is the units of a fund, being a real estate investment trust or an exchange traded fund, certain events including (i) the insolvency of the trustee or administrator, (ii) the cancellation or revocation of the registration of the units by any governmental, legal or regulatory entity, or (iii) the trustee or administrator ceasing to be authorised by the fund to hold the property of the fund.

In each case, upon termination of the ELD, you will receive an amount as determined by the Bank in its sole and absolute discretion, acting in good faith and in a commercially reasonable manner, to be the fair value of the ELD at the time of early termination (which may depend on factors such as the market interest rate movements, the market's view of the Bank's credit quality, value of the embedded put option, the price performance and volatility of the Linked Stock, the remaining Investment Period or taking into account the cost to the Bank in unwinding any related underlying hedging arrangements entered into in respect of the ELDs as determined by the Bank acting in good faith and in a commercially reasonable manner). Such amount may be substantially less than the amount that you originally invested and you may lose your entire investment.

## C. Postponement of Determination Date and Maturity Date

The Determination Date and the Maturity Date may be postponed upon the occurrence of certain events.

Events	What adjustments will be made?
<p><b>(a) Postponement of Determination Date</b></p>	
<p>(i) If the Determination Date is not a Scheduled Trading Day.</p>	<p>➔ The Determination Date shall be postponed to the following Scheduled Trading Day.</p>
<p>(ii) If the Determination Date is a Scheduled Trading Day on which any of the following occurs ("<b>Disrupted Day</b>"):</p>	<p>➔ The Determination Date will be postponed to the first succeeding Scheduled Trading Day which is not a Disrupted Day unless each of the eight Scheduled Trading Days immediately following the Determination Date is a Disrupted Day.</p>
<ul style="list-style-type: none"> <li>• the Stock Exchange fails to open for trading during its regular trading session;</li> </ul>	<p>In that case, such eighth Scheduled Trading Day will be the Determination Date and the Bank's good faith and commercially reasonable estimate of the fair price of the Linked Stock on such eighth Scheduled Trading Day shall be deemed to be the Final Closing Price.</p>
<ul style="list-style-type: none"> <li>• any suspension of or limitation imposed on trading by the Stock Exchange in the Linked Stock that is determined by the Bank, acting in good faith and in a commercially reasonable manner, to be material for the purpose of obtaining the Final Closing Price;</li> </ul>	<p>Such estimate of the fair price of the Linked Stock on such eighth Scheduled Trading Day may (where relevant) be based on factors including but not limited to the last reported price of the Linked Stock and prevailing market conditions.</p>
<ul style="list-style-type: none"> <li>• any event outside the Bank's control that disrupts or impairs the ability of the Bank in general to effect transactions in, or obtain the market price of the Linked Stock or in the futures and options contracts relating to the Linked Stock that is determined by the Bank in good faith and in a commercially reasonable manner to be material; or</li> </ul>	<p>The Bank will notify you as soon as practicable on the scheduled Determination Date after its determination of the occurrence of such Disrupted Day and any postponement to the Determination Date.</p>

- if the Stock Exchange closes before its scheduled closing time (unless such earlier closing time is announced by the Stock Exchange at least one hour prior to the earlier of:

(a) the actual closing time for the regular trading session on the Stock Exchange on such Exchange Business Day (as defined in the Terms and Conditions of the ELDs); and

(b) the submission deadline for orders to be entered into the Stock Exchange system for execution at the actual closing time for its regular trading session on such Exchange Business Day (as defined in the Terms and Conditions of the ELDs)).

In addition, the Bank will notify you the Final Closing Price as soon as practicable after such Final Closing Price is available (but no later than 1 Business Day after the day on which such Final Closing Price is available).

No interest shall be paid for the period of postponement.

#### **(b) Postponement of Maturity Date**

- (i) If the Determination Date is postponed as described above. ➡ The Maturity Date will be postponed to the second Business Day after the postponed Determination Date.
- (ii) In the case where the Bank is required to deliver the Linked Stock on the Maturity Date and such Maturity Date is not Clearing System Business Day. ➡ The Maturity Date will be postponed to the next Clearing System Business Day.

(iii) If on the Maturity Date a Settlement Disruption Event has occurred in respect of the Linked Stock (i.e. an event which the Bank (in its sole and absolute discretion) determines to be beyond its control as a result of which the Clearing System cannot clear the transfer of such Linked Stock).

➔ The Maturity Date will be postponed until the next date on which delivery of a number of shares or units of the Linked Stock can take place through the relevant Clearing System, up to the eighth Clearing System Business Day immediately following the original Maturity Date.

If such event persists on such eighth Clearing System Business Day, the Bank will, in lieu of delivering the Linked Stock, pay a cash amount in the Settlement Currency (subject to the occurrence of an RMB Disruption Event if the Settlement Currency is RMB) equal to the fair market value of the Linked Stock on such eighth Clearing System Business Day (as determined by the Bank in good faith and in a commercially reasonable manner), less any relevant reasonable operational and administrative costs. Such cash amount will be credited to your Settlement Account on the second Business Day after that eighth Clearing System Business Day. When determining the fair market value of the Linked Stock, the Bank may take into account factors that may include, without limitation, interest rates, the last reported closing price of the Linked Stock, the prevailing market conditions and (where the Settlement Currency is not the same as the Underlying Currency) the bid rate for the Underlying Currency per one Settlement Currency as per Bloomberg Page: BFIX as of the closing time of the Stock Exchange on such eighth Clearing System Business Day or if such page or the relevant rate is not available, the exchange rate as determined by the Bank in good faith and in a commercially reasonable manner by reference to such sources as the Bank may select in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner). In paying such cash amount, the Bank will discharge its obligations to deliver the Linked Stock to you.

The Bank will notify you as soon as practicable on the scheduled Maturity Date after the determination of the occurrence of a Settlement Disruption Event and any postponement to the Maturity Date.

In addition, the Bank will notify you of the delivery of the number of shares or units of the Linked Stock as soon as practicable upon the delivery of such number of shares or units of the Linked Stock or, if applicable, notify you of the crediting of the cash amount as soon as practicable after the eighth Clearing System Business Day after the original Maturity Date (but no later than 1 Business Day after the day on which such Linked Stock is delivered or, if applicable, such cash amount is credited).

In each case, no further interest or compensation will be payable by the Bank to you upon any postponement of the Maturity Date or any delay in the delivery of the number of shares or units of the Linked Stock.

## D. Occurrence of an RMB Disruption Event

In the case where the Settlement Currency is RMB, if an RMB Disruption Event occurs on or prior to and is continuing on, any date on which any amount payable in RMB under the ELDs is scheduled to be paid, such payment will be postponed or the Bank may make payment of a HKD Equivalent Amount.

Events	What actions will be taken?
<p>If an RMB Disruption Event occurs on or prior to and is continuing on, any date on which any amount payable in RMB under the ELDs is scheduled to be paid.</p> <p>An "RMB Disruption Event" means the occurrence of any event that, as determined by the Bank in its sole and absolute discretion acting in good faith and a commercially reasonable manner, makes it impossible for the Bank:</p> <ul style="list-style-type: none"> <li>(i) to obtain a firm quote of a price in respect of any amount due and payable in RMB under the ELDs on the relevant scheduled date of payment in the RMB exchange market in Hong Kong in order to perform its obligations under the ELDs;</li> <li>(ii) to convert into RMB for any amount due and payable in RMB under the ELDs in the RMB exchange market in Hong Kong; or</li> <li>(iii) to transfer RMB between accounts inside Hong Kong,</li> </ul> <p>in the case of (ii) and (iii) above, other than where such impossibility is solely due to the failure of the Bank to comply with any law, rule or regulation enacted by any government authority (unless such law, rule or regulation is enacted after the Trade Date and it is impossible for the Bank, due to an event beyond its control, to comply with such law, rule or regulation).</p>	<p>➔ Such payment in RMB will be postponed to the third Business Day after the date on which the RMB Disruption Event ceases to exist. However, if the RMB Disruption Event continues to exist for twelve consecutive Business Days from the original scheduled date of payment, the Bank shall, by no later than the third Business Day after such twelfth Business Day, make payment of a HKD Equivalent Amount, being an amount calculated by the Bank acting in good faith and in a commercially reasonable manner by converting the original amount payable in RMB into HKD based on (i) the exchange rate of HKD per one USD, as published as the "USD/HKD Spot Rate" on the Treasury Markets Association's website (<a href="http://www.tma.org.hk/en_market_info.aspx">http://www.tma.org.hk/en_market_info.aspx</a>) as at 11:30am on such twelfth Business Day divided by (ii) the exchange rate of offshore RMB per one USD, as published as the "USD/CNY(HK) Spot Rate" on the Treasury Markets Association's website (<a href="http://www.tma.org.hk/en_market_info.aspx">http://www.tma.org.hk/en_market_info.aspx</a>) as at 11:30am on such twelfth Business Day, provided that if any such rate is not available, the Bank shall determine such exchange rate in its sole and absolute discretion acting in good faith and a commercially reasonable manner. The Bank will not pay any extra amount (such as interest) for such postponed payment.</p>

For the avoidance of doubt, the following events shall not constitute an RMB Disruption Event:

- (A) in the case of (i) above, the inability for the Bank to obtain such firm quote solely due to issues relating to its creditworthiness; and
- (B) in the case of (ii) above, the inability for the Bank to convert into RMB for any amount due and payable in RMB under the ELDs solely due to issues relating to its creditworthiness.

The Bank will notify you on the original payment date of such postponement of payment and, if applicable, the calculation of the HKD Equivalent Amount as soon as practicable but no later than the third Business Day after such HKD Equivalent Amount is calculated.

## Other information about the ELDs

### What is included in the ELD documentation?

#### ***Offering Documents***

The following documents constitute the Offering Documents of each ELD. You should read all of these Offering Documents before deciding whether to invest in the ELDs:

- a. *Principal Brochure*: This Principal Brochure contains an overview of the ELDs, including:
  - the Key Facts Statement for the ELDs;
  - the key product features and risk factors relating to the ELDs;
  - the terms and conditions for the ELDs;
  - the general procedure for investing in the ELDs; and
  - a description of the business of the Bank.
- b. *Financial Disclosure Document*: The Financial Disclosure Document and the addendum thereto (if any) contains the most recently published annual report (which includes the audited consolidated financial statements of the Bank as set out therein) and interim report (which includes the unaudited consolidated interim results of the Bank as set out therein) (if any) of the Bank. The Information Sheet will specify the date of the Financial Disclosure Document and the addendum thereto (if any).
- c. *Information Sheet*: The Information Sheet sets out the specific terms that are applicable to an ELD that you wish to apply for. The Bank has set out in Appendix C hereto a form of Information Sheet for the ELDs.

The offer of the ELDs is made only on the basis of the above documents and, in the case of this Principal Brochure, any addendum thereto as specified in the relevant Information Sheet. The Bank (as the intermediary) has the obligation to distribute to you all of the above documents in English or Chinese as you may prefer.

#### ***Legal documents***

The following documents set out the legally binding terms and conditions of the ELDs:

- a. *Terms and conditions of the ELDs*: These are the legally binding terms and conditions that are applicable to all the ELDs and are set out in Appendix B to this Principal Brochure.
- b. *Confirmation*: The terms and conditions in Appendix B hereto shall be amended and/or supplemented by the specific legally binding terms and conditions that are applicable to an ELD, as set out in the relevant Confirmation, including the actual Deposit Value Date, Principal Amount and Strike Price. The Bank had set out in Appendix D hereto the form of Confirmation.

The Confirmation will be sent to you within 2 Business Days from the Trade Date.

## **What are the Bank's key responsibilities in the offer of the ELDs?**

The Bank acts as the offeror and the product arranger in the offer of the ELDs. The Bank (as the offeror) will enter into the ELDs with you as a principal. The Bank (as the product arranger) will perform the administrative functions in the offer of the ELDs.

## **Who are ELDs designed for?**

ELDs are designed for investors who:

- have a neutral to mildly positive outlook on the price of the Linked Stock;
- have experience in investing in structured investment products and are looking for more tailored ways of investing in accordance with their market views;
- are prepared to receive the Linked Stock in case the Final Closing Price of the Linked Stock is less than the Strike Price;
- accept the risk that they may lose their entire investment amount;
- accept that the maximum return is limited to the Coupon Amount; and
- are prepared to hold the ELD until the Maturity Date.

ELDs are NOT designed for investors who:

- have a negative outlook on the market or the Linked Stock;
- are not familiar with or do not have knowledge or experience in investing in derivatives investment;
- do not want to take our credit risk;
- do not want to risk any part of their capital; or
- may need to terminate the ELD before the Maturity Date for liquidity needs.

## **Comparison with conventional time deposit**

Unlike conventional time deposits, the ELD is not covered by the Deposit Protection Scheme in Hong Kong. Although the interest rate payable under a conventional time deposit may be less than, or substantially less than the potential return under the ELD, an investment in a conventional time deposit is covered by the Deposit Protection Scheme in Hong Kong. To such extent, conventional time deposit investors will not be exposed to the risk of loss arising from the Bank's insolvency, liquidation or default whilst ELD investors will.

## What charges do you need to pay?

- **No subscription fees or other upfront charges** - Fees and charges incurred by the Bank for operational and administrative purposes in relation to an ELD, if any, as well as the Bank's margins will be incorporated into the calculation of the Annualised Coupon Rate.
- **No cash settlement expenses** - In the case of cash settlement, you will not be required to pay any expenses.
- **Physical settlement expenses** - In the case of physical settlement, the Linked Stock will be delivered to you on the Maturity Date and you will need to pay charges before the settlement is made ("**Physical Settlement Expenses**"), including:
  - buyer's stamp duty (if applicable, subject to the prevailing laws and regulations, calculated by reference to the Strike Price of the Linked Stock and if the Underlying Currency is RMB, converted into HKD at the exchange rate as determined by the Hong Kong Monetary Authority and currently published on the website of the Hong Kong Stock Exchange at [http://www.hkex.com.hk/eng/market/sec\\_tradinfo/stampfx/stampfx.asp](http://www.hkex.com.hk/eng/market/sec_tradinfo/stampfx/stampfx.asp) by 11:00a.m. or earlier on the Determination Date); and
  - any other charges for the provision of securities services as specified in the Information Sheet.

You should note that the Physical Settlement Expenses will reduce your gain or increase your loss under your investment in the ELD.

You should contact the Bank for further details on the Physical Settlement Expenses.

## Is post-sale cooling-off period available?

No. The post-sale cooling-off period under Chapter 8 of the Code only applies to unlisted structured investment products with a scheduled tenor of more than 1 year. Since the ELDs will always have an Investment Period of 6 months or less, the Bank will not provide the post-sale cooling-off period and you cannot request the cancellation of your order or the unwinding of your ELD.

## Is there any market-making arrangement for the ELDs before expiry?

No. The obligation to provide market-making arrangements under Chapter 7 of the Code only applies to structured investment products with a scheduled tenor of more than 6 months. Since the ELDs will always have an Investment Period of 6 months or less, the Bank will not provide any market-making arrangement and you cannot early terminate your ELD.

## Where can you find more information about the Bank and the ELDs?

You can ask for (i) printed and CD-Rom copies of this Principal Brochure (and any addendum hereto) and the Financial Disclosure Document (and any addendum thereto) and (ii) a printed copy of the relevant Information Sheet at the Bank's branches in Hong Kong where you can apply for the ELD. You can also ask the Bank to send you (i) printed or CD-ROM copies of this Principal Brochure (and any addendum hereto) and the Financial Disclosure Document (and any addendum thereto) by mail and/or electronic copies of this Principal Brochure (and any addendum hereto) and the Financial Disclosure Document (and any addendum thereto) by email and (ii) an electronic copy of the relevant Information Sheet by email or facsimile.

The Bank has not authorised anyone to give you any information about the ELDs other than the information in this Principal Brochure (and any addendum hereto as specified in the relevant Information Sheet), the Financial Disclosure Document (and any addendum thereto) or the relevant Information Sheet. This Principal Brochure (and any addendum hereto), the Financial Disclosure Document (and any addendum thereto) and the relevant Information Sheet are also available in Chinese language if you prefer.

You can find out more information on the Bank from the Bank's website [www.dbs.com/hk](http://www.dbs.com/hk). Please note that information contained in the websites referred to in the Offering Documents (other than electronic copies of the Offering Documents on the Bank's website) does not form part of the Offering Documents.

### Continuing disclosure obligations

As long as any of the Bank's obligations (as the offeror) under the ELDs remain outstanding, the Bank (as the offeror and product arranger) will keep the SFC and all investors in the ELDs informed as soon as reasonably practicable if (a) the Bank (as the offeror) ceases to meet any eligibility requirements applicable to issuers under the Code, (b) the Bank (as the product arranger) ceases to meet any eligibility requirements applicable to product arrangers under the Code (c) to the extent permitted by any applicable law, there are any changes in the Bank's financial condition or other circumstances which could reasonably be expected to have a material adverse effect on the Bank's ability (as the offeror) to fulfill its commitments in connection with the ELDs. The Bank as offeror is the "Issuer" for the purpose of the Code, and the Bank as product arranger is the "Product Arranger" for the purpose of the Code.

For details, please visit any of the branches of the Bank or call the Bank's Customer Service Hotline on 2290 8888 (press 3 after language selection).

### Governing law

The terms and conditions of the ELDs are governed by the laws of Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**"). The Bank submits to the non-exclusive jurisdiction of the courts of Hong Kong.

## **How does the Bank make use of the proceeds of the ELDs?**

The proceeds of the ELDs will be used for the Bank's general business purposes or for hedging purposes.

## **Who is responsible for the Offering Documents of the ELD?**

The Bank (as the offeror and product arranger) accepts full responsibility for the contents of, and the completeness and accuracy of the information contained in the Offering Documents of the ELDs and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief, there is no untrue or misleading statement, or other facts the omission of which would make any statement herein untrue or misleading.

This Principal Brochure is accurate at the date of this Principal Brochure. You must not assume that information in this Principal Brochure is accurate at any time after the date of this Principal Brochure. Any updated information of this Principal Brochure will be specified in the addendum and/or the Information Sheet.

## **Where can you read copies of the documentation for the ELD?**

While any of the ELDs remains outstanding, you can read the following documents at no charge:

- the articles of association of the Bank (in English language version only);
- this Principal Brochure and any addendum hereto (in English and Chinese language versions);
- the Financial Disclosure Document and any addendum thereto (in English and Chinese language versions);
- a certified true copy of the letter of the Bank's auditors consenting to the inclusion of the auditors' report in the Financial Disclosure Document (in English language version only); and
- any notices given by the Bank under the terms and conditions of the ELD (in English and Chinese language versions),

by visiting the Bank at 11th Floor, The Center, 99 Queen's Road Central, Central, Hong Kong during normal business hours (other than on Saturdays, Sundays or public holidays). The Information Sheet and the Confirmation in respect of the outstanding ELDs that you hold (in English and Chinese versions) can be obtained at no charge at any of the Bank's branches, but you have to notify the Bank in advance.

A reasonable fee will be charged if you want to take photocopies of any of such documents.

## **Does any of the Offering Documents constitute a prospectus?**

None of the Offering Documents constitutes a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong).

## Taxation

The statements below regarding taxation are based on the laws and practice in Hong Kong and the United States on the date of this Principal Brochure. The statements below do not purport to be a comprehensive description of all of the tax considerations that may be relevant to your decision to invest in the ELD and does not purport to deal with the tax consequences applicable to all categories of investors. If you are in doubt about your tax position, you should consult your own tax adviser about the tax consequences of investing in the ELDs.

### Hong Kong

#### *Capital gains tax*

Under Hong Kong law, no capital gains tax is payable in Hong Kong on any capital gains arising from the termination of the ELD.

#### *Profits tax*

No Hong Kong profits tax is payable in respect of dividends of any company or distributions of any fund or in respect of any gains arising from the sale of the Linked Stock, except that Hong Kong profits tax may be chargeable on any such gains where the sales or disposal is or forms part of a trade, profession or business carried on in Hong Kong.

#### *Stamp duty*

The ELDs are not expected to be subject to Hong Kong stamp duty upon their execution. However, if pursuant to the terms and conditions of the ELDs, there is any transfer of any Linked Stock which is "Hong Kong stock" as defined in the Stamp Duty Ordinance (Cap. 117, Laws of Hong Kong), subject to the prevailing laws and regulations, stamp duty will be payable at the rate specified in the Stamp Duty Ordinance (being 0.2% as at the date of this Principal Brochure) by reference to the amount of value of the consideration for the sale and purchase of such Linked Stock, which will be payable as to 0.1% (as at the date of this Principal Brochure) by the seller and as to 0.1% (as at the date of this Principal Brochure) by the buyer (i.e. you as the investor), if applicable.

### United States

#### *FATCA Withholding Tax for Non-U.S. Investors*

Legislation known as the United States Hiring Incentives to Restore Employment Act (the "**HIRE Act**"), which included provisions referred to as the Foreign Account Tax Compliance Act ("**FATCA**"), was passed in the United States on 18 March 2010. Under the HIRE Act and FATCA (and official guidance issued thereunder), the Bank may be required to withhold moneys on account of U.S. federal tax on all, or a portion of:

- (a) any payments made in respect of the ELDs that reference or take into account the value of, or dividends on, stock issued by an entity that is treated as a U.S. corporation (or by any other entity the dividends of which would be U.S. source) for U.S. federal income tax purposes (such payments, "**U.S. Source Payments**"); or

- (b) any “foreign passthru payments” (regardless of whether such payments have any connection to a U.S. Source Payment) made after 31 December 2018 in respect of the ELDs, subject to the exceptions described below.

Subject to the discussion below regarding the withholding on gross proceeds under the Proposed Regulations (as defined below), the HIRE Act and FATCA withholding tax can affect both coupon or periodic payments and “gross proceeds” (including principal payments).

Based on the provisions of the HIRE Act, current regulations under FATCA and other related official guidance issued by the U.S. Internal Revenue Service, payments made with respect to an ELD that are not U.S. Source Payments will not be subject to HIRE Act or FATCA withholding tax if such ELD is issued on or before (and is not materially modified after) the Grandfather Date (as defined below). For these purposes, the “**Grandfather Date**” is the date that is six months after the date on which final regulations defining the term “foreign passthru payment” are filed with the U.S. Federal Register. As of the date of this Principal Brochure, no final regulations defining the term “foreign passthru payment” have been filed with the U.S. Federal Register.

Recently issued proposed regulations (the “**Proposed Regulations**”) would eliminate FATCA withholding tax on “gross proceeds” and delay the withholding on “foreign passthru payments” until the date that is two years after the date of publication in the U.S. Federal Register of final regulations defining the term “foreign passthru payment” (the “**Delayed Withholding Effective Date**”). Taxpayers generally may rely on the Proposed Regulations until the final regulations are issued. There is no assurance, however, that the final regulations, once issued, will not reinstate this withholding obligation (or otherwise modify the Proposed Regulations), possibly with retroactive effect.

We will neither offer nor issue any ELD providing for payments that are U.S. Source payments. Additionally, any ELDs offered or issued by the Bank either will be issued on or before (and will not be materially modified after) the Grandfather Date or will not provide for any payments on or after the Delayed Withholding Effective Date. Therefore, on the basis of the current regulations, the Proposed Regulations, official guidance and the above analysis, payments made with respect to the ELDs will not be subject to the HIRE Act or FATCA withholding tax.

The HIRE Act and FATCA provisions are particularly complex, and their application is uncertain at this time. You should consult your own tax adviser as to the application of the HIRE Act and FATCA to the ELDs, including the possibility of meeting certain documentation requirements to be exempt from FATCA withholding tax.

The above summary only applies to you if you are a non-U.S. investor. You are a non-U.S. investor unless you are: (1) an individual citizen or resident of the United States, (2) a corporation that is formed or organized under the laws of the United States, any state thereof or the District of Columbia, or any entity that is taxable as a corporation so formed or organized, (3) an estate that is subject to the U.S. federal income taxation regardless of its source, or (4) a trust that is subject to the jurisdiction of a U.S. court and for which one or more “United States persons” (as defined in the U.S. Internal Revenue Code) control all of the substantial decisions, or has otherwise made an appropriate election under the U.S. Treasury regulations. If you are an investor treated as a partnership for U.S. federal income tax purposes, FATCA withholding tax may apply to you and your beneficial owners based on your and your beneficial owners’ activities and status and you should consult your own tax adviser regarding any FATCA withholding tax consideration arising from your investment in the ELDs.

## **Information about the Bank**

DBS Bank (Hong Kong) Limited was incorporated on 17 March 1953 under the name of Hang Lung Bank, Limited. After completion of the merger of Dao Heng Bank Limited, DBS Kwong On Bank Limited and Overseas Trust Bank, Limited in Hong Kong, it was renamed as DBS Bank (Hong Kong) Limited in 2003. The Bank is a licensed bank regulated by the Hong Kong Monetary Authority and offers a full range of financial products and services for companies, financial institutions and individuals including wealth management, corporate and consumer lending, trade finance, time deposits, current accounts, savings accounts, money market, and foreign exchange services.

DBS Bank (Hong Kong) Limited is a subsidiary of DBS Group Holdings Ltd, which is listed on the Singapore Exchange Limited (SGX). DBS Group Holdings Ltd and its subsidiaries are a financial services group in Asia, with a presence in 18 markets. The Bank is not the ultimate holding company of the group to which it belongs and with which its name is identified (the ultimate holding company of its group is DBS Group Holdings Ltd).

## Information about the Linked Stock

The Linked Stock is listed on the Stock Exchange and quoted in an Underlying Currency of either HKD or RMB and the issuer of the Linked Stock (the “**Linked Stock Issuer**”) is required by the Stock Exchange to continuously disclose information that has a material impact on market activity in and the price of their securities.

You can also find information about the Linked Stock Issuer, obtain historical stock price information of the Linked Stock Issuer, and obtain the financial statements of the Linked Stock Issuer, on the website operated by the Stock Exchange: [www.hkexnews.hk](http://www.hkexnews.hk).

However, it may be the case that the Linked Stock has been listed on the Stock Exchange with a trading history of less than 60 consecutive Business Days and a minimum market capitalisation in public hands of HKD10 billion as of the Trade Date of the relevant ELD (i.e. it is a “**Newly Listed Security**”). In such case, you should note that prior to the listing of the Newly Listed Security, there would have been no public market for the Newly Listed Security and an active public market for the Newly Listed Security may not develop or be sustained in the future. You will not be able to analyze or compare the trading history of the Newly Listed Security, particularly in relation to either the volatility or liquidity which may have an impact on the return on your investment.

Although the Newly Listed Security is listed on the Stock Exchange, there is no guarantee that a trading market for the Newly Listed Security will develop or, if a market does develop, the liquidity of that market. Also, the price and trading volume of the Newly Listed Security may be highly volatile subject to market sentiment, and may be more volatile than would generally be expected for a share or fund, being a real estate investment trust or exchange traded fund, that has a longer trading history.

## Glossary

- **Actual Coupon Rate** This is the actual coupon rate for the Tenor of an ELD (being the Annualised Coupon Rate x Tenor/Day Count Basis) which will be specified in the Information Sheet.
- **Annualised Coupon Rate** A pre-determined percentage used to calculate the Coupon Amount. Such rate is determined by the Bank based on a number of factors, including but not limited to:
  - the choice of the Linked Stock;
  - the prevailing market conditions;
  - the price volatility of the Linked Stock;
  - the Strike Price;
  - the Tenor;
  - the Investment Period; and
  - the Bank's creditworthiness.

The Annualised Coupon Rate will be set out in the Information Sheet.

**The Annualised Coupon Rate is an annualised rate. It is not the Actual Coupon Rate. The annualised rate is based on the assumption that the ELD can be rolled over under the same terms for a period equal to the Day Count Basis. This annualised rate of return is hypothetical and is not the actual return. You should not rely on the Annualised Coupon Rate as an indication of the expected actual return of the ELD.**

- **Business Day** A day (other than a Saturday or Sunday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in Hong Kong and, if the Settlement Currency is not HKD or RMB, the place in which the principal financial centre of the Settlement Currency is located.
- **Clearing System** The Central Clearing and Settlement System or any successors thereto.
- **Clearing System Business Day** A day on which the relevant Clearing System would have been open for the acceptance and execution of settlement instructions.

- **Confirmation** A confirmation of the execution of your order, which will be issued to you within 2 Business Days from the Trade Date. Principal Amount, Spot Price and Strike Price are confirmed at the time your ELD order is executed. Such terms are confirmed in the Confirmation.
- **Coupon Amount** Principal Amount x Annualised Coupon Rate x Tenor/Day Count Basis (rounded to the nearest 2 decimal places, with 0.005 being rounded upwards).

If the Final Closing Price of the Linked Stock is equal to or greater than the Strike Price, you will receive the Coupon Amount in cash in the Settlement Currency (subject to the occurrence of an RMB Disruption Event if the Settlement Currency is RMB) on the Maturity Date. If the Final Closing Price of the Linked Stock is less than the Strike Price, you will receive the Coupon Amount in number of shares or units of the Linked Stock on the Maturity Date. Please refer to the section headed “How does an ELD work?” on pages 26 to 31 of this Principal Brochure for details.
- **Day Count Basis** The denominator used to calculate the Coupon Amount. The “Day Count Basis” is:

  - (i) 365 if the Settlement Currency is HKD or GBP;
  - (ii) 360 if the Settlement Currency is RMB, USD, EUR, AUD, CAD, NZD, CHF, JPY; or
  - (iii) such number as specified in the Information Sheet if the Settlement Currency is any other currency.
- **Deposit Value Date** The date on which the Principal Amount will be debited by the Bank from the Settlement Account and invested as the ELD.

You can choose the Deposit Value Date when you place your order - it can range from 1 to 10 Business Days after the Trade Date.

The Deposit Value Date will be set out in the Information Sheet.

- **Determination Date**      The date on which the Final Closing Price of the Linked Stock is used for determining whether you will receive on the Maturity Date a cash amount equal to (Principal Amount + Coupon Amount), or a number of shares or units of the Linked Stock equal to the (Principal Amount + Coupon Amount) (converted into the Underlying Currency at the Exchange Rate specified in the Information Sheet if the Settlement Currency is not the same as the Underlying Currency) / Strike Price.

This date may be postponed as described in “Postponement of Determination Date” on pages 36 to 37.

The Determination Date will be set out in the Information Sheet.
- **Disrupted Day**      A Scheduled Trading Day on which the Stock Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event occurs.
- **Exchange Rate**      The exchange rate between the Settlement Currency and the Underlying Currency based on the bid rate for the Underlying Currency per one Settlement Currency as per the Bloomberg page: BFIX as specified in the Information Sheet as of the closing time of the Stock Exchange on the Determination Date, or if such screen page is not available, the Bank shall, acting in good faith and in a commercially reasonable manner, select such other reference page that may replace that page for the purposes of displaying comparable exchange rates or determine in good faith and in a commercially reasonable manner such bid rate by reference to such sources as the Bank may select in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner).

In the case where either the Underlying Currency or the Settlement Currency is RMB, the Bank will use the offshore RMB exchange rate in making calculations under the relevant ELDs.

The Information Sheet will specify if the Exchange Rate is applicable.
- **Final Closing Price**      The official closing price of the Linked Stock on the Determination Date, as quoted by the Stock Exchange. The Final Closing Price will be compared with the Strike Price to determine if you will receive a cash amount or the Linked Stock on the Maturity Date.

- **Information Sheet** The Information Sheet sets out the specific terms that will be applicable to an ELD that you wish to apply for. A form of the Information Sheet is set out in Appendix C of this Principal Brochure.
- **Investment Period** The period from the Trade Date to the Determination Date (both dates inclusive). The Bank will not offer any ELD with an Investment Period of more than 6 months.  
  
Depending on the time gap between the Trade Date and the Deposit Value Date, the Investment Period may be longer than the Tenor. You should note that the longer the Investment Period, the longer the period you will be subject to the risks of investing in an ELD.
- **Linked Stock** The particular shares in a listed company or units of a fund, being a real estate investment trust or an exchange traded fund, listed on the Stock Exchange and quoted in an Underlying Currency of either HKD or RMB that you have chosen as the underlying asset for an ELD. Not all Hong Kong listed shares or units can be used as the Linked Stock, you should check with the Bank what Linked Stock is available.
- **Maturity Date** The date on which the cash amount representing the sum of the Principal Amount and Coupon Amount is scheduled to be paid to you or the Linked Stock is scheduled to be delivered to you (as the case may be).  
  
The Maturity Date will be 2 Business Days after the Determination Date.  
  
The Maturity Date may be postponed as described in “Postponement of Maturity Date” on pages 37 to 39. However, no further interest or compensation will be payable by the Bank to you upon any postponement of the Maturity Date.  
  
If the ELD is denominated in RMB and an RMB Disruption Event occurs, payments under such ELD on the Maturity Date may be postponed. Please refer to the paragraph headed “Occurrence of an RMB Disruption Event” on pages 40 to 41 for further details.

- **Physical Settlement Expenses**

In the case of physical settlement, the expenses that you will have to pay before the settlement is made. These include:

- buyer's stamp duty (if applicable, subject to the prevailing laws and regulations, calculated by reference to the Strike Price of the Linked Stock and if the Underlying Currency is RMB, converted into HKD at the exchange rate as determined by the Hong Kong Monetary Authority and currently published on the website of the Hong Kong Stock Exchange at [http://www.hkex.com.hk/eng/market/sec\\_tradinfo/stampfx/stampfx.asp](http://www.hkex.com.hk/eng/market/sec_tradinfo/stampfx/stampfx.asp) by 11:00a.m. or earlier on the Determination Date); and
- any other charges for the provision of securities services as specified in the Information Sheet.

You should note that the Physical Settlement Expenses will reduce your gain or increase your loss under your investment in the ELD.

You should contact the Bank for further details on the Physical Settlement Expenses.

- **Principal Amount**

The actual amount in the Settlement Currency invested by you.

You must specify, when you place your order, the maximum Principal Amount that you wish to invest. In the case where the Settlement Currency is the same as the Underlying Currency, the actual Principal Amount is determined in accordance with the following formula:

Principal Amount + Coupon Amount = N x board lot of the Linked Stock x Strike Price (being a percentage of the Spot Price)

where "N" is the highest integer such that the Principal Amount as calculated from the formula above is less than or equal to the maximum Principal Amount

Therefore, the actual Principal Amount will only be determined at the time the order is executed on the Trade Date. The actual Principal Amount will be less than or equal to such maximum Principal Amount specified by you in the Information Sheet. In the case where the Settlement Currency is not the same as the Underlying Currency, the actual Principal Amount is equal to the maximum Principal Amount. In both cases, the actual Principal Amount will be set out in the Confirmation.

- **Scheduled Trading Day** A day on which the Stock Exchange is scheduled to be open for trading.
- **Securities Account** The securities account opened and maintained by you with the Bank.
- **Settlement Account** Each savings or current account (whether single or multicurrency and of whatever type) opened and maintained by you with the Bank for the purposes of making any payments by you in respect of the ELD and settling the relevant ELD.
- **Settlement Currency** This is the currency in which an ELD is denominated, which can be HKD, USD, EUR, AUD, CAD, NZD, GBP, CHF or JPY or other non-restricted and freely convertible currencies or RMB as specified in the Information Sheet. The Principal Amount payable by you or the Bank and, where applicable, any other cash amount payable by the Bank are denominated in the Settlement Currency, subject to the occurrence of an RMB Disruption Event if the Settlement Currency is RMB.
- **Spot Price** You will have to specify at your own choice the method of setting the Spot Price. The Spot Price can be set as either (i) the closing price of the Linked Stock on the Trade Date, or (ii) the prevailing market price at the time the order is executed on the Trade Date provided that such price is less than or equal to the highest spot price you have specified in the Information Sheet, or (iii) the prevailing market price of the Linked Stock at the time the order is executed on the Trade Date. In case of (ii), you will need to specify the highest spot price of the Linked Stock at which you would like the Bank to execute your order, and which will be set out in the Information Sheet. Your order will be executed only if the prevailing market price is less than or equal to the highest spot price you have specified. In case of (iii), the Bank will execute your order as soon as practicable after you placed the order. The actual Spot Price will be fixed on the Trade Date and will be set out in the Confirmation.

- **Stock Exchange** The Stock Exchange of Hong Kong Limited
- **Strike Price** A pre-determined price of the Linked Stock against which the Final Closing Price is compared on the Determination Date to determine if, on the Maturity Date, you will receive the Principal Amount and Coupon Amount either in cash or in the form of the Linked Stock.  
  
You will have to choose your Strike Price (as a percentage of the Spot Price) and such percentage will be set out in the Information Sheet. The actual Strike Price will be rounded to 4 decimal places, with 0.00005 being rounded upwards, and will be confirmed in the Confirmation.
- **Tenor** The number of calendar days from (and including) the Deposit Value Date to (but excluding) the Maturity Date. The Tenor for an ELD can range from 1 month to 6 months.
- **Trade Date** The date on which you place your order, if your order is accepted and executed by the Bank.  
  
Your order for an ELD will expire and there will be no Trade Date in respect of such ELD if your order is not accepted and executed on the date you place your order.
- **Underlying Currency** The underlying currency is the currency in which the Linked Stock is quoted on the Stock Exchange, which is either HKD or RMB as specified in the Information Sheet.

## Appendix A

### Illustrative Example

All figures below are hypothetical and are for illustration purposes only. The actual performance of the ELD may differ from the example shown. The illustrative example does not reflect a complete analysis of all possible potential gain or loss scenarios. They are not indicative of the actual or future performance of any Linked Stock or ELD. You should not rely on the illustrative example when making an investment decision.

The gains and losses calculated in the illustrative example does not take into account any Physical Settlement Expenses that may arise in relation to the delivery of the number of shares or units of the Linked Stock on the Maturity Date. In addition, the illustrative example assumes that the Final Closing Price of the Linked Stock is the same as the market price of the Linked Stock on the Maturity Date.

The following terms apply to the relevant ELD:

<b>Trade Date:</b>	1-Sep-20XX
<b>Deposit Value Date:</b>	8-Sep-20XX (5 Business Days after the Trade Date)
<b>Determination Date:</b>	7-Oct-20XX
<b>Maturity Date:</b>	9-Oct-20XX
<b>Tenor:</b>	31 calendar days (commencing from and including the Deposit Value Date to but excluding the Maturity Date)
<b>Investment Period:</b>	37 calendar days (commencing from and including the Trade Date to and including the Determination Date)
<b>Linked Stock:</b>	ABC Holdings plc
<b>Spot Price*:</b>	HKD84.50
<b>Strike Price (88% of Spot Price*):</b>	HKD74.3600

\* Assume that on a Trade Date, ABC Holdings plc was trading at HKD84.50.

## Scenarios 1 - 5: If the Settlement Currency is HKD

Scenarios 1 to 5 are based on an investment in an ELD with HKD as the Settlement Currency and the following additional terms:

<b>Settlement Currency:</b>	HKD
<b>Principal Amount:</b>	HKD147,654.06
<b>Day Count Basis:</b>	365
<b>Coupon Amount:</b>	<p>HKD1,065.94*</p> <p>* Calculation method of the Coupon Amount:</p> <p>= Principal Amount x Annualised Coupon Rate x Tenor / 365 days</p> <p>= HKD147,654.06 x 8.50% x 31 / 365 days</p> <p>= HKD1,065.94</p>
<b>Annualised Coupon Rate:</b>	<p>8.50% p.a.</p> <p><b>This is an annualised rate which is hypothetical and not the Actual Coupon Rate.</b> The Actual Coupon Rate for the Tenor of the ELD is 0.72% of the Principal Amount (calculated as 8.50% (being the Annualised Coupon Rate) x 31 (being the Tenor)/365), as shown up to 2 decimal places.</p> <p>The annualised rate is based on the assumption that the ELD can be rolled over under the same terms for a 365-day period. This annualised rate of return is hypothetical and is not the actual return. You should not rely on the Annualised Coupon Rate as an indication of the expected actual return of the ELD.</p>

### On the Determination Date

#### Scenario 1 (Best Case Scenario): Final Closing Price is greater than or equal to Strike Price

If the Final Closing Price of ABC shares is HKD88.00 per share, which is greater than the Strike Price, you will receive the Principal Amount together with the Coupon Amount in cash on the Maturity Date: HKD148,720.00.

Amount received on the Maturity Date:

= Principal Amount + Coupon Amount

= HKD147,654.06 + HKD1,065.94

= HKD148,720.00

You will make a gain of HKD1,065.94 (i.e. the Coupon Amount) in this scenario (which is calculated as HKD148,720.00 - HKD 147,654.06). This is the maximum gain of this ELD.

### **Scenario 2 (Break Even Scenario): Final Closing Price is at break even price**

If the Final Closing Price of ABC shares is less than the Strike Price, you will **NOT** receive your Principal Amount and the Coupon Amount in cash. You will have the obligation to use the Principal Amount and the Coupon Amount to purchase the ABC shares at the Strike Price i.e. you will receive **2,000 ABC shares** on the Maturity Date.

Number of ABC shares received on Maturity Date:  
= (Principal Amount + Coupon Amount) / Strike Price  
= (HKD147,654.06 + HKD1,065.94) / HKD74.3600  
= 2,000 ABC shares

However, your investment will break even as long as the market value of the shares received by you is equal to the Principal Amount. The calculation of the break even price is shown below:

Break even price:  
= Principal Amount / No. of ABC shares to be received at maturity  
= HKD147,654.06 / 2,000 ABC shares  
= HKD73.83

In this scenario, as the Final Closing Price of ABC shares is HKD73.83 per share, the market value of the shares received by you (as determined by reference to the Final Closing Price) will be HKD147,660.00 (calculated as 2,000 ABC shares x HKD73.83 = HKD147,660.00). Your investment will approximately break even as the market value of the shares received by you will be approximately equal to the Principal Amount. Please be reminded however that this analysis does not take into account any Physical Settlement Expenses that may arise in relation to the delivery of the number of shares or units of the Linked Stock on the Maturity Date.

If there is any further downside movement in the market price of the ABC shares between the Determination Date and the Maturity Date, your break even position may potentially turn into a substantial loss on the Maturity Date. In addition, you will also be exposed to further market risk if you choose not to sell the ABC shares immediately after you receive them on the Maturity Date. The greater the fall in the market price of ABC shares between the Maturity Date and the time you sell the shares, the greater your loss will be. You may even lose your entire investment.

### **Scenario 3 (Loss Scenario): Final Closing Price is less than the break even price**

If the Final Closing Price of ABC shares is HKD68.00 per share, which is less than the Strike Price, you will **NOT** receive your Principal Amount and the Coupon Amount in cash. You will have the obligation to use the Principal Amount and Coupon Amount to purchase the ABC shares at the Strike Price i.e. you will receive **2,000 ABC shares** on the Maturity Date.

Number of ABC shares received on Maturity Date:  
= (Principal Amount + Coupon Amount) / Strike Price  
= (HKD147,654.06 + HKD1,065.94) / HKD74.3600  
= 2,000 ABC shares

In this scenario, the market value of the shares received by you (as determined by reference to the Final Closing Price) will be HKD136,000.00 (calculated as 2,000 ABC shares x HKD68.00 = HKD136,000.00). You will suffer an unrealized loss of HKD11,654.06 (calculated as HKD136,000.00 - HKD147,654.06).

If there is any further downside movement in the market price of the ABC shares between the Determination Date and the Maturity Date, your loss will be greater on the Maturity Date. In addition, you will also be exposed to further market risk if you choose not to sell the ABC shares immediately after you receive them on the Maturity Date. The greater the fall in the market price of ABC shares between the Maturity Date and the time you sell the shares, the greater your loss will be. You may even lose your entire investment.

#### **Scenario 4 (Worst Case Scenario): Final Closing Price is equal to HKD0**

If the Final Closing Price of ABC shares is HKD0 per share, which is less than the Strike Price, you will **NOT** receive your Principal Amount and the Coupon Amount in cash. You will have the obligation to use the Principal Amount and Coupon Amount to purchase the ABC shares at the Strike Price i.e. you will receive **2,000 ABC shares** on the Maturity Date.

Number of ABC shares received on Maturity Date:  
= (Principal Amount + Coupon Amount) / Strike Price  
= (HKD147,654.06 + HKD1,065.94) / HKD74.3600  
= 2,000 ABC shares

In this scenario, the market value of the shares received by you (as determined by reference to the Final Closing Price) will be HKD0 (calculated as 2,000 ABC shares x HKD0 = HKD0). You will suffer an unrealized loss of HKD147,654.06 (calculated as HKD0 - HKD147,654.06). Such amount is in fact the entire Principal Amount.

#### **Scenario 5 (Insolvency Scenario): If the Bank defaults**

In the event of the insolvency, liquidation or default of the Bank on or before the Maturity Date, you will rank as an unsecured creditor against the Bank and may, in the worst case, lose the entire Principal Amount (i.e. HKD147,654.06) and receive no Coupon Amount irrespective of the performance of the ABC shares and the terms of the ELD.

## Summary Table

The table below summarizes Scenarios 1 to 5 above. Please refer to Scenarios 1 to 5 above for the detailed calculations.

All figures are for illustration purposes only. The losses calculated in Scenarios 3 and 4 are unrealized losses determined by reference to the Final Closing Price of the Linked Stock.

Scenario	1	2	3	4	5
	Best case	Break even	Loss	Worst case	Insolvency
Final Closing Price is	Greater than or equal to Strike Price	Less than Strike Price			N.A.
Final Closing Price	HKD88.00	HKD73.83	HKD68.00	HKD0	N.A.
Settlement result	Cash settlement	Physical settlement			N.A.
What you will receive	HKD148,720.00 i.e. Principal Amount + Coupon Amount	2,000 ABC shares i.e. (Principal Amount + Coupon Amount) / Strike Price			Nil (in worst case)
Market value of what you will receive	HKD148,720.00	HKD147,660.00 <sup>+</sup>	HKD136,000.00 <sup>+</sup>	HKD0 <sup>+</sup>	HKD0 (in worst case)
Gain or loss	HKD1,065.94	HKD5.94	-HKD11,654.06	-HKD147,654.06	-HKD147,654.06 (in worst case)
Gain / loss % (Actual %)	0.72%	Approximately 0%	-7.89%	-100%	-100% (in worst case)

↑  
This is the maximum gain of this ELD.

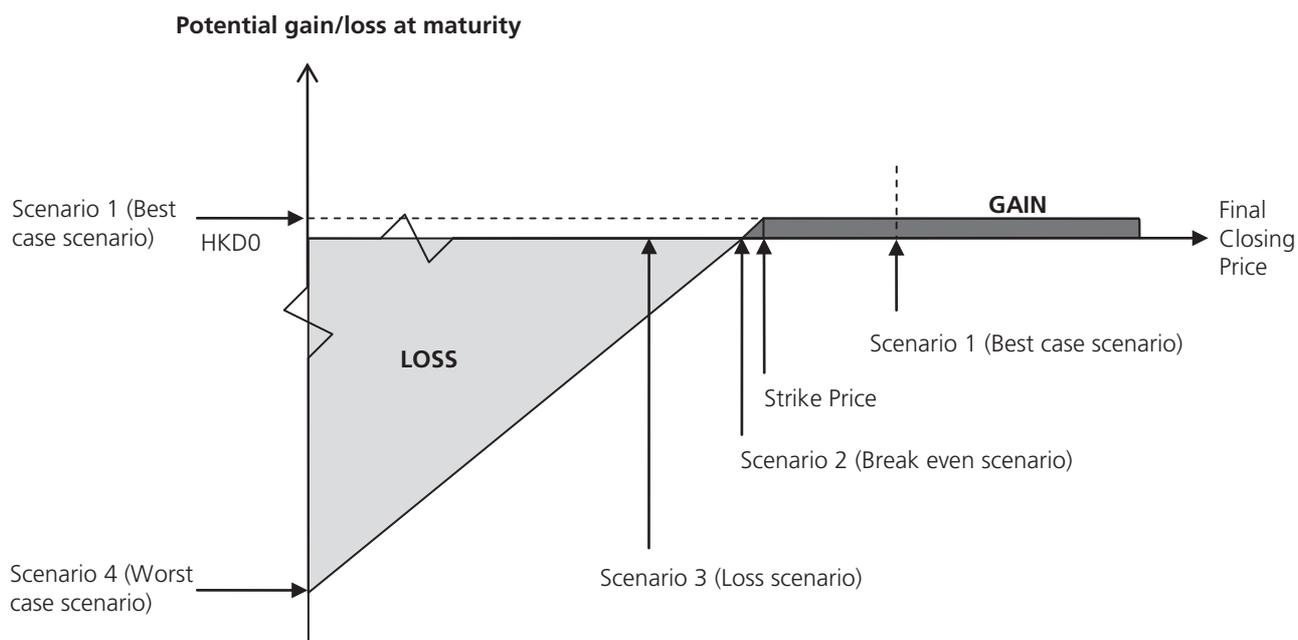
↑  
This is the maximum loss you will suffer.

↑  
This is the maximum loss you will suffer.

<sup>+</sup> Number of shares or units received x Final Closing Price

## Diagram Illustration

The following diagram illustrates the potential gain/loss for the ELD under scenarios 1 to 4 above:



## Scenarios 6 - 9: If the Settlement Currency is RMB

Scenarios 6 to 9 are based on an investment in an ELD with RMB as the Settlement Currency and the following additional terms:

<b>Settlement Currency:</b>	RMB
<b>Principal Amount:</b>	RMB147,654.06
<b>Day Count Basis:</b>	360
<b>Coupon Amount:</b>	RMB1,080.75*  * Calculation method of the Coupon Amount:  = Principal Amount x Annualised Coupon Rate x Tenor / 360 days  = RMB147,654.06 x 8.50% x 31 / 360 days  = RMB1,080.75
<b>Annualised Coupon Rate:</b>	8.50% p.a.  <b>This is an annualised rate which is hypothetical and not the Actual Coupon Rate.</b> The Actual Coupon Rate for the Tenor of the ELD is 0.73% of the Principal Amount (calculated as 8.50% (being the Annualised Coupon Rate) x 31 (being the Tenor)/360 (being the Day Count Basis)), as shown up to 2 decimal places.  The annualised rate is based on the assumption that the ELD can be rolled over under the same terms for a 360-day period. This annualised rate of return is hypothetical and is not the actual return. You should not rely on the Annualised Coupon Rate as an indication of the expected actual return of the ELD.
<b>Exchange Rate on the Determination Date:</b>	1.2700

### On the Determination Date

#### Scenario 6 (Best Case Scenario): Final Closing Price is greater than or equal to Strike Price

If the Final Closing Price of ABC shares is HKD88.00 per share, which is greater than the Strike Price, you will receive the Principal Amount together with the Coupon Amount in cash on the Maturity Date: RMB148,734.81.

Amount received on Maturity Date:  
 = Principal Amount + Coupon Amount  
 = RMB147,654.06 + RMB1,080.75  
 = RMB148,734.81

You will make a gain of RMB1,080.75 (i.e. the Coupon Amount) in this scenario (which is calculated as RMB148,734.81- RMB147,654.06). This is the maximum gain of this ELD.

### **Scenario 7 (Loss Scenario): Final Closing Price is less than the Strike Price**

If the Final Closing Price of ABC shares is HKD68.00 per share, which is less than the Strike Price, you will **NOT** receive your Principal Amount and the Coupon Amount in cash. You will have the obligation to use the Principal Amount and Coupon Amount to purchase the ABC shares at the Strike Price i.e. you will receive 2,540 ABC shares on the Maturity Date.

Number of ABC shares received on Maturity Date:

$$= \frac{(\text{Principal Amount} + \text{Coupon Amount})}{\text{Strike Price}}$$

(converted into HKD at the Exchange Rate)

$$= (\text{RMB}147,654.06 + \text{RMB}1,080.75) \times 1.2700 / \text{HKD}74.3600$$

$$= 2,540.25294109736 \text{ ABC shares (which will not be rounded for the purpose of calculating the cash payment for fractional shares)}$$

In this scenario, the market value of the shares received by you (as determined by reference to the Final Closing Price) will be RMB136,000 (calculated as 2,540 ABC shares x HKD68.00/1.2700).

You will also receive on the Maturity Date a cash amount of RMB13.54 (being the fraction of ABC shares x Final Closing Price, i.e., (0.25294109 ABC shares x HKD68.00)/1.2700 (rounded to the nearest 2 decimal places, with 0.005 being rounded upwards). You will suffer an unrealized loss of RMB11,640.52 (calculated as RMB136,013.54 (being the aggregate of the market value of ABC shares at the Final Closing Price and the cash value of the fractional shares at the Final Closing Price) - RMB147,654.06 (being the Principal Amount)).

If there is any further downside movement in the market price of the ABC shares between the Determination Date and the Maturity Date, your loss will be greater on the Maturity Date. In addition, you will also be exposed to further market risk if you choose not to sell the ABC shares immediately after you receive them on the Maturity Date. The greater the fall in the market price of ABC shares between the Maturity Date and the time you sell the shares, the greater your loss will be. You may even lose your entire investment.

You should also note that fluctuations in the Exchange Rate may have an adverse impact on the number of the shares deliverable and the amount of cash amount payable for the fraction shares and thus on your potential return under the ELDs.

### **Scenario 8 (Worst Case Scenario): Final Closing Price is equal to HKD0**

If the Final Closing Price of ABC shares is HKD0 per share, which is less than the Strike Price, you will **NOT** receive your Principal Amount and the Coupon Amount in cash. You will have the obligation to use the Principal Amount and Coupon Amount to purchase the ABC shares at the Strike Price i.e. you will receive 2,540 ABC shares on the Maturity Date.

Number of ABC shares received on Maturity Date:

$$= \frac{(\text{Principal Amount} + \text{Coupon Amount})}{\text{Strike Price}}$$

(converted into HKD at the Exchange Rate)

$$= (\text{RMB}147,654.06 + \text{RMB}1,080.75) \times 1.2700 / \text{HKD}74.3600$$

= 2,540.25294109736 ABC shares (which will not be rounded for the purpose of calculating the cash payment for fractional shares)

In this scenario, the market value of the shares received by you (as determined by reference to the Final Closing Price) will be RMB0 (calculated as 2,540 ABC shares x HKD0/1.2700).

You will not receive any cash amount for the fractional share of 0.25294109736 since the fractional share is worthless as shown below:

$$0.25294109 \text{ ABC shares} \times \text{HKD}0/1.2700 \text{ (rounded to the nearest 2 decimal places, with 0.005 being rounded upwards)}$$

You will suffer an unrealized loss of RMB147,654.06 (calculated as RMB0 - RMB147,654.06). Such amount is in fact the entire Principal Amount.

### **Scenario 9 (RMB Disruption Scenario): Where an RMB Disruption Event occurs and continues to exist for twelve consecutive Business Days from the Maturity Date**

Taking scenario 6 above, if an RMB Disruption Event occurs on the Maturity Date and continues to exist for twelve consecutive Business Days from the Maturity Date, you will receive, by no later than the third Business Day after such twelfth Business Day, the payment of the Principal Amount + Coupon Amount (i.e. RMB148,734.81) in an equivalent amount in HKD calculated by the Bank acting in good faith and in a commercially reasonable manner by converting such amount payable in RMB into HKD using the exchange rate as of such twelfth Business Day. You will therefore be exposed to the risk of fluctuation in the exchange rate of offshore RMB against HKD.

Assuming that the Exchange Rate for HKD per offshore RMB prior to the occurrence of the RMB Disruption Event is 1.2700 and RMB depreciates significantly against HKD following the occurrence of an RMB Disruption Event and the exchange rate as of the twelfth Business Day from the Maturity Date is 0.50, you will suffer a loss of HKD114,525.80 in HKD terms as the equivalent amount in HKD paid to you, being HKD74,367.41 (i.e. RMB148,734.81 x 0.50), is substantially less than the value of the relevant amount payable in RMB on the original payment date in HKD terms (calculated based on the Exchange Rate between RMB and HKD prior to the occurrence of the RMB Disruption Event), being HKD188,893.21 (i.e. RMB148,734.81 x 1.27).

## **Appendix B**

### **Terms and Conditions of the ELDs**

*The following is the text of the product terms and conditions (the “**Product Terms and Conditions**”) applicable to the Equity-Linked Deposits. The relevant Confirmation in relation to each Equity-Linked Deposit may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Product Terms and Conditions, amend and/or supplement these Product Terms and Conditions for the purpose of such Equity-Linked Deposit. Capitalised terms used in these Product Terms and Conditions and not otherwise defined herein shall have the meaning given to them in the relevant Confirmation.*

*The Securities and Futures Commission (the “**SFC**”) takes no responsibility for the ELDs or the contents of these Product Terms and Conditions. The SFC’s authorisation of this Principal Brochure does not imply the SFC’s endorsement of these Product Terms and Conditions.*

#### **1 Placing and Acceptance of Orders**

- 1.1 The Investor may from time to time place an Order for an Equity-Linked Deposit (“**ELD**”) in the manner and during the times specified by the Bank from time to time. Once submitted to the Bank, the Order is binding and cannot be amended or withdrawn without the explicit written agreement of the Bank.
- 1.2 An Order shall not be accepted or executed by the Bank if, on the Business Day on which the Investor places the Order, a Market Disruption Event has occurred before the Order has been accepted or executed by the Bank.
- 1.3 Orders are subject always to acceptance and execution by the Bank in its sole and absolute discretion. The Bank shall have no obligation to accept or execute any Order.

#### **2 Confirmation**

- 2.1 A binding contract between the Bank and the Investor in respect of an ELD is formed on the Trade Date upon acceptance and execution by the Bank of an Order in respect of an ELD on such Trade Date.
- 2.2 The Investor acknowledges and agrees that such contract will be on the terms set out in a Confirmation to be sent to the mailing address of the Investor (as registered in respect of the Settlement Account) by the Bank within 2 Business Days after the Trade Date, and such Confirmation is conclusive as to the terms of the contract agreed between the Bank and the Investor in respect of the relevant ELD except in the case of manifest error.

- 2.3 In respect of an ELD, these Product Terms and Conditions and the relevant Confirmation issued by the Bank in respect of the relevant ELD together constitute all the terms and conditions agreed between the Bank and the Investor (each an “**Agreement**”). Where there is any inconsistency between these Product Terms and Conditions and the Confirmation in respect of an ELD, the Confirmation will prevail for the purposes of the relevant ELD.
- 2.4 Where there is any inconsistency between the provisions of the Agreement and the terms of any account maintained by the Investor with the Bank to which an ELD is booked, the Agreement will prevail for the purposes of the ELD.
- 2.5 After an Order for an ELD is accepted and executed on a Trade Date, the ELD, or any part thereof, cannot in any circumstances be withdrawn, terminated or transferred by the Investor prior to the Maturity Date.

### **3 Principal Amount**

- 3.1 For each ELD entered into between the Bank and the Investor, the Investor must maintain in the Settlement Account, and shall not be entitled to withdraw from the Settlement Account, an amount at which the Investor would like the Bank to execute an Order (“**Maximum Principal Amount**”) from the moment the Investor places the Order.
- 3.2 After an Order for an ELD is accepted and executed on a Trade Date, the Bank shall release the balance of monies between the Maximum Principal Amount and the Principal Amount to the Investor on such Trade Date. On the Deposit Value Date, the Investor shall pay to the Bank the Principal Amount relating to the ELD. The Investor authorizes the Bank to debit the Principal Amount from the Settlement Account, and such payment shall be effected automatically by the Bank by debiting the Settlement Account.

### **4 Determinations by the Bank**

All calculations and other determinations required for the purposes of an ELD shall be determined by the Bank in its sole and absolute discretion, acting in good faith and in a commercially reasonable manner, and shall be conclusive and binding on the Investor and the Bank, except in the case of manifest error.

### **5 ELD Payout**

- 5.1 The Investor will receive from the Bank the payout of an ELD in one of the two forms described below:
- 5.1.1 if the Final Closing Price of the Linked Stock is equal to or greater than the Strike Price, a cash amount in the Settlement Currency (subject to the occurrence of an RMB Disruption Event under Condition 11.5 if the Settlement Currency is RMB) equal to the sum of the Principal Amount and the Coupon Amount, which will be paid into the Settlement Account on the Maturity Date; and

- 5.1.2 if the Final Closing Price of the Linked Stock is less than the Strike Price, a number of shares or units of the Linked Stock (subject to the payment of any Physical Settlement Expenses by the Investor on the Maturity Date) equal to the aggregate of the Principal Amount and the Coupon Amount (converted into the Underlying Currency at the Exchange Rate if the Settlement Currency is not the same as the Underlying Currency), divided by the Strike Price, which will be delivered into the Securities Account on the Maturity Date.
- 5.2 In the event that the Linked Stock deliverable pursuant to Condition 5.1.2 above does not correspond to an integral number of shares or units of the Linked Stock, the Bank shall:
- 5.2.1 deliver to the Investor such number of shares or units of the Linked Stock which is equal to an integral multiple of a share or unit of the Linked Stock; and
- 5.2.2 pay into the Settlement Account on the Maturity Date an amount in the Settlement Currency (rounded to the nearest 2 decimal places, with 0.005 being rounded upwards) determined by multiplying the remaining fraction of the Linked Stock (which will not be rounded up or down) by the Final Closing Price (converted into the Settlement Currency at the Exchange Rate if the Settlement Currency is not the same as the Underlying Currency) ("**Residual Cash**").
- 5.3 The Bank will notify the Investor of the payout of the relevant ELD within 2 Business Days after the Determination Date.

## **6 Intervening Period**

- 6.1 In the case where the Bank is required to deliver the Linked Stock to the Investor on the Maturity Date pursuant to Condition 5.1.2, the Investor shall become beneficially entitled to all those rights attaching to the Linked Stock to be delivered as if the Investor had been registered as the holder of the Linked Stock on the Determination Date.
- 6.2 Notwithstanding the foregoing, as from and including the Determination Date and until such time as the Linked Stock is delivered to the Investor (the "**Intervening Period**"), the Bank shall not:
- 6.2.1 be under any obligation to deliver to the Investor any letter, certificate, notice, circular, dividend, distribution or any other document or payment whatsoever received by the Bank or its Affiliate(s) in its capacity as the holder of such Linked Stock; or
- 6.2.2 be obliged to exercise any or all rights (including voting rights) attaching to the Linked Stock that may be available to the Bank or its Affiliates in their capacity as holder of such Linked Stock; or
- 6.2.3 be under any liability to the Investor in respect of any loss or damage which such Investor may sustain or suffer as a result, whether directly or indirectly, of the Bank or its Affiliates (or their nominees) being holder of the Linked Stock during such Intervening Period.

6.3 Notwithstanding anything provided in Condition 6.2 above, the Bank shall:

6.3.1 notify the Investor in writing as soon as practicable of the receipt by the Bank (or its nominee) during the Intervening Period of any dividend, distribution, bonus issue, shares or units issued pursuant to a share split or consolidation in respect of the Linked Stock beneficially owned by the Investor;

6.3.2 make available such dividend or distribution payment of the Linked Stock to the Investor in good faith and in a commercially reasonable manner upon production of such evidence of entitlement and identification as may reasonably be required by the Bank;

6.3.3 notify the Investor as soon as practicable of the receipt by the Bank of any right, entitlement or offer during the Intervening Period which the Investor is entitled to exercise or accept under these Product Terms and Conditions as the beneficial owner of the Linked Stock, and make available any document relating to such right, entitlement or offer for collection by the Investor upon production of such evidence of entitlement and identification as the Bank may reasonably require, and following receipt by the Bank of written notification from the Investor as the Bank may reasonably require and, where appropriate, any relevant payment or consideration necessary in connection with exercising or accepting any right, entitlement or offer which the Investor is entitled to exercise or accept as beneficial owner of the relevant Linked Stock during the Intervening Period, the Bank shall on the Investor's behalf, exercise or accept such right, entitlement or offer; and

6.3.4 following receipt of an entitlement which takes the form of securities by way of rights (in respect of the Linked Stock, to which the Investor is entitled as the beneficial owner of the Linked Stock under these Product Terms and Conditions), the Bank shall, as soon as practicable, make available all documentation received by it relating to such entitlement for collection by the Investor, upon production of such evidence of entitlement and identification as the Bank may reasonably require.

6.4 These Product Terms and Conditions shall not be construed so as to give rise to any relationship of agency or trust between the Bank and any Investor in its capacity as beneficial owner of the Linked Stock during an Intervening Period, and the Bank shall not owe any duty of a fiduciary nature to the Investor.

## **7 Potential Adjustment Events**

7.1 If the Bank determines in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) that a Potential Adjustment Event in respect of the Linked Stock has occurred during the period from the Trade Date to the Determination Date (both dates inclusive), the Bank shall in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Linked Stock and, if so, will in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner): (i) make

the corresponding adjustments, if any, to any terms of the relevant ELD and (ii) determine the effective date of such adjustments, as the Bank determines appropriate to account for the diluting or concentrative effect of such event so as to preserve the economic equivalence of the ELD.

7.2 In determining the aforesaid adjustment(s) pursuant to Condition 7.1:

- (a) if options contracts or futures contracts on the Linked Stock are traded on the Exchange or any other exchange, the Bank will follow any adjustment to the terms of the relevant options contract or futures contract made and announced by the Exchange or any other exchange, unless following such adjustment is not able to preserve the economic equivalence of the ELD. In such case, the Bank will determine the aforesaid adjustments in its sole and absolute discretion acting in good faith and in a commercially reasonable manner so as to preserve the economic equivalence of the relevant ELD; or
- (b) if no such options contracts are traded, the Bank will determine the appropriate adjustments by following the relevant calculation method set out in the Operational Trading Procedures for Options Trading Exchange Participants of the Exchange published by the Exchange so as to preserve the economic equivalence of the relevant ELD.

In determining the effective date(s) of such adjustment(s), the Bank shall observe and use, to the extent reasonably practicable, any such ex-date(s) or other relevant date(s) as provided by the Exchange or any other exchange as the effective date(s) of such adjustment(s).

7.3 If the Bank determines that a Potential Adjustment Event has occurred under this Condition 7, the Bank will notify the Investor as soon as practicable after its determination of the occurrence of such event, the adjustment made and the effective date of such adjustment.

## **8 Merger Event or Tender Offer**

8.1 Following the occurrence of (i) a Merger Event or (ii) a Tender Offer during the period from the Trade Date to the Determination Date (both dates inclusive), the Bank will, in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner), determine the appropriate adjustment, if any, to be made to any terms of the relevant ELD to account for such Merger Event or Tender Offer so as to preserve the economic equivalence of the ELD, and determine the effective date of that adjustment.

8.2 In determining the aforesaid adjustment(s) pursuant to Condition 8.1:

- (a) if options contracts or futures contracts on the Linked Stock are traded on the Exchange or any other exchange, the Bank will follow any adjustment to the terms of the relevant options contract or futures contract made and announced by the Exchange or any other exchange, unless following such adjustment is not

able to preserve the economic equivalence of the ELD. In such case, the Bank will determine the aforesaid adjustments in its sole and absolute discretion acting in good faith and in a commercially reasonable manner so as to preserve the economic equivalence of the relevant ELD; or

- (b) if no such options contracts are traded, the Bank will determine the appropriate adjustments by following the relevant calculation method set out in the Operational Trading Procedures for Options Trading Exchange Participants of the Exchange published by the Exchange so as to preserve the economic equivalence of the relevant ELD.

In determining the effective date(s) of such adjustment(s), the Bank shall observe and use, to the extent reasonably practicable, any such ex-date(s) or other relevant date(s) as provided by the Exchange or any other exchange as the effective date(s) of such adjustment(s).

- 8.3 If the Bank determines in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) that none of the adjustments is able to preserve the economic equivalence of the ELD, the Bank will early terminate the ELD as of the date determined by the Bank in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) and pay to the Investor the Early Termination Amount of the ELD at the date of early termination.
- 8.4 If the Bank determines that a Merger Event or Tender Offer has occurred under this Condition 8, the Bank will notify the Investor as soon as practicable after its determination of the occurrence of such event, the adjustment or termination made (as applicable), the Early Termination Amount payable by the Bank (if applicable) and the effective date of such adjustment or termination.
- 8.5 In the event of early termination under Condition 8.3, the Bank's obligations under the ELD will be satisfied and discharged in full upon its payment of the Early Termination Amount.

## **9 Extraordinary Events**

- 9.1 Following the occurrence of an Extraordinary Event during the period from the Trade Date to the Determination Date (both dates inclusive), the Bank will early terminate the ELD as of the date determined by the Bank in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) and pay to the Investor the Early Termination Amount of the ELD at the date of early termination.
- 9.2 If the Bank determines that an Extraordinary Event has occurred under this Condition 9, the Bank will notify the Investor as soon as practicable after its determination of the occurrence of such event, the Early Termination Amount payable by the Bank and the effective date of such termination.
- 9.3 The Bank's obligations under the ELD will be satisfied and discharged in full upon its payment of the Early Termination Amount.

## **10 Market Disruption**

- 10.1 If the Bank determines in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) that the Determination Date of an ELD is a Disrupted Day, the Determination Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day.
- 10.2 If such day has not occurred by the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of a Disrupted Day, would have been the Determination Date, that eighth Scheduled Trading Day shall be deemed to be the Determination Date and the Bank's estimate of the fair price of the Linked Stock (determined in good faith and in a commercially reasonable manner) on such eighth Scheduled Trading Day shall be deemed to be the Final Closing Price. Such estimate may (where relevant) be based on factors including but not limited to the last reported price of the Linked Stock and prevailing market conditions.
- 10.3 No interest shall be paid for the period of postponement.
- 10.4 If the Bank determines that the Determination Date is a Disrupted Day under this Condition 10, the Bank will notify the Investor as soon as practicable on the scheduled Determination Date after its determination of the occurrence of such Disrupted Day and any postponement of the Determination Date. Where the Bank has obtained the Final Closing Price after such postponement, it shall notify the Investor as soon as practicable after such Final Closing Price is available (but no later than 1 Business Day after the day on which such Final Closing Price is available).

## **11 Settlement Disruption Event and RMB Disruption Event**

### Settlement Disruption Event

- 11.1 In the case where the Linked Stock is to be delivered pursuant to Condition 5.1.2, such Linked Stock will be delivered on the Maturity Date, unless the Settlement Disruption Event prevents delivery of such Linked Stock on that date.
- 11.2 If a Settlement Disruption Event does prevent delivery on that date, the Bank will notify the Investor as soon as practicable on the scheduled Maturity Date after its determination of the occurrence of the Settlement Disruption Event and the postponement of the Maturity Date, and the Maturity Date will be the first succeeding day on which settlement can take place through the Clearing System, unless a Settlement Disruption Event prevents settlement on each of the 8 Clearing System Business Days immediately following the original date that, but for such Settlement Disruption Event, would have been the Maturity Date. In that case, the Bank shall, in lieu of delivering the Linked Stock, pay a cash amount in the Settlement Currency (subject to the occurrence of an RMB Disruption Event under Condition 11.5 if the Settlement Currency is RMB) equal to the fair market value of the Linked Stock on such eighth Clearing System Business Day (as determined by the Bank in good faith and in a commercially reasonable manner), less any relevant reasonable operational and administrative costs. Such cash amount will be credited to the Settlement Account on the second Business Day after that eighth Clearing System Business Day.

The Bank will notify the Investor of the delivery of the Linked Stock as soon as practicable upon the delivery of the Linked Stock or, if applicable, notify the Investor of the crediting of the cash amount as soon as practicable after such eighth Clearing System Business Day but no later than 1 Business Day after the day on which such Linked Stock is delivered or, if applicable, such cash amount is credited.

11.3 The fair market value of the Linked Stock shall be determined by the Bank in good faith and in a commercially reasonable manner by reference to factors that may include, without limitation, interest rates, the last reported closing price of the Linked Stock, the prevailing market conditions and (where the Settlement Currency is not the same as the Underlying Currency) the bid rate for the Underlying Currency per one Settlement Currency as per Bloomberg Page: BFIX as of the closing time of the Stock Exchange on such eighth Clearing System Business Day or if such page or the relevant rate is not available, the exchange rate as determined by the Bank in good faith and in a commercially reasonable manner by reference to such sources as the Bank may select in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner). Payment of such amount will discharge the Bank from its obligations to deliver the Linked Stock.

11.4 No further interest or compensation will be payable by the Bank to the Investor upon any postponement of the Maturity Date.

#### RMB Disruption Event

11.5 In the case where the Settlement Currency is RMB, if the Bank has determined, in its sole and absolute discretion acting in good faith and in a commercially reasonable manner, that an RMB Disruption Event has occurred on or, prior to and is continuing on, any date on which any amount payable in RMB under the ELDs is scheduled to be paid, such payment will be postponed to the third Business Day after the date on which the RMB Disruption Event ceases to exist. However, if the RMB Disruption Event continues to exist for twelve consecutive Business Days from the original scheduled date of payment, the Bank shall make payment of the HKD Equivalent Amount no later than the third Business Day after such twelfth Business Day. Any such payment made by the Bank shall be in full and final settlement of its obligations to pay the relevant amount payable in RMB on the affected date of payment in respect of the ELDs. No additional interest or compensation will be payable by the Bank in respect of any postponement or payment of the HKD Equivalent Amount.

The Bank will notify the Investor of such postponement of payment as soon as practicable on the relevant affected date of payment or, if applicable, notify the Investor of the calculation of the HKD Equivalent Amount as soon as practicable but no later than the third Business Day after such HKD Equivalent Amount is calculated.

## 12 Third Party Rights

A person who is not a party to these Product Terms and Conditions has no right under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong) to enforce or to enjoy the benefit of any term of these Product Terms and Conditions.

### 13 Governing Law and Jurisdiction

13.1 These Product Terms and Conditions are governed by and shall be construed according to the laws of Hong Kong.

13.2 The Bank and the Investor submit to the non-exclusive jurisdiction of the courts of Hong Kong but these Product Terms and Conditions may be enforced in the courts of any competent jurisdiction.

### 14 Definitions

**“Annualised Coupon Rate”** means a pre-determined percentage used to calculate the Coupon Amount. Such rate is determined by the Bank based on a number of factors, including but not limited to the choice of the Linked Stock, the prevailing market conditions, the price volatility of the Linked Stock, the Strike Price, the Tenor, the Investment Period and the Bank’s creditworthiness. The Annualised Coupon Rate will be set out in the Confirmation.

**“Affiliate”** in relation to the Bank means (i) any entity controlled, directly or indirectly, by the Bank, (ii) any entity that controls, directly or indirectly, the Bank or (iii) any entity, directly or indirectly, under common control with the Bank; and **“control”** of any entity or person means ownership of a majority of the voting power of the entity or person.

**“AUD”** means Australian dollar, the lawful currency of the Commonwealth of Australia.

**“Bank”** means DBS Bank (Hong Kong) Limited, a company incorporated in Hong Kong and a licensed bank regulated by the Hong Kong Monetary Authority under the Hong Kong Banking Ordinance.

**“Business Day”** means a day (other than a Saturday or Sunday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in Hong Kong and, if the Settlement Currency is not HKD or RMB, the place in which the principal financial centre of the Settlement Currency is located.

**“CAD”** means Canadian dollar, the lawful currency of Canada.

**“Change in Law”** means, in respect of an ELD,

- (a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or
- (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority),

the Bank determines in good faith and in a commercially reasonable manner that:

- (i) it has become illegal for the Bank to hold, acquire or dispose of the Linked Stock or Hedge Positions relating to the ELD, or

(ii) the Bank will incur a materially increased cost in performing its obligations under the ELD (including without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

“**CHF**” means Swiss Franc, the lawful currency of Switzerland.

“**Clearing System**” means the Central Clearing and Settlement System or any successors thereto.

“**Clearing System Business Day**” means a day on which the Clearing System is scheduled to open for the acceptance and execution of settlement instructions.

“**Confirmation**” means a confirmation of the execution of a particular Order, which will be issued to the Investor within 2 Business Days from the Trade Date. The Principal Amount, Spot Price and Strike Price, among other things, are confirmed in the Confirmation.

“**Coupon Amount**” means an amount in the Settlement Currency (subject to the occurrence of an RMB Disruption Event under Condition 11 if the Settlement Currency is RMB) equal to  $\text{Principal Amount} \times \text{Annualised Coupon Rate} \times \text{Tenor} / \text{Day Count Basis}$  (rounded to the nearest 2 decimal places, with 0.005 being rounded upwards).

“**Day Count Basis**” means:

- (a) 365 if the Settlement Currency is HKD or GBP;
- (b) 360 if the Settlement Currency is RMB, USD, EUR, AUD, CAD, NZD, CHF, JPY; or
- (c) such number as set out in the Confirmation if the Settlement Currency is any other currency.

“**Deposit Value Date**” means the date on which the Principal Amount will be debited by the Bank from the relevant Settlement Account and invested as the ELD. The Deposit Value Date will be the date specified as such in the Confirmation.

“**Determination Date**” means the date on which the Final Closing Price of the Linked Stock is used for determining whether the ELD is settled either in cash or in shares or units of the Linked Stock on the Maturity Date. The Determination Date shall be the date specified as such in the Confirmation, or if such day is not a Scheduled Trading Day, the immediately following Scheduled Trading Day, provided also that if the Determination Date is a Disrupted Day, the Determination Date shall be postponed pursuant to Condition 10.

“**Delisting**” means, in relation to an ELD and the Linked Stock, that the Exchange announces that pursuant to the rules of such Exchange, the Linked Stock ceases (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in Hong Kong.

“**Disrupted Day**” means any Scheduled Trading Day on which the Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

**“Early Termination Amount”** means an amount in the Settlement Currency (subject to the occurrence of an RMB Disruption Event under Condition 11 if the Settlement Currency is RMB) as determined by the Bank in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) to be the fair value of the ELD at the time of early termination (which may depend on factors such as the market interest rate movements, the market’s view of the Bank’s credit quality, value of the embedded put option, the price performance and volatility of the Linked Stock, the remaining Investment Period or taking into account the cost to the Bank in unwinding any related underlying hedging arrangements entered into in respect of the ELDs as determined by the Bank acting in good faith and in a commercially reasonable manner).

**“Equity-Linked Deposit”** means an equity-linked deposit constituted by these Product Terms and Conditions and the relevant Confirmation.

**“EUR”** means Euro, the lawful currency of the participating member states of the European Union adopted in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union.

**“Exchange”** means The Stock Exchange of Hong Kong Limited.

**“Exchange Business Day”** means any Scheduled Trading Day on which the Exchange is open for trading during its regular trading sessions, notwithstanding the Exchange closing prior to its scheduled closing time.

**“Exchange Rate”** means the rate as set out in the Confirmation.

**“Extraordinary Event”** means a Delisting, Nationalisation, Insolvency, Insolvency Filing, Hedging Disruption Event, Change in Law and Extraordinary Fund Event (where the Linked Stock is the units of a fund, being a real estate investment trust or an exchange traded fund).

**“Extraordinary Fund Event”** means, in respect of a Linked Stock that is the units of a fund, being a real estate investment trust or an exchange traded fund, the occurrence of,

- (a) a Termination (as defined below); or
- (b) the suspension or cancellation of any right conferred by the Fund Documents on investors to require redemption of their units; or
- (c) the liquidation, bankruptcy, insolvency, dissolution or winding-up of the trustee or administrator or similar person with primary administrative responsibilities in respect of the relevant issuer of the Linked Stock (including any successor appointed from time to time) (the **“Trustee”**) or of the manager or adviser or similar person appointed to provide discretionary or non-discretionary investment management or advisory services to the relevant issuer of the Linked Stock (including any successor appointed from time to time) (the **“Manager”**); or
- (d) the appointment of a liquidator, receiver, administrator or conservator or analogous person under any applicable law in respect of the whole or substantially the whole of the undertaking, property or assets of the relevant issuer of the Linked Stock held by the Trustee; or

- (e) any event or circumstance analogous to any of the foregoing events or circumstances as determined by the Bank (acting in good faith and in a commercially reasonable manner).

For the purpose hereof, “**Termination**” means

- (i) the relevant issuer of the Linked Stock is terminated, or the Trustee or the Manager is required to terminate the relevant issuer of the Linked Stock under the Fund Documents or applicable law, or the termination of the relevant issuer of the Linked Stock commences;
- (ii) the relevant issuer of the Linked Stock is held or is conceded by the Trustee or the Manager not to have been constituted or to have been imperfectly constituted;
- (iii) the Trustee ceases to be authorised under the relevant issuer of the Linked Stock to hold the property of the relevant issuer of the Linked Stock in its name and to perform its obligations under the Fund Documents;
- (iv) the cancellation, suspension or revocation of the registration or approval of such Units or the relevant issuer of the Linked Stock by any governmental, legal or regulatory entity with authority over such units or issuer of the Linked Stock; or
- (v) the relevant issuer of the Linked Stock or its Trustee or Manager becomes subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of such issuer of the Linked Stock, Trustee or Manager.

“**Final Closing Price**” means the official closing price of the Linked Stock on the Determination Date, as quoted by the Exchange, provided that if the Determination Date is a Disrupted Day, the Final Closing Price shall be determined in accordance with Condition 10.

“**Fund Documents**” means, where the Linked Stock is the units of a fund, being a real estate investment trust or an exchange traded fund, the trust deed or other constitutive and governing documents constituting the relevant issuer of the Linked Stock, subscription agreements, management agreements and other agreements of the relevant issuer of the Linked Stock specifying the terms and conditions relating to such units, as amended and/or supplemented from time to time.

“**GBP**” means pound sterling, the lawful currency of the United Kingdom.

“**Hedging Disruption Event**” means if the Bank or any of its Affiliates are unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transactions or assets it deems necessary to hedge the risk of entering into and performing its obligations under the relevant ELD; or (ii) realise, recover or remit the proceeds of any such transactions or assets (provided that such disruption is not incurred because of the deterioration of the creditworthiness of DBS Bank (Hong Kong) Limited).

“**Hedge Positions**” means any purchase, sale, entry into or maintenance of one or more (i) positions or contracts in the Linked Stock, securities, options, futures, derivatives or foreign exchange, (ii) securities loan or borrowing transactions or (iii) other instruments or arrangements (howsoever described) by the Bank or an Affiliate thereof in order to hedge, individually or on a portfolio basis, the ELD.

“**HKD**” means Hong Kong dollar, the lawful currency of Hong Kong.

“**HKD Equivalent Amount**” means, following the occurrence of an RMB Disruption Event and in respect of an amount payable in RMB on the relevant affected date of payment, an amount in HKD calculated by the Bank acting in good faith and in a commercially reasonable manner, by converting such amount payable in RMB into HKD based on (i) the exchange rate of HKD per one USD, as published as the “USD/HKD Spot Rate” on the Treasury Markets Association’s website ([http://www.tma.org.hk/en\\_market\\_info.aspx](http://www.tma.org.hk/en_market_info.aspx)) as at 11:30am on the twelfth Business Day from the original scheduled date of payment divided by (ii) the exchange rate of offshore RMB per one USD, as published as the “USD/CNY(HK) Spot Rate” on the Treasury Markets Association’s website ([http://www.tma.org.hk/en\\_market\\_info.aspx](http://www.tma.org.hk/en_market_info.aspx)) as at 11:30am on the twelfth Business Day from the original scheduled date of payment, provided that if any such rate is not available, the Bank shall determine such exchange rate in its sole and absolute discretion acting in good faith and a commercially reasonable manner.

“**Hong Kong**” means Hong Kong Special Administrative Region of the People’s Republic of China.

“**Insolvency**” means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the issuer of the Linked Stock, (i) all the shares or units of the issuer of the Linked Stock are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the shares or units of the issuer of the Linked Stock become legally prohibited from transferring them.

“**Insolvency Filing**” means that the issuer of the Linked Stock institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the issuer of the Linked Stock shall not be deemed an Insolvency Filing.

“**Investment Period**” means the period from the Trade Date to the originally scheduled Determination Date (both dates inclusive).

“**Investor**” means the person or, if more than one, the persons jointly, party to the Agreement for an Equity-Linked Deposit other than the Bank.

“**JPY**” means Japanese Yen, the lawful currency of Japan.

“**Linked Stock**” means the particular shares in a listed company or units of a fund, being a real estate investment trust or an exchange traded fund, listed on the Exchange and quoted in the Underlying Currency that the Investor has chosen as the underlying asset for an ELD as set out in the Confirmation.

“**Market Disruption Event**” means the occurrence or existence of:

- (a) any suspension of or limitation imposed on trading by the Exchange in the Linked Stock that is determined by the Bank, acting in good faith and in a commercially reasonable manner, to be material for the purpose of obtaining the Final Closing Price;
- (b) any event outside the Bank’s control that disrupts or impairs the ability of the Bank in general to effect transactions in, or obtain the market price of the Linked Stock or in the futures and options contracts relating to the Linked Stock that is determined by the Bank in good faith and in a commercially reasonable manner to be material; or
- (c) if the Exchange closes before its scheduled closing time unless such earlier closing time is announced by the Exchange at least one hour prior to the earlier of (a) the actual closing time for the regular trading session on the Exchange on such Exchange Business Day and (b) the submission deadline for orders to be entered into the Exchange system for execution at the actual closing time for its regular trading session on such Exchange Business Day.

“**Maturity Date**” means the date on which the cash amount representing the Principal Amount and Coupon Amount is scheduled to be paid or the Linked Stock is scheduled to be delivered to the Investor (as the case may be). The Maturity Date will be 2 Business Days after the Determination Date, and will be set out in the Confirmation, provided that:

- (a) if the Determination Date of an ELD is postponed due to a Disrupted Day, and the interval between such postponed Determination Date and the scheduled Maturity Date becomes fewer than 2 Business Days, the Maturity Date shall be the second Business Day following such postponed Determination Date;
- (b) (in the case where the Linked Stock is to be delivered to the Investor and the Residual Cash (if any) is to be paid) if the scheduled Maturity Date is not a Clearing System Business Day, the Maturity Date shall be postponed to the following Clearing System Business Day; and
- (c) the Maturity Date may also be postponed pursuant to Condition 11.

No further interest or compensation will be payable by the Bank to the Investor upon any postponement of the Maturity Date or any delay in the delivery of the Linked Stock.

“**Merger Event**” means in relation to an ELD, in respect of the Linked Stock, any

- (a) reclassification or change of such Linked Stock that results in a transfer of or an irrevocable commitment to transfer all of such Linked Stock outstanding to another entity or person;

- (b) consolidation, amalgamation, merger or binding share exchange of the issuer of the Linked Stock with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such issuer of the Linked Stock is the continuing entity and which does not result in a reclassification or change of all of such Linked Stock outstanding);
- (c) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Linked Stock of the issuer of the Linked Stock that results in a transfer of or an irrevocable commitment to transfer all such Linked Stock (other than such Linked Stock owned or controlled by such other entity or person); or
- (d) consolidation, amalgamation, merger or binding share exchange of the issuer of the Linked Stock or its subsidiaries with or into another entity in which the issuer of the Linked Stock is the continuing entity and which does not result in a reclassification or change of all such Linked Stock outstanding but results in the outstanding Linked Stock (other than Linked Stock owned or controlled by such other entity) immediately prior to such event collectively representing less than 50% of the outstanding Linked Stock immediately following such event.

**“Nationalisation”** means, in respect of the Linked Stock, that all the shares or all or substantially all the assets of the issuer of the Linked Stock are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

**“NZD”** means New Zealand dollar, the lawful currency of New Zealand.

**“Order”** in respect of an ELD, an order validly placed in accordance with Condition 1.1.

**“Physical Settlement Expenses”** means the sum of the relevant buyer’s stamp duty (if applicable, subject to the prevailing laws and regulations), CCASS stock settlement fees, stock deposit fees, safe custody fees and any other charges for the provision of securities services as notified by the Bank from time to time.

**“Potential Adjustment Event”** means any of the following:

- (a) a subdivision, consolidation or reclassification of relevant shares or units of the Linked Stock (unless resulting in a Merger Event), or a free distribution or dividend of any such shares or units to existing holders by way of bonus, capitalisation or similar issue;
- (b) a distribution, issue or dividend to existing holders of relevant shares or units of the Linked Stock of (i) additional shares or units of the Linked Stock, or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the issuer of the Linked Stock, equally or proportionately with such payments to holders of such shares or units of the Linked Stock, or (iii) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the issuer of the Linked Stock as a result of a spin-off or other similar transaction, or (iv) any other type of securities, rights or warrants or other assets, in any case for payment (either in cash or other consideration) at less than the prevailing market value as determined by the Bank;

- (c) an extraordinary dividend or distribution as determined by the Bank;
- (d) a call by the issuer of the Linked Stock in respect of relevant shares or units of the Linked Stock that are not fully paid;
- (e) a repurchase by the issuer of the Linked Stock or any of its subsidiaries of relevant shares or units of the Linked Stock, or by the trustee or manager of the issuer of the Linked Stock of relevant units of the Linked Stock (other than in respect of a redemption of units of the Linked Stock initiated by an investor in such units that is consistent with the relevant Fund Documents), whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (f) in respect of relevant shares or units of the Linked Stock, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the relevant issuer of the Linked Stock pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price less than their market value, as determined by the Bank, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- (g) any event in respect of relevant shares or units of the Linked Stock analogous to any of the foregoing events or any other event that may have a diluting or concentrative effect on the theoretical value of the relevant shares or units, in each case, as determined by the Bank.

**“Principal Amount”** means the actual amount in the Settlement Currency invested by the Investor in an ELD, as set out in the Confirmation.

**“RMB”** means Renminbi, the lawful currency of the People’s Republic of China.

**“RMB Disruption Event”** means the occurrence of any event that, in the determination of the Bank in its sole and absolute discretion acting in good faith and a commercially reasonable manner, makes it impossible:

- (a) for the Bank to obtain a firm quote of a price in respect of any amount due and payable in RMB under the ELDs on the relevant scheduled date of payment in the RMB exchange market in Hong Kong in order to perform its obligations under the ELDs;
- (b) for the Bank to convert into RMB for any amount due and payable in RMB under the ELDs in the RMB exchange market in Hong Kong, other than where such impossibility is solely due to the failure of the Bank to comply with any law, rule or regulation enacted by any government authority (unless such law, rule or regulation is enacted after the Trade Date and it is impossible for the Bank, due to an event beyond its control, to comply with such law, rule or regulation); or

- (c) for the Bank to transfer RMB between accounts inside Hong Kong, other than where such impossibility is solely due to the failure of the Bank to comply with any law, rule or regulation enacted by any government authority (unless such law, rule or regulation is enacted after the Trade Date and it is impossible for the Bank, due to an event beyond its control, to comply with such law, rule or regulation).

For the avoidance of doubt, the following events shall not constitute an RMB Disruption Event:

- (A) in the case of sub-paragraph (a) above, the inability for the Bank to obtain such firm quote solely due to issues relating to its creditworthiness; and
- (B) in the case of sub-paragraph (b) above, the inability for the Bank to convert into RMB for any amount due and payable in RMB under the ELDs solely due to issues relating to its creditworthiness.

**“Scheduled Trading Day”** means a day on which the Exchange is scheduled to be open for trading during its regular trading session.

**“Securities Account”** means the securities account in the name of the Investor opened and maintained by the Bank.

**“Settlement Account”** means each savings or current account (whether single or multicurrency and of whatever type) opened and maintained by the Investor with the Bank for the purposes of making any payments by the Investor to the Bank in respect of the relevant ELD and settling the relevant ELD.

**“Settlement Currency”** means the currency specified as such in the Confirmation.

**“Settlement Disruption Event”** means, in respect of a Linked Stock, an event which the Bank (in its sole and absolute discretion) determines to be beyond its control as a result of which the Clearing System cannot clear the transfer of such Linked Stock.

**“Spot Price”** means either (i) the closing price of the Linked Stock on the Trade Date or (ii) the prevailing market price of the Linked Stock at the time the Bank executes the relevant Order on the Trade Date provided that such price is less than or equal to the highest spot price you have specified in the Information Sheet, or (iii) the prevailing market price of the Linked Stock at the time the Bank executes the relevant Order on the Trade Date. The actual Spot Price will be confirmed in the Confirmation.

**“Strike Price”** means a pre-determined price of the Linked Stock against which the Final Closing Price is compared on the Determination Date to determine if, on the Maturity Date, the Investor will receive the Principal Amount and Coupon Amount either in cash or in the form of the Linked Stock. The Strike Price will be set out in the Confirmation and will be rounded to 4 decimal places (with 0.00005 being rounded upwards).

**“Tender Offer”** means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10% and less than 100% of the outstanding voting shares of the issuer of the Linked Stock, as determined by the Bank, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Bank deems relevant.

**“Tenor”** means the number of calendar days from (and including) the originally scheduled Deposit Value Date to (but excluding) the originally scheduled Maturity Date. The Tenor for an ELD can range from 1 month to 6 months.

**“Trade Date”** means the date on which the relevant Order is accepted and executed, as set out in the Confirmation. There will be no Trade Date in respect of an ELD if the relevant Order is not accepted and executed.

**“Underlying Currency”** means the currency in which the Linked Stock is quoted on the Exchange, which is either HKD or RMB as set out in the Confirmation.

**“USD”** means United States dollar, the lawful currency of the United States of America.

## Appendix C

### Form of Information Sheet

Information Sheet for Equity-Linked Deposit offered by DBS Bank (Hong Kong) Limited (the “Bank”) dated [date].

#### Key Risk Disclosure Statements

- **Not principal protected** - An ELD is NOT principal protected. You may receive a number of shares or units of the Linked Stock instead of cash upon maturity depending on the Final Closing Price of the Linked Stock. The market value of the Linked Stock you receive may be substantially less than your investment amount or may even be worthless. In the worst case scenario, you may lose all of your investment.
- **Not a time deposit** - An ELD is an unlisted structured investment product with embedded derivatives and is not equivalent to, nor should it be treated as, a conventional time deposit.
- **Not a protected deposit** - An ELD is not a protected deposit for the purposes of the Deposit Protection Scheme in Hong Kong.
- **Not covered by the Investor Compensation Fund** - The ELDs are not listed on any stock exchange and are not covered by the Investor Compensation Fund in Hong Kong.
- **Limited maximum potential gain** - The maximum potential gain under an ELD is limited to the predetermined Coupon Amount.
- **Not the same as investing in the Linked Stock** - Investing in an ELD is not the same as directly investing in the Linked Stock. A change in the market price of the Linked Stock may not necessarily lead to a corresponding change in the potential payout of the ELD at maturity. You will have no rights in the Linked Stock unless and until a number of shares or units of the Linked Stock is determined on the Determination Date to be deliverable to you on the Maturity Date, in which case you will be entitled to rights in the Linked Stock starting from the Determination Date.
- **Credit risk** - When you enter into an ELD, you will be relying on the creditworthiness of DBS Bank (Hong Kong) Limited (as the offeror) and of no other person. If the Bank becomes insolvent or defaults on its obligations under the ELD, you can only claim as an unsecured creditor of the Bank regardless of the performance of the Linked Stock and the terms of the ELD. **In the worst case scenario, you may lose all of your investment.**

- **Not guaranteed or supported by collateral** - An ELD is not guaranteed or supported by any collateral. In addition, there is no guarantee from the ultimate holding company of the Bank, DBS Group Holdings Ltd.
- **You will be exposed to risks relating to the ELD from the time you place your order for an ELD** - Once you place your order for an ELD, you are committed to the order. You will therefore be exposed to risks relating to the ELD from the time you place your order for an ELD.
- **You cannot early terminate the ELD once your order is accepted and executed on the Trade Date; there are no market-making arrangements; there is no secondary market** - After your order is accepted and executed on the Trade Date, you cannot early terminate your ELD. Since the ELDs have an Investment Period of 6 months or less, the Bank will not provide any market-making arrangements. You must hold your ELD from the time your order is accepted and executed on the Trade Date until the Maturity Date. In addition, as the ELDs are not transferable, there is no secondary market for the ELDs.
- **Conflicts of interest** - Potential and actual conflicts of interest may arise from the different roles played by the Bank and its affiliates in connection with the ELDs. The Bank's economic interests in each role may be adverse to your interests in the ELDs.
- **[Additional risks for RMB-denominated ELDs or ELDs linked to RMB-quoted Linked Stock** - You should note that:
  - (i) *Limited pool of RMB outside mainland China* — RMB is subject to foreign exchange control by the PRC central government. There is currently a limited pool of RMB outside mainland China and any tightening of foreign exchange control may adversely affect the liquidity of offshore RMB and the potential return of the RMB-denominated ELDs and our ELDs linked to RMB-quoted Linked Stock.
  - (ii) *Offshore RMB exchange rate and interest rate risks* — If the ELDs are denominated in RMB but the Underlying Currency of the Linked Stock is HKD or if the ELDs are denominated in a Settlement Currency other than RMB but the Underlying Currency of the Linked Stock is RMB, the Bank will use the offshore RMB exchange rate in the calculations of the ELDs. You should note that the offshore RMB exchange rate the Bank uses for the ELDs may deviate significantly from the onshore RMB exchange rate. Changes in the offshore RMB exchange rate may adversely affect the number of shares or units of the Linked Stock deliverable to you (and the value of such number of shares or units of the Linked Stock in the Underlying Currency) in the case of physical settlement. There is no guarantee that RMB will not depreciate. In addition, interest rates for onshore RMB are controlled by the PRC central government. Further liberalisation of interest rates for onshore RMB may occur and may influence the interest rates for offshore RMB. Any fluctuation in interest rates for offshore RMB may affect the potential return of the RMB-denominated ELDs and our ELDs linked to RMB-quoted Linked Stock.

- (iii) *Payment postponement for RMB Disruption Event* — If the Settlement Currency of the ELDs is RMB and an RMB Disruption Event occurs on or, prior to and is continuing on, any date on which any amount payable in RMB under the ELDs is scheduled to be paid, such payment will be postponed and may be made in a HKD Equivalent Amount. The Bank will not pay any extra amount (such as interest) for such postponed payment. You may also suffer a loss in HKD terms if RMB depreciates against HKD following the occurrence of an RMB Disruption Event.][*For RMB-denominated ELDs and/or ELDs linked to RMB-quoted Linked Stock*]

**IMPORTANT:**

**This Information Sheet must be read in conjunction with the principal brochure for the ELDs dated 8 April 2021 (the “Principal Brochure”) [(together with the addendum to the Principal Brochure dated [date])] and the financial disclosure document dated [date] (the “Financial Disclosure Document”) [(together with the addendum to the Financial Disclosure Document dated [date])] (collectively, the “Offering Documents”).**

**You are warned that the performance of the ELD may fluctuate and you may sustain a total loss of your investment. You should therefore ensure that you understand the nature of the ELD and carefully study the risk factors set out in the Offering Documents for the ELD and, where necessary, seek independent professional advice, before you decide whether to invest in the ELD.**

**The Offering Documents are available from the branches of the Bank.**

**If English is not your preferred language, you can request from the Bank a Chinese version of this Information Sheet. 倘若英文並非閣下屬意的語言，閣下可向本行索取本資料單張的中文版本。**

**The Securities and Futures Commission (“SFC”) has authorised the ELDs under section 104A(1) of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (“SFO”) and the issue of this Information Sheet based on the standard format set out in Appendix C to the Principal Brochure as part of the Offering Documents of the ELDs under section 105(1) of the Securities and Futures Ordinance (Cap. 571, Law of Hong Kong). The SFC takes no responsibility for the ELDs or the contents of this Information Sheet, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for loss howsoever arising from or in reliance upon the whole or any part of the contents of this Information Sheet. The SFC’s authorisation does not imply the SFC’s endorsement or recommendation of the ELDs referred to in this Information Sheet nor does it imply that the SFC guarantees the commercial merits of the ELDs or their performance. The SFC’s authorisation does not mean the ELDs are suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors. Interested persons should consider obtaining independent professional advice before investing in the ELDs.**

**Capitalised terms used but not defined in this Information Sheet shall have the meaning set out in the Terms and Conditions in Appendix B of the Principal Brochure.**

<b>Indicative Terms and Conditions</b>	
<b>The Bank (as the offeror)</b>	: DBS Bank (Hong Kong) Limited
<b>Settlement Currency</b>	: [settlement currency]
<b>Minimum Principal Amount</b>	: [HKD100,000][insert the equivalent amount of HKD100,000 in settlement currency]
<b>Maximum Principal Amount</b>	: [settlement currency][currency amount]
<b>Tenor</b>	: [calendar days] calendar days
<b>Investment Period</b>	: [calendar days] calendar days
<b>Annualised Coupon Rate</b>	: [coupon rate]% p.a.  The Annualised Coupon Rate is expressed as an annualised rate. This is not the Actual Coupon Rate. The Annualised Coupon Rate is based on the assumption that the ELD can be rolled over under the same terms for a period equal to the Day Count Basis. This annualised rate of return is hypothetical and is not the actual return. You should not rely on the Annualised Coupon Rate as an indication of the expected actual return of the ELD.
<b>Actual Coupon Rate</b>	: [coupon rate]%, being the Annualised Coupon Rate x Tenor / Day Count Basis
<b>Coupon Amount</b>	: Principal Amount x Annualised Coupon Rate x Tenor / Day Count Basis.
<b>Day Count Basis</b>	: [[For Settlement Currency which is HKD or GBP:] 365] [[For Settlement Currency which is RMB, USD, EUR, AUD, CAD, NZD, CHF, JPY:] 360] [[For any other Settlement Currency:] [number]]
<b>Linked Stock</b>	: The [shares] [units] of [name of company/fund] (Stock code: [stock code])
<b>Underlying Currency</b>	: [HKD][RMB]
<b>Trade Date (DD/MM/YYYY)</b>	: [date]
<b>Deposit Value Date (DD/MM/YYYY)</b>	: [date]
<b>Determination Date (DD/MM/YYYY)</b>	: [date]
<b>Maturity Date (DD/MM/YYYY)</b>	: [date]

<b>Spot Price</b>	: [The prevailing market price of the Linked Stock at the time the order is executed on the Trade Date, provided that such price is less than or equal to the highest spot price. The highest spot price is [HKD][RMB][ <i>highest spot price</i> ] [The closing price of the Linked Stock on the Trade Date] [The prevailing market price of the Linked Stock at the time the order is executed on the Trade Date. The Bank will execute the order as soon as practicable after you placed the order.] The actual Spot Price will be confirmed in the Confirmation.
<b>Strike Price</b>	: [ <i>percentage</i> ]% of the Spot Price, rounded to 4 decimal places, with 0.00005 being rounded upwards
<b>Settlement at Maturity</b>	: (i) If the Final Closing Price of the Linked Stock is equal to or greater than the Strike Price, the Investor will receive a cash amount in the Settlement Currency equal to the sum of the Principal Amount and the Coupon Amount, which will be paid into the Settlement Account on the Maturity Date;  OR  (ii) if the Final Closing Price of the Linked Stock is less than the Strike Price, the Investor will receive a number of shares or units of the Linked Stock (subject to the payment of any Physical Settlement Expenses by the Investor on the Maturity Date) equal to the aggregate of the Principal Amount and the Coupon Amount (converted into the Underlying Currency at the Exchange Rate if the Settlement Currency is not the same as the Underlying Currency) divided by the Strike Price, which will be delivered into the Securities Account on the Maturity Date.

The Bank will deliver an integral number of the Linked Stock to you on the Maturity Date (which may include odd lots). If the number of shares or units of the Linked Stock calculated in accordance with the above formula consists of any fractional shares or units of the Linked Stock, such fractional shares or units of the Linked Stock will be settled in cash in the Settlement Currency and calculated in accordance with the formula below:

Fraction of Linked Stock  
(this will not be rounded)

x

Final Closing Price of the Linked Stock  
(converted into the Settlement Currency at the Exchange Rate specified in the Information Sheet where the Settlement Currency is not the same as the Underlying Currency)

Such cash amount will be rounded to the nearest 2 decimal places, with 0.005 being rounded upwards.

**Exchange Rate**

: [The bid rate for the Underlying Currency per one Settlement Currency as per Bloomberg Page BFIX [*currency pair*] as of the closing time of the Exchange on the Determination Date. If such page or the relevant rate is not available, the Bank shall, acting in good faith and in a commercially reasonable manner, select such other reference page that may replace that page for the purposes of displaying comparable exchange rates or determine in good faith and in a commercially reasonable manner such bid rate by reference to such sources as the Bank may select in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner).][Not applicable]<sup>1</sup>

<sup>1</sup> Applicable if the Settlement Currency is the same as the Underlying Currency.

<b>Physical Settlement Expenses</b>	:	Physical Settlement Expenses include [the buyer's stamp duty specified in the Stamp Duty Ordinance (Cap. 117, Laws of Hong Kong) calculated by reference to the Strike Price of the Linked Stock [converted into HKD at the exchange rate as determined by the Hong Kong Monetary Authority and currently published on the website of the Hong Kong Stock Exchange at <a href="http://www.hkex.com.hk/eng/market/sec_tradinfo/stampfx/stampfx.asp">http://www.hkex.com.hk/eng/market/sec_tradinfo/stampfx/stampfx.asp</a> by 11:00a.m. or earlier on the Determination Date] and] HKD[ <i>number</i> ] (being the charges for the provision of securities services).
<b>Clearing System</b>	:	[CCASS]/ [ <i>Successor clearing system</i> ]

### Other Disclosures

**[Updated information:**

[The [[*NUMBER*][*st*][*nd*][*rd*][*th*] paragraph under the] [sub-]section headed [*TITLE*] on page[s] [*NUMBER*] [to [*NUMBER*]] of [*DOCUMENT*] shall be [deleted] [replaced] [amended] [supplemented] by the following:] **[For use in the case of the Principal Brochure only -** [[deleted] [replaced] [amended] [supplemented], the details of which are set out in an addendum dated [*DATE*].]] [The following shall be added after the [[*NUMBER*][*st*][*nd*][*rd*][*th*] paragraph under the] [sub-]section headed [*TITLE*] on page[s] [*NUMBER*] [to [*NUMBER*]] of [*DOCUMENT*]:] [*DETAILS OF CHANGES*]]

**[No] [M][m]aterial adverse change:**

[Save as disclosed in the section headed [*heading*] in [the Financial Disclosure Document] [and] [the addendum to the Financial Disclosure Document dated [*date*]], there] [There] has been no material adverse change in the financial or trading position of the Bank since the date of its latest audited financial statements for the period ended [*date*].

**[No] [M][m]aterial litigation:**

[Save as disclosed in the section headed [*heading*] in [the Financial Disclosure Document] [and] [the addendum to the Financial Disclosure Document dated [*date*]], there] [There] are no litigation or arbitration proceedings against or affecting the Bank, nor is the Bank aware of any claims pending or, to its knowledge, threatened against the Bank, which are material in the context of its offering of the ELD.

**No market-making arrangements or post-sale cooling-off periods are available:**

The obligations to provide market-making arrangements and post-sale cooling-off periods under Chapters 7 and 8, respectively, of the Code on Unlisted Structured Investment Products (the “**Code**”) issued by the SFC **DO NOT APPLY** to any of the ELDs because the Bank will only offer ELDs with an Investment Period of not more than 6 months.

**[Risk in respect of Newly Listed Security:**

The Linked Stock has only been listed on The Stock Exchange of Hong Kong Limited with a trading history of less than 60 consecutive Business Days and a minimum market capitalisation in public hands of HKD10 billion as of the Trade Date (i.e. it is a “**Newly Listed Security**”). You should note that prior to the listing of the Newly Listed Security, there would have been no public market for the Newly Listed Security and an active public market for the Newly Listed Security may not develop or be sustained in the future. You will not be able to analyze or compare the trading history of the Newly Listed Security, particularly in relation to either the volatility or liquidity which may have an impact on the return on your investment.

Although the Newly Listed Security is listed on The Stock Exchange of Hong Kong Limited, there is no guarantee that an active trading market for the Newly Listed Security will develop or, if a market does develop, the liquidity of that market. Also, the price and trading volume of the Newly Listed Security may be highly volatile subject to market sentiment, and may be more volatile than would generally be expected for a share or fund, being a real estate investment trust or an exchange traded fund, that has a longer trading history.]\*

**[Risk in respect of ETFs:**

The investment objective of most exchange traded funds (“**ETFs**”) is to track the performance of the equity(ies) or assets underlying the ETFs or, as the case may be, a specified index. However, increases in the price of the equity(ies) or assets underlying the ETFs or the level of the related index (as the case may be) may not lead to a corresponding increase in the price of the ETF. In addition, increases in the price of the units of an ETF may not lead to a corresponding increase in the Investor’s return.

The ETF is managed by its manager and the investment objectives and investment restrictions of the ETF may change from time to time. Neither the Bank nor the investors have any control over the decisions made by the manager regarding the ETF and have no rights against the manager for its decisions. Such decisions may have an adverse impact on the potential return of the ELD.

\* Insert if the Linked Stock is a Newly Listed Security on The Stock Exchange of Hong Kong Limited. A Newly Listed Security is a security which is listed on The Stock Exchange of Hong Kong Limited with a trading history of less than 60 consecutive Business Days and a minimum market capitalisation in public hands of HKD10 billion as of the Trade Date.

An ETF is exposed to the political, economic, currency and other risks related to the equity(ies) or assets underlying the ETF or, as the case may be, the specified index that the ETF is designed to track. There may also be a disparity between the performance of the ETF and the performance of the equity(ies) or assets underlying the ETF or, as the case may be, the specified index as a result of, for example, failure of the tracking strategy, currency differences, fees and expenses. In addition, where the equity(ies) or assets underlying the ETF or, as the case may be, the specified index are subject to restricted access, the efficiency for the creation or redemption of units in the ETF may be disrupted. The units of the ETF may therefore trade at a premium or a discount to their net asset value. These factors may have a negative impact on the performance of the ETF and the ELDs.]<sup>A</sup>

[The ETF may not invest directly in the equity(ies) or assets underlying the ETF or, as the case may be, the constituents of the specified index. Instead, they may adopt a synthetic replication investment strategy to achieve its objective by investing in derivatives issued by market counterparties that are linked to the performance of the equity(ies) or assets underlying the ETF or, as the case may be, the index and/or its constituents. For these synthetic ETFs, you are exposed to the credit risk of the counterparties which issued the derivatives, in addition to the risks relating to the equity(ies) or assets underlying the ETF or, as the case may be, the index. Potential contagion and concentration risks of the counterparties which issue the derivatives should also be taken into account (for example, since the counterparties are predominantly international financial institutions, the failure of one derivative counterparty in respect of a synthetic ETF may have a “knock-on” effect on other derivative counterparties in respect of the synthetic ETF). Some synthetic ETFs have collateral to reduce counterparty risk, but there may be a risk that the market value of the collateral will fall substantially when the synthetic ETF seeks to realise the collateral.

In addition, a greater liquidity risk is involved if a synthetic ETF involves derivatives which do not have an active secondary market. Such derivatives may have to be valued or sold at a much lower price than those with an active secondary market given a wider bid-offer spread in the price of the derivatives. This may result in losses in the synthetic ETF.]<sup>B</sup>

[Please refer to the relevant ETF offering documents for further information about the risks applicable to the ETF.]<sup>A</sup>

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<sup>A</sup> Insert if the Linked Stock is an ETF.

<sup>A</sup> Insert if the Linked Stock is an ETF.

<sup>B</sup> Insert if the Linked Stock is a synthetic ETF.

### **[Risk in respect of REITs:**

The investment objective of real estate investment trust (“**REITs**”) is to invest in a real estate portfolio. Each REIT is exposed to risks relating to investments in real estate, including but not limited to (a) adverse changes in political or economic conditions, (b) changes in interest rates and the availability of debt or equity financing, which may result in an inability by the REIT to maintain or improve the real estate portfolio and finance future acquisitions, (c) changes in environmental, zoning and other governmental rules, (d) changes in market rents, (e) any required repair and maintenance of the portfolio properties, (f) breach of any property laws or regulations, (g) the relative illiquidity of real estate investments, (h) real estate taxes, (i) any hidden interests in the portfolio properties, (j) any increase in insurance premiums and (k) any uninsurable losses.

There may also be disparity between the market price of the units of a REIT and the net asset value per unit. This is because the market price of the units of a REIT also depends on many factors, including but not limited to (i) the market value and perceived prospects of the real estate portfolio, (ii) changes in economic or market conditions, (iii) changes in market valuations of similar companies, (iv) changes in interest rates, (v) the perceived attractiveness of the units of the REIT against those of other equity securities, (vi) the future size and liquidity of the market for the units and the REIT market generally, (vii) any future changes to the regulatory system, including the tax system and (viii) the ability of the REIT to implement its investment and growth strategies and to retain its key personnel. Such risks may have a negative impact on the performance of the units of the REIT and the potential return of the ELDs.

In addition, increases in the market price of the units of the REIT or its real estate portfolio may not lead to an increase in the market value of the ELDs of the same magnitude or even any increase at all.

Please refer to the relevant REIT offering documents for further information about the risks applicable to the REIT.]<sup>†</sup>

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<sup>†</sup> Insert if the Linked Stock is a REIT.

**[Risk in respect of an exchange traded fund investing through QFII, RQFII and/or China Connect (“China ETF”)]**

The ELDs are linked to units of a China ETF issued and traded outside mainland China with direct investment in the securities market in mainland China through the Qualified Foreign Institutional Investor (“**QFII**”) regime, the RMB Qualified Foreign Institutional Investor (“**RQFII**”) regime and/or the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (collectively, “**China Connect**”), such ELDs entail certain additional risks:

- (a) the novelty and untested nature of China Connect makes China ETFs investing through it riskier than traditional ETFs. The policy and rules for the QFII regime, RQFII regime and China Connect prescribed by the PRC central government are subject to change, and there may be uncertainty to their implementation. Such uncertainty and potential change of the laws and regulations in mainland China may have an adverse impact on the performance of a China ETF, and may also have potential retrospective effect. The operation of a China ETF may also be affected by the interventions of applicable governmental bodies and regulators in the financial markets. These changes may in turn adversely affect the potential return of the ELDs linked to the units of a China ETF in which case you may suffer a loss in your investment. In the worst case scenario, you could lose all of your investment;
- (b) a China ETF primarily invests in securities traded in the securities market in mainland China and is subject to concentration risk. Investment in the securities market in mainland China (which are inherently stock markets with restricted access) requires further consideration of factors such as greater political, tax, economic, foreign exchange, liquidity and regulatory risks, as compared with investment in more developed economies or markets. The operation of a China ETF may also be affected by interventions by the applicable government(s) and regulators in the financial markets. This may adversely affect the performance of the China ETF, and may in turn adversely affect the performance of the ELDs;
- (c) trading of securities invested by a China ETF under China Connect will be subject to a daily quota which is utilized on a first-come-first-serve basis under China Connect. If the daily quota under China Connect is reached, the manager may need to suspend creation of further units of the China ETF, and therefore this may affect the liquidity in respect of the units of such China ETF. In such an event, the trading price of a unit of such China ETF is likely to be valued at a significant premium to its net asset value, and the price may be highly volatile. The People’s Bank of China and the State Administration of Foreign Exchange have published the detailed implementation rules removing the investment quota allocated to such China ETF under the QFII and RQFII regimes with effect from 6 June 2020; and

(d) the general tax laws and regulations in mainland China are under constant development and often subject to change as a result of shifts in policy of the PRC central government. As such, there is a possibility that the current tax laws, rules, regulations and practice in mainland China and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. It is possible that units of a China ETF could become subject to additional taxation that is not anticipated as at the trade date of the ELDs. A China ETF may make a provision for such unanticipated additional taxation, however any such provision may be more than or less than the actual tax liabilities of the China ETF. In case of a shortfall in the provision for such unanticipated additional taxes of the China ETF, the relevant amounts are likely to be debited from the assets of the China ETF to meet its actual tax liabilities. As a result, the performance of the units of the China ETF may be adversely affected and the degree of impact on the units of such China ETF may vary, depending on factors such as the level of the provision for taxes of the China ETF and the amount of the shortfall at the relevant time. In addition, any changes in tax policies of the PRC central government may reduce the after-tax profits of the companies in mainland China which a China ETF invests in. Any of these changes may reduce the income from, and/or the value of, the units of such China ETF which may adversely affect the potential return of the ELDs in which case you may suffer a loss in your investment. In the worst case scenario, you could lose all of your investment.

Although the units of China ETF are listed on the Stock Exchange, there is no guarantee that an active trading market for such units can be developed or, if an active market does develop, liquidity of that market can be sustained. Also, the price and trading volume of the units of China ETFs may be highly volatile subject to the market sentiment, and may be more volatile than would generally be expected from ETFs with a longer trading history.

The above risks may have a significant adverse impact on the performance of the units of a China ETF and the market value and potential return of the ELDs. You should read the offering documents of the relevant China ETF for further information about the risks applicable to the relevant China ETF.]#

#### **[Risk in respect of Linked Stock adopting the dual counter model**

Where the issuer of the Linked Stock of the ELDs adopts the dual counter model for trading its shares or units on the Stock Exchange in RMB and HKD separately, you need to consider the following additional risks in light of the novelty and relatively untested nature of the Stock Exchange's "dual counter" model:

(a) the ELDs may be linked to the HKD-quoted shares or units or the RMB-quoted shares or units of a company or fund. If the Linked Stock is the HKD-quoted shares or units, movements in the trading prices of the RMB-quoted shares or units should not directly affect the potential return of the ELDs. Similarly, if the Linked Stock is the RMB-quoted shares or units, movements in the trading prices of the HKD-quoted shares or units should not directly affect the potential return of the ELDs;

# Insert if the Linked Stock is an China ETF.

- (b) if there is a suspension of inter-counter transfer of such shares or units between the HKD counter and the RMB counter for any reason, such shares or units will only be able to be traded in the relevant currency counter on the Stock Exchange, which may affect the demand and supply of the Linked Stock and have an adverse effect on the potential return of the ELDs; and
- (c) the trading price on the Stock Exchange of the HKD-quoted shares or units and RMB-quoted shares or units may deviate significantly due to different factors, such as market liquidity, RMB conversion risk, supply and demand in each counter and the exchange rate between offshore RMB and HKD. Changes in the trading price of the Linked Stock may adversely affect the potential return of the ELDs in which case you may suffer a loss in your investment.]\*

You should read the offering documents of the relevant Linked Stock which are traded through the dual counter model to understand its key features and risks.

**Responsibility statement:**

The information contained in the Principal Brochure [(and its addendum)] and the Financial Disclosure Document [(and its addendum)] (taken together with, and as up-dated by, this Information Sheet) is accurate at the date of this Information Sheet.

The Principal Brochure [(and its addendum)] and the Financial Disclosure Document [(and its addendum)] (taken together with, and as up-dated by, this Information Sheet) include particulars given in compliance with the Code for the purpose of giving information with regard to the Bank (as the offeror and the product arranger) and the ELD. The Bank (as the offeror and the product arranger) accepts full responsibility for the contents of, and the completeness and accuracy of, the information contained in the Principal Brochure [(and its addendum)], the Financial Disclosure Document [(and its addendum)] and this Information Sheet and confirms, having made all reasonable enquiries, that to the best of the Bank's knowledge and belief, there is no untrue or misleading statement, or other facts the omission of which would make any statement herein untrue or misleading.

**Eligibility requirements:**

As at the date of this Information Sheet, the Bank (as the offeror and the product arranger) confirms that the ELD complies with the Code and that the Bank (as the offeror and the product arranger) meets the eligibility requirements applicable to both issuers and product arrangers under the Code.

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\* Insert if the Linked Stock adopts the dual counter model.

## Appendix D

# Form of Confirmation

We set out below the form of Confirmation relating to the ELD.

The SFC takes no responsibility as to the contents of the terms of the Confirmation as set out in this Appendix D. The SFC's authorisation of this Principal Brochure does not imply the SFC's endorsement of the Product Terms and Conditions (as amended and/or supplemented by the Confirmation).

This Confirmation constitutes the "Confirmation" relating to the ELD described below. These terms specified in this Confirmation shall amend and/or supplement the terms and conditions of the Equity-Linked Deposits (the "**Product Terms and Conditions**") which are set out in Appendix B of the principal brochure for the ELD dated 8 April 2021 (the "**Principal Brochure**").

Capitalised terms used in this Confirmation and not otherwise defined herein shall have the meaning given to them in the Product Terms and Conditions. Unless otherwise specified, in the event of any inconsistency between the Product Terms and Conditions and this Confirmation, this Confirmation will prevail.

DBS Bank (Hong Kong) Limited (the "**Bank**"), as the offeror of the ELD, would like to advise you that the terms of the ELD to which this Confirmation relates are as follows:

Trade Date (DD/MM/YYYY)	: [date]
Deposit Value Date (DD/MM/YYYY)	: [date]
Determination Date (DD/MM/YYYY)	: [date]
Maturity Date (DD/MM/YYYY)	: [date]
Principal Amount	: [settlement currency][currency amount]
Linked Stock	: [name of the Linked Stock]: (Stock Code: [stock code])
Underlying Currency	: [HKD][RMB]
Spot Price	: [HKD][RMB][Spot Price]
Strike Price	: [HKD][RMB][Strike Price]

Annualised Coupon Rate (It is expressed as an annualised rate. This is not the Actual Coupon Rate. It is based on the assumption that the ELD can be rolled over under the same terms for a period equal to the Day Count Basis. This annualised rate is hypothetical and is not the actual return. You should not rely on the Annualised Coupon Rate as an indication of the expected actual return of the ELD.)	: [coupon rate]% p.a.
Actual Coupon Rate	: [coupon rate]%
Day Count Basis	: [[For Settlement Currency which is HKD or GBP:] 365] [[For Settlement Currency which is RMB, USD, EUR, AUD, CAD, NZD, CHF, JPY:] 360] [[For any other Settlement Currency:] [number]]
Exchange Rate	: [The bid rate for the Underlying Currency per one Settlement Currency as per Bloomberg Page BFIX [currency pair] as of the closing time of the Exchange on the Determination Date. If such page or the relevant rate is not available, the Bank shall, acting in good faith and in a commercially reasonable manner, select such other reference page that may replace that page for the purposes of displaying comparable exchange rates or determine in good faith and in a commercially reasonable manner such bid rate by reference to such sources as the Bank may select in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner).]/[Not applicable] <sup>1</sup>
Clearing System	: [Central Clearing and Settlement System]/ [Successor clearing system]
Settlement Account no.	: [Settlement Account no.]
Securities Account no.	: [Securities Account no.]
ELD deal no.	: [ELD deal no.]

<sup>1</sup> Applicable if the Settlement Currency is the same as the Underlying Currency.

Settlement on the Maturity Date:

- a) If the Final Closing Price of the Linked Stock on the Determination Date is **equal to or greater than** the Strike Price, the Investor is expected to receive the sum of the Principal Amount and Coupon Amount in accordance with Condition 5 of the Product Terms and Conditions.
- b) If the Final Closing Price of the Linked Stock on the Determination Date is **less than** the Strike Price, the Investor is expected to receive a number of shares or units of the Linked Stock, in accordance with Condition 5 of the Product Terms and Conditions.

The Bank shall deposit the proceeds or the number of shares or units of the Linked Stock on settlement at maturity to the Investor's Settlement Account/ Securities Account mentioned above according to the Product Terms and Conditions.

THIS PRODUCT IS **NOT** COVERED BY THE DEPOSIT PROTECTION SCHEME IN HONG KONG.

THIS CONFIRMATION IS **NOT** NEGOTIABLE OR TRANSFERABLE.

THIS CONFIRMATION IS A COMPUTER PRINT OUT AND DOES **NOT** REQUIRE ANY BANK SIGNATURE.

## **OFFEROR AND PRODUCT ARRANGER**

### **Registered office of the Bank**

#### **DBS Bank (Hong Kong) Limited**

11<sup>th</sup> Floor, The Center  
99 Queen's Road Central  
Central  
Hong Kong

## **LEGAL ADVISOR**

#### **King & Wood Malleons**

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The Landmark  
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Central  
Hong Kong



