

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

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

If English is not your preferred language, you may request for the Chinese version of this statement from our sales staff. 倘若英文並非閣下屬意的語言，閣下可向本行的銷售人員索取本概要的中文版本。

This is a structured investment product involving derivatives. The investment decision is yours but you should not invest in this product unless the intermediary who sells it to you has explained to you that the product is suitable for you having regard to your financial situation, investment experience and investment objectives.

Quick facts

Bank:	Dah Sing Bank, Limited ("Bank")
Product Type:	Currency Linked Principal Guaranteed Deposit – Fixed Rate Series ("CLPGD - Fixed Rate Series")
Minimum Deposit Amount:	To be specified in the Term Sheet of the product
Tenor:	To be specified in the Term Sheet of the product
Available Deposit Currency:	EUR, AUD, NZD, USD, JPY, CAD, GBP, CHF, CNY* and HKD (availability is at the Bank's discretion)
Available Linked Currency:	EUR, AUD, NZD, USD, JPY, CAD, GBP, CHF, CNY* and HKD (availability is at the Bank's discretion)
Spot Rate:	Expressed as a number of Linked Currency per one unit of Deposit Currency and to be specified in the Term Sheet of the product
Forward Rate:	Expressed as a number of Linked Currency per one unit of Deposit Currency and to be specified in the Term Sheet of the product
Linked Interest Rate:	To be specified in the Term Sheet of the product
Principal Amount	The principal amount you invest in this product
Day Count Fraction of Deposit Currency	To be specified in the Term Sheet of the product
Day Count Fraction of Linked Currency	To be specified in the Term Sheet of the product
Return Amount:	$\text{Principal Amount} \times \text{Spot Rate} \times \text{Linked Interest Rate} / \text{Forward Rate} \times \text{Tenor} / \text{Day Count Fraction of Linked Currency}$
FX Differential Amount:	$\text{Principal Amount} \times (\text{Spot Rate} - \text{Forward Rate}) / \text{Forward Rate}$
Interest Amount**:	$\text{Principal Amount} \times \text{Interest Rate} \times \text{Tenor} / \text{Day Count Fraction of Deposit Currency}$

Interest Rate:	Interest Rate is quoted on a per annum basis and will be specified in the Term Sheet of the product
Interest Payment Date:	At maturity
Principal Guaranteed at Maturity:	Yes
Callable by the Bank:	No
Early Termination Right by the Customer:	No
Embedded Derivatives:	Yes, this product consists of currency swap
Maximum Potential Gain:	The maximum potential gain is limited to the Interest Amount as determined by the Interest Rate which is fixed upfront and stated in the Term Sheet of the product.
Maximum Potential Loss:	For details, please refer to the "Payoff Scenario Analysis" below

* Exchange rate of CNY refers to the rate quoted in offshore market as specified in the Term Sheet of each transaction.

** The Interest Amount is determined with reference to the relevant Spot Rate, Forward Rate and the Linked Interest Rate which are set out in the Term Sheet and subject to rounding difference. The final payout of the Interest Amount will be determined by the Interest Rate as specified in the Term Sheet.

What is this product and how does it work?

CLPGD – Fixed Rate Series is a structured investment product consisting of a currency swap. You will receive 100% of the Principal Amount and a fixed Interest Amount in the Deposit Currency on the Maturity Date if you hold this product until maturity.

The Interest Amount is determined with reference to the relevant Spot Rate, Forward Rate and the Linked Interest Rate which are set out in the Term Sheet and subject to rounding difference. The final payout of the Interest Amount will be determined by the Interest Rate as specified in the Term Sheet.

Please refer to the "Payoff Scenario Analysis" below for detailed illustrations.

What are the key risks?

- **Principal Guaranteed at Maturity Only** - The principal guaranteed feature is only applicable if CLPGD is held to maturity.
- **Derivative Risk** – CLPGD – Fixed Rate Series is embedded with currency swap(s). Generally, swap transaction is subject to market risk, credit risk, liquidity risk, legal risk and settlement risk.
- **Not a Protected Deposit** – CLPGD is not equivalent to time deposit and should not be regarded as a substitute for time deposit. CLPGD is not a protected deposit and is not protected by the Deposit Protection Scheme in Hong Kong.
- **Foreign Exchange Risk** – The return of CLPGD – Fixed Rate Series is linked to the difference between the spot rate and forward rate of the Deposit Currency and Linked Currency. Movements in exchange rates can be sudden and drastic, and affected by complex political and economic factors. If the Deposit Currency is not your home currency, and you choose to convert it back to your home currency upon maturity, you may make a gain or loss due to exchange rate fluctuations.
- **Exchange Control** - For currencies subject to exchange controls imposed by the relevant governments, such as renminbi (RMB), the exchange rates may be easily affected by change in government policies. Such currencies may have different exchange rates quoted in different markets. For example, exchange rates of RMB are quoted in onshore and offshore markets; the onshore rate of RMB is being referred as "CNY" and the offshore rate (i.e. when traded in Hong Kong) is being referred as "CNH". Although CNY and CNH represent

the same currency, they do not necessarily have the same exchange rate and may not move in the same direction.

- **Limited Potential Return** - Investing in CLPGD is not the same as investing in the reference currency pair directly. Even if your view of the market movement of the reference exchange rate(s) is correct, the maximum potential return is limited to the pre-determined interest amount for the CLPGD.
- **Credit Risk** – CLPGD is not supported by any collateral or guarantee. CLPGD is subject to the creditworthiness of the Bank. If the Bank becomes insolvent or goes into liquidation or defaults on its obligations under the CLPGD while it is still outstanding, you will rank as an unsecured creditor of the Bank and could, in the worst case, lose your entire principal irrespective of the terms of the CLPGD.
- **Liquidity Risk** – CLPGD is designed to be held until maturity. CLPGD is not listed on any exchange, has no secondary market and is not transferable. Any termination, cancellation or withdrawal prior to maturity is subject to the sole discretion and consent of the Bank. You may incur significant costs or losses as a result of early termination, cancellation or withdrawal.
- **Adjustment and Early Termination** - The Bank has the right (but not the obligation) to adjust the terms of or to early terminate the CLPGD upon occurrence of certain events. If the terms of CLPGD are adjusted or the CLPGD is terminated by the Bank early, you may suffer a substantial loss under this product. See "Can the Bank adjust the terms or early terminate this product?" below.
- **Conflicts of Interest** - Potential conflicts of interest may arise from the different roles played by the Bank, its subsidiaries and/or its affiliates in connection with the CLPGD. The Bank and/or its subsidiaries and/or its affiliates may enter into, adjust or unwind transactions relating to the relevant currencies, whether for its or its subsidiaries' or its affiliates' proprietary accounts or for account under management or to facilitate transactions on behalf of you or otherwise. In carrying out these roles, the Bank's economic interests and those of its subsidiaries and/or its affiliates are potentially adverse to your interest in the CLPGD.
- **Not Covered by the Investor Compensation Fund** - The CLPGD is not listed on any stock exchange and is not covered by the Investor Compensation Fund in Hong Kong.
- **Settlement Risk** - Upon entering into the CLPGD, you shall assume all settlement risks relating to the Bank failing to settle the CLPGD on, before or after the maturity date.
- **For Settlement Fund of the Order Sourced from To-be-received Funds** - The Bank has the right to cancel an order if it fails to receive the funds to be received by you from another investment transaction on time and there is no sufficient fund placed by you for settlement. Any cost, charges and losses incurred as a result thereof shall be borne by you.

What are the key features?

- CLPGD – Fixed Rate Series is a structured product involving a currency swap.
- This product is designed to be held to maturity and no early termination by you is allowed. It is 100% principal guaranteed if you hold this product till maturity. The Tenor will be specified in the Term Sheet of the product.
- The maximum return of this product is limited to the Interest Amount which is determined by the Interest Rate which is fixed upfront and stated in the Term Sheet of this product.
- The Principal Amount and the Interest Amount (if any) will be paid in the Deposit Currency at maturity.

Payoff Scenario Analysis

The figures in the example are hypothetical and provided for illustration purpose only, and are not based on any past performance. The Bank is not making any prediction of future movements of the exchange rates of the relevant currencies.

Product Type	CLPGD – Fixed Rate Series
Principal Amount	CNY*100,000
Trade Date	02 January 2018
Deposit Date	02 January 2018
Maturity Date	09 October 2018
Deposit Currency	CNY*
Linked Currency	USD
Linked Interest Rate	2.00%
Spot Rate	1 / exchange rate of USD against CNY* (expressed as a number of USD per one unit of CNY*) = 1/ 6.4930 = 0.154012**
Forward Rate	1 / exchange rate of USD against CNY* (expressed as a number of USD per one unit of CNY*) = 1/ 6.5702 = 0.152202**
Tenor	9 months (280 days for Interest Amount calculation)
Interest Payment Date	At maturity

Return Amount

Principal Amount x Spot Rate x Linked Interest Rate / Forward Rate x Tenor / Day Count Fraction of Linked Currency

$$= \text{CNY}^*100,000 \times 0.154012 \times 2\% / 0.152202 \times (280/360) = \text{CNY}^*1,574.05^{**}$$

FX Differential Amount

Principal Amount x (Spot Rate – Forward Rate) / Forward Rate

$$= \text{CNY}^*100,000 \times (0.154012 - 0.152202) / 0.152202 = \text{CNY}^*1,189.21^{**}$$

Interest Amount

Return Amount + FX Differential Amount

$$= \text{CNY}^*1,574.05 + \text{CNY}^*1,189.21 = \text{CNY}^*2,763.26^{**}$$

*Exchange rate of CNY refers to the rate quoted in offshore market as specified in the Term Sheet of each transaction.

** The above calculation is for illustration purpose only and subject to rounding difference. The final Interest Amount to be paid will be calculated based on the Interest Rate which is quoted in the Term Sheet of the product.

Scenario 1: Best case scenario – you will receive the followings at maturity:

- i. CNY100,000, being the 100% of the Principal Amount; plus
- ii. CNY2,763.26*, being the Interest Amount as calculated

You will receive the total payout of CNY102,761.10^{*}, which is equivalent to a return of 2.76% of the Principal Amount, i.e. annualized Interest Rate at 3.55% (2.76% / 280 x 360) which will be quoted in the Term Sheet of the product.

* The above calculation of CNY2,763.26 is for illustration purpose only and subject to rounding difference. The final Interest Amount to be paid is CNY2,761.10 which is determined based on the annualized Interest Rate as stated in the Term Sheet.

^If the Deposit Currency is not your home currency, you will be exposed to exchange rate fluctuation such that, when the Deposit Currency depreciates against your home currency, the loss from depreciation may offset or even exceed the Interest Amount as illustrated in the scenario.

Scenario 2: Worst case scenario –The Bank becomes insolvent or defaults on its obligations

If the Bank becomes insolvent during the Tenor of the CLPGD or defaults on its obligations under the CLPGD, you can only claim as its unsecured creditor. You may get nothing back and suffer a total loss of your Principal Amount.

How can you buy this product?

- You can purchase CLPGD by visiting any of our branches with Investment Services Section or by contacting your relationship manager directly.
- The Bank will provide different structures of CLPGD for your selection.

Fees and Charges

Not Applicable

Pre-Investment Cooling-off Period for retail customers

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

(1) An elderly customer aged 65 or above with no investment experience in currency-linked structured investment products, unless your asset concentration is below 20% AND you opt out from the PICOP arrangement; or

(2) A non-elderly customer with no investment experience in currency-linked structured investment products AND your asset concentration is 20% or above.

For the purpose of determining whether PICOP is applicable, asset concentration refers to the percentage of total financial assets (excluding real estate properties) to be invested in CLPGD.

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

The Bank may (in good faith and in a commercially reasonable manner) make adjustments to any terms of CLPGD upon the occurrence of one or more of the events listed below:

- there is a revaluation of the Deposit Currency or Linked Currency;
- the Deposit Currency or Linked Currency is replaced by another currency as the lawful currency of the relevant jurisdiction.

The Bank may terminate the CLPGD upon the occurrence of an event of default specified below:

- You fail to satisfy any obligation under the General Terms or Specific Terms for Asset-Linked Deposits of the Bank's Master Terms and Conditions / Master Terms and Conditions for VIP Banking (as applicable);
- A bankruptcy or winding-up petition or other similar process is presented, or a resolution is passed to effect the same, in relation to you;
- A receiver, liquidator or trustee or other analogous officer is appointed over all or a material part of your assets;
- An assignment or charge on or any dealing in respect of your right and/or obligations under the Specific Terms abovementioned has been effected (except in favour of the Bank);
- The Bank reasonably determines in good faith that there has been a material adverse change in your circumstance, business, financial conditions, legal status or capacity.

Such adjustments or early termination events may negatively affect your return or loss under this product. You may suffer a substantial or total loss of your entire principal.

Offering documents for this product

The following documents ("Offering Documents") contain detailed information about CLPGD. You should read and understand all of the Offering Documents including the risk factors before deciding whether to invest in CLPGD:

- This Important Facts Statement, and
- Term Sheet of CLPGD

In addition, you must also read and understand the governing terms under the Bank's Master Terms and Conditions / Master Terms and Conditions for VIP Banking (as applicable) including its General Terms and all its applicable Specific Terms (each as amended from time to time) in respect of your account.

Additional information

1. Unless this document triggers the Bank's suitability obligations, this Important Facts Statement does not constitute an offer, an invitation, a solicitation or a recommendation for an application or entering into any investment transaction by any person and the information contained in this document is provided for your reference only.
2. The Bank would act as principal in relation to a CLPGD transaction.
3. The Bank and/or any of its associates would benefit from the origination and distribution of this product.
4. The Bank is not an independent intermediary and receives fees, commissions, or other monetary benefits in entering into CLPGD transaction with you. For details, you should refer to the Bank's disclosure on monetary benefits which the Bank provided to you prior to or at the point of entering into transaction in CLPGD.
5. No indication, representation, guarantee or other assurance as to the outcome of any investment has been or will be given to you by or on behalf of the Bank. If you are in doubt of the contents of this Important Facts Statement, you should seek independent professional advice.
6. You should seek independent advice before making a commitment to enter into a CLPGD transaction. You should also carefully consider whether a CLPGD is suitable in the light of your own investment objectives, financial position and risk profile.