

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

***This product is NOT principal protected.***

The contents of this statement have not been reviewed by the Securities and Futures Commission or 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. This investment decision is yours but you should not invest in this product unless the Bank has explained to you that this product is suitable for you having regard to your financial situation, investment experience and investment objectives.*

#### Quick facts

Bank:	Dah Sing Bank, Limited (" <b>Bank</b> ")
Product type:	<b>Currency linked deposit</b>
Minimum deposit amount:	USD 12,500 or its equivalent
Tenor:	1 week to 6 months Availability of other tenors up to 1 year is at the Bank's discretion
Available Deposit Currency:	EUR, AUD, NZD, USD, JPY, CAD, GBP, CHF, CNY* and HKD
Available Alternate Currency:	EUR, AUD, NZD, USD, JPY, CAD, GBP, CHF, CNY* and HKD (availability is at the Bank's discretion)
Interest rate:	To be determined upon placement
Interest payment date:	At maturity
Principal protection at maturity:	No
Callable by the Bank:	No
Early termination right by the customer:	No
Embedded derivatives:	Yes, this product consists of a time deposit (in the Deposit Currency) and a currency put option sold by the customer to the bank on the Alternate Currency
Maximum potential gain:	Predetermined interest amount of deposit
Maximum potential loss:	100% of deposit amount

\* Exchange rate of CNY refers to the rate quoted in offshore market, known as "CNH" or "CNY(HK)".

#### What is this product and how does it work?

Currency Linked Premium Deposit ("**CLPD**") is a structured investment product. It consists of a time deposit in the Deposit Currency and selling a put option on the Alternate Currency of your choice (availability subject to the Bank's discretion) by you to the Bank.

If you invest in CLPD, you are selling a put option to the Bank whereby the Bank has the right to sell, and you have the obligation to buy, the Alternate Currency at the Conversion Rate when certain conditions (as described below) are met, and receiving an option premium at maturity in the form of a predetermined interest on your deposit which may be paid in the Deposit Currency or the Alternate Currency. At the Fixing Date (i.e. maturity date), the Bank shall pay you the principal and the predetermined interest on the deposit in either the Deposit Currency or the Alternate Currency, depending on the comparison of (i) the exchange rate between the two currencies at the Fixing Date, and (ii) the conversion rate designated on deposit placing day.

Please refer to the **Scenario Analysis** section below for detailed illustrations.

#### **What are the key risks?**

- **Non-Principal Protected Structured Deposit** – CLPD is a structured deposit involving derivatives. CLPD is not principal protected. You could lose all or part of your original deposit amount.
- **Derivative Risk** – CLPD is embedded with foreign exchange option(s). Option transactions involve risks, especially when selling an option. Although the premium received from selling an option is fixed, you may sustain a loss well in excess of such premium amount, and your loss could be substantial.
- **Not a Protected Deposit** – CLPD is not equivalent to time deposit and should not be regarded as a substitute for time deposit. CLPD is not a protected deposit and is not protected by the Deposit Protection Scheme in Hong Kong.
- **Foreign Exchange Risk** – The return of CLPD is linked to the exchange rate between the Deposit Currency and the Alternate Currency. Movements in exchange rates can be sudden and drastic, and affected by complex political and economic factors. You will be exposed to a risk of loss arising from exchange rate fluctuations. If the Deposit Currency and / or Alternate Currency is / are 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 CLPD is not the same as investing in the Alternate Currency directly. Even if your view of the market movement of the Alternate Currency is correct, the maximum potential return is limited to the total interest amount for the CLPD.
- **Credit Risk** – CLPD is not supported by any collateral or guarantee. CLPD is subject to the creditworthiness of the Bank. If the Bank becomes insolvent or goes into liquidation or defaults on its obligations under the CLPD while your CLPD is still outstanding, you will rank as an unsecured creditor of the Bank and could, in the worst case, lose your entire deposit amount irrespective of the terms of the CLPD.
- **Liquidity Risk** – CLPD should be held until maturity. CLPD is not listed on any exchange and is not transferable. Any termination, cancellation or withdrawal prior to maturity is subject to the consent of the Bank. You may incur significant costs or losses as a result of early termination, cancellation or withdrawal.

- **Risks of early termination by the Bank** – The Bank has the right (but not the obligation) to terminate this product early upon occurrence of certain events. If this product 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.
- **Conflict of Interests** – Potential conflicts of interest may arise from the different roles played by the Bank, its subsidiaries and / or its affiliates in connection with the CLPD. 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 investors 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 the investors' interests in the CLPD.
- **Not Covered by the Investor Compensation Fund** – The CLPD is not listed on any stock exchange and is not covered by the Investor Compensation Fund in Hong Kong.

### What are the key features?

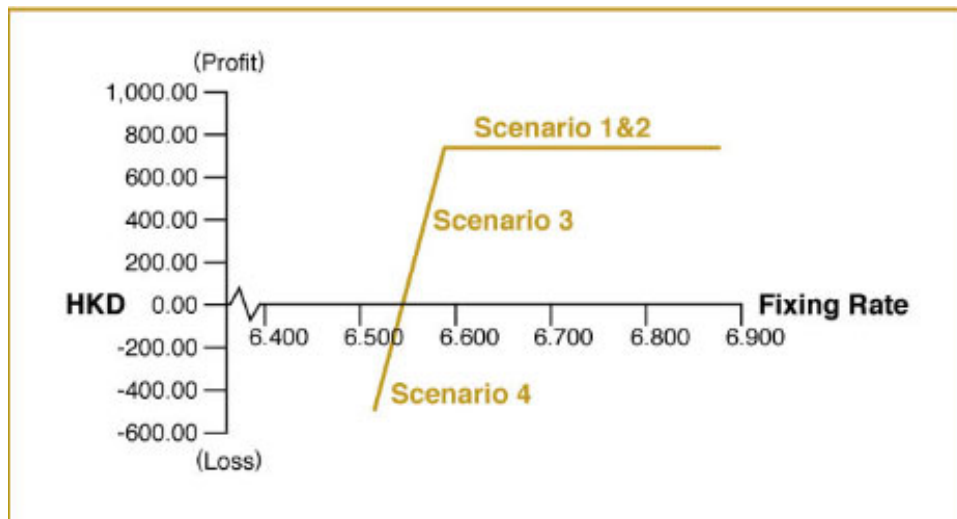
<b>Deposit Amount:</b>	Minimum USD12,500 or its equivalent
<b>Choice of Tenor:</b>	1 week, 2 weeks, 1 month, 2 months, 3 months and 6 months. Other tenors up to 1 year at most are also available at the Bank's discretion
<b>Choice of Deposit Currency &amp; Alternate Currency:</b>	EUR, AUD, NZD, USD, JPY, CAD, GBP, CHF, CNY* and HKD (availability of cross currency pairs is at the Bank's discretion)
<b>Interest Rate:</b>	To be determined when CLPD is placed
<b>Conversion Rate:</b>	To be determined when CLPD is placed
<b>Fixing Rate:</b>	The Bank will decide the Fixing Rate at 2:00 pm HKT on the Fixing Date (i.e. Maturity Date)
<b>Embedded Option:</b>	A currency put option in the Alternate Currency, sold by you to the Bank, is embedded in the CLPD
<b>Maturity Payout:</b>	On Fixing Date (i.e. Maturity Date), the Bank will determine if Principal and Interest on the deposit shall be repaid in the Deposit Currency or Alternate Currency based on the following: <ul style="list-style-type: none"> <li>• If on the Fixing Date, the Alternate Currency has depreciated against the Deposit Currency to a level below the Conversion Rate, the Principal and Interest on your deposit will be converted to and repaid in Alternate Currency at the Conversion Rate;</li> <li>• If on the Fixing Date, the Alternate Currency has <u>NOT</u> depreciated against the Deposit Currency to a level below the Conversion Rate (or the Fixing Rate <u>is equal to</u> the Conversion Rate), the Principal and Interest on your deposit will be repaid in the Deposit Currency.</li> </ul>
<b>Early Termination by Customer:</b>	Not allowed

\* Exchange rate of CNY refers to the rate quoted in offshore market, known as "CNH" or "CNY(HK)".

## Scenario analysis

The following examples illustrate various scenarios that determine the return / loss of investment. These examples are hypothetical and provided for illustration purposes 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.

<b>Trade Date</b>	11 Jun 20XX
<b>Deposit Date</b>	11 Jun 20XX
<b>Fixing Date</b>	18 Jun 20XX
<b>Maturity Date</b>	18 Jun 20XX
<b>Tenor</b>	1 week (7 days for interest calculation)
<b>Deposit Currency</b>	HKD
<b>Alternate Currency</b>	AUD
<b>Principal</b>	HKD 100,000
<b>Conversion Rate</b>	AUD / HKD : 6.5934 (as at applicable spot rate)
<b>Interest Rate</b>	38.12% per annum



### Scenario 1: Best case scenario – AUD strengthens against HKD (Fixing Rate > Conversion Rate)

Assuming the Fixing Rate is 6.6100, the repayment currency will be HKD  
Principal + Interest:  $\text{HKD } 100,000 \times (1 + 38.12\% \times 7/365) = \text{HKD } 100,731.06$   
**Profit# = HKD 731.06**

### Scenario 2: AUD remains stable against HKD (Fixing Rate = Conversion Rate)

Assuming the Fixing Rate is 6.5934, the repayment currency will be HKD  
Principal + Interest:  $\text{HKD } 100,000 \times (1 + 38.12\% \times 7/365) = \text{HKD } 100,731.06$   
**Profit# = HKD 731.06**

### Scenario 3: AUD weakens against HKD (Fixing Rate < Conversion Rate)

Assuming the Fixing Rate is 6.5568, the repayment currency will be AUD  
Principal + Interest:  
Step 1:  $\text{HKD } 100,000 \times (1 + 38.12\% \times 7/365) = \text{HKD } 100,731.06$   
Step 2:  $\text{HKD } 100,731.06 / 6.5934 = \text{AUD } 15,277.55$

If convert to HKD at the prevailing exchange rate (AUD / HKD: 6.5568)

AUD 15,277.55 x 6.5568 = HKD 100,171.83

**Profit# = HKD 171.83**

**Scenario 4: AUD weakens further against HKD (Fixing Rate < Conversion Rate)**

Assuming the Fixing Rate is 6.5130, the repayment currency will be AUD

Principal + Interest:

Step 1: HKD 100,000 x (1 + 38.12% x 7/365) = HKD 100,731.06

Step 2: HKD 100,731.06 / 6.5934 = AUD 15,277.55

If convert to HKD at the prevailing exchange rate (AUD / HKD: 6.5130)

AUD 15,277.55 x 6.5130 = HKD 99,502.68

**Loss# = HKD 497.32**

**# If the Deposit Currency or the Alternate Currency (as the case may be) is not your home currency, you will be exposed to exchange rate fluctuation such that, when the Deposit Currency or the Alternate Currency (as the case may be) depreciates against your home currency, the loss from depreciation may offset or even exceed the potential profit or may worsen the potential loss as illustrated in the various scenarios above.**

**Scenario 5: Worst case scenario - AUD drops to zero against HKD**

In any case of receiving AUD as the repayment currency, if the exchange rate of AUD against HKD drops to zero, then your loss would be the entire deposit amount.

**Scenario 6: The Bank becomes insolvent or defaults on its obligations**

Assuming that the Bank becomes insolvent during the tenor of the CLPD or defaults on its obligations under the CLPD, you can only claim as its unsecured creditor. You may get nothing back and suffer a total loss of your deposit amount.

**How can you buy this product?**

- You can purchase CLPD by visiting any of our branches or by contacting your relationship manager directly.
- Choose the Deposit Currency, the Alternate Currency and the tenor. We will then quote the Interest Rate and Conversion Rate, which are fixed when you place an order for CLPD.

**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 CLPD.

**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 CLPD upon the occurrence of one or more of the events listed below:

- There is a revaluation of the Deposit Currency or the Alternate Currency;
- The Deposit Currency or the Alternate Currency is replaced by another currency as the lawful currency of the relevant jurisdiction.

The Bank may terminate the deposit 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 deposit amount.

**Offering documents for this product**

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

- This Important Facts Statement, and
- Product / Marketing Leaflet of CLPD

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) in respect of your account.

**Additional information**

1. Unless the context requires otherwise, this document does not constitute any offer, invitation or recommendation to any person to enter into any investment transaction nor does it constitute any prediction of likely future movements in prices of any investment products and the information contained in this document is provided for your reference only.
2. The Bank would act as principal in relation to a CLPD 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 CLPD 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 CLPD.
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.