

# Deposit Plus

## Why consider/Why not consider

### Important Risk Warning

- ◆ Deposit Plus is a complex product and investors should exercise caution in relation to the product. This is a structured investment product involving derivatives. The investment decision is yours but you should not invest in Deposit Plus 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.
- ◆ Investors should not make investment decision based on this marketing material alone.
- ◆ Investment involves risk and past performance is not indicative of future performance.
- ◆ The price of structured products may move up or down. Losses may be incurred as well as profits made as a result of buying and selling structured products.
- ◆ This is a structured investment product, which is NOT a protected deposit and is NOT protected by the Deposit Protection Scheme in Hong Kong. This product is NOT principal protected.

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### Consider it if...

- ✓ you are looking for a currency-linked investment deposit
- ✓ you are willing to accept maturity payout in either the deposit or linked currency, depending on the exchange rate on the fixing date compared to the conversion rate defined at deposit start
- ✓ you have foreign currency needs in deposit or linked currency of Deposit Plus such as paying children's tuition fees, travelling, or buying a home abroad
- ✓ you wish to have a relatively short term investment (1 week to 3 months)
- ✓ you want to capture wealth growth and yield enhancement opportunities

### Not consider it if...

- ✗ you are looking for a product equivalent to the time deposit
- ✗ you are not comfortable with nil principal protection at expiry
- ✗ you wish to buy the linked currency directly
- ✗ you do not have any knowledge and experience in derivatives
- ✗ you are not willing to invest with the minimum amount requirement of HK\$ 5,000 (or its equivalent in other currencies)
- ✗ you are not prepared to invest for the full investment tenor
- ✗ you are a person who is US citizen/with US nationality, is US resident or US tax payer, or have a US address (e.g. primary mailing, residence or business address in the US)

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## Highlights for your best interest

Pre-Investment Cooling-off Period (PICOP) for retail customers: PICOP is a Hong Kong Monetary Authority (HKMA) policy to offer additional protection to certain groups of customers, such as elderly customers and first-time buyers with high asset concentration. It is applicable to each particular dealing of this product. Applicable customers can only subscribe for the product at least 2 calendar days (of which the last day should be a business day) after product discussion with the Bank in order to ensure they have sufficient time to understand/consider the product

## Risk Disclosure

- ◆ **Not a time deposit** – Deposit Plus is NOT equivalent to, nor should it be treated as a substitute for, time deposit. It is NOT a protected deposit and is NOT protected by the Deposit Protection Scheme in Hong Kong.
- ◆ **Derivatives risk** – Deposit Plus is embedded with FX 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.
- ◆ **Limited potential gain** – The maximum potential gain is limited to the interest on the deposit.
- ◆ **Maximum potential loss** – Deposit Plus is not principal protected. You must be prepared to incur loss as a result of depreciation in the value of the currency paid (if the deposit is converted to the linked currency at maturity). Such loss may offset the interest earned on the deposit and may even result in losses in the principal amount of the deposit.
- ◆ **Not the same as buying the linked currency** – Investing in Deposit Plus is not the same as buying the linked currency directly.
- ◆ **Market risk** – The net return of Deposit Plus will depend upon the exchange rate of the deposit currency against the linked currency prevailing at the deposit fixing time on the deposit fixing date. Movements in exchange rates can be unpredictable, sudden and drastic, and affected by complex political and economic factors.
- ◆ **Liquidity risk** – Deposit Plus is designed to be held until maturity. You do not have a right to request early termination of this product before maturity. Under special circumstances, the Bank has the right to accept your early redemption request at its sole discretion and on a case by case basis. The Bank will provide an indication of the redemption price upon such request. Your return upon such early redemption will likely be lower than that if the deposit were held until maturity and may be negative.
- ◆ **Credit risk of the Bank** – Deposit Plus is not secured by any collateral. When you invest in this product, you will be relying on the Bank's creditworthiness. If the Bank becomes insolvent or defaults on its obligations under this product, you can only claim as an unsecured creditor of the Bank. In the worst case, you could suffer a total loss of your deposit amount.
- ◆ **Currency risk** – If the deposit currency and/or linked 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.
- ◆ **Risks rating to RMB** - You should note that the value of RMB against other foreign currencies fluctuates and will be affected by, amongst other things, the PRC government's control (for example, the PRC government regulates conversion between RMB and foreign currencies), which may adversely affect your return under this product. The value of your investment will be subject to the risk of exchange rate fluctuation. In case you receive RMB as Linked Currency at maturity and you choose to convert your maturity proceed to other currencies, you may suffer loss in principal. This product will be denominated (if Deposit Currency being RMB) and settled (when receive RMB at maturity) in RMB deliverable in Hong Kong, which is different from that of RMB deliverable in Mainland

### Remarks:

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The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution before investing in this product. **You should not invest in this product based on this document alone.** If you are in any doubt, you should obtain independent professional advice.