Option Linked Investment

On top of Forex trends to capture potential return

Important Notes:

- 1. This is a structured 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 this product is suitable for you having regard to your financial situation, investment experience and investment objectives.
- 2. This product is only principal protected if you hold it till maturity.
- 3. Before making any investment decision, you should assess your own financial situation, investment experience, investment objectives, willingness and ability to bear risks, and understand the nature and risks of the product. If in doubt, you should seek advice from independent financial advisers.
- 4. This promotional material is for reference only. It is not and does not constitute any offer, solicitation or recommendation to buy, sell or provide any investment product or service.
- 5. This promotional material is issued by Chiyu Banking Corporation Limited. The contents of this promotional material have not been reviewed by any regulatory authority in Hong Kong.

Product Features

Currency Linked Investment - Option Linked Investment is a currency-linked investment product. According to your personal investment preference and outlook on the relevant currency exchange rate, and depending on the performance of the currencies, you have the opportunity to earn a higher potential return. You could receive the principal amount in full at maturity even if the market trend is not the same as expected.

Various Currency Combinations

You can choose any 1 currency from HKD, USD, AUD, NZD, GBP, CAD, EUR and JPY as the Investment Currency, and choose any 2 currencies to form a currency pair*, which

allows you to stay up to date with the market and grasp the investment opportunity. *Excluding the currency pair of USD / HKD

Flexible Investment Choices

The Investment Period varies from 1 week, 2 weeks, 1 month, 3 months to 6 months, with the Principal Amount of as low as HK\$50,000 or its equivalent in another currency. This provides flexible choices for your various investment needs.

Multiple Trading Channels

| Trading Channel | Service Hours | | |
|--------------------------------------|---|--|--|
| Branch | Mondays to Fridays*, 9:00 a.m 5:00 p.m. | | |
| Internet Banking | Mondays to Fridays*, 9:00 a.m 7:00 p.m. | | |
| Manned Investment Trading Hotline | Mondays to Fridays*, 9:00 a.m 7:00 p.m. | | |

The Bank provides multiple trading channels, including designated branches, Internet Banking and Manned Investment Trading Hotline.

* Except public holidays

How It Works

When entering into an Option Linked Investment contract with the Bank, you need to select:

- The Investment Currency, the Principal Amount and the Currency Pair (the Linked Currency and the Counter Currency);
- 2. The Option type:
 - A call option on the Linked Currency (if you expect that the Linked Currency appreciates against the Counter Currency), or

- 2. A put option on the Linked Currency (if you expect that the Linked Currency depreciates against the Counter Currency);
- 3. The Investment Period; and
- The premium for buying the Option: all or half of the potential Interest Amount**;

Based on the above information, the Strike Price and the Contract Amount of Option (expressed in the Linked Currency) will be agreed between you and the Bank accordingly.

** The Interest Amount means the interest amount accrued by the Principal Amount in the Investment Period based on the fixed deposit rate.

Settlement on the Maturity Date

On the Maturity Date, you will receive an amount of: Principal Amount + Net Interest Amount¹ (if any) + Investment Return² (if any)

Principal Amount and Net Interest Amount¹(if any) will be paid in the Investment Currency, while the Investment Return²(if any) will be paid in the Counter Currency.

¹Net Interest Amount

- If you choose to use all the potential Interest Amount to buy the Option, Net Interest Amount = 0; or
- If you choose to use half of the potential Interest Amount to buy the Option, Net Interest Amount = Interest Amount x 50%

²How to calculate the Investment Return

On the Maturity Date, the Spot Price^will be compared with the Strike Price[#]:

1. Call option on the Linked Currency:

 If the Linked Currency appreciates against the Counter Currency: Investment Return = Contract Amount of Option being converted into the Counter Currency at the Spot Price – Contract Amount of Option being converted into the Counter Currency at the Strike Price If the Linked Currency remains unchanged or depreciates against the Counter Currency: Investment Return = 0

2. Put option on the Linked Currency:

- If the Linked Currency depreciates against the Counter Currency: Investment Return = Contract Amount of Option being converted into the Counter Currency at the Strike Price – Contract Amount of Option being converted into the Counter Currency at the Spot Price
- If the Linked Currency remains unchanged or appreciates against the Counter Currency: Investment Return = 0

[^]The Spot Price refers to the spot exchange rate quoted by the Bank at 2:00 p.m. on the relevant Maturity Date.

[#]The Strike Price means the exchange rate of the chosen Currency Pair agreed between you and the Bank when you enter into a Currency Linked Investments Contract with the Bank.

| Illustrative Example (Note 1) | | | | | |
|--|------------------------------|--|--|--|--|
| Assume you choose the following when you enter into the Option Linked Investments contract | | | | | |
| with the Bank: | | | | | |
| 1) The Investment Currency and the Principal Amount: | | | | | |
| Investment Currency: AUD | Principal Amount: AUD100,000 | | | | |
| Currency Pair: | | | | | |
| Linked Currency: NZD | Counter Currency: USD | | | | |
| 2) Option type: Call Option on NZD (you expect NZD appreciates against USD) | | | | | |
| 3) Investment Period: 1 month (on 30-day basis) | | | | | |
| 4) Use all the potential Interest Amount* AUD166.67 to buy the call Option->Net Interest Amount = 0 | | | | | |

AUD fixed deposit rate: 2.00% p.a.

* Potential Interest Amount = AUD100,000 x 2% / 360 x 30 = AUD166.67

Based on the above information, the Strike Price 0.7500 (NZD / US\$) and the Contract Amount of Option NZD10,000 are agreed between you and the Bank accordingly.

| Scenario Analysis (Note 1) | | | | | | |
|---|-----------------------|-------------------------------|---|-------------------------------------|--|--|
| NZD / USD exchange rate at maturity | Net Interest (AUD) | Investment Return (USD) | Total amount receivable at maturity | Annual rate of return ^{**} | | |
| 0.7100 | 0 | 0 | AUD100,000 | 0.00% | | |
| 0.7300 | 0 | 0 | AUD100,000 | 0.00% | | |
| 0.7500 | 0 | 0 | AUD100,000 | 0.00% | | |
| 0.7700 | 0 | 200 | AUD100,000 +US\$200 | 2.40% | | |
| 0.7900 | 0 | 400 | AUD100,000 +US\$400 | 4.80% | | |
| 0.8100 | 0 | 600 | AUD100,000 +US\$600 | 7.20% | | |

^{**}The annual rate of return is based on the assumption that the investment return will be converted into AUD at the exchange rate of AUD / USD at 1.0000 at maturity and calculated on a 360-day basis. In addition, the annual rate of return is NOT equivalent to, nor should it be treated as actual return.

Note

 The above Illustrative Example and the Scenario Analysis are prepared with hypothetical data, and not based on the past performance of the currencies as stated herein. They are for reference only and do not guarantee or represent the final returns of Option Linked Investments. The above hypothetical examples should not be relied on as an indication

of the actual performance of the Linked Currency or this product. You should not rely on these examples when making an investment decision.

This product is subject to the relevant terms and conditions. For details, please contact our branch staff.

The following risk disclosure statements cannot disclose all the risks involved. Prior to trading or investment, you should collect and study the information required for your investment. You should carefully consider whether trading or investment is suitable in light of your own financial position and investment objectives. You should seek independent financial and professional advice before trading or investment. If you are uncertain of or have not understood any aspect of the following risk disclosure statements or the nature and risks involved in trading or investment, you should seek independent advice.

Risk Disclosure Statement on Currency Linked Investments – Option Linked Investment ("this product")

- Not a time deposit This product is NOT equivalent to, nor should it be treated as a substitute for, time deposit. Derivatives risk – This product is embedded with a FX option. Transactions involving options involve a high degree of risk. By investing in this product, you agree to use all or half of the potential Interest Amount of the Principal Amount to buy the FX option which may expire without value at maturity.
- Maximum potential loss This product is principal protected (if hold till maturity). In the worst case scenario, you may lose all of the Interest Amount. The Principal Amount, the Net Interest Amount (if any) and the Investment Return (if any) are also subject to the Credit Risk of the Bank.
- Not the same as buying the Linked Currency Investing in this product is not the same as buying the Linked Currency directly. You have no rights in the Linked Currency during the Investment Period. Movements in the market price of the Linked Currency may not lead to any corresponding change in the performance of this product.
- Market risk The return of this product is linked to the exchange rates of the Linked Currency. Movements in exchange rates can be unpredictable, sudden and drastic, and affected by complex political and economic factors. You will be taking the risk of suffering loss due to the fluctuations of the exchange rates.

- Liquidity risk This product is designed to be held till maturity. Once the transaction for this product is confirmed, no partial or full withdrawal will be allowed before maturity except with our consent.
- Credit risk of the Bank This product is not backed by any collateral. If you
 invest in this product, you will be taking the credit risk of Chiyu Banking
 Corporation Limited.
- Currency risk If the Investment Currency and/or the Counter Currency of the Investment Return is/are not your home currency, and you choose to convert it back to your home currency upon maturity, you should note that exchange rate fluctuations may have an adverse impact on, and the potential loss may offset (or even exceed), the potential return of the product.