

Important Facts



Currency-Linked Contract

ICBC (Asia) Limited

Mar 2015

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 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:	ICBC (Asia) Limited
Product type:	Currency-Linked Contract
Minimum investment:	HKD\$38,000 or its equivalent
Investment period:	To be determined before transaction
Base Currency:	To be determined before transaction
Linked Currency:	To be determined before transaction
Interest Rate % p.a.:	To be determined before transaction
Determination Date:	To be determined before transaction
Maturity Date:	To be determined before transaction
Principal protection at maturity:	No
Callable by the Bank:	No
Early termination right by the customer:	No
Embedded derivatives:	Yes, customer is selling a put or call option over the Linked Currency.
Maximum potential gain:	Interest rate stated in the Confirmation of Currency-Linked Contract
Maximum potential loss:	The total investment amount together with interest (if any)

What is this product and how does it work?

This is a structured investment product that consists of a time deposit (in the Base Currency) and selling a put or call option on a Linked Currency at your choice.

You simply select one of ten base currencies (e.g. HKD, USD, EUR, GBP, CAD, JPY, AUD, NZD, CHF, CNH) based on your own forecast for the foreign exchange market over an investment period of 1-week, 2-week, 1-month, 2-month, 3-month, 6-month or 1-year. The Bank will fix an annual Interest Rate and a Strike Rate at the time when the deal is made. Currency conversion only takes place when the Linked Currency weakens against the Base Currency as compared to the Strike Rate on the Determination Date. If Deposit Currency or Linked Currency is CNY, the relevant Strike Rate and Fixing Rate will be quoted in offshore Renminbi (CNH) against alternate currency.

What are the key features?

- A wide choice of 10 base currencies - . HKD, USD, EUR, GBP, CAD, JPY, AUD, NZD, CHF, CNH
- Flexible tenures - Investment period of 1-week, 2-week, 1-month, 2-month, 3-month, 6-month or 1-year.
- Strike Rate at your choice - set your own Strike Rate at, above or below the market price.

What are the key risks?

- **Not a time deposit** – Currency-Linked Contract 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** – Currency-Linked Contract 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.
- **Limited potential gain** – The maximum potential gain is limited to Interest Amount.
- **Maximum potential loss** – Currency-Linked Contract is not principal protected: you could lose all your investment amount.
- **Not the same as buying the Linked Currency** – Investing in Currency-Linked Contract is not the same as buying the Linked Currency directly. Customers cannot enjoy the performance of the Linked Currency.
- **Market risk** – The return of Currency-Linked Contract is linked to the exchange rates of the Base Currency against the Linked Currency. Movements in exchange rates can be unpredictable, sudden and drastic, and affected by complex political and economic factors.
- **Liquidity risk** – Currency-Linked Contract is designed to be held till maturity. You do not have a right to request early termination of this product before maturity.
- **Credit risk of the Bank** – Currency-Linked Contract 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 Principal Amount.
- **Currency risk** – If the Base Currency and/or Linked Currency is not in 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.

- **Renminbi Currency risk** – If you choose CNY as a Deposit Currency or a Linked Currency, then you should note the following:
 - The Chinese Renminbi is currently a restricted currency. Due to exchange controls and/or restrictions imposed on the convertibility or utilization of CNY which in turn is affected by, amongst other things, the PRC government's control, there is no guarantee that disruption in the transferability, convertibility or liquidity of CNY will not occur. There is thus a likelihood that you may not be able to convert the Chinese Renminbi received into other freely convertible currencies.
 - You should understand the product will be settled in CNY deliverable in Hong Kong, which is different from that of CNY deliverable in Mainland China. As the offshore deliverable Chinese Renminbi market is currently in the developing phase, there is no market standard determination of the exchange rate involving deliverable Renminbi. Customer must therefore be comfortable with the Bank's good faith determination of the Fixing Rate. All determinations made by the Bank in good faith shall be conclusive and binding on you.
 - If you do not have a CNY deposit account outside the People's Republic of China (which shall exclude the Hong Kong and Macao Special Administrative Regions and Taiwan), you shall be required to open such account with the Bank, in order to receive payment in CNY.
 - Should you decide to convert the Renminbi amount back into his/her home currency or vice versa, you should bear in mind the risk of exchange rate fluctuations that may cause a loss on conversion of Renminbi back into such other currency or vice versa.
 - The Relevant Strike Rate, Fixing Rate and other relevant exchange rate of the relevant currency pair will be quoted in offshore Renminbi (CNH) against alternate currency.
- **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, such adjustments or early termination events may negatively affect your return or loss under this product.
- **Principal trade** – The Bank is acting as principal for the Currency-Linked Contract.
- **Monetary benefit** – The Bank's profit for the Currency-Linked Contract will be reflected in the pricing of the Currency-Linked Contract. The Bank will benefit from the issuance and distribution of this Currency-Linked Contract but no other monetary benefit is received by the Bank in distribution of the Currency-Linked Contract.

Scenario analysis

Illustrative Example:

Base Currency	USD			
Linked Currency	NZD			
Principal Amount	USD100,000			
Trade Date	5 May 2011			
Determination Date and Time	12 May 2011, 3:00PM (Tokyo Time)			
Maturity Date	12 May 2011			
Investment Period	7 days			
Day Count Basis	360			
Interest Rate (p.a.)	15%			
Strike Rate	NZD/USD 0.7900			
Principal Amount and Interest Amount at maturity	<p>If the Fixing Rate is at or above the Strike Rate of 0.7900, USD100,291.67 in total will be paid.</p> <p>If the Fixing Rate is below the Strike Rate of 0.7900, NZD126,951.48 in total will be paid.</p>			
	Scenario 1: (BEST CASE) USD weakens against NZD or remains unchanged	Scenario 2: (BREAKEVEN CASE) USD strengthens against NZD	Scenario 3: (WORST CASE) USD strengthens against NZD	Scenario 4: (INSOLVENT OR DEFAULTS ON OBLIGATIONS CASE) USD strengthens against NZD
Fixing Rate	0.7900 or above	0.7877	0.7860	0.7860
Return at maturity	USD100,291.67	NZD126,951.48	NZD126,951.48	USD0
Net Gain / (Loss)	USD 291.67	Breakeven*	(USD216.14)*	(USD100,291.67)

* Assume the investment (together with the interest) is converted back to USD upon maturity at the exchange rate equals to the Fixing Rate.

How can you buy this product?

- You can purchase this product by visiting any of our branches.
- Choose the Base Currency, the Linked Currency and the Investment Period. We will then quote the Interest Rate and Strike Rate, which are fixed when you place an order for this product.

Fees and charges

No explicit fees and charges associated with the product.

Can you request for early termination before maturity?

No, early termination by customer is not allowed.

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 are one of the following retail customer types:

- (1) An elderly customer aged 65 or above, unless you are not a first-time buyer of currency-linked structured investment products AND your asset concentration¹ is below 20% AND you opt out from the PICOP arrangement; or
- (2) A non-elderly customer who is a first time buyer of currency-linked structured investment products AND your asset concentration is 20% or above.

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

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, such adjustments or early termination events may negatively affect your return or loss under this product.

Offering documents for this product

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

- Master Terms and Conditions - Investment Products

¹ For the purpose of determining whether PICOP is applicable, asset concentration refers to the percentage of total net worth (excluding real estate properties) to be invested in this product.