I have read the Investment Product Guide of the above product,
and I acknowledge that I understand its features and risks.

Signature: ______________

Print Name: ______________

Date: ______________
Warning:

This document covers certain structured products involving derivatives. The investment decision is yours but you should not invest in the structured product unless (i) the intermediary who solicits or recommends the structured product to you/your professional advisor has explained to you and advised you that the structured product is suitable for you having regard to your financial situation, investment experience and investment objectives; and (ii) you fully understand and are willing to assume the risks associated with it.

The contents of this document have not been reviewed by any regulatory authority in Hong Kong and/or Singapore. You are advised to exercise caution when you review the contents of this document. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

This document is being provided for discussion purposes only and it is NOT intended to set forth the definitive terms of any transaction. The terms of any proposed transaction described herein are consequently subject to change without notice.

The products described herein are not registered with the Monetary Authority of Singapore or authorized by the Hong Kong Securities and Futures Commission. Respective selling restrictions apply.

The Bank will provide Product Issuing Programme / Offering Memorandum / Pricing Supplement / Offering Circular / Base Prospectus.
Overview

What is a Structured Product?

- Hybrid tailor-made product that is created to meet investors’ specific needs that cannot be met from the standardized financial instruments, by combining several elements to create a single product.
- Incorporates non-standard strategies such as a combination of basic investments, leverage and/or derivatives, such as options.

Why Structured Product?

- Structured investments provide investors with exposure to a variety of asset classes while combining a defined level of principal protection, enhanced participation and/or both.
- Can be used as an alternative to a direct investment, as part of the asset allocation process to reduce risk exposure of a portfolio, or to utilize the current market trend to enhance return.
Derivatives, such as options, are commonly used in Structured Products.

**What is an Option?**

- A contract that provides the buyer the right, but not the obligation, to buy or sell a pre-defined amount and at a pre-determined price of a specific security within a predetermined time period.
- Conversely, the seller is obliged to buy or sell a pre-defined amount and at a pre-determined price of a specific security within a predetermined time period.

**Types of Options Commonly Used in Structured Products**

- **Asian** – With averaging. Options whose payoffs depend on the average value over a period of time.
- **Quanto** – Option currency different to underlying currency. Payout is in different currency to the underlying option.
- **Cliquet** – Payoff depends on periodic reset feature.
- **Knock-in, Knock-out** – Option’s existence depends on certain level being reached.
- **Callable** – Investment can be called by Issuer.
- **Auto-Callable** – Investment must be called by Issuer if certain condition being met.
- **Spread** – Payoff linked to relative performance of one underlying versus another.
Vanilla Equity Linked Note (ELN)

**Product Features:**
- ELN is a short term structure, normally 1-month to 3-months tenor.
- ELN comprises two elements:
  - Investors SELL a put option on underlying stock(s).
  - Investors pre-pay strike price of short put structure.
- Delivery at maturity can either be in cash or shares.
- It’s a yield enhancement product & generally **NO CAPITAL PROTECTION**.
- Payout at maturity:
  - If underlying stock closes at or above strike price, investors receive, in cash, 100% Notional, which comes from the premium of selling put option and interest on the principal amount.
  - If underlying stock closes below strike price, investors still receive enhanced yield, but in the form of physical delivery of the underlying shares.

**Suitability:**
- Suitable for investors who expect the underlying to trade sideways and target to buy the underlying stock at a discounted price and receive a predefined yield.

**Worst-case scenario**
- Investors will lose 100% of the investment should the underlying stock goes bankrupt or the Issuer default.

**Risk Factors:**
- Product is NOT principal protected.
- Investors are exposed to the full downside risk of the Underlying Stock.
- Investors are subject to the credit risk of the Issuer. Additionally, prior to maturity, the price of the note will decrease if the credit spread of the issuer of the note widen.
- Liquidity risk as Issuer is not obliged to make secondary market.
- If the note is unwound before maturity, the unwind price is subject to a number of parameters including but not limited to the movement of interest rate, stock volatility and level of the underlying stock.

**Risk Level** → 3 - 5 (1 to 5, with 5 being the highest) : depending on Issuer Credit Rating and Risk Level of the underlying equities.
## Vanilla Equity Linked Note (ELN)

<table>
<thead>
<tr>
<th>Underlying / Ticker</th>
<th>Payment</th>
<th>Option Exp.</th>
<th>Maturity</th>
<th>Days</th>
<th>Currency</th>
<th>Strike Level</th>
<th>Strike Price</th>
<th>Break-Even Price</th>
<th>Indicative Spot Price</th>
<th>Note Price</th>
<th>Yield</th>
<th>Risk Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock ABC</td>
<td>04-Jan-10</td>
<td>01-Feb-10</td>
<td>03-Feb-10</td>
<td>30</td>
<td>HKD</td>
<td>88.00%</td>
<td>88.0000</td>
<td>86.6800</td>
<td>100.000</td>
<td>98.50%</td>
<td>18.53%</td>
<td>5</td>
</tr>
</tbody>
</table>

100% Notional in Cash

Physical delivery of the underlying @ Strike Price
Yield Enhancement Equity Structures

Vanilla Equity Linked Note (ELN)

Assuming client invests HK$985,000 for HK$1,000,000 notional

Enhanced Yield

\[ \frac{(HK$1,000,000 - HK$985,000)}{HK$985,000} \times \frac{365}{30} = 18.53\% \text{ p.a.} \]

Number of shares to be delivered

\[ \frac{HK$1,000,000}{HK$88.00} = 11,363 \text{ shares} \]

(the value of the shares may be worth less than the initial principal amount invested)
Vanilla Equity Linked Note (ELN) - Scenario Analysis

Illustration of the redemption value upon maturity

- Assuming client invests HK$985,000 for HK$1,000,000 notional

<table>
<thead>
<tr>
<th>Underlying Shares</th>
<th>Pay-out at Maturity</th>
<th>Maturity Value</th>
<th>Absolute Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closing Price at Maturity</td>
<td>% Change</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HKD 150.00</td>
<td>50.00%</td>
<td>100% Cash</td>
<td>HKD 1,000,000.00</td>
</tr>
<tr>
<td>HKD 130.00</td>
<td>30.00%</td>
<td>100% Cash</td>
<td>HKD 1,000,000.00</td>
</tr>
<tr>
<td>HKD 125.00</td>
<td>25.00%</td>
<td>100% Cash</td>
<td>HKD 1,000,000.00</td>
</tr>
<tr>
<td>HKD 120.00</td>
<td>20.00%</td>
<td>100% Cash</td>
<td>HKD 1,000,000.00</td>
</tr>
<tr>
<td>HKD 115.00</td>
<td>15.00%</td>
<td>100% Cash</td>
<td>HKD 1,000,000.00</td>
</tr>
<tr>
<td>HKD 110.00</td>
<td>10.00%</td>
<td>100% Cash</td>
<td>HKD 1,000,000.00</td>
</tr>
<tr>
<td>HKD 105.00</td>
<td>5.00%</td>
<td>100% Cash</td>
<td>HKD 1,000,000.00</td>
</tr>
<tr>
<td><strong>HKD 100.00</strong></td>
<td>0.00%</td>
<td>100% Cash</td>
<td>HKD 1,000,000.00</td>
</tr>
<tr>
<td>HKD 95.00</td>
<td>-5.00%</td>
<td>100% Cash</td>
<td>HKD 1,000,000.00</td>
</tr>
<tr>
<td>HKD 90.00</td>
<td>-10.00%</td>
<td>100% Cash</td>
<td>HKD 1,000,000.00</td>
</tr>
<tr>
<td>HKD 88.00</td>
<td>-12.00%</td>
<td>100% Cash</td>
<td>HKD 1,000,000.00</td>
</tr>
<tr>
<td>HKD 85.00</td>
<td>-15.00%</td>
<td>11,363 Shares</td>
<td>HKD 965,855.00</td>
</tr>
<tr>
<td>HKD 80.00</td>
<td>-20.00%</td>
<td>11,363 Shares</td>
<td>HKD 909,040.00</td>
</tr>
<tr>
<td>HKD 70.00</td>
<td>-30.00%</td>
<td>11,363 Shares</td>
<td>HKD 795,410.00</td>
</tr>
<tr>
<td>HKD 50.00</td>
<td>-50.00%</td>
<td>11,363 Shares</td>
<td>HKD 568,150.00</td>
</tr>
<tr>
<td>HKD 0.00</td>
<td>-100.00%</td>
<td>11,363 Shares</td>
<td>HKD 0.00</td>
</tr>
</tbody>
</table>
Yield Enhancement Equity Structures

Daily Accrual Callable (DAC) ELN

**Product Features:**
- Same principle as vanilla ELN, except conditional coupon accrues daily and with periodic call feature.
- Investor receives a fixed payment for every single day the underlying closes at or above the accrual (strike) level. Generally, the coupon for the first period is guaranteed.
- The underlying can be a single stock or a basket of stocks; if for basket of stocks, payments will be based on the worst of performing stock within the basket.
- Payout at maturity:
  - If underlying stock (worst of performing stock) closes at or above strike price, investors receive 100% Notional in cash
  - If underlying stock (worst of performing stock) closes below strike price, investors will take physical delivery of the underlying share plus accrued coupon.

**Suitability:**
- Suitable for investors who are neutral to mildly bullish on the underlying and looking to buy the underlying at a lower price and receive a predefined yield based on the predetermined conditions.

**Worst-case scenario:**
- Investors will lose 100% of the investment should the underlying stock goes bankrupt or the Issuer default.

**Risk Factors:**
- Product is NOT principal protected.
- Investors are exposed to the full downside risk of the Underlying Stock.
- Investors are subject to the credit risk of the Issuer. Additionally, prior to maturity, the price of the note will decrease if the credit spread of the issuer of the note widen.
- Liquidity risk as Issuer is not obliged to make secondary market.
- If the note is unwound before maturity, the unwind price is subject to a number of parameters including but not limited to the movement of interest rate, stock volatility and level of the underlying stock.
- The note can be called early and investors will get the accrual coupon for that period. Investors are exposed to ‘reinvestment” risk to the extend that investors cannot reinvest in a similarly attractive new investment.

**Risk Level** → 3 - 5 (1 to 5, with 5 being the highest) : depending on Issuer Credit Rating and Risk Level of the underlying equities.
## Daily Accrual Callable (DAC) ELN

<table>
<thead>
<tr>
<th>Example</th>
<th>Stock ABC (ABC HK)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying</td>
<td>2 years</td>
</tr>
<tr>
<td>Tenor</td>
<td>USD Quanto</td>
</tr>
<tr>
<td>Strike Level</td>
<td>85%</td>
</tr>
<tr>
<td>Call Level</td>
<td>95%</td>
</tr>
<tr>
<td>Coupon</td>
<td>16% p.a. (first quarter coupon fixed)</td>
</tr>
<tr>
<td>Qtly Payment</td>
<td>4% * n/N for each subsequent 3-month period, where; n = number of business days where the closing price is at or above Strike Price</td>
</tr>
<tr>
<td></td>
<td>N = total number of business days for the relevant 3-month period</td>
</tr>
<tr>
<td>Callable Qtly</td>
<td>if Reference Share closes at or above Call Price</td>
</tr>
<tr>
<td>At Maturity</td>
<td>Delivery of stock if Reference Share closes below Strike Price; otherwise redeemed at par (100% Notional)</td>
</tr>
</tbody>
</table>
Yield Enhancement Equity Structures

Daily Accrual Callable (DAC) ELN

Early Called with 100% Notional + guaranteed coupon

Early Called with 100% Notional + accrued coupon

Only guaranteed coupon paid, structure continues

Only accrued coupon paid, structure continues

Physical delivery of the underlying @ Strike Price + accrued coupon

100% Notional in Cash + accrued coupon

Q1 Q2 Maturity

Reference
Spot Price
Call Price
Strike Price
Yield Enhancement Equity Structures

Daily Accrual Callable (DAC) ELN
- Scenario Analysis

Illustration of the redemption value upon maturity

- Assuming client invests US$1,000,000 notional

<table>
<thead>
<tr>
<th>Underlying Shares</th>
<th>Pay-out at Maturity</th>
<th>Maturity Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closing Price at Maturity</td>
<td>% Change</td>
<td></td>
</tr>
<tr>
<td>USD 150.00</td>
<td>50.00%</td>
<td>100% Cash</td>
</tr>
<tr>
<td>USD 130.00</td>
<td>30.00%</td>
<td>100% Cash</td>
</tr>
<tr>
<td>USD 125.00</td>
<td>25.00%</td>
<td>100% Cash</td>
</tr>
<tr>
<td>USD 120.00</td>
<td>20.00%</td>
<td>100% Cash</td>
</tr>
<tr>
<td>USD 115.00</td>
<td>15.00%</td>
<td>100% Cash</td>
</tr>
<tr>
<td>USD 110.00</td>
<td>10.00%</td>
<td>100% Cash</td>
</tr>
<tr>
<td>USD 105.00</td>
<td>5.00%</td>
<td>100% Cash</td>
</tr>
<tr>
<td><strong>USD 100.00</strong></td>
<td>0.00%</td>
<td>100% Cash</td>
</tr>
<tr>
<td>USD 95.00</td>
<td>-5.00%</td>
<td>100% Cash</td>
</tr>
<tr>
<td>USD 90.00</td>
<td>-10.00%</td>
<td>100% Cash</td>
</tr>
<tr>
<td>USD 85.00</td>
<td>-15.00%</td>
<td>100% Cash</td>
</tr>
<tr>
<td>USD 80.00</td>
<td>-20.00%</td>
<td>11,764 Shares</td>
</tr>
<tr>
<td>USD 75.00</td>
<td>-25.00%</td>
<td>11,764 Shares</td>
</tr>
<tr>
<td>USD 70.00</td>
<td>-30.00%</td>
<td>11,764 Shares</td>
</tr>
<tr>
<td>USD 50.00</td>
<td>-50.00%</td>
<td>11,764 Shares</td>
</tr>
<tr>
<td>USD 0.00</td>
<td>-100.00%</td>
<td>11,764 Shares</td>
</tr>
</tbody>
</table>
Yield Enhancement Equity Structures

European Knock-In (KI) DAC ELN

Product Features:
- Same principle as DAC ELN, except there is a Knock-In feature.
- Delivery of underlying only occur if there is Knocked-In event or closed below Knock-In level.
- The underlying can be a single stock or a basket of stocks; if for basket of stocks, payments will be based on the worst of performing stock within the basket.
- Payout at maturity:
  - If underlying stock (worst of performing stock) closes at or above strike price, investors receive 100% Notional in cash.
  - If underlying stock (worst of performing stock) closes below strike price & there is NO Knock-In event, investors receive 100% Notional in cash.
  - If underlying stock (worst of performing stock) closes below strike price & there is Knock-In event, investors will take physical delivery of the underlying share plus accrued coupon.

Suitability:
- Suitable for investors who are neutral to mildly bullish on the underlying and looking to buy the underlying at a lower price and receive a predefined yield based on the predetermined conditions.

Worst-case scenario:
- Investors will lose 100% of the investment should the underlying stock goes bankrupt or the Issuer default.

Risk Factors:
- Product is NOT principal protected.
- Investors are exposed to the full downside risk of the Underlying Stock.
- Investors are subject to the credit risk of the Issuer. Additionally, prior to maturity, the price of the note will decrease if the credit spread of the issuer of the note widen.
- Liquidity risk as Issuer is not obliged to make secondary market.
- If the note is unwound before maturity, the unwind price is subject to a number of parameters including but not limited to the movement of interest rate, stock volatility and level of the underlying stock.
- The note can be called early and investors will get the coupon for the period of time invested. Investors are exposed to ‘reinvestment” risk to the extent that investors cannot reinvest in a similarly attractive new investment.

Risk Level → 3 - 5 (1 to 5, with 5 being the highest) : depending on Issuer Credit Rating and Risk Level of the underlying equities.
Yield Enhancement Equity Structures

European Knock-In (KI) DAC ELN

Example:
Underlying : Stock ABC (ABC HK) + Stock XYZ (XYZ HK)
Tenor : 2 years
Currency : USD Quanto
Strike Level : 80%
Call Level : 90%
Knock-In Level : 60%
Coupon : 20% p.a. (first quarter coupon fixed)
Qtly Payment : 5% * n/N for each subsequent 3-month period,
where; n = number of business days where the closing price is at or above Strike Price
N = total number of business days for the relevant 3-month period
Callable Qtly : if Reference Share closes at or above Call Price
At Maturity : if NO Knock-In Event → Redeemed at par (100% Notional)
            if Knocked-In → Physical delivery of underlying stock + accrued coupon
Yield Enhancement Equity Structures

European Knock-In (KI) DAC ELN

- Early Called with 100% Notional + guaranteed coupon
- Early Called with 100% Notional + accrued coupon
- Only accrued coupon paid, structure continues
- Early Called with 100% Notional + accrued coupon
- Only accrued coupon paid, structure continues
- 100% Notional in Cash + accrued coupon
- Physical delivery of the underlying @ Strike Price + accrued coupon
## European Knock-In (KI) DAC ELN - Scenario Analysis

Illustration of the redemption value upon maturity

- Assuming client invests US$1,000,000 notional

<table>
<thead>
<tr>
<th>Underlying Shares</th>
<th>Payoff at maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Closing Price at Maturity</strong></td>
<td><strong>% Change</strong></td>
</tr>
<tr>
<td>USD 150.00</td>
<td>50.00%</td>
</tr>
<tr>
<td>USD 130.00</td>
<td>30.00%</td>
</tr>
<tr>
<td>USD 125.00</td>
<td>25.00%</td>
</tr>
<tr>
<td>USD 120.00</td>
<td>20.00%</td>
</tr>
<tr>
<td>USD 115.00</td>
<td>15.00%</td>
</tr>
<tr>
<td>USD 110.00</td>
<td>10.00%</td>
</tr>
<tr>
<td>USD 105.00</td>
<td>5.00%</td>
</tr>
<tr>
<td><strong>USD 100.00</strong></td>
<td>0.00%</td>
</tr>
<tr>
<td>USD 90.00</td>
<td>-10.00%</td>
</tr>
<tr>
<td>USD 80.00</td>
<td>-20.00%</td>
</tr>
<tr>
<td>USD 70.00</td>
<td>-30.00%</td>
</tr>
<tr>
<td>USD 61.00</td>
<td>-39.00%</td>
</tr>
<tr>
<td>USD 60.00</td>
<td>-40.00%</td>
</tr>
<tr>
<td>USD 59.00</td>
<td>-41.00%</td>
</tr>
<tr>
<td>USD 50.00</td>
<td>-50.00%</td>
</tr>
<tr>
<td>USD 0.00</td>
<td>-100.00%</td>
</tr>
</tbody>
</table>
Yield Enhancement Equity Structures

Fixed Coupon Callable Note

Product Features:
- Same principle as vanilla ELN, except longer tenor and with periodic call feature.
- Investor receives a fixed coupon payment every period with NO condition unless the structure is early called.
- The underlying can be a single stock or a basket of stocks; if for basket of stocks, payments will be based on the worst of performing stock within the basket.
- Payout at maturity:
  - If underlying stock (worst of performing stock) closes at or above strike price, investors receive 100% Notional in cash.
  - If underlying stock (worst of performing stock) closes below strike price, investors will take physical delivery of the underlying share plus a fixed coupon for the last period.

Suitability:
- Suitable for investors who are neutral to mildly bullish on the underlying and looking to buy the underlying at a lower price and receive a predefined yield.

Worst-case scenario:
- Investors will lose 100% of the investment should the underlying stock goes bankrupt or the Issuer default.

Risk Factors:
- Product is NOT principal protected.
- Investors are exposed to the full downside risk of the Underlying Stock.
- Investors are subject to the credit risk of the Issuer. Additionally, prior to maturity, the price of the note will decrease if the credit spread of the issuer of the note widen.
- Liquidity risk as Issuer is not obliged to make secondary market.
- If the note is unwound before maturity, the unwind price is subject to a number of parameters including but not limited to the movement of interest rate, stock volatility and level of the underlying stock.
- The note can be called early and investors will get the coupon for the period of time invested. Investors are exposed to 'reinvestment' risk to the extend that investors cannot reinvest in a similarly attractive new investment.

Risk Level  3 - 5 (1 to 5, with 5 being the highest) : depending on Issuer Credit Rating and Risk Level of the underlying equities.
Yield Enhancement Equity Structures

Fixed Coupon Callable Note

Example:
Underlying : Stock ABC (ABC HK)
Tenor : 1 year
Currency : USD Quanto
Strike Level : 85%
Call Level : 95%
Coupon : 14% p.a.
Qtly Payment : 3.5%
Callable Qtly : if Reference Share closes at or above Call Price
At Maturity : Delivery of stock if Reference Share closes below Strike Price; otherwise redeemed at par (100% Notional)
Yield Enhancement Equity Structures

Fixed Coupon Callable Note

- Early Called with 100% Notional + fixed coupon
- Only fixed coupon paid, structure continues
- Physical delivery of the underlying @ Strike Price + fixed coupon

100% Notional in Cash + fixed coupon

Reference
Spot Price
Call Price
Strike Price

Q1
Q2
Maturity
Fixed Coupon Callable Note
- Scenario Analysis

Illustration of the redemption value upon maturity

- Assuming client invests US$1,000,000 notional

<table>
<thead>
<tr>
<th>Underlying Shares</th>
<th></th>
<th>Pay-out at Maturity</th>
<th>Maturity Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closing Price at Maturity</td>
<td>% Change</td>
<td></td>
<td></td>
</tr>
<tr>
<td>USD 150.00</td>
<td>50.00%</td>
<td>100% Cash</td>
<td>USD 1,000,000.00</td>
</tr>
<tr>
<td>USD 130.00</td>
<td>30.00%</td>
<td>100% Cash</td>
<td>USD 1,000,000.00</td>
</tr>
<tr>
<td>USD 125.00</td>
<td>25.00%</td>
<td>100% Cash</td>
<td>USD 1,000,000.00</td>
</tr>
<tr>
<td>USD 120.00</td>
<td>20.00%</td>
<td>100% Cash</td>
<td>USD 1,000,000.00</td>
</tr>
<tr>
<td>USD 115.00</td>
<td>15.00%</td>
<td>100% Cash</td>
<td>USD 1,000,000.00</td>
</tr>
<tr>
<td>USD 110.00</td>
<td>10.00%</td>
<td>100% Cash</td>
<td>USD 1,000,000.00</td>
</tr>
<tr>
<td>USD 105.00</td>
<td>5.00%</td>
<td>100% Cash</td>
<td>USD 1,000,000.00</td>
</tr>
<tr>
<td><strong>USD 100.00</strong></td>
<td>0.00%</td>
<td>100% Cash</td>
<td>USD 1,000,000.00</td>
</tr>
<tr>
<td>USD 95.00</td>
<td>-5.00%</td>
<td>100% Cash</td>
<td>USD 1,000,000.00</td>
</tr>
<tr>
<td>USD 90.00</td>
<td>-10.00%</td>
<td>100% Cash</td>
<td>USD 1,000,000.00</td>
</tr>
<tr>
<td>USD 85.00</td>
<td>-15.00%</td>
<td>100% Cash</td>
<td>USD 1,000,000.00</td>
</tr>
<tr>
<td>USD 80.00</td>
<td>-20.00%</td>
<td>11,764 Shares</td>
<td>USD 941,120.00</td>
</tr>
<tr>
<td>USD 75.00</td>
<td>-25.00%</td>
<td>11,764 Shares</td>
<td>USD 882,300.00</td>
</tr>
<tr>
<td>USD 70.00</td>
<td>-30.00%</td>
<td>11,764 Shares</td>
<td>USD 823,480.00</td>
</tr>
<tr>
<td>USD 50.00</td>
<td>-50.00%</td>
<td>11,764 Shares</td>
<td>USD 588,200.00</td>
</tr>
<tr>
<td>USD 0.00</td>
<td>-100.00%</td>
<td>11,764 Shares</td>
<td>USD 0.00</td>
</tr>
</tbody>
</table>
Step Down AutoCallable Note

Product Features:
- Similar principle as ELN, except longer tenor but with step down autocall & knock-in feature.
- For every observation period, the autocall barrier will step down by a fixed %.
- Investor will receive a fixed coupon payment ONLY if (i) early called or (ii) upon maturity if NO Knock-In event.
- The underlying can be stocks or indices.
- If there is Knock-In event and the underlying stock / index closes below the final autocall barrier, investor will take physical delivery of the underlying shares.

Suitability:
- Suitable for investors who have a neutral to mildly bullish view on the underlying stock / index and expect the stock / index will not close below the Knock-In Level on any business trading day.

Worst-case scenario:
- Investors will lose 100% of the investment should the underlying stock goes bankrupt or the index goes to zero or the Issuer default.

Risk Factors:
- Product is NOT principal protected.
- Investors are exposed to the full downside risk of the Underlying Stock / Indices.
- Investors are subject to the credit risk of the Issuer. Additionally, prior to maturity, the price of the note will decrease if the credit spread of the issuer of the note widen.
- Liquidity risk as Issuer is not obliged to make secondary market
- If the note is unwound before maturity, the unwind price is subject to a number of parameters including but not limited to the movement of interest rate, stock / index volatility and level of the underlying stock / index.
- The note can be called early and investors will get the coupon for the period of time invested. Investors are exposed to ‘reinvestment” risk to the extent that investors cannot reinvest in a similarly attractive new investment.

Risk Level → 3 - 5 (1 to 5, with 5 being the highest) : depending on Issuer Credit Rating and Risk Level of the underlying equities.
Step Down AutoCallable Note

Example:
Underlying : Stock ABC (ABC HK)
Tenor : 1 year
Currency : USD
Strike Level : 100%
Call Level : 100% (step down 1% monthly)
Knock-In level : 60%
Coupon : 24% p.a.
Callable Mthly : if Reference Share closes at or above the respective Call Price
At Maturity : if NOT early called and
(i) there is NO Knock-In → redeemed at par (100% Notional) + Coupon
(ii) there is Knock-In → physical delivery of the underlying stock
Yield Enhancement Equity Structures

Step Down AutoCallable Note

Early Called with 100% Notional + 1 month coupon
Early Called with 100% Notional + 2 months coupon

Call Level

100% Notional in Cash + 12 month coupon

Redemption @ (Final / Initial)
Subject to downside loss

Reference
Spot Price

Knock-In Price

M1 M2 Maturity
### Yield Enhancement Equity Structures

#### Step Down AutoCallable Note
- **Scenario Analysis**

Illustration of the redemption value upon maturity

- Assuming client invests US$1,000,000 notional

<table>
<thead>
<tr>
<th>Underlying Shares</th>
<th>If NO Knock-In</th>
<th>If there is Knock-In</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Closing Price at Maturity</strong></td>
<td><strong>% Change</strong></td>
<td><strong>Pay-out at Maturity</strong></td>
</tr>
<tr>
<td>USD 150.00</td>
<td>50.00%</td>
<td>100% Cash</td>
</tr>
<tr>
<td>USD 130.00</td>
<td>30.00%</td>
<td>100% Cash</td>
</tr>
<tr>
<td>USD 125.00</td>
<td>25.00%</td>
<td>100% Cash</td>
</tr>
<tr>
<td>USD 120.00</td>
<td>20.00%</td>
<td>100% Cash</td>
</tr>
<tr>
<td>USD 115.00</td>
<td>15.00%</td>
<td>100% Cash</td>
</tr>
<tr>
<td>USD 110.00</td>
<td>10.00%</td>
<td>100% Cash</td>
</tr>
<tr>
<td>USD 105.00</td>
<td>5.00%</td>
<td>100% Cash</td>
</tr>
<tr>
<td><strong>USD 100.00</strong></td>
<td><strong>0.00%</strong></td>
<td><strong>100% Cash</strong></td>
</tr>
<tr>
<td>USD 90.00</td>
<td>-10.00%</td>
<td>100% Cash</td>
</tr>
<tr>
<td>USD 80.00</td>
<td>-20.00%</td>
<td>100% Cash</td>
</tr>
<tr>
<td>USD 70.00</td>
<td>-30.00%</td>
<td>100% Cash</td>
</tr>
<tr>
<td>USD 61.00</td>
<td>-39.00%</td>
<td>100% Cash</td>
</tr>
<tr>
<td>USD 60.00</td>
<td>-40.00%</td>
<td>10,000 Shares</td>
</tr>
<tr>
<td>USD 59.00</td>
<td>-41.00%</td>
<td>10,000 Shares</td>
</tr>
<tr>
<td>USD 50.00</td>
<td>-50.00%</td>
<td>10,000 Shares</td>
</tr>
<tr>
<td>USD 0.00</td>
<td>-100.00%</td>
<td>10,000 Shares</td>
</tr>
</tbody>
</table>
Disclaimer 1/4

Important legal information

This document has been prepared by the Financial Strategies Advisory department ("FSA") of Bank J. Safra Sarasin Ltd, Switzerland, (hereafter the "Bank") for information purposes only. It is not the result of financial research conducted by the Bank's research department nor the result of any other detailed due diligence conducted by the Bank. Although it may contain quotes of research analysts or quote research documents, this document cannot be considered as investment research or a research recommendation for regulatory purposes as it does not constitute substantive research or analysis. Therefore the "Directives on the Independence of Financial Research" of the Swiss Bankers Association do not apply to this document. Any views, opinions and commentaries in this document (together the "Views") are short/mid-term FSA views and may differ from those of the Bank's research or other departments. The Bank may make investment decisions or take proprietary positions that are inconsistent with the Views expressed herein. It may also provide advisory or other services to companies mentioned in this document resulting in a conflict of interest that could affect the Bank's objectivity. While the Bank has taken steps to avoid or disclose, respectively, such conflicts, it cannot make any representation in such regard. You acknowledge and agree with such potential conflicts of interests.

The information, opinions and estimates contained in this document are for information purposes only. The Views contained in this document are those of the FSA as per the date of writing and may be subject to change without notice. This document is based on publicly available information and data (the "Information"). The Bank has not verified and is unable to guarantee the accuracy and completeness of the Information contained herein. Possible errors or incompleteness of the Information do not constitute legal grounds (contractual or tort) for the recipient to bring an action against the Bank. In particular, neither the Bank nor its shareholders and employees shall be liable for the information, opinions and estimates contained in this document. Certain investments and/or financial instruments contained herein may involve the use of leveraging, the use of derivative instruments, exposure to emerging markets or potentially volatile markets and can therefore be subject to significantly higher risks and may not be suitable for all investors. The value of, the income from, the annualised returns of or the projected returns of such investments may fluctuate and/or be affected by economic, financial and political factors, including interest and exchange rates, market volatility and market conditions.

Any prices set out in this document are for indicative and/or illustrative purposes only and may vary in accordance with market fluctuations and other market circumstances.

Unless specifically agreed, the principal amount invested is not guaranteed and investors may end up receiving either (i) an amount less than the principal amount invested or (ii) securities with a value substantially below that of the principal amount invested. No assurance (whether express or implied) is given to the effect that any of the issuer, the guarantor or any of their affiliates will make a market in the product, nor that there will be a secondary market in such product. The value of the product also depends on the ability of the issuer and the guarantor, if applicable, to perform their obligations thereunder.

This document is not intended to, and does not, provide individually tailored investment advice. It has been prepared without taking into account the objectives, financial situation or needs of particular investors. When you acquire an investment or product, unless the Bank has specifically solicited or advised you to acquire an investment or product, you give your orders or instructions in reliance on your own judgment, taking into account your overall financial situation, composition of your investment portfolio and your other assets, your investment objectives, attitude to risk, performance aspiration, tolerance to possible capital loss, liquidity requirements and any matters which you consider to be appropriate. The Bank does not make any representation or assess the suitability of such investment or product. Further, the Bank makes no representation as to their future performance. Nothing in this document constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate for an investor's individual circumstances, or otherwise constitutes a personal recommendation for any specific investor. Before entering into any transaction or acquiring any product, you should independently assess with your professional advisers the specific risks relating to such transaction or product, such as maximum losses which the investor may incur, currency risks as well as any legal, regulatory, credit, tax (including the legal and tax regimes in the countries of your citizenship, residence, domicile and/or place of incorporation (as the case may be) and any applicable exchange control regulations) and accounting consequences arising from entering into any transactions or purchasing any products. Direct investments in U.S. securities may expose the investor to U.S. taxation (e.g. U.S. estate tax) and may lead to U.S. taxation of the investor even in cases where the investor is not domiciled in the U.S. and/or does not have U.S. person status.

Investments in services and products mentioned in this document should only be made after a thorough reading of the available product/services documentation, in case of mutual funds especially the Key Investor Information Document. The Bank will make available the relevant issuer's product documentation to facilitate you to understand the relevant transaction or product.

Past performance is not an indication of current or future performance. The return of a financial instrument may go down as well as up due to changes in rates of exchange between currencies. The Bank does not assume any liability, neither explicit nor implicit for the future performance of a financial instrument.
The Bank may receive commissions or fees for placement or distribution of financial products either as an initial charge and/or as ongoing fees during the holding period of the financial products. Such commissions or fees are considerations for services rendered by the Bank to the issuers and managers of the financial products, including but not limited to the use of the Bank's distribution channel. Investors acknowledge that the Bank may receive and keep such commissions and fees and that such commissions and fees will not be passed on to investors. Although measures are taken to avoid or limit conflicts of interest, the Bank cannot guarantee that such conflicts of interest will not occur. Specifically, the prospect of receiving, or the receipt of, commissions and fees described above may provide the Bank with an incentive to favour sales of certain financial products over others to which the Bank does not receive such commissions or fees, or receive lower commissions or fees. You acknowledge and agree that the Bank may receive such commissions or fees. This document may only be distributed in countries where its distribution is legally permitted. This information is not directed to any person in any jurisdiction where (by reason of that person's nationality, residence or otherwise) such offering is prohibited. Consequently, services and/or products mentioned in this document may not be available in all countries. Interested parties should contact the local J. Safra Sarasin Group-representative to be informed about the services and products available in their country of residence.

This document is disseminated as follows:

Switzerland: In Switzerland this document is distributed by Bank J. Safra Sarasin Ltd, regulated by the Swiss Financial Market Supervisory Authority FINMA. All investment funds mentioned in this document are approved for distribution in Switzerland. Structured products do not constitute a participation in such investment funds. Therefore, they are not supervised by the Swiss Financial Market Supervisory Authority FINMA and the investor does not benefit from the specific protection provided under the Swiss Federal Act on Collective Investment Schemes. This document is not a simplified prospectus as stated in Art. 5 of the Swiss Federal Act on Collective Investment Schemes.

Monaco: Bank J. Safra Sarasin (Monaco) SA, an institution regulated by the Minister of State for Monaco and the Bank of France, is sending to its clients this document prepared by the Bank.

Luxembourg: This marketing document has been prepared by Bank J. Safra Sarasin Ltd (the "Swiss Bank"), a sister company of Banque J. Safra Sarasin (Luxembourg) S.A. (the "Luxembourg Bank"), having its registered office at 10a, Boulevard Joseph II, L-1840 Luxembourg, which is subject to the supervision of the Commission de surveillance du secteur financier - CSSF on the basis of information at the disposal of the Swiss Bank or at the disposal of the other entities mentioned in the present document.

This document is not the result of a substantive research or financial analysis and does not constitute investment research or research recommendation, notably within the meaning of the second paragraph of Article 27 of the Grand-Ducal Regulation of 13 July 2007 relating to organisational requirements and rules of conduct in the financial sector, for the person to whom it is addressed. This document constitutes only general information material for the personal use of the intended recipient to whom it is communicated.

United Kingdom: This document is prepared by the Bank. It is a financial promotion for the purposes of section 21 of the Financial Services and Markets Act 2000 (FSMA) and has been approved for distribution in the UK by Bank J. Safra Sarasin (Gibraltar) Ltd. Rules made by the UK Financial Conduct Authority under the FSMA for the protection of retail clients do not apply to services provided by members of the J. Safra Sarasin Group outside the UK and both the Gibraltar Investor Compensation Scheme and the UK Financial Services Compensation Scheme will not apply.

Singapore:

Important Notice

Warning: The contents of this document and the investments contained herein have not been reviewed, registered or authorized, by any regulatory authority in Singapore. You are advised to exercise caution in relation to the investment(s) detailed in this document. If you are in doubt about any of the matters detailed herein, you should obtain independent professional advice.
Derivatives Warning

The investment(s) detailed in this document may involve certain structured product(s) containing derivatives, in which event the investment decision is yours but you should not invest in the investment detailed herein unless (i) the intermediary who solicits or recommends the structured products to you/your professional advisor has explained to you and advised you that the structured products are suitable for you having regard to your financial situation, investment experience and investment objectives; and (ii) you fully understand and are willing to assume the risks associated with them.

Singapore Selling Restriction
This document and related documents may not be distributed or circulated to, and the investment(s) mentioned herein may not be offered or sold or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public in Singapore other than (i) to an institutional investor specified in Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275 of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.
Where the products are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (A) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (B) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the products pursuant to an offer made under Section 275 except: (1) to an institutional investor (for corporations under Section 274 of the SFA) or to a relevant person as defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA; (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

This document is prepared and issued by Bank J. Safra Sarasin Ltd but distributed by its Singapore branch in the conduct of its business in Singapore. Bank J. Safra Sarasin Ltd, Singapore Branch is an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110), an offshore bank licensed under the Singapore Banking Act (Cap. 19) and regulated by the Monetary Authority of Singapore.
Bank J. Safra Sarasin, Singapore Branch has obtained an exemption under Section 100(2) of the Financial Advisers Act, Chapter 110 of Singapore, in respect of the provision of financial advisory services to its clients who are "high net worth individuals"; - specific reference is hereby made to Clause 39 of the Conditions for Account Opening and Maintenance in relation to, and which sets out, the said exemptions that Bank J. Safra Sarasin, Singapore Branch may rely upon.

Hong Kong:

Important Notice

Warning: The contents of this document and the investments contained herein have not been reviewed, registered or authorized, by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the investment(s) detailed in this document. If you are in doubt about any of the matters detailed herein, you should obtain independent professional advice.

Derivatives Warning

The investment(s) detailed in this document may involve certain structured product(s) which involves derivatives. Do not invest in such structured product(s) unless you fully understand and are willing to assume the risks associated with it/them. If you are in any doubt about the risks involved in the product(s), you may clarify with the Bank, Hong Kong branch or seek independent professional advice.
Disclaimer 4/4

This document is prepared and issued by Bank J. Safra Sarasin Ltd but distributed by each of its branches in Singapore and Hong Kong in the conduct of their respective businesses in Singapore and Hong Kong. Bank J. Safra Sarasin Ltd, Hong Kong Branch is a licensed bank under the Hong Kong Banking Ordinance (Cap. 155 of the laws of Hong Kong) and a registered institution under the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (CE Number AHX 499) to carry out Types 1 (dealing in securities) and 4 (advising on securities) regulated activities as defined under the Securities and Futures Ordinance.

Hong Kong Selling Restriction

This document and its contents are not intended and shall not in any way be construed as an offer or solicitation to the public in Hong Kong for the purchase or sale of any securities, regulated investment agreement or collective investment scheme. This document has not and will not be registered or authorized (whether by the Securities and Futures Commission or otherwise) in Hong Kong nor has its content been reviewed by any regulatory authority in Hong Kong. Accordingly, unless permitted by the securities laws of Hong Kong, (i) in the case of any product herein being a share or debenture of a company, no person may issue or cause to be issued this document in Hong Kong, other than to persons who are “professional investors” as defined in the Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong) and any rules made thereunder or in circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance; and other cases, no investment agreement or collective investment scheme, whether in Hong Kong or (ii) in elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong, other than with respect to securities, regulated investment agreement or collective investment scheme which are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made thereunder. If an investor is in doubt about any of the contents of this document, the investor should obtain independent professional advice.

Bahamas: This document is distributed to private clients of Bank J. Safra Sarasin (Bahamas) Ltd and is not intended for distribution to persons designated as a Bahamian citizen or resident under the Bahamas Exchange Control Regulations.

Panama: This document is presented, based solely on public information openly available to the general public, by J. Safra Sarasin Asset Management S.A., Panama.

Qatar Financial Centre (QFC): This document is only intended to be distributed by Bank J. Safra Sarasin (QFC) LLC, Qatar (“BJSSQ”) from QFC to Business Customers as defined by the Qatar Financial Centre Regulatory Authority (QFCRA) Rules. Bank J. Safra Sarasin (QFC) LLC is authorized by QFCRA.

This document may also includes a collective investment scheme (Fund) that is not registered in the QFC or regulated by the Regulatory Authority. Any issuing document / prospectus for the Fund, and any related documents, have not been reviewed or approved by the Regulatory Authority. Investors in the Fund may not have the same access to information about the Fund that they would have to information of a fund registered in the QFC; and recourse against the Fund, and those involved with it, may be limited or difficult and may have to be pursued in a jurisdiction outside the QFC.

Dubai International Financial Centre (DIFC): This document is only intended to be distributed by Bank J. Safra Sarasin Asset Management (Middle East) Ltd (“BJSSAM”) from DIFC to professional clients as defined by the DFSA. BJSSAM is duly authorised and regulated by DFSA. If you do not understand the contents of this document you should consult an authorised financial adviser. This document may also include Funds which are not subject to any form of regulation or approval by the Dubai Financial Services Authority (“DFSA”). The DFSA has no responsibility for reviewing or verifying any Issuing Document or other documents in connection with these Funds. Accordingly, the DFSA has not approved the Issuing Document or any other associated documents nor taken any steps to verify the information set out in the Issuing Document, and has no responsibility for it. The Units to which the Issuing Document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on the Units.

The entire content of this document is protected by copyright law (all rights reserved). The use, modification or duplication in whole or part of this document is only permitted for private, non-commercial purposes by the interested party. When doing so, copyright notices and branding must neither be altered nor removed. Any usage over and above this requires the prior written approval of the Bank. The same applies to the circulation of this document. Third party data providers make no warranties or representation of any kind relating to the accuracy, completeness or timeliness of the data provided and shall have no liability for any damages of any kind relating to such data.

© Bank J. Safra Sarasin Ltd 2017