



## HANG SENG BANK LIMITED (the “Bank”)

*(incorporated in Hong Kong with limited liability and a licensed bank regulated by the Hong Kong Monetary Authority and registered with the Securities and Futures Commission (“SFC”) for Types 1, 4, 7 and 9 regulated activities under the Securities and Futures Ordinance)*

## HANG SENG STATEMENT GOLD SCHEME (THE “SCHEME”)

### PRODUCT KEY FACTS STATEMENT

This statement provides you with key information about the Bank’s Hang Seng Statement Gold Scheme (the “Scheme”).

This statement is part of the offering documents and must be read in conjunction with the Principal Brochure for the Scheme (in particular, Section 2: The Risks Associated With the Scheme).

You should not invest in the Scheme based on this statement alone.

For the definition of “Reference Asset” and “Gold”, please refer to the paragraph “Reference Asset” under “Key Features of the Scheme” on page 3 of this Product Key Facts Statement.

#### What are the key risks?

- **Not principal protected.** Your investments in the Scheme are not principal protected. In the worst case scenario, you may lose your entire investment amount.
- **Not a bank deposit.** Your investments in the Scheme are not and are not equivalent to a bank deposit.
- **Not protected deposit.** Your investments in the Scheme are not protected deposits and are not protected by the Deposit Protection Scheme in Hong Kong.
- **Not an interest-bearing account.** The account through which the investments in the Scheme are conducted is not an interest-bearing account with neither yield nor interest provided.
- **Volatility of price.** The unit prices of the Scheme are calculated with reference to the price of the Reference Asset (and are subject to the Bank’s profit margins). You should recognize that the unit prices of the Scheme are volatile due to the price changes in the Reference Asset resulted from the demand and supply of the Reference Asset and may go up and down. You will bear the potential losses due to the fluctuation of the unit price of the Scheme. The price fluctuation may go beyond your expectation and the losses may reduce your capital invested and earnings (if any) substantially.
- **System unavailability.** The Bank takes all reasonable measures to monitor and oversee the availability of the systems and has contingency plans in place to mitigate the risk of system unavailability, however, there remains a risk that pricing and trading may be delayed or interrupted due to unforeseen issues in systems.
- **No physical delivery of Gold.** The Scheme does not involve physical delivery of Gold. You do not have any rights, ownership and possession of any physical Gold in the Scheme. The allocation of units in the Scheme is notional and is for the sole purpose of determining the cash value of your investment in the Scheme. The unit prices of the Scheme are calculated with reference to the prices of the Reference Asset (and are subject to the Bank’s profit margins).
- **Not the same as investment in Gold.** Investment in the Scheme is not the same as investing in Gold. Price changes in Gold might not reflect in price changes of the Scheme due to the pricing mechanism set out in the paragraph “Pricing Mechanism” under “Key Features of the Scheme” on page 3 of this Product Key Facts Statement.

- **Market risk.** The price of the Reference Asset may go up and down due to movement in macroeconomic factors which include but not limited to interest rate, inflation, economic growth and geopolitical tension. The unit prices of the Scheme are calculated with reference to the price of the Reference Asset (and are subject to the Bank's profit margins).
- **Investment risk.** Investment involves risks and the prices of the Reference Asset may fluctuate. The value of your investments in the Scheme may move up or down, sometimes dramatically, and may even become valueless. In the worst case scenario, you may lose your entire investment amount.
- **Credit risk of the Bank.** Your investment in the Scheme is subject to credit risk of the Bank. Material adverse changes in the financial condition of the Bank may impair or affect the ability of the Bank to meet its obligations under the Scheme.
- **Insolvency risk of the Bank.** There is no assurance of protection against a default by the Bank in respect of its payment obligations. If you invest in the Scheme, you are relying upon the creditworthiness of the Bank and of no other person. If the Bank becomes insolvent or default on its obligations under the Scheme, you can only claim as the Bank's unsecured creditor. In the worst case scenario, you may lose your entire investment amount.
- **Termination risk.** The Bank has the right to terminate the Scheme and/or the account through which your investments in the Scheme are conducted at any time in the circumstances as described under the applicable terms and conditions of the Scheme. These include illegality, pursuant to regulatory requirement, breach of obligations and zero balance under the Scheme and/or the account through which your investments in the Scheme are conducted. Under other circumstances, the Bank may also terminate the Scheme and/or the account through which your investments in the Scheme are conducted by giving at least 90 days' (or such other notice period pursuant to the relevant regulatory requirement) prior notice in writing to you. In such scenarios, if you could not sell your units in the Scheme back to the Bank before the termination date, the amount payable by the Bank back to you on such termination will be the prevailing price of your units in the Scheme as quoted by the Bank at the date of termination, which may be substantially less than your investments in the Scheme.
- **Risk relating to the Bank's hedging activities.** The Bank may enter into hedging transactions, which typically involve the establishment of long and/or short positions in the Reference Asset, with its respective hedging counterparties in the market. It is possible that these activities could adversely affect the prices of the Reference Asset if the size of hedging transaction is substantial. As such the prices of units in the Scheme calculated with reference to prices of the Reference Asset will be affected as well. The value of your investments in the Scheme may move up and down.
- **Set-off right by the Bank.** The Bank has the right to combine or consolidate any balances standing to the credit of your accounts (including the units of the Scheme standing to the credit of the account) with the Bank to set-off against any indebtedness owed by you to the Bank. Under the applicable terms and conditions of the Scheme, in addition to any lien that the Bank may be entitled, the Bank may, at any time and without prior notice, apply the value of the units of the Scheme standing to the credit of the account towards discharge of any of your liabilities owed to the Bank. Copies of the applicable terms and conditions of the Scheme are available at the Bank's branches in Hong Kong.
- **Conflicts of interest.** Potential and actual conflicts of interest may arise from the different roles played by the Bank and the Bank's subsidiaries and affiliates in connection with the Scheme. Although the Bank's economic interests in each role may be adverse to your interests in the Scheme, the Bank sets the necessary regulatory information barriers among its different business areas as well as formulates policies and procedures for minimizing and managing such conflicts of interest, so as to comply with applicable laws and regulations, and to ensure the Bank's transactions or dealings will be transacted at arm's length.
- **Force majeure events.** The Bank is not liable for any failure or delay to meet its obligations due to any causes beyond its control which shall include local or international happenings such as Acts of God, Government act, flood, fire, civil commotion, strike, war or any other causes beyond the reasonable control of the Bank, mechanical failure, power failure, malfunction, breakdown, interruption or inadequacy of equipment or installation or other cause which results or is likely to result in the erratic behavior of Gold prices, the closure of the markets or exchanges of Gold or any other cause affecting the operation of the Scheme.

## Key Features of the Scheme

Product Name:	Hang Seng Statement Gold Scheme (the "Scheme")
Product Type:	Paper gold scheme
Account Type:	A non-interest bearing account, namely the Hang Seng Statement Gold Account ("Account")
Reference Asset:	The reference asset of the Scheme is gold bullion of 99% fineness ("Gold" or "Reference Asset"). The quotation unit of the Reference Asset is mace troy ("Mace"). The Bank will determine the buying and selling prices of the Scheme according to the formula as specified under "Pricing Mechanism" below. The buying and selling prices of the Scheme quoted by the Bank may not be the same as the prices of the Reference Asset as quoted by other bullion dealers or bullion exchanges in Hong Kong.
Currency Denomination:	The unit prices quoted for the sale and purchase of the Scheme are denominated in Hong Kong Dollars ("HKD").
Minimum Transaction Amount:	1 unit of the Scheme (i.e. 1 MACE) (which represents 1 Mace of Reference Asset) or in multiples thereof for each increment.
Quotation Unit Mechanism:	The quotation unit of the Scheme is "MACE". One unit of the Scheme is reflected as one MACE in the Account. The price of 1 MACE quoted by the Bank is determined according to the Pricing Mechanism as set out below.
Account Mechanism:	Your investment in paper gold will be conducted through the Account. The units of the Scheme purchased by you will be credited to, while the units of the Scheme sold by you will be deducted from, the Account.
Pricing Mechanism:	<p>Prices per unit of the Scheme are quoted by the Bank as Selling Price and Buying Price respectively. Buying Price is the price payable by you if you would like to buy one unit of the Scheme from the Bank. Selling Price is the price receivable by you if you would like to sell one unit of the Scheme to the Bank.</p> <p>The Bank will determine the Buying Price<sup>#</sup> per unit (in MACE) of the Scheme (rounded to 2 decimal places) at its sole and absolute discretion in good faith and commercially reasonable manner according to the following formula:</p> <p>The Bank's purchase price for 1 troy ounce of Loco London Gold in United States Dollars ("USD") as quoted by market dealers to the Bank x spot telegraphic transfer foreign currency exchange rate between USD and HKD quoted by the Bank (at or about the time when the Bank quotes the Buying Price to the customer) x 99% (conversion rate of gold fineness) x 0.120337 (conversion rate between troy ounce to Mace) + profit margin of the Bank.</p> <p>The Bank will determine the Selling Price<sup>#</sup> per unit (in MACE) of the Scheme (rounded to 2 decimal places) at its sole and absolute discretion in good faith and commercially reasonable manner according to the following formula:</p> <p>The Bank's selling price for 1 troy ounce of Loco London Gold in USD as quoted by market dealers to the Bank x spot telegraphic transfer foreign currency exchange rate between USD and HKD quoted by the Bank (at or about the time when the Bank quotes the Selling Price to the customer) x 99% (conversion rate of gold fineness) x 0.120337 (conversion rate between troy ounce to Mace) - profit margin of the Bank.</p> <p><sup>#</sup>The Buying Price per unit of the Scheme as quoted by the Bank will not exceed 103% of the Selling Price per unit of the Scheme as quoted by the Bank at the same time (i.e. a spread of 3%), depending on market conditions. For example, if the Selling Price per unit of the Scheme is HKD10,000, the Buying Price per unit of the Scheme will not exceed HKD10,300.</p> <p>*Loco London Gold specified by the London Bullion Market Association represents the basis for international trading and settlement in gold of London bullion market (with a fineness of not less than 99.5%) and the price of which is quoted by the market dealers base on USD per troy ounce.</p>
Fee and Charges:	<p>No separate handling fees and charges will be levied on any transactions under the Scheme.</p> <p>The Bank's profit margin are already inherently contained in and subsumed in the buying and selling price spread and the spread between the Selling Price per unit of the Scheme as quoted by the Bank and the Buying Price per unit of the Scheme as quoted by the Bank at the same time shall not be in excess of 3% of Selling Price per unit of the Scheme.</p> <p>The Bank may vary or impose further fees and charges by giving at least 90 days' (or such other notice period pursuant to the relevant regulatory requirement) prior notice in writing.</p>

## Amendment to the Terms and Conditions of the Scheme

The Bank may amend or modify any term or provision of the terms and conditions governing the Scheme at any time and from time to time as set out in the applicable terms and conditions of the Scheme (as amended from time to time) if such modification (a) is required in compliance with statutory, fiscal or other requirements prescribed by any regulatory authority or (b) does not materially prejudice the investor's interest, does not release the Bank from any liability to the investor in any extent and does not impose or increase any fees and charges payable by the investor. The Bank will give you at least one month's prior notice in writing of any such amendment or modification and pursuant to the applicable regulatory requirement.

Any modification other than those specified in the above paragraph, the Bank shall give you at least three months' prior notice in writing of any such amendment or modification which shall become effective on and from the expiry of such period and shall be binding on you if you do not terminate the Scheme prior to the expiration of such period.

## Ongoing Disclosure

The Bank will notify the SFC and all investors as soon as reasonably practicable (i) of any information concerning the Scheme which is necessary to enable investors to appraise the position of the Scheme (ii) if the Bank ceases to meet any requirements of the Overarching Principles Section of the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products and, (iii) to the extent permitted by any applicable laws, changes in the Bank's financial condition or other circumstances which could reasonably be expected to have a material adverse effect on the Bank's ability to fulfill its commitment in connection with the Scheme. Further, the Bank will notify investors (subject to the applicable notification period as set out in the terms and conditions governing the Scheme and pursuant to the applicable regulatory requirement) if there are changes to the constitutive documents of the Scheme, changes of key operators and their regulatory status and controlling shareholders, changes in investment objectives, policies and restrictions, fee structure and dealing and pricing arrangements, any other changes that may materially prejudice investors' rights or interests, and if the Scheme is to be terminated or withdrawn from SFC authorization. For enquiries, please contact any of the Bank's branches in Hong Kong.

## Offering documents

The following documents for the Scheme ("Offering Documents") contain detailed information about the Bank and the key features, risks and terms of the Scheme. You should read and understand all of the Offering Documents before deciding whether to invest in the Scheme.

- (i) This Product Key Facts Statement dated 1 September 2021; and
- (ii) The Principal Brochure for the Scheme dated 1 September 2021

The Bank has the obligation to distribute to you ALL of the above documents in English or Chinese as you may prefer. Copies of the Offering Documents are available at the Bank's branches in Hong Kong or your Relationship Manager without any costs to you.

## Trading suspension

In extreme market conditions, the Bank may, acting in good faith and in a commercially reasonable manner, determine that it is necessary to suspend trading of the unit of the Scheme. Such a situation may occur as a result of an extreme event or disruption in the international gold market that impairs the ability of market participants to transact, or impairs the Bank's ability to offer pricing within the buying and selling price difference threshold as set out in the paragraph "Pricing Mechanism" under "Key Features of the Scheme" on page 3 of this Product Key Facts Statement or where there is trading suspension in the gold market which results in the Bank not able to quote price for the unit of the Scheme. The Bank will notify investors as soon as reasonably practicable by way of various means of communication it considers appropriate, including but not limited to, notice posted on the Bank's website ([www.hangseng.com](http://www.hangseng.com)) or notice displayed at the Bank's branches in Hong Kong when trading suspension occurs and when trading resumes. The Bank will take all reasonably necessary steps to ensure such trading suspensions to be brief and to reinstate trading as quickly as practicable, given market conditions. When trading resumes, it is possible that the unit prices of the Scheme may deviate significantly from the last price published.

## Contact details for enquiries or complaints

If you have any enquiries or complaints regarding the Scheme, you can contact your Relationship Manager, or visit our Hong Kong Main Branch (address: 83 Des Voeux Road Central, Hong Kong), or call our Customer Services Hotline at (852) 2822 0228 or contact us online at <https://bank.hangseng.com/1/2/contact-us/email-us>.

## Financial Information of the Bank

The latest audited financial statements of the Bank can be found at <http://bank.hangseng.com/1/2/about-us/investor-relations/investor-relations>.

## Important

If you are in doubt about the contents of this document, you should seek independent professional advice. The SFC takes no responsibility as to the contents of such document and makes no representation as to its accuracy or completeness.