

Wayfoong Statement Gold

Product Key Facts Statement

The Hongkong and Shanghai Banking Corporation Limited (the "Bank")

Last Update Date: July 2020

This statement provides you with key information about Wayfoong Statement Gold.

This statement is a part of the offering documents for this product, and it must be read in conjunction with the Product Factsheet (in particular the section headed "The Key Risks of the Product").

You should not invest in this product based on this statement alone.

HSBC's Wayfoong Statement Gold provides a convenient way to invest in paper gold as the easy access to the gold market. The benchmark asset is Loco London1 Gold. One unit of Wayfoong Statement Gold is benchmarked to one mace of the benchmark asset. When customers buy/sell Wayfoong Statement Gold, no physical delivery is involved.

What are the key risks?

- ◆ **Not principal protected** – Your investments in Wayfoong Statement Gold are not principal protected. In the worst case scenario, you can lose your entire investment
- ◆ **Not a time deposit** – Wayfoong Statement Gold is NOT, and NOT EQUIVALENT to, a time deposit
- ◆ **Not an interest-bearing account** – Wayfoong Statement Gold account does not represent a deposit of money and provides neither yield nor interest
- ◆ **No guarantee** – Wayfoong Statement Gold does not guarantee your capital invested or any return on the capital
- ◆ **Not protected deposit** – Wayfoong Statement Gold is NOT a protected deposit and is NOT protected by the Deposit Protection Scheme in Hong Kong
- ◆ **No physical delivery of gold** – No physical delivery of gold is involved when you buy/sell Wayfoong Statement Gold. You do not have any rights, ownership and possession of any physical gold. The allocation of units in the Wayfoong Statement Gold account is notional. The unit price of Wayfoong Statement Gold is set with reference to the price of the benchmark asset, Loco London Gold (and is subject to the Bank's trading spread as specified in the key features below)
- ◆ **No collateral** – Wayfoong Statement Gold is NOT secured on any assets or any collateral of the Bank
- ◆ **Not the same as investment in physical gold** – Investment in Wayfoong Statement Gold is not the same as investment in physical gold. Price changes in physical gold might not be reflected in price changes of Wayfoong Statement Gold

Note: "Loco London" is a term used in the international trading and settlement of over-the-counter gold and silver. Most global "over-the-counter" gold and silver trading is cleared through the London clearing system, managed by the London Precious Metals Clearing Limited. Loco London Gold is denominated in USD per troy ounce.

- ◆ **Volatility of price** – The Bank sell price and Bank buy price per unit of Wayfoong Statement Gold are calculated taking into account the prices of the benchmark asset, Loco London Gold (and are subject to the Bank’s trading spread as specified in the key features below). You should recognize that the Bank sell price and Bank buy price per unit of Wayfoong Statement Gold are volatile due to the price changes in Loco London Gold resulted from demand and supply of Loco London Gold and the value of your investments may go up and down. The difference between the Bank sell price and the Bank buy price per unit of Wayfoong Statement Gold at any time will not exceed 4% of the average of the Bank sell price and the Bank buy price per unit of Wayfoong Statement Gold (i.e. if the Bank buy price per unit is HKD98, the Bank sell price per unit will not exceed HKD102), depending on market conditions. You will bear the potential losses due to the fluctuation of the prices of Wayfoong Statement Gold. The price fluctuation may be out of your expectation and the losses may reduce your principal amount and earnings (if any) substantially
- ◆ **Trading Suspension** – In extreme market conditions, the Bank may determine that it is necessary to suspend Wayfoong Statement Gold trading. The Bank will act in good faith and in a commercially reasonable manner when making such determination. 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 settle transactions, or impairs the Bank’s ability to offer pricing within the buy and sell price difference threshold as mentioned in the “Volatility of Price” paragraph above. 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 public website (www.hsbc.com.hk) or notice displayed at our branches in Hong Kong. The Bank will aim for 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 price of Wayfoong Statement Gold may deviate significantly from the last price published
- ◆ **System Unavailability** – The Bank takes all reasonable measures to monitor and oversee the availability of the systems, however, there remains a risk that pricing and trading may be delayed or interrupted due to unforeseen issues in systems
- ◆ **Market risk** – The price of the benchmark asset is volatile and can be unpredictable, sudden and drastic, and is affected by complex political and macroeconomic factors which include but are not limited to interest rate, inflation, economic growth and geopolitical tension. The Bank sell price and Bank buy price per unit of Wayfoong Statement Gold are calculated taking into account the prices of Loco London Gold (and are subject to the Bank’s trading spread as specified in the key features below), and thus, your investments in Wayfoong Statement Gold are subject to market risk
- ◆ **Concentration risk** – You should avoid excessive investment in Wayfoong Statement Gold and should be aware of the risk of price fluctuation of single asset class being higher than that of a diversified portfolio
- ◆ **Currency risk** – You should also be aware of the risk of foreign exchange rate fluctuations and you may experience a loss when you convert the account value of Wayfoong Statement Gold, which is denominated in HKD, back to your home currency
- ◆ **Credit risk of the Bank** – Your investments in Wayfoong Statement Gold are 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 Wayfoong Statement Gold
- ◆ **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 Wayfoong Statement Gold, you are relying upon the creditworthiness of the Bank. If the Bank becomes insolvent or defaults on its obligations under Wayfoong Statement Gold, you can only claim as the Bank’s unsecured creditor. In the worst case scenario, you may lose your entire investment
- ◆ **The Financial Institutions (Resolution) Ordinance may adversely affect the Wayfoong Statement Gold; you could lose all of your investment** – On 7 July 2017, the Financial Institutions (Resolution) Ordinance (Cap.628 of the Laws of Hong Kong) (the “FIRO”) came into operation. The FIRO, provides for, among other things, the establishment of a resolution regime for authorized institutions which include the Bank and other within scope financial institutions in Hong Kong which may be designated by the relevant resolution authorities. The resolution regime seeks to provide the relevant resolution authorities with administrative powers to bring about timely and orderly resolution in order to stabilize and secure continuity for a failing authorized institution or within scope financial institution in Hong Kong. In particular, the relevant resolution authority is provided with powers to affect contractual and property rights as well as payments (including in respect of any priority of payment) that creditors would receive in resolution. These may include, but are not limited to, powers to cancel, write off, modify, convert or replace all or a part of the Wayfoong Statement Gold, the Bank’s obligations under the Wayfoong Statement Gold, and powers to amend or alter the contractual provisions, all of which may adversely affect the value of the Wayfoong Statement Gold and/or change your rights or how you exercise them; you thereof may suffer a loss of some or all of your investment as a result. You may become subject to and bound by the FIRO. The implementation of FIRO remains untested and certain details relating to FIRO will be set out through secondary legislation and supporting rules. Therefore, the Bank is not able to assess the full impact of FIRO on the financial system generally, the Bank’s customers, the Bank itself, any of its consolidated subsidiaries, its operations and/or its financial position. **In the worst case scenario, you may get nothing back and/or suffer a total loss of your investment**

- ◆ **Account closing and early sell back risk** – The Bank may close any customer’s Wayfoong Statement Gold account by giving not less than one month’s prior notice to the customer or otherwise in accordance with the terms and conditions of the Wayfoong Statement Gold account. In such scenario, if you could not sell your Wayfoong Statement Gold units back to the Bank before the termination date, the amount payable by the Bank back to you on such termination will be the Bank buy price per unit of Wayfoong Statement Gold as quoted by the Bank at the date of termination multiplied by the number of units of Wayfoong Statement Gold held by you, which may be substantially less than your investments in Wayfoong Statement Gold. You could suffer a loss from the sale of Wayfoong Statement Gold upon account closure, depending on the price of Wayfoong Statement Gold upon account closure
- ◆ **Product Termination or Withdrawal** – The Bank may terminate Wayfoong Statement Gold or withdraw the authorization for Wayfoong Statement Gold from the Securities and Futures Commission (the “SFC”). In addition to following any procedures set out in the offering documents or governing law, the Bank shall give at least 3 months’ prior notice to the customers and such notice will be submitted to the SFC for prior approval. The reasons and the consequences of the termination or withdrawal from authorization and its effects on customers, the alternatives (if any) available to customers and the estimated costs of the termination or withdrawal from authorization and the expected parties to bear the costs etc will be set out in the notice
- ◆ **Set-off and Lien** – The Bank may at any time and without prior notice appropriate from the customer’s Wayfoong Statement Gold account so much thereof to set-off against any indebtedness owed by the customer to the Bank, as described in the relevant terms and conditions of the Wayfoong Statement Gold account, copies of which 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 subsidiary and affiliates in connection with Wayfoong Statement Gold. Although the Bank’s economic interests in each role may be adverse to your interests in Wayfoong Statement Gold, 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
- ◆ **Failure or delay in meeting obligations** – There may be failure or delay in meeting the Bank’s obligations due to any causes beyond its control which shall include but are not limited to fires, storms, acts of God, riots, strikes, lock-outs, wars, governmental control, restriction or prohibition whether local or international, technical failure of any equipment, power failures, black-outs or any other cause which results or is likely to result in the erratic behaviour of the commodity prices, the closure of international gold markets and the local gold and silver exchange or any other cause affecting the operation of the Wayfoong

Statement Gold. The Bank accepts no responsibility or liability of the aforesaid failure or delay

What are the key features?

Product Name	Wayfoong Statement Gold
Product Type	Paper gold scheme
Account Type	A non-interest bearing account
Account Mechanism	The purchase of units of Wayfoong Statement Gold will be credited to, while the sale of units of Wayfoong Statement Gold will be debited from the non-interest bearing Wayfoong Statement Gold account
Currency Denomination	The unit price of Wayfoong Statement Gold is denominated in HKD
Benchmark Asset	Loco London Gold
Quotation Unit	One unit of Wayfoong Statement Gold
Quotation Unit Mechanism	Quotation unit of Wayfoong Statement Gold is one unit. One unit of Wayfoong Statement Gold is benchmarked to one mace of the benchmark asset. One mace of the benchmark asset is equal to 0.11913 troy ounce of the benchmark asset. The price takes into account the Loco London Gold price, the exchange rate between the United States dollar and Hong Kong dollar and the difference in measurement unit between Loco London Gold (in troy ounce) and Wayfoong Statement Gold (in mace)
Pricing Mechanism	Price per unit is referred to as a Bank sell price if you would like to buy Wayfoong Statement Gold from the Bank, or a Bank buy price if you would like to sell Wayfoong Statement Gold to the Bank. The difference between the Bank sell price and the Bank buy price per unit (the “Bank’s trading spread”) will not exceed 4% of the average of the Bank sell price and the Bank buy price per unit (i.e. if the Bank buy price per unit is HKD98, the Bank sell price per unit will not exceed HKD102)
Minimum Transaction Amount	One unit of Wayfoong Statement Gold

Fees and Charges

There are no handling charges other than the actual buying or selling price at the time of the transaction. Any fees and charges incurred by the Bank are contained and subsumed into the calculation of the Bank sell price and the Bank buy price and the difference between the Bank sell price and the Bank buy price, which will not exceed 4% of the average of the Bank sell price and the Bank buy price, and generally depends on the transaction amount and prevailing market

conditions. The Bank may vary or impose further fees and charges by giving at least one month's prior notice to the customer.

Adjustment to the terms and conditions of Wayfoong Statement Gold

The terms and conditions of Wayfoong Statement Gold may, at the Bank's sole discretion, be amended/ revised from time to time upon obtaining prior approval from the SFC and giving the customer one month's prior notice.

Continuing Disclosure Obligations

The Bank will notify the SFC and all investors as soon as reasonably practicable 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. The Bank will notify all investors as soon as reasonably practicable of any information concerning Wayfoong Statement Gold which is necessary to enable the investors to appraise the position of Wayfoong Statement Gold, including without limitation, any changes to Wayfoong Statement Gold other than those requiring prior approval from the SFC and, to the extent permitted by any applicable laws, changes in the Bank's financial condition or other circumstances.

The Bank is required to obtain the prior approval from the SFC for the following changes and the SFC may prescribe a period of notice of change that should be given to the investors

- ◆ changes to the constitutive document;
- ◆ changes of the key operator and its regulatory status and controlling shareholder;
- ◆ changes in investment objectives, policies and restrictions, fee structure and dealing and pricing arrangements of Wayfoong Statement Gold; and
- ◆ any other changes that may materially prejudice investors' rights or interests

Offering documents for this product

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

- ◆ This Product Key Facts Statement
- ◆ The Product Factsheet

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 and can be downloaded via HSBC Internet Banking.

Enquiries or complaints

If you have any feedback or complaint about any aspect of the service you have received, please contact our Hong Kong

branches, call (852) 2233 3033 for HSBC Jade customers, (852) 2233 3322 for HSBC Premier customers, (852) 2748 8333 for HSBC Advance customers or (852) 2233 3000 for Other Personal Banking customers, or write to the Customer Relations Department at P.O. Box No. 71169 Kowloon Central Post Office, or send an email to feedback@hsbc.com.hk. We will respond to a complaint within a reasonable period of time normally not exceeding 30 days in general circumstances. If you are not satisfied with the outcome of your complaint, you have the right to refer the matter to the Enforcement Department of Hong Kong Monetary Authority at 55th Floor Two International Finance Centre, 8 Finance Street, Central, Hong Kong. For monetary dispute, you have the right to refer the matter to the Financial Dispute Resolution Centre at Room 408-409, 4/F, West Wing, Justice Place, 11 Ice House Street, Central, Hong Kong.

Financial Information of the Bank

You can access information of the Bank's published audited consolidated financial statements and interim financial statements from the Bank's website at www.hsbc.com.hk or any of our branches in Hong Kong.

Important

If you are in doubt, you should seek independent professional advice.

The SFC has authorized the issue of this Product Key Facts Statement as part of the Offering Documents for Wayfoong Statement Gold. The SFC does not take any responsibility for the contents of the Offering Documents, makes no representation as to its accuracy or completeness. The SFC's authorization is not a recommendation or endorsement of Wayfoong Statement Gold nor does it guarantee the commercial merits of Wayfoong Statement Gold or its performance. It does not mean Wayfoong Statement Gold is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Wayfoong Statement Gold

Product Factsheet

The Hongkong and Shanghai Banking Corporation Limited (the “Bank”)

Last Update Date: July 2020

(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 for Types 1, 2, 4, 5, 6 and 9 regulated activities under the Securities and Futures Ordinance)

The Securities and Futures Commission (the “SFC”) has authorized the issue of this Product Factsheet as part of the offering documents for Wayfoong Statement Gold (the “Product”).

The Bank accepts full responsibility for the accuracy of the information contained in the offering documents and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.

The SFC does not take any responsibility for the contents of the offering documents, makes no representation as to their accuracy or completeness, expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the offering documents.

The SFC’s authorization is not an endorsement or recommendation of the Product nor does it guarantee the commercial merits of the Product or its performance. It does not mean the Product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Section 1

The key features of the product

You should read and understand all the key features before deciding whether or not to invest in the Product.

What is the Product?

The Product provides a convenient way to invest in paper gold as the easy access to the gold market. The benchmark asset is Loco London Gold. One unit of the Product is benchmarked to one mace of the benchmark asset. When customers buy/sell the Product, no physical delivery is involved.

Securities and Futures (Collective Investment Schemes) Notice prescribes the arrangements for the purchase of gold with certain specified characteristics as "paper gold schemes". The Product is regarded as a collective investment scheme and is subject to the regime under Part IV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

How can I open a Wayfoong Statement Gold Account?

Existing HSBC Jade, HSBC Premier, HSBC Advance, Personal Integrated Account and BusinessVantage customers can purchase the Product through their accounts. Other customers can open a Wayfoong Statement Gold account via HSBC branches. Please note that the Wayfoong Statement Gold account is a non-interest bearing account.

How do I carry out Product transactions?

You can carry out transactions either by cash, cashier's order or by current or savings account transfer. If you are carrying out transactions by current or savings account transfer, you will need to have a HKD current or savings account as the settlement account for the debit and credit of the relevant amount based on the number of units of the Product purchased or sold by you. The purchase of units of the Product will be credited to, while the sale of units of the Product will be debited from the non-interest bearing Wayfoong Statement Gold account. The unit price of the Product is denominated in HKD.

What are the main channels available to conduct Product transactions?

Transactions can be made at any HSBC branch or via HSBC Internet Banking.

What is the Benchmark Asset?

The benchmark asset of the Product is Loco London Gold. "Loco London" is a term used in the international trading and settlement of over-the-counter gold and silver. Most global "over-the-counter" gold and silver trading is cleared through the London clearing system, managed by the London Precious Metals Clearing Limited. Loco London Gold is denominated in USD per troy ounce.

What is the Quotation Unit Mechanism?

Quotation unit and minimum transaction amount of the Product is one unit. One unit of the Product is benchmarked to one mace of the benchmark asset. One mace of the benchmark asset is equal to 0.11913 troy ounce of the

benchmark asset. The price takes into account the Loco London Gold price, the exchange rate between the United States dollar and Hong Kong dollar and the difference in measurement unit between Loco London Gold (in troy ounce) and the Product (in mace).

What is the Pricing Mechanism?

Price per unit is referred to as a Bank sell price if you would like to buy the Product from the Bank, or a Bank buy price if you would like to sell the Product to the Bank. The difference between the Bank sell price and the Bank buy price per unit (the "Bank's trading spread") will not exceed 4% of the average of the Bank sell price and the Bank buy price per unit (i.e. if the Bank buy price per unit is HKD98, the Bank sell price per unit will not exceed HKD102).

What are the fees and charges?

There are no handling charges other than the actual buying or selling price at the time of the transaction. Any fees and charges incurred by the Bank are contained and subsumed into the calculation of the Bank sell price and the Bank buy price and the difference between the Bank sell price and the Bank buy price, which will not exceed 4% of the average of the Bank sell price and the Bank buy price, and generally depends on the transaction amount and prevailing market conditions. The Bank may vary or impose further fees and charges by giving at least one month's prior notice to the customer.

Is there any physical delivery of gold?

The Product does not involve physical delivery of gold. You do not have any rights, ownership and possession of any physical gold. The allocation of units in the account under the Product is notional.

What is the governing law of the Product?

The Product is governed by the laws of Hong Kong Special Administrative Region of the People's Republic of China.

What are the key benefits of the Product?

- ◆ You will be able to sell any units of the Product to the Bank at the Bank buy price quoted by the Bank
- ◆ There are no handling charges other than the actual buying or selling price at the time of the transaction. Any fees and charges incurred by the Bank are contained and subsumed into the calculation of the Bank sell price and the Bank buy price as specified in the fees and charges above
- ◆ No need to address the cost and administration considerations relating to storage of physical gold
- ◆ No risk of loss through theft or misplacement of receipt

Section 2

The key risks of the product

You should read and understand the nature of all the risks before deciding whether to invest in the Product.

Understand the suitability before making investment

The investment decision is yours but you should not invest in the Product unless the Bank has explained to you that it is suitable to you having regard to your financial situation, investment experience and investment objectives.

Key Risks

- ◆ **Not principal protected** – Your investments in the Product are not principal protected. In the worst case scenario, you can lose your entire investment
- ◆ **Not a time deposit** – The Product is NOT, and NOT EQUIVALENT to, a time deposit
- ◆ **Not an interest-bearing account** – Wayfoong Statement Gold account does not represent a deposit of money and provides neither yield nor interest
- ◆ **No guarantee** – The Product does not guarantee your capital invested or any return on the capital
- ◆ **Not protected deposit** – The Product is NOT a protected deposit and is NOT protected by the Deposit Protection Scheme in Hong Kong
- ◆ **No physical delivery of gold** – No physical delivery of gold is involved when you buy/sell the Product. You do not have any rights, ownership and possession of any physical gold. The allocation of units in the Wayfoong Statement Gold account is notional. The unit price of the Product is set with reference to the price of the benchmark asset, Loco London Gold (and is subject to the Bank's trading spread as specified in the key features above)
- ◆ **No collateral** – The Product is NOT secured on any assets or any collateral of the Bank
- ◆ **Not the same as investment in physical gold** – Investment in the Product is not the same as investment in physical gold. Price changes in physical gold might not be reflected in price changes of the Product
- ◆ **Volatility of price** – The Bank sell price and Bank buy price per unit of the Product are calculated taking into account the prices of the benchmark asset, Loco London Gold (and are subject to the Bank's trading spread as specified in the key features above). You should recognize that the Bank sell price and Bank buy price per unit of the Product are volatile due to the price changes in Loco London Gold resulted from demand and supply of Loco London Gold and the value of your investments may go up and down. The difference between the Bank sell price and the Bank buy price per unit of the Product at any time will not exceed 4% of the average of the Bank sell price and the Bank buy price per unit of the Product (i.e. if the Bank buy price per unit is HKD98, the Bank sell price per unit will not exceed HKD102), depending on market conditions. You will bear the potential losses due to the fluctuation of the prices of the Product. The price fluctuation may be out of your expectation and the losses may reduce your principal amount and earnings (if any) substantially
- ◆ **Trading Suspension** – In extreme market conditions, the Bank may determine that it is necessary to suspend Wayfoong Statement Gold trading. The Bank will act in good faith and in a commercially reasonable manner when making such determination. 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 settle transactions, or impairs the Bank's ability to offer pricing within the buy and sell price difference threshold as mentioned in the "Volatility of Price" paragraph above. 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 public website (www.hsbc.com.hk) or notice displayed at our branches in Hong Kong. The Bank will aim for 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 price of Wayfoong Statement Gold may deviate significantly from the last price published
- ◆ **System Unavailability** – The Bank takes all reasonable measures to monitor and oversee the availability of the systems, however, there remains a risk that pricing and trading may be delayed or interrupted due to unforeseen issues in systems
- ◆ **Market risk** – The price of the benchmark asset is volatile and can be unpredictable, sudden and drastic, and is affected by complex political and macroeconomic factors which include but are not limited to interest rate, inflation, economic growth and geopolitical tension. The Bank sell price and Bank buy price per unit of the Product are calculated taking into account the prices of Loco London Gold (and are subject to the Bank's trading spread as specified in the key features above), and thus, your investments in the Product are subject to market risk
- ◆ **Concentration risk** – You should avoid excessive investment in the Product and should be aware of the risk of price fluctuation of single asset class being higher than that of a diversified portfolio
- ◆ **Currency risk** – You should also be aware of the risk of foreign exchange rate fluctuations and you may experience a loss when you convert the account value of the Product, which is denominated in HKD, back to your home currency.
- ◆ **Credit risk of the Bank** – Your investments in the Product are 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 Product
- ◆ **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 Product, you are relying upon the creditworthiness of the Bank. If the Bank becomes insolvent or defaults on its obligations under the Product, you can only claim as the Bank's unsecured creditor. In the worst case scenario, you may lose your entire investment

- ◆ **The Financial Institutions (Resolution) Ordinance may adversely affect the Wayfoong Statement Gold; you could lose all of your investment** – On 7 July 2017, the Financial Institutions (Resolution) Ordinance (Cap.628 of the Laws of Hong Kong) (the "FIRO") came into operation. The FIRO, provides for, among other things, the establishment of a resolution regime for authorized institutions which include the Bank and other within scope financial institutions in Hong Kong which may be designated by the relevant resolution authorities. The resolution regime seeks to provide the relevant resolution authorities with administrative powers to bring about timely and orderly resolution in order to stabilize and secure continuity for a failing authorized institution or within scope financial institution in Hong Kong. In particular, the relevant resolution authority is provided with powers to affect contractual and property rights as well as payments (including in respect of any priority of payment) that creditors would receive in resolution. These may include, but are not limited to, powers to cancel, write off, modify, convert or replace all or a part of the Wayfoong Statement Gold, the Bank's obligations under the Wayfoong Statement Gold, and powers to amend or alter the contractual provisions, all of which may adversely affect the value of the Wayfoong Statement Gold and/or change your rights or how you exercise them; you thereof may suffer a loss of some or all of your investment as a result. You may become subject to and bound by the FIRO. The implementation of FIRO remains untested and certain details relating to FIRO will be set out through secondary legislation and supporting rules. Therefore, the Bank is not able to assess the full impact of FIRO on the financial system generally, the Bank's customers, the Bank itself, any of its consolidated subsidiaries, its operations and/or its financial position. **In the worst case scenario, you may get nothing back and/or suffer a total loss of your investment**
- ◆ **Account closing and early sell back risk** – The Bank may close any customer's Wayfoong Statement Gold account by giving not less than one month's prior notice to the customer or otherwise in accordance with the terms and conditions of the Wayfoong Statement Gold account. In such scenario, if you could not sell your units of the Product back to the Bank before the termination date, the amount payable by the Bank back to you on such termination will be the Bank buy price per unit of the Product as quoted by the Bank at the date of termination multiplied by the number of units of the Product held by you, which may be substantially less than your investments in the Product. You could suffer a loss from the sale of the Product upon account closure, depending on the price of the Product upon account closure
- ◆ **Product Termination or Withdrawal** – The Bank may terminate the Product or withdraw the authorization for the Product from the SFC. In addition to following any procedures set out in the offering documents or governing law, the Bank shall give at least 3 months' prior notice to the customers and such notice will be submitted to the SFC for prior approval. The reasons and the consequences of the termination or withdrawal from authorization and its effects on customers, the alternatives (if any) available to customers and the estimated costs of the termination or withdrawal from authorization and the expected parties to bear the costs etc will be set out in the notice
- ◆ **Set-off and Lien** – The Bank may at any time and without prior notice appropriate from the customer's Wayfoong Statement Gold account so much thereof to set-off against any indebtedness owed by the customer to the Bank, as described in the relevant terms and conditions of the Wayfoong Statement Gold account, copies of which 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 subsidiary and affiliates in connection with the Product. Although the Bank's economic interests in each role may be adverse to your interests in the Product, 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
- ◆ **Failure or delay in meeting obligations** – There may be failure or delay in meeting the Bank's obligations due to any causes beyond its control which shall include but are not limited to fires, storms, acts of God, riots, strikes, lock-outs, wars, governmental control, restriction or prohibition whether local or international, technical failure of any equipment, power failures, black-outs or any other cause which results or is likely to result in the erratic behaviour of the commodity prices, the closure of international gold markets and the local gold and silver exchange or any other cause affecting the operation of the Product. The Bank accepts no responsibility or liability of the aforesaid failure or delay

Section 3

General information in relation to the product

What are the offering documents?

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

- ◆ The Product Key Facts Statement
- ◆ This Product Factsheet

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 and can be downloaded via HSBC Internet Banking.

How do I know my account balance?

All Product transactions and the current balance and/or worth of holdings are recorded in regularly issued statements. You can also check out the information via HSBC Internet Banking. The worth of holdings are calculated by multiplying the number of units of the Product held in your account by the latest available average price of the Bank sell price and the Bank buy price per unit.

What are the trading hours?

HSBC Branches	Mon-Fri 09:00 – 16:30 (Hours for selected branches may vary, please refer to opening hours of individual branches) No service on Sat, Sun & public holidays
Manned Phonebanking (for HSBC Jade and HSBC Premier customers), automated phonebanking, Internet Banking	Mon-Fri 07:00 – 23:59 No service on Sat, Sun & public holidays (The processing start time of the forward date transactions placed via Internet Banking is at 09:00 on working day)

How can I get more information?

For more information about the Product or the Bank

- ◆ Call
 - (852) 2233 3033 for HSBC Jade customers
 - (852) 2233 3322 for HSBC Premier customers
 - (852) 2748 8333 for HSBC Advance customers
 - (852) 2233 3000 for Other Personal Banking customers
 - (852) 2748 8288 for Commercial Customers
- ◆ Visit any designated HSBC branch
- ◆ Visit the Bank's website at www.hsbc.com.hk

Adjustment to the terms and conditions of the Product

The terms and conditions of the Product may, at the Bank's sole discretion, be amended/ revised from time to time upon obtaining prior approval from the SFC and giving the customer one month's prior notice.

Continuing Disclosure Obligations

The Bank will notify the SFC and all investors as soon as reasonably practicable 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. The Bank will notify all investors as soon as reasonably practicable of any information concerning the Product which is necessary to enable the investors to appraise the position of the Product, including without limitation, any changes to the Product other than those requiring prior approval from the SFC and, to the extent permitted by any applicable laws, changes in the Bank's financial condition or other circumstances.

The Bank is required to obtain the prior approval from the SFC for the following changes and the SFC may prescribe a period of notice of change that should be given to the investors

- ◆ changes to the constitutive document;
- ◆ changes of the key operator and its regulatory status and controlling shareholder;
- ◆ changes in investment objectives, policies and restrictions, fee structure and dealing and pricing arrangements of the Product; and
- ◆ any other changes that may materially prejudice investors' rights or interests

Investor commitment

Before investing in the Product, you should consider carefully the following points

- ◆ You should hold a bullish view on the price of gold
- ◆ You should make sure you have sufficient liquid emergency funds to meet any unforeseen circumstances
- ◆ You should avoid excessive investment in a single type of investment, with regard to its total proportion of your overall portfolio, in order to guard against over-exposure to any single investment

Acknowledgement

- ◆ The Bank is not making, and has not made, any representation whatsoever on the gold performance. When you purchase the Product, you are deemed to confirm that you are not relying on either the views or advice of the Bank or any other HSBC Group company
- ◆ When you purchase the Product, you are deemed to confirm that you understand that
 - i. the Product is issued by the Bank;
 - ii. the Bank benefits from the offering and the trading of the Product; and

- iii. the Bank does not owe any obligations to you to take any action other than that prescribed by the terms and conditions of the Product.

Notes

- ◆ The Bank has taken reasonable care to ensure and hence accepts responsibility that all statements of fact contained herein are accurate and that no material facts have been omitted
- ◆ This document is not intended to provide and should not be relied upon for tax, legal or accounting advice, investment recommendation or a credit or other evaluation of the Product. Prospective investors should consult their tax, legal, accounting or other advisors
- ◆ Where the law or any governmental agency or regulatory authority imposes any tax, levy or penalty with respect to your Wayfoong Statement Gold account or the purchase or sale of the Product and
 - i. the Bank is liable to pay or withhold any tax, levy or penalty for you as a result of your failure to pay or withhold it,
 - ii. the Bank is liable to pay any tax, levy or penalty as a result of your breach or non-compliance with your obligations in connection with your establishment or operation of your Wayfoong Statement Gold account or your use of the related services,
 - iii. the Bank is liable to pay any tax, levy or penalty as a result of your breach or non-compliance with any legal or regulatory requirement applicable to you, or
 - iv. the Bank is liable to pay any tax, levy or penalty in connection with the establishment or operation of your Wayfoong Statement Gold account or the purchase or sale of the Product on your behalf in any other case, you should pay and indemnify the Bank against such liability in each case
- ◆ The terms and conditions governing the Wayfoong Statement Gold account are governed by and shall be construed in accordance with the laws of the Hong Kong Special Administrative Region
- ◆ In giving this authorization, the SFC has made no assessment of, nor does it take responsibility for the

financial soundness or merits of the product nor has it verified the accuracy or truthfulness of statements made or opinions expressed in the Offering Documents etc

Enquiries or complaints

If you have any feedback or complaint about any aspect of the service you have received, please contact our Hong Kong branches, call (852) 2233 3033 for HSBC Jade customers, (852) 2233 3322 for HSBC Premier customers, (852) 2748 8333 for HSBC Advance customers or (852) 2233 3000 for Other Personal Banking customers, or write to the Customer Relations Department at P.O. Box No. 71169 Kowloon Central Post Office, or send an email to feedback@hsbc.com.hk. We will respond to a complaint within a reasonable period of time normally not exceeding 30 days in general circumstances. If you are not satisfied with the outcome of your complaint, you have the right to refer the matter to the Enforcement Department of Hong Kong Monetary Authority at 55th Floor Two International Finance Centre, 8 Finance Street, Central, Hong Kong. For monetary dispute, you have the right to refer the matter to the Financial Dispute Resolution Centre at Room 408-409, 4/F, West Wing, Justice Place, 11 Ice House Street, Central, Hong Kong.

Financial Information of the Bank

You can access information of the Bank's published audited consolidated financial statements and interim financial statements from the Bank's website at www.hsbc.com.hk or any of our branches in Hong Kong.

Important

If you are in doubt, you should seek independent professional advice.

The SFC has authorized the issue of this Product Factsheet as part of the Offering Documents for the Product. The SFC does not take any responsibility for the contents of the Offering Documents, makes no representation as to its accuracy or completeness. The SFC's authorization is not a recommendation or endorsement of the Product nor does it guarantee the commercial merits of the Product or its performance. It does not mean the Product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Section 4

Scenario analysis

The following hypothetical examples are for illustrative purposes only. They do not reflect a complete analysis of all possible potential gain or loss scenarios and must not be relied on as an indication of the actual performance of the Product. You should not rely on these examples when making an investment decision.

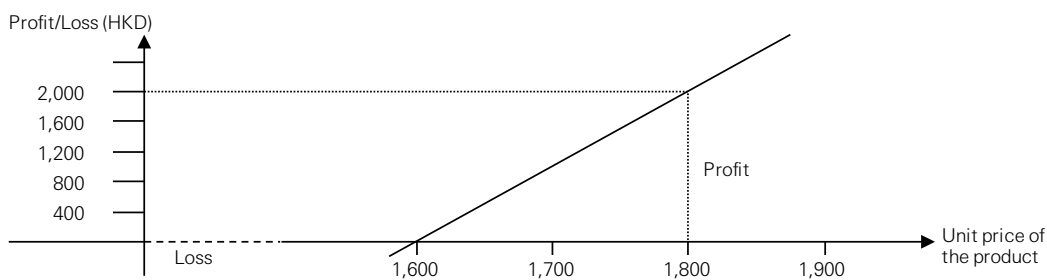
Scenario 1 – Price of Loco London Gold increases (Gain scenario)

Assume the investor bought 10 units of the Product at HKD1,600 per unit. Later, the price of Loco London Gold increased. The investor sold all units at HKD1,800 per unit. The purchase of units was reflected as a credit while the sale of units was reflected as a debit respectively in the investor's account.

Realized profit

$$= (\text{HKD}1,800 - \text{HKD}1,600) \text{ per unit} \times 10 \text{ units}$$

$$= \text{HKD}2,000$$



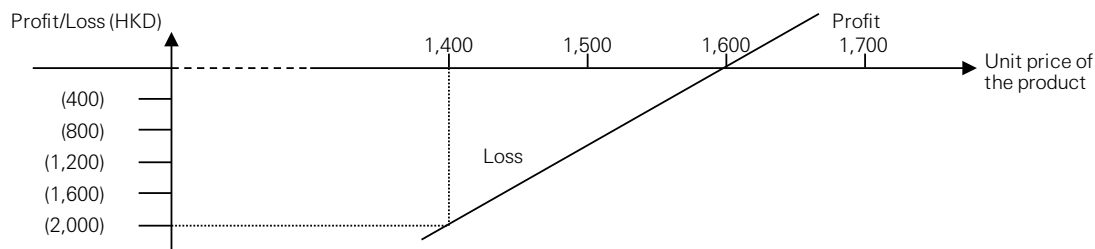
Scenario 2 – Price of Loco London Gold drops (Loss scenario)

Assume the investor bought 10 units of the Product at HKD1,600 per unit. Later, the price of Loco London Gold fell. The investor sold all units at HKD1,400 per unit. The purchase of units was reflected as a credit while the sale of units was reflected as a debit respectively in the investor's account.

Realized loss

$$= (\text{HKD}1,400 - \text{HKD}1,600) \text{ per unit} \times 10 \text{ units}$$

$$= - \text{HKD}2,000$$



Scenario 3 – Price of Loco London Gold is zero (Worst case scenario)

Assume the investor bought 10 units of the Product at HKD1,600 per unit. Later, the price of Loco London Gold fell and became zero. In this scenario, investor suffers a loss of the entire investment amount.

Scenario 4 – The Bank becomes insolvent or defaults on its obligations (Insolvent or default scenario)

Assume the Bank becomes insolvent or defaults on its obligations under the Product, investor can only claim as the Bank's unsecured creditor. In the worst case scenario, investor may lose his/her entire investment.