



## PRINCIPAL BROCHURE

**DBS Bank (Hong Kong) Limited (星展銀行(香港)有限公司) (the “Bank”)**

### **DBS Paper Gold Scheme 28 February 2022**

(a licensed bank incorporated in Hong Kong with limited liability and regulated by the Hong Kong Monetary Authority and registered with the Securities and Futures Commission as a registered institution for carrying on Types 1, 4, 6 and 9 regulated activities under the Securities and Futures Ordinance)

---

The Securities and Futures Commission (“**SFC**”) has authorized the issue of this Principal Brochure as part of the offering documents for DBS Paper Gold Scheme (the “**Scheme**”).

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

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

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

## **CONTENTS**

- PART 1 THE KEY FEATURES OF THE SCHEME
- PART 2 THE RISKS ASSOCIATED WITH THE SCHEME
- PART 3 GENERAL INFORMATION IN RELATION TO THE SCHEME
- PART 4 SCENARIO ANALYSIS
- PART 5 ILLUSTRATION OF THE DETERMINATION OF THE BANK'S SELLING PRICE AND THE BANK'S PURCHASE PRICE

## PART 1

### THE KEY FEATURES OF THE SCHEME

*You should read and understand all the key features of the Scheme prior to deciding whether or not to invest in the Scheme.*

#### What is DBS Paper Gold Scheme?

Securities and Futures (Collective Investment Schemes) Notice prescribes the arrangements for the purchase of gold with certain specified characteristics as “paper gold schemes”. Such schemes are to be regarded as collective investment schemes and are subject to the regime under Part IV of the Securities and Futures Ordinance (“SFO”) (Cap. 571 of the Laws of Hong Kong).

#### What is the Scheme about?

The Scheme is an investment instrument offered by the Bank (as principal) for investors who seek to buy and sell paper gold pursuant to a contractual term without requiring any physical delivery of gold. You will be required to open a multi-currency non-interest bearing account under your Wealth Management Accounts (“**Account**”) with the Bank to undertake buy or sell transaction under the Scheme. In addition, you also need to open a multi-currency settlement account for settling the relevant amount receivable or payable by you for each transaction under the Scheme. The amount receivable or payable by you or receivable or payable by the Bank to you is calculated on the basis of the number of units you bought or sold of the Scheme. The Bank’s Purchase Price and the Bank’s Selling Price per unit of the Scheme are calculated with reference to the price of Loco London Gold as specified by the London Bullion Market Association (“**Reference Asset**”) as explained below. These prices have already incorporated the Bank’s profit margins.

#### Reference Asset of the Scheme

The Reference Asset is Loco London Gold representing the basis for international trading and settlement in gold in the London bullion market. It is a global over-the-counter gold trading market without geographical constraint. Prices are quoted by market dealers based on United States Dollar (“**USD**”) per ounce. The fineness is not less than 99.5%.

#### Quotation Unit Mechanism of the Scheme

The quotation unit of the Scheme is one unit. One unit of the Scheme is referenced to one ounce of the Reference Asset. The quotation prices of one unit of the Scheme are referenced to the price of the Reference Asset, which is based on USD per ounce as quoted by the market dealers to the Bank.

#### The Price of One Unit of the Scheme

The price per unit of the Scheme is quoted by the Bank as the Bank’s Selling Price (as defined below) or the Bank’s Purchase Price (as defined below).

The “**Bank’s Selling Price**” means the price you pay if you wish to buy one unit of the Scheme from the Bank. The Bank will quote the Bank’s Selling Price in USD, Hong Kong Dollar (“**HKD**”), Australian Dollar (“**AUD**”), Pound Sterling (“**GBP**”), or Renminbi (“**RMB**”). In determining the Bank’s Selling Price, the Bank will take into account (i) the purchase price of one unit of the Reference Asset in USD as quoted by market dealers to the Bank; (ii) the Bank’s profit margins; and (iii) for the Bank’s Selling Price provided in HKD, AUD, GBP or RMB, the prevailing exchange rate between USD and each such other currency. The prevailing exchange rate will be determined by the Bank in good faith and commercially reasonable manner with reference to the quotes provided by the Bank itself or on the interbank foreign exchange market at the time.

The “**Bank’s Purchase Price**” means the price you receive if you wish to sell one unit of the Scheme to the Bank. The Bank will quote the Bank’s Purchase Price in USD, HKD, AUD, GBP

or RMB. In determining the Bank's Purchase Price, the Bank will take into account (i) the selling price of one unit of the Reference Asset in USD as quoted by market dealers to the Bank; (ii) the Bank's profit margins; and (iii) for the Bank's Purchase Price provided in HKD, AUD, GBP or RMB, the prevailing exchange rate between USD and each such other currency. The prevailing exchange rate will be determined by the Bank in good faith and commercially reasonable manner with reference to the quotes provided by the Bank itself or on the interbank foreign exchange market at the time.

The Bank's profit margin would not exceed 2% of the Bank's Selling Price or the Bank's Purchase Price (as the case may be) from time to time. The Bank reserves the right to change the Bank's maximum profit margins by giving at least one month's prior written notice to you.

The Bank's Selling Price and the Bank's Purchase Price are rounded to 2 decimal places with 0.005 or above being rounded upwards and with below 0.005 being rounded downwards.

For further information as to how the Bank's Selling Price and the Bank's Purchase Price are determined, please refer to Part 5: Illustration of the determination of the Bank's Selling Price and the Bank's Purchase Price.

### **NO Physical Delivery of Gold**

Under the Scheme, no physical delivery of gold is required from you, and you cannot demand physical delivery of gold. Further, you have no right, ownership and possession of any physical gold. The allocation of units in your Account under the Scheme is notional. The unit price of the Scheme is calculated with reference to the price of Reference Asset and incorporates the Bank's profit margins.

### **NOT Principal Protected**

Your investments in the Scheme are NOT principal protected. In the worst case scenario, you may lose your entire principal.

### **NOT Protected Deposit**

Your investments in the Scheme are NOT protected deposits and are NOT protected by the Deposit Protection Scheme in Hong Kong.

### **Delivery and Realization**

There will be NO physical delivery of gold for each transaction under the Scheme. The Bank will not hold any physical gold under the Scheme. Realization of your investment is effected through the sale of units of the Scheme and the sales proceeds will be credited to your Account with the Bank within two business days following the date of our receipt of your sale order.

### **Amendment to the Terms and Conditions of the Scheme**

The Bank reserves the right to amend the terms and conditions of the Scheme as set out in the DBS Paper Gold Scheme Terms and Conditions (the "**PGS Terms**") as well as the Bank Accounts and Services Terms and Conditions and the Terms and Conditions for Accounts under Wealth Management Investment Portfolio (Wealth Management Accounts) (the "**Master Terms**"), with which the PGS Terms should be read together. Any amendment will be made by the Bank in its absolute discretion (acting in good faith and in a commercially reasonable manner) with at least one month's prior written notice to you. Copies of the PGS Terms and the Master Terms are available at the Bank's branches and website ([www.dbs.com.hk](http://www.dbs.com.hk)) free of charge.

### **Governing Law of the Scheme**

The Scheme is governed by the laws of Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**").

## The Major Features of the Scheme

Product Name:	DBS Paper Gold Scheme
Product Type:	Paper gold scheme
Account Type:	A multi-currency non-interest bearing account
Account Mechanism:	Your investments in the Scheme will be made in units through a multi-currency non-interest bearing account under Wealth Management Accounts. The purchase of units of the Scheme will be credited to, and the sale of units of the Scheme will be debited from, this account. You may choose to purchase any unit of the Scheme in the Bank's Selling Price in one currency and may sell such unit in the Bank's Purchase Price in such currency or in another currency. Please refer to the Pricing Mechanism below for more details.
Currency Denomination:	The units of the Scheme are denominated in USD.
Reference Asset:	Loco London Gold, as specified by the London Bullion Market Association. It represents the basis for international trading and settlement in gold in the London bullion market and is a global over-the-counter gold trading market without geographical limitation, where quotes are made by market dealers based on USD per ounce. The fineness is not less than 99.5%.
Quotation Unit Mechanism:	The quotation unit of the Scheme is one unit. One unit of the Scheme is referenced to one ounce of the Reference Asset. The quotation prices of one unit of the Scheme are referenced to the price of the Reference Asset, which is based on USD per ounce as quoted by the market dealers to the Bank.
Pricing Mechanism:	<p>The price per unit of the Scheme is quoted by the Bank as the Bank's Selling Price (as defined below) and the Bank's Purchase Price (as defined below) respectively.</p> <p>The "<b>Bank's Selling Price</b>" means the price you pay if you wish to buy one unit of the Scheme from the Bank. The Bank will quote the Bank's Selling Price in USD, HKD, AUD, GBP or RMB. In determining the Bank's Selling Price, the Bank will take into account (i) the purchase price of one unit of the Reference Asset in USD as quoted by market dealers to the Bank; (ii) the Bank's profit margins; and (iii) for the Bank's Selling Price provided in HKD, AUD, GBP or RMB, the prevailing exchange rate between USD and each such other currency. The prevailing exchange rate will be determined by the Bank in good faith and commercially reasonable manner with reference to the quotes provided by the Bank itself or on the interbank foreign exchange market at the time.</p> <p>The "<b>Bank's Purchase Price</b>" means the price you receive if you wish to sell one unit of the Scheme to the Bank. The Bank will quote the Bank's Purchase Price in USD, HKD, AUD, GBP or RMB. In determining the Bank's Purchase Price, the Bank will take into account (i) the selling price of one unit of the Reference Asset in USD as quoted by market dealers to the Bank; (ii) the Bank's profit margins; and (iii) for the Bank's Purchase Price provided in HKD, AUD, GBP or RMB, the prevailing exchange rate between USD and each such other currency. The prevailing exchange rate will be determined by the Bank in good faith and commercially reasonable manner</p>

with reference to the quotes provided by the Bank itself or on the interbank foreign exchange market at the time.

The Bank's profit margin would not exceed 2% of the Bank's Selling Price or the Bank's Purchase Price (as the case may be) from time to time. The Bank reserves the right to change the Bank's maximum profit margins by giving at least one month's prior written notice to you.

The Bank's Selling Price and the Bank's Purchase Price are rounded to 2 decimal places, with 0.005 or above being rounded upwards and with below 0.005 being rounded downwards.

For further information as to how the Bank's Selling Price and the Bank's Purchase Price are determined, please refer to Part 5: Illustration of the determination of the Bank's Selling Price and the Bank's Purchase Price.

**Minimum Transaction Amount:** Minimum transaction amount is one unit, and incremental of one unit thereafter.

**Maximum Transaction Amount:** Maximum transaction amount is USD 5 Million (or its equivalent in other currencies as converted by the Bank).

**Fees and Charges:** No separate handling fee or charge will be levied on any transactions under the Scheme. In a purchase or sale by you, the Bank's profit margin (as mentioned in Pricing Mechanism above) is already inherently contained in and subsumed in the Bank's Purchase Price and the Bank's Selling Price of the Scheme.

The Bank may vary or impose fees and charges by giving at least one month's prior written notice.

**Trading Channels:** Through the Bank's branches.

**Trading Time:** 9:00 am to 4:30 p.m. on Mondays to Fridays (except Hong Kong public holidays).

## PART 2

### THE RISKS ASSOCIATED WITH THE SCHEME

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

#### Understanding Suitability Before Making Investment

*This is an investment product. The investment in the Scheme is your own decision but you should not invest in it unless the Bank has explained to you that the Scheme is suitable to you having regard to your financial situation, investment experience and investment objectives.*

#### Risks Relating to the Scheme

- **NOT Principal Protected**

Your investments in the Scheme are NOT principal protected. In the worst case scenario, you may lose your entire principal.

- **NOT a Time Deposit**

Your investments in the Scheme are NOT and are NOT equivalent to a time deposit.

- **NOT an Interest-Bearing Account**

The Account through which your investments in the Scheme are conducted is not an interest-bearing account and provides no yield nor interest.

- **NOT Protected Deposit**

Your investments in the Scheme are NOT protected deposits and are NOT protected by the Deposit Protection Scheme in Hong Kong.

- **NO Physical Delivery of Gold**

The Scheme does NOT involve any physical delivery of gold. You do not have any right, ownership and possession of any physical gold. The allocation of units in your Account is notional. The unit prices of the Scheme are calculated with reference to the price of the Reference Asset and incorporate the Bank's profit margins.

- **NO collateral**

The Scheme is NOT secured on any assets or any collateral of the Bank.

- **NO Guarantee**

The Scheme does NOT guarantee your capital invested nor any return on the capital.

- **NOT the Same as Investment in the Reference Asset**

Investing in the Scheme is NOT the same as investing directly in the Reference Asset. Price changes in the Reference Asset might not be reflected exactly in the price changes of the units of the Scheme due to the mechanism set out in the paragraph entitled "Pricing Mechanism" under the section "The Major Features of the Scheme" on page 5 of this Principal Brochure.

- **Volatility of Price**

The unit prices of the Scheme are calculated with reference to the price of the Reference Asset and incorporate the Bank's profit margins. You should recognize that the unit prices of the Scheme are volatile due to price changes in the Reference Asset which may depend on the demand and supply of the Reference Asset and may go up and down. You will bear potential losses due to fluctuations in the unit prices of the Scheme. Such price fluctuations may exceed your expectation and the losses may substantially reduce your capital invested and earnings (if any).

- **Market Risk**

The price of the Reference Asset may go up and down due to movements in macroeconomic factors which include but are not limited to interest rates, inflation, economic growth and geopolitical tension. The unit prices of the Scheme are calculated with reference to the price of the Reference Asset and incorporate the Bank's profit margins, your investments in the Scheme are therefore subject to market risk.

- **Exchange Rate Risk**

The prices of the Reference Asset are quoted by market dealers based on USD per ounce. In addition to USD, the Bank also provides the Bank's Selling Price and the Bank's Purchase Price in HKD, AUD, GBP, or RMB by converting the USD price of the Reference Asset at the prevailing exchange rate determined by the Bank in good faith and commercially reasonable manner with reference to the quotes provided by the Bank itself or on the interbank foreign exchange market at the time a unit price is determined. Accordingly, if you trade your investment in the Scheme in a currency other than USD, you will be subject to the risk of the fluctuation of the exchange rate of the relevant currency pair. Where you have converted amounts from another currency into the investment currency in order to make the investment in the Scheme, you should bear in mind the risk of exchange rate fluctuations that may cause a loss on conversion of the investment back into such other currency. You should note that such potential loss from the product could offset (or even exceed) the potential gain if the investment currency depreciates against the currency you converted from (including but not limited to your home currency).

- **Concentration Risk**

You have to be aware of concentration risk in investing in one Reference Asset and are reminded to avoid over-concentration of investment in the Scheme.

- **Investment Risk**

Investments in the Scheme involve risks and the prices of the Reference Asset may fluctuate. The value of your investments in the Scheme may go up or down, sometimes dramatically. Your investments in the Scheme may even become valueless. In the worst case scenario, losses will be incurred rather than profit made.

- **NOT Listed on any Stock Exchange**

The Scheme is NOT listed on any stock exchange.

### **Risks relating to Investing in the Scheme in RMB**

- **RMB Currency Risk**

RMB is not freely convertible at present. Due to the exchange control and/or restrictions which may be imposed by the People's Republic of China government on the convertibility or utilization of RMB from time to time, there is no guarantee that disruption in the transferability, convertibility or liquidity of RMB will not occur. If you choose to sell any of your units of the Scheme in the Bank's Purchase Price in RMB, there is a likelihood that you may not be able to convert the RMB received into other freely convertible currencies.



## Risks relating to the Reference Asset

- **Demand and Supply**

The Reference Asset of the Scheme is Loco London Gold. Gold is a physical commodity and its supply is limited. The price of gold is subject to demand and supply. The demand and supply of gold will thus have an impact on the prices of the units of the Scheme.

## Risks relating to the Bank

- **Credit Risk of the Bank**

Your investments in the Scheme are subject to the credit risk of the Bank. Material adverse changes in the financial position of the Bank may impair or affect its ability 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 defaults in 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.

- **Regulatory action(s) by resolution authorities under the Financial Institutions (Resolution) Ordinance in the event that the Bank is failing could adversely affect the market value of the Scheme or the ability of the Bank to meet the payment obligations under the Scheme.**

The Financial Institutions (Resolution) Ordinance (Cap. 628, the Laws of Hong Kong) (the "FIRO") was enacted by the Legislative Council of Hong Kong in June 2016. The FIRO (except Part 8, section 192 and Division 10 of Part 15 thereof) came into operation in July 2017.

The FIRO provides a regime for the orderly resolution of financial institutions with a view to avoiding or mitigating the risks otherwise posed by their non-viability to the stability and effective working of the financial system of Hong Kong, including the continued performance of critical financial functions. The FIRO seeks to provide the relevant resolution authorities with a range of powers to bring about timely and orderly resolution in order to stabilise and secure continuity for a failing authorised institution in Hong Kong. In particular, it is envisaged that subject to certain safeguards, the relevant resolution authority would be 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, including but not limited to powers to write off, or convert into equity, all or a part of the liabilities of the failing financial institution.

As an authorised institution regulated by the Hong Kong Monetary Authority, the Bank is subject to and bound by the FIRO. The exercise of any resolution power by the relevant resolution authority under the FIRO in respect of the Bank may have a material adverse effect on the market value of the Scheme or the ability of the Bank to meet the payment obligations under the Scheme, and as a result, you may not be able to recover all or any amount due under the Scheme. **In the worst case scenario, you could lose all of your investment regardless of the performance of the Scheme.**

This is a complicated area of law and if you have any doubt or wish to understand more, you should obtain independent legal advice.

- **Hedging Activities Risk relating to the Bank's Hedging Activities**

The Bank may enter into gold 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 likely that these hedging transactions could adversely affect the price of the Reference Asset if the size of hedging transactions is substantial. In the circumstances, the unit prices of the Scheme, which are calculated with reference to the price of the Reference Asset, will be affected as well. The value of your investments in the Scheme may be adversely affected.

- **Set-off and Lien**

The Bank has the right, at any time without notice to you and as described in the PGS Terms and the Master Terms, to combine or consolidate any credit balances of your accounts with the Bank and set-off, debit, withhold and / or transfer any sum thereof or any moneys, rights, interest and / or liabilities owing to you by the Bank under any such accounts in or towards satisfaction of all your liabilities (whether actual or contingent, future or existing, alone or jointly with others) owing to the Bank. Under the PGS Terms and the Master Terms, in addition to any lien that the Bank may be entitled, the Bank may sell any units of the Scheme in your Account at such time on such terms as the Bank may determine at its sole and absolute discretion (acting fairly, in good faith and in a commercially reasonable manner), and apply the proceeds of sale to satisfy the liabilities owed by you to the Bank. Copies of the PGS Terms and the Master Terms are available at the Bank's branches and website.

- **Conflicts of Interest**

Potential and actual conflicts of interest may arise from the different roles played by the Bank and the Bank's 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 minimising 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**

The Bank is not liable for any failure or delay to meet its obligations due to any one or more of the following:

- (a) any act of God or sovereign;
- (b) acts, restrictions, regulations, edicts, mandates, refusals to grant any licenses or permissions, changes in policy or prohibitions or measures of any kind on the part of any government or regulatory authority or the exercise of military or usurped powers;
- (c) interruptions, calamity, war, invasion, riots, hostilities, terrorism, sabotage or other blockade or embargo, insurrection, natural disasters, adverse weather conditions, strikes, industrial actions;
- (d) breakdown, malfunction or failure of transmission or power, communication or computer facilities or systems;
- (e) infection or disease epidemic(s) or contamination; and
- (f) a material change in the monetary, political, financial or economic conditions or exchange or capital controls or other moratorium or restrictions on currency exchange or remittance, whether in Hong Kong or elsewhere,

(each, a "**Force Majeure Event**"). The Bank will use reasonable endeavours to meet its obligations under the Scheme as soon as reasonably practicable upon cessation of such event(s).

- **System Unavailability Risk**

The Bank takes all reasonable measures to monitor and oversee the availability of the systems and has contingency plans in place to mitigate the risks of system unavailability. However, there remains a risk that pricing and trading may be delayed or interrupted due to unforeseen issues in the systems.

- **Suspension of Dealing**

The Bank may suspend dealing of trading units of the Scheme if (i) any suspension of or limitation on trading of Loco London Gold, whether in the event of any technical failure of trading channel, unavailability of price quote or a Force Majeure Event, occurs; (ii) any event occurs that disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for Loco London Gold; or (iii) any event occurs that disrupts or impairs the Bank in general to effect transactions under the Scheme, in each case is material in the determination of the Bank acting in good faith and in a commercially reasonable manner. These disruption events are unpredictable and might occur when there is a drastic fluctuation in the price of gold. If dealing of trading of the Scheme is suspended, you will not be able to buy or sell your units of the Scheme nor to liquidate or offset your position. You may suffer a loss as a result.

### **Early Termination Risk**

- **Termination of Scheme**

The Bank has the right to terminate the Scheme in good faith and in a commercially reasonable manner with at least one month's prior written notice to you.

- **Termination of Account**

The Bank may terminate your Account in good faith and in a commercially reasonable manner by giving at least one month's prior notice in writing to you.

The Bank also has the right to terminate your Account at any time in good faith and in a commercially reasonable manner in the circumstances as described under the PGS Terms and the Master Terms, each as amended from time to time, including (without limitation) your failure to satisfy any obligations under the PGS Terms or the Master Terms, your winding-up or insolvency, any misrepresentation, or (if you are an individual) your death or becoming mentally incapacitated.

In such scenarios as stated above for termination of Account and/or Scheme, 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 determined by the Bank (in good faith and in a commercially reasonable manner) based on the prevailing Bank's Purchase Price of the units in your Account as of the termination date, which may be substantially less than your capital invested in the Scheme.

## PART 3

### GENERAL INFORMATION IN RELATION TO THE SCHEME

#### The Documentation of the Scheme

The offering documents of the Scheme (the “**Offering Documents**”) comprise:

- (a) this Principal Brochure for the Scheme dated 28 February 2022; and
- (b) the Product Key Facts Statement dated 28 February 2022.

The Offering Documents contain detailed information in respect of the Bank and the Scheme. You should read all such documents before deciding whether or not to invest in the Scheme.

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 free of charge, or on the Bank’s website ([www.dbs.com.hk](http://www.dbs.com.hk)). Please note that the Bank’s website ([www.dbs.com.hk](http://www.dbs.com.hk)) has not been reviewed or authorized by the SFC.

#### Record of Transactions under the Scheme

All transactions under the Scheme are recorded and shown in the transaction advice and consolidated statement. The value of your investments in the Scheme is calculated by multiplying the number of unit(s) of the Scheme in your Account with the prevailing unit mid-price of the Scheme as quoted by the Bank at the relevant time. Unit mid-price of the Scheme is determined by the Bank by taking the average of the Bank’s buying and selling prices per unit of the Scheme at the relevant time.

#### Suspension of Dealing

The Bank may suspend dealing of trading units of the Scheme if (i) any suspension of or limitation on trading of Loco London Gold, whether in the event of any technical failure of trading channel, unavailability of price quote or a Force Majeure Event, occurs; (ii) any event occurs that disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for Loco London Gold; or (iii) any event occurs that disrupts or impairs the Bank in general to effect transactions under the Scheme, in each case is material in the determination of the Bank acting in good faith and in a commercially reasonable manner. In case of a suspension of dealing of units of the Scheme, the Bank shall inform Scheme participants as soon as reasonably practicable (including posting a relevant notice at the Bank’s website ([www.dbs.com.hk](http://www.dbs.com.hk)) or displaying a notice at our branches). These disruption events are unpredictable and might occur when there is a drastic fluctuation in the price of gold. When trading resumes, it is possible that the price of the units of the Scheme may deviate significantly from the price published prior to the suspension of dealing.

#### Financial Information about the Bank

You can access the latest financial statements of the Bank from its website at [www.dbs.com.hk](http://www.dbs.com.hk) or at its branches.

#### Ongoing Obligations

The Bank will notify the SFC and you 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 and, 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 fulfil its commitment in connection with the Scheme. For enquiries, please contact any branches of the Bank. The Bank will submit any proposed changes to the Scheme in respect of the following to the SFC for prior approval:

- (a) changes to the terms and conditions of the Scheme;
- (b) changes of key operators and their regulatory status and controlling shareholder;
- (c) changes in investment objectives, policies and restrictions, fee structure and dealing and pricing arrangements; and
- (d) any other changes that may materially prejudice Scheme participants' rights or interests.

The Bank will inform you of the above changes by giving you at least one month's prior written notice (or such other period of notice in compliance with applicable laws and regulations).

The Bank shall inform Scheme participants as soon as reasonably practicable of any information concerning the Scheme which is necessary to enable Scheme participants to appraise the position of the Scheme, including without limitation:

- (a) any changes to the Scheme that do not require the SFC's prior approval as mentioned above; and
- (b) any material adverse change in the financial conditions or business of the Bank, or any other key counterparty to the Scheme, that it is aware of.

If the Scheme is to be terminated or withdrawn from the SFC's authorization, in addition to following any procedures set out in the terms and conditions or governing law of the Scheme, written notice must be given to Scheme participants as determined by the SFC. Such notice (which should be at least one month's prior notice) should be submitted to the SFC for prior approval and contain the reasons for the termination or withdrawal from the SFC's authorization, the relevant provisions under the terms and conditions of the Scheme that enable such termination or withdrawal from the SFC's authorization, the consequences of the termination or withdrawal from the SFC's authorization and its effects on existing Scheme participants, the alternatives (if any) available to Scheme participants, the estimated costs of the termination or withdrawal from the SFC's authorization and who is expected to bear them.

### **Persons Responsible for the Offering Documents**

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

### **Contact Details for Enquiries / Complaints**

If you have any enquiries or complaints regarding the Scheme, you can visit any of our branches or call our Customer Services Hotline at (+852) 2290-8888.

**If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.**

Date: 28 February 2022

## PART 4

### SCENARIO ANALYSIS

#### A. Hypothetical Examples of Investment in the Scheme in USD

The following hypothetical examples are based on the following assumptions, are for illustrative purposes only and apply to the scenario where an investor invests in the Scheme in USD. 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 unit price of the Scheme. You should not rely solely on these analyses when making an investment decision.

#### Assumptions

- For purpose of all the scenario analysis below, assuming the investor bought 10 units of the Scheme on Day 1 in USD at the following price:
  - the Bank's Selling Price for 1 unit of the Scheme is USD 1,900;
  - the total Bank's Selling Price paid by the investor is USD 19,000.

#### Scenario 1 – Unit price of the Scheme rises due to the rise of Loco London Gold price (Gain scenario)

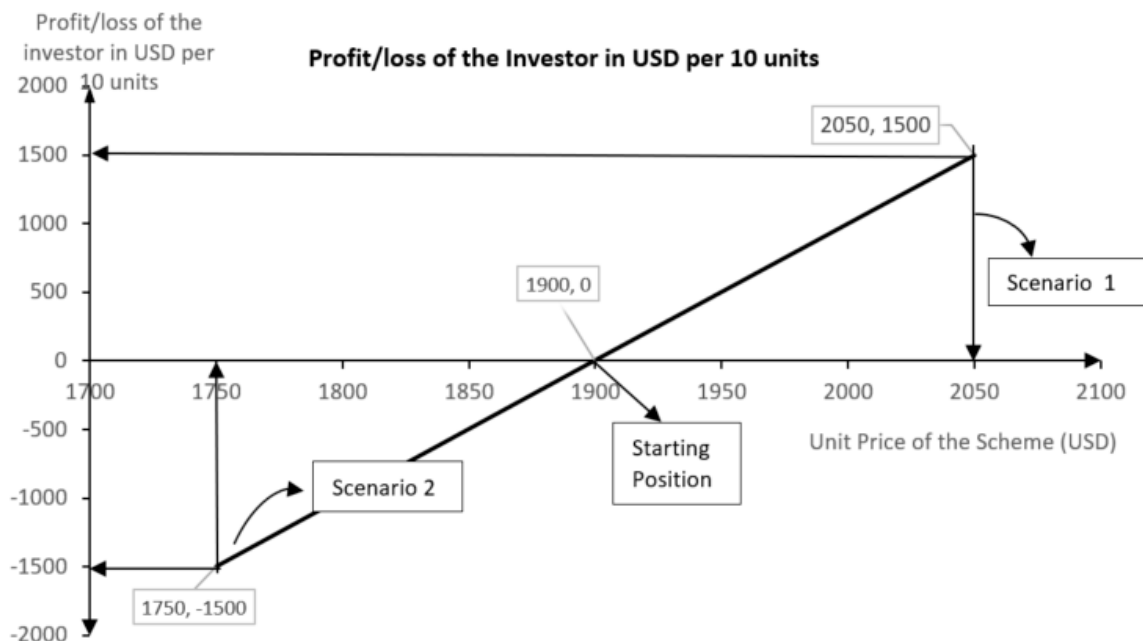
Assuming on Day 10, due to the rise of Loco London Gold price, the Bank's Purchase Price for 1 unit of the Scheme rose to USD2,050. If the investor sold all the units on Day 10:

Realized profit  
= (USD 2,050 – USD 1,900) per unit x 10 units  
= USD 1,500

#### Scenario 2 – Unit price of the Scheme falls due to the fall of Loco London Gold price (Loss scenario)

Assuming on Day 10, due to the fall of Loco London Gold price, the Bank's Purchase Price for 1 unit of the Scheme fell to USD1,750. If the investor sold all the units on Day 10:

Realized loss  
= (USD 1,750 – USD 1,900) per unit x 10 units  
= - USD 1,500



### **Scenario 3 – Unit price of the Scheme is zero due to Loco London Gold price falls to zero (Worst case scenario)**

Assuming on Day 10, Loco London Gold price fell and became zero. In this scenario, investor suffers a total loss of their investment amount (i.e., USD 19,000).

### **Scenario 4 – The Bank becomes insolvent or defaults on its obligation**

Assuming that the Bank becomes insolvent or defaults on its obligations under the Scheme, investors can only claim as its unsecured creditors. Investors may get nothing back and suffer a total loss of their investment amount (i.e., USD 19,000) and any earnings.

## **B. Hypothetical Examples of Investment in the Scheme in a Currency Other Than USD**

*The following hypothetical examples are based on the following assumptions and are for illustrative purposes only and apply to the scenario where an investor invests in the Scheme in a currency other than USD. 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 unit price of the Scheme. You should not rely solely on these analyses when making an investment decision.*

### **Assumptions**

- For purpose of all the scenario analysis below, assuming the investor bought 10 units of the Scheme on Day 1 in RMB at the following price:
  - (a) the Bank's Selling Price for 1 unit of the Scheme is RMB 12,160;
  - (b) the total Bank's Selling Price paid by the investor is RMB 121,600.

### **Scenario 1 – Unit price of the Scheme rises due to the rise of Loco London Gold price (Gain scenario)**

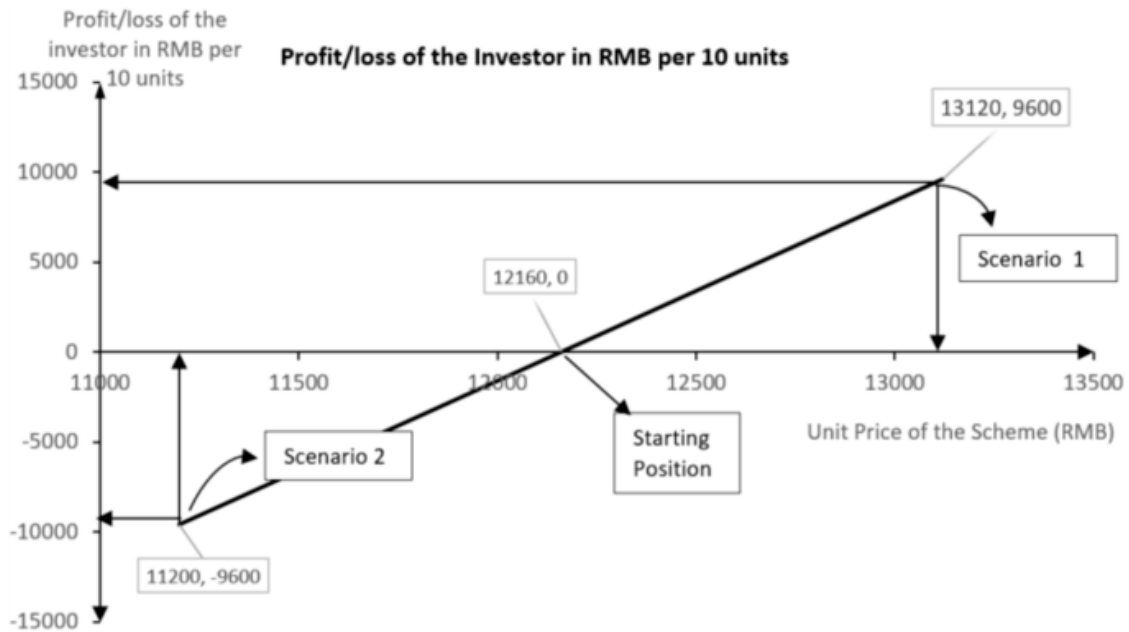
Assuming on Day 10, due to the rise of Loco London Gold price while the USD/RMB exchange rate remains unchanged, the Bank's Purchase Price for 1 unit of the Scheme in RMB rose to RMB 13,120. If the investor sold all the units in RMB on Day 10:

Realized profit  
= (RMB 13,120 – RMB 12,160) per unit x 10 units  
= RMB 9,600

### **Scenario 2 – Unit price of the Scheme falls due to the fall of Loco London Gold price (Loss scenario)**

Assuming on Day 10, due to the fall of Loco London Gold price while the USD/RMB exchange rate remains unchanged, the Bank's Purchase Price for 1 unit of the Scheme in RMB fell to RMB 11,200. If the investor sold all the units in RMB on Day 10:

Realized loss  
= (RMB 11,200 – RMB 12,160) per unit x 10 units  
= - RMB 9,600



**Scenario 3 – Unit price of the Scheme in RMB rises due to the rise of USD/RMB exchange rate (Gain scenario)**

Assuming on Day 10, due to the rise of the USD/RMB exchange rate (RMB depreciates against USD) while the Loco London Gold price remains unchanged, the Bank’s Purchase Price for 1 unit of the Scheme in RMB on Day 10 rose to RMB 12,255. If the investor sold all the units in RMB on Day 10:

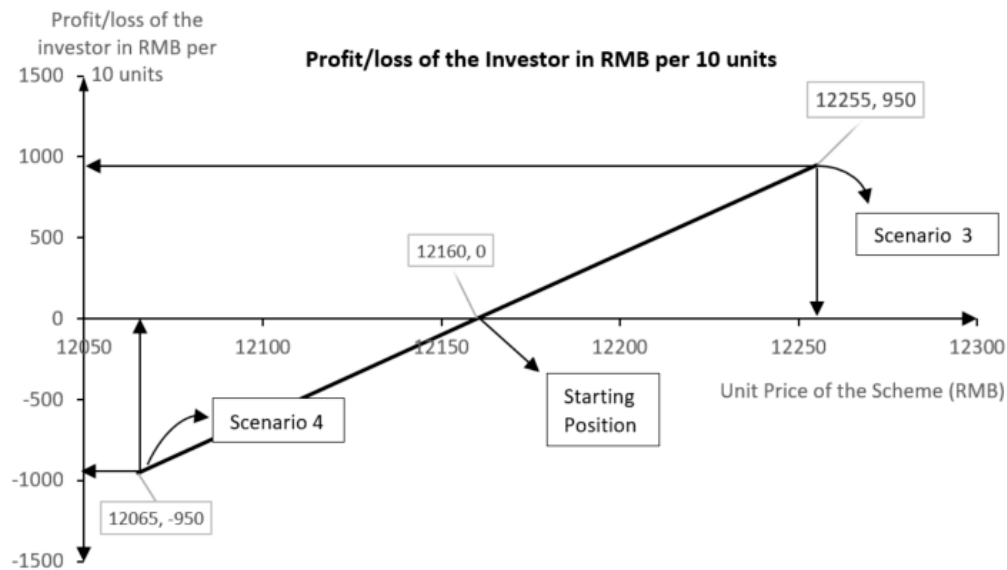
Realized profit  
 = (RMB 12,255 – RMB 12,160) per unit x 10 units  
 = RMB 950

**Scenario 4 – Unit price of the Scheme in RMB falls due to the fall of USD/RMB exchange rate (Loss scenario)**

Assuming on Day 10, due to the fall of the USD/RMB exchange rate (RMB appreciates against USD) while the Loco London Gold price remains unchanged, the Bank’s Purchase Price for 1 unit of the Scheme in RMB on Day 10 fell to RMB 12,065. If the investor sold all the units in RMB on Day 10:

Realized loss  
 = (RMB 12,065 – RMB 12,160) per unit x 10 units  
 = - RMB 950





### Scenario 5 – Loco London Gold price rises but USD/RMB exchange rate falls (offsetting scenario)

Assuming on Day 10, as the rise of Loco London Gold price offset the fall of the USD/RMB exchange rate (RMB appreciates against USD), the Bank's Purchase Price per unit of the Scheme in RMB on Day 10 remained unchanged. If the investor sold all the units on Day 10:

Realized profit / loss  
 = (RMB 12,160 – RMB 12,160) per unit x 10 units  
 = RMB 0

### Scenario 6 – Unit price of the Scheme is zero due to Loco London Gold price falls to zero (Worst case scenario)

Assuming on Day 10, Loco London Gold price fell and became zero. The Bank's Purchase Price per unit of the Scheme in RMB on Day 10 will fall to RMB 0.

In this scenario, investor suffers a total loss of their investment amount (i.e., RMB 121,600).

### Scenario 7 – The Bank becomes insolvent or defaults on its obligation

Assuming that the Bank becomes insolvent or defaults on its obligations under the Scheme, investors can only claim as its unsecured creditors. Investors may get nothing back and suffer a total loss of their investment amount (i.e., RMB 121,600).

## PART 5

### ILLUSTRATION OF THE DETERMINATION OF THE BANK'S SELLING PRICE AND THE BANK'S PURCHASE PRICE

For this illustration only,

1. **"Selling Price Quote"** means the selling price of one unit of the Reference Asset in USD as quoted by market dealers to the Bank. For the avoidance of doubt, the Selling Price Quote are the quotes obtained by the Bank, which do not include the Bank's Profit Margin (as defined below);
2. **"Purchase Price Quote"** means the purchase price of one unit of the Reference Asset in USD as quoted by market dealers to the Bank;
3. **"Bank's Profit Margin"** means the bank's profit margin as determined by the Bank for the sale or purchase of any unit of the Scheme;
4. **"Prevailing Exchange Rate"** means the prevailing exchange rate between USD and the other currency, including HKD, AUD, GBP or RMB, as determined by the Bank in good faith and commercially reasonable manner with reference to the quotes provided by the Bank itself or on the interbank foreign exchange market at the time. For the avoidance of doubt, the Prevailing Exchange Rate is only relevant when the Bank's Selling Price or the Bank's Purchase Price is not denominated in USD.

When determining the Bank's Selling Price, the following formula will be used:

1. Bank's Selling Price in USD = Bank's Profit Margin + Purchase Price Quote
2. Bank's Selling Price in HKD or RMB = Bank's Profit Margin + Purchase Price Quote × Prevailing Exchange Rate
3. Bank's Selling Price in AUD or GBP = Bank's Profit Margin + Purchase Price Quote ÷ Prevailing Exchange Rate

When determining the Bank's Purchase Price, the following formula will be used:

1. Bank's Purchase Price in USD = Selling Price Quote – Bank's Profit Margin
2. Bank's Purchase Price in HKD or RMB = Selling Price Quote × Prevailing Exchange Rate – Bank's Profit Margin
3. Bank's Purchase Price in AUD or GBP = Selling Price Quote ÷ Prevailing Exchange Rate – Bank's Profit Margin

Investors should note that the formula for the Bank's Selling Price or the Bank's Purchase Price in HKD or RMB are different from that for the Bank's Selling Price or the Bank's Purchase Price in AUD or GBP. This is because the exchange rate between USD and HKD or RMB is quoted with USD against HKD or RMB, whereas the exchange rate between USD and GBP or AUD is quoted with GBP or AUD against USD.