

Principal Brochure dated March 2023

CMB Wing Lung 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 for Types 1, 4 and 9 regulated activities under the Securities and Futures Ordinance)

Gold Passbook Account Scheme

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

The Bank accepts full responsibility for the accuracy of the information contained in the offering documents of the Scheme 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 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 it is an endorsement of its suitability for any particular investor or class of investors.

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SECTION 1: THE KEY FEATURES OF THE SCHEME

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

What is paper gold scheme?

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

What is the Scheme about?

The Scheme is an investment instrument offered by the Bank to the market for investors who are interested in buying and selling paper gold by a pre-set contractual term without taking physical delivery of gold. It is regarded as a collective investment scheme under Part IV of the SFO. You need to open an account with the Bank for any buy or sell transaction under the Scheme. The amount receivable by the Bank from you or payable by the Bank to you is based on the number of units you bought or sold in your gold passbook account under the Scheme. The buying price and selling price per unit (“Unit Prices”) of the Paper Gold (as defined under the section headed “What are the key features of the Scheme” on page 7 in this Principal Brochure) under the Scheme is in Hong Kong Dollar (“HKD”) and please refer to “**How is each unit of the Paper Gold under the Scheme priced**” under this Section for details.

What are the Reference Assets of the Scheme?

The Bank offers 2 types of paper gold (each “Paper Gold” and, collectively, the “Paper Golds”) under the Scheme. Each Paper Gold represents a type of reference asset (each a “Reference Asset” and, collectively, the “Reference Assets”). You can invest in one or more types of Paper Gold through a single gold passbook account. Each Paper Gold and the corresponding Reference Asset to which such Paper Gold relates are set out below:

Type of Paper Gold	Reference Asset	Description of Reference Asset
Paper Gold Type A	99 tael gold	It is tael gold bar with not less than 99% fineness. Its prevailing market price is quoted in HKD per tael.
Paper Gold Type B	London gold bullion	It is Loco London Gold with not less than 99.5% fineness as specified by the London Bullion Market Association. Its prevailing market price is quoted in USD per troy ounce but will be converted to HKD at the prevailing spot exchange rate between USD and HKD that obtained from foreign market participants to the Bank.

What is the Quotation Unit Mechanism of the Scheme?

The quotation unit of the Paper Gold under the Scheme is in one unit and the quotation price is in HKD. A unit of the Paper Gold under the Scheme represents a notional quantity of the corresponding Reference Asset as set out below:

Type of Paper Gold	Reference Asset	Unit
Paper Gold Type A	99 tael gold	1 tael
Paper Gold Type B	London gold bullion	1 troy ounce

How is each unit of the Paper Gold under the Scheme priced?

For Paper Gold Type A(99 tael gold as the Reference Asset):

The selling price is the Bank's buying price from you if you would like to sell one unit of Paper Gold Type A(99 tael gold as the Reference Asset) to the Bank. The Bank determines the selling price at its absolute discretion in good faith and commercially reasonable manner which is reference to the prevailing buying price of one tael of 99 tael gold as quoted in HKD by The Chinese Gold & Silver Exchange Society in Hong Kong and by the market dealers of local gold market to the Bank, and incorporated the Bank's profit margin. The Bank's profit margin would not exceed 1% of the selling price quoted by the Bank from time to time.

The buying price is the Bank's selling price to you if you would like to buy one unit of Paper Gold Type A(99 tael gold as the Reference Asset) from the Bank. The Bank determines the buying price at its absolute discretion in good faith and commercially reasonable manner which is reference to the prevailing selling price of one tael of the 99 tael gold as quoted in HKD by The Chinese Gold & Silver Exchange Society in Hong Kong and by the market dealers of local gold market to the Bank, and incorporated the Bank's profit margin. The Bank's profit margin would not exceed 1% of the buying price quoted by the Bank from time to time.

The Unit Prices of Paper Gold Type A(99 tael gold as the Reference Asset) in HKD are quoted to the nearest integer, equal to or greater than 0.5 being rounded upwards and less than 0.5 being rounded downwards.

Upon the suspension of trading of The Chinese Gold & Silver Exchange Society, the Unit Prices of Paper Gold Type A(99 tael gold as the Reference Asset) are calculated with reference to the prices of 99 tael gold quoted by the market dealers of the local gold market to the Bank and the prevailing market prices of Loco London gold*. Loco London gold represents the basis for international trading and settlement in gold of The London Bullion Market Association. It is a global over-the-counter gold trading without geographical constraint, which is a quotation made by dealers based on USD per troy ounce. The fineness of Loco London gold is not less than 99.5%.

* If the price of Loco London gold is adopted, adjustments will be applied to derive the price of 99 tael gold in HKD per tael. The adjustments will be applied according to the following formulae:

Price of Loco London gold x spot exchange rate from USD into HKD (using spot telegraphic transfer foreign currency exchange rate quoted by the Bank) x 1.20337 (being the conversion of troy ounce into tael) x 0.990099 (being the conversion of the fineness of gold from Loco London

gold to 99 tael gold)

For Paper Gold Type B(London gold bullion as the Reference Asset):

The selling price is the Bank's buying price from you if you would like to sell one unit of Paper Gold Type B(London gold bullion as the Reference Asset) to the Bank. The Bank determines the selling price at its absolute discretion in good faith and commercially reasonable manner which is reference to the prevailing buying price of one troy ounce of Loco London gold as quoted in USD by the market dealers of gold market to the Bank and converted into HKD at the prevailing spot exchange rate between USD and HKD that obtained from foreign exchange market participants to the Bank, and incorporated the Bank's profit margin. The Bank's profit margin would not exceed 1% of the selling price quoted by the Bank from time to time.

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The Unit Prices of Paper Gold Type B(London gold bullion as the Reference Asset) in HKD are quoted to the nearest integer, equal to or greater than 0.5 being rounded upwards and less than 0.5 being rounded downwards.

What is the Valuation Mechanism of the Scheme?

The value of a unit in respect of the Paper Gold in a gold passbook account is equal to the selling price for a unit in respect of the Paper Gold. Therefore, the total value of all the unit(s) in a gold passbook account is equal to the sum of the value of all the unit(s) in respect of all Paper Gold(s) in the gold passbook account. The value of all the unit(s) in respect of each Paper Gold in a gold passbook account is equal to the total number of the unit(s) in respect of such Paper Gold in the gold passbook account multiplied by the selling price for a unit in respect of such Paper Gold. Please note that the following examples assume that the Bank's profit margin do not apply.

For example, if you hold (i) 2 units of Paper Gold Type A(99 tael gold as the Reference Asset) and (ii) 1 unit of Paper Gold Type B(London gold bullion as the Reference Asset) in your gold passbook account, the total value of all the units in your gold passbook account is the sum of (i) 2 x the selling price for a unit of Paper Gold Type A(99 tael gold as the Reference Asset) and (ii) 1 x the selling price for a unit of Paper Gold Type B(London gold bullion as the Reference Asset). Assume the selling price for a unit of Paper Gold Type A(99 tael gold as the Reference Asset) is HKD 11,000, the selling price for a unit of Paper Gold Type B(London gold bullion as the Reference Asset) is HKD 9,232, the total value of all the units in your gold passbook account will be HKD 31,232 which is calculated from $2 \times 11,000 + 1 \times 9,232$.

For Paper Gold Type A(99 tael gold as the Reference Asset):

You can obtain information on the selling price of Paper Gold Type A(99 tael gold as the Reference Asset) through the Bank's branch counters in Hong Kong or after logging-in your Banking account via NET Banking or Mobile Banking.

For Paper Gold Type B(London gold bullion as the Reference Asset):

You can obtain information on the selling price of Paper Gold Type B(London gold bullion as the Reference Asset) through the Bank's branch counters in Hong Kong.

Is there any 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. The allocation of units in the account under the Scheme is notional and for the sole purpose of determining your investment. The Unit Prices of Paper Gold under the Scheme are calculated with reference to the prices of the relevant Reference Asset (and have incorporated the Bank's profit margin).

Is there any guarantee or collateral?

There is NO guarantee on the capital invested by you. The Scheme is NOT secured on any assets or any collaterals of the Bank. In the worst case scenario, you may lose your entire investment and earnings if any.

What are the delivery and realization arrangement?

There will be no physical delivery of gold in each transaction under the Scheme. The Bank will not hold any physical gold in the account under the Scheme. Realization of the Scheme is effected through the sale of units under the Scheme, and the relevant amount of sales proceeds will be credited to your account on the day the sale order is executed.

When will the terms and conditions of the Scheme be changed?

The Bank reserves the right to change the Terms and Conditions governing the Scheme as set out in the Gold Passbook Account Agreement and Gold Passbook Account Rules (as amended from time to time) ("Agreement"). Any amendment will be made by the Bank in the Bank's sole and absolute discretion (acting in good faith and in a commercially reasonable manner) with at least 1 month prior written notice to you. Copies of the Agreement are available free of charge at the Bank's branches in Hong Kong.

What is the 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.

What are the key features of the Scheme?

Product Name:	Gold Passbook Account Scheme											
Product Type:	Paper Gold with no delivery of physical gold											
Account Type:	A non-interest bearing account											
Account Mechanism:	Your investment under the Scheme will be conducted through a non-interest bearing account under the Scheme in units. The purchase of Paper Gold units will be credited to, while the sale of Paper Gold units will be debited from, this non-interest bearing Account.											
Currency Denomination:	The Unit Prices of Paper Gold under the Scheme are denominated in Hong Kong Dollar("HKD").											
Reference Asset:	<p>The Bank offers 2 types of paper gold (each "Paper Gold" and, collectively, the "Paper Golds") under the Scheme. Each Paper Gold represents a type of reference asset (each "Reference Asset" and, collectively, the "Reference Assets"). You can invest in one or more types of Paper Gold through a single gold passbook account. Each Paper Gold and the corresponding Reference Asset to which such Paper Gold relates are set out below:</p> <table border="1" data-bbox="560 974 1430 1637"> <thead> <tr> <th>Type of Paper Gold</th> <th>Reference Asset</th> <th>Description of Reference Asset</th> </tr> </thead> <tbody> <tr> <td>Paper Gold Type A</td> <td>99 tael gold</td> <td>It is tael gold bar with not less than 99% fineness. Its prevailing market price is quoted in HKD per tael.</td> </tr> <tr> <td>Paper Gold Type B</td> <td>London gold bullion</td> <td>It is Loco London Gold with not less than 99.5% fineness as specified by the London Bullion Market Association. Its prevailing market price is quoted in USD per troy ounce but will be converted to HKD at the prevailing spot exchange rate between USD and HKD that obtained from foreign market participants to the Bank.</td> </tr> </tbody> </table>			Type of Paper Gold	Reference Asset	Description of Reference Asset	Paper Gold Type A	99 tael gold	It is tael gold bar with not less than 99% fineness. Its prevailing market price is quoted in HKD per tael.	Paper Gold Type B	London gold bullion	It is Loco London Gold with not less than 99.5% fineness as specified by the London Bullion Market Association. Its prevailing market price is quoted in USD per troy ounce but will be converted to HKD at the prevailing spot exchange rate between USD and HKD that obtained from foreign market participants to the Bank.
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Quotation Unit Mechanism	The quotation unit of the Paper Gold under the Scheme is in one unit. The units in the account under the Scheme is notional and for the sole purpose of determining the value of your investment under the Scheme. One unit of Paper Gold Type A(99 tael gold as the Reference Asset) represents one tael of 99 tael gold. One unit of Paper Gold Type B(London gold bullion as the Reference Asset) represents one troy ounce of London gold bullion.											
Pricing Mechanism of Paper Gold Type A(99 tael gold as the Reference Asset):	The selling price is the Bank's buying price from you if you would like to sell one unit of Paper Gold Type A(99 tael gold as the Reference Asset) to the Bank. The Bank determines the selling price at its absolute discretion in good faith and commercially reasonable manner which is reference to the prevailing buying price of one tael of 99 tael											

	<p>gold as quoted in HKD by The Chinese Gold & Silver Exchange Society in Hong Kong and by the market dealers of local gold market to the Bank, and incorporated the Bank's profit margin. The Bank's profit margin would not exceed 1% of the selling price quoted by the Bank from time to time.</p> <p>The buying price is the Bank's selling price to you if you would like to buy one unit of Paper Gold Type A(99 tael gold as the Reference Asset) from the Bank. The Bank determines the buying price at its absolute discretion in good faith and commercially reasonable manner which is reference to the prevailing selling price of one tael of 99 tael gold as quoted in HKD by The Chinese Gold & Silver Exchange Society in Hong Kong and by the market dealers of local gold market to the Bank, and incorporated the Bank's profit margin. The Bank's profit margin would not exceed 1% of the buying price quoted by the Bank from time to time.</p> <p>The Unit Prices of Paper Gold Type A(99 tael gold as the Reference Asset) in HKD are quoted to the nearest integer, equal to or greater than 0.5 being rounded upwards and less than 0.5 being rounded downwards.</p> <p>Upon the suspension of trading of The Chinese Gold & Silver Exchange Society, the Unit Prices of Paper Gold Type A(99 tael gold as the Reference Asset) are calculated with reference to the prices of 99 tael gold quoted by the market dealers of the local gold market to the Bank and the prevailing market prices of Loco London gold*. Loco London gold represents the basis for international trading and settlement in gold of The London Bullion Market Association. It is a global over-the-counter gold trading without geographical constraint, which is a quotation made by dealers based on USD per troy ounce. The fineness of Loco London gold is not less than 99.5%.</p> <p>* If the price of Loco London gold is adopted, adjustments will be applied to derive the price of 99 tael gold in HKD per tael. The adjustments will be applied according to the following formulae:</p> <p>Price of Loco London gold x spot exchange rate from USD into HKD (using spot telegraphic transfer foreign currency exchange rate quoted by the Bank) x 1.20337 (being the conversion of troy ounce into tael) x 0.990099 (being the conversion of the fineness of gold from Loco London gold to 99 tael gold)</p>
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Minimum Transaction Amount:	<p>Minimum transaction amount is 1 unit (and multiples thereof for each increment).</p> <p>The Bank may vary the minimum transaction amount from time to time by giving at least 1 month prior written notice.</p>
Maximum Transaction Amount:	<p>There is no maximum transaction amount limit for trading via the Bank's branches. The maximum transaction amount of Paper Gold Type A(99 tael gold as the Reference Asset) is 150 units per transaction and 150 units per day per account holder via NET Banking or Mobile Banking or Telephone Banking. Paper Gold Type B(London gold bullion as the Reference Asset) can only trade in the Bank's branches.</p> <p>The Bank may vary the maximum transaction amount from time to time by giving at least 1 month prior written notice.</p>
Fees and Charges:	<p>There will be no handling fee or transaction charges of the Bank at the time of transaction.</p> <p>For purchase transaction, the Bank's profit margin would not exceed 1% of the buying price of the Paper Gold under the Scheme from time to time and are embedded in the buying price of the Paper Gold under the Scheme.</p> <p>For sale transaction, the Bank's profit margin would not exceed 1% of the selling price of the Paper Gold under the Scheme from time to time and are embedded in the selling price of the Paper Gold under the Scheme.</p> <p>HKD 100.00 will be charged by the Bank in the event of loss or damage of a gold passbook reported by the customer.</p> <p>The Bank may vary or impose further fees and charges by giving at least 1 month prior written notice</p>
Trading Means:	For Paper Gold Type A(99 tael gold as the Reference Asset):

	<p>You can perform trading via the Bank's branches in Hong Kong, NET Banking, Mobile Banking and Telephone Banking (for customers who have applied for such services only). Before placing purchase and sale orders, you can obtain information on the Unit Prices of Paper Gold Type A(99 tael gold as the Reference Asset) through the Bank's branch counters in Hong Kong or after logging-in your Banking account via NET Banking or Mobile Banking.</p> <p>For Paper Gold Type B(London gold bullion as the Reference Asset): You can perform trading via the Bank's branches in Hong Kong. Before placing purchase and sale orders, you can obtain information on the Unit Prices of Paper Gold Type B(London gold bullion as the Reference Asset)through the Bank's branch counters in Hong Kong.</p>
Trading Hours:	<p>Branches/NET Banking*/Mobile Banking*/Telephone Banking*: Monday-Friday 9:00am to 5:00pm (Closed for Saturday, Sunday and Public Holidays) *Only applicable to Paper Gold Type A(99 tael gold as the Reference Asset)</p>
Valuation Mechanism:	<p>The value of a unit in respect of the Paper Gold in a gold passbook account is equal to the selling price for a unit in respect of the Paper Gold. Therefore, the total value of all the unit(s) in a gold passbook account is equal to the sum of the value of all the unit(s) in respect of all Paper Gold(s) in the gold passbook account. The value of all the unit(s) in respect of each Paper Gold in a gold passbook account is equal to the total number of the unit(s) in respect of such Paper Gold in the gold passbook account multiplied by the selling price for a unit in respect of such Paper Gold. For simplicity, please note that the Bank's profit margin was not taken into account when preparing the following illustration examples.</p> <p>For example, if you hold (i) 2 units of Paper Gold Type A(99 tael gold as the Reference Asset)and (ii) 1 unit of Paper Gold Type B(London gold bullion as the Reference Asset)in your gold passbook account, the total value of all the units in your gold passbook account is the sum of (i) 2 x the selling price for a unit of Paper Gold Type A(99 tael gold as the Reference Asset) and (ii) 1 x the selling price for a unit of Paper Gold Type B(London gold bullion as the Reference Asset). Assume the selling price for a unit of Paper Gold Type A(99 tael gold as the Reference Asset) is HKD 11,000, the selling price for a unit of Paper Gold Type B(London gold bullion as the Reference Asset) is HKD 9,232, the total value of all the units in your gold passbook account will be HKD 31,232 which is calculated from $2 \times 11,000 + 1 \times 9,232$.</p> <p>For Paper Gold Type A(99 tael gold as the Reference Asset): You can obtain information on the selling price of Paper Gold Type A(99 tael gold as the Reference Asset)through the Bank's branch counters in Hong Kong or after logging-in your Banking account via NET Banking or Mobile Banking.</p> <p>For Paper Gold Type B(London gold bullion as the Reference Asset): You can obtain information on the selling price of Paper Gold Type</p>

	B(London gold bullion as the Reference Asset) through the Bank's branch counters in Hong Kong.
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SECTION 2: THE RISK FACTORS OF THE SCHEME

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

Understand the suitability before making investment

The investment decision is yours but you should not invest in the Scheme 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 relating to the Scheme

- **NOT principal protected.**

Your investments under the Scheme are not principal protected. The Scheme does not guarantee your investment or any return on your investment. In case of worst case scenario, you can lose your entire investment.

- **NOT a bank deposit.**

Your investments under the Scheme are not or are not equivalent to a bank deposit.

- **NOT an interest-bearing account.**

The account through which the investment under the Scheme conducted is not an interest-bearing account with neither yield nor interest.

- **NOT protected deposit.**

Your investments under 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 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 Scheme is notional and for the sole purpose of determining the value of your investment under the Scheme. The Unit Prices of Paper Gold under the Scheme are calculated with reference to the prices of the relevant Reference Asset (and have incorporated the Bank's profit margin).

- **There is NO collateral.**

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

- **Not the same as investment in gold or the Reference Asset.**

Investing under the Scheme is not the same as investing directly in gold. Price changes in gold or the Reference Asset might not reflect exactly in price changes of your investment under the Scheme due to the pricing mechanism set out in the paragraphs "Pricing Mechanism of Paper Gold Type A (99 tael gold as the Reference Asset)" and "Pricing Mechanism of Paper Gold Type B (London gold bullion as the Reference Asset)" under Section 1 "What are the key features of the Scheme" of this Principal Brochure.

- **Volatility of price.**

Unit Prices of the Paper Gold under the Scheme are calculated with reference to the prices of the Reference Asset (and have incorporated the Bank's profit margin). You should recognize

that the Unit Prices of the Paper Gold under the Scheme are volatile due to the price changes in the Reference Asset resulted from 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 Prices of the Paper Gold under the Scheme. The price fluctuation may go beyond your expectation and you may lose your entire investment and earnings if any in the worst case.

- **Market risk.**

The prices of Reference Asset may go up and down due to movement in macroeconomic factors which include but are not limited to interest rate, inflation, economic growth and geopolitical tension. Unit Prices of the Paper Gold under the Scheme are calculated with reference to the prices of the Reference Asset (and have incorporated the Bank's profit margin), and thus, your investments under the Scheme are subject to market risk.

- **Exchange rate risk.**

The Bank determines the unit price of Paper Gold Type B(London gold bullion as the Reference Asset) with reference to the prevailing market price of Loco London gold which is quoted in USD instead of HKD, your investment under the Scheme will be subject to the prevailing spot exchange rate risk between USD and HKD.

- **Investment risk.**

Investment involves risks, and the prices of the Reference Asset may fluctuate. The value of your investments under the Scheme may move up or down and losses will be incurred rather than profit made. In the worst case, your investment may even become valueless.

- **The Scheme is not listed on any stock exchange.**

The Scheme is not listed on any stock exchange.

Risks relating to the Reference Asset

- **Demand and supply.**

Gold is a physical commodity and is limited in supply. The price of gold is volatile and will be affected by demand and supply of the commodity. The demand and supply of gold will thus affect the Unit Prices of Paper Gold under the Scheme.

Risks relating to the Bank

- **Credit risk of the Bank.**

Your investments under the Scheme are subject to the 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 and earnings (if any).

- **Early termination risk.**

The Bank may terminate the Scheme through which your investments under the Scheme are conducted in good faith and in a commercially reasonable manner with at least 3 months' prior written notice to you. The Bank may close the Gold Passbook Account on 7 days' prior written notice for the purpose of complying with any law, rule or regulation. In such scenario, if you could not sell your units in your account under 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 selling price per unit of the Paper Gold under the Scheme as quoted by the Bank at the termination date times the number of units of the relevant Paper Gold in your gold passbook account, which may be substantially less than your investments under the Scheme.

- **Set-off and Lien.**

The Bank has the right to combine or consolidate any balances standing to the credit of your account under the Scheme with the Bank to set-off against any indebtedness owed by you to the Bank. Under the terms and conditions governing the account under the Scheme as set out in the Gold Passbook Account Agreement (“Agreement”)— in addition to any lien that the Bank may be entitled, at any time and without prior notice, the Bank may apply the value in your account under the Scheme standing to the credit of your account towards discharge of any of your liabilities owed to the Bank. Copies of the Agreement are available free of charge at the Bank's branches in Hong Kong.

- **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 likely that these activities could adversely affect the prices of the Reference Asset if the size of hedging transaction is substantial. As such, the Unit Prices of the Paper Gold under the Scheme calculated with reference to prices of the Reference Asset will be affected as well. The value of your investments under the Scheme may be adversely affected.

- **Conflicts of interest.**

Potential and actual conflicts of interest may arise from 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 under the Scheme, the Bank has set 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 all Bank's transactions or dealings will be at arm's length transaction.

- **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, 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.

- **Suspension of trading of The Chinese Gold & Silver Exchange Society.**

In the case where The Chinese Gold & Silver Exchange Society is suspended for trading, the Bank will quote the unit price of Paper Gold Type A(99 tael gold as the Reference Asset) under the Scheme, taking into account the prices of 99 tael gold quoted by market dealers of the local gold market to the Bank and the prevailing market prices of Loco London gold.

- **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 or potential payout of our Gold Passbook Account 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 or potential payout of our Gold Passbook Account Scheme, and as a result, you may not be able to recover all or any amount due under our Gold Passbook Account Scheme. In the worst case scenario, you could lose all of your investment regardless of the performance of the Gold Passbook Account 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.

- **Suspension of trading events.**

The Bank may suspend the trading under the Scheme when the following event happens:

- Any happening(s) or event(s) or cause(s) under the clause/heading "Force majeure events" herein has occurred 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.
- Any cause or due to the close or suspension of Hong Kong Local Gold Market or London Gold Market, the Bank is unable to have the price of the Reference Asset.

If there is a suspension of trading event which affect customers, the Bank will, within reasonable time and as soon as possible, notify you via the possible available means/channel.

SECTION 3: GENERAL INFORMATION IN RELATION TO THE SCHEME

What are included in the Bank's Scheme documentation?

The following form the offering documents of the Scheme, which contain detailed information about the Bank and the Scheme. You should read all of these documents before deciding whether to invest in the Scheme or not:

- i. The Product Key Facts Statement dated March 2023; and
- ii. This Principal Brochure for the Scheme dated March 2023.

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 of the Scheme are available free of charge at the Bank's branches in Hong Kong.

What is the mode of record for transactions of the Scheme?

All buy and sell transactions are recorded and to be shown in the gold passbook held by the account holder.

Where can I find more information about the Bank?

You can access information of the Bank which includes the Bank's published audited consolidated financial statements and interim financial statements from the Bank's website at www.cmbwinglungbank.com.

What are our continuing disclosure obligations?

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 the Scheme participants 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, (iii) any material adverse changes in the financial conditions or business of the Bank or any key counterparty to the Scheme and (iv) 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.

The Bank will give you at least 1 month prior written notice (or such other period of notice in compliance with the relevant regulatory requirement) and seek for SFC's prior approval if the Bank proposes any changes in respect of the constitutive documents (including, the Gold Passbook Account Agreement and Gold Passbook Account Rules) of the Scheme; changes of key operators and their regulatory status and controlling shareholder; changes in investment objectives, policy and restrictions, fee structure and dealing and pricing arrangements; and any other changes that may materially prejudice Scheme participants' rights or interests.

Also, if the Scheme is to be terminated or withdrawn from authorization, in addition to following any procedures set out in the constitutive documents of the Scheme or governing law, notice will be given to Scheme participants as determined by the SFC. Such notice (which should be at least three months) should be submitted to the SFC for prior approval and contain the reasons for the termination or withdrawal from authorization, the consequences of the termination or withdrawal from authorization and its effects on existing Scheme participants, the alternatives (if any) available to Scheme participants, the estimated costs of termination or withdrawal from authorization and who is expected to bear them.

For enquiries, please contact any branches of the Bank.

Who is responsible for the offering documents of the Scheme?

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.

What are the contact details for enquiries or 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) 2309 5555 or fax us at (852) 2810 0592 or e-mail us to cmbwlb@cmbwinglungbank.com.

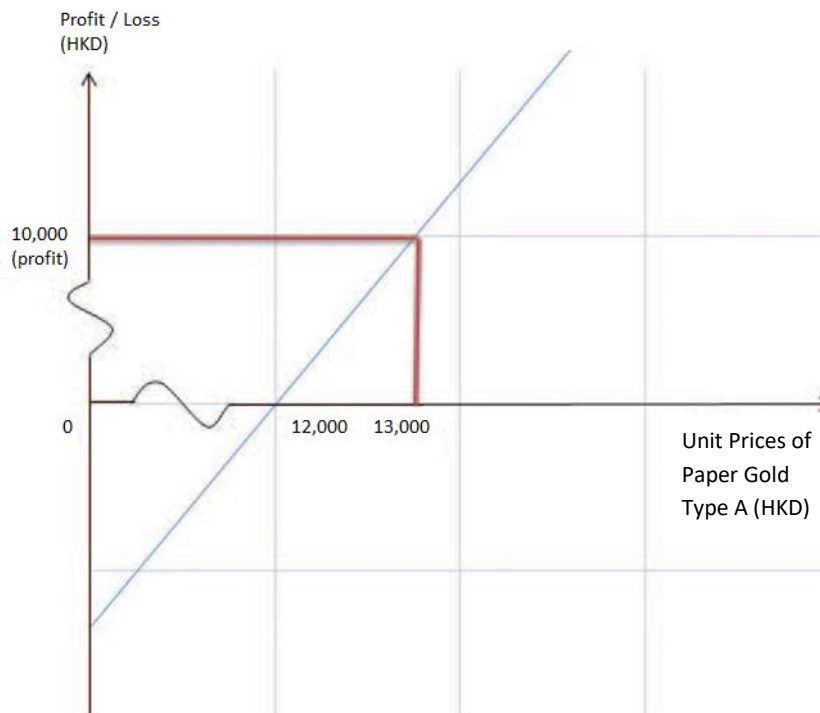
SECTION 4: SCENARIO ANALYSIS

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 Reference Asset. You should not rely solely on these examples when making an investment decision.

Scenario 1 — Unit Prices of Paper Gold rose (Gain scenario)

Assuming the investor bought 10 units of Paper Gold Type A (99 tael gold as the Reference Asset) at HKD 12,000 per unit (buying price which is the Bank's selling price). Later, Unit Prices of Paper Gold Type A rose. The investor sold all the units at HKD 13,000 per unit (selling price which is the Bank's buying price). 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.

$$\begin{aligned}
 \text{Realized gain} &= \text{Number of units} \times (\text{selling price} - \text{buying price}) \text{ per unit} \\
 &= 10 \times (\text{HKD } 13,000 - \text{HKD } 12,000) \\
 &= \text{HKD } 10,000
 \end{aligned}$$



Scenario 2 — Unit Prices of Paper Gold remained the same (Break-even scenario)

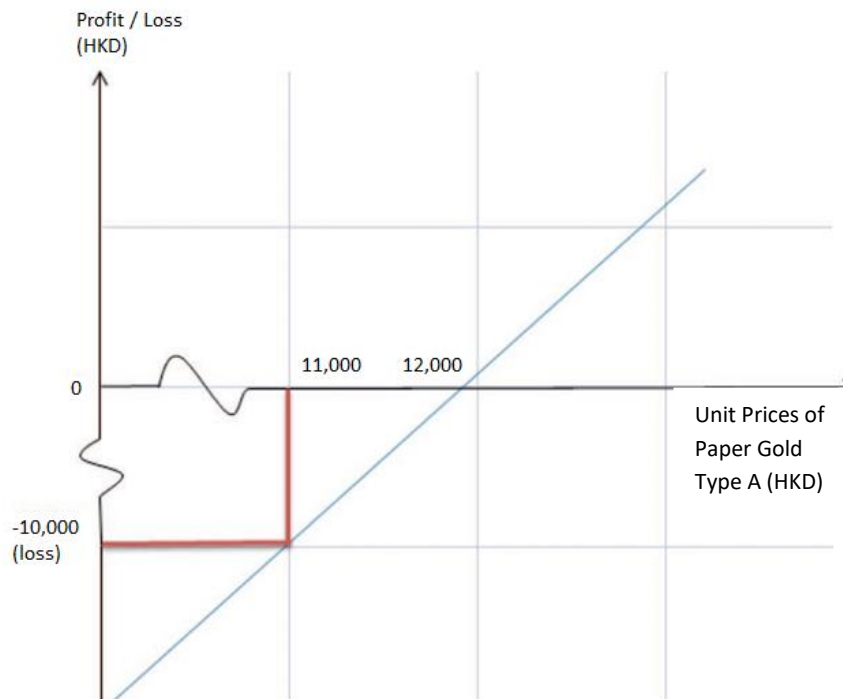
Assuming the investor bought 10 units of Paper Gold Type A (99 tael gold as the Reference Asset) at HKD 12,000 per unit (buying price which is the Bank's selling price). Later, Unit Prices of Paper Gold Type A remained the same. The investor sold all the units at HKD 12,000 per unit (selling price which is the Bank's buying price). 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.

$$\begin{aligned}
 \text{No realized gain / loss} &= \text{Number of units} \times (\text{selling price} - \text{buying price}) \text{ per unit} \\
 &= 10 \times (\text{HKD } 12,000 - \text{HKD } 12,000) \\
 &= \text{HKD } 0
 \end{aligned}$$

Scenario 3 — Unit Prices of Paper Gold fell (Loss scenario)

Assuming the investor bought 10 units of Paper Gold Type A (99 tael gold as the Reference Asset) at HKD 12,000 per unit (buying price which is the Bank's selling price). Later, Unit Prices of Paper Gold Type A fell. The investor sold all the units at HKD 11,000 per unit (selling price which is the Bank's buying price). 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.

$$\begin{aligned}
 \text{Realized loss} &= \text{Number of units} \times (\text{selling price} - \text{buying price}) \text{ per unit} \\
 &= 10 \times (\text{HKD } 11,000 - \text{HKD } 12,000) \\
 &= - \text{HKD } 10,000
 \end{aligned}$$



Scenario 4 — Unit Prices of Paper Gold had become zero (Worst case scenario)

Assuming the investor bought 10 units of Paper Gold Type A (99 tael gold as the Reference Asset) at HKD 12,000 per unit (buying price which is the Bank's selling price). Later, Unit Prices of Paper Gold Type A fell to zero per unit. In this scenario, the investor suffers a loss of his/her entire investment amount.

Scenario 5 — Illustration of how the Unit Prices is affected by the prevailing spot exchange rate and the prevailing market prices of the Reference Asset

Assuming that the investor invests in Paper Gold Type B (London gold bullion as the Reference Asset).

Investor should note that the Unit Prices of Paper Gold Type B (London gold bullion as the Reference Asset) is determined by the Bank at its absolute discretion in good faith and commercially reasonable manner which is reference to the prevailing market price of one troy ounce of Loco London gold as

quoted in USD by the market dealers of gold market to the Bank and converted into HKD at the prevailing spot exchange rate between USD and HKD that obtained from foreign market participants to the Bank, and incorporated the Bank's profit margin. Accordingly, the Unit Prices will be affected by (i) the prevailing market prices of Loco London gold, (ii) the prevailing spot exchange rate from USD to HKD that obtained from foreign market participants to the Bank and (iii) the Bank's profit margin.

The following examples illustrate how the Unit Prices will be affected by the market price of Loco London gold and the prevailing spot exchange rate from USD to HKD that obtained from foreign market participants to the Bank. **For simplicity, please note that the Bank's profit margin was not taken into account and assume there is no bid offer spread in the prevailing market price of Loco London gold when preparing the following illustration examples.**

Assuming that the investor bought 10 units of Paper Gold Type B (London gold bullion as the Reference Asset) at HKD 10,990 per unit (buying price which is the Bank's selling price) which is calculated as follows:

- Market price of Loco London gold: USD 1,400 per troy ounce
- USD/HKD spot exchange rate: 7.8500
- Buying price of Paper Gold Type B: $\text{USD } 1,400 \times 7.8500 = \text{HKD } 10,990$ (rounded to the nearest dollar, with 0.5 or greater being rounded upwards and less than 0.5 being rounded downwards)

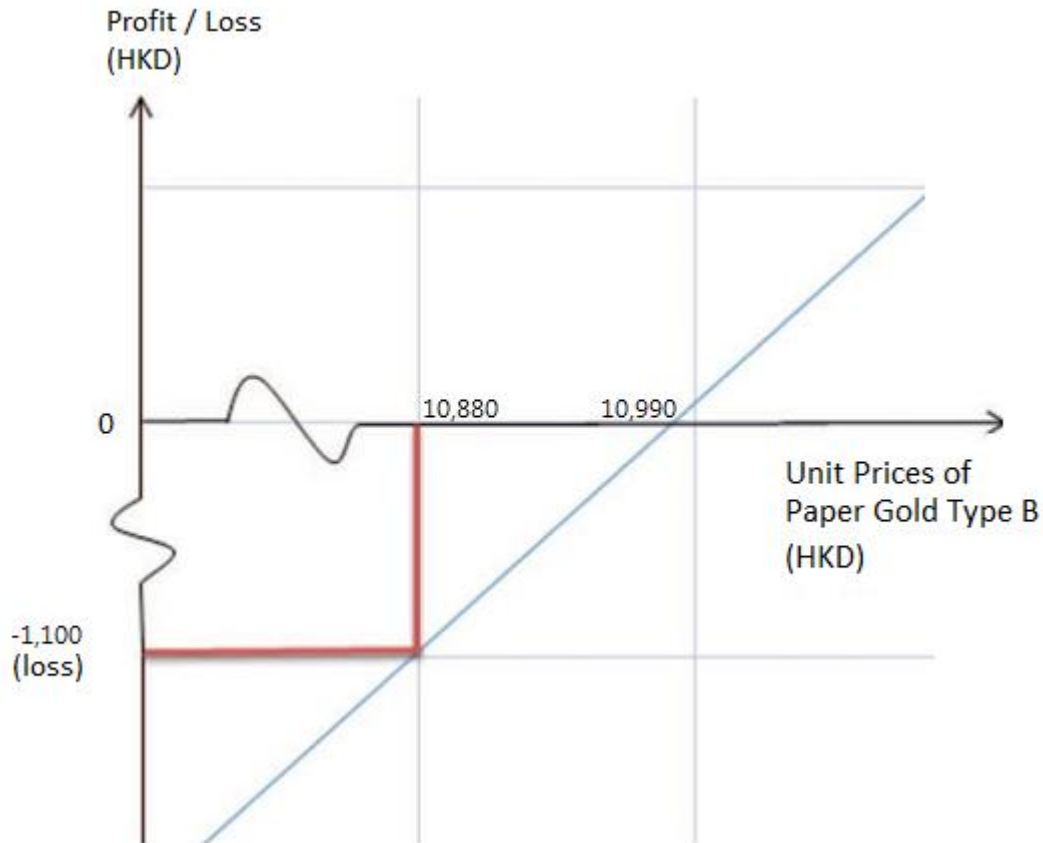
Situation A – USD depreciates against HKD by 1% while the market price of Loco London gold remains unchanged

Later, investor sold all the units at HKD 10,880 per unit (selling price which is the Bank's buying price), which is calculated as follows:

- Market price of Loco London gold: USD 1,400 per troy ounce
- USD/HKD spot exchange rate: 7.7715 [$7.8500 \times (1 - 1\%)$]
- Selling price of Paper Gold Type B: $\text{USD } 1,400 \times 7.7715 = \text{HKD } 10,880$ (rounded to the nearest dollar, with 0.5 or greater being rounded upwards and less than 0.5 being rounded downwards)

Realized loss = Number of units x (selling price of Paper Gold Type B - buying price of Paper Gold Type B) per unit

$$\begin{aligned} &= 10 \times (\text{HKD } 10,880 - \text{HKD } 10,990) \\ &= - \text{HKD } 1,100 \end{aligned}$$



Situation B – USD depreciates against HKD by 1% while the market price of Loco London gold rises by 0.5%

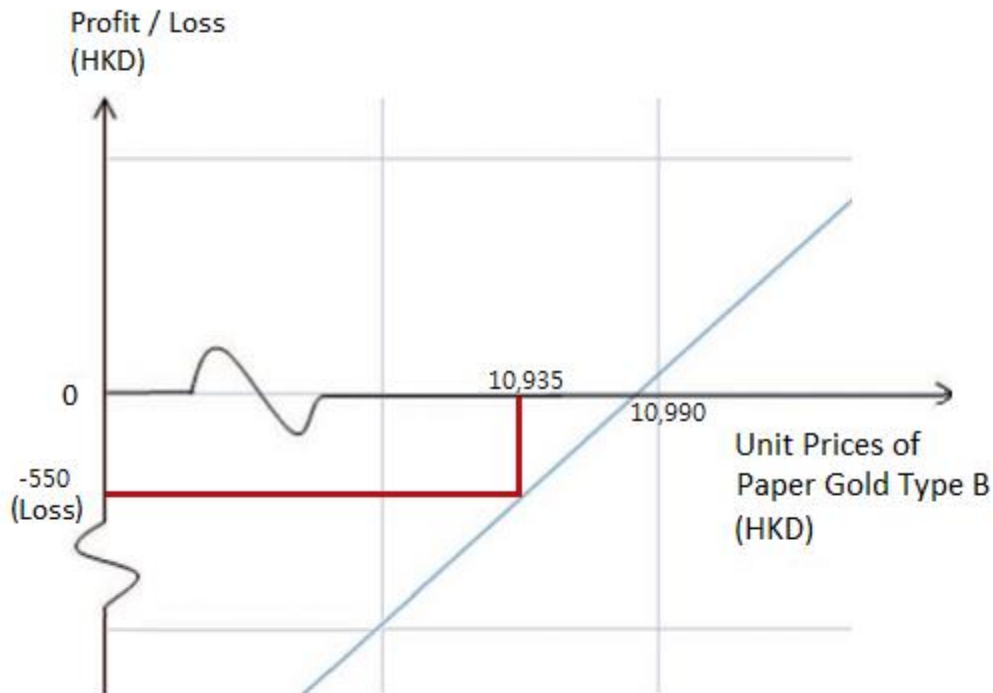
Later, investor sold all the units at HKD 10,935 per unit (selling price which is the Bank’s buying price), which is calculated as follows:

- Market price of Loco London gold: USD 1,407 per troy ounce [$1400 \times (1 + 0.5\%)$]
- USD/HKD spot exchange rate: 7.7715 [$7.8500 \times (1 - 1\%)$]
- Selling price of Paper Gold Type B: USD 1,407 x 7.7715 = HKD10,935 (rounded to the nearest dollar, with 0.5 or greater being rounded upwards and less than 0.5 being rounded downwards)

Realized loss = Number of units x (selling price of Paper Gold Type B - buying price of Paper Gold Type B) per unit

$$= 10 \times (\text{HKD } 10,935 - \text{HKD } 10,990)$$

$$= - \text{HKD } 550$$



Situation C – USD depreciates against HKD by 1% while the market price of Loco London gold rises by 2%

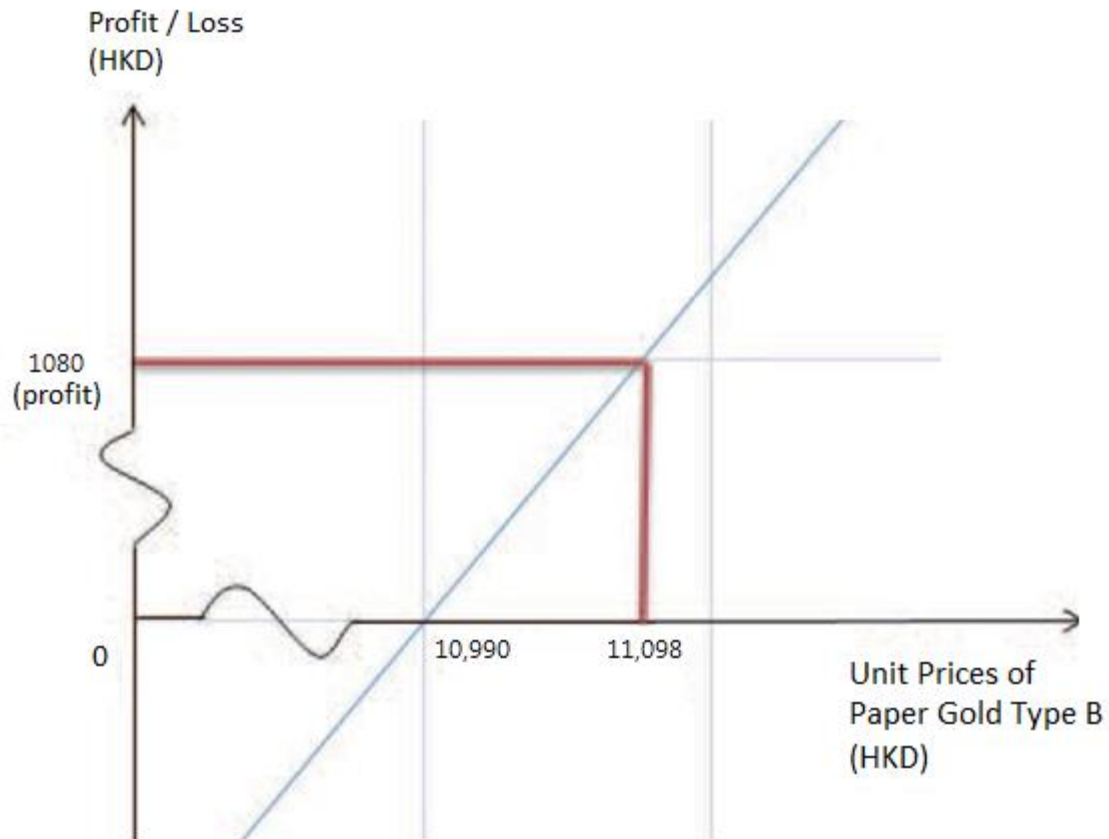
Later, investor sold all the units at HKD 11,098 per unit (selling price which is the Bank’s buying price), which is calculated as follows:

- Market price of Loco London gold: USD 1,428 per troy ounce [$1400 \times (1 + 2\%)$]
- USD/HKD spot exchange rate: 7.7715 [$7.8500 \times (1 - 1\%)$]
- Selling price of Paper Gold Type B: $USD\ 1,428 \times 7.7715 = HKD\ 11,098$ (rounded to the nearest dollar, with 0.5 or greater being rounded upwards and less than 0.5 being rounded downwards)

Realized gain = Number of units x (selling price of Paper Gold Type B - buying price of Paper Gold Type B) per unit

$$= 10 \times (HKD\ 11,098 - HKD\ 10,990)$$

$$= HKD\ 1,080$$



Scenario 6 — The Bank becomes insolvent or defaults on its obligations (Insolvent or default scenario)

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