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Contracts

issued by

The Hongkong and Shanghai Banking Corporation Limited

(incorporated in Hong Kong with limited liability under the Companies Ordinance of Hong Kong)

Announcement

We intend to issue the following callable bull/bear contracts detailed below (the **contracts**).

Stock Code	60548	60549	60550	60551	60552
Share	Existing issued ordinary H shares of RMB1.00 each of the Company	Existing issued ordinary H shares of RMB1.00 each of the Company	Existing issued ordinary shares of HK\$1.00 each of the Company	Existing issued ordinary shares of HK\$0.25 each of the Company	Existing issued ordinary shares of HK\$0.02 each of the Company
Company	China Construction Bank Corporation	China Construction Bank Corporation	Hong Kong Exchanges and Clearing Limited	Hutchison Whampoa Limited	CNOOC Limited
Style	European	European	European	European	European
Type	Bear	Bear	Bull	Bull	Bull
Category	R	R	R	R	R
Settlement method	Cash Settled	Cash Settled	Cash Settled	Cash Settled	Cash Settled
Issue size	80,000,000 contracts	80,000,000 contracts	80,000,000 contracts	80,000,000 contracts	80,000,000 contracts
Issue price	HK\$0.25 per contract	HK\$0.25 per contract	HK\$0.30 per contract	HK\$0.25 per contract	HK\$0.35 per contract
Call price	HK\$6.90	HK\$7.30	HK\$116.00	HK\$66.88	HK\$14.38
Strike price	HK\$7.20	HK\$7.60	HK\$108.00	HK\$62.88	HK\$13.58
Mandatory call observation period start date	15 February 2012	15 February 2012	15 February 2012	15 February 2012	15 February 2012

Stock Code	60548	60549	60550	60551	60552
Mandatory call observation period end date	The business day immediately preceding the expiry date	The business day immediately preceding the expiry date	The business day immediately preceding the expiry date	The business day immediately preceding the expiry date	The business day immediately preceding the expiry date
Expiry date	18 September 2012	16 October 2012	26 October 2012	16 November 2012	16 November 2012
Valuation date	The business day immediately preceding the expiry date	The business day immediately preceding the expiry date	The business day immediately preceding the expiry date	The business day immediately preceding the expiry date	The business day immediately preceding the expiry date
Trading board lot	10,000 contracts	10,000 contracts	10,000 contracts	100,000 contracts	10,000 contracts
Entitlement	One share	One share	One share	One share	One share
Exercise amount	Ten contracts	Ten contracts	One hundred contracts	One hundred contracts	Ten contracts
Initial funding cost	36.83% p.a. (= 3 month's HIBOR + 36.42%)	23.36% p.a. (= 3 month's HIBOR + 22.96%)	2.86% p.a. (= 3 month's HIBOR + 2.46%)	23.44% p.a. (= 3 month's HIBOR + 23.04%)	2.87% p.a. (= 3 month's HIBOR + 2.47%)
Effective gearing*	2.53x	2.53x	4.53x	3.06x	4.79x
Gearing*	2.53x	2.53x	4.53x	3.06x	4.79x
Premium*	25.63%	19.30%	1.62%	14.95%	1.79%
Liquidity provider	HSBC Securities Brokers (Asia) Limited (Broker ID: 9503) Levels 17 and 18, HSBC Main Building, 1 Queen's Road Central, Hong Kong Tel: (852) 2822 1849	HSBC Securities Brokers (Asia) Limited (Broker ID: 9503) Levels 17 and 18, HSBC Main Building, 1 Queen's Road Central, Hong Kong Tel: (852) 2822 1849	HSBC Securities Brokers (Asia) Limited (Broker ID: 9503) Levels 17 and 18, HSBC Main Building, 1 Queen's Road Central, Hong Kong Tel: (852) 2822 1849	HSBC Securities Brokers (Asia) Limited (Broker ID: 9503) Levels 17 and 18, HSBC Main Building, 1 Queen's Road Central, Hong Kong Tel: (852) 2822 1849	HSBC Securities Brokers (Asia) Limited (Broker ID: 9503) Levels 17 and 18, HSBC Main Building, 1 Queen's Road Central, Hong Kong Tel: (852) 2822 1849

* The gearing, effective gearing and premium may not be comparable to similar information provided by other issuers of structured products as each issuer may use different pricing models.

The contracts are in global registered form and exercisable only in the relevant trading board lots specified above.

What is a mandatory call event? What happens if a mandatory call event occurs?

For Stock Codes: 60548 and 60549

A **mandatory call event** means the first occurrence on a business day during the mandatory call observation period whereby the spot price is equal to or greater than the call price.

For Stock Codes: 60550, 60551 and 60552

A **mandatory call event** means the first occurrence on a business day during the mandatory call observation period whereby the spot price is equal to or less than the call price.

Spot price means the non-direct trade price concluded by automatic order matching of the shares traded on the stock exchange during the continuous trading session or the final indicative equilibrium price (**IEP**) (excluding the final IEP that does not lead to a day high/low price) calculated at the end of the pre-order matching period of the (i) pre-opening session; or (ii) the closing auction session (if applicable), as the case may be in accordance with the rules and regulations of the stock exchange; and

Day high/low price means, in relation to any day, the highest/lowest price of a non-direct trade which is concluded by automatic order matching (including auction matching) during such day.

The **mandatory call observation period** commences from the mandatory call observation period start date and ends on the mandatory call observation period end date (both dates inclusive).

Upon the occurrence of a mandatory call event, the contracts will terminate automatically on the mandatory call date and for every exercise amount you will receive from us the mandatory call payoff being an amount calculated by us in accordance with the following formula:

For Stock Codes: 60548 and 60549

Mandatory call payoff per exercise amount:

{Entitlement x (strike price – maximum trading price)} – expenses

Maximum trading price means the maximum trade price of the shares during the period from the time of the occurrence of the mandatory call event up to the end of the next trading session for callable bull/bear contracts on Hong Kong shares on the stock exchange (in accordance with the terms and conditions of the contracts).

For Stock Codes: 60550, 60551 and 60552

Mandatory call payoff per exercise amount:

{Entitlement x (minimum trading price – strike price)} – expenses

Minimum trading price means the minimum trade price of the shares during the period from the time of the occurrence of the mandatory call event up to the end of the next trading session for callable bull/bear contracts on Hong Kong shares on the stock exchange (in accordance with the terms and conditions of the contracts).

If the mandatory call payoff is at or below zero, you will lose all your investment in the contracts.

How do we calculate the cash settlement amount at expiry?

If no mandatory call event occurs during the mandatory call observation period and on the expiry date, the value of the cash settlement amount is greater than zero, the contracts will be automatically exercised. You are not required to deliver any exercise notice and you will receive from us the cash settlement amount (if any) in Hong Kong dollars calculated by us as follows:

For Stock Codes: 60548 and 60549

Cash settlement amount per exercise amount:

{Entitlement x (strike price – closing price)} – expenses

For Stock Codes: 60550, 60551 and 60552

Cash settlement amount per exercise amount:

{Entitlement x (closing price - strike price)} – expenses

Closing price is the closing price of the shares (as derived from the daily quotation sheet of the stock exchange, subject to adjustments) on the valuation date.

Where can you obtain further information?

Our base listing document dated 26 April 2011 (the **base listing document**), the addendum to the base listing document dated 15 August 2011 together with any additional addenda or successor document, our supplemental listing document to be dated 14 February 2012 and our latest publicly available annual report and interim report will be available for inspection, together with their Chinese translations, during usual business hours at the office of Computershare Hong Kong Investor Services Limited, which is presently at Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Hong Kong. Information on us can also be found on the website of the group of companies to which we belong, which is www.hsbc.com.

How will the liquidity provider provide quotes?

The liquidity provider will provide liquidity by responding to requests for bid and offer quotes. A quote may be obtained by calling its telephone number.

Additional information

The contracts will constitute our general unsecured contractual obligations. They are not obligations of any other person.

An application will be made to the stock exchange for the listing of, and permission to deal in, the contracts on the stock exchange. The date of commencement of dealings in the contracts is expected to be 15 February 2012.

Other than being a licensed bank in Hong Kong regulated by the Hong Kong Monetary Authority and a registered institution under the Securities and Futures Ordinance, we are not regulated by any of the bodies referred to in rule 15A.13(2) or (3) of the stock exchange rules.

Our long term credit ratings are AA- by Standard and Poor's Ratings Group and Aa1 by Moody's Investors Service, Inc.

The Hongkong and Shanghai Banking Corporation Limited
8 February 2012