

Hong Kong Exchanges and Clearing Limited (“HKEx”), The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This document, for which we accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Rules”) for the purpose of giving information with regard to us. We, having made all reasonable enquiries, confirm that to the best of our knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

This document is for information purposes only and does not constitute an offer, an advertisement or invitation to the public to subscribe for or to acquire the Warrants.

Investors are warned that the price of the Warrants may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. Prospective purchasers should therefore ensure that they understand the nature of the Warrants and carefully study the risk factors set out in the Base Listing Document (as defined below), the Supplemental Listing Document and this document and, where necessary, seek professional advice, before they invest in the Warrants.

The Warrants constitute general unsecured contractual obligations of us as the Issuer and of no other person and will rank equally among themselves and with all our other unsecured obligations (save for those obligations preferred by law) upon liquidation. If you purchase the Warrants, you are relying upon the creditworthiness of us, and have no rights under the Warrants against the Index Compiler or any other person. If we become insolvent or default on our obligations under the Warrants, you may not be able to recover all or even part of the amount due under the Warrants (if any).

## Non-collateralised Structured Products Second Supplemental Listing Document for Warrants over Index



### The Hongkong and Shanghai Banking Corporation Limited

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

#### Key Terms

*Terms and conditions of the new Warrants are identical in all material respects to the terms and conditions of the existing Warrants.*

Further issue of 200,000,000 European Style (Cash Settled) Index Call Warrants due 30 December 2013 relating to the index (the **New Warrants**). The New Warrants will be consolidated with and will form a single series with an existing issue of 200,000,000 European Style (Cash Settled) Index Call Warrants due 30 December 2013 relating to the index (the **existing Warrants**, together with the New Warrants, the **Warrants**). The total amount of Warrants are 400,000,000.

<b>New Warrants</b>	
<b>Stock code</b>	<b>15115</b>
<b>Liquidity Provider broker ID</b>	9609
<b>Issue size</b>	200,000,000 warrants
<b>Style</b>	European style cash settled
<b>Type</b>	Call
<b>Index</b>	Hang Seng China Enterprises Index
<b>Board Lot</b>	10,000 warrants
<b>Exercise Amount</b>	10,000 warrants
<b>Issue Price per Warrant</b>	HK\$0.074
<b>Strike Level</b>	10,000
<b>Cash Settlement Amount</b>	For each exercise amount, you will receive a cash payment in Hong Kong dollars calculated by us using the following formula:
	For a series of call Warrants: $\{(Closing\ level - strike\ level) \times index\ currency\ amount\} - exercise\ expenses$
	For a series of put Warrants: $\{(Strike\ level - closing\ level) \times index\ currency\ amount\} - exercise\ expenses$
<b>Closing Level</b>	The final settlement price for settling the Hang Seng China Enterprises Index Futures Contracts that are scheduled to expire during the month in which the Expiry Date of the relevant series of the Warrants is scheduled to fall (the “ <b>Index Futures Contracts</b> ”) <sup>1</sup>

<sup>1</sup> Determined pursuant to Regulation 012 of the Regulations for Trading Stock Index Futures Contracts and the Contract Specifications for Hang Seng China Enterprises Index Futures (as amended from time to time) of the Hong Kong Futures Exchange Limited (or its successor or assign), subject to our right to determine the Closing Level in good faith on the Valuation Date upon the occurrence of a Market Disruption Event as described further in Condition 4.

<b>Stock code</b>	<b>15115</b>
<b>Index Exchange</b>	The Stock Exchange of Hong Kong Limited
<b>Index Currency</b>	10,000
<b>Amount</b>	$\frac{10,000}{6,800} \times \text{HK\$}1.00$
<b>Launch Date</b>	14 June 2013
<b>Issue Date</b>	18 June 2013
<b>Listing Date</b>	19 June 2013
<b>Valuation Date</b>	The Expiry Date
<b>Expiry Date<sup>2</sup></b>	30 December 2013
<b>Settlement Date</b>	A day not later than three Business Days following the Valuation Date
<b>Settlement Currency</b>	Hong Kong dollars

In addition, condition 1(a) shall be amended as follows:

- (1) by replacing the words “(the “**Global Certificate**”) dated the Issue Date” with the words “dated 26 October 2011 (the “**Original Global Certificate**”) and a supplemental global certificate dated 18 June 2013 (the “**Supplemental Global Certificate**”, together with the Original Global Certificate, the “**Global Certificate**”)”.
- (2) by adding the words “dated 26 October 2011 and a supplemental confirmation dated 18 June 2013” after the words “supplemented by a Confirmation (as defined in the Registrar’s Agreement)”.

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<sup>2</sup> If such day is not the day on which the relevant Index Futures Contracts expire on Hong Kong Futures Exchange Limited (or its successor or assign), the day on which the relevant Index Futures Contracts will expire on the Hong Kong Futures Exchange Limited (or its successor or assign).

## IMPORTANT INFORMATION

**The Warrants are listed structured products which involve derivatives. Do not invest in them unless you fully understand and are willing to assume the risks associated with them.**

### **What documents should you read before investing in the Warrants?**

You must read this document, our supplemental listing document dated 26 October 2011 (the “**Supplemental Listing Document**”) together with our base listing document dated 29 April 2013 (the “**Base Listing Document**”) as supplemented by any addendum thereto (together, the “**Listing Documents**”), in particular the section “Terms and Conditions of the Index Call Warrants (Cash Settled)” (the “**Conditions**”) set out in this document. The Conditions shall apply to the New Warrants and shall override the terms and conditions as set out in our Base Listing Document. This document (as read in conjunction with the Supplemental Listing Document, our Base Listing Document and each addendum referred to in the section headed “Product Summary Statement”) is accurate as at the date of this document. You should carefully study the risk factors set out in the Listing Documents. You should also consider your financial position and investment objectives before deciding to invest in the Warrants. We cannot give you investment advice. You must decide whether the Warrants meet your investment needs before investing in the Warrants.

### **Is there any guarantee or collateral for the Warrants?**

No. Our obligations under the Warrants are neither guaranteed by any third party, nor collateralised with any of our assets or other collaterals. When you purchase our Warrants, you are relying on our creditworthiness only, and of no other person. If we become insolvent or default on our obligations under the Warrants, you can only claim as an unsecured creditor of the Issuer. In such event, you may not be able to recover all or even part of the amount due under the Warrants (if any).

### **What are the Issuer’s credit ratings?**

The Issuer’s Long-term debt ratings are:

<i>Rating agency</i>	<i>Rating as of the Launch Date</i>
Moody’s Investors Service, Inc., New York	Aa2
Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc.	AA-

Rating agencies usually receive a fee from the companies that they rate. When evaluating our creditworthiness, you should not solely rely on our credit ratings because:

- a credit rating is not a recommendation to buy, sell or hold the Warrants;
- ratings of companies may involve difficult-to-quantify factors such as market competition, the success or failure of new products and markets and managerial competence; and
- a high credit rating is not necessarily indicative of low risk. Our credit ratings as of the Launch Date are for reference only. Any downgrading of our ratings could result in a reduction in the value of the Warrants.

**The Warrants are not rated.** The Issuer’s credit ratings are subject to change or withdrawal at any time within each rating agency’s sole discretion. You should conduct your own research using publicly available sources to obtain the latest information with respect to the Issuer’s ratings from time to time.

### **Is the Issuer regulated by the Hong Kong Monetary Authority referred to in Rule 15A.13(2) or the Securities and Futures Commission referred to in Rule 15A.13(3)?**

Other than being a licensed bank regulated by the Hong Kong Monetary Authority, a registered institution under the Securities and Futures Ordinance (Cap. 571) of Hong Kong to carry on type 1 (Dealing in Securities), type 2 (Dealing in Futures Contracts), type 4 (Advising on Securities), type 5 (Advising on Futures Contracts) and type 6 (Advising on Corporate Finance) regulated activities and a licensed bank under the Banking Ordinance (Cap. 155) of Hong Kong, we are not regulated by any of the bodies referred to in rule 15A.13(2) or (3) of the rules.

### **Is the Issuer subject to any litigation?**

Except as set out in this document and our Base Listing Document and our Supplement Listing Document, there are no legal or arbitration proceedings (including any such proceedings which are pending or threatened of which we are aware) which may have, or have had in the previous 12 months, a significant effect on us and our subsidiaries.

### **Has our financial position changed since last financial year-end?**

Except as set out in this document and our Base Listing Document and our Supplement Listing Document, there has been no material adverse change in our financial or trading position or prospects or indebtedness since 31 December 2012.

## PRODUCT SUMMARY STATEMENT

*The Warrants are listed structured products which involve derivatives. This statement provides you with key information about the Warrants. You should not invest in the Warrants based on the information contained in this statement alone. You should read and understand the remaining sections of this document, together with the other Listing Documents, before deciding whether to invest.*

### Overview of the Warrants

- **What is a derivative warrant?**

A derivative warrant linked to an index is an instrument which tracks the performance of the underlying index. Derivative warrants may provide a leveraged return to you. Conversely, such leverage could also magnify your losses.

A call warrant is designed for an investor holding a view that the level of the underlying index will increase during the term of the warrant.

A put warrant is designed for an investor holding a view that the level of the underlying index will decrease during the term of the warrant.

- **How and when can you get back your investment?**

The Warrants are European style cash settled derivative warrants linked to the Index. European style warrants can only be exercised on the expiry date. When the Warrants are exercised, the holder is entitled to a cash amount called the “**Cash Settlement Amount**” net of any Exercise Expenses (as defined under the heading “Exercise Expenses” in the sub-section titled “What are the fees and charges?” below) according to the terms and conditions in the Listing Documents. **If the Cash Settlement Amount is equal to or less than the Exercise Expenses, you will lose all of your investment in the Warrants.**

- **How do the Warrants work?**

The potential payoff at expiry for the Warrants is calculated by reference to the difference between the Strike Level and the Closing Level of the Index.

A call Warrant will be automatically exercised at expiry without the need for the holder to deliver an exercise notice if the Closing Level of the Index is above the Strike Level. The more the Closing Level is above the Strike Level, the higher the payoff at expiry. If the Closing Level is at or below the Strike Level, you will lose all of your investment in the call Warrant.

A put Warrant will be automatically exercised at expiry without the need for the holder to deliver an exercise notice if the Closing Level of the Index is below the Strike Level. The more the Closing Level is below the Strike Level, the higher the payoff at expiry. If the Closing Level is at or above the Strike Level, you will lose all of your investment in the put Warrant.

- **Can you sell the Warrants before the Expiry Date?**

Yes. We have made an application for listing of, and permission to deal in, the New Warrants on the Stock Exchange. All necessary arrangements have been made to enable the New Warrants to be admitted into the Central Clearing and Settlement System (“CCASS”). Issue of the New Warrants is conditional upon listing approval being granted. From the Listing Date up to the last trading day of the Warrants (both dates inclusive), you may sell or buy the Warrants on the Stock Exchange. There shall be three CCASS Settlement Days between the last trading day of the Warrants and the Expiry Date. No application has been made to list the New Warrants on any other stock exchange.

The Warrants may only be transferred in a Board Lot (or integral multiples thereof). Where a transfer of Warrants takes place on the Stock Exchange, currently settlement must be made not later than two trading days after such transfer.

The Liquidity Provider will make a market in the New Warrants by providing bid and/or offer prices. See the section headed “Liquidity” below.

- **What is your maximum loss?**

The maximum loss in the Warrants will be your entire investment amount plus any transaction costs.

- **What are the factors determining the price of a derivative warrant?**

The price of a derivative warrant generally depends on the level of the underlying index (being the Index for the Warrants). However, throughout the term of a derivative warrant, its price will be influenced by a number of factors, including:

- the strike level of the derivative warrants;
- the level and volatility of the underlying index (being a measure of the fluctuation in the level of the underlying index over time);
- the time remaining to expiry: generally, the longer the remaining life of the derivative warrant, the greater its value;
- the interim interest rates and expected dividend payments or other distributions on any components comprising the underlying index;
- the liquidity of the futures contracts relating to the underlying index;
- the supply and demand for the derivative warrant;
- our related transaction cost; and
- the creditworthiness of the issuer of the derivative warrant.

As the price of a derivative warrant is not only affected by the level of the underlying index, movements in the price of a derivative warrant may not be proportionate or may even be opposite to the movement of the level of the underlying index. For example:

- if the level of the underlying index increases (in respect of a call warrant) or decreases (in respect of a put warrant), but the volatility of the level of the underlying index decreases, the price of the warrant may decrease;
- if a warrant is deep-out-of-the-money (eg. when the fair market value is less than HK\$0.01), the price of the warrant may be insensitive to any increase (in respect of a call warrant) or decrease (in respect of a put warrant) in the level of the underlying index;
- if the outstanding volume of a series of warrants in the market is high, the supply and demand of the warrant may have a greater impact on the warrant price than the level of the underlying index; and/or
- the decrease in time value may offset any increase (in respect of a call warrant) or decrease (in respect of a put warrant) in the level of the underlying index, especially when the warrant is close to its expiry where the time value decreases at a faster pace.

### **Risks of investing in the Warrants**

You must read the section headed “Key Risk Factors” in this document together with the risk factors set out in our Base Listing Document. You should consider all these factors collectively when making your investment decision.

### **Liquidity**

- **How to contact the Liquidity Provider for quotes?**

Liquidity Provider: HSBC Securities Brokers (Asia) Limited  
Address: Levels 17 and 18, HSBC Main Building, 1 Queen’s Road Central, Hong Kong  
Telephone Number: (852) 2822 1849

The Liquidity Provider is regulated by the Stock Exchange and the Securities and Futures Commission. It is an affiliate of the Issuer and will act as our agent in providing quotes. You can request a quote by calling the Liquidity Provider at the telephone number above.

- **What is the Liquidity Provider’s maximum response time for a quote?** The Liquidity Provider will respond within 5 minutes and the quote will be displayed on the Stock Exchange’s designated stock page for the Warrants.
- **Maximum spread between bid and offer prices:** 20 spreads
- **Minimum quantity for which liquidity will be provided:** 20 Board Lots
- **What are the circumstances under which the Liquidity Provider is not obliged to provide liquidity?**  
There will be circumstances under which the Liquidity Provider is not obliged to provide liquidity. Such circumstances include:
  - (i) during the first 5 minutes of each morning trading session or the first 5 minutes after trading commences for the first time on a trading day;
  - (ii) during a pre-opening session or a closing auction session (if applicable) or any other circumstances as may be prescribed by the Stock Exchange;
  - (iii) when the Warrants are suspended from trading for any reason;
  - (iv) if there occurs or exists any suspension of or limitation imposed on trading of options or futures contracts relating to the Index or if the Index level is not calculated or published as scheduled for any reason;
  - (v) when there are no Warrants available for market making activities. In such event, the Liquidity Provider shall continue to provide bid prices. Warrants held by us or any of our affiliates in a fiduciary or agency capacity are not Warrants available for market making activities;
  - (vi) when there are operational and technical problems beyond the control of the Liquidity Provider hindering the ability of the Liquidity Provider to provide liquidity;
  - (vii) if the stock market experiences exceptional price movement and high volatility over a short period of time which materially affects the Liquidity Provider’s ability to source a hedge or unwind an existing hedge; or
  - (viii) if the theoretical value of the Warrants is less than HK\$0.01. If the Liquidity Provider chooses to provide liquidity under this circumstance, both bid and offer prices will be made available.

You should read the sub-section entitled “Possible limited secondary market” under the “Key Risk Factors” section for further information on the key risks when the Liquidity Provider is not able to provide liquidity.

### How can you obtain further information?

- **Information about the Index**

You may obtain information on the Index by visiting the Index Compiler's website at [www.hsi.com.hk](http://www.hsi.com.hk).

- **Information about the Warrants after issue**

You may visit the Stock Exchange's website at [www.hkex.com.hk/eng/prod/secprod/dwrc/dw.htm](http://www.hkex.com.hk/eng/prod/secprod/dwrc/dw.htm) or our website at [www.warrants.hsbc.com.hk/cgi/warrants/warrant\\_doc.cgi](http://www.warrants.hsbc.com.hk/cgi/warrants/warrant_doc.cgi) to obtain information on the Warrants or any notice given by us or the Stock Exchange in relation to the Warrants.

- **Information about us**

You should read the section "Updated Information about Us" in this document. You may visit [www.hsbc.com](http://www.hsbc.com) to obtain general corporate information about us.

*We have included references to websites in this document to indicate how further information may be obtained. Information appearing on those websites does not form part of the Listing Documents. We accept no responsibility for the accuracy or completeness of the information appearing on those websites. You should conduct your own due diligence (including without limitation web searches) to ensure that you are viewing the most up-to-date information.*

### What are the fees and charges?

- **Trading Fees and Levies**

The Stock Exchange charges a trading fee of 0.005 per cent. and the Securities and Futures Commission charges a transaction levy of 0.003 per cent. for each transaction effected on the Stock Exchange payable by each of the seller and the buyer and calculated on the value of the consideration for the Warrants. The levy for the investor compensation fund is currently suspended.

- **Exercise Expenses**

You are responsible for any Exercise Expenses. Exercise Expenses mean any charges or expenses including any taxes or duties which are incurred in respect of the exercise of the Warrants. Any Exercise Expenses will be deducted from the Cash Settlement Amount (if any). If the Cash Settlement Amount is equal to or less than the Exercise Expenses, no amount is payable. As at the date of this document, no Exercise Expenses are payable for cash settled warrants (including the Warrants).

- **Stamp Duty**

No stamp duty is currently payable in Hong Kong on transfer of cash settled warrants (including the Warrants).

You should note that any transaction cost will reduce your gain or increase your loss under your investment in the Warrants.

### What is the legal form of the New Warrants?

Each series of the New Warrants will be represented by a global certificate in the name of HKSCC Nominees Limited who is the only legal owner of the New Warrants. We will not issue definitive certificates for the New Warrants. You may arrange for your broker to hold the New Warrants in a securities account on your behalf, or if you have a CCASS Investor Participant securities account, you may arrange for the New Warrants to be held in such account. You will have to rely on the records of CCASS and/or the statements you receive from your brokers as evidence of your beneficial interest in the New Warrants.

### Can we adjust the terms or early terminate the Warrants?

The occurrence of certain events (including, without limitation, a succession of the Index or Index Compiler, modification or cessation of calculation of the Index) may entitle us to adjust the terms and conditions of the Warrants. However, we are not obliged to adjust the terms and conditions of the Warrants for every event that affects the Index.

We may early terminate the Warrants if it becomes illegal or impracticable for us (i) to perform our obligations under the Warrants as a result of a change in law event, or (ii) to maintain our hedging arrangement with respect to the Warrants due to a change in law event. In such event, the amount payable by us (if any) will be the fair market value of the Warrants less our cost of unwinding any related hedging arrangements as determined by us, which may be substantially less than your initial investment and may be zero.

Please refer to Conditions 6 and 7 for details about adjustments or early termination events. Such events may negatively affect your investment and you may suffer a loss.

**Mode of settlement for the Warrants**

The Warrants will be automatically exercised on the Expiry Date in integral multiples of the Board Lot if the Cash Settlement Amount is positive. If the Cash Settlement Amount is zero or negative, or is equal to or less than the Exercise Expenses, you will lose all of your investment.

We will deliver a cash amount in the Settlement Currency equal to the Cash Settlement Amount net of any Exercise Expenses (if any) no later than the Settlement Date to HKSCC Nominees Limited (as the registered holder of the Warrants), which will then distribute such amount to the securities account of your broker (and if applicable, its custodian) or to your CCASS Investor Participant securities account (as the case may be). You may have to rely on your broker (and if applicable, its custodian) to ensure that the Cash Settlement Amount (if any) is credited to your account maintained with your broker. Once we make the payment to HKSCC Nominees Limited, who operates CCASS, you will have no further right against us for that payment, even if CCASS or your broker (and if applicable, its custodian) does not transfer your share of payment to you, or is late in making such payment transfer.

Payment of the Cash Settlement Amount (if any) may be delayed if a Settlement Disruption Event occurs on the Settlement Date, as a result of which we are unable to deliver such amount through CCASS on such day. See Condition 4 for further information.

**Where can you inspect the relevant documents of the Warrants?**

The following documents are available for inspection during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) until the Expiry Date at Computershare Hong Kong Investor Services Limited, which is presently at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong:

- each of the Listing Documents (in separate English and Chinese versions), including:
  - this document
  - the Supplemental Listing Document
  - our Base Listing Document
- our latest audited consolidated financial statements and any interim or quarterly financial statements;
- a copy of the consent letter of our auditors referred to in our Base Listing Document.

The Listing Documents are also available on the website of the HKEx at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at [www.hsbc.com](http://www.hsbc.com).

各上市文件亦可於香港交易所披露易網站([www.hkexnews.hk](http://www.hkexnews.hk))以及本公司網站[www.hsbc.com](http://www.hsbc.com)瀏覽。

**Are there any dealings in the New Warrants before the Listing Date?**

It is possible that there may have been dealings in the Warrants before the Listing Date. If there are any dealings in the New Warrants by us or any of our subsidiaries or associated companies from the Launch Date prior to the Listing Date, we will report those dealings to the Stock Exchange by the Listing Date and such report will be released on the website of the Stock Exchange.

**Have the auditors consented to the inclusion of their report to the Listing Documents?**

Our auditors (“**Auditors**”) have given and have not since withdrawn their written consent to the inclusion of their report dated 4 March 2013 and/or the references to their name in our Base Listing Document, in the form and context in which they are included. Their report was not prepared exclusively for incorporation into our Base Listing Document. The Auditors do not own any of our shares or shares in any member of our group, nor do they have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities or securities of any member of our group.

**Selling restrictions**

The Warrants have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), and will not be offered, sold, delivered or traded, at any time, indirectly or directly, in the United States or to, or for the account or benefit of, any U.S. person (as defined in the Securities Act).

The offer or transfer of the Warrants is also subject to the selling restrictions specified in our Base Listing Document.

**Capitalised terms and inconsistency**

Unless otherwise specified, capitalised terms used in this document have the meanings set out in the Conditions. If this document is inconsistent with our Base Listing Document, this document shall prevail.

## INFORMATION ON THE INDEX

*The information on the Index set out below is extracted from or based on publicly available information and, in particular, information from the Index Compiler. We do not give any representation whatsoever as to the truth, accuracy, completeness, adequacy or reasonableness of any of the information contained therein whether as at the date of this document or any other time, save that we have taken reasonable care to correctly extract, summarise and/or reproduce such information.*

### Who is the Index Compiler?

Hang Seng Indexes Company Limited. The Index is managed and compiled by the Index Compiler, which is a wholly-owned subsidiary of Hang Seng Bank Limited.

### How is the Index level disseminated?

The Index level is disseminated through the website of the Index Compiler at <http://www.hsi.com.hk> and various information vendors. You should contact your stockbroker for further information.

### Description of the Index

The Index tracks the performance of H-shares companies selected by the Index Compiler.

### Constituent stocks of the Index

An updated list of the constituent stocks comprising the Index is available at <http://www.hsi.com.hk>.

### How is the Index calculated?

The Index Compiler has adopted a freefloat-adjusted market capitalisation weighting with a designated cap on each constituent stock for calculation of the Index level in accordance with the following formula:

$$\text{Current Index} = \frac{\sum (P_t \times \text{IS} \times \text{FAF} \times \text{CF})}{\sum (P_{t-1} \times \text{IS} \times \text{FAF} \times \text{CF})} \times \text{Yesterday's Closing Index}$$

$P_t$	:	Current Price at Day t
$P_{t-1}$	:	Closing Price at Day (t-1)
IS	:	Issued Shares
FAF	:	Freefloat-adjusted Factor, which is between 0 and 1
CF	:	Cap Factor, which is between 0 and 1

The designated cap and an updated list of FAF and CF for each H-share are set out in the website at <http://www.hsi.com.hk>.

### What are the arrangement if the Index is not published by the Index Compiler?

Under the licence granted by Hang Seng Data Services Limited for our use of the Index, if the Index Compiler ceases to calculate and publish the Index, the Index Compiler shall inform us as soon as practicable specifying whether or not a replacement or substitute index will be available, in which case, we shall have the right to use such replacement or substitute index in connection with the Warrants. If the Index Compiler does not offer any replacement or substitute index, we will have an option either to terminate the use of the Index or continue to use the formula of the Index and its constituent stocks existing immediately prior to such cessation for the sole purpose of calculating the Cash Settlement Amount payable at expiry and any related value of the Warrants.

### What are the historic highs and lows of the Index for the last 5 years?

The highest and lowest closing levels of the Index from the year 2008 to 2013 (up to the Launch Date) are:

Year	Highest closing level	Lowest closing level
2008	16,139.46	4,990.08
2009	13,751.65	6,582.23
2010	14,204.13	10,729.05
2011	13,684.06	8,102.58
2012	11,826.76	9,020.34
2013 (up to the Launch Date)	12,215.03	9,667.42

**What is the closing level of the Index on the latest practicable date?**

According to information published on the Index Compiler's website, the closing level of the Index as at the close of business on the Launch Date (being the latest practicable date prior to the date of this document) was 9,667.42.

**Index disclaimer**

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## KEY RISK FACTORS

You must read these key risk factors together with the risk factors set out in our Supplemental Listing Document and our Base Listing Document. These key risk factors do not necessarily cover all risks related to the Warrants. If you have any concerns or doubts about the Warrants, you should obtain independent professional advice.

### **Non-collateralised structured products**

The Warrants are not secured on any of our assets or any collateral.

### **Credit risk**

If you invest in the Warrants, you are relying on our creditworthiness and of no other person. If we become insolvent or default on our obligations under the Warrants, you can only claim as unsecured creditor regardless of the performance of the Index and you may not be able to recover all or even part of the amount due under the Warrants (if any). You have no rights under the terms of the Warrants against the Index Compiler or any company which has issued any constituent securities of the Index.

### **Warrants are not principal protected and may expire worthless**

Given the gearing feature inherent in the Warrants, a small change in the Index level may lead to a substantial price movement in the Warrants. You may suffer higher losses in percentage terms if you expect the level of the underlying index to move one way but it moves in the opposite direction.

Unlike stocks, the Warrants have a limited life and will expire on the Expiry Date. In the worst case, the Warrants may expire with no value and you will lose all of your investment. Derivative warrants may only be suitable for experienced investors who are willing to accept the risk that they may lose all their investment.

### **The Warrants can be volatile**

Prices of the Warrants may rise or fall rapidly. You should carefully consider, among other things, the following factors before dealing in the Warrants:

- (i) the prevailing trading price of the Warrants;
- (ii) the Strike Level of the Warrants;
- (iii) the level and volatility of the Index;
- (iv) the time remaining to expiry;
- (v) the probable range of the Cash Settlement Amount;
- (vi) the interim interest rates and expected dividend payments or other distributions on any components comprising the Index;
- (vii) the liquidity of the futures contracts relating to the Index;
- (viii) the related transaction costs (including the Exercise Expenses, if any);
- (ix) the supply and demand for the Warrants; and
- (x) the creditworthiness of the Issuer.

The price of a Warrant may be affected by all these factors in addition to the Index level. Therefore, movements in the price of the Warrants may not be proportionate or may even be opposite to the movement in the level of the Index. You should consider all these factors collectively when making your investment decision.

### **Time decay**

All other factors being equal, the value of a Warrant is likely to decrease over time. Therefore, the Warrants should not be viewed as a product for long term investments.

### **Possible limited secondary market**

The Liquidity Provider may be the only market participant for the Warrants and therefore the secondary market for the Warrants may be limited. The more limited the secondary market, the more difficult it may be for you to realise the value in the Warrants prior to expiry.

You should also be aware that the Liquidity Provider may not be able to provide liquidity when there are operational and technical problem hindering its ability to do so. Even if the Liquidity Provider is able to provide liquidity in such circumstances, its performance of liquidity provision may be adversely affected. For example:

- (i) the spread between bid and offer prices quoted by the Liquidity Provider may be significantly wider than its normal standard;
- (ii) the quantity for which liquidity will be provided by the Liquidity Provider may be significantly smaller than its normal standard; and/or
- (iii) the Liquidity Provider's response time for a quote may be significantly longer than its normal standard.

### **Change of calculation methodology or failure to publish the Index**

If there is a material change in the calculation of the Index level or a failure to publish the Index, we may determine the Closing Level on the basis of the method last in effect prior to such change or failure.

### **Publication of Index level when component shares are not trading**

The Index Compiler may publish the Index level at a time when one or more shares comprising the Index are not trading.

### **Adjustment related risk**

The occurrence of certain events (including, without limitation, a succession of the Index or Index Compiler, modification or cessation of calculation of the Index) may entitle us to adjust the terms and conditions of the Warrants. However, we are not obliged to adjust the terms and conditions of the Warrants for every event that affects the Index. Any adjustment or decision not to make any adjustment may adversely affect the value of the Warrants. Please refer to Condition 6 for details about adjustments.

### **Possible early termination**

We may early terminate the Warrants if it becomes illegal or impracticable for us (i) to perform our obligations under the Warrants as a result of a change in law event, or (ii) to maintain our hedging arrangement with respect to the Warrants due to a change in law event. In such event, the amount payable by us (if any) will be the fair market value of the Warrants less our costs of unwinding any related hedging arrangements as determined by us, which may be substantially less than your initial investment and may be zero. Please refer to Condition 7 for details about our early termination rights.

### **Time lag between exercise and settlement of the Warrants**

There is a time lag between exercise of the Warrants and payment of the Cash Settlement Amount net of Exercise Expenses (if any). There may be delays in the electronic settlement or payment through CCASS.

### **Conflict of interest**

We and our subsidiaries and affiliates engage in a wide range of commercial and investment banking, brokerage, funds management, hedging, investment and other activities and may possess material information about the Index or issue or update

research reports on the Index. Such activities, information and/or research reports may involve or affect the Index and may cause consequences adverse to you or otherwise create conflicts of interests in connection with the issue of the Warrants. We have no obligation to disclose such information and may issue research reports and engage in any such activities without regard to the issue of the Warrants.

In the ordinary course of our business, we and our subsidiaries and affiliates may effect transactions for our own account or for the account of our customers and may enter into one or more transactions with respect to the Index or related derivatives. This may indirectly affect your interests.

**No direct contractual rights**

The Warrants are issued in global registered form and are held within CCASS. You will not receive any definitive certificate and your name will not be recorded in the register of the Warrants. The evidence of your interest in the Warrants, and the efficiency of the ultimate payment of the Cash Settlement Amount net of Exercise Expenses (if any), are subject to the CCASS Rules. You will have to rely on your broker (or, if applicable, its direct or indirect custodians) and the statements you receive from it as evidence of your interest in the Warrants. You do not have any direct contractual rights against us. To assert your rights as an investor in the Warrants, you will have to rely on your broker (and, if applicable, its direct or indirect custodian) to take action on your behalf. If your broker or, if applicable, its direct or indirect custodian:

- (i) fails to take action in accordance with your instructions;
- (ii) becomes insolvent; or
- (iii) defaults on its obligations,

you will need to take action against your broker in accordance with the terms of arrangement between you and your broker to establish your interest in the Warrants first before you can assert your right of claim against us. You may experience difficulties in taking such legal proceedings. This is a complicated area of law and you should seek independent legal advice for further information.

**The Listing Documents should not be relied upon as the sole basis for your investment decision**

The Listing Documents do not take into account your investment objectives, financial situation or particular needs. Nothing in the Listing Documents should be construed as a recommendation by us or our affiliates to invest in the Warrants or any futures contracts relating to the Index.

**Not the ultimate holding company of the group**

We are not the ultimate holding company of the group to which we belong. The ultimate holding company of the group to which we belong is HSBC Holdings plc.

**Credit ratings**

Our credit ratings as at the date of this document are for reference only. Any downgrading of our ratings could result in a reduction in the value of the warrants.

**Two or more risk factors may simultaneously affect the warrants**

Two or more risk factors may simultaneously have an effect on the value of a warrant such that the effect of any individual risk factor may not be predicted. No assurance can be given as to the effect any combination of risk factors may have on the value of a warrant.

**TERMS AND CONDITIONS OF THE INDEX CALL WARRANTS  
(CASH SETTLED)**

**1. Form, Status, Transfer and Title**

- (a) *Form.* The Warrants (which expression shall, unless the context otherwise requires, include any further warrants issued pursuant to Condition 12) relating to the Index as published by the Index Compiler are issued in registered form subject to and with the benefit of a global certificate by way of deed poll (the “**Global Certificate**”) dated the Issue Date, made by The Hongkong and Shanghai Banking Corporation Limited (the “**Issuer**”) and a base registrar’s and warrant agency agreement (as amended, varied or supplemented from time to time or any successor document, the “**Registrar’s Agreement**”) dated 1 August 2005 as supplemented by a Confirmation (as defined in the Registrar’s Agreement) relating to the Warrants made between the Issuer and Computershare Hong Kong Investor Services Limited as registrar and warrant agent for the Warrants (the “**Registrar**” and “**Warrant Agent**”, which expression shall include any successors). Copies of the Global Certificate and the Registrar’s Agreement are available for inspection at the specified office of the Registrar (the “**Transfer Office**”). The initial Transfer Office is set out below. The Warrantheolders (as defined below) are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Global Certificate and the Registrar’s Agreement.
- (b) *Status.* The Warrants represent general, unsecured, contractual obligations of the Issuer and of no other person and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations of the Issuer.
- (c) *Transfer.* Transfers of beneficial interests in the Warrants may be effected only in Board Lots or integral multiples thereof in CCASS (as defined below) in accordance with the CCASS Rules (as defined below).
- (d) *Title.* Each person who is for the time being shown in the register kept by the Registrar as entitled to a particular number of Warrants shall be treated by the Issuer and the Registrar as the absolute owner and holder of such number of Warrants. The expression “**Warrantheolder**” shall be construed accordingly.

**2. Warrant Rights and Exercise Expenses**

- (a) *Warrant Rights.* Every Exercise Amount entitles each Warrantheolder, upon due exercise and compliance with Condition 4(A) or 4(B), as the case may be, to payment of the Cash Settlement Amount (as defined below), if any.
- (b) *Exercise Expenses.* On exercise of the Warrants, Warrantheolders will be obliged to give an irrevocable authorisation to the Issuer to deduct all Exercise Expenses (as defined below) in accordance with Condition 4(A) or 4(B), as the case may be.
- (c) *Definitions.* For the purposes of these Conditions:

“**Business Day**” means a day (excluding Saturdays) on which the Stock Exchange is open for dealings in Hong Kong (as defined below) and banks are open for business in Hong Kong;

“**Cash Settlement Amount**” means in respect of every Exercise Amount, an amount calculated by the Issuer equal to (1) the excess of the Closing Level on the Valuation Date over the Strike Level, multiplied by the Index Currency Amount, either converted (if applicable) (i) into the Settlement Currency at the Exchange Rate or, as the case may be, (ii) into the Interim Currency at the First Exchange Rate and then converted into the Settlement Currency at the Second Exchange Rate less (2) the Exercise Expenses;

“**CCASS**” means the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited;

“**CCASS Rules**” means the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time;

“**Exercise Expenses**” means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of the Warrants;

“**Expiry Date**” means the Maturity Date or if the Maturity Date is not a Business Day the immediately preceding Business Day;

“**Market Disruption Event**” means:

- (1) the occurrence or existence, on the Valuation Date during the one-half hour period that ends at the close of trading on the Index Exchange, of any of:
  - (i) the suspension or material limitation of the trading of a material number of securities that comprise the Index; or
  - (ii) the suspension or material limitation of the trading of securities on the Index Exchange; or
  - (iii) the suspension or material limitation of the trading of options or futures contracts relating to the Index on any exchanges on which such contracts are traded; or
  - (iv) the imposition of any exchange controls in respect of any currencies involved in determining the Cash Settlement Amount;

for the purposes of paragraph (1), (x) the limitation of the number of hours or days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of any exchange, and (y) a limitation on trading imposed by reason of the movements in price exceeding the levels permitted by any relevant exchange will constitute a Market Disruption Event; or

- (2) where the Index Exchange is the Stock Exchange, the hoisting of the tropical cyclone warning signal number 8 or above or the hoisting of a “BLACK” rainstorm signal which either results in the Stock Exchange being closed for dealings for an entire day or results in the Stock Exchange being closed prior to its regular time for close of trading on any day PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening later than its regular time for open of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the “BLACK” rainstorm signal having been hoisted;

“**Settlement Disruption Event**” means an event beyond the control of the Issuer as a result of which the Issuer is unable to procure payment of the Cash Settlement Amount electronically through CCASS to the relevant bank account designated by the relevant Warrantholder (“**Designated Bank Account**”);

“**Stock Exchange**” means The Stock Exchange of Hong Kong Limited; and

“**Valuation Date**” means the Exercise Date (as defined below) or the Expiry Date, as the case may be.

### **3. Exercise of American Style Warrants and European Style Warrants, Automatic Exercise and Expiry**

#### **(A) American Style Warrants**

The following provisions of this Condition 3(A) shall apply to Warrants which are expressed to be American Style.

- (a) *Exercise Period.* The Warrants may be exercised by delivery of an Exercise Notice (as defined below), in accordance with Condition 4(A) at any time during the period (the “**Exercise Period**”) beginning at the earlier of the commencement of the morning trading session and any pre-opening session of the Stock Exchange on the Dealing Commencement Date (or, if later, the first day of dealings in the Warrants on the Stock Exchange) and ending at the earlier of the commencement of the morning trading session and any pre-opening session of the Stock Exchange on the Expiry Date.
- (b) *Automatic Exercise.* Any Warrant with respect to which an Exercise Date (as defined below) has not occurred during the Exercise Period will automatically be exercised if the Cash Settlement Amount on the Expiry Date is greater than zero (without notice being given to the Warrantholders). The Warrantholders will not be required to deliver any Exercise Notice and the Issuer or its agent will pay to the Warrantholders the Cash Settlement Amount (if any) in accordance with Condition 4(A)(f).
- (c) *Expiry.* Any Warrant with respect to which an Exercise Date has not occurred during the Exercise Period or which has not been automatically exercised in accordance with Condition 3(A)(b) shall expire immediately without value thereafter and all rights of the Warrantholder and obligations of the Issuer with respect to such Warrant shall cease.

(B) **European Style Warrants**

The following provisions of this Condition 3(B) shall apply to Warrants which are expressed to be European Style.

- (a) *Exercise of Warrants.* The Warrants are exercisable only on the Expiry Date.
- (b) *Automatic Exercise.* Any Warrant will automatically be exercised if the Cash Settlement Amount on the Expiry Date is greater than zero (without notice being given to the Warrantheholders). The Warrantheholders will not be required to deliver any exercise notice and the Issuer or its agent will pay to the Warrantheholders the Cash Settlement Amount (if any) in accordance with Condition 4(B)(d).
- (c) *Expiry.* Any Warrant which has not been automatically exercised in accordance with Condition 3(B)(b) shall expire immediately without value thereafter and all rights of the Warrantheholder and obligations of the Issuer with respect to such Warrant shall cease.

**4. Exercise of Warrants**

(A) **American Style Warrants**

The following provisions of this Condition 4(A) shall apply to Warrants which are expressed to be American Style.

- (a) Warrants may only be exercised in a Board Lot or integral multiples thereof.
- (b) *Delivery of an Exercise Notice.*
  - (i) In order to exercise Warrants, the Warrantheholder shall deliver to the Transfer Office a duly completed exercise notice obtainable from the Registrar (an “**Exercise Notice**”), such delivery to be made at any time during the Exercise Period. Warrants may not be exercised at any other time.
  - (ii) The date upon which a Warrant is, or is to be treated as, exercised (an “**Exercise Date**”) shall be the Business Day on which an Exercise Notice is delivered to the Registrar and in respect of which there is a valid exercise of Warrants in accordance with the requirements of these Conditions, provided that any Exercise Notice received by the Registrar after the earlier of the commencement of the morning trading session and any pre-opening session of the Stock Exchange on any Business Day shall be deemed to have been delivered prior to the earlier of the commencement of the morning trading session and any pre-opening session of the Stock Exchange on the next following Business Day.
- (c) *Exercise Notice.* The Exercise Notice shall:
  - (i) specify the name(s) of the Warrantheholder(s) and the number of Warrants being exercised;
  - (ii) be accompanied by the Global Certificate in the name of the exercising Warrantheholder(s); and
  - (iii) (where applicable) specify the person in whose favour the cheque representing the Cash Settlement Amount should be drawn and the name and address of the bank, broker or other agent to whom the cheque should be sent or, as the case may be, specify the relevant account to which the Cash Settlement Amount should be credited.
- (d) *Consequences of delivery of an Exercise Notice.* Delivery of an Exercise Notice in accordance with Conditions 4(A)(b) and 4(A)(c) shall constitute an irrevocable election and undertaking by the Warrantheholder specified in such Exercise Notice to exercise the number of Warrants specified in such Exercise Notice and an irrevocable authorisation to deduct the Exercise Expenses in accordance with the calculation set out in the definition of the Cash Settlement Amount.
- (e) *Cancellation.* The Issuer will procure that the Registrar will, with effect from the first Business Day following the Exercise Date or the Expiry Date, as the case may be, remove from its register the name of the person in respect of the Warrants which (i) are the subject of a valid exercise in accordance with these Conditions whether pursuant to an Exercise Notice or automatic exercise; or (ii) have expired worthless, and thereby cancel the relevant Warrants.
- (f) *Cash Settlement.* Subject to a valid exercise, or automatic exercise, of Warrants in accordance with these Conditions, the Issuer will make a payment, in respect of every Exercise Amount, to the relevant Warrantheholder (or such other person as the Warrantheholder may have specified in the Exercise Notice, if applicable) equal to the Cash Settlement Amount.

The Cash Settlement Amount shall be despatched not later than three Business Days following the Valuation Date (“**Settlement Date**”) by crediting that amount in accordance with the CCASS Rules, to the Designated Bank Account.

If as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Warrantholder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Warrantholder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Warrantholder for any interest in respect of the amount due or any loss or damage that such Warrantholder may suffer as a result of the existence of the Settlement Disruption Event.

If the Issuer determines, in its sole discretion, that on the Valuation Date a Market Disruption Event has occurred, then the Issuer shall determine the Closing Level on the basis of its good faith estimate of the Closing Level that would have prevailed on that day but for the occurrence of the Market Disruption Event provided that the Issuer, if applicable, may, but shall not be obliged to, determine such Closing Level by having regard to the manner in which futures contracts relating to the Index are calculated.

**(B) European Style Warrants**

The following provisions of this Condition 4(B) shall apply to Warrants which are expressed to be European Style.

- (a) Warrants may only be exercised in a Board Lot or integral multiples thereof.
- (b) *No requirement to deliver an exercise notice.* The Warrantholders will not be required to deliver an exercise notice for any purpose in relation to the Warrants.
- (c) *Cancellation.* The Issuer will procure that the Registrar will, with effect from the first Business Day following the Expiry Date, remove from its register the name of the person in respect of the Warrants which (i) are the subject of an exercise pursuant to automatic exercise in accordance with these Conditions or (ii) have expired worthless, and thereby cancel the relevant Warrants.
- (d) *Cash Settlement.* Subject to automatic exercise of Warrants in accordance with these Conditions, the Issuer will make a payment, in respect of every Exercise Amount, to the relevant Warrantholder equal to the Cash Settlement Amount.

The Cash Settlement Amount shall be despatched not later than three Business Days following the Valuation Date ("**Settlement Date**") by crediting that amount in accordance with the CCASS Rules, to the Designated Bank Account.

If as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Warrantholder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Warrantholder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Warrantholder for any interest in respect of the amount due or any loss or damage that such Warrantholder may suffer as a result of the existence of the Settlement Disruption Event.

If the Issuer determines, in its sole discretion, that on the Valuation Date a Market Disruption Event has occurred, then the Issuer shall determine the Closing Level on the basis of its good faith estimate of the Closing Level that would have prevailed on that day but for the occurrence of the Market Disruption Event provided that the Issuer, if applicable, may, but shall not be obliged to, determine such Closing Level by having regard to the manner in which futures contracts relating to the Index are calculated.

**5. Register and Transfer Office**

- (a) The Registrar will maintain the register. The Transfer Office for the Warrants is set out below. The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Registrar and to appoint another Registrar provided that it will at all times maintain or arrange for the maintenance of a register, which shall be in Hong Kong. Notice of any such termination or appointment and of any change in the Transfer Office or the specified office of the Registrar will be given to the Warrantholders in accordance with Condition 11.
- (b) The Registrar will be acting as agent of the Issuer in respect of any Warrants and will not assume any obligation or duty to or any relationship of agency or trust for the Warrantholders.

## 6. Adjustments to the Index

(a) *Successor Index Compiler Calculates and Reports Index.* If the Index is (i) not calculated and announced by the Index Compiler but is calculated and published by a successor to the Index Compiler (the “**Successor Index Compiler**”) acceptable to the Issuer or (ii) replaced by a successor index using, in the determination of the Issuer, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then the Index will be deemed to be the index so calculated and announced by the Successor Index Compiler or that successor index, as the case may be.

(b) *Modification and Cessation of Calculation of Index.*

If:

(i) on or prior to a Valuation Date the Index Compiler or (if applicable) the Successor Index Compiler makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent stock, contracts or commodities and other routine events); or

(ii) on a Valuation Date the Index Compiler or (if applicable) the Successor Index Compiler fails to calculate and publish the Index (other than as a result of a Market Disruption Event),

then the Issuer shall determine the Closing Level using, in lieu of a published level for the Index, the level for the Index as at that Valuation Date as determined by the Issuer in accordance with the formula for and method of calculating the Index last in effect prior to that change or failure, but using only those securities/commodities that comprised the Index immediately prior to that change or failure.

(c) *Notice of Determinations.* All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Warrantholders. The Issuer will give, or procure that there is given, notice as soon as practicable of any determinations by publication in accordance with Condition 11.

## 7. Early Termination for Extraordinary Reasons, Illegality and Force Majeure

If the Issuer determines that, for reasons beyond its control, the performance of its obligations under the Warrants has become illegal or impractical in whole or in part for any reason, or if the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Warrants (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation of any applicable law or regulation (including, without limitation, any action taken by a taxing authority), the Issuer may at its discretion and without obligation terminate the Warrants early by giving notice to the Warrantholders in accordance with Condition 11.

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

If the Issuer terminates the Warrants early pursuant to this Condition 7, the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Warrantholder in respect of each Warrant held by such holder equal to the fair market value of a Warrant notwithstanding such illegality or impracticality less the cost incurred by the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Warrantholders in accordance with Condition 11.

## 8. Purchases

The Issuer and/or any of its subsidiaries and affiliates may at any time purchase Warrants at any price in the open market or by tender or by private treaty. Any Warrants so purchased may be held or resold or surrendered for cancellation.

## 9. Global Certificate

The Warrants are represented by the Global Certificate registered in the name of HKSCC Nominees Limited and deposited with CCASS in accordance with the CCASS Rules. Warrantholders will not be entitled to definitive certificates in respect of any Warrants issued or transferred to them.

## 10. Meetings of Warranholders; Modification

- (a) *Meetings of Warranholders.* The Registrar's Agreement contains provisions for convening meetings of the Warranholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Registrar's Agreement) of a modification of the provisions of the Warrants or of the Global Certificate.

Any resolution to be passed in a meeting of the Warranholders shall be decided by poll. Such a meeting may be convened by the Issuer or by Warranholders holding not less than 10 per cent. of the Warrants for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Warrants for the time being remaining unexercised, or at any adjourned meeting two or more persons being or representing Warranholders whatever the number of Warrants so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Warranholders as, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Warranholders shall be binding on all the Warranholders, whether or not they are present at the meeting, save, in the case of Warrants which are expressed to be American Style, for those Warrants remaining unexercised but for which an Exercise Notice shall have been submitted prior to the date of the meeting.

In the case of Warrants which are expressed to be American Style, Warrants which have not been exercised but in respect of which an Exercise Notice has been submitted will not confer the right to attend or vote at, or join in convening, or be counted in quorum for, any meeting of the Warranholders.

Resolutions can be passed in writing without a meeting of the Warranholders being held if passed unanimously.

- (b) *Modification.* The Issuer may, without the consent of the Warranholders, effect any modification of the provisions of the Warrants or the Global Certificate which is (i) not materially prejudicial to the interests of the Warranholders, (ii) of a formal, minor or technical nature, (iii) made to correct an obvious error, or (iv) necessary in order to comply with mandatory provisions of the laws of Hong Kong. Any such modification shall be binding on the Warranholders and shall be notified to them by the Registrar before the effective date or as soon as practicable thereafter in accordance with Condition 11.

## 11. Notices

- (a) All documents required or permitted by these Conditions to be sent to a Warranholder or to which a Warranholder is entitled or which the Issuer shall have agreed to deliver to a Warranholder may be delivered by hand or sent by post addressed to the Warranholder (unless otherwise, in the case of Warrants which are expressed to be American Style, specified in an Exercise Notice) to the Warranholder's address (or, in the case of joint Warranholders, to the address of the first named Warranholder) appearing in the register kept by the Registrar, and airmail post shall be used if such address is not in Hong Kong. All documents delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Warranholder.
- (b) All notices to Warranholders will be validly given if published in English and in Chinese on the website of Hong Kong Exchanges and Clearing Limited. Such notices shall be deemed to have been given on the date of the first such publication. If publication is not practicable, notice will be given in such other manner as the Issuer may determine. In addition, copies of the notices will be sent by mail to the holders of Warrants at their addresses appearing in the register of Warranholders kept by the Registrar.

## 12. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Warranholders, to create and issue further warrants so as to form a single series with the Warrants.

## 13. Governing Law

The Warrants, the Global Certificate and the Registrar's Agreement will be governed by and construed in accordance with the laws of the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**"). The Issuer and each Warranholder (by its purchase of the Warrants) shall be deemed to have submitted for all purposes in connection with the Warrants, the Global Certificate and the Registrar's Agreement to the non-exclusive jurisdiction of the courts of Hong Kong.

**14. Language**

In the event of any inconsistency between the Chinese translation of these Conditions and the English version of these Conditions, the English version of these Conditions shall prevail.

**Registrar, Warrant Agent and Transfer Office**

Computershare Hong Kong Investor Services Limited  
Rooms 1712-1716, 17th Floor, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### **Updated Information about Us**

With effect from 1 May 2013, Dr Christopher Cheng Wai Chee has been appointed as a non-executive Director of the Issuer.

With effect from 9 May 2013, Mr Kevin Anthony Westley has been appointed as a non-executive Director of the Issuer.

With effect from the conclusion of annual general meeting of the Issuer held on 20 May 2013, (i) Dr William Fung Kwok Lun and Mr Thomas Brian Stevenson retire as non-executive Directors of the Issuer and (ii) Mrs Zia Mody and Mr Peter Wong Tung Shun have been appointed as Deputy Chairmen (in addition to Mrs Laura CHA May Lung) of the Issuer.

**PARTIES**

**REGISTERED OFFICE OF THE ISSUER**

**The Hongkong and Shanghai Banking Corporation Limited**  
HSBC Main Building  
1 Queen's Road Central  
Hong Kong

**REGISTRAR AND TRANSFER OFFICE**

**Computershare Hong Kong Investor Services Limited**  
Rooms 1712-1716  
17th Floor, Hopewell Centre  
183 Queen's Road East  
Hong Kong

**LIQUIDITY PROVIDER**

**HSBC Securities Brokers (Asia) Limited**  
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1 Queen's Road Central  
Hong Kong

**AUDITORS**

**KPMG**  
8th Floor,  
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10 Chater Road  
Central  
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