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Warrants

issued by

The Hongkong and Shanghai Banking Corporation Limited

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

Non-collateralised Structured Products

Announcement

We intend to issue the warrants detailed below (the **warrants**).

Stock Code	29802	29805	29806	29813	29814
Share	Existing issued ordinary H shares of the Company	Existing issued ordinary H shares of the Company	Existing issued ordinary shares of the Company	Existing issued ordinary H shares of the Company	Existing issued ordinary H shares of the Company
Company	China Minsheng Banking Corp., Ltd.	Bank of China Limited	Cheung Kong (Holdings) Limited	Haitong Securities Co., Ltd.	China CITIC Bank Corporation Limited
Style	European	European	European	European	European
Type	Call	Call	Call	Call	Call
Settlement method	Cash Settled	Cash Settled	Cash Settled	Cash Settled	Cash Settled
Issue size	50,000,000 warrants	60,000,000 warrants	80,000,000 warrants	80,000,000 warrants	50,000,000 warrants
Issue price	HK\$0.29 per warrant	HK\$0.25 per warrant	HK\$0.29 per warrant	HK\$0.18 per warrant	HK\$0.31 per warrant
Launch date (for all series)	29 July 2014				
Issue date (for all series)	4 August 2014				
Expiry date	9 February 2015	31 July 2015	9 February 2015	11 August 2015	27 February 2015
Board lot	500 warrants	1,000 warrants	10,000 warrants	4,000 warrants	1,000 warrants
Entitlement	One share	One share	One share	One share	One share
Number of Warrant(s) per Entitlement	One warrant	One warrant	Ten warrants	Ten warrants	One warrant
Exercise price	HK\$8.78	HK\$4.08	HK\$165.00	HK\$15.82	HK\$5.70

Stock Code	29802	29805	29806	29813	29814
Implied volatility ⁽¹⁾	29.70%	32.24%	23.53%	46.67%	31.88%
Gearing ⁽¹⁾	26.76x	14.80x	49.31x	7.61x	16.71x
Effective gearing ⁽¹⁾	6.54x	3.23x	7.62x	2.54x	5.94x
Premium ⁽¹⁾	16.88%	17.03%	17.41%	28.61%	16.02%
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: 9609) 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: 9611) 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: 9615) 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: 9639) Levels 17 and 18, HSBC Main Building, 1 Queen's Road Central, Hong Kong Tel: (852) 2822 1849

⁽¹⁾ The implied volatility, gearing, effective gearing and premium may not be comparable to similar information provided by other issuers of derivative warrants as each issuer may use different pricing models.

How do we calculate the cash settlement amount?

The warrants are in registered form and exercisable only in the relevant board lots.

If on any expiry date the cash settlement amount is greater than zero, the warrants will be automatically exercised.

Every board lot will entitle you to receive from us the cash settlement amount (less any exercise expenses) in Hong Kong dollars calculated by us as equal to:

For a series of call Warrants:

$$\frac{\text{entitlement} \times (\text{average price}^{(2)} - \text{exercise price}) \times \text{one board lot}}{\text{Number of warrant(s) per entitlement}}$$

For a series of put Warrants:

$$\frac{\text{entitlement} \times (\text{exercise price} - \text{average price}^{(2)}) \times \text{one board lot}}{\text{Number of warrant(s) per entitlement}}$$

If the cash settlement amount is a negative amount it shall be deemed to be zero.

⁽²⁾ "Average price" means the arithmetic mean of the closing price of one Share (as derived from the daily quotation sheet of the stock exchange) for each of the five business days (being a day (excluding Saturdays) on which the stock exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong) immediately preceding the expiry date, subject to adjustment in accordance with the terms and conditions of the warrants.

Where can you obtain further information?

Our base listing document dated 25 April 2014 (the **base listing document**) together with any additional addenda or successor document, our supplemental listing document to be dated 4 August 2014 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 our office, which is presently at HSBC Main Building, 1 Queen's Road Central, 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 ask quotes. A quote may be obtained by calling its telephone number.

Additional information

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 Company which has issued the underlying shares 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).

An application will be made to the stock exchange for the listing of, and permission to deal in, the warrants on the stock exchange. The date of commencement of dealings in the warrants is expected to be 5 August 2014.

We are a licensed bank in Hong Kong regulated by the Hong Kong Monetary Authority, and a registered institution under the Securities and Futures Ordinance (Cap. 571) of Hong Kong.

Our long-term debt ratings are AA- by Standard and Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and Aa2 by Moody's Investors Service, Inc., New York.

The Hongkong and Shanghai Banking Corporation Limited
29 July 2014