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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) 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 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).

Non-collateralised Structured Products Supplemental Listing Document for Warrants over Single Equities



The Hongkong and Shanghai Banking Corporation Limited

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

Key Terms

Warrants			
Stock code	20457	20458	20459
Liquidity Provider broker ID	9637	9639	9603
Issue size	80,000,000 warrants	60,000,000 warrants	80,000,000 warrants
Style	European style cash settled	European style cash settled	European style cash settled
Type	Call	Call	Call
Company	Kingsoft Corporation Limited	China Shipping Container Lines Company Limited	China Construction Bank Corporation
Shares	Existing issued ordinary shares of the Company	Existing issued ordinary H shares of the Company	Existing issued ordinary H shares of the Company
Board Lot	10,000 warrants	1,000 warrants	1,000 warrants
Issue Price per Warrant	HK\$0.25	HK\$0.25	HK\$0.25
Cash Settlement	For a series of call Warrants:		
Amount per Board Lot (if any) payable at expiry	$\frac{\text{Entitlement} \times (\text{Average Price} - \text{Exercise Price}) \times \text{one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$		
	For a series of put Warrants:		
	$\frac{\text{Entitlement} \times (\text{Exercise Price} - \text{Average Price}) \times \text{one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$		
Exercise Price	HK\$22.88	HK\$2.50	HK\$6.80
Average Price (for all series)	The arithmetic mean of the closing prices of one Share for each Valuation Date		
Entitlement	1 share	1 share	1 share

Stock code	20457	20458	20459
Number of Warrant(s) per Entitlement	10 warrants	1 warrant	1 warrant
Maximum number of Shares to which the Warrants relate	8,000,000 shares	60,000,000 shares	80,000,000 shares
Launch Date (for all series)	26 March 2015		
Issue Date (for all series)	1 April 2015		
Listing Date (for all series)	2 April 2015		
Valuation Date¹ (for all series)	Each of the five Business Days immediately preceding the Expiry Date		
Expiry Date²	30 October 2015	5 October 2015	5 October 2015
Settlement Date (for all series)	The third CCASS Settlement Day after the later of: (i) the Expiry Date; and (ii) the day on which the Average Price is determined in accordance with the Conditions		
Settlement Currency	Hong Kong dollars	Hong Kong dollars	Hong Kong dollars

¹ Subject to any potential postponement upon the occurrence of a Market Disruption Event, provided that no Valuation Date shall fall on or after the Expiry Date. Please see Condition 4 for details

² If such day is a Saturday, Sunday or public holiday in Hong Kong, the immediately succeeding day which is not a Saturday, Sunday or public holiday in Hong Kong.

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 together with our base listing document dated 25 April 2014 (the “**Base Listing Document**”) as supplemented by any addendum thereto (together, the “**Listing Documents**”), in particular the section “Terms and Conditions of the Equity Warrants (Cash Settled)” (the “**Conditions**”) set out in our Base Listing Document. This document (as read in conjunction with 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;
- 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;
- a credit rating is not an indication of the liquidity or volatility of the Warrants; and
- a credit rating may be downgraded if the credit quality of the Issuer declines.

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)?

We are a licensed bank regulated by the Hong Kong Monetary Authority, and 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.

Is the Issuer subject to any litigation?

Except as set out in this document and our Base Listing Document and our addendum to the Base 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 addendum to the Base Listing Document, there has been no material adverse change in our financial or trading position or prospects or indebtedness since 31 December 2013.

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 is an instrument which gives the holder a right to “buy” or “sell” an underlying asset at a pre-set price called the exercise price on or prior to the expiry date. Investing in a derivative warrant does not give you any right in the underlying asset. Derivative warrants usually cost a fraction of the price of the underlying asset and 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 price of the underlying asset will increase during the term of the warrant.

A put warrant is designed for an investor holding a view that the price of the underlying asset 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 underlying Share. 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 Exercise Price and the Average Price of the underlying Share.

A call Warrant will be automatically exercised at expiry without the need for the holder to deliver an exercise notice if the Average Price of the underlying Share is greater than the Exercise Price. The more the Average Price is above the Exercise Price, the higher the payoff at expiry. If the Average Price is at or below the Exercise Price, 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 Average Price of the underlying Share is below the Exercise Price. The more the Average Price is below the Exercise Price, the higher the payoff at expiry. If the Average Price is at or above the Exercise Price, 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 Warrants on the Stock Exchange. All necessary arrangements have been made to enable the Warrants to be admitted into the Central Clearing and Settlement System (“CCASS”). Issue of the 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 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 CCASS Settlement Days after such transfer.

The Liquidity Provider will make a market in the Warrants by providing bid and/or ask 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 price of the underlying asset (being the underlying Share for the Warrants). However, throughout the term of a derivative warrant, its price will be influenced by a number of factors, including:

- the exercise price of the derivative warrants;
- the value and volatility of the price of the underlying asset (being a measure of the fluctuation in the price of the underlying asset 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 the underlying asset;
- the liquidity of the underlying asset;
- 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 price of the underlying asset, movements in the price of a derivative warrant may not be proportionate or may even be opposite to the price movement of the underlying asset. For example:

- if the price of the underlying asset increases (in respect of a call warrant) or decreases (in respect of a put warrant), but the volatility of the price of the underlying asset 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 price of the underlying asset;
- 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 price of the underlying asset; 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 price of the underlying asset, 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 10 minutes and the quote will be displayed on the Stock Exchange’s designated stock page for the Warrants.
- **Maximum spread between bid and ask 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:
 - 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;
 - during a pre-opening session or a closing auction session (if applicable) or any other circumstances as may be prescribed by the Stock Exchange;
 - when the Warrants or the underlying Share are suspended from trading for any reason;
 - 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;
 - when there are operational and technical problems beyond the control of the Liquidity Provider hindering the ability of the Liquidity Provider to provide liquidity;
 - if the underlying Share or 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
 - 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 ask 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 underlying Company and the underlying Shares**

You may obtain information on the underlying Shares (including the underlying Company's financial statements) by visiting the Stock Exchange's website at www.hkex.com.hk or (if applicable) the underlying Company's website(s) as follows:

Underlying Company

Website

Kingsoft Corporation Limited

www.kingsoft.com

China Shipping Container Lines Company Limited

www.cscl.com.cn

China Construction Bank Corporation

www.ccb.com

- **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 or our website at 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 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 0.0027 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 Warrants?

Each series of the Warrants will be represented by a global certificate in the name of HKSCC Nominees Limited who is the only legal owner of the Warrants. We will not issue definitive certificates for the Warrants. You may arrange for your broker to hold the Warrants in a securities account on your behalf, or if you have a CCASS Investor Participant securities account, you may arrange for the 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 Warrants.

Can we adjust the terms or early terminate the Warrants?

The occurrence of certain events (including, without limitation, a rights issue, bonus issue or cash distribution by the Company, a subdivision or consolidation of the underlying Share or a restructuring event affecting the Company) 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 underlying Shares.

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, 7 and 14 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 HSBC Main Building, 1 Queen's Road Central, Hong Kong:

- each of the Listing Documents (in separate English and Chinese versions), including:
 - this document
 - our Base Listing Document
 - the addendum to the Base Listing Document dated 12 August 2014
- 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 and our website at www.hsbc.com.

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

Are there any dealings in the 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 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 24 February 2014 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.

KEY RISK FACTORS

You must read these key risk factors together with the risk factors set out in 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 underlying Shares 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 Company.

Warrants are not principal protected and may expire worthless

Although the cost of a Warrant may cost a fraction of the value of the underlying Share, the Warrant's price may change more rapidly than the price of the underlying Share. Given the gearing feature inherent in the Warrants, a small change in the price of the underlying Share 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 share 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 Exercise Price of the Warrants;
- (iii) the value and volatility of the price of the underlying Share;
- (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 the underlying Share;
- (vii) the liquidity of the underlying Share;
- (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 trading price of the underlying Share. Therefore, movements in the price of the Warrants may not be proportionate or may even be opposite to the price movement of the underlying Share. 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.

Not the same as investing in the underlying Shares

Investing in the Warrants is not the same as investing in the underlying Share. You have no rights in the underlying Share throughout the term of the Warrants. Changes in the market value of the Warrants may not correspond with the movements in the price of the underlying Share, especially when the theoretical value

of the Warrants is at HK\$0.01 or below. If you buy the Warrants with a view to hedge against your exposure to the underlying Share, it is possible that you could suffer loss in your investment in the underlying Share and the Warrants.

Suspension of trading

If trading in the underlying Share is suspended on the Stock Exchange, trading in the Warrants will be suspended for a similar period. In the case of a prolonged suspension period, the price of the Warrants may be subject to a significant impact of time decay due to such prolonged suspension and may fluctuate significantly upon resumption of trading, which may adversely affect your investment.

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 ask 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.

Adjustment related risk

The occurrence of certain events (including, without limitation, a rights issue, bonus issue or cash distribution by the Company, a subdivision or consolidation of the underlying Share and a restructuring event affecting the Company) 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 underlying Share. Any adjustment or decision not to make any adjustment may adversely affect the value of the Warrants. Please refer to Condition 6 and 14 for details about adjustments.

Possible early termination

The Warrants will lapse and cease to be valid in the event of liquidation of the Company. We may also 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 Warrant 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 Company and/or the underlying Shares or issue or update research reports on the Company and/or the underlying Shares. Such activities, information and/or research reports may involve or affect the Company and/or the underlying Shares 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 Company and/or the underlying Shares 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 the underlying Share.

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.

Updated information about Us

With effect from 6 June 2014, the issued ordinary share paid-in capital of HSBC Bank (Taiwan) Limited, being a principal subsidiary of the Issuer, has been increased from NTD30,000,000,000 to NTD34,800,000,000.

With effect from 22 September 2014, Ms Jennifer Li Xinzhe has been appointed as an independent non-executive Director of the Issuer.

Effective from 3 March 2014, the concepts of authorised share capital and par value have been abolished under the new Hong Kong Companies Ordinance. From the same date on, the issued and total amount paid-up ordinary share capital of Hang Seng Bank Limited is HK\$9,657,507,180.00 comprising 1,911,842,736 ordinary shares.

With effect from 7 November 2014, Thomas de Garidel-Thoron replaces Nicola Pantone as the authorised representative of the Issuer.

With effect from 7 November 2014, Mr Victor LI Tzar Kuoi has been re-designated from an independent non-executive Director to a non-executive Director of the Issuer.

On 23 February 2015, the Issuer announced its 2014 consolidated results. Investors can view further information on this on https://www.hsbc.com.hk/1/PA_esf-ca-app-content/content/about/mediarelease/pdf/n15feb23e.pdf. Extracts of the Issuer's 2014 financial results as set out in this section have been extracted from the Issuer's news release dated 23 February 2015 (the **news release**). References to page numbers (i.e. the page numbers which appear on the bottom of the pages) in this section (excluding this page) are to pages of the news release.

The Hongkong and Shanghai Banking Corporation Limited Consolidated Income Statement

	Year ended 31 December 2014	Year ended 31 December 2013
	HK\$m	HK\$m
Interest income	126,782	117,039
Interest expense	<u>(31,673)</u>	<u>(29,674)</u>
Net interest income	95,109	87,365
Fee income	50,662	50,187
Fee expense	<u>(6,040)</u>	<u>(6,341)</u>
Net fee income	44,622	43,846
Net trading income	20,220	16,577
Net income from financial instruments designated at fair value	4,048	2,475
Gains less losses from financial investments	2,389	442
Dividend income	1,374	1,175
Net insurance premium income	57,307	53,663
Net gain / (loss) on reclassification of associates	(251)	8,157
Gain on sale of Ping An	–	34,070
Other operating income	<u>8,753</u>	<u>11,418</u>
Total operating income	233,571	259,188
Net insurance claims and benefits paid and movement in liabilities to policyholders	<u>(60,182)</u>	<u>(56,592)</u>
Net operating income before loan impairment charges and other credit risk provisions	173,389	202,596
Loan impairment charges and other credit risk provisions	<u>(4,925)</u>	<u>(3,532)</u>
Net operating income	168,464	199,064
Employee compensation and benefits	(38,894)	(36,938)
General and administrative expenses	(28,278)	(26,127)
Depreciation of property, plant and equipment	(4,107)	(3,988)
Amortisation and impairment of intangible assets	<u>(1,671)</u>	<u>(1,675)</u>
Total operating expenses	(72,950)	(68,728)
Operating profit	95,514	130,336
Share of profit in associates and joint ventures	<u>15,675</u>	<u>14,420</u>
Profit before tax	111,189	144,756
Tax expense	<u>(19,012)</u>	<u>(15,701)</u>
Profit for the year	92,177	129,055
Profit attributable to shareholders of the parent company	86,428	119,009
Profit attributable to non-controlling interests	5,749	10,046

	Year ended 31 December 2014 HK\$m	Year ended 31 December 2013 HK\$m
Profit for the year	92,177	129,055
Other comprehensive income/(expense)		
Items that will subsequently be reclassified to the income statement when specific conditions are met:		
Available-for-sale investments:		
– fair value changes taken to equity	24,365	(6,456)
– fair value changes transferred to the income statement on disposal	(4,632)	(34,643)
– amounts transferred to the income statement on impairment	2,140	–
– fair value changes transferred to the income statement on hedged items	(311)	2,179
– income taxes	(1,378)	1,097
Cash flow hedges:		
– fair value changes taken to equity	3,870	5,778
– fair value changes transferred to the income statement	(4,429)	(5,789)
– income taxes	189	(6)
Share of other comprehensive income / (expense) of associates and joint ventures	326	(698)
Exchange differences	(8,033)	(5,981)
Items that will not subsequently be reclassified to the income statement:		
Property revaluation:		
– fair value changes taken to equity	4,510	5,687
– income taxes	(731)	(949)
Remeasurement of defined benefit:		
– before income taxes	(704)	2,281
– income taxes	41	(374)
Other comprehensive income/(expense) for the year, net of tax	<u>15,223</u>	<u>(37,874)</u>
Total comprehensive income for the year, net of tax	<u>107,400</u>	<u>91,181</u>
Total comprehensive income for the year attributable to:		
– shareholders of the parent company	94,181	81,689
– non-controlling interests	13,219	9,492
	<u>107,400</u>	<u>91,181</u>

	At 31 December 2014 HK\$m	At 31 December 2013 HK\$m
ASSETS		
Cash and sight balances at central banks	156,475	158,879
Items in the course of collection from other banks	21,122	16,346
Hong Kong Government certificates of indebtedness	214,654	195,554
Trading assets	407,026	311,400
Derivatives	389,934	388,727
Financial assets designated at fair value	98,195	90,146
Reverse repurchase agreements – non-trading	218,901	150,584
Placings with and advances to banks	488,313	564,521
Loans and advances to customers	2,815,216	2,619,245
Financial investments	1,456,493	1,379,771
Amounts due from Group companies	191,694	161,975
Interests in associates and joint ventures	116,654	107,852
Goodwill and intangible assets	45,078	41,882
Property, plant and equipment	104,679	101,240
Deferred tax assets	1,436	2,294
Other assets	150,876	148,939
Total assets	6,876,746	6,439,355
LIABILITIES		
Hong Kong currency notes in circulation	214,654	195,554
Items in the course of transmission to other banks	31,331	34,240
Repurchase agreements – non-trading	28,379	6,312
Deposits by banks	226,713	231,358
Customer accounts	4,479,992	4,253,698
Trading liabilities	215,812	195,032
Derivatives	367,128	365,052
Financial liabilities designated at fair value	48,834	41,715
Debt securities in issue	45,297	52,334
Retirement benefit liabilities	5,606	4,856
Amounts due to Group companies	135,814	91,797
Other liabilities and provisions	87,731	88,809
Liabilities under insurance contracts	310,182	276,180
Current tax liabilities	2,927	3,722
Deferred tax liabilities	18,586	16,051
Subordinated liabilities	12,832	13,107
Preference shares	36,582	47,314
Total liabilities	6,268,400	5,917,131
EQUITY		
Share capital	96,052	85,319
Other equity instruments	14,737	–
Other reserves	107,985	89,564
Retained profits	324,811	290,926
Proposed dividend	14,250	15,000
Total shareholders' equity	557,835	480,809
Non-controlling interests	50,511	41,415
Total equity	608,346	522,224
Total equity and liabilities	6,876,746	6,439,355

	At 31 December 2014 HK\$m	At 31 December 2013 HK\$m
Share capital		
At beginning of year	85,319	58,969
Issued during the year	<u>10,733</u>	<u>26,350</u>
	<u>96,052</u>	<u>85,319</u>
Other equity instruments		
At beginning of year	–	–
Issued during the year	<u>14,737</u>	<u>–</u>
	<u>14,737</u>	<u>–</u>
Retained profits and proposed dividend		
At beginning of year	305,926	244,640
Dividends paid	(42,750)	(47,000)
Movement in respect of share-based payment arrangements	(141)	(355)
Other movements	6	7
Transfers	(9,478)	(11,826)
Comprehensive income for the year	<u>85,498</u>	<u>120,460</u>
	<u>339,061</u>	<u>305,926</u>
Other reserves		
Property revaluation reserve		
At beginning of year	46,336	43,451
Transfers	(1,395)	(1,387)
Comprehensive income for the year	<u>3,540</u>	<u>4,272</u>
	<u>48,481</u>	<u>46,336</u>
Available-for-sale investment reserve		
At beginning of year	3,280	40,580
Other movements	(1)	(7)
Transfers	3	–
Comprehensive income/(expense) for the year	<u>13,255</u>	<u>(37,293)</u>
	<u>16,537</u>	<u>3,280</u>
Cash flow hedging reserve		
At beginning of year	197	210
Comprehensive expense for the year	<u>(363)</u>	<u>(13)</u>
	<u>(166)</u>	<u>197</u>
Foreign exchange reserve		
At beginning of year	9,619	15,193
Comprehensive expense for the year	<u>(7,747)</u>	<u>(5,574)</u>
	<u>1,872</u>	<u>9,619</u>
Other reserves		
At beginning of year	30,132	34,356
Movement in respect of share-based payment arrangements	261	240
Other movements	–	(17,514)
Transfers	10,870	13,213
Comprehensive expense for the year	<u>(2)</u>	<u>(163)</u>
	<u>41,261</u>	<u>30,132</u>

	At 31 December 2014 HK\$m	At 31 December 2013 HK\$m
Total shareholders' equity		
At beginning of year	480,809	437,399
Shares issued	10,733	26,350
Other equity instruments issued	14,737	–
Dividends paid	(42,750)	(47,000)
Movement in respect of share-based payment arrangements	120	(115)
Other movements	5	(17,514)
Comprehensive income for the year	94,181	81,689
	557,835	480,809
Non-controlling interests		
At beginning of year	41,415	35,679
Dividends paid	(3,981)	(3,836)
Movement in respect of share-based payment arrangements	5	11
Other movements	(147)	69
Comprehensive income for the year	13,219	9,492
	50,511	41,415
Total equity		
At beginning of year	522,224	473,078
Issue of ordinary shares	10,733	26,350
Other equity instruments issued	14,737	–
Dividends paid	(46,731)	(50,836)
Movement in respect of share-based payment arrangements	125	(104)
Other movements	(142)	(17,445)
Total comprehensive income for the year	107,400	91,181
	608,346	522,224

During 2014, the Bank issued new capital instruments that qualify as Basel III compliant additional tier 1 capital under the Banking (Capital) Rules.

The 'other movements' within Other Reserves in 2013 represented the purchase premium paid on the acquisition of the private banking business.

	Year ended 31 December 2014 HK\$m	Year ended 31 December 2013 HK\$m
Operating activities		
Cash generated from operations	61,780	158,886
Interest received on financial investments	14,891	13,222
Dividends received on financial investments	1,466	1,087
Dividends received from associates	4,765	4,468
Taxation paid	(17,546)	(16,182)
Net cash inflow from operating activities	65,356	161,481
Investing activities		
Purchase of financial investments	(403,722)	(350,187)
Proceeds from sale or redemption of financial investments	385,353	267,382
Purchase of property, plant and equipment	(2,864)	(8,419)
Proceeds from sale of property, plant and equipment and assets held for sale	180	1,003
Purchase of other intangible assets	(1,546)	(1,502)
Net cash outflow in respect of the purchase of interests in business portfolios	–	(1,792)
Net cash inflow/(outflow) from the sale of interests in business portfolios	2,882	(2,670)
Proceeds from the sale of interests in associates	–	2,840
Net cash outflow from investing activities	(19,717)	(93,345)
Net cash inflow before financing	45,639	68,136
Financing		
Issue of ordinary share capital	10,733	26,350
Issue of other equity instruments	14,737	–
Issue of subordinated liabilities	12,409	–
Redemption of preference shares	(10,733)	(36,042)
Repayment of subordinated liabilities	(6,010)	(338)
Ordinary dividends paid	(42,750)	(47,000)
Dividends paid to non-controlling interests	(3,981)	(3,836)
Interest paid on preference shares	(1,108)	(2,294)
Interest paid on subordinated liabilities	(1,056)	(829)
Net cash outflow from financing	(27,759)	(63,989)
Increase in cash and cash equivalents	17,880	4,147

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