

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the warrants described below.

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the **stock exchange**) take no responsibility for the contents of this announcement, 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 announcement.*

This is a derivative product or a structured product which involves derivatives. Do not invest in it unless you fully understand and are willing to assume the risks associated with it. You are warned that the price of the warrants may fall in value as rapidly as it may rise and you may sustain a total loss of your investment. You should fully understand their potential risks and rewards and independently determine that they are appropriate for you. You should consult with advisers if necessary.



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	12978
Index	Hang Seng Index
Style	European
Type	Put
Settlement method	Cash Settled
Issue size	180,000,000 warrants
Issue price	HK\$0.15 per warrant
Launch date (for all series)	5 October 2015
Issue date (for all series)	9 October 2015
Expiry date⁽¹⁾	30 March 2016
Valuation date⁽¹⁾	30 March 2016
Board lot	10,000 warrants
Strike level	19,888
Index currency amount	HK\$1.00
Divisor	7,000

⁽¹⁾ If the day specified is not the day on which the Index Futures Contracts expire on the Hong Kong Futures Exchange Limited, the day on which the Index Futures Contracts will expire on the Hong Kong Futures Exchange Limited.

Stock Code	12978
Implied volatility⁽²⁾	30.15%
Gearing⁽²⁾	20.48x
Effective gearing⁽²⁾	5.72x
Premium⁽²⁾	12.41%
Liquidity provider	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

⁽²⁾ 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:

$$\frac{(\text{closing level}^{(3)} - \text{strike level}) \times \text{one board lot} \times \text{index currency amount}}{\text{divisor}}$$

For a series of put Warrants:

$$\frac{(\text{strike level} - \text{closing level}^{(3)}) \times \text{one board lot} \times \text{index currency amount}}{\text{divisor}}$$

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

⁽³⁾ The **closing level** means the final settlement price for settling the Hang Seng 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 "Index Futures Contracts"), determined pursuant to Regulation 012 of the Regulations for Trading Stock Index Futures Contracts and the Contract Specifications for Hang Seng 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 the terms and conditions of the Warrants.

Where can you obtain further information?

Our base listing document dated 20 April 2015 (the **base listing document**), the addendum to the base listing document dated 14 August 2015 together with any additional addenda or successor document, our supplemental listing document to be dated 9 October 2015 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 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).

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 12 October 2015.

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- (stable outlook) by Standard and Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and Aa2 (stable outlook) by Moody's Investors Service, Inc., New York.

Index disclaimer

The Hang Seng Index (the "**Index**") is published and compiled by Hang Seng Indexes Company Limited pursuant to a licence from Hang Seng Data Services Limited. The mark(s) and name(s) "Hang Seng Index" are proprietary to Hang Seng Data Services Limited. Hang Seng Indexes Company Limited and Hang Seng Data Services Limited have agreed to the use of, and reference to, the Index(es) by The Hongkong and Shanghai Banking Corporation Limited in connection with the warrants (the "**Product**"), **BUT NEITHER HANG SENG INDEXES COMPANY LIMITED NOR HANG SENG DATA SERVICES LIMITED WARRANTS OR REPRESENTS OR GUARANTEES TO ANY BROKER OR HOLDER OF THE PRODUCT OR ANY OTHER PERSON (i) THE ACCURACY OR COMPLETENESS OF ANY OF THE INDEX(ES) AND ITS COMPUTATION OR ANY INFORMATION RELATED THERETO; OR (ii) THE FITNESS OR SUITABILITY FOR ANY PURPOSE OF ANY OF THE INDEX(ES) OR ANY COMPONENT OR DATA COMPRISED IN IT; OR (iii) THE RESULTS WHICH MAY BE OBTAINED BY ANY PERSON FROM THE USE OF ANY OF THE INDEX(ES) OR ANY COMPONENT OR DATA COMPRISED IN IT FOR ANY PURPOSE, AND NO WARRANTY OR REPRESENTATION OR GUARANTEE OF ANY KIND WHATSOEVER RELATING TO ANY OF THE INDEX(ES) IS GIVEN OR MAY BE IMPLIED.** The process and basis of computation and compilation of any of the Index(es) and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by Hang Seng Indexes Company Limited without notice. **TO THE EXTENT PERMITTED BY APPLICABLE LAW, NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY HANG SENG INDEXES COMPANY LIMITED OR HANG SENG DATA SERVICES LIMITED (i) IN RESPECT OF THE USE OF AND/OR REFERENCE TO ANY OF THE INDEX(ES) BY THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED IN CONNECTION WITH THE PRODUCT; OR (ii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES OR ERRORS OF HANG SENG INDEXES COMPANY LIMITED IN THE COMPUTATION OF ANY OF THE INDEX(ES); OR (iii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES, ERRORS OR INCOMPLETENESS OF ANY INFORMATION USED IN CONNECTION WITH THE COMPUTATION OF ANY OF THE INDEX(ES) WHICH IS SUPPLIED BY ANY OTHER**

PERSON; OR (iv) FOR ANY ECONOMIC OR OTHER LOSS WHICH MAY BE DIRECTLY OR INDIRECTLY SUSTAINED BY ANY BROKER OR HOLDER OF THE PRODUCT OR ANY OTHER PERSON DEALING WITH THE PRODUCT AS A RESULT OF ANY OF THE AFORESAID, AND NO CLAIMS, ACTIONS OR LEGAL PROCEEDINGS MAY BE BROUGHT AGAINST HANG SENG INDEXES COMPANY LIMITED AND/OR HANG SENG DATA SERVICES LIMITED in connection with the Product in any manner whatsoever by any broker, holder or other person dealing with the Product. Any broker, holder or other person dealing with the Product does so therefore in full knowledge of this disclaimer and can place no reliance whatsoever on Hang Seng Indexes Company Limited and Hang Seng Data Services Limited. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any broker, holder or other person and Hang Seng Indexes Company Limited and/or Hang Seng Data Services Limited and must not be construed to have created such relationship.

The Hongkong and Shanghai Banking Corporation Limited

5 October 2015