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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

Issuer: Macquarie Bank Limited

(ABN 46 008 583 542)
(incorporated in Australia)

Sponsor: Macquarie Capital Limited

Key Terms



Warrants (Stock Code)	28242
Liquidity Provider broker ID	9723
Issue size	40,000,000 Warrants
Style	European style cash settled
Type	Call
Company	Bank of China Limited
Shares	Existing issued ordinary H shares of the Company
Board Lot	1,000 Warrants
Issue Price per Warrant	HKD 0.250
Cash Settlement Amount per Board Lot (if any) payable at expiry	<p>For a series of call Warrants:</p> $\frac{\text{Entitlement} \times (\text{Average Price} - \text{Exercise Price}) \times \text{one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$ <p>For a series of put Warrants:</p> $\frac{\text{Entitlement} \times (\text{Exercise Price} - \text{Average Price}) \times \text{one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$
Exercise Price	HKD 3.280
Average Price (for all series)	The arithmetic mean of the closing prices of one Share for each Valuation Date
Entitlement	1 Share
Number of Warrant(s) per Entitlement	1
Maximum number of Shares to which the Warrants relate	40,000,000
Launch Date (for all series)	18 May 2016
Issue Date (for all series)	24 May 2016

Warrants (Stock Code)	28242
Listing Date (for all series)	25 May 2016
Valuation Date¹ (for all series)	Each of the five Business Days immediately preceding the Expiry Date
Expiry Date²	02 June 2017
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	HKD

¹Subject 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 Product Condition 1 for details.

²If 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 27 May 2015 (the “**Base Listing Document**”), as supplemented by any addendum thereto (together, the “**Listing Documents**”), in particular the sections headed “General Conditions of Structured Products” (“**General Conditions**”) and “Product Conditions of European Style Cash Settled Warrants over Single Equities” (“**Product Conditions**”) (General Conditions and Product Conditions are together, 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 credit ratings are:

<i>Rating agency</i>	<i>Rating as of the Launch Date</i>
Moody’s Investors Service, Inc.	A2(stable outlook)
S&P Global Ratings	A(stable outlook)

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 as referred to in Rule 15A.13(2) or by the Securities and Futures Commission as referred to in Rule 15A.13(3)?

We are a licensed bank regulated by the Hong Kong Monetary Authority. We are also regulated by, among others, the Australian Prudential Regulation Authority.

Is the Issuer subject to any litigation?

Contingent liabilities exist in respect of current claims against entities within the Macquarie Group. These claims are confidential. Where necessary appropriate provisions have been made in the financial statements. Save as disclosed in the Listing Documents, the Macquarie Group does not consider that the outcome of any such claims known to exist at this date, either individually or in aggregate is likely to have a material effect on its operations or financial position.

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

Save as disclosed in the Listing Documents, there has been no material adverse change in our financial or trading position since 31 March 2015.

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:	Macquarie Capital Limited
Address:	Level 18, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
Telephone Number:	+852 3922 3788

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:

- (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 or the underlying Share are suspended from trading for any reason;
- (iv) 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;
- (v) when there are operational and technical problems beyond the control of the Liquidity Provider hindering the ability of the Liquidity Provider to provide liquidity;
- (vi) 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
- (vii) 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:

<i>Underlying Company</i>	<i>Website</i>
Bank of China Limited	http://www.boc.cn

- **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.com.hk 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.macquarie.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 Product Conditions 3 and 5 and General Condition 10 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 Product Condition 2.5 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 the offices of Macquarie Capital Limited at Level 18, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong:

- each of the Listing Documents (in separate English and Chinese versions), including:
 - ❖ this document
 - ❖ our Base Listing Document
 - ❖ the addendum to our Base Listing Document dated 23 November 2015
- our latest audited consolidated financial statements and any interim financial statements;
- the consent letter issued by PricewaterhouseCoopers; and
- the instrument executed by us by way of deed poll on 30 May 2006.

The Listing Documents are also available on the website of the HKEx at www.hkexnews.hk and our website at www.warrants.com.hk.

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.warrants.com.hk)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 8 May 2015 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.

Authorisation of the Warrants

The issue of the Warrants was authorised by our board of directors on 29 August 2002.

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 our unsecured creditor regardless of the performance of the underlying Share 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.

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 Product Conditions 3 and 5 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 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 Product Condition 4 and General Condition 10 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 Macquarie Group Limited.

UPDATED INFORMATION ABOUT US

Our 2016 Annual Report was published on 6 May 2016. A copy of the 2016 Annual Report is available for inspection at the offices of Macquarie Capital Limited (see the section headed “Where can you inspect the relevant documents of the Warrants?” in this document for further details) and at our website <http://www.macquarie.com/hk/about/investors/reports/?accordion:reports-mbl-accordion-content=0,1>.

The information set out in the following pages has been extracted without adjustment from our 2016 Annual Report. Page references in the following pages refer to pages in such report.

Income statements

for the financial year ended 31 March 2016

	Notes	Consolidated 2016 \$m	Consolidated 2015 \$m	Bank 2016 \$m	Bank 2015 \$m
Interest and similar income	2	5,083	4,641	4,122	3,555
Interest expense and similar charges	2	(2,911)	(2,630)	(2,685)	(2,329)
Net interest income		2,172	2,011	1,437	1,226
Fee and commission income	2	930	894	577	314
Net trading income	2	2,124	1,860	1,371	2,012
Share of net profits/(losses) of associates and joint ventures accounted for using the equity method	2	22	(17)	–	–
Other operating income and charges	2	395	547	2,814	879
Net operating income		5,643	5,295	6,199	4,431
Employment expenses	2	(1,428)	(1,466)	(1,039)	(1,032)
Brokerage, commission and trading-related expenses	2	(640)	(601)	(440)	(450)
Occupancy expenses	2	(112)	(120)	(84)	(93)
Non-salary technology expenses	2	(151)	(110)	(120)	(86)
Other operating expenses	2	(1,576)	(1,480)	(1,221)	(1,130)
Total operating expenses		(3,907)	(3,777)	(2,904)	(2,791)
Operating profit from ordinary activities before income tax		1,736	1,518	3,295	1,640
Income tax expense	4	(681)	(589)	(276)	(213)
Profit from ordinary activities after income tax		1,055	929	3,019	1,427
Profit/(loss) from discontinued operations, net of income tax	43	1,040	190	641	(32)
Profit from ordinary activities and discontinued operations after income tax		2,095	1,119	3,660	1,395
(Profit)/loss attributable to non-controlling interests:					
Macquarie Income Preferred Securities	5	(1)	(5)	–	–
Other non-controlling interests		12	–	–	–
Loss/(profit) attributable to non-controlling interests		11	(5)	–	–
Profit attributable to equity holders of Macquarie Bank Limited		2,106	1,114	3,660	1,395
Distributions paid or provided for on:					
Macquarie Income Securities	5	(16)	(18)	–	–
Convertible debentures	5	–	–	(1)	(5)
Profit/(loss) attributable to ordinary equity holders of Macquarie Bank Limited		2,090	1,096	3,659	1,390
From continuing operations		1,050	906	3,018	1,422
From discontinued operations	43	1,040	190	641	(32)

The above income statements should be read in conjunction with the accompanying notes.

Statements of comprehensive income

for the financial year ended 31 March 2016

	Notes	Consolidated 2016 \$m	Consolidated 2015 \$m	Bank 2016 \$m	Bank 2015 \$m
Profit from ordinary activities and discontinued operations after income tax		2,095	1,119	3,660	1,395
Other comprehensive income/(expense) ⁽¹⁾ :					
Available for sale investments, net of tax	28	41	4	(3)	13
Cash flow hedges, net of tax	28	(34)	(60)	(14)	(5)
Share of other comprehensive income of associates and joint ventures, net of tax	28	–	1	–	–
Exchange differences on translation of foreign operations, net of hedge and tax	28	(123)	704	5	6
Other comprehensive income from discontinued operations, net of tax	43	–	28	–	–
Total other comprehensive (expense)/income		(116)	677	(12)	14
Total comprehensive income		1,979	1,796	3,648	1,409
Total comprehensive income is attributable to:					
Ordinary equity holders of Macquarie Bank Limited		1,970	1,767	3,647	1,404
Macquarie Income Securities holders		16	18	–	–
Macquarie Income Preferred Securities holders		5	11	–	–
Other non-controlling interests		(12)	–	–	–
Convertible debenture holders		–	–	1	5
Total comprehensive income		1,979	1,796	3,648	1,409

⁽¹⁾ All items of other comprehensive income/(expense) may be reclassified subsequently to profit or loss.

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

Statements of financial position

as at 31 March 2016

	Notes	Consolidated 2016 \$m	Consolidated 2015 \$m	Bank 2016 \$m	Bank 2015 \$m
Assets					
Receivables from financial institutions	6	30,956	25,981	28,295	24,134
Trading portfolio assets	7	23,062	30,039	18,156	22,917
Derivative assets		17,962	19,952	15,137	17,437
Investment securities available for sale	8	9,008	6,345	8,494	5,406
Other assets	9	6,918	7,818	4,338	4,788
Loan assets held at amortised cost	10	78,913	71,206	56,953	47,711
Other financial assets at fair value through profit or loss	12	1,057	1,323	1,005	1,275
Due from related body corporate entities	30	1,610	1,163	1,032	986
Due from subsidiaries	30	–	–	30,348	33,102
Property, plant and equipment	13	11,304	6,743	374	390
Interests in associates and joint ventures accounted for using the equity method	14	426	471	72	68
Intangible assets	15	224	229	142	123
Investments in subsidiaries	16	–	–	7,629	3,671
Deferred tax assets	18	169	238	279	208
Assets of disposals group classified as held for sale	43	–	1,072	–	187
Total assets		181,609	172,580	172,254	162,403
Liabilities					
Trading portfolio liabilities	19	4,794	5,045	4,824	4,803
Derivative liabilities		14,713	18,100	13,474	16,736
Deposits	20	52,228	47,333	50,952	46,356
Other liabilities	21	7,121	9,262	4,618	5,904
Payables to financial institutions	22	20,555	14,874	17,468	14,655
Debt issued at amortised cost	23	55,142	53,033	40,242	35,149
Other financial liabilities at fair value through profit or loss	24	2,307	1,237	4,062	2,297
Due to related body corporate entities	30	7,555	7,700	5,910	7,084
Due to subsidiaries	30	–	–	15,312	15,531
Deferred tax liabilities	18	406	378	138	96
Liabilities of disposals group classified as held for sale	43	–	779	–	175
Total liabilities excluding loan capital		164,821	157,741	157,000	148,786
Loan capital					
Subordinated debt at amortised cost		4,078	3,240	4,078	3,240
Total loan capital	26	4,078	3,240	4,078	3,240
Total liabilities		168,899	160,981	161,078	152,026
Net assets		12,710	11,599	11,176	10,377
Equity					
Contributed equity	27	9,882	9,082	9,808	9,105
Reserves	28	483	603	24	36
Retained earnings	28	2,333	1,831	1,344	1,236
Total capital and reserves attributable to equity holders of Macquarie Bank Limited		12,698	11,516	11,176	10,377
Non-controlling interests	28	12	83	–	–
Total equity		12,710	11,599	11,176	10,377

The above statements of financial position should be read in conjunction with the accompanying notes.

PARTIES

OUR REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Macquarie Bank Limited

Level 6, 50 Martin Place
Sydney NSW 2000
Australia

OUR HONG KONG OFFICE

Macquarie Bank Limited

Level 18
One International Finance Centre
1 Harbour View Street
Central, Hong Kong

SPONSOR AND LIQUIDITY PROVIDER

Macquarie Capital Limited

Level 18
One International Finance Centre
1 Harbour View Street
Central, Hong Kong

AUDITOR

PricewaterhouseCoopers

Darling Park Tower 2
201 Sussex Street
Sydney, NSW 1171
Australia