



Hang Seng Bank Limited

(incorporated in Hong Kong with limited liability, a licensed bank regulated by the Hong Kong Monetary Authority and registered under the Securities and Futures Ordinance of Hong Kong for types 1, 4, 7 and 9 regulated activities)

as Issuer and the Product Arranger

Hang Seng Non-Capital Protected Unlisted Bull Equity Linked Investments Linked to Single Stock ("Hang Seng Bull ELIs")

Arrangers to the Programme

Hang Seng Bank Limited

Hang Seng Investment Management Limited

(incorporated in Hong Kong and licensed under the Securities and Futures Ordinance of Hong Kong for types 1, 4, 5, 6 and 9 regulated activities)

Hang Seng Securities Limited

(incorporated in Hong Kong and licensed under the Securities and Futures Ordinance of Hong Kong for types 1 and 4 regulated activities)

Investors are warned that the market value of this product may fluctuate and investors may sustain a total loss of their investment. Prospective investors should therefore ensure that they understand the nature of the product and carefully study the risk factors set out in this document and other documents comprising the offering documents for this product and, where necessary, seek independent professional advice, before they decide whether to invest in this product.

This product constitutes general unsecured and unsubordinated contractual obligations of Hang Seng Bank Limited as the Issuer and of no other person. If you purchase this product, you are relying upon the creditworthiness of Hang Seng Bank Limited as the Issuer and have no rights under the terms and conditions of this product against the issuer of the linked stock.

The Securities and Futures Commission ("SFC") has authorised our Hang Seng Bull ELIs under Section 104A(1) of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO") and the issue of this document and the indicative term sheet based on the standard format set out in Appendix B to this document as part of the offering documents for our Hang Seng Bull ELIs under Section 105(1) of the SFO. The SFC takes no responsibility for our Hang Seng Bull ELIs or the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document. The SFC's authorisation does not imply its endorsement or recommendation of our Hang Seng Bull ELIs referred to in this document nor does it imply that the SFC guarantees the commercial merits of our Hang Seng Bull ELIs or their performance. The SFC's authorisation does not mean our Hang Seng Bull ELIs are suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors. Interested persons should consider obtaining independent advice before investing in our Hang Seng Bull ELIs.

IMPORTANT

If you are in any doubt about any of the contents of this product booklet, you should obtain independent professional advice.

The offering documents for our Hang Seng Bull ELIs (as further described on page 62 of this product booklet) include particulars given in compliance with the Code on Unlisted Structured Investment Products issued by the SFC (the “Code”) for the purpose of giving information with regard to Hang Seng Bank Limited (as the Issuer and the Product Arranger), our programme for the issue of non-capital protected unlisted equity linked structured products (the “Programme”) and our Hang Seng Bull ELIs. Hang Seng Bank Limited (as the Issuer and the Product Arranger) accepts full responsibility for the contents of, and the completeness and accuracy of the information contained in our Hang Seng Bull ELIs offering documents and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there is no untrue or misleading statement, or other facts the omission of which would make any statement therein untrue or misleading. Hang Seng Bank Limited (as the Issuer and the Product Arranger) also confirms that it meets the eligibility requirements applicable to issuers and product arrangers under the Code respectively and our Hang Seng Bull ELIs comply with the Code. Hang Seng Bank Limited is the “Product Arranger” for the purpose of the Code.

In this product booklet, references to the “indicative term sheet” are to the indicative term sheet for a particular series of Hang Seng Bull ELIs, references to the “final term sheet” are to the final term sheet for a particular series of Hang Seng Bull ELIs, and references to the “relevant term sheet” are to both indicative and final term sheets for a particular series of Hang Seng Bull ELIs.

This product booklet has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. It is not intended to provide and should not be relied upon for tax, legal or accounting advice.

Post-sale cooling-off period pursuant to Part IV of the Code does not apply to our Hang Seng Bull ELIs as our Hang Seng Bull ELIs will not be offered with an investment period of over 1 year.

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KEY FACTS STATEMENT
Hang Seng Non-Capital Protected Unlisted Bull Equity Linked Investments
Linked to Single Stock (“Hang Seng Bull ELIs”)
issued by
Hang Seng Bank Limited

This is an unlisted structured product embedded with derivatives.
This statement provides you with key information about this product. This statement is a part of the offering documents. You should not invest in this product based on this statement alone.

WHAT ARE THE KEY RISKS?

Investment involves risks. Please refer to the “Risk Factors” sections in the information memorandum and in this product booklet for details.

- **Not capital protected — Our Hang Seng Bull ELIs are not capital protected: you could lose all of your investment.**
- **No collateral —** Our Hang Seng Bull ELIs are not collateralised and are not secured on any of our assets.
- **Unlisted structured products and NOT protected deposits —** Our Hang Seng Bull ELIs are unlisted structured products embedded with derivatives and are not equivalent to nor should they be treated as time deposits. They are NOT protected deposits for the purposes of the Deposit Protection Scheme.
- **Limited maximum potential gain —** The maximum potential gain is limited to a predetermined amount (i.e. the difference between the nominal value and the issue price).
- **Potential loss under market making arrangement —** Our Hang Seng Bull ELIs are designed to be held till maturity. However, we will provide daily market making arrangement for you to sell back the Hang Seng Bull ELIs. You should note that the actual sell back price could be much lower than the amount you invested for each Hang Seng Bull ELI.
- **You rely on our creditworthiness —** Our Hang Seng Bull ELIs constitute general unsecured and unsubordinated contractual obligations of Hang Seng Bank Limited as the Issuer. When you buy our Hang Seng Bull ELIs, you will be relying on the creditworthiness of Hang Seng Bank Limited as the Issuer and of no other person. You have no rights under the terms and conditions of our Hang Seng Bull ELIs against the issuer of the linked stock. **In the worst case scenario, you could lose all of your investment.**
- **You rely on the creditworthiness of your distributor or its custodian(s) —** When you invest in our Hang Seng Bull ELIs, you rely on the creditworthiness of your distributor or its custodian(s). If your distributor becomes insolvent or defaults on its obligations, you will have a right to claim against such distributor. If your distributor’s custodian becomes insolvent or defaults on its obligations, you will not have any direct contractual rights against such custodian and will have to rely on your distributor to take action against such custodian. **In the worst case scenario, you could lose all of your investment.**
- **May not have direct enforcement rights —** If our Hang Seng Bull ELIs are held either (i) through the clearing system or (ii) outside the clearing system through a distributor other than us, you will have to rely on your distributor or its custodian(s) to take action to assert your rights as an investor in our Hang Seng Bull ELIs on your behalf and will not have direct contractual rights of enforcement against us as the Issuer.
- **Not the same as investing in linked stock —** Investing in our Hang Seng Bull ELIs is not the same as investing in the linked stock. During the investment period, you have no rights in the linked stock (except where the linked stock is deliverable to you upon maturity, you will be entitled to the rights in the linked stock as from the final fixing date as described in the terms and conditions). Changes in the market price of such linked stock may not lead to a corresponding change in the market value of, or your potential gain or loss under, our Hang Seng Bull ELIs.

- **Not covered by Investor Compensation Fund** — Our Hang Seng Bull ELIs are not listed on any stock exchange and are not covered by the Investor Compensation Fund.
- **Conflicts of interest** — You should note that conflicts of interest may arise from the different roles played by us and our subsidiaries and affiliates in connection with our Hang Seng Bull ELIs and our economic interests in each role may be adverse to your interests in our Hang Seng Bull ELIs.
- **English version of the terms and conditions may prevail** — If our Hang Seng Bull ELIs are held through international securities clearing systems, the terms and conditions of our Hang Seng Bull ELIs are issued in English only for the purposes of lodgement with the relevant clearing systems, and shall prevail over the Chinese version of the terms and conditions contained in the Chinese version of this product booklet in the event of inconsistency. If you do not understand the English version, you should obtain independent professional advice.
- **Additional risks for RMB-denominated Hang Seng Bull ELIs which are linked to RMB-traded linked stock** —
 - (i) *Limited pool of RMB outside mainland China* — RMB is subject to foreign exchange control by the central government of the People’s Republic of China (“**PRC**”). There is currently a limited pool of RMB outside mainland China and any tightening of foreign exchange control by the PRC central government may adversely affect the liquidity of offshore RMB, and the market value of our RMB-denominated Hang Seng Bull ELIs.
 - (ii) *Payment postponement for RMB disruption event* — If an RMB disruption event occurs on a scheduled date of payment, payments will be postponed and may be made in a HKD equivalent amount. We will not pay any extra amount for such postponed payment. You may also suffer a loss in HKD terms if RMB depreciates against HKD following the occurrence of an RMB disruption event.

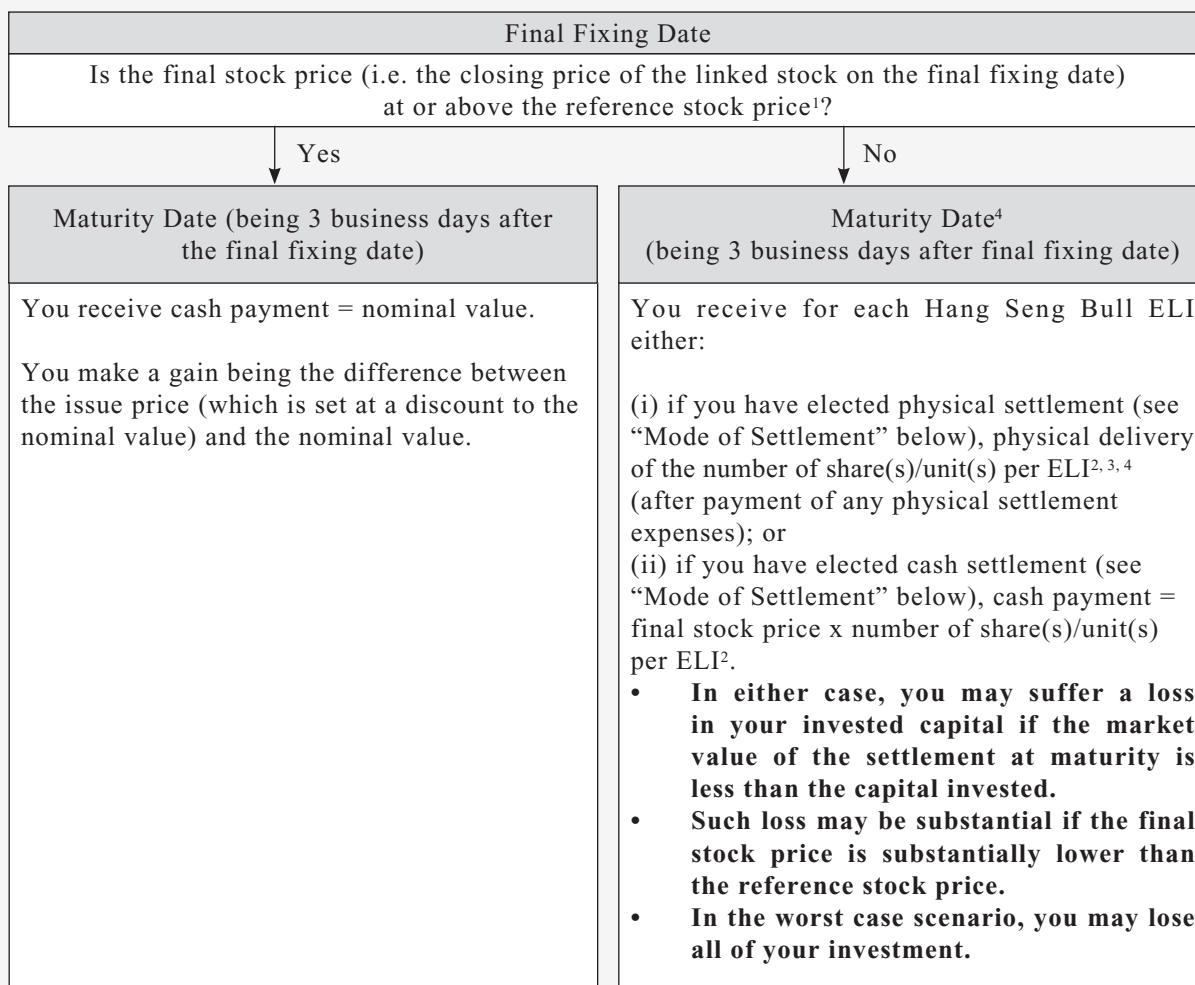
WHAT IS THIS PRODUCT AND HOW DOES IT WORK?

- Our Hang Seng Bull ELIs are equity linked structured investment products which have an embedded put option over the linked stock (being shares in a company or units of a fund listed on Hong Kong Stock Exchange and traded in either Hong Kong dollars (“**HKD**”) or Renminbi (“**RMB**”)). Not all listed stocks or funds can be used as a linked stock; you should ask your distributor what linked stock is available.
- We may issue and settle our Hang Seng Bull ELIs in HKD (in which case the linked stock is also traded in HKD) or RMB (in which case the linked stock is also traded in RMB).
- Each Hang Seng Bull ELI represents a nominal value as specified in the relevant term sheet. Such nominal value is used to calculate the issue price per Hang Seng Bull ELI and to determine any settlement at maturity.
- The issue price is set at a discount to the nominal value and will be set out in the relevant term sheet.
- If our Hang Seng Bull ELIs have not been early terminated during the investment period, our Hang Seng Bull ELIs will mature on the maturity date and you will receive 100% of the nominal value in cash if the final stock price is at or above the reference stock price. However, if the final stock price is below its reference stock price, you will receive physical delivery of the number of share(s)/unit(s) per ELI (after payment of any physical settlement expenses) (if you have elected physical settlement) or its cash equivalent (if you have elected cash settlement) on the maturity date (as described further in the section “Mode of Settlement” below), in which event you may suffer a loss in your capital invested.

WHAT ARE THE KEY FEATURES?

Settlement At Maturity

If our Hang Seng Bull ELIs have not been early terminated during the investment period, the settlement at maturity is illustrated in the diagram below:



- The reference stock price is the market spot price of the linked stock to be agreed between us and you (via your distributor) on the start date, and it will be set out in the relevant term sheet.
- The number of share(s)/unit(s) per ELI is a number of share(s)/unit(s) of the linked stock which is calculated using the following formula:

$$\frac{\text{nominal value}}{\text{reference stock price}}$$

As the nominal value will be equal to the reference stock price, the number of share(s)/unit(s) per ELI shall be one share or one unit of the linked stock, subject to adjustment in accordance with condition 6 of the terms and conditions.

- Board and odd lots (as the case may be) of the linked stock will be delivered to you as settlement, and any fraction of a linked stock (in the case of adjustment in accordance with condition 6 of the terms and conditions) will be paid in cash. Please refer to “number of share(s)/unit(s) per ELI” under the glossary section on page 23 of this product booklet.
- If the maturity date is not a clearance system business day, physical delivery of the number of share(s)/unit(s) per ELI will take place on the following clearance system business day.

MODE OF SETTLEMENT

- You will need to specify whether you elect for cash settlement or physical settlement as the mode of settlement upon maturity at the time of your application. This election will only be relevant where the final stock price is below the reference stock price.
- If you want to change your election subsequently, you will need to give instructions to your distributor in accordance with the normal operational procedures of such distributor.
- Please ask your distributor about the latest date by which you need to give such instructions, which in any event, should not be later than 3 business days prior to the final fixing date.

HOW CAN YOU BUY OUR HANG SENG BULL ELIS?

- If you would like to buy our Hang Seng Bull ELIs, you can contact the appointed distributor(s) to enquire about our ELIs products.
- You may purchase our Hang Seng Bull ELIs by placing a purchase order with us through your distributor on any scheduled trading day which will become the start date upon execution of your purchase order on the same day as you place your order. Once you place a purchase order with us, you will be committed to purchase the Hang Seng Bull ELIs. All terms applicable to the Hang Seng Bull ELIs are finalised at the time you place an order with us.
- Payment for the issue price for our Hang Seng Bull ELIs is deducted from the cash account that you hold with your distributor on the payment date (which is on the same date as the start date).
- A contract note which sets out all the finalised terms will be sent to you by your distributor within 2 business days after the start date.
- If you wish to purchase our Hang Seng Bull ELIs denominated in RMB, you must have, or open, a RMB cash account with your distributor for settling any RMB payment in respect of such Hang Seng Bull ELIs from or to you.

POST-SALE COOLING-OFF PERIOD

- Post-sale cooling-off period is not applicable for Hang Seng Bull ELIs as our Hang Seng Bull ELIs will not be offered with an investment period of over 1 year.

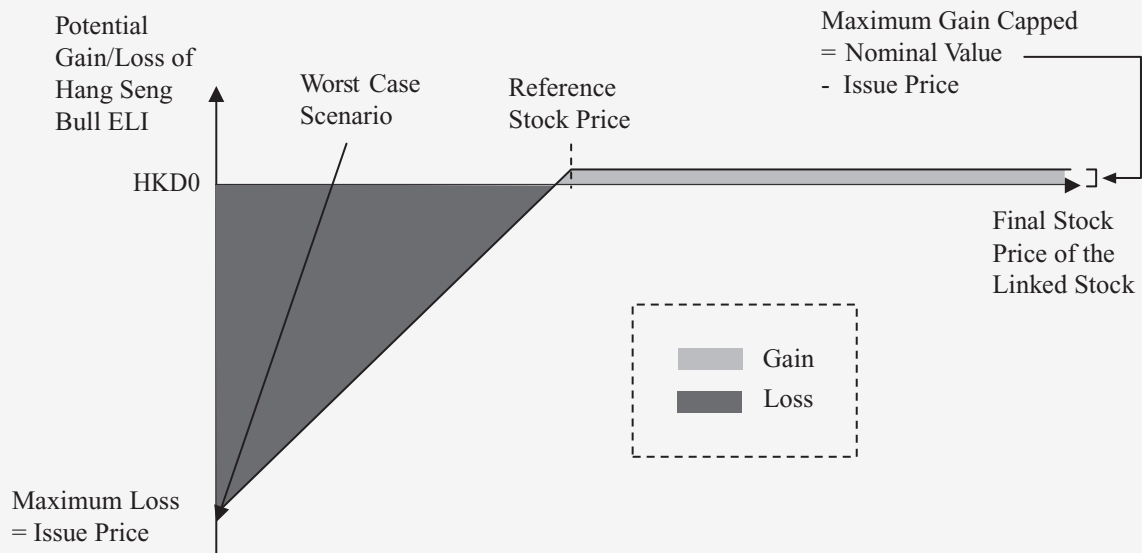
IS THERE ANY MARKET MAKING ARRANGEMENT BEFORE EXPIRY?

- Market making arrangements are available for all of our Hang Seng Bull ELIs (regardless of the length of the investment period).
- Throughout each market making day (being each exchange business day from but excluding the issue date to and including the third exchange business day before the final fixing date), we, as the market agent, will make available to you (via your distributor) indicative bid prices (on a per Hang Seng Bull ELI basis) during normal business hours. If you wish to obtain a firm bid price at which you can sell your Hang Seng Bull ELIs to us, you will need to submit your request to your distributor before 3:00 p.m. If you agree to the quoted firm bid price, you can place a limit sell back order before 3:00 p.m. with your distributor at such price. In order for your limit sell back order to be executed at the quoted firm bid price, you must place such order immediately upon the receipt of the quoted firm bid price without any delay. Otherwise, your limit sell back order will not be executed if the prevailing firm bid price falls below the quoted firm bid price.
- The firm bid price at which you can sell your Hang Seng Bull ELIs to us may be substantially less than the issue price.

- Please refer to the market making arrangement section on pages 27 to 29 of this product booklet for further details.

WORST CASE SCENARIO

The below payoff diagram illustrates the potential gain/loss with different final stock prices. The worst case scenario occurs when final stock price is HKD0. If cash settlement is elected as the mode of settlement, you will receive HKD0 as settlement on maturity date. If physical settlement is elected as the mode of settlement and assuming the stock price of the linked stock remains at HKD0 till the maturity date, you will receive the linked stock with the stock price of HKD0 on maturity date. In that case, you will suffer a total loss of the capital invested.



Please also refer to “Appendix C — Scenario Analysis” in this product booklet for more illustrative examples of how the Hang Seng Bull ELI works.

WHAT ARE THE FEES AND CHARGES?

Physical settlement expenses — you will need to pay physical settlement expenses (if applicable, subject to the prevailing laws and regulations) in connection with physical settlement upon maturity and further details are set out on page 22 of this product booklet.

For the avoidance of doubt, no cash settlement expenses are payable to us.

Distributor’s charges — your distributor may charge a handling fee when you make your application or when your limit sell back order under the market making arrangement is executed and may also charge fees for opening and maintaining your securities or investment account.

You should note that the physical settlement expenses and distributor’s charges mentioned above will reduce the potential gain or increase the potential loss on your investment.

Commission — we may pay a commission to the distributor(s). Distributor(s)’ commissions and other transaction costs including our cost of hedging are subsumed in the issue price.

Please contact your distributor for details regarding such fees and charges.

ADJUSTMENTS TO THE TERMS AND CONDITIONS OF OUR HANG SENG BULL ELIS, EARLY TERMINATION OF OUR HANG SENG BULL ELIS AND POSTPONEMENT OF KEY DATES

- Certain terms and conditions (including the reference stock price) of our Hang Seng Bull ELIs can be adjusted in certain circumstances by us, or any affiliated entity of us as specified in the relevant term sheet as the calculation agent, acting in good faith and in a commercially reasonable manner to account for the occurrence of a potential adjustment event, merger event or tender offer so as to preserve the economic equivalence of our Hang Seng Bull ELIs. Upon the occurrence of (i) a merger event or tender offer whereby the calculation agent acting in good faith and in a commercially reasonable manner determines that none of the adjustments is able to preserve the economic equivalence of our Hang Seng Bull ELIs; or (ii) certain termination events (such as nationalisation, insolvency or delisting), our Hang Seng Bull ELIs will be early terminated. The calculation agent can also postpone some of the key dates upon the occurrence of certain market disruption events.
- In addition, if our Hang Seng Bull ELIs are denominated in RMB, payments under such Hang Seng Bull ELIs will be postponed and may be made in a HKD equivalent amount if an RMB disruption event occurs on a scheduled date of payment.
- Please refer to pages 24 to 26 of this product booklet for details.

CONTINUING DISCLOSURE OBLIGATIONS

- We (as the Issuer and the Product Arranger) will keep the SFC and the distributors of our Hang Seng Bull ELIs informed as soon as reasonably practicable if (a) we (as the Issuer) cease to meet any eligibility requirements applicable to issuers under the Code; (b) we (as the Product Arranger) cease to meet any eligibility requirements applicable to product arrangers under the Code; and (c) to the extent permitted by any applicable law, there are changes in our financial condition or other circumstances which could reasonably be expected to have a material adverse effect on our ability (as the Issuer) to fulfill our commitments in connection with our Hang Seng Bull ELIs. Your distributor will in turn inform you. Please contact your distributor for further details.

ADDITIONAL INFORMATION

Offering Documents

You should obtain the following offering documents from us or the distributor(s):

- (i) the relevant indicative term sheet for our Hang Seng Bull ELIs;
- (ii) the information memorandum dated 4 August 2016 and any updating addendum as specified in the indicative term sheet;
- (iii) the latest financial disclosure document and any updating addendum as specified in the indicative term sheet; and
- (iv) this product booklet for our Hang Seng Bull ELIs dated 4 August 2016 and any updating addendum as specified in the indicative term sheet.

The distributor(s) has/have an obligation to distribute all of the above documents to you in your preferred language. Before you decide whether to invest in our Hang Seng Bull ELIs, you should read and understand all the relevant offering documents referred to above.

ISSUER'S INFORMATION

- Name of Issuer: Hang Seng Bank Limited
- Address: 83 Des Voeux Road Central, Hong Kong
- Website: www.hangseng.com
- Hotline for enquiry: 28220228

IMPORTANT

If you are in doubt, you should seek independent professional advice.

RISK FACTORS

In addition to the risks set out in the information memorandum, you should consider the risk factors set out in the section headed “WHAT ARE THE KEY RISKS?” in the Key Facts Statement of this product booklet and the following risks:

- **Hang Seng Bull ELIs are not capital protected and are not protected deposits**

Our Hang Seng Bull ELIs are not capital protected and are not protected deposits under the Deposit Protection Scheme in Hong Kong. They are unlisted structured investment products embedded with derivatives and are not equivalent to time deposits. You may sustain a total loss in your investment.

The potential gain or loss on our Hang Seng Bull ELIs is linked to the performance of the linked stock. Depending on the final stock price, the market value of the settlement at maturity may be substantially less than the capital invested or worth nothing.

- **Limited maximum potential gain**

The amount of potential gain on each Hang Seng Bull ELI is capped and limited to a predetermined amount (i.e. the difference between the nominal value and the issue price).

- **No rights in the linked stock**

Investing in our Hang Seng Bull ELIs is not the same as investing in the linked stock. During the investment period, you have no rights in the linked stock (except where the linked stock is determined to be deliverable to you on the maturity date and you have elected physical settlement). Changes in the market price of the linked stock may not lead to a corresponding change in the market value of, or your potential gain or loss under, our Hang Seng Bull ELIs. In the case where the linked stock is determined to be deliverable to you on the maturity date and you have elected physical settlement, you shall become beneficially entitled to all the rights attached to such linked stock, including the rights to receive dividends, as from the final fixing date. However, you should be aware that, from and including the final fixing date to and including the day on which such linked stock is delivered to you, neither we as the Issuer nor our agents are under any obligation to deliver to you any document received by us or our agents in the capacity as the registered holder of such linked stock, nor under any obligation to exercise any rights attaching to such linked stock, nor subject to any liability to you for any loss or damage you may sustain or suffer. As provided in condition 4(d) of the terms and conditions set out in Appendix A to this product booklet, we will notify you if we or our agents receive any dividend, rights, bonus issue, shares or units issued pursuant to a stock split or consolidation in respect of the linked stock during the period from the final fixing date and until such time the linked stock is delivered to you.

- **Risks in relation to delivery of the linked stock**

(i) *Exposure to market price movements of the linked stock from the final fixing date*

Your settlement at maturity will be determined on the final fixing date but the settlement will only occur on the maturity date (being 3 business days after the final fixing date), provided that the delivery of the linked stock will only occur on a clearance system business day. Accordingly, if the linked stock is determined to be deliverable to you on the maturity date and you have elected physical settlement, you will be exposed to the market risks (including but not limited to any movement in the market price of the linked stock) and the risk of the occurrence of settlement disruption events during the period between the final fixing date and the maturity date. Also, if you choose not to realise such linked stock on the maturity date, you will be further exposed to the market risks of holding such linked stock from the maturity date until you sell the linked stock.

(ii) Settlement disruption event

Upon the occurrence of settlement disruption events (i.e. events which the calculation agent, in its sole and absolute discretion acting in good faith and in a commercially reasonable manner, determines to be beyond our control or the control of the relevant company or the relevant fund and as a result of which the relevant clearance system cannot clear the transfer of such linked stock), delivery of such linked stock will be delayed as further described in “How and when will the linked stock be delivered?” on page 24 of this product booklet. There is no assurance of the duration of such delay in delivery of the relevant linked stock. If this occurs, this could result in delay for you in receiving such number of share(s)/unit(s) per ELI from the distributors or from us (where we are acting as a distributor). Where such delay occurs, movements in the market price of the linked stock could affect the market value of the linked stock delivered. We will not pay any extra amount (such as interest) for any delay in delivery of the linked stock.

- **Risk in relation to odd lot shares**

If our Hang Seng Bull ELIs are physically settled, board and odd lots (as the case may be) of the linked stock will be delivered to you as settlement. If an odd lot is delivered to you, you should note that the market price of each share or unit of such odd lot may be lower than that of each share or unit of the whole board lot, and you may also have difficulty to sell such odd lot in the market.

- **Discretion of the calculation agent to make adjustments relating to Hang Seng Bull ELIs linked to shares**

If any potential adjustment events, merger events or tender offers has occurred between the start date and the final fixing date (both dates inclusive), the calculation agent may, in its sole and absolute discretion acting in good faith and in a commercially reasonable manner, adjust the terms and conditions for that series of Hang Seng Bull ELIs including the reference stock price and the number of share(s)/unit(s) per ELI of the linked stock if it determines appropriate to account for the occurrence of the relevant event in order to preserve the economic equivalence of our Hang Seng Bull ELIs. If any adjustment has been made, you will be notified by your distributor.

Please see “When will the terms and conditions of the Hang Seng Bull ELIs be adjusted?” on pages 24 to 25 of this product booklet for further details.

- **Risks in relation to early termination**

Upon an occurrence between the start date and the final fixing date (both dates inclusive) of certain events which include, but are not limited to, merger events, tender offers and additional disruption events in relation to the linked stock, the calculation agent may decide at its sole and absolute discretion acting in good faith and in a commercially reasonable manner to early terminate our Hang Seng Bull ELIs with immediate effect prior to the maturity date. In such case, you will receive the early termination amount as determined by the calculation agent acting in good faith and in a commercially reasonable manner. Such early termination amount might be less than the amount that you originally invested.

Please see “Are there any situations where our Hang Seng Bull ELIs may be terminated before maturity?” on page 25 of this product booklet for details including how the early termination amount will be determined.

- **Hedging risks**

We as the Issuer or any affiliated entity of us may enter into hedging transactions with counterparties in the market in order to enable us to fulfil our obligations under our Hang Seng Bull ELIs. These transactions would typically involve contracts for the purchase and/or sale of the linked stock and the establishment of long and/or short positions in the linked stock which may be constantly adjusted. The unwinding or adjustment of the positions in the linked stock shortly before a relevant date under our Hang Seng Bull ELIs may itself affect the market prices of the linked stock on the relevant date, particularly if there is a low trading volume in the linked stock at that time.

It is possible that this activity could cause the final stock price to fall below the reference stock price, which will result in the physical delivery of the linked stock (if physical settlement is elected as the mode of settlement) or the payment of its cash equivalent (if cash settlement is elected as the mode of settlement). The market value of the linked stock so delivered or the cash equivalent so paid may be less than the original amount you invested.

If the counterparties default or fail to fulfil their obligations under the hedging transactions, we will bear such default risk and we will keep the same terms and payment structures of our Hang Seng Bull ELIs.

- **Risk related to real estate investment trusts and exchange traded funds in general**

Where the linked stock includes units in a real estate investment trust or exchange traded fund, neither we nor our affiliates have the ability to control or predict the actions of the manager of the relevant fund. The manager is not involved in the offer of our Hang Seng Bull ELIs in any way and has no obligation to consider your interests in taking any action that might affect the market price of the linked stock and, in turn, affect our Hang Seng Bull ELIs.

The manager is responsible for making strategic, investment and other trading decisions with respect to the management of the fund assets, consistent with its investment objectives and/or investment restrictions as set out in its constitutive documents. The performance of the fund assets is significantly dependent upon the capabilities of the management team of the manager. The manner in which the fund assets are managed and the timing of such decisions will have a significant impact on the performance of the fund assets, and hence, on the performance of linked stock and our Hang Seng Bull ELIs.

There is also a risk that the investment objectives and/or investment restrictions as set out in the constitutive documents in relation to the fund are materially changed after the date when our Hang Seng Bull ELIs are offered or are not complied with or the method of calculating the net asset value of the fund assets is materially changed after the date when our Hang Seng Bull ELIs are offered. Such changes will impact on the performance of the fund assets and on the linked stock. The applicable laws and regulations governing the fund may restrict the operations of the fund and restrict its ability to achieve the investment objectives. In such case, the calculation agent, may decide, in their sole and absolute discretion acting in good faith and in a commercially reasonable manner, to early terminate our Hang Seng Bull ELIs in accordance with condition 6(f) in the terms and conditions as set out in Appendix A to this product booklet. The early termination amount that you will receive may be substantially less than the amount that you have invested. Please refer to the risk factors section “Risks in relation to early termination” for details.

Please read the offering documents for the relevant fund for more details.

- **Risk factors specific to Hang Seng Bull ELIs linked to an exchange traded fund**

Where the linked stock is units in a fund which is an exchange traded fund, you should note that an exchange traded fund is exposed to the political, economic, currency and other risks related to the underlying asset pool or index that the exchange traded fund is designed to track. There may also be a disparity between the performance of the exchange traded fund and the performance of the underlying asset pool or index which the exchange traded fund aims to track due to, for instance, failure of the tracking strategy, currency differences, fees and expenses. Furthermore, where the underlying asset pool or index that the exchange traded fund aims to track is subject to restricted access, the efficiency in unit creation or redemption to keep the market price of the exchange traded fund in line with its net asset value may be disrupted, causing the exchange traded fund to trade at a premium or discount to its net asset value. Such risks may have a negative impact on the performance of the exchange traded fund and may adversely affect the performance or market value of our Hang Seng Bull ELIs in which case you may suffer a loss in your investment.

If an exchange traded fund adopts a synthetic replication investment strategy to achieve its investment objectives by investing in financial derivative instruments linked to the performance of an underlying asset pool or index that the exchange traded fund is designed to track (“**synthetic exchange traded fund**”), you should also note that:

- (a) investments in financial derivative instruments will expose the synthetic exchange traded fund to the credit, potential contagion and concentration risks of the counterparties who issued such financial derivative instruments. As such, counterparties are predominantly international financial institutions, the failure of one such counterparty may have a negative effect on other counterparties of the synthetic exchange traded fund. Even if the synthetic exchange traded fund has collateral to reduce the counterparty risk, there may still be a risk that the market value of the collateral has fallen substantially when the synthetic exchange traded fund seeks to realise the collateral;
 - (b) the synthetic exchange traded fund may be exposed to higher liquidity risk if the synthetic exchange traded fund invests in financial derivative instruments which do not have an active secondary market. Such derivatives may have to be valued or sold at a much lower price than those with an active secondary market given wider bid-offer spreads in the price of the derivatives. This may result in losses in the synthetic exchange traded fund.
- **Risk factors specific to Hang Seng Bull ELIs linked to a Renminbi Qualified Foreign Institutional Investor (“RQFII”) exchange traded fund**

Where the linked stock is units of a RQFII exchange traded fund issued and traded outside the mainland China with direct investment in the mainland China’s securities market through the RQFII regime, you should note the additional risks below:

- (a) the novelty and untested nature of a RQFII exchange traded fund makes it riskier than traditional exchange traded funds. The policy and rules for the RQFII regime prescribed by the PRC central government are new and subject to change, and there may be uncertainty to its implementation. Such uncertainty and potential change of the laws and regulations for the RQFII regime may adversely impact on the performance of the RQFII exchange traded fund, and may also have potential retrospective effect. These changes may in turn adversely affect the performance or market value of our Hang Seng Bull ELIs;
- (b) a RQFII exchange traded fund primarily invests in securities traded in the mainland China’s securities market and is subject to concentration risk. Investment in the mainland China’s securities market (which are inherently stock markets with restricted access) involves certain risks and special considerations as compared with investment in more developed economies or markets, such as greater political, tax, economic, foreign exchange, liquidity and regulatory risks. The operation of a RQFII exchange traded fund may also be affected by interventions by the applicable government(s) and regulators in the financial markets;
- (c) there are risks and uncertainties associated with the current mainland Chinese tax laws applicable to capital gains realised by RQFII exchange traded funds through their investments in the mainland China. Although RQFII exchange traded funds may have made a tax provision in respect of potential tax liability, such tax provision may be excessive or inadequate. Any shortfall between such tax provision and the actual tax liabilities incurred by the relevant RQFII exchange traded fund will be included as an expense item for the relevant RQFII exchange traded funds and may therefore adversely affect the net asset value of the relevant RQFII exchange traded fund and the potential payout of our Hang Seng Bull ELIs; and
- (d) as disclosed in its offering documents, a RQFII exchange traded fund will utilize its manager’s RQFII quota allocated to such fund under the RQFII regime. In the event that RQFII quota allocated to the RQFII exchange traded fund is reached and the manager is unable to acquire additional RQFII quota for the RQFII exchange traded fund, the manager may need to suspend creation of further units of the RQFII exchange traded fund, and therefore may affect liquidity in

unit trading of the RQFII exchange traded fund. In such event, the trading price of a unit of the RQFII exchange traded fund is likely to be at a significant premium to its net asset value, and may be highly volatile.

Further, trading in units of RQFII exchange traded funds have only commenced for a short period since late 2012. Prior to the commencement of such trading, there had been no public market for units of RQFII exchange traded funds in Hong Kong. You should understand that an active public market for such units may not develop or be sustained in the future. You may not be able to analyse or compare the trading history of the units, particularly in relation to either the volatility or liquidity which may have an impact on the performance or market value of our Hang Seng Bull ELIs. Although the units of RQFII exchange traded funds are listed on The Stock Exchange of Hong Kong Limited (“**Hong Kong Stock Exchange**”), there is no guarantee that an active trading market for such units will sustain or, if an active market does develop, liquidity of that market can be sustained. Also, the price and trading volume of the units of RQFII exchange traded funds may be highly volatile subject to the market sentiment, and may be more volatile than would generally be expected for exchange traded funds with a longer trading history.

The above risks may have a significant adverse impact on the performance of the units of the RQFII exchange traded fund and the performance or market value of our Hang Seng Bull ELIs.

Please read the offering documents of the RQFII exchange traded fund to understand its key features and risks.

- **Risk factors specific to Hang Seng Bull ELIs linked to a real estate investment trust**

Where the linked stock is units in a fund which is a real estate investment trust, you should note that the investment objective of real estate investment trust is to invest in a real estate portfolio. Each real estate investment trust is exposed to risks relating to investments in real estate, including but not limited to (a) adverse changes in political or economic conditions; (b) changes in interest rates and the availability of debt or equity financing, which may result in an inability by the real estate investment trust to maintain or improve the real estate portfolio and finance future acquisitions; (c) changes in environmental, zoning and other governmental rules; (d) changes in market rents; (e) any required repair and maintenance of the portfolio properties; (f) breach of any property laws or regulations; (g) the illiquidity of real estate investment; (h) real estate taxes; (i) any hidden interests in the portfolio properties; (j) any increase in insurance premiums and (k) any uninsurable losses.

There may also be disparity between the market price of the units of a real estate investment trust and the net asset value per unit. This is because the market price of the units of a real estate investment trust also depends on many factors, including but not limited to (a) the market value and perceived prospects of the real estate portfolio; (b) changes in economic or market conditions; (c) changes in market valuations of similar companies; (d) changes in interest rates; (e) the perceived attractiveness of the units of the real estate investment trust against those of other equity securities; (f) the future size and liquidity of the market for the units and the real estate investment trust market generally; (g) any future changes to the regulatory system, including the tax system and (h) the ability of the real estate investment trust to implement its investment and growth strategies and to retain its key personnel. Such risks may have a negative impact on the performance of the linked stock and therefore the potential gain or loss of our Hang Seng Bull ELIs. In addition, increase in the market price of units of the real estate investment trust or its real estate portfolio may not lead to an increase in the market value of our Hang Seng Bull ELIs of the same magnitude or even any increase at all.

Please read the offering documents of the relevant real estate investment trust to understand its key features and risks.

- **Risk factors specific to issuer of the linked stock adopting the dual counters model**

Where the issuer of the linked stock adopts the dual counters model for trading its shares or units on the Hong Kong Stock Exchange in RMB and HKD separately, you need to consider the following additional risks in light of the novelty and relatively untested nature of the Hong Kong Stock Exchange's dual counters model:

- (a) our Hang Seng Bull ELIs relate to either the HKD-traded or the RMB-traded shares or units only. If the linked stock is the HKD-traded shares or units, movements in the trading prices of the RMB-traded shares or units should not directly affect the performance or market value of our Hang Seng Bull ELIs. Similarly, if the linked stock is the RMB-traded shares or units, movements in the trading prices of the HKD-traded shares or units should not directly affect the performance or market value of our Hang Seng Bull ELIs;
- (b) if there is a suspension of inter-counter transfer of such shares or units between the HKD counter and the RMB counter for any reason, such shares or units will only be able to be traded in the relevant currency counter on the Hong Kong Stock Exchange, which may affect the demand and supply of the linked stock and have adverse effect on the performance or market value of our Hang Seng Bull ELIs; and
- (c) the trading price on the Hong Kong Stock Exchange of the HKD-traded shares or units and RMB-traded shares or units may deviate significantly due to different factors, such as market liquidity, RMB conversion risk, supply and demand in each counter and the exchange rate between RMB and HKD. Changes in the trading price of the linked stock in HKD or RMB (as the case may be) may adversely affect the performance or market value of our Hang Seng Bull ELIs.

Please read the offering documents of the relevant shares of a company or units of a fund which are traded through the dual counters model to understand its key features and risks.

- **Conflicts of interest**

You should note that conflicts of interest may arise from the different roles played by us and our subsidiaries and affiliates in connection with our Hang Seng Bull ELIs and our economic interests in each role may be adverse to your interests in our Hang Seng Bull ELIs. We have policies and procedures to minimise and manage such conflicts and we have regulatorily required information barriers between our different divisions or units to comply with applicable laws and regulations, and, in any case, all such transactions or dealings in relation to our Hang Seng Bull ELIs will be transacted at arm's length. Hang Seng Bank Limited acts as the calculation agent for a series of Hang Seng Bull ELIs. The calculation agent is a separate role of Hang Seng Bank Limited, and Hang Seng Bank Limited as the calculation agent will act in good faith and in a commercially reasonable manner.

- **The potential gain or loss is affected by charges**

The total potential gain on our Hang Seng Bull ELIs will be reduced or the total potential loss on our Hang Seng Bull ELIs will be increased by any physical settlement expenses (such as transferee's stamp duty, transaction levies, and registration charges) and/or any handling fee you have to pay your distributor when you make your application or when your limit sell back order under the market making arrangement is executed and any fees to open and maintain your securities or investment account. Please contact your distributor for more information about the amount of the relevant charges payable.

- **English version of the terms and conditions may prevail over the Chinese version**

If our Hang Seng Bull ELIs are held through international securities clearing systems, the terms and conditions of our Hang Seng Bull ELIs are issued in English only for the purposes of lodgement with the relevant clearing systems, and shall prevail over the Chinese version of the terms and conditions contained in the Chinese version of this product booklet in the event of inconsistency. If you do not understand the English version, you should obtain independent professional advice.

- **Other risk factors specific to Hang Seng Bull ELIs denominated in RMB which are linked to RMB-traded linked stock**

Where the settlement currency is RMB (in which case the underlying currency is also RMB), you should note the following additional risks:

(i) Offshore RMB exchange rate risks

While both onshore Renminbi (i.e. Renminbi traded in the mainland China) (“**onshore RMB**”) and offshore Renminbi (i.e. Renminbi traded outside the mainland China) (“**offshore RMB**”) are the same currency, they are traded in different and separate markets operating under different regulations and independent liquidity pool. Onshore RMB and offshore RMB are currently traded in different markets with different exchange rates, whereby their exchange rate movements may not be in the same direction or magnitude. The offshore RMB exchange rate may deviate significantly from the onshore RMB exchange rate.

The offshore RMB exchange rate will be affected by, amongst other things, the PRC central government’s foreign exchange control, which may adversely affect your potential return under our Hang Seng Bull ELIs when you convert RMB into such other currency, or vice versa. Non RMB-based investors may have to convert their home currency into RMB when investing in RMB-denominated Hang Seng Bull ELIs. Such investors may also have to convert payments made on such Hang Seng Bull ELIs (or proceeds from selling the RMB-traded linked stock delivered to such investors under our Hang Seng Bull ELIs) back to their home currency. During these processes, such investors will incur currency conversion costs and be exposed to risk of fluctuation in the offshore RMB exchange rate against their home currency.

Please note that like other foreign currencies, the offshore RMB exchange rate may rise or fall. There is no guarantee that RMB will not depreciate. Our Hang Seng Bull ELIs denominated in RMB shall not be used as an investment for speculating in the appreciation of RMB.

(ii) Limited pool of RMB outside mainland China

RMB is subject to foreign exchange control and restrictions by the PRC central government.

There may be additional rules, regulations and restrictions under contemplation or to be issued by the relevant Hong Kong or PRC authorities that may be relevant to your investment in such Hang Seng Bull ELIs. You should check with your distributor for updates and details.

There is currently a limited pool of RMB outside mainland China. Should the PRC central government tighten its foreign exchange control over the cross border movements between onshore RMB and offshore RMB, the liquidity in RMB is likely to be adversely affected. Such limitation on liquidity in RMB may increase our unwind cost on any hedging arrangements relating to the Hang Seng Bull ELIs denominated in RMB which in turn may adversely affect the market value of such Hang Seng Bull ELIs.

(iii) Payment postponement for RMB disruption event

Upon the occurrence of an RMB disruption event (i.e. an event that, in the determination of the calculation agent in its sole and absolute discretion acting in good faith and a commercially reasonable manner, makes it impossible for us (a) to obtain a firm quote of a price quoted in USD against RMB in respect of any amount due and payable in RMB under the Hang Seng Bull ELIs in the RMB exchange market in Hong Kong (except due to issues relating to our creditworthiness), (b) to convert any amount due and payable in RMB under the Hang Seng Bull ELIs in the RMB exchange market in Hong Kong (except due to issues relating to our creditworthiness) and/or (c) to transfer RMB between accounts inside Hong Kong) on a scheduled date of payment, payment of the settlement at maturity or the early termination amount in cash may be postponed up to the third business day after 10 business days following such original scheduled date of payment. If the RMB disruption event continues to exist for 10 business days after such original scheduled date of payment, we will make such payment in a HKD equivalent amount by using the offshore RMB exchange rate against HKD as of such tenth business

day as determined by the calculation agent in its sole and absolute discretion acting in good faith and in a commercially reasonable manner. Please refer to “What happens if an RMB disruption event occurs on a scheduled date of payment?” on page 26 of this product booklet for further details.

The occurrence of an RMB disruption event could delay a payment to you under the Hang Seng Bull ELIs. We will not pay any extra amount (such as interest) for any delay in making such payment. You may suffer potential loss in interest which could otherwise be earned through placing the relevant amount in a bank deposit had there not been a delay in making such payment. In addition, if such payment is made in a HKD equivalent amount, you will also be exposed to the risk of fluctuation in the offshore RMB exchange rate against HKD. If offshore RMB depreciates significantly against HKD following the occurrence of an RMB disruption event, you will suffer a loss in HKD terms as the HKD equivalent amount paid to you will be substantially less than the value of the relevant amount payable in RMB on the original payment date in HKD terms (calculated based on the offshore RMB exchange rate against HKD prior to the occurrence of the RMB disruption event).

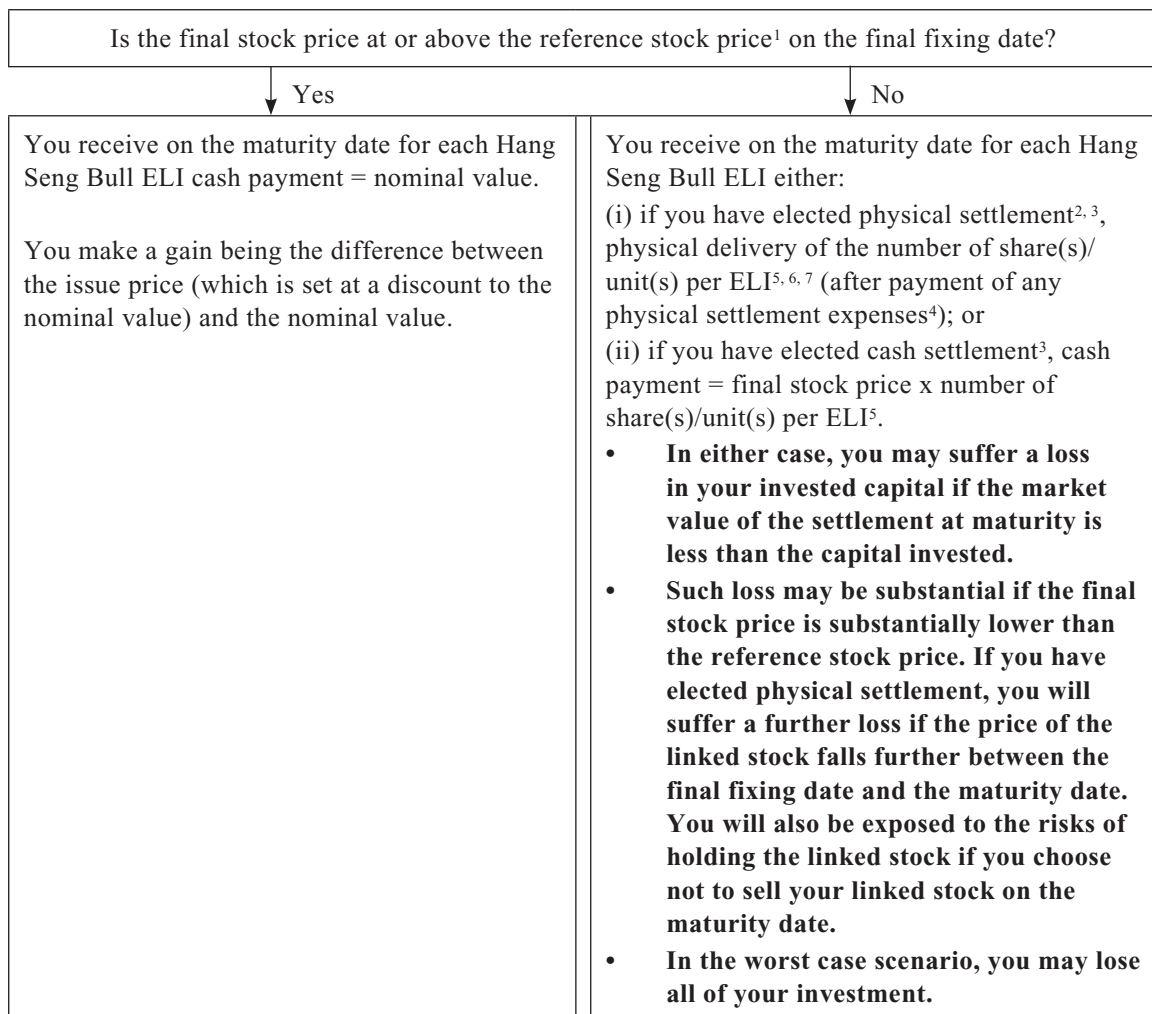
(iv) RMB interest rate risk

The interest rate for offshore RMB may be different from the interest rate for onshore RMB. The interest rate for offshore RMB and the interest rate for onshore RMB are currently traded in different markets with different rates, whereby their movements may not be in the same direction or magnitude. The interest rate for offshore RMB may deviate significantly from the interest rate for onshore RMB. Interest rates for onshore RMB are controlled by the PRC central government. The PRC central government has gradually liberalised the regulations of interest rates in recent years. In the case where there would be any further liberalisation of the interest rate for onshore RMB, such further liberalisation may affect the interest rate for offshore RMB. The market value of our Hang Seng Bull ELIs denominated in RMB may be adversely affected by the fluctuations in the interest rate for offshore RMB.

WHAT ARE HANG SENG BULL ELIS?

- Our Hang Seng Bull ELIs are equity-linked structured investment products which have an embedded put option over the linked stock (being shares in a company or units of a fund listed on the Hong Kong Stock Exchange and traded in either HKD or RMB) whereby you will be obliged to buy a number of the linked stock calculated at the reference stock price through us on the final fixing date if the final stock price is below the reference stock price. Not all listed stocks or funds can be used as a linked stock; you should ask your distributor what linked stock is available.
- If our Hang Seng Bull ELIs have not been early terminated during the investment period, our Hang Seng Bull ELIs will mature on the maturity date and you will receive 100% of the nominal value in cash if the final stock price is at or above the reference stock price on the final fixing date. However, if the final stock price is below its reference stock price on the final fixing date, you will receive physical delivery of the number of share(s)/unit(s) per ELI (after payment of any physical settlement expenses) (if you have elected physical settlement) or its cash equivalent (if you have elected cash settlement) on the maturity date, in which event you will suffer a loss in your capital invested.
- If you are interested in purchasing our Hang Seng Bull ELIs, you are subject to the minimum investment amount specified in the relevant term sheet. The issue price is set at a discount to the nominal value.

What is the settlement at maturity?



1. The reference stock price is the market spot price of the linked stock to be agreed between us and you (via your distributor) on the start date, and it will be set out in the relevant term sheet.

2. For investors who have elected physical settlement, the linked stock will only be delivered on the maturity date (being 3 business days after the final fixing date). **Therefore, investors will be exposed to market risks (including but not limited to price movement of the linked stock) and the risks of the occurrence and the continuing occurrence of settlement disruption events (as further described on page 41 of this product booklet) during the period between the final fixing date and the maturity date. Also, if you choose not to sell the linked stock on the maturity date, you will be exposed to the market risks of holding such linked stock.**
3. If you want to change the mode of settlement that you have elected at the time of your application, you will need to give instructions to your distributor in accordance with the normal operational procedures of such distributor. It is important that this allows sufficient time for your distributor to communicate with us (in circumstances where we are not also acting as distributor) in relation to the change of the mode of settlement. You should ask your distributor about the latest date for you to give instructions to your distributor in relation to the change of the mode of settlement, which in any event, should not be later than three business days prior to the final fixing date.
4. Your potential gain will be reduced or your potential loss will be increased by the amount of physical settlement expenses relating to the transfer and receipt of the linked stock, such as transferee's stamp duty, transaction levies, registration charges and any other charges levied by the distributor. Please contact your distributor for details of the physical settlement expenses.
5. The number of share(s)/unit(s) per ELI is a number of share(s)/unit(s) of the linked stock on the final fixing date which is calculated using the following formula:

$$\frac{\text{nominal value}}{\text{reference stock price}}$$

As the nominal value will be equal to the reference stock price, the number of share(s)/unit(s) per ELI shall be one share or one unit of the linked stock, subject to adjustment in accordance with condition 6 of the terms and conditions.

6. Board and odd lots (as the case may be) of the linked stock will be delivered to you as settlement, and any fraction of a linked stock (in the case of adjustment in accordance with condition 6 of the terms and conditions) will be paid in cash. Please refer to "number of share(s)/unit(s) per ELI" under the glossary section on page 23 of this product booklet.
7. If the maturity date is not a clearance system business day, physical delivery of the number of share(s)/unit(s) per ELI will take place on the following clearance system business day.

Glossary

A. Subscription of our Hang Seng Bull ELIs

Issue price

The issue price is the price that investors pay to purchase our Hang Seng Bull ELIs on the payment date. The issue price for each Hang Seng Bull ELI will be expressed as a percentage of the nominal value (see explanation below) and is set at a discount to the nominal value.

The issue price would be affected by various factors, including but not limited to the prevailing market condition, the reference stock price of the linked stock, the prevailing market price and price volatility of the linked stock, our creditworthiness, investment period, commissions (if any) and hedging costs. The issue price that you need to pay will be specified in the relevant term sheet.

Minimum investment amount	For each series of our Hang Seng Bull ELI, the relevant term sheet will specify the minimum investment amount that the investors are required to purchase and such minimum investment amount represents the number of ELIs which corresponds to the multiple of board lot of the linked stock.
Closing price	The closing price is the price as at the official closing time of the scheduled trading day of one share or one unit (as the case may be) of such linked stock as traded on the Hong Kong Stock Exchange without regard to any subsequently published correction as determined by the calculation agent.
Nominal value	The nominal value of an ELI is used to calculate the issue price per ELI and any settlement at maturity. The nominal value will be specified in the relevant term sheet and be equal to the reference stock price.
Settlement currency	We will issue and settle our Hang Seng Bull ELIs in either HKD (in which case the linked stock is also traded in HKD) or RMB (in which case the linked stock is also traded in RMB). You will pay the issue price and receive settlement at maturity (if any) in the settlement currency.
Linked stock	<p>Each series of Hang Seng Bull ELIs is linked to a stock which may be shares in a company or units in a fund (being an exchange traded fund or real estate investment trust) listed on the Hong Kong Stock Exchange and traded in either HKD or RMB (as the case may be). The relevant term sheet will identify the linked stock.</p> <p>Not all listed stocks can be used as a linked stock for our Hang Seng Bull ELIs. Please ask your distributor what linked stock is available.</p>
Investment period	The investment period is from the start date to the maturity date (both dates inclusive) and it will be specified in the relevant term sheet.
Start date	The start date is a scheduled trading day on which you place the order to purchase our Hang Seng Bull ELIs and this is the date when the purchase order is executed. Such date will be specified in the relevant term sheet.
Issue date	The issue date is the date on which our Hang Seng Bull ELIs are issued. The issue date and the start date are on the same date. Such date will be specified in the relevant term sheet.
Payment date	Payment date is the date on which payment for the issue price for our Hang Seng Bull ELIs is deducted from the cash account that you hold with your distributor. The issue date and the payment date are on the same date. Such date will be specified in the relevant term sheet.
Calculation agent	The calculation agent for each series of our Hang Seng Bull ELIs will be specified in the relevant term sheet. The calculation agent will be responsible for the calculation of any rates and amount and making certain other determinations and adjustments in relation to our Hang Seng Bull ELIs in accordance with the terms and conditions.

B. Settlement At Maturity

Final fixing date

If the Hang Seng Bull ELI is not early terminated, the final fixing date is the date when the final stock price is determined and the settlement at maturity is determined. The date will be specified in the relevant term sheet, and if such date is not a scheduled trading day, the final fixing date shall be the following scheduled trading day unless such day is a disrupted day.

If the final fixing date is a disrupted day (as defined in condition 2(c) of the terms and conditions set out in Appendix A to this product booklet), the closing price for the linked stock in respect of the final fixing date shall be determined on the first succeeding scheduled trading day that is not a disrupted day (the “**Adjusted Final Fixing Date**”), unless each of the five scheduled trading days immediately following the scheduled final fixing date is a disrupted day. In that case, (i) that fifth scheduled trading day shall be the Adjusted Final Fixing Date and (ii) the calculation agent shall determine in good faith and in a commercially reasonable manner the closing price of such linked stock (based on factors including but not limited to the latest reported price and the prevailing market conditions) notwithstanding the fact that such day is a disrupted day and such price shall be treated as the closing price as of that fifth scheduled trading day.

Reference stock price

The reference stock price of the linked stock is the market spot price of the linked stock to be agreed between us and you (via your distributor) on the start date. The reference stock price will be set out in the relevant term sheet.

The reference stock price will be used to compare with the final stock price in determining the settlement at maturity on the maturity date.

Final stock price

The final stock price is the official closing price of the linked stock on the Hong Kong Stock Exchange on the final fixing date.

If the final stock price of the linked stock cannot be determined due to the reason that the final fixing date is a disrupted day, such final stock price will be determined on the Adjusted Final Fixing Date as described further in “Final fixing date” above.

Settlement at maturity

If the Hang Seng Bull ELI is not early terminated, on the final fixing date,

- (a) if the final stock price is at or above the reference stock price, you will receive on the maturity date, in respect of each Hang Seng Bull ELI, a cash amount equal to 100% of the nominal value of each Hang Seng Bull ELI.

(b) if the final stock price is below the reference stock price and:

- (i) if physical settlement is elected (see “Mode of settlement” below), you will receive on the maturity date, in respect of each Hang Seng Bull ELI, physical delivery of a number of share(s)/unit(s) of the linked stock equal to the number of share(s)/unit(s) per ELI (as described further on pages 22 to 23 below) after payment of any physical settlement expenses; or
- (ii) if cash settlement is elected (see “Mode of settlement” below), you will receive on the maturity date, in respect of each Hang Seng Bull ELI, the cash equivalent of the number of share(s)/unit(s) per ELI that is equal to the final stock price multiplied by the number of share(s)/unit(s) per ELI.

For the avoidance of doubt, where the physical settlement has been elected, the linked stock to be delivered to you will be calculated on the basis of each Hang Seng Bull ELI held by you.

Physical settlement expenses

Where the settlement at maturity consists of delivery of the linked stock, you are required to pay all physical settlement expenses arising from the delivery of the shares or units of the linked stock (as the case may be), including (but not limited to):

- the transferee’s, but not the transferor’s prevailing stamp duty (if applicable, subject to prevailing laws and regulations) on delivery of the linked stock based on its final stock price (rounded up to the nearest dollar); and
- any other charges including transaction levies, registration charges and any other costs and expenses incurred in connection with the transfer and receipt of the shares or units of the linked stock (as the case may be).

Please contact your distributor for details of these costs and expenses.

The settlement at maturity will be delivered after payment of all physical settlement expenses and you will be notified by your distributors of such expenses on the maturity date.

For the avoidance of doubt, no expenses are payable to us for any payment of cash amounts in respect of any fraction of a share or unit.

Mode of settlement

Our Hang Seng Bull ELIs can be settled by cash or physical delivery of the linked stock as described in “Settlement at maturity” above. You are required to elect the mode of settlement when you place the order to purchase our Hang Seng Bull ELIs.

Please note that if you have elected a mode of settlement at the time of application but subsequently would like to change the election, you will need to give instructions to your distributor in accordance with the normal operational procedures of such distributor. It is important that this allows sufficient time for your distributor to communicate with us (in circumstances where we are not also acting as distributor) in relation to the change of mode of settlement. You should ask your distributor about the latest date for you to give instructions to your distributor in relation to the change of mode of settlement, which in any event, should not be later than three business days prior to the final fixing date.

Number of share(s)/unit(s) per ELI

The number of share(s)/unit(s) per ELI shall be one share or one unit of the linked stock, subject to adjustment in accordance with condition 6 of the terms and conditions. If the settlement is by physical delivery of the linked stock, the linked stock will be deposited into your investment account with the relevant distributor on the maturity date. If adjustments are to be done in relation to our Hang Seng Bull ELIs in accordance with the terms and conditions, the number of share(s)/unit(s) per ELI will be rounded down to four decimal places.

Please note that board and odd lots (as the case may be) of the linked stock will be delivered to you as settlement. If an odd lot is delivered to you, you should note that the market price of each share or unit of such odd lot may be lower than that of each share or unit of the whole board lot, and you may also have difficulty to sell such odd lot in the market.

If the linked stock to be delivered to you does not form an integral share or unit (as the case may be), such fraction of a share or unit (as the case may be) will be paid in cash in the settlement currency (rounded down to 2 decimal places) by us no later than the maturity date, and such amount is equal to the final stock price multiplied by the number of fraction of a share or unit (as the case may be).

Maturity date

The maturity date is three business days after the final fixing date and it will be specified in the relevant term sheet. It is the date when the investors will receive the settlement at maturity under our Hang Seng Bull ELIs. Postponement to the final fixing date will result in the postponement to the maturity date. For physical settlement, the delivery of the linked stock will only occur on a clearance system business day and may be postponed upon the occurrence of settlement disruption events. Please see “How and when will the linked stock be delivered?” below for details.

If our Hang Seng Bull ELIs are denominated in RMB, payments under such Hang Seng Bull ELIs will be postponed and may be made in a HKD equivalent amount if an RMB disruption event occurs on a scheduled date of payment. Please see “What happens if an RMB disruption event occurs on a scheduled date of payment?” below for details.

Scheduled trading day

A day on which the Hong Kong Stock Exchange and each related exchange are scheduled to be open for trading.

How and when will the linked stock be delivered?

If the linked stock is deliverable upon maturity, we will arrange for a number of share(s)/unit(s) of the linked stock equal to the number of share(s)/unit(s) per ELI to be delivered to you on the maturity date (provided you have paid all the physical settlement expenses) in the following manner:

- (i) if our Hang Seng Bull ELIs are held outside the clearing system but you invest in our Hang Seng Bull ELIs through a distributor other than us, or if our Hang Seng Bull ELIs are held through the clearing system, such linked stock will be delivered to your distributor (or, where applicable, your distributor's custodian(s)) through the Central Clearing and Settlement System and your distributor (or, where applicable, your distributor's custodian(s)) will credit such linked stock to your account with your distributor; or
- (ii) if our Hang Seng Bull ELIs are held outside the clearing system and you invest in our Hang Seng Bull ELIs through us as your distributor, such linked stock will be credited into your account with us directly.

Upon the occurrence of settlement disruption events (i.e. events which the calculation agent, in its sole and absolute discretion acting in good faith and in a commercially reasonable manner, determines to be beyond our control or the control of the relevant company or the relevant fund and as a result of which the relevant clearance system cannot clear the transfer of such linked stock) as provided in condition 4(c) of the terms and conditions as set out in Appendix A to this product booklet, such linked stock will be delivered on the first succeeding day on which delivery of such linked stock can take place through the relevant clearance system. We will issue notices on the original maturity date to your distributor who will in turn forward to you specifying that the delivery of the linked stock will be postponed. If a settlement disruption event prevents settlement on each of the ten business days immediately following the original maturity date, in that case, such linked stock will be delivered by whatever means the calculation agent reasonably determines in good faith to be the most practicable on that tenth business day. However, if such linked stock cannot be delivered in any other means the calculation agent reasonably determines in good faith, the delivery of the linked stock will be postponed until delivery can be effected through the relevant clearance system or in any other means that the calculation agent reasonably determines in good faith to be the most practicable. We will issue a further notice on the tenth business day following the original maturity date to your distributor who will in turn forward to you specifying the continuance of such settlement disruption event and the action to be taken. The delay may persist for a prolonged period or indefinitely and we will not pay any extra amount (such as interest) for any delay in delivery of the linked stock.

When will the terms and conditions of the Hang Seng Bull ELIs be adjusted?

The terms and conditions of our Hang Seng Bull ELIs will be adjusted following the occurrence of a potential adjustment event which the calculation agent determines in good faith and a commercially reasonable manner has a diluting or concentrative effect on the theoretical value of the linked stock, or a merger event or tender offer on or after the start date but on or before the final fixing date. In such situations, the calculation agent will notify the SFC and the distributors as soon as practicable after the occurrence of such event, and your distributor will then notify you. The calculation agent will, in its sole and absolute discretion and acting in good faith and in a commercially reasonable manner, make adjustment on the settlement, payment or any other terms of our Hang Seng Bull ELIs as it determines appropriate to account for the occurrence of such events in order to preserve the economic equivalence of our Hang Seng Bull ELIs (such adjustment will include, where the relevant company has merged with another entity, deeming the shares of the surviving entity in the merger to be the new linked stock). The calculation agent will determine in its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) the effective date of such adjustment. In determining the effective date of such adjustment, the calculation agent shall observe and use, to the extent reasonably practicable, any such ex-date or other relevant date as provided by the Hong Kong Stock Exchange or any other related exchange as the effective date of such adjustment.

In determining such adjustment:

- (i) if options contracts or futures contracts of the linked stock are traded on the Hong Kong Stock Exchange or any other related exchange, the calculation agent will follow any adjustment to the terms of the relevant options contract or futures contract made and announced by the Hong Kong Stock Exchange or such other exchange, unless following such adjustment is not able to preserve the economic equivalence of our Hang Seng Bull ELIs. In such case, the calculation agent will determine the aforesaid adjustment in its sole and absolute discretion acting in good faith and in a commercially reasonable manner so as to preserve the economic equivalence of our Hang Seng Bull ELIs; or
- (ii) if there are no options contracts or futures contracts of the linked stock traded on the Hong Kong Stock Exchange or any other related exchange, the calculation agent will take into account and (where, and to the extent, applicable) follow the relevant rules as set out in the Operational Trading Procedures for Options Trading Exchange Participants of the Stock Exchange so as to preserve the economic equivalence of our Hang Seng Bull ELIs.

Notice of any adjustment and the date from which such adjustment is effective will be given by the calculation agent as soon as practicable. Your distributor will then notify you and you may check with the distributor for more information about such adjustment. You should refer to condition 6 in Appendix A to this product booklet for details.

Are there any situations where our Hang Seng Bull ELIs may be terminated before maturity?

Upon an occurrence on or after the start date but on or before the final fixing date of (i) a merger event or a tender offer (each as further described in condition 6 in Appendix A to this product booklet) whereby the calculation agent determines in its sole and absolute discretion and acting in good faith and in a commercially reasonable manner that any adjustment to the terms and conditions of our Hang Seng Bull ELIs is unable to preserve the economic equivalence of our Hang Seng Bull ELIs; or (ii) certain termination events as set out in condition 6 in Appendix A to this product booklet, such as nationalisation, insolvency, delisting, hedging disruption, additional disruption event and fund disruption event, our Hang Seng Bull ELIs will be terminated prior to the maturity date at the early termination amount as determined by the calculation agent (in its sole and absolute discretion acting in good faith and in a commercially reasonable manner) to be the fair market value of our Hang Seng Bull ELIs in the circumstances. The calculation agent will be responsible for the calculation of the early termination amount, for the purpose of which, it will take into account factors such as the prevailing market conditions including (without limitation) the value of the relevant embedded derivatives, market interest rate movements, price volatility and dividend yield of the linked stock, the reference stock price of the linked stock, the remaining investment period of our Hang Seng Bull ELIs, our creditworthiness and our unwind cost on any hedging arrangements relating to the Hang Seng Bull ELIs (such as, but not limited to, any market bid/offer spread and any ancillary cost in relation to such unwinding), all as determined by the calculation agent acting in good faith and in a commercially reasonable manner. Such costs could be substantial and could result in zero return or even a loss in the capital that you have invested in our Hang Seng Bull ELIs. If our Hang Seng Bull ELIs are early terminated, your distributor will so notify you by notice as soon as practicable after the early termination is determined but no later than the second business day after the effective date of such early termination and specify in the notice the occurrence of the relevant event and the early termination date and briefly explain in the notice how the early termination amount is determined. You will receive the early termination amount no later than the third business day after the effective date of such early termination.

Can the dates referred to above be subject to adjustments?

The final fixing date could be postponed (as determined by the calculation agent) (i) if the relevant date is not a day on which the Hong Kong Stock Exchange and each related exchange are scheduled to be open for trading, (ii) if the Hong Kong Stock Exchange or any related exchange fails to open for trading during its regular trading session on the relevant date, or (iii) when a market disruption event occurs. See “Final fixing date” under the glossary section on page 21 of this product booklet and condition 2(c) of the terms and conditions set out in Appendix A to this product booklet for more details about these possible postponements and situations where the calculation agent may need to

determine in good faith and a commercially reasonable manner the closing price of the linked stock affected by such postponement. Such postponement will in turn result in a postponement to the maturity date and no compensation will be made by us for the postponement.

If the final fixing date is postponed due to the occurrence of the market disruption event and as a result of which the maturity date is postponed, we will issue notice on or before the original maturity date to your distributor who will in turn forward to you specifying such postponement.

Scheduled dates for the delivery of the linked stock must be days on which the relevant clearance system is open for the acceptance and execution of settlement instructions and will be postponed if there is an event beyond our control or the control of the relevant company or the relevant fund which makes the delivery of such stock impracticable (such as the failure of the relevant clearance system to clear the transfer of such linked stock) as further described in “How and when will the linked stock be delivered?” on page 24 of this product booklet. The scheduled date for payment of settlement at maturity (in the case where settlement at maturity consists of a cash payment) must be a day (other than a Saturday or Sunday) on which banks are open for business in Hong Kong and will be postponed to the next day on which this is the case if necessary. We will not pay any amount for the delay in payment of any amount or delivery of the linked stock.

What happens if an RMB disruption event occurs on a scheduled date of payment?

In the case where the settlement currency is RMB, upon the occurrence of an RMB disruption event (i.e. an event that, in the determination of the calculation agent in its sole and absolute discretion acting in good faith and a commercially reasonable manner, makes it impossible for us (a) to obtain a firm quote of a price traded in USD against RMB in respect of any amount due and payable in RMB under the Hang Seng Bull ELIs in the RMB exchange market in Hong Kong (except due to issues relating to our creditworthiness), (b) to convert any amount due and payable in RMB under the Hang Seng Bull ELIs in the RMB exchange market in Hong Kong (except due to issues relating to our creditworthiness) and/or (c) to transfer RMB between accounts inside Hong Kong) as provided in condition 2(c) of the terms and conditions as set out in Appendix A to this product booklet on a scheduled date of payment (being the maturity date, the date on which you receive the early termination amount or the date on which you receive the cash proceeds from selling back the Hang Seng Bull ELIs under the market making arrangements), such payment may be postponed to the third business day after the date on which the RMB disruption event ceases to exist, unless the RMB disruption event continues to exist for ten business days after such original scheduled date of payment. We will issue notices on such original scheduled date of payment to your distributor who will in turn forward to you specifying that such payment will be postponed.

If the RMB disruption event continues to exist for ten business days after such original scheduled date of payment, in that case, payment will be made in an amount in HKD determined by the calculation agent acting in good faith and in a commercially reasonable manner by converting the original amount payable in RMB into HKD using the offshore RMB exchange rate against HKD as of such tenth business day based on (i) the foreign exchange rate of HKD per one USD as at 16:00 (Hong Kong time) on such tenth business day as displayed on Reuters page <HKD=> divided by (ii) the offshore foreign exchange rate of RMB per one USD as at 16:00 (Hong Kong time) on such tenth business day as displayed on Reuters page <CNH=> (or if such rate is not available, the exchange rate as determined by the calculation agent in its sole and absolute discretion acting in good faith and a commercially reasonable manner). Your distributor will notify you by notice as soon as practicable after such HKD equivalent amount is determined but no later than the second business day after such tenth business day. You will receive such HKD equivalent amount no later than the third business day after such tenth business day.

MORE INFORMATION ABOUT OUR HANG SENG BULL ELIS

How can I buy the Hang Seng Bull ELIs?

You cannot purchase our Hang Seng Bull ELIs directly from us (in our capacity as the Issuer). If you wish to purchase any of our Hang Seng Bull ELIs, you must contact one of the distributors specified in the indicative term sheet for that series. Your distributor will apply for the relevant Hang Seng Bull ELIs from us (as the Issuer) directly on your behalf. If Hang Seng is specified as one of or the sole distributor for that series, you can purchase our Hang Seng Bull ELIs from us as the distributor as explained below. The names and contact details of the distributors are specified in the indicative term sheet.

You may purchase our Hang Seng Bull ELIs by placing a purchase order with us through your distributor on any scheduled trading day which will become the start date upon execution of your purchase order on the same day as you place your order. Once you place a purchase order with us, you will be committed to purchase the Hang Seng Bull ELIs. All terms applicable to the Hang Seng Bull ELIs are finalised at the time you place an order with us.

Do you need an RMB cash account and a HKD cash account if you purchase our Hang Seng Bull ELIs denominated in RMB?

If you wish to purchase our Hang Seng Bull ELIs denominated in RMB, you must have, or open, a RMB cash account with your distributor (including the case where we also act as a distributor) for settling any RMB payment in respect of such Hang Seng Bull ELIs from or to you.

You should be aware of the lead time required for opening the RMB cash account as the distributor may not be able to process your request immediately. You should check with your distributor for the account opening procedures as well as terms and conditions of the RMB cash account.

Different distributor could have different and/or additional restrictions. There may be additional rules, regulations and restrictions under contemplation or to be issued by the relevant Hong Kong or PRC authorities that may be relevant to your investment in such Hang Seng Bull ELIs. You should check with your distributor for updates and details.

In addition, you must have, or open, a HKD cash account with your distributor as payments under such Hang Seng Bull ELIs may be made in a HKD equivalent amount if an RMB disruption event occurs.

Post-sale cooling-off period

Post-sale cooling-off period arrangement will not be applicable to our Hang Seng Bull ELIs because the investment periods of all of our Hang Seng Bull ELIs are 1 year or less.

Market making arrangements

If you intend to purchase any Hang Seng Bull ELIs, you should be willing to hold such Hang Seng Bull ELIs until maturity. The Hang Seng Bull ELIs are not listed on any exchange. Hang Seng Bank Limited in its capacity as market agent will make a market for our Hang Seng Bull ELIs on each exchange business day (as defined in condition 2(c) of the terms and conditions set out in Appendix A to this product booklet) from but excluding the issue date to and including the third exchange business day before the final fixing date (each a “**market making day**”) subject to the provisions set out below. The market making arrangements are available to all our Hang Seng Bull ELIs with any length of investment period. We may not be able to provide market making arrangements on a market making day if the relevant Hang Seng Bull ELIs are affected by market disruption events (as defined in condition 2(c) of the terms and conditions set out in Appendix A to this product booklet) and/or suspension of trading in the linked stock.

On each market making day, the market agent will (i) make available to you (via your distributor) indicative bid prices (on a per Hang Seng Bull ELI basis) during normal business hours; and (ii) provide a firm bid price to you through your distributor if you request for such price from your

distributor on such market making day specifying the amount of the Hang Seng Bull ELIs that you intend to sell (such amount has to be equal to, or a multiple of, the minimum transfer amount being the nominal value) before 3:00 p.m. on that market making day.

The indicative bid prices are subject to changes due to the changing market condition within the market making day and will vary depending on many factors, including (without limitation), the value of the relevant embedded derivatives, market interest rate movements, price volatility and dividend yield of the linked stock, the reference stock price of the linked stock, the remaining investment period of our Hang Seng Bull ELIs, our creditworthiness and the unwind costs on hedging (such as, but not limited to, any market bid/offer spread and any ancillary cost in relation to such unwinding). The indicative bid prices are provided for your reference only as they may not be equal to the firm bid price at which you choose to sell the Hang Seng Bull ELIs back to us before maturity.

If you agree to sell the Hang Seng Bull ELIs at the quoted firm bid price, you can place a limit sell back order with your distributor with such price before 3:00 p.m. on that market making day. Please note that in order for your limit sell back order to be executed at the quoted firm bid price, you must place such order immediately upon the receipt of the quoted firm bid price without any delay. Otherwise, your limit sell back order will not be executed if the prevailing firm bid price of the Hang Seng Bull ELIs falls below the quoted firm bid price. In such case, your distributor will notify you within a commercially reasonable period of time and follow-up action will be done by your distributor. You should contact your distributor for details in relation to such arrangement. If the prevailing firm bid price of the Hang Seng Bull ELIs goes above the quoted firm bid price and your limit sell back order is executed based on this higher prevailing firm bid price, such executed firm bid price will be given to you by your distributor. The firm bid price is based on the indicative bid price and is subject to changes due to the changing market condition within the market making day and the firm bid price may be equal to, higher or lower than the issue price of any series of Hang Seng Bull ELIs, and you may as a result lose all or part of your investment in the Hang Seng Bull ELIs. The executed firm bid price will be set out in the contract note which will be sent to you by your distributor within 2 business days after the relevant market making day. The cash received from selling back the Hang Seng Bull ELIs will be credited to your account on the third business day after the relevant market making day. You can contact your distributor to enquire about the sell back order any time before you receive the contract note.

If our Hang Seng Bull ELIs are denominated in RMB, payments under such Hang Seng Bull ELIs will be postponed and may be made in a HKD equivalent amount if an RMB disruption event occurs. Please see “What happens if an RMB disruption event occurs on a scheduled date of payment?” on page 26 of this product booklet for details.

The firm bid prices for our Hang Seng Bull ELIs will only be quoted by the market agent to your distributor or directly to you if the market agent itself is your distributor. Given the same prevailing market conditions and other relevant factors described in this section, all the prices quoted by the market agent to your distributor or directly to you will be the same.

The firm bid prices for our Hang Seng Bull ELIs which will be quoted by a distributor to any person wishing to sell our Hang Seng Bull ELIs may be different to the firm bid prices quoted by another distributor, as individual distributor may charge fees and deduct such fees from the firm bid prices. Furthermore, if you have purchased Hang Seng Bull ELIs from a distributor but wish to sell back such Hang Seng Bull ELIs to a different distributor, you may need to have, or open, an investment account with such other distributor, including the case where the distributor is the Issuer itself before you are able to do so.

On the monthly statement provided by your distributor in relation to our Hang Seng Bull ELIs you hold, you will be provided with the market value of the relevant Hang Seng Bull ELIs as at the date when the statement is issued. The market value is provided for your reference only. The evaluation of the market value is based on the same factors as the indicative bid price but the relevant costs (i.e. the unwind costs on hedging) have not been reflected on such market value so it may not be equal to the firm bid price at which you choose to sell the Hang Seng Bull ELIs back to us before maturity.

If you would like to know the firm bid price of our Hang Seng Bull ELIs from time to time and/or if you would like to sell any Hang Seng Bull ELI prior to their expiry, you should contact the distributors.

You should note that the firm bid price at which you can sell your Hang Seng Bull ELIs may be substantially less than your initial investment.

Who are the Hang Seng Bull ELIs designed for?

- Our Hang Seng Bull ELIs are only designed for investors who have experience in unlisted equity-linked structured products and take a stable or moderately bullish view of the linked stock. They are not designed for inexperienced investors who (i) have no knowledge in derivative instruments, (ii) do not want to take the credit risk of the Issuer, (iii) do not want to invest for the whole investment period of our Hang Seng Bull ELIs, or (iv) do not want to take risk on any part of their capital.
- The investors must understand that they may receive the linked stock or its cash equivalent as settlement at maturity and the market value of which may be much lower than the capital invested.

FATCA Withholding Tax for Non-U.S. Investors

Legislation known as the United States Hiring Incentives to Restore Employment Act (the “**HIRE Act**”), which included provisions referred to as the Foreign Account Tax Compliance Act (“**FATCA**”), was passed in the United States on 18 March 2010. Under the HIRE Act and FATCA, we may be required to withhold moneys on account of U.S. federal tax on all, or a portion of:

- (a) any payments made in respect of the Hang Seng Bull ELIs that are linked to the value of, or dividends on, stock issued by an entity that is treated as a U.S. corporation (or by any other entity the dividends of which would be U.S. source) for U.S. federal income tax purposes (such payments, “**U.S. Source Payments**”); or
- (b) any payments (regardless of whether such payments have any connection to a U.S. Source Payment) made after 31 December 2018 in respect of the Hang Seng Bull ELIs.

HIRE Act and FATCA withholding tax can affect both coupon or periodic payments and “gross proceeds” (including principal payments).

Based on the provisions of the HIRE Act, current regulations under FATCA and other related official guidance issued by the U.S. Internal Revenue Service, payments made with respect to a Hang Seng Bull ELI that are not U.S. Source Payments will not be subject to HIRE Act or FATCA withholding tax if either (i) such Hang Seng Bull ELI is issued on or before (and is not materially modified after) the Grandfather Date (as defined below) or (ii) such Hang Seng Bull ELI does not provide for payments after 31 December 2018. For these purposes, the “**Grandfather Date**” is the date that is six months after the date on which final regulations defining the term “foreign passthru payment” are filed with the U.S. Federal Register.

We will neither offer nor issue any Hang Seng Bull ELI providing for payments that are U.S. Source Payments. Additionally, any Hang Seng Bull ELI offered or issued by us either will be issued on or before (and will not be materially modified after) the Grandfather Date or will not provide for payments after 31 December 2018. Therefore, on the basis of the current regulations, official guidance and the above analysis, payments made with respect to the Hang Seng Bull ELIs will not be subject to HIRE Act or FATCA withholding tax.

The HIRE Act and FATCA provisions are particularly complex, and their application is uncertain at this time. You should consult your own tax adviser as to the application of the HIRE Act and FATCA to the Hang Seng Bull ELIs.

The above summary only applies to you if you are a non-U.S. Investor. You are a non-U.S. Investor unless you are: (1) an individual citizen or resident of the United States, (2) a corporation, partnership or other entity (excluding a trust) that is formed or organized under the laws of the United States or any of its political subdivisions (or is taxable as an entity so formed or organized), (3) an estate that is subject to U.S. federal income taxation regardless of its source, or (4) a trust that is subject to the jurisdiction of a U.S. court and for which one or more “United States persons” (as defined in the U.S. Internal Revenue Code) control all of the substantial decisions, or has otherwise made an appropriate election under U.S. tax regulations.

Who will determine the settlement at maturity and adjustments (if any) to the reference stock price etc?

We will act as the calculation agent for the relevant series of Hang Seng Bull ELIs. The calculation agent will make determinations in connection with our Hang Seng Bull ELIs. The calculation agent has sole and absolute discretion and acts in good faith and in a commercially reasonable manner in making certain determinations based on the prevailing market conditions under the legal documentation and any decision it makes is (save in the case of manifest error) final and binding on you and on us as the Issuer. The calculation agent may adjust certain terms and conditions (including the reference stock price) of our Hang Seng Bull ELIs in certain circumstances. See “When will the terms and conditions of the Hang Seng Bull ELIs be adjusted?” on pages 24 to 25 of this product booklet for further details. The calculation agent is our agent: it owes no duties to you as an investor in our Hang Seng Bull ELIs.

How will you know what the settlement at maturity will be?

We will notify the distributors as soon as the determination has been made. You will be notified by your distributor of such information on the maturity date.

Where can you find more information about us and the Hang Seng Bull ELIs and where to obtain the offering documents of the Hang Seng Bull ELIs?

Our Hang Seng Bull ELIs are issued under the Programme, which is described in our information memorandum dated 4 August 2016. Please read and understand the information memorandum including any addendum as specified in the indicative term sheet, together with the financial disclosure document including any addendum as specified in the indicative term sheet, this product booklet including any addendum as specified in the indicative term sheet, and the indicative term sheet (together, the “**Offering Documents**”) carefully before you decide whether to buy our Hang Seng Bull ELIs.

The information memorandum contains important information about the Programme, including information about:

- the general information about us;
- the general risks of buying the structured products issued under the Programme, including our Hang Seng Bull ELIs;
- taxation issues in relation to our non-capital protected unlisted structured products in general; and
- the general procedure for buying our non-capital protected unlisted structured products through a distributor, how your distributor will hold your non-capital protected unlisted structured products and receive notices, shares or units (as the case may be) and payments from us on your behalf, and how you must rely on your distributor to forward such notices, shares or units (as the case may be) and payments to you.

The financial disclosure document contains:

- the latest public financial information about us, including the audited consolidated financial statements and unaudited condensed consolidated financial statements (if any).

This product booklet contains:

- the key facts statement of our Hang Seng Bull ELIs;
- the features and key elements of our Hang Seng Bull ELIs;
- product risks in relation to our Hang Seng Bull ELIs;
- the terms and conditions that apply to our Hang Seng Bull ELIs;
- form of the term sheet for our Hang Seng Bull ELIs; and
- scenario analysis of our Hang Seng Bull ELIs.

The indicative term sheet for a specific series of Hang Seng Bull ELIs contains information about:

- terms of that particular series of Hang Seng Bull ELIs.

In respect of any Hang Seng Bull ELI, the following Offering Documents may be obtained free of charge through the following methods of distribution as specified in the indicative term sheet:

Offering Documents	Method of Distribution
<ul style="list-style-type: none"> • The information memorandum (including any addenda); • The financial disclosure document (including any addenda); and • This product booklet (including any addenda). 	<ul style="list-style-type: none"> (i) Printed copies from the distributors; (ii) CD-ROM copies (if any) from the distributors (whether or not CD-ROM copies are being made available for any particular series of Hang Seng Bull ELIs will be specified in the indicative term sheet); and (iii) Electronic copies at our website (www.hangseng.com) (whether or not electronic copies are being made available for any particular series of Hang Seng Bull ELIs will be specified in the indicative term sheet).
The indicative term sheet	<ul style="list-style-type: none"> (i) Printed copies from the distributors; and (ii) Electronic copies at our website (www.hangseng.com) (whether or not electronic copies are being made available for any particular series of Hang Seng Bull ELIs will be specified in the indicative term sheet).

The offer of each series of Hang Seng Bull ELIs is made only on the basis of the Offering Documents.

Except for the marketing materials issued by us (if any) as the Issuer (which, although do not form part of the Offering Documents for our Hang Seng Bull ELIs, contain information about our Hang Seng Bull ELIs), we have not authorised anyone to give you any information about our Hang Seng Bull ELIs other than the information in the Offering Documents.

Legal terms and conditions of our Hang Seng Bull ELIs

The binding legal terms for the relevant series of Hang Seng Bull ELIs are constituted by the terms and conditions of the Hang Seng Bull ELIs set out in Appendix A to this product booklet, as varied, amended or supplemented by the final term sheet for the relevant series of Hang Seng Bull ELIs. The

final term sheet will be made available for inspection from the issue date during normal business hours at the Arrangers' office at 83 Des Voeux Road Central, Hong Kong. A contract note which sets out all the finalised terms will be sent to you by your distributor within two business days after the start date.

Who takes responsibility for the Offering Documents of our Hang Seng Bull ELIs?

We (as the Issuer and the Product Arranger) accept full responsibility for the contents of, and the completeness and accuracy of the information contained in the Offering Documents for our Hang Seng Bull ELIs and confirm, having made all reasonable enquiries, that to the best of our knowledge and belief there is no untrue or misleading statement or other facts the omission of which would make any statement therein untrue or misleading.

Information included on a third party's website referred to in this product booklet does not form part of this product booklet. We do not accept any responsibility for information included on third parties' websites.

Our information memorandum and the financial disclosure document (taken together with, and as up-dated by this product booklet) is accurate at the date of this product booklet. You must not assume, however, that information in the information memorandum, the financial disclosure document or this product booklet is accurate at any time after the date of this product booklet. The indicative term sheet will tell you if an addendum to any of our Offering Documents has been published.

Except where we are acting as a distributor, none of the distributors which sell our Hang Seng Bull ELIs is responsible in any way to ensure the accuracy of the Offering Documents.

Where can you read copies of the legal documentation for the Hang Seng Bull ELIs?

While any of our Hang Seng Bull ELIs remains outstanding, you can read copies of the documents listed as documents that will be kept on display in the section headed "Where you can read copies of our legal documentation for our Programme" on pages 27 to 28 of our information memorandum by going to the office of the Arrangers at 83 Des Voeux Road Central, Hong Kong. This office is open only during normal business hours and not on Saturdays, Sundays or public holidays.

A reasonable fee will be charged if you want to take photocopies of any of the documents whilst they are on display.

You can find out more about how the legal documentation works by reading our information memorandum.

Are the Offering Documents a prospectus?

The Offering Documents do not constitute a prospectus under the Companies (Winding up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong).

On-going disclosure obligations

We (as the Issuer and the Product Arranger) will keep the SFC and the distributor(s) informed as soon as reasonably practicable if (a) we (as the Issuer) cease to meet any eligibility requirements applicable to issuers under the Code; (b) we (as the Product Arranger) cease to meet any eligibility requirements applicable to product arrangers under the Code; and (c) to the extent permitted by any applicable law, there are changes in our financial condition or other circumstances which could reasonably be expected to have a material adverse effect on our ability (as the Issuer) to fulfill our commitments in connection with our Hang Seng Bull ELIs. Your distributor will in turn inform you. Please contact your distributor for further details.

Governing law

Hong Kong law governs our Hang Seng Bull ELIs.

APPENDIX A

TERMS AND CONDITIONS OF HANG SENG BULL ELIS

These Terms and Conditions of Hang Seng Bull ELIs (“Terms and Conditions”) will, together with the supplemental provisions contained in the applicable Term Sheet and subject to completion and amendment, be incorporated by reference into each Global Certificate (as defined below) and definitive certificate (if applicable). The applicable Term Sheet in relation to the issue of any series of ELIs may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Terms and Conditions, vary, amend or supplement the Terms and Conditions for the purpose of such series of ELIs. Capitalised terms used in the Terms and Conditions and not otherwise defined herein shall have the meaning given to them in the final Term Sheet. References to the “applicable Term Sheet” in the Terms and Conditions are to the final Term Sheet attached to the Global Certificate.

If the ELIs are held through international securities clearing systems, the ELIs (in global and definitive form) and related terms and conditions will be issued in English only for the purpose of lodgement with the relevant clearing systems, and shall prevail over any Chinese version in the event of discrepancy.

The SFC takes no responsibility as to the contents of the Terms and Conditions. The SFC’s authorisation of this product booklet does not imply the SFC’s endorsement to the Terms and Conditions.

1. Form, Status, Transfer and Title

- (a) *Form.* The Equity Linked Investments (“**ELI**”, collectively “**ELIs**”) (which expression shall, unless the context otherwise requires, include any further ELIs issued pursuant to Condition 10) relating to the Linked Stock are issued in registered form subject to and with the benefit of a global certificate by way of deed poll (the “**Global Certificate**”) made by Hang Seng Bank Limited (the “**Issuer**”) and a registrar’s and structured product agency agreement (such agreement as amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) dated 31 July 2009 made between the Issuer, Hang Seng Bank Limited, Singapore Branch as registrar (in such capacity, the “**Registrar**”, which expressions shall include any successors) and the Issuer as agent (in such capacity, the “**Agent**” which expressions shall include any successors). The ELI holders (as defined below) are entitled to the benefit of the Deed of Covenant (the “**Deed of Covenant**”) dated 31 July 2009 made by the Issuer, under the terms of which either: (i) accountholders in Euroclear Bank S.A./N.V., as operator of the Euroclear system (“**Euroclear**”) and/or Clearstream Banking société anonyme (“**Clearstream, Luxembourg**”) if Euroclear and/or Clearstream, Luxembourg, is specified as the applicable clearing system; or (ii) the accountholders with the Issuer if it is specified that the ELIs will be held through an account directly with the Issuer, are given directly enforceable rights against the Issuer under the ELIs. The original of the Deed of Covenant is held by the Agent.

ELIs in definitive form will only be issued in exchange for the Global Certificate: (i) in the case of ELIs for which Euroclear and/or Clearstream, Luxembourg are specified as the applicable clearing system, if both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announce an intention permanently to cease business and do so cease business and no alternative clearing system satisfactory to the Issuer, the Registrar and the Agent is available; or (ii) in the case of ELIs held through an account with the Issuer, the Issuer is declared insolvent, or announces its intention to cease business and no alternative clearing system satisfactory to the Issuer, the Registrar and the Agent is available. In the event of any such exchange, references in these Terms and Conditions to the Global Certificate shall be deemed to be, as appropriate, references to such definitive certificates. The Global Certificate has been registered in the name of a nominee (the “**Nominee**”) either common to Euroclear and/or Clearstream, Luxembourg or as appointed by the Issuer.

The applicable Term Sheet for the ELIs is attached to the Global Certificate and supplements the Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Terms and Conditions, vary, amend or supplement the Terms and Conditions for the purposes of the ELIs. References herein to the “**applicable Term Sheet**” are to the final Term Sheet attached to the Global Certificate.

Copies of the applicable Term Sheet, the Deed of Covenant and the Agency Agreement are available for inspection at the specified office of the Arrangers during the period beginning on the Issue Date and ending on the Maturity Date.

The ELI holders are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Global Certificate, the applicable Term Sheet, the Deed of Covenant and the Agency Agreement.

- (b) *Status.* The ELIs represent general, unsecured and unsubordinated contractual obligations of the Issuer and of no other person and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations of the Issuer.
- (c) *Transfer.* The ELIs will be transferable only by means of delivery of the relevant Global Certificate to the Registrar in accordance with the provisions of the Agency Agreement, with the form of transfer endorsed on it duly completed and executed. Transfers of beneficial interests in the ELIs will be effected only in an amount equal to the Minimum Transfer Amount or integral multiples thereof in accordance with the rules and procedures for the time being of either Euroclear and/or Clearstream, Luxembourg (if Euroclear and/or Clearstream, Luxembourg, are specified as the applicable clearing system) or the Issuer (if the ELIs are held through an account with the Issuer), as the case may be.
- (d) *Title.* Each person who is for the time being shown in the register (the “**Register**”) kept by the Registrar as entitled to a particular number of ELIs shall be treated by the Issuer and the Registrar as the absolute owner and holder of such number of ELIs. The expression “**ELI holder**” shall be construed accordingly.

2. ELI Rights and Expenses

- (a) *ELI Rights.* Each ELI represents a Nominal Value as specified in the applicable Term Sheet and gives each ELI holder, upon due exercise and compliance with Condition 4, the right to receive the Settlement At Maturity (as defined below), if any, on the Maturity Date.
- (b) *Expenses.* In the case where the Settlement At Maturity is such Number of Share(s)/Unit(s) per ELI of the Linked Stock, the following provisions will apply:

ELI holders entitled to delivery of the Number of Share(s)/Unit(s) per ELI will be required to pay to the Issuer a sum, as determined by the Calculation Agent, equal to all charges incurred in respect of the transfer and receipt of the Number of Share(s)/Unit(s) per ELI, including, without limitation, any stamp duty, agent’s expenses, levies, registration charges and other expenses payable on or in respect of or in connection with the receipt of, or agreement to receive, the Number of Share(s)/Unit(s) per ELI provided that the ELI holder shall not be liable for the transferor’s share of any stamp duty (the above charges and expenses incurred by ELI holders are together referred to as the “**Physical Settlement Expenses**”).

An amount equivalent to the Physical Settlement Expenses must be paid by the ELI holder in accordance with Condition 4.

(c) *Definitions.* For the purposes of these Terms and Conditions:

“**Business Day**” means a day (excluding Saturdays, Sundays and public holidays) on which commercial banks are open for business in the relevant Business Day Centre(s) (as specified in the applicable Term Sheet);

“**Clearance System**” means, in relation to a series of ELIs, Central Clearing and Settlement System or such other applicable clearance system (through which transfers of the Linked Stock which form the Number of Share(s)/Unit(s) per ELI are customarily settled as approved by the Issuer), or any successor to such clearance system;

“**Clearance System Business Day**” means, in respect of a Clearance System, any day on which such Clearance System is (or, but for the occurrence of a Settlement Disruption Event, would have been) open for the acceptance and execution of settlement instructions;

“**Closing Price**” means, in respect of a Scheduled Trading Day, the price as at the Valuation Time on such day of one share or one unit (as the case may be) of the Linked Stock as traded on the Exchange without regard to any subsequently published correction as determined by the Calculation Agent;

“**Company**” shall have the meaning given to it in the applicable Term Sheet;

“**Disrupted Day**” means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred;

“**Early Termination Amount**” means such cash amount in the Settlement Currency (subject to Condition 4(b)(ii) where applicable) calculated on a per ELI basis as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion acting in good faith and in a commercially reasonable manner) is the fair market value of the ELI in the circumstances, taking into account all information which it deems relevant such as the prevailing market conditions, which include, without limitation, the value of the relevant embedded derivatives, market interest rate movements, price volatility and dividend yield of the Linked Stock, the Reference Stock Price, the remaining investment period of the ELIs, the creditworthiness of the Issuer and the cost to the Issuer of unwinding any related underlying hedging arrangements entered into in respect of such ELI (such as, but not limited to, any market bid/offer spread and any ancillary cost in relation to such unwinding), whether such hedge is held directly by the Issuer or indirectly through an affiliate, all as determined by the Calculation Agent acting in good faith and in a commercially reasonable manner;

“**Exchange**” means, in respect of the Linked Stock, each exchange or quotation system specified as such for such Linked Stock in the applicable Term Sheet, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in such Linked Stock has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Linked Stock on such temporary substitute exchange or quotation system as the original Exchange);

“**Exchange Business Day**” means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time;

“**Final Fixing Date**” means the date specified in the applicable Term Sheet or, if such date is not a Scheduled Trading Day, the following Scheduled Trading Day unless such day is a Disrupted Day. If such day is a Disrupted Day, the Closing Price of the Linked Stock in respect of the Final Fixing Date shall be determined on the first succeeding Scheduled

Trading Day that is not a Disrupted Day (the “**Adjusted Final Fixing Date**”), unless each of the five Scheduled Trading Days immediately following the scheduled Final Fixing Date is a Disrupted Day. In that case:

- (1) valuation for the Linked Stock shall be made on that fifth Scheduled Trading Day, notwithstanding the fact that such day is a Disrupted Day, and that fifth Scheduled Trading Day shall be deemed the Adjusted Final Fixing Date, and
- (2) the Calculation Agent shall determine in its good faith and in a commercially reasonable manner the Closing Price of such Linked Stock (based on factors including but not limited to the latest reported price and the prevailing market conditions) and such price shall be treated as the Closing Price as of that fifth Scheduled Trading Day;

“**Final Stock Price**” has the meaning as specified in the applicable Term Sheet;

“**Fund**” shall have the meaning given to it in the applicable Term Sheet;

“**HKD**” means Hong Kong dollars, the lawful currency of Hong Kong;

“**HKD Equivalent Amount**” means, following the occurrence of an RMB Disruption Event and in respect of an amount payable in RMB on the relevant affected date of payment, an amount in HKD determined by the Calculation Agent, by converting such amount into HKD using such exchange rate as of the tenth Business Day after the original date that, but for the occurrence of the RMB Disruption Event, would have been the date for such payment, based on (i) the foreign exchange rate of HKD per one USD as at 16:00 (Hong Kong time) on such tenth Business Day as displayed on Reuters Page <HKD=> (or such replacement page) divided by (ii) the offshore foreign exchange rate of RMB per one USD as at 16:00 (Hong Kong time) on such tenth Business Day as displayed on Reuters page <CNH=> (or such replacement page and if any such rate is not available, the exchange rate as determined by the Calculation Agent in its sole and absolute discretion acting in good faith and a commercially reasonable manner);

“**Issue Price**” has the meaning as specified in the applicable Term Sheet;

“**Linked Stock**” means the securities (which may be shares of a Company or units of a Fund (being an exchange traded fund or a real estate investment trust)) specified as such in the applicable Term Sheet which are listed on the Exchange and traded in either HKD or RMB (as the case may be) and related expressions shall be construed accordingly;

“**Market Disruption Event**” means, in respect of the Linked Stock:

- (1) the occurrence or existence at any time during the one hour period that ends at the relevant Valuation Time of:
 - (a) any suspension of or limitation imposed on trading (which is determined by the Calculation Agent in its sole and absolute discretion acting in good faith and in a commercially reasonable manner to be material) by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise:
 - (i) relating to such Linked Stock on the Exchange; or
 - (ii) in futures or options contracts relating to such Linked Stock on any relevant Related Exchange; or
 - (b) any event (other than an event described in (2) below) that disrupts or impairs (in a way which is determined by the Calculation Agent in its sole and absolute discretion acting in good faith and in a commercially reasonable manner to be

material) the ability of market participants in general (i) to effect transactions in, or obtain market values for, such Linked Stock on the Exchange, or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to such Linked Stock on any relevant Related Exchange, or

- (2) the closure on any Exchange Business Day of any relevant Exchange(s) or Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to the earlier of (a) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day and (b) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day;

“**Maturity Date**” means the date specified as such in the applicable Term Sheet, subject to postponement in accordance with Condition 4(c) upon the occurrence of a Settlement Disruption Event and (where the Settlement Currency is RMB) Condition 4(b)(ii) upon the occurrence of an RMB Disruption Event. If the Final Fixing Date is a Disrupted Day and as a result of which the Maturity Date is postponed, a notice of such postponement will be given to the ELI holders in accordance with Condition 9 on or before the original Maturity Date;

“**Minimum Investment Amount**” has the meaning as specified in the applicable Term Sheet;

“**Mode of Settlement**” means the form of settlement that the ELI holder elects to receive upon maturity of the ELI when the Final Stock Price is below the Reference Stock Price on the Final Fixing Date. The ELI holder can elect either cash settlement or physical settlement of the Settlement At Maturity;

“**Nominal Value**” has the meaning as specified in the applicable Term Sheet;

“**Number of Share(s)/Unit(s) per ELI**” means, in respect of each ELI, the number of shares (where such Linked Stock is a share of a company) or the number of units (where such Linked Stock is a unit of a fund) of the Linked Stock as specified in the applicable Term Sheet, subject to adjustments in accordance with Condition 6;

“**Reference Stock Price**” shall be a fixed price as specified in the applicable Term Sheet, subject to adjustments in accordance with Condition 6;

“**Related Exchange**” means, in respect of the Linked Stock, each exchange or quotation system on which futures or options contracts relating to the Linked Stock are traded or quoted, as determined by the Issuer (acting in good faith and in a commercially reasonable manner);

“**RMB**” means Renminbi or Chinese Yuan, the lawful currency of the People’s Republic of China (“**PRC**”);

“**RMB Disruption Event**” means the occurrence of any event that, in the determination of the Calculation Agent in its sole and absolute discretion acting in good faith and a commercially reasonable manner, makes it impossible:

- (1) **RMB Illiquidity** — for the Issuer to obtain a firm quote of a price (quoted in USD against RMB) in respect of any amount due and payable in RMB under the ELIs on the relevant scheduled date of payment in the RMB exchange market in Hong Kong in order to perform its obligations under the ELIs;
- (2) **RMB Inconvertibility** — for the Issuer to convert any amount due and payable in RMB under the ELIs in the RMB exchange market in Hong Kong, other than where such impossibility is due to the failure of the Issuer to comply with any law, rule or

regulation enacted by any government authority (unless such law, rule or regulation is enacted after the Start Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation); or

- (3) **RMB Non-transferability** — for the Issuer to transfer RMB between accounts inside Hong Kong, other than where such impossibility is due to the failure of the Issuer to comply with any law, rule or regulation enacted by any government authority (unless such law, rule or regulation is enacted after the Start Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

For the avoidance of doubt, the following events shall not constitute an RMB Disruption Event:

- (A) the inability for the Issuer to obtain such firm quote due to issues relating to its creditworthiness; and
- (B) the inability for the Issuer to convert RMB due to issues relating to its creditworthiness;

“Scheduled Closing Time” means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours;

“Scheduled Trading Day” means any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions;

“Settlement At Maturity” means, in respect of each ELI:

- (1) if the Final Stock Price is at or above the Reference Stock Price, a cash amount in the Settlement Currency (subject to Condition 4(b)(ii) where applicable) calculated by the Calculation Agent as equal to the Nominal Value; or
- (2) if the Final Stock Price is below the Reference Stock Price,
- (i) where physical settlement is elected as the Mode of Settlement, physical delivery of the Number of Share(s)/Unit(s) per ELI (subject to payment of the Physical Settlement Expenses); or
- (ii) where cash settlement is elected as the Mode of Settlement, the cash equivalent of the Number of Share(s)/Unit(s) per ELI in the Settlement Currency (subject to Condition 4(b)(ii) where applicable) that is equal to the Final Stock Price multiplied by the Number of Share(s)/Unit(s) per ELI;

“Settlement Currency” means HKD (where the Underlying Currency is HKD) or RMB (where the Underlying Currency is RMB) as specified in the applicable Term Sheet;

“Start Date” has the meaning as set out in the applicable Term Sheet;

“Underlying Currency” means the currency in which the Linked Stock is traded on the Exchange, which is either HKD or RMB as specified in the applicable Term Sheet;

“USD” means United States dollars, the lawful currency of the United States of America; and

“Valuation Time” means, in respect of an Exchange or a Related Exchange and a Scheduled Trading Day, the Scheduled Closing Time of such Exchange or Related Exchange on that Scheduled Trading Day, or if such Exchange or Related Exchange closes prior to or after its Scheduled Closing Time, the actual closing time for its regular trading session.

3. Expiry of ELIs

- (a) *Expiry of ELIs.* The ELIs shall only expire in an amount equal to the Nominal Value or integral multiples thereof. The ELIs automatically expires on the Final Fixing Date.
- (b) *Procedures for Expiry.* The ELIs will automatically expire on the Final Fixing Date (without notice being given to the ELI holders). The ELI holders will not be required to deliver any notice and the Issuer or the Agent will pay to the ELI holders the Settlement At Maturity in cash (if any) or will deliver to the ELI holders the Number of Share(s)/Unit(s) per ELI, all in accordance with Condition 4. For the avoidance of doubt, where the ELIs have expired on the Final Fixing Date, payment of the Settlement At Maturity in cash on the Maturity Date or delivery of the Number of Share(s)/Unit(s) per ELI on the Maturity Date to the ELI holders, as the case may be, shall constitute full and final settlement of the obligations of the Issuer with respect to the ELIs. Subject to such payment or delivery, as the case may be, having been made, the Issuer shall have no obligation towards the relevant ELI holder under the ELI subsequent to the Maturity Date.
- (c) *Cancellation.* The Issuer will procure that the Registrar will, with effect from the Business Day following the Maturity Date, remove from its register the name of the person in respect of the ELIs which has expired in accordance with these Terms and Conditions and thereby cancel the relevant ELIs.

4. Settlement of ELIs

- (a) *Settlement.* Subject to automatic expiry of ELIs in accordance with these Terms and Conditions, the Issuer will make a payment or delivery (as the case may be), in respect of each ELI, to the relevant ELI holder of the Settlement At Maturity.
- (b) *Cash Settlement.*
 - (i) Subject as provided in Condition 4(b)(ii) below in the case of the RMB Disruption Event which is applicable where the Settlement Currency is RMB only, in the case where:
 - (1) the Settlement At Maturity consists of a cash payment, the Settlement At Maturity shall be despatched not later than the Maturity Date by crediting that amount to the relevant bank account designated by the relevant ELI holder; and
 - (2) the ELIs are early terminated pursuant to Condition 6, the Early Termination Amount shall be despatched not later than the third Business Day after the effective date of such early termination.
 - (ii) In the case where the Settlement Currency is RMB, if the Calculation Agent has determined, in its sole and absolute discretion acting in good faith and in a commercially reasonable manner, that an RMB Disruption Event has occurred on any date on which payment of the Settlement At Maturity and/or the Early Termination Amount in cash is scheduled to be made, such payment will be postponed to the third Business Day after the date on which the RMB Disruption Event ceases to exist, unless the RMB Disruption Event continues to exist for 10 Business Days after the original date that, but for the occurrence of the RMB Disruption Event, would have been the date for such payment. In such case, the Issuer shall make payment of the HKD Equivalent Amount no later than the third Business Day after such tenth Business Day. Any such payment made by the Issuer shall be in full and final settlement of its obligations to pay the relevant amount payable in RMB on the affected date of payment in respect of the ELIs.

A notice of such postponement of such payment will be given to the ELI holders on the relevant affected date of payment in accordance with Condition 9 and, if applicable, a further notice of the determination of the HKD Equivalent Amount will be given to the ELI holders as soon as practicable after such HKD Equivalent Amount is determined no later than the second Business Day after such tenth Business Day.

(c) Delivery of the Linked Stock.

- (i) *Share Purchase Option.* In the case where the Settlement at Maturity consists of delivery of the Number of Share(s)/Unit(s) per ELI and physical settlement is elected as the Mode of Settlement, a cash payment equal to the cash equivalent of the Number of Share(s)/ Unit(s) per ELI shall be deemed to be payable by the Issuer to the ELI holder, and the ELI holder shall be deemed to have appointed and authorised the Issuer as the ELI holder's agent and on its behalf (and/or such other persons as the Issuer may appoint for this purpose as sub-agent for the relevant ELI holder and on behalf of the relevant ELI holder) to use such cash equivalent of the Number of Share(s)/Unit(s) per ELI to purchase, on the Final Fixing Date, the number of share(s) or unit(s) of the Linked Stock comprising the Number of Share(s)/Unit(s) per ELI. The Issuer will procure delivery of the Linked Stock comprising the Number of Share(s)/Unit(s) per ELI to the ELI holder on the Maturity Date by way of electronic settlement through the Clearance System.
- (ii) In order to obtain delivery of the Linked Stock comprising the Number of Share(s)/ Unit(s) per ELI, (a) all Physical Settlement Expenses must be paid by the ELI holders to the Issuer and (b) the relevant ELI holder must notify the Issuer of such details as are required by the Issuer for the delivery of the Number of Share(s)/Unit(s) per ELI (if any) which may include account details and/or the name and address of any person(s) into whose name evidence of the Number of Share(s)/Unit(s) per ELI is to be registered and/or any bank or agent to whom documents evidencing the Number of Share(s)/Unit(s) per ELI are to be delivered.
- (iii) Subject as provided below in the case of a Settlement Disruption Event, the Issuer will procure:
 - (a) the delivery of the Linked Stock comprising the Number of Share(s)/Unit(s) per ELI to the ELI holders no later than the Maturity Date or, if such date is not a Clearance System Business Day, the following Clearance System Business Day; and
 - (b) the despatch of any payment to which the ELI holder is entitled pursuant to Condition 4(f), if applicable, no later than the Maturity Date.

The Calculation Agent shall determine, in its sole and absolute discretion acting in good faith and in a commercially reasonable manner, whether or not at any time a Settlement Disruption Event has occurred and where it determines such an event has occurred and so has prevented delivery of the Linked Stock on the original day that but for such Settlement Disruption Event would have been the Maturity Date, then the Maturity Date will be the first succeeding day on which delivery of the Linked Stock can take place through the relevant Clearance System unless a Settlement Disruption Event prevents settlement on each of the ten relevant Clearance System Business Days immediately following the original date that, but for the Settlement Disruption Event, would have been the Maturity Date. In that case, (a) if the Linked Stock can be delivered in any other commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion acting in good faith), then the Maturity Date will be the first day on which physical delivery of the Linked Stock can be effected through the use of such other commercially reasonable manner after that tenth relevant Clearance System Business Day (which other manner of delivery will be deemed the relevant Clearance System for the purposes of delivery of the Linked Stock), and (b) if the Linked Stock cannot be delivered in any other commercially reasonable manner (as

determined by the Calculation Agent in its sole and absolute discretion acting in good faith), then the Maturity Date will be postponed until delivery can be effected through the relevant Clearance System or in any other commercially reasonable manner.

A notice of such postponement of the delivery of the Linked Stock will be given to the ELI holders on the original Maturity Date in accordance with Condition 9 and a further notice of the continuance of the Settlement Disruption Event and the action to be taken will be given to the ELI holders on the tenth Clearance System Business Day following the original Maturity Date.

For the purposes of this Condition 4(c):

“**Settlement Disruption Event**” in relation to the Linked Stock means an event which the Calculation Agent, in its sole and absolute discretion acting in good faith and in a commercially reasonable manner, determines to be beyond the control of the Issuer or the control of the relevant Company or the relevant Fund and to be an event as a result of which the relevant Clearance System cannot clear the transfer of the Linked Stock.

(d) *Intervening Period.*

Where the Settlement at Maturity consists of physical delivery of the Number of Share(s)/ Unit(s) per ELI, starting from the Final Fixing Date, an ELI holder (or such person as he may have directed) shall become beneficially entitled to all those rights attaching to the Linked Stock to be delivered in respect of such exercise to which he would have become entitled if he had been registered as the holder of the Linked Stock on the Final Fixing Date.

Notwithstanding the foregoing, as from the Final Fixing Date and until such time as the ELI holder (or such person as he may have directed) is delivered the Linked Stock using the method specified in the applicable Term Sheet (the “**Intervening Period**”), neither the Issuer nor the Agent or their nominee shall:

- (i) be under any obligation to deliver to such ELI holder or any subsequent beneficial owner of the Linked Stock any letter, certificate, notice, circular or any other document whatsoever received by the Issuer or the Agent or nominee in its capacity as the registered holder of the Linked Stock; or
- (ii) exercise any or all rights (including voting rights) attaching to the Linked Stock during the Intervening Period without the prior written consent of the relevant ELI holder, provided that neither the Issuer nor the Agent nor their nominee shall be under any obligation to exercise any such rights during the Intervening Period; or
- (iii) be under any liability to such ELI holder or any subsequent beneficial owner of the Linked Stock in respect of any loss or damage which such ELI holder or subsequent beneficial owner may sustain or suffer as a result, whether directly or indirectly, of the Issuer or the Agent or their nominee being registered during such Intervening Period as legal owner of the Linked Stock.

Notwithstanding anything in this Condition 4(d), the Issuer shall notify each relevant ELI holder (or where there are joint ELI holders, the first named ELI holder) appearing in the register kept by the Registrar by post (by airmail in the case of an address outside Hong Kong) of the receipt by the Issuer or the Agent or their nominee during the Intervening Period of any dividend, rights, bonus issue, shares or units issued pursuant to a stock split or consolidation in respect of the Linked Stock beneficially owned by such ELI holder or a subsequent beneficial owner of the Linked Stock which the ELI holder is entitled to under these Terms and Conditions.

The Issuer shall also make available as soon as reasonably practicable such dividend payment or the Linked Stock, as the case may be, for collection by the ELI holder or such subsequent beneficial owner of the Linked Stock from an office in Hong Kong which shall be specified in such notification upon production of such evidence of entitlement and identification as may reasonably be required and so notified to the ELI holder by the Issuer.

The Issuer shall also notify each relevant ELI holder (or where there are joint ELI holders, the first named ELI holder) appearing on the register kept by the Registrar by post (by airmail in the case of an address outside Hong Kong) of any right, entitlement or offer which the ELI holder is entitled to exercise or accept under these Terms and Conditions as beneficial owner of the Linked Stock during the Intervening Period and shall make available any document relating to such right, entitlement or offer for collection by the ELI holder, or the person to whom the ELI holder directed the Linked Stock to be delivered, from an office in Hong Kong which shall be specified in such notification upon production of such evidence of entitlement and identification as may reasonably be required and so notified to the ELI holder by the Issuer and, following receipt by the Issuer of written notification as may reasonably be required and, where appropriate, any relevant payment or consideration necessary in connection with exercising or accepting any such right, entitlement or offer from the relevant ELI holder or the person to whom the ELI holder directed the Linked Stock to be delivered, the Issuer shall on behalf of the relevant ELI holder, or the person to whom the ELI holder directed the Linked Stock to be delivered, exercise or accept such right, entitlement or offer.

Notwithstanding anything in this Condition 4(d), in the case of the receipt by the Issuer during the Intervening Period of an entitlement (in respect of the Linked Stock deliverable to or at the direction of the ELI holder) which takes the form of securities issued by the Company or the Fund by way of rights (to which the entitlement the ELI holder is entitled under these Terms and Conditions), the Issuer shall, as soon as reasonably practicable and:

- (i) in any event by no later than three Business Days following receipt of the relevant entitlement from the Company or the Fund, where necessary; post to the Company or the Fund or its stock registrar an application for the entitlement to be split as appropriate as between Linked Stock deliverable to different ELI holders (or subsequent ELI holders); and
 - (ii) in any event no later than three Business Days following receipt of the relevant entitlement duly split as referred to in (i) above, post (by airmail in the case of an address outside Hong Kong) all documentation (duly renounced where appropriate) received by it relating to such entitlement to the ELI holder, or the person to whom the ELI holder directed the Linked Stock to be delivered, or (if the ELI holder shall have so directed in the relevant exercise notice) make available such documentation for collection by the ELI holder, or the person to whom the ELI holder directed the Linked Stock to be delivered, from the office of the Issuer upon production of such evidence of entitlement and identification as may reasonably be required.
- (e) *Relationship of agency or trust.* These Terms and Conditions shall not be construed so as to give rise to any relationship of agency or trust between the Issuer or the Agent or their nominee and any ELI holder in its capacity as beneficial owner of the Linked Stock, or any subsequent beneficial owner of the Linked Stock, during an Intervening Period and neither the Issuer nor the Agent or their nominee shall owe any duty of a fiduciary nature to either such ELI holder or such beneficial owner in respect of the Linked Stock.

- (f) *Fraction of Share/Unit.* In the case where the Settlement At Maturity is equal to the delivery of the Number of Share(s)/Unit(s) per ELI to the ELI holder the following provision will apply:

In respect of each ELI, if an expiry of such ELI would (if not for the provisions of this Condition 4(f)) result in the relevant ELI holder becoming entitled to delivery of a certain number of share(s) or unit(s) of the Linked Stock (which may include a fraction of a share or a unit of the Linked Stock) which do not form an integral share or unit of the Linked Stock (the “**Fraction of Share/Unit**”):

- (i) the Issuer shall not deliver to the relevant ELI holder and the ELI holder shall cease to be entitled to receive such Fraction of Share/Unit (as the case may be) in respect of the expiry of such ELI; and
- (ii) the relevant ELI holder shall be entitled to receive a cash amount calculated on a per ELI basis (rounded down to 2 decimal places) from the Issuer (to be paid no later than the Maturity Date in accordance with Condition 4(b)) equal to the Final Stock Price multiplied by the number of such Fraction of Share/Unit (as the case may be).

5. Registrar and Agent

- (a) The initial Registrar and Agent and their respective specified offices are set out below. The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Registrar or Agent and to appoint another registrar or agent provided that it will at all times maintain a Registrar and an Agent. Notice of any such termination or appointment and of any change in the offices will be given to the ELI holders in accordance with Condition 9.
- (b) Each of the Registrar and the Agent will be acting as agents of the Issuer in respect of any ELI and will not assume any obligation or duty to or any relationship of agency or trust for the ELI holders.
- (c) The register of ELI holders will be maintained outside Hong Kong by the Registrar and the Registrar will enter the name, address and banking details of the ELI holders, the details of the ELIs held by any ELI holder including the number of ELIs of each series held and any other particulars which it thinks proper.

6. Adjustments and Early Termination

- (a) *Potential Adjustment Event.* If the Calculation Agent determines, in its sole and absolute discretion acting in good faith and in a commercially reasonable manner, a Potential Adjustment Event has occurred on or after the Start Date but on or before the Final Fixing Date, the Calculation Agent will, in its sole and absolute discretion acting in good faith and in a commercially reasonable manner, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Linked Stock and, if so, the ELI holder(s) shall be notified as soon as practicable after the occurrence of such Potential Adjustment Event. The Calculation Agent will make such adjustment as it, in its sole and absolute discretion acting in good faith and in a commercially reasonable manner determines to be appropriate, if any, to the Reference Stock Price, to the Number of Share(s)/Unit(s) per ELI, and/or any other adjustment and, in any case, any other variable relevant to the settlement or payment terms of the relevant ELIs as the Calculation Agent determines, in its sole and absolute discretion acting in good faith and in a commercially reasonable manner, to be appropriate to account for that diluting or concentrative effect on the theoretical value of the Linked Stock in order to preserve the economic equivalence of the ELIs and the ELI holder(s) shall be notified as soon as practicable after such

adjustments. The Calculation Agent shall also determine, in its sole and absolute discretion acting in good faith and in a commercially reasonable manner, the effective date(s) of such adjustment(s). In determining such adjustment(s):

- (i) if options contracts or futures contracts of the Linked Stock are traded on the Exchange or the Related Exchange, the Calculation Agent will follow any adjustment to the terms of the relevant options contract or futures contract made and announced by the Exchange or the Related Exchange, unless following such adjustment is not able to preserve the economic equivalence of the ELI. In such case, the Calculation Agent will determine the aforesaid adjustment(s) in its sole and absolute discretion acting in good faith and in a commercially reasonable manner so as to preserve the economic equivalence of the ELI; or
- (ii) if there are no options contracts or futures contracts of the Linked Stock traded on the Exchange or the Related Exchange, the Calculation Agent will take into account and (where, and to the extent, applicable) follow the relevant rules as set out in the Operational Trading Procedures for Options Trading Exchange Participants of the Stock Exchange so as to preserve the economic equivalence of the ELI.

In determining the effective date(s) of such adjustment(s), the Calculation Agent shall observe and use, to the extent reasonably practicable, any such ex-date(s) or other relevant date(s) as provided by the Exchange or the Related Exchange as the effective date(s) of such adjustment(s).

For the purposes of this Condition 6(a), “**Potential Adjustment Event**” means:

- (1) a subdivision, consolidation or reclassification of the Linked Stock (unless resulting in a Merger Event) or a free distribution or dividend of such Linked Stock to existing holders whether by way of bonus, capitalisation or similar issue; or
- (2) a distribution or dividend to existing holders of the Linked Stock of (a) such Linked Stock or (b) other stock capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Company or the Fund equally or proportionately with such payments to holders of any such Linked Stock or (c) stock capital or other securities of another issuer acquired or owned (directly or indirectly) by the Company or the Fund as a result of a spin-off or other similar transaction or (d) any other type of securities, rights or warrants or other assets, in any case for payment (cash or otherwise) at less than the prevailing market price as determined by the Issuer in its sole and absolute discretion acting in good faith and in a commercially reasonable manner; or
- (3) an extraordinary dividend; or
- (4) a call by the Company in respect of the Linked Stock that are not fully paid; or
- (5) a repurchase by the Company or the Fund or any of its subsidiaries of the Linked Stock whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
- (6) in respect of the Company, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Company, pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or

- (7) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Linked Stock.
- (b) *Merger Event*. Following the occurrence of any Merger Event in relation to which the Merger Date is on or after the Start Date but on or before the Final Fixing Date, the Calculation Agent may (i) make such adjustment as it, in its sole and absolute discretion acting in good faith and in a commercially reasonable manner, determines to be appropriate, if any, to the settlement, payment or any other terms of the ELIs to preserve the economic equivalence on the ELIs, which shall include, where the Company has merged with another entity, deeming the shares of the surviving entity to be the new Linked Stock; and (ii) determine the effective date of that adjustment. In determining such adjustment:
- (i) if options contracts or futures contracts of the Linked Stock are traded on the Exchange or the Related Exchange, the Calculation Agent will follow any adjustment to the terms of the relevant options contract or futures contract made and announced by the Exchange or the Related Exchange, unless following such adjustment is not able to preserve the economic equivalence of the ELI. In such case, the Calculation Agent will determine the aforesaid adjustment in its sole and absolute discretion acting in good faith and in a commercially reasonable manner so as to preserve the economic equivalence of the ELI; or
- (ii) if there are no options contracts or futures contracts of the Linked Stock traded on the Exchange or the Related Exchange, the Calculation Agent will take into account and (where, and to the extent, applicable) follow the relevant rules as set out in the Operational Trading Procedures for Options Trading Exchange Participants of the Stock Exchange so as to preserve the economic equivalence of the ELI.

In determining the effective date of such adjustment, the Calculation Agent shall observe and use, to the extent reasonably practicable, any such ex-date or other relevant date as provided by the Exchange or the Related Exchange as the effective date of such adjustment.

If the Calculation Agent determines in its sole and absolute discretion acting in good faith and in a commercially reasonable manner that the foregoing adjustment is unable to preserve the economic equivalence of the ELIs, then the ELIs shall be terminated as of the date determined by the Calculation Agent in its sole and absolute discretion acting in good faith and in a commercially reasonable manner and entitlement of the ELI holders to each receive the Settlement At Maturity shall cease and the Issuer's obligations under the ELIs shall be satisfied in full upon payment of the Early Termination Amount. The Calculation Agent shall notify the ELI holder(s) as soon as practicable regarding the occurrence of such Merger Event and such adjustment or termination (as the case may be).

For the purposes of this Condition 6(b):

“**Merger Date**” means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent; and

“**Merger Event**” means any:

- (1) reclassification or change of such Linked Stock that results in a transfer of or an irrevocable commitment to transfer all of such Linked Stock outstanding to another entity or person; or
- (2) consolidation, amalgamation, merger or binding stock exchange of the Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding stock exchange in which such Company is the continuing entity and which does not result in any such reclassification or change of all of such Linked Stock outstanding); or

- (3) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Linked Stock of the Company that results in a transfer of or an irrevocable commitment to transfer all such Linked Stock (other than such Linked Stock owned or controlled by such other entity or person); or
 - (4) consolidation, amalgamation, merger or binding stock exchange of the Company or its subsidiaries with or into another entity in which the Company is the continuing entity and which does not result in a reclassification or change of all such Linked Stock outstanding but results in the outstanding Linked Stock (other than Linked Stock owned or controlled by such other entity) immediately prior to such event collectively representing less than 50% of the outstanding Linked Stock immediately following such event.
- (c) *Tender Offer*. Following the occurrence of any Tender Offer in relation to which the Tender Offer Date is on or after the Start Date but on or before the Final Fixing Date, the Calculation Agent may (i) make such adjustment as it, in its sole and absolute discretion acting in good faith and in a commercially reasonable manner, determines to be appropriate, if any, to the settlement, payment or any other terms of the ELIs to preserve the economic equivalence on the ELIs of such Tender Offer; and (ii) determine the effective date of that adjustment. In determining such adjustment:
- (i) if options contracts or futures contracts of the Linked Stock are traded on the Exchange or the Related Exchange, the Calculation Agent will follow any adjustment to the terms of the relevant options contract or futures contract made and announced by the Exchange or the Related Exchange, unless following such adjustment is not able to preserve the economic equivalence of the ELI. In such case, the Calculation Agent will determine the aforesaid adjustment in its sole and absolute discretion acting in good faith and in a commercially reasonable manner so as to preserve the economic equivalence of the ELI; or
 - (ii) if there are no options contracts or futures contracts of the Linked Stock traded on the Exchange or the Related Exchange, the Calculation Agent will take into account and (where, and to the extent, applicable) follow the relevant rules as set out in the Operational Trading Procedures for Options Trading Exchange Participants of the Stock Exchange so as to preserve the economic equivalence of the ELI.

In determining the effective date of such adjustment, the Calculation Agent shall observe and use, to the extent reasonably practicable, any such ex-date or other relevant date as provided by the Exchange or the Related Exchange as the effective date of such adjustment.

If the Calculation Agent determines in its sole and absolute discretion acting in good faith and in a commercially reasonable manner that the foregoing adjustment is unable to preserve the economic equivalence of the ELIs, then the ELIs shall be terminated as of the date determined by the Calculation Agent in its sole and absolute discretion acting in good faith and in a commercially reasonable manner and the entitlement of the ELI holders to each receive the Settlement At Maturity shall cease and the Issuer's obligations under the ELIs shall be satisfied in full upon payment of the Early Termination Amount. The Calculation Agent shall notify the ELI holder(s) as soon as practicable regarding the occurrence of such Tender Offer and such adjustment or termination (as the case may be).

For the purposes of this Condition 6(c):

“**Tender Offer**” means a takeover, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10% and less than 100% of the outstanding voting shares of the Company or units of the

Fund, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant; and

“**Tender Offer Date**” means, in respect of a Tender Offer, the date on which voting shares or units in the amount of the applicable percentage threshold are actually purchased or otherwise obtained (as determined by the Calculation Agent acting in good faith and in a commercially reasonable manner).

- (d) *Nationalisation, Insolvency, Delisting or Hedging Disruption.* If, on or after the Start Date but on or before the Final Fixing Date, any of the following events occurs:
- (i) all the Linked Stock or all the assets or substantially all the assets of the Company or the Fund are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof (“**Nationalisation**”); or
 - (ii) by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the Company or the Fund (A) all the Linked Stock of the Company or the Fund are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Linked Stock become legally prohibited from transferring them (“**Insolvency**”); or
 - (iii) the Exchange announces that pursuant to the rules of such Exchange, the Linked Stock cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (“**Delisting**”); or
 - (iv) the Issuer or any of its affiliates are unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the asset price risk of entering into and performing its obligations with respect to any hedging arrangements entered into by the Issuer or its relevant affiliate in relation to the ELIs, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s) (“**Hedging Disruption**”), provided that any such inability that results due to the deterioration of the creditworthiness of the Issuer shall not be deemed a Hedging Disruption,

then the ELIs shall be terminated as of the date determined by the Calculation Agent in its sole and absolute discretion acting in good faith and in a commercially reasonable manner and the entitlement of the ELI holders to each receive the Settlement At Maturity shall cease and the Issuer’s obligations under the ELIs shall be satisfied in full upon payment of the Early Termination Amount.

The Calculation Agent shall notify the ELI holder(s) as soon as practicable regarding the occurrence of such Nationalisation, Insolvency, Delisting or Hedging Disruption (as the case may be) and such termination.

- (e) *Additional Disruption Event.* If an Additional Disruption Event occurs on or after the Start Date but on or before the Final Fixing Date, then the Calculation Agent may determine, in its sole and absolute discretion acting in good faith and in a commercially reasonable manner, that the ELIs shall be terminated as of the date determined by the Calculation Agent in its sole and absolute discretion acting in good faith and in a commercially reasonable manner and the entitlement of the ELI holders to each receive the Settlement At Maturity shall cease and the Issuer’s obligations under the ELIs shall be satisfied in full upon payment of the Early Termination Amount.

The Calculation Agent shall notify the ELI holder(s) as soon as practicable regarding the occurrence of such Additional Disruption Event and such termination.

For the purposes of this Condition 6(e):

“**Additional Disruption Event**” means each of Change in Law and Insolvency Filing;

“**Change in Law**” means (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in good faith that (a) it has become illegal to hold, acquire or dispose of the Linked Stock, or (b) the Issuer will incur a materially increased cost in performing its obligations under the ELIs (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position); and

“**Insolvency Filing**” means the Company institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the issuer of the Linked Stock shall not be deemed an Insolvency Filing.

- (f) *Fund Disruption Event.* If a Fund Disruption Event occurs on or after the Start Date but on or before the Final Fixing Date, the Calculation Agent may determine, in its sole and absolute discretion and acting in good faith and in a commercially reasonable manner, that the ELIs shall be terminated as of the date determined by the Calculation Agent in its sole and absolute discretion acting in good faith and in a commercially reasonable manner and the entitlement of the ELI holders to each receive the Settlement At Maturity shall cease and the Issuer’s obligations under the ELIs shall be satisfied in full upon payment of the Early Termination Amount.

The Calculation Agent shall notify the ELI holder(s) as soon as practicable regarding the occurrence of such Fund Disruption Event and such termination.

For the purpose of this Condition 6(f), “**Fund Disruption Event**” means any of the following with respect to the Fund:

- (1) it ceases to exist, or
- (2) the units in the Fund are reclassified or the index that the Fund tracks changes or it is acquired by or aggregated to another fund, whose mandate, risk-profile and/or benchmarks is deemed by the Calculation Agent to be different from the mandate, risk-profile and/or benchmark of the Fund stated as at the Start Date (or any proposal for the foregoing occurs); or
- (3) there is a material change in its mandate, risk profile, prospectus, statement of additional information, articles of incorporation, investment management agreement or annual and semi-annual report, or there is a material change in any other rule, law, regulation, similar guideline, constitutional document, report or other document governing the investment by the Fund of its assets since the Start Date; or
- (4) any proposal to wind up the Fund or any substantive litigation by the investors in the Fund; or

- (5) any breach or violation of any strategy or investment guidelines stated in its mandate, risk profile, prospectus, statement of additional information, articles of incorporation, investment management agreement or annual and semi-annual report or other document governing the investment by the Fund of its assets that is reasonably likely to affect the value of the Linked Stock or the rights or remedies of any holder thereof; or
- (6) (i) any cancellation, suspension or revocation of the registration or approval of the Fund by any governmental, legal or regulatory entity with authority over such Fund, (ii) any change in the legal, tax, accounting, or regulatory treatments of the Fund or any person appointed in the role of discretionary investment manager or non-discretionary investment adviser (including a non-discretionary investment adviser to a discretionary investment manager or to another non-discretionary investment adviser) for the Fund (the “**Fund Adviser**”) that is reasonably likely to have an adverse impact on the value of such Fund or any investors therein, or (iii) the Fund, the Fund Adviser or any of the fund administrator, manager, trustee or similar person with the primary administrative responsibilities for the Fund (the “**Fund Administrator**”) becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of the Fund, the Fund Adviser or the Fund Administrator; or
- (7) there is the occurrence or existence on any Exchange Business Day of any event, circumstance or cause beyond the control of Issuer that has had or would be expected to have (as determined by Calculation Agent in its sole and absolute discretion acting in good faith and in a commercially reasonable manner) materially increased the cost of hedging its position with respect of the Fund, provided that any such materially increased amount that is incurred due to the deterioration of the creditworthiness of Issuer shall not be deemed an increased cost of hedging.
- (g) *Notice of Adjustments or Early Termination.* All determinations made by the Calculation Agent pursuant hereto will be (save in the case of manifest error) final and binding on the ELI holders and the Issuer. The Issuer will give, or procure that there is given, notice as soon as practicable regarding the occurrence of the relevant event and any adjustment or termination (as the case may be) and of the date from which such adjustment or termination (as the case may be) is effective and of the determination of the Early Termination Amount (in the case of early termination) in accordance with Condition 9. In the case of early termination, the Issuer will give, or procure that there is given, notice no later than the second Business Day after the effective date of such early termination.

7. Purchases

The Issuer and/or any of its affiliates may at any time purchase the ELIs at any price in the open market or by private arrangement. Any ELI so purchased may be held or resold or surrendered for cancellation. In the case where the Settlement Currency is RMB, if the Calculation Agent has determined, in its sole and absolute discretion acting in good faith and in a commercially reasonable manner, that an RMB Disruption Event has occurred on any date on which payment of the purchase price pursuant to this Condition 7 in cash is scheduled to be made, such payment will be postponed to the third Business Day after the date on which the RMB Disruption Event ceases to exist, unless the RMB Disruption Event continues to exist for 10 Business Days after the original date that, but for the occurrence of the RMB Disruption Event, would have been the date for such payment. In such case, the Issuer shall make payment of the HKD Equivalent Amount no later than the third Business Day after such tenth Business Day. Any such payment made by the Issuer shall be in full and final settlement of its obligations to pay the relevant amount payable in RMB on the affected date of payment in respect of the ELIs.

8. Meetings of ELI holders; Modification

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

Such a meeting may be convened by the Issuer or by ELI holders holding not less than 10% of the ELIs for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25% of the ELIs for the time being remaining unexercised, or at any adjourned meeting two or more persons being or representing ELI holders whatever the number of ELIs so held or represented.

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

An Extraordinary Resolution passed at any meeting of the ELI holders shall be binding on all the ELI holders, whether or not they are present at the meeting.

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

- (b) *Modification.* The Issuer may, without the consent of the ELI holders, effect any modification of the provisions of the ELIs or the Global Certificate which is, in the reasonable opinion of the Issuer, of a formal, minor or technical nature, which is made to correct an obvious error, or which is necessary in order to comply with mandatory provisions of the laws or regulations of Hong Kong (as defined below). Any such modification shall be binding on the ELI holders and the Issuer. The Issuer shall notify the ELI holder(s) of such modifications before the effective date or as soon as practicable thereafter in accordance with Condition 9.

9. Notices

- (a) All documents required or permitted by these Terms and Conditions to be sent to an ELI holder or to which an ELI holder is entitled or which the Issuer shall have agreed to deliver to the ELI holder may be delivered by hand or sent by post addressed to the ELI holder to the ELI holder's address (or, in the case of joint ELI holders, to the address of the first named ELI holder) appearing in the register kept by the Registrar, and airmail post shall be used if such address is not in Hong Kong. All documents delivered or sent in accordance with this Condition 9(a) shall be delivered or sent at the risk of the relevant ELI holder.
- (b) All notices to ELI holders will be validly given if sent by mail to the holders of ELIs at their addresses appearing in the register of ELI holders kept by the Registrar. In addition, such notices may also be published in English in one leading English, and in Chinese in one leading Chinese, language newspaper circulating in Hong Kong. Such notices shall be deemed to have been given on the date of such publication.

10. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the ELI holders, to create and issue further ELIs so as to form a single series with the issued ELIs.

11. Modification of the Terms and Conditions of the ELIs in the applicable Term Sheet

The Terms and Conditions applicable to the ELIs may be varied, amended or supplemented as set forth in the applicable Term Sheet.

12. Governing Law

The programme which offers the ELIs, the Global Certificate, the Terms and Conditions applicable to the ELIs, the applicable Term Sheet, the Deed of Covenant and the Agency Agreement will be governed by and construed in accordance with laws of Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**"). The Issuer and each ELI holder (by its purchase of the ELIs) shall be deemed to have submitted for all purposes in connection with the ELIs, the Global Certificate, the Deed of Covenant and the Agency Agreement to the non-exclusive jurisdiction of the courts of Hong Kong.

13. Rights of Third Parties

A person who is not a party to these Terms and Conditions has no right under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong) to enforce or to enjoy the benefit of any term of these Terms and Conditions.

14. Language

In the case of ELIs for which Euroclear and/or Clearstream, Luxembourg are specified as the applicable clearing system, in the event of any inconsistency between the Chinese version of these Terms and Conditions and the English version of these Terms and Conditions, the English version of these Terms and Conditions shall prevail.

Specified Office of the Agent

Hang Seng Bank Limited
83 Des Voeux Road Central
Hong Kong

Transfer Office and Specified Office of the Registrar

Hang Seng Bank Limited, Singapore Branch
21 Collyer Quay #12-02
HSBC Building
Singapore 049320

APPENDIX B
FORM OF TERM SHEET FOR HANG SENG BULL ELIS

We set out below the form of the term sheet for our Hang Seng Bull ELIs. Each term sheet covers one series of Hang Seng Bull ELIs only. We may issue more than one series of Hang Seng Bull ELIs on any issue date. You must read the indicative term sheet for the relevant series together with other offering documents before applying for a Hang Seng Bull ELI.

If you would like to purchase our Hang Seng Bull ELIs, you can obtain a copy of the indicative term sheet from the distributors.

The binding legal terms for the relevant series of Hang Seng Bull ELIs are constituted by the terms and conditions of Hang Seng Bull ELIs set out in this product booklet, as varied, amended or supplemented by the final term sheet.

TERM SHEET FOR HANG SENG NON-CAPITAL PROTECTED UNLISTED BULL EQUITY LINKED INVESTMENTS LINKED TO SINGLE STOCK

(The “ELI”)

issued by

Hang Seng Bank Limited

(incorporated in Hong Kong with limited liability, a licensed bank regulated by the Hong Kong Monetary Authority and registered under the Securities and Futures Ordinance of Hong Kong for types 1, 4, 7 and 9 regulated activities)

(The ELI is not traded on any markets operated by Hong Kong Exchanges and Clearing Limited or any other stock exchanges)

Series Number: [●]

Date: [●]

[[For indicative Term Sheet only:]]

IMPORTANT RISK WARNING

Investment involves risks. The following risk factors are not exhaustive and should be read together with other risk factors contained in the “Risk Factors” sections in the Information Memorandum and in the Product Booklet.

- **Not capital protected** — Our ELIs are not capital protected: you could lose all of your investment.
- **No collateral** — Our ELIs are not collateralised and are not secured on any of our assets.
- **Unlisted structured products and NOT protected deposits** — Our ELIs are unlisted structured products embedded with derivatives and are not equivalent to nor should they be treated as time deposits. They are NOT protected deposits for the purposes of the Deposit Protection Scheme.
- **Limited maximum potential gain** — The maximum potential gain is limited to a predetermined amount (i.e. the difference between the nominal value and the issue price).
- **Potential loss under market making arrangement** — Our ELIs are designed to be held till maturity. However, we will provide daily market making arrangement for you to sell back the ELIs. You should note that the actual sell back price could be much lower than the amount you invested for each ELI.
- **You rely on our creditworthiness** — Our ELIs constitute general unsecured and unsubordinated contractual obligations of Hang Seng Bank Limited as the Issuer. When you buy our ELIs, you will be relying on the creditworthiness of Hang Seng Bank Limited as the Issuer and of no other person. You have no rights under the terms and conditions of our ELIs against the issuer of the linked stock. **In the worst case scenario, you could lose all of your investment.**
- **You rely on the creditworthiness of your distributor or its custodian(s)** — When you invest in our ELIs, you rely on the creditworthiness of your distributor or its custodian(s). If your distributor becomes insolvent or defaults on its obligations, you will have a right to claim against such distributor. If your distributor’s custodian becomes insolvent or defaults on its obligations, you will not have any direct contractual rights against such custodian and will have to rely on your distributor to take action against such custodian. **In the worst case scenario, you could lose all of your investment.**

- **May not have direct enforcement rights** — If our ELIs are held either (i) through the clearing system or (ii) outside the clearing system through a distributor other than us, you will have to rely on your distributor or its custodian(s) to take action to assert your rights as an investor in our ELIs on your behalf and you will not have direct contractual rights of enforcement against us as the Issuer.
- **Not the same as investing in linked stock** — Investing in our ELIs is not the same as investing in the linked stock. During the investment period, you have no rights in the linked stock (except where the linked stock is deliverable to you upon maturity, you will be entitled to the rights in the linked stock as from the final fixing date as described in the terms and conditions). Changes in the market price of such linked stock may not lead to a corresponding change in the market value of, or your potential gain or loss under, our ELIs.
- **Not covered by Investor Compensation Fund** — Our ELIs are not listed on any stock exchange and are not covered by the Investor Compensation Fund.
- **Conflicts of interest** — You should note that conflicts of interest may arise from the different roles played by us and our subsidiaries and affiliates in connection with our ELIs and our economic interests in each role may be adverse to your interests in our ELIs.
- **English version of the terms and conditions may prevail** — If our ELIs are held through international securities clearing systems, the terms and conditions of our ELIs are issued in English only for the purposes of lodgement with the relevant clearing systems, and shall prevail over the Chinese version of the terms and conditions contained in the Chinese version of the Product Booklet in the event of inconsistency. If you do not understand the English version, you should obtain independent professional advice.
- [• **Additional risks for RMB-denominated ELIs which are linked to RMB-traded linked stock** —
 - (i) *Limited pool of RMB outside mainland China* — RMB is subject to foreign exchange control by the central government of the People’s Republic of China (“**PRC**”). There is currently a limited pool of RMB outside mainland China and any tightening of foreign exchange control by the PRC central government may adversely affect the liquidity of offshore RMB, and the market value of our RMB-denominated ELIs.
 - (ii) *Payment postponement for RMB disruption event* — If an RMB disruption event occurs on a scheduled date of payment, payments will be postponed and may be made in a HKD equivalent amount. We will not pay any extra amount for such postponed payment. You may also suffer a loss in HKD terms if RMB depreciates against HKD following the occurrence of an RMB disruption event.]]

This [indicative] Term Sheet must be read in conjunction with

- the information memorandum dated 4 August 2016 [together with the [addendum/addenda] dated [●]] ([together,] the “**Information Memorandum**”),
- the financial disclosure document dated [●] [together with the [addendum/addenda] dated [●]] ([together,] the “**Financial Disclosure Document**”), and
- the product booklet for Hang Seng Bull ELIs dated 4 August 2016 [together with the [addendum/addenda] dated [●]] ([together,] the “**Product Booklet**”),

each issued by Hang Seng Bank Limited (the “**Issuer**”). In this Term Sheet, capitalised terms have the meanings given in “Appendix A — Terms and Conditions of Hang Seng Bull ELIs” in the Product Booklet unless this Term Sheet specifies otherwise.

[[*For indicative Term Sheet only:*] The distributor(s) has an obligation to distribute all of the above documents to you. You should read all of these documents before deciding whether to invest in our ELIs. If you are in any doubt about any of the contents of the documents, you should take independent professional advice. Hard copies [and CD ROM copies] of the Information Memorandum, Financial Disclosure Document and Product Booklet (including any addendum to these documents as specified in this Term Sheet) are available from the Issuer or the Distributors set out below [and electronic copies of these documents [and this Term Sheet] are available for download from the Issuer’s website www.hangseng.com].

Investment objective

The ELIs are designed for investors who are looking for an opportunity to have potential cash income (being the difference between the issue price and the nominal value) from the investment. They are designed for investors who have experience in unlisted equity-linked structured products and take a stable or moderately bullish view of the linked stock. They are not designed for inexperienced investors who (i) have no knowledge in derivative instruments, (ii) do not want to take the credit risk of the Issuer, (iii) do not want to invest for the whole investment period of the ELIs, or (iv) do not want to take risk on any part of their capital. The investors must understand that they may receive the linked stock or its cash equivalent as settlement and the market value of which may be much lower than the capital invested.]

Summary Terms

Issuer [[<i>For indicative Term Sheet only:</i>] and sole Distributor]:	Hang Seng Bank Limited (incorporated in Hong Kong with limited liability) and Issuer’s inquiries or complaints hotline is 2822-0228.
[[<i>For indicative Term Sheet only:</i>] Distributor(s):	[[<i>Distributors’ names and inquiries hotline</i>]]
Arrangers:	Hang Seng Bank Limited, Hang Seng Investment Management Limited and Hang Seng Securities Limited
Registrar:	Hang Seng Bank Limited, Singapore Branch
Calculation Agent:	Hang Seng Bank Limited
Settlement Currency:	[HKD] [RMB]
Linked Stock/Company/Fund:	[<i>stock name</i>] [<i>Company</i>] [<i>Fund</i>] [< <i>stock code</i> >]
Underlying Currency:	[HKD] [RMB]
Reference Stock Price:	[HKD] [RMB] [<i>amount</i>]
Investment Period ¹ :	[<i>number</i>] [months] [days]
Nominal Value:	[HKD] [RMB] [<i>amount</i>] per ELI
Final Fixing Date:	[<i>date</i>] (subject to adjustment made in accordance with the definition of Final Fixing Date in the Terms and Conditions in pages 35 to 36 of the Product Booklet)
Maturity Date:	3 Business Days immediately after the Final Fixing Date (or the Adjusted Final Fixing Date if the Final Fixing Date is a Disrupted Day), which is expected to be on [<i>date</i>]

¹ Being the period from the Start Date to the Maturity Date (both dates inclusive).

Issue Price:	[<i>percentage</i>]% of the Nominal Value [[<i>For final Term Sheet only</i> :], being [HKD] [RMB] [<i>amount</i>]]
Start Date:	[<i>date</i>]
Issue Date and Payment Date:	[<i>date</i>]
Final Stock Price:	The Closing Price of the Linked Stock on the Exchange at the Valuation Time on the Final Fixing Date. If the Final Stock Price of the Linked Stock cannot be determined due to the reason that the Final Fixing Date is a Disrupted Day, such Final Stock Price will be determined on the Adjusted Final Fixing Date.
Valuation Time:	The Scheduled Closing Time of the Exchange or a Related Exchange, or if the Exchange or such Related Exchange closes prior to or after its Scheduled Closing Time, the actual closing time for its regular trading session.
Exchange:	The Stock Exchange of Hong Kong Limited (“ Hong Kong Stock Exchange ”)
Issue Size:	[<i>number</i>] ELI[s]
Minimum Investment Amount:	[<i>currency and amount</i>] ([<i>number</i>] ELI[s])
Minimum Transfer Amount:	Nominal Value (being 1 ELI)
Number of Share(s)/Unit(s) per ELI:	One ELI equals one [ordinary share] [unit] of the Linked Stock
Settlement At Maturity:	<p>(A) if the Final Stock Price is at or above the Reference Stock Price, a cash amount in the Settlement Currency calculated by the Calculation Agent as equal to the Nominal Value; or</p> <p>(B) if the Final Stock Price is below the Reference Stock Price,</p> <p>(i) if physical settlement is elected as the Mode of Settlement, physical delivery of the Number of Share(s)/Unit(s) per ELI (subject to payment of the Physical Settlement Expenses). If there is any Fraction of Share/Unit, instead of physical delivery of such Fraction of Share/Unit, ELI holders will be entitled to receive a cash amount calculated in accordance with the Condition 4(f); or</p> <p>(ii) if cash settlement is elected as the Mode of Settlement, the cash equivalent of the Number of Share(s)/Unit(s) per ELI that is equal to the Final Stock Price multiplied by the Number of Share(s)/Unit(s) per ELI.</p>

Mode of Settlement:	<p>Either cash settlement or physical settlement that is required to be elected by the investors upon placing the purchase order <i>[[For indicative Term Sheet only:]</i>, subject to the investor’s right to change by giving instructions to the Distributor in accordance with its normal operational procedures. Please contact the Distributor about the latest date to give such instructions, which in any event, should not be later than 3 Business Days prior to the Final Fixing Date].</p> <p>For the avoidance of doubt, the Mode of Settlement will only be applicable if the Final Stock Price is below the Reference Stock Price.</p>
Physical Settlement Expenses:	<p>ELI holders will be required to pay the transferee’s, but not the transferor’s, stamp duty (if applicable, subject to prevailing laws and regulations in Hong Kong) in relation to the delivery of the Number of Share(s)/Unit(s) per ELI, calculated and determined by the Issuer in accordance with the prevailing prescribed rate and provisions for stamp duty payable by a transferee in respect of the Linked Stock (this being currently [0.1]% of the transaction amount of the Linked Stock delivered at its Final Stock Price (rounded up to the nearest dollar)).</p> <p><i>[other charges and fees]</i></p> <p><i>[[For indicative Term Sheet only:]</i> Please contact the Distributor for details of these charges and fees.]</p>
Terms and Conditions:	<p>See “Terms and Conditions of Hang Seng Bull ELIs” in Appendix A to the Product Booklet and the final Term Sheet <i>[[For indicative Term Sheet only:]</i> available for inspection from the Arrangers (at 83 Des Voeux Road Central, Hong Kong) or the relevant Distributor(s) during business hours].</p>
Business Day Centre(s):	Hong Kong
ISIN:	<i>[Number]</i> [Not applicable]
Form of ELI:	Registered ELI.
Any clearing system(s) other than Euroclear and/or Clearstream, Luxembourg:	<p>[The ELIs will be settled directly with the Issuer. The Global Certificate for the Series will be registered in the name of and deposited with Hang Seng (Nominee) Limited, the nominee of the Issuer. The ELIs must be held through an account with the Issuer as further described in the Information Memorandum.]</p> <p><i>[Not applicable and the clearing system[s] [is][are][Euroclear][and][Clearstream, Luxembourg] as further described in the Information Memorandum.]</i></p>
Listing:	Unlisted
Governing Law:	Laws of Hong Kong Special Administrative Region of the People’s Republic of China.
<i>[[For indicative Term Sheet only:]</i> Internet Banking Application:	<i>[Applicable. Please ask your Distributor for details] [Not applicable]</i>

[[*For indicative Term Sheet only:*]]

Commission

Except where we also act as a Distributor, we allow a discount or may pay a commission to the Distributors. We may revise the commission in light of market conditions in the future and any such revision will be disclosed in this Term Sheet. Distributor(s)' commissions and other transaction costs including our cost of hedging are subsumed in the issue price.

Information relating to the Linked Stock

The Linked Stock is listed on the Exchange and the [Company] [Fund] is required by the Exchange to continuously disclose information that has a material impact on market activity in and the price of its securities. You can also find information (including its published audited consolidated financial statements and interim financial statements (if any)) about the [Company] [Fund] on the website operated by the Exchange: [<http://www.hkexnews.hk/index.htm>]. You may obtain historic stock price information of the [Company] [Fund] on the website operated by the Exchange at [<http://www.hkexnews.hk/index.htm>].

Information included on these third parties' websites in the paragraph above does not form part of the offering documents for the ELIs. We do not accept any responsibility for information on those third parties' websites.

[[*Risk factor to be inserted where the Linked Stock is a newly listed share or fund with less than 60 consecutive Business Days of trading history on The Stock Exchange of Hong Kong Limited:*]] **Newly Listed Stocks]**

[[*STOCK NAME*] (the "**Newly Listed Stock**") was listed on The Stock Exchange of Hong Kong Limited on [date]. Prior to the listing of the Newly Listed Stock, there had been no public market for the Newly Listed Stock and an active public market for the Newly Listed Stock may not develop or be sustained in the future. You will not be able to analyse or compare the trading history of the Newly Listed Stock, particularly in relation to either the volatility or liquidity which may have an impact on the return on your investment.

Although the Newly Listed Stock is listed on The Stock Exchange of Hong Kong Limited, there is no guarantee that a trading market for the Newly Listed Stock will develop or, if a market does develop, the liquidity of that market. Also, the price and trading volume of the Newly Listed Stock may be highly volatile subject to the market sentiment, and may be more volatile than would generally be expected for a stock that has a longer trading history.]

[[*Risk Factor to be inserted where the Linked Stock is a unit in a fund:*]]

[Risk related to ELIs linked to a fund

The Linked Stock is a unit in a fund. Neither we nor our affiliates have the ability to control or predict the actions of the manager of such fund. The performance of the fund assets is significantly dependent upon the capabilities of the management team of the manager. The manner in which the fund assets are managed and the timing of such decisions will have a significant impact on the performance of the fund assets, and hence, on the performance of Linked Stock and the ELIs. The manager is not involved in the offer of the ELIs in any way and has no obligation to consider your interests in taking any action that might affect the market price of the Linked Stock and, in turn, affect the ELIs.

[[*Risk factor to be inserted where the Linked Stock is units of an exchange traded fund:*]] In addition, an exchange traded fund is exposed to the political, economic, currency and other risks related to the underlying asset pool or index that the exchange traded fund is designed to track. There may be disparity between the performance of the exchange traded fund and the performance of the underlying asset pool or index. The exchange traded fund may trade at a higher premium or discount to its net asset value.]

[[Insert where the exchange traded fund adopts a synthetic replication investment strategy:] The exchange traded fund adopts a synthetic replication investment strategy to achieve its investment objectives by investing in financial derivative instruments linked to the performance of an underlying asset pool or index that the exchange traded fund is designed to track (“**synthetic exchange traded fund**”). You should also note that:

- (a) investments in financial derivative instruments will expose the synthetic exchange traded fund to the credit, potential contagion and concentration risks of the counterparties who issued such financial derivative instruments. As such counterparties are predominantly international financial institutions, the failure of one such counterparty may have a negative effect on other counterparties of the synthetic exchange traded fund. Even if the synthetic exchange traded fund has collateral to reduce the counterparty risk, there may still be a risk that the market value of the collateral has fallen substantially when the synthetic exchange traded fund seeks to realise the collateral;
- (b) the synthetic exchange traded fund may be exposed to higher liquidity risk if the synthetic exchange traded fund invests in financial derivative instruments which do not have an active secondary market. Such derivatives may have to be valued or sold at a much lower price than those with an active secondary market given wider bid-offer spreads in the price of the derivatives. This may result in losses in the synthetic exchange traded fund.]

[[Risk factor to be inserted where the Linked Stock is units of a Renminbi Qualified Foreign Institutional Investor exchange traded fund:] The Linked Stock is units of a Renminbi Qualified Foreign Institutional Investor (“**RQFII**”) exchange traded fund issued and traded outside the mainland China with direct investment in the securities market in the mainland China through the RQFII regime. You should note the additional risks below:

- (a) the novelty and untested nature of a RQFII exchange traded fund makes it riskier than traditional exchange traded funds. The policy and rules for the RQFII regime prescribed by the PRC central government are new and subject to change, and there may be uncertainty to its implementation. Such uncertainty and potential change of the laws and regulations for the RQFII regime may adversely impact on the performance of the RQFII exchange traded fund, and may also have potential retrospective effect. These changes may in turn adversely affect the performance or market value of our ELIs;
- (b) a RQFII exchange traded fund primarily invests in securities traded in the securities market in the mainland China and is subject to concentration risk. Investment in the China’s securities market in the mainland China (which are inherently stock markets with restricted access) involves certain risks and special considerations as compared with investment in more developed economies or markets, such as greater political, tax, economic, foreign exchange, liquidity and regulatory risks. The operation of a RQFII exchange traded fund may also be affected by interventions by the applicable government(s) and regulators in the financial markets;
- (c) there are risks and uncertainties associated with the current mainland Chinese tax laws applicable to capital gains realised by RQFII exchange traded funds through their investments in the mainland China. Although RQFII exchange traded funds may have made a tax provision in respect of potential tax liability, such tax provision may be excessive or inadequate. Any shortfall between such tax provision and the actual tax liabilities incurred by the relevant RQFII exchange traded fund will be included as an expense item for the relevant RQFII exchange traded funds and may therefore adversely affect the net asset value of the relevant RQFII exchange traded fund and the potential payout of our ELIs; and
- (d) as disclosed in its offering documents, a RQFII exchange traded fund will utilize its manager’s RQFII quota allocated to such fund under the RQFII regime. In the event that RQFII quota allocated to the RQFII exchange traded fund is reached and the manager is unable to acquire additional RQFII quota for the RQFII exchange traded fund, the manager may need to suspend creation of further units of the RQFII exchange traded fund, and therefore may affect liquidity in

unit trading of the RQFII exchange traded fund. In such event, the trading price of a unit of the RQFII exchange traded fund is likely to be at a significant premium to its net asset value, and may be highly volatile.

Further, trading in units of RQFII exchange traded funds have only commenced for a short period since late 2012. Prior to the commencement of such trading, there had been no public market for units of RQFII exchange traded funds in Hong Kong. You should understand that an active public market for such units may not develop or be sustained in the future. You may not be able to analyse or compare the trading history of the units, particularly in relation to either the volatility or liquidity which may have an impact on the performance or market value of our ELIs. Although the units of RQFII exchange traded funds are listed on the Hong Kong Stock Exchange, there is no guarantee that an active trading market for such units will sustain or, if an active market does develop, liquidity of that market can be sustained. Also, the price and trading volume of the units of RQFII exchange traded funds may be highly volatile subject to the market sentiment, and may be more volatile than would generally be expected for exchange traded funds with a longer trading history.

The above risks may have a significant adverse impact on the performance of the units of the RQFII exchange traded fund and the performance or market value of our ELIs.]

[[Risk factor to be inserted where the Linked Stock is a real estate investment trust:] The Linked Stock is a real estate investment trust. The investment objective of a real estate investment trust is to invest in a real estate portfolio. The real estate investment trust is exposed to the risks relating to investments in real estate, including but not limited to (a) adverse changes in political or economic conditions; (b) changes in interest rates and the availability of debt or equity financing and (c) any uninsurable losses. There may also be disparity between the market price of the units of the real estate investment trust and the net asset value per unit. This is because the market price of the units of the real estate investment trust also depends on many factors, including but not limited to (a) the market value and perceived prospects of the real estate portfolio; (b) changes in economic or market conditions; and (c) changes in market valuations of similar companies.]

Please read the offering documents for the Fund for more details. Please refer to the section headed “Risk Factors” on page 10 in the Product Booklet for further information.]

[Risk factor to be inserted where the Linked Stock is traded through the dual counters model:]

[Risk factors specific to the [Company] [Fund] adopting the dual counters model

The [Company] [Fund] adopts the dual counters model for trading its [shares] [units] on the Hong Kong Stock Exchange in RMB and HKD separately. You need to consider the following additional risks in light of the novelty and relatively untested nature of the Hong Kong Stock Exchange’s dual counters model:

- (a) the ELIs relate to the [HKD][RMB]-traded [shares] [units] of the [Company] [Fund] only. Movements in the trading prices of the [RMB][HKD]-traded [shares] [units] of the [Company] [Fund] should not directly affect the performance or market value of our ELIs;
- (b) if there is a suspension of inter-counter transfer of such [shares] [units] between the HKD counter and the RMB counter for any reason, such [shares] [units] will only be able to be traded in the relevant currency counter on the Hong Kong Stock Exchange, which may affect the demand and supply of the Linked Stock and have adverse effect on the performance or market value of the ELIs; and
- (c) the trading price on the Hong Kong Stock Exchange of the HKD-traded [shares] [units] and RMB-traded [shares] [units] may deviate significantly due to different factors, such as market liquidity, RMB conversion risk, supply and demand in each counter and the exchange rate between RMB and HKD. Changes in the trading price of the Linked Stock in HKD or RMB (as the case may be) may adversely affect the performance or market value of the ELIs.

Please read the offering documents of the relevant [shares of the Company] or [units of the Fund] which are traded through the dual counters model to understand its key features and risks.]

[Risk factor to be inserted where our ELIs are denominated in RMB and linked to the Linked Stock that is traded in RMB.]

[Other risk factors specific to RMB-denominated ELIs which are linked to RMB-traded Linked Stock

You should note the following additional risks:

(i) Offshore RMB exchange rate risks

While both onshore Renminbi (i.e. Renminbi traded in the mainland China) (“**onshore RMB**”) and offshore Renminbi (i.e. Renminbi traded outside the mainland China) (“**offshore RMB**”) are the same currency, they are traded in different and separate markets operating under different regulations and independent liquidity pool. Onshore RMB and offshore RMB are currently traded in different markets with different exchange rates, whereby their exchange rate movements may not be in the same direction or magnitude. The offshore RMB exchange rate may deviate significantly from the onshore RMB exchange rate.

The offshore RMB exchange rate will be affected by, amongst other things, the PRC central government’s foreign exchange control, which may adversely affect your potential return under our ELIs when you convert RMB into such other currency, or vice versa. Non RMB-based investors may have to convert their home currency into RMB when investing in RMB-denominated ELIs. Such investors may also have to convert payments made on such ELIs (or proceeds from selling the RMB-traded Linked Stock delivered to such investors under our ELIs) back to their home currency. During these processes, such investors will incur currency conversion costs and be exposed to risk of fluctuation in the offshore RMB exchange rate against their home currency.

Please note that like other foreign currencies, the offshore RMB exchange rate may rise or fall. There is no guarantee that RMB will not depreciate. Our ELIs denominated in RMB shall not be used as an investment for speculating in the appreciation of RMB.

(ii) Limited pool of RMB outside mainland China

RMB is subject to foreign exchange control and restrictions by the PRC central government.

There may be additional rules, regulations and restrictions under contemplation or to be issued by the relevant Hong Kong or PRC authorities that may be relevant to your investment in such ELIs. You should check with your distributor for updates and details.

There is currently a limited pool of RMB outside mainland China. Should the PRC central government tighten its foreign exchange control over the cross border movements between onshore RMB and offshore RMB, the liquidity in RMB is likely to be adversely affected. Such limitation on liquidity in RMB may increase our unwind cost on any hedging arrangements relating to the ELIs denominated in RMB which in turn may adversely affect the market value of such ELIs.

(iii) Payment postponement for RMB disruption event

Upon the occurrence of an RMB disruption event (i.e. an event that, in the determination of the Calculation Agent in its sole and absolute discretion acting in good faith and a commercially reasonable manner, makes it impossible for us (a) to obtain a firm quote of a price quoted in USD against RMB in respect of any amount due and payable in RMB under the ELIs in the RMB exchange market in Hong Kong (except due to issues relating to our creditworthiness), (b) to convert any amount due and payable in RMB under the ELIs in the RMB exchange market in Hong Kong (except due to issues relating to our creditworthiness) and/or (c) to transfer RMB between accounts inside Hong Kong) on a scheduled date of payment, payment of the settlement at maturity or the early termination amount in cash may be postponed up to the third business day after 10 business days following such original scheduled date of

payment. If the RMB disruption event continues to exist for 10 business days after such original scheduled date of payment, we will make such payment in a HKD equivalent amount by using the offshore RMB exchange rate against HKD as of such tenth business day as determined by the Calculation Agent in its sole and absolute discretion acting in good faith and in a commercially reasonable manner. Please refer to “What happens if an RMB disruption event occurs on a scheduled date of payment?” on page 26 of the Product Booklet for further details.

The occurrence of an RMB disruption event could delay a payment to you under the ELIs. We will not pay any extra amount (such as interest) for any delay in making such payment. You may suffer potential loss in interest which could otherwise be earned through placing the relevant amount in a bank deposit had there not been a delay in making such payment. In addition, if such payment is made in a HKD equivalent amount, you will also be exposed to the risk of fluctuation in the offshore RMB exchange rate against HKD. If offshore RMB depreciates significantly against HKD following the occurrence of an RMB disruption event, you will suffer a loss in HKD terms as the HKD equivalent amount paid to you will be substantially less than the value of the relevant amount payable in RMB on the original payment date in HKD terms (calculated based on the offshore RMB exchange rate against HKD prior to the occurrence of the RMB disruption event).

(iv) RMB interest rate risk

The interest rate for offshore RMB may be different from the interest rate for onshore RMB. The interest rate for offshore RMB and the interest rate for onshore RMB are currently traded in different markets with different rates, whereby their movements may not be in the same direction or magnitude. The interest rate for offshore RMB may deviate significantly from the interest rate for onshore RMB. Interest rates for onshore RMB are controlled by the PRC central government. The PRC central government has gradually liberalised the regulations of interest rates in recent years. In the case where there would be any further liberalisation of the interest rate for onshore RMB, such further liberalisation may affect the interest rate for offshore RMB. The market value of the ELIs may be adversely affected by the fluctuations in the interest rate for offshore RMB.]

Fees and Charges

Although there are no explicit charges, transaction costs, any fees and charges incurred by the Issuer, whether to enter into linked investments or hedging agreements or for operational or administrative purposes and profit margins, if any, are already indirectly contained in and subsumed into the calculation of the issue price and sell back price under the ELIs.

Offering Documents

The offer of this series of ELIs is made solely on the basis of the information contained in the Information Memorandum, the Financial Disclosure Document, the Product Booklet, any addendum to these documents and the indicative Term Sheet.

The information contained in the Information Memorandum, the Financial Disclosure Document and the Product Booklet and any addendum to these documents (taken together with, and as updated by, the indicative Term Sheet) is accurate at the date of this indicative Term Sheet.

Hang Seng Bank Limited as the Issuer and the Product Arranger accepts full responsibility for the contents of, and the completeness and accuracy of the information contained in the offering documents and confirms, having made all reasonable enquiries, that to the best of our knowledge and belief there is no untrue or misleading statement, or other facts the omission of which would make any statement therein untrue or misleading.

As at the date of this Term Sheet, Hang Seng Bank Limited (as the Issuer and the Product Arranger) confirms that it meets all eligibility requirements applicable to issuers and product arrangers respectively under the Code on Unlisted Structured Investment Products (“Code”) issued by the SFC and the ELIs comply with the Code.

On-going Disclosure Obligations

We (as the Issuer and the Product Arranger) will keep the SFC and the Distributors of our ELIs informed as soon as reasonably practicable if (a) we (as the Issuer) cease to meet any eligibility requirements applicable to issuers under the Code; (b) we (as the Product Arranger) cease to meet any eligibility requirements applicable to product arrangers under the Code; and (c) to the extent permitted by any applicable law, there are any changes in our financial condition or other circumstances which could reasonably be expected to have a material adverse effect on our ability (as the Issuer) to fulfill our commitments in connection with our ELIs. Your distributor will in turn inform you. Please contact your distributor for further details.

Market Making Arrangements

If you intend to purchase the ELIs, you should be willing to hold such ELIs until maturity. The ELIs are not listed on any exchange. The Issuer acting as the market agent will make a market for the ELIs on each exchange business day from and excluding the Issue Date to and including the third exchange business day before the Final Fixing Date (each such day shall be known as a “**Market Making Day**”). The minimum transfer amount under our market making arrangement is the Nominal Value (being 1 ELI). Please refer to the section headed “**Market making arrangements**” on pages 27 to 29 in the Product Booklet.

For an application for sell-back order to be dealt with on a particular Market Making Day, the application must be received by the Distributor prior to 3:00 p.m. on that Market Making Day. In order for your limit sell back order to be executed at the quoted firm bid price, you must place such order immediately upon the receipt of the quoted firm bid price without any delay. Otherwise, your limit sell back order will not be executed if the prevailing firm bid price falls below the quoted firm bid price.

The executed firm bid price will be set out in the contract note which will be sent to you within 2 business days after the relevant Market Making Day. The amount will be credited to your account on the third business day after the relevant Market Making Day. You can contact your distributor to enquire about the sell back order any time before you receive the contract note.

Post-sale Cooling-off Period

Post-sale cooling-off period arrangement is not applicable to our ELIs because the investment periods of all of our ELIs are 1 year or less.

Risk Factors

The ELIs involve various investment risks. Please refer to the section headed “**IMPORTANT RISK WARNING**” provided in this Term Sheet and the sections headed “**Risk Factors**” in each of the Information Memorandum and the Product Booklet.

SFC Disclaimer Statement

The SFC has authorised the ELIs under Section 104A(1) of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (“**SFO**”) and the issue of this Term Sheet based on the standard format set out in Appendix B to the Product Booklet as part of the offering documents for the ELIs under Section 105(1) of the SFO. The SFC takes no responsibility for the ELIs or the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document. The SFC’s authorisation does not imply its endorsement or recommendation of the ELIs referred to in this document nor does it imply that the SFC guarantees the commercial merits of the ELIs or their performance. The SFC’s authorisation does not mean the ELIs are suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors. Interested persons should consider obtaining independent advice before investing in the ELIs.

[Updated information and] [No/no] material adverse change and material litigation

[The [[*NUMBER*][st] [nd] [rd] [th] paragraph under the] [sub-]section headed [*TITLE*] on page[s] [*NUMBER*] [to [*NUMBER*]] of [*DOCUMENT*] shall be [deleted] [replaced] [amended] [supplemented] [by the following:] [[deleted] [replaced] [amended] [supplemented], the details of which are set out in an addendum dated [*DATE*]]] [The following shall be added after the [[*NUMBER*][st] [nd] [rd] [th] paragraph under the] [sub-]section headed [*TITLE*] on page[s] [*NUMBER*] [to [*NUMBER*]] of [*DOCUMENT*]:

[*DETAILS OF CHANGES*]

[Save as disclosed above,] [t][T]here has been (i) no change in the financial position or other circumstances; and (ii) no litigation proceeding against us, nor are we aware of any claims pending or, to our knowledge, threatened against us, which could reasonably be expected to have a materially adverse effect on the ability of the Issuer to fulfill its commitments in connection with the ELIs, in each case since the date of our latest financial statements in the Financial Disclosure Document and any addendum thereto.]

[[*For final Term Sheet only:*] **SFC Disclaimer Statement**

The SFC takes no responsibility as to the contents of this document, the standard format of which is set out in Appendix B to the Product Booklet. The SFC's authorisation does not imply the SFC's endorsement of the Terms and Conditions (as varied, amended or supplemented by this document).]

APPENDIX C SCENARIO ANALYSIS

The following examples are purely hypothetical and do not reflect a complete analysis of all possible gain or loss scenarios. They are included only for illustrating how our Hang Seng Bull ELIs work, and you must not rely on them as any indication of the expected performance of any Linked Stock or what the return on our Hang Seng Bull ELIs might actually be upon maturity of our Hang Seng Bull ELIs. The following scenarios do not take into account any settlement or delivery expenses payable by the investors.

Capitalised terms used in this Appendix C shall have the meanings as set out in the terms and conditions in Appendix A.

I. Where the Settlement Currency and the Underlying Currency are RMB

This scenario analysis is based on the following terms:	
Linked Stock	Stock A
Settlement Currency	RMB
Underlying Currency	RMB
Investment Period (from the Start Date to the Maturity Date)	28 days
Start Date	17 March 20XX
Issue Date	17 March 20XX
Final Fixing Date	10 April 20XX
Maturity Date	13 April 20XX
Nominal Value	RMB55 per ELI
Issue Price per ELI	98% of Nominal Value (i.e. RMB53.90)
Minimum Investment Amount	RMB107,800 (2,000 ELIs)
Number of ELIs purchased	2,000
Total Issue Price paid	RMB107,800 (i.e. RMB55 x 98% x 2,000 ELIs)
Reference Stock Price	RMB55 (which is equal to the Nominal Value)
Number of Share(s)/Unit(s) per ELI	Nominal Value ÷ Reference Stock Price, being one share of Stock A per ELI
Settlement At Maturity	In respect of each ELI, the investors will receive on the Maturity Date: <ul style="list-style-type: none"> (a) Cash payment of 100% of Nominal Value, if the Final Stock Price¹ of the Linked Stock is at or above the Reference Stock Price; or (b) If the Final Stock Price¹ of the Linked Stock is below the Reference Stock Price (i) where physical settlement is elected, physical delivery of the Number of Share(s)/Unit(s) per ELI (subject to payment of the Physical Settlement Expenses) or (ii) where cash settlement is elected, cash payment of an amount equal to the Final Stock Price multiplied by the Number of Share(s)/Unit(s) per ELI.
<p>¹ Final Stock Price means the official Closing Price of the Linked Stock on the Hong Kong Stock Exchange on the Final Fixing Date.</p>	

Under the following scenario analysis, calculations are on a per ELI basis.

THE FOLLOWING SCENARIOS DO NOT TAKE INTO ACCOUNT ANY PHYSICAL SETTLEMENT EXPENSES PAYABLE BY THE INVESTOR UPON MATURITY OF OUR ELIs.

Scenario 1: Final Stock Price is above the Reference Stock Price on Final Fixing Date (Best Case Scenario)

Assuming that the Final Stock Price is RMB60, which is above its Reference Stock Price (being RMB55).

Settlement At Maturity:

As the Final Stock Price is above the Reference Stock Price, the investor will receive 100% of the Nominal Value (being RMB55) on the Maturity Date.

Therefore, under this scenario 1, with one ELI, an investment of RMB53.90 (i.e. RMB55 x 98%) would generate a return of RMB1.10 over 28 days (i.e. for 2,000 ELIs, an investment of RMB107,800 would generate a gain of RMB2,200). Total actual return under this scenario would be 2.04% over 28 days (rounded to two decimal places) (i.e. RMB1.10) calculated as follows:

$$\begin{aligned}
\text{Total actual return on the investment} &= \frac{(\text{Reference Stock Price} - \text{Issue Price})}{\text{Issue Price}} \times 100\% \\
&= \frac{(\text{RMB55} - \text{RMB53.90})}{\text{RMB53.90}} \times 100\% \\
&= 2.04\% \text{ (rounded to two decimal places)}
\end{aligned}$$

The cash payment is denominated in RMB. HKD-based investors are exposed to fluctuations in the offshore RMB exchange rate against HKD if they convert such payment back to HKD. If investors convert such RMB payment back to their home currency, they are exposed to fluctuations in the exchange rate between such currency and RMB.

Scenario 2: Final Stock Price is below the Reference Stock Price and physical settlement is elected (Loss Case Scenario)

Assuming that:

- The Final Stock Price is RMB50 which is below the Reference Stock Price (being RMB55).
- The investor elects physical settlement as the Mode of Settlement.

Settlement At Maturity:

As the Final Stock Price (being RMB50) of the Linked Stock is below the Reference Stock Price (being RMB55), the investor who invests in one ELI will receive one share of the Linked Stock per Hang Seng Bull ELI on the Maturity Date.

Therefore, under this scenario 2, in respect of one ELI, an investment of RMB53.90 would make a loss of 7.24% over 28 days (i.e. RMB3.90) of the initial invested amount (i.e. the investor who invests in 2,000 ELIs will receive 2,000 shares of the Linked Stock and make a loss of RMB7,800) on the Final Fixing Date calculated as follows:

$$\begin{aligned} \text{Total loss on the investment} &= \frac{(\text{Final Stock Price} - \text{Issue Price})}{\text{Issue Price}} \times 100\% \\ &= \frac{(\text{RMB}50.00 - \text{RMB}53.90)}{\text{RMB}53.90} \times 100\% \\ &= -7.24\% \text{ (rounded to two decimal places)} \end{aligned}$$

Please note that if the investor chooses not to sell the Linked Stock on the Maturity Date, the investor suffers a paper loss of RMB7,800 (RMB107,800 — (RMB50 x 2,000 shares)), which is equivalent to a loss of 7.24% on the Maturity Date (assuming that the closing price of the Linked Stock on the Maturity Date is the same as its Final Stock Price on the Final Fixing Date) and will also be exposed to changes in the market price of the Linked Stock after the Maturity Date. Also, the investor should note that the Linked Stock will only be delivered on the Maturity Date (being 3 business days after the Final Fixing Date). Therefore, the investor will be exposed to any movement in the market price of the Linked Stock during the period between the Final Fixing Date and the Maturity Date.

Please note that if the Final Stock Price is substantially lower than the Reference Stock Price, the investor will suffer a substantial loss in the investment. In the worst case scenario, if the Final Stock Price is RMB0 and the stock price of the Linked Stock remains at RMB0 till the Maturity Date, the investor will suffer a total loss of the capital invested.

In addition, if the investors (including HKD-based investors) convert the proceeds from selling the RMB-traded Linked Stock back to their home currency, they are exposed to fluctuations in the exchange rate between such currency and RMB.

Scenario 3: Final Stock Price is below the Reference Stock Price and cash settlement is elected (Loss Case Scenario)

Assuming that:

- The Final Stock Price of the Linked Stock is RMB50 which is below the Reference Stock Price of (being RMB55).
- The investor elects cash settlement as the Mode of Settlement.

Settlement At Maturity:

As the Final Stock Price (being RMB50) of the Linked Stock is below the Reference Stock Price (being RMB55), in respect of each ELI the investor will receive a total amount of RMB50 (i.e. RMB50 x one ELI) on the Maturity Date.

Therefore, under this scenario 3, with one ELI, an investment of RMB53.90 (i.e. RMB55 x 98%) would suffer a loss of 7.24% over 28 days (rounded to two decimal places) (i.e. RMB3.90) of the initial invested amount (i.e. the investor who invests in 2,000 ELIs will receive RMB100,000 which make a loss of RMB7,800) on the Final Fixing Date calculated as follows:

$$\begin{aligned} \text{Total loss on the investment} &= \frac{(\text{Final Stock Price} - \text{Issue Price})}{\text{Issue Price}} \times 100\% \\ &= \frac{(\text{RMB}50.00 - \text{RMB}53.90)}{\text{RMB}53.90} \times 100\% \\ &= -7.24\% \text{ (rounded to two decimal places)} \end{aligned}$$

The cash payment is denominated in RMB. HKD-based investors are exposed to fluctuations in the offshore RMB exchange rate against HKD if they convert such payment back to HKD. If investors convert such RMB payment back to their home currency, they are exposed to fluctuations in the exchange rate between such currency and RMB.

Please note that, where the Final Stock Price is substantially lower than the Reference Stock Price, the investor will suffer a substantial loss in the investment. In the worst case scenario, if the Final Stock Price is RMB0, the Settlement At Maturity will be worthless.

Scenario 4: Where an RMB Disruption Event occurs and continues to exist for 10 Business Days after the Maturity Date

Taking the loss case scenario in Scenario 3 above, if an RMB Disruption Event occurs and continues to exist for 10 Business Days after the Maturity Date, payment will be made in an amount in HKD determined by the Calculation Agent by converting the original amount payable in RMB into HKD using the offshore RMB exchange rate against HKD as of such tenth Business Day as determined by the Calculation Agent in its sole and absolute discretion acting in good faith.

Assuming that the offshore RMB exchange rate against HKD prior to the occurrence of an RMB Disruption Event is 1.25 and RMB depreciates significantly against HKD following the occurrence of an RMB Disruption Event and the offshore RMB exchange rate against HKD as of such tenth Business Day is 0.8, the HKD equivalent amount the investor will receive in respect of each ELI is HKD40 (being RMB50 x 0.8). Therefore, you will suffer a loss of HKD22.5 in HKD terms, as the HKD equivalent amount (i.e. HKD40) you will receive is substantially less than the value of the relevant amount payable in RMB on the original payment date in HKD terms (calculated based on the offshore RMB exchange rate against HKD prior to the occurrence of an RMB Disruption Event), being HKD62.5 (being RMB50 x 1.25).

Scenario 5: The Issuer becomes insolvent during the investment period and fails to honour its obligations

- If the Issuer becomes insolvent during the investment period and fails to honour its obligations under the Hang Seng Bull ELIs, investors WILL NOT receive any settlement amount on the Maturity Date.
- If the Hang Seng Bull ELIs are held either (i) through the clearing system or (ii) outside the clearing system through a distributor other than the Issuer, the investor will have to rely on the distributor to take action on his or her behalf to claim as an unsecured creditor of the Issuer. In the worst case scenario, the investor may get nothing back and **the potential maximum loss could be 100% of the original amount invested.**

Please note that these are only hypothetical assumptions and you should not rely on the hypothetical return above as the expected return.

II. Where the Settlement Currency and the Underlying Currency are HKD

This scenario analysis is based on the following terms:

Linked Stock	Stock A
Settlement Currency	HKD
Underlying Currency	HKD
Investment Period (from the Start Date to the Maturity Date)	28 days
Start Date	17 March 20XX
Issue Date	17 March 20XX
Final Fixing Date	10 April 20XX
Maturity Date	13 April 20XX
Nominal Value	HKD55 per ELI
Issue Price per ELI	98% of Nominal Value (i.e. HKD53.90)
Minimum Investment Amount	HKD107,800 (2,000 ELIs)
Number of ELIs purchased	2,000
Total Issue Price paid	HKD107,800 (i.e. HKD55 x 98% x 2,000 ELIs)
Reference Stock Price	HKD55 (which is equal to the Nominal Value)
Number of Share(s)/Unit(s) per ELI	Nominal Value ÷ Reference Stock Price, being one share of Stock A per ELI
Settlement At Maturity	In respect of each ELI, the investors will receive on the Maturity Date: (a) Cash payment of 100% of Nominal Value, if the Final Stock Price ¹ of the Linked Stock is at or above the Reference Stock Price; or (b) If the Final Stock Price ¹ of the Linked Stock is below the Reference Stock Price (i) where physical settlement is elected, physical delivery of the Number of Share(s)/Unit(s) per ELI (subject to payment of the Physical Settlement Expenses) or (ii) where cash settlement is elected, cash payment of an amount equal to the Final Stock Price multiplied by the Number of Share(s)/Unit(s) per ELI.

¹ Final Stock Price means the official Closing Price of the Linked Stock on the Hong Kong Stock Exchange on the Final Fixing Date.

Under the following scenario analysis, calculations are on a per ELI basis.

THE FOLLOWING SCENARIOS DO NOT TAKE INTO ACCOUNT ANY PHYSICAL SETTLEMENT EXPENSES PAYABLE BY THE INVESTOR UPON MATURITY OF OUR ELIs.

Scenario 1: Final Stock Price is above the Reference Stock Price on Final Fixing Date (Best Case Scenario)

Assuming that the Final Stock Price is HKD60, which is above its Reference Stock Price (being HKD55).

Settlement At Maturity:

As the Final Stock Price is above the Reference Stock Price, the investor will receive 100% of the Nominal Value (being HKD55) on the Maturity Date.

Therefore, under this scenario 1, with one ELI, an investment of HKD53.90 (i.e. HKD55 x 98%) would generate a return of HKD1.10 over 28 days (i.e. for 2,000 ELIs, an investment of HKD107,800 would generate a gain of HKD2,200). Total actual return under this scenario would be 2.04% over 28 days (rounded to two decimal places) (i.e. HKD1.10) calculated as follows:

$$\begin{aligned} \text{Total actual return on the investment} &= \frac{(\text{Reference Stock Price} - \text{Issue Price})}{\text{Issue Price}} \times 100\% \\ &= \frac{(\text{HKD}55 - \text{HKD}53.90)}{\text{HKD}53.90} \times 100\% \\ &= 2.04\% \text{ (rounded to two decimal places)} \end{aligned}$$

Scenario 2: Final Stock Price is below the Reference Stock Price and physical settlement is elected (Loss Case Scenario)

Assuming that:

- The Final Stock Price is HKD50 which is below the Reference Stock Price (being HKD55).
- The investor elects physical settlement as the Mode of Settlement.

Settlement At Maturity:

As the Final Stock Price (being HKD50) of the Linked Stock is below the Reference Stock Price (being HKD55), the investor who invests in one ELI will receive one share of the Linked Stock per Hang Seng Bull ELI on the Maturity Date.

Therefore, under this scenario 2, in respect of one ELI, an investment of HKD53.90 would make a loss of 7.24% over 28 days (i.e. HKD3.90) of the initial invested amount (i.e. the investor who invests in 2,000 ELIs will receive 2,000 shares of the Linked Stock and make a loss of HKD7,800) on the Final Fixing Date calculated as follows:

$$\begin{aligned} \text{Total loss on the investment} &= \frac{(\text{Final Stock Price} - \text{Issue Price})}{\text{Issue Price}} \times 100\% \\ &= \frac{(\text{HKD}50.00 - \text{HKD}53.90)}{\text{HKD}53.90} \times 100\% \\ &= -7.24\% \text{ (rounded to two decimal places)} \end{aligned}$$

Please note that if the investor chooses not to sell the Linked Stock on the Maturity Date, the investor suffers a paper loss of HKD7,800 (HKD107,800 — (HKD50 x 2,000 shares)), which is equivalent to a loss of 7.24% on the Maturity Date (assuming that the closing price of the Linked Stock on the Maturity Date is the same as its Final Stock Price on the Final Fixing Date) and will also be exposed to changes in the market price of the Linked Stock after the Maturity Date. Also, the investor should note that the Linked Stock will only be delivered on the Maturity Date (being 3 business days after the Final Fixing Date). Therefore, the investor will be exposed to any movement in the market price of the Linked Stock during the period between the Final Fixing Date and the Maturity Date.

Please note that if the Final Stock Price is substantially lower than the Reference Stock Price, the investor will suffer a substantial loss in the investment. In the worst case scenario, if the Final Stock Price is HKD0 and the stock price of the Linked Stock remains at HKD0 till the Maturity Date, the investor will suffer a total loss of the capital invested.

**Scenario 3: Final Stock Price is below the Reference Stock Price and cash settlement is elected
(Loss Case Scenario)**

Assuming that:

- The Final Stock Price of the Linked Stock is HKD50 which is below the Reference Stock Price of (being HKD55).
- The investor elects cash settlement as the Mode of Settlement.

Settlement At Maturity:

As the Final Stock Price (being HKD50) of the Linked Stock is below the Reference Stock Price (being HKD55), in respect of each ELI the investor will receive a total amount of HKD50 (i.e. HKD50 x one ELI) on the Maturity Date.

Therefore, under this scenario 3, with one ELI, an investment of HKD53.90 (i.e. HKD55 x 98%) would suffer a loss of 7.24% over 28 days (rounded to two decimal places) (i.e. HKD3.90) of the initial invested amount (i.e. the investor who invests in 2,000 ELIs will receive HKD100,000 which make a loss of HKD7,800) on the Final Fixing Date calculated as follows:

$$\begin{aligned} \text{Total loss} &= \frac{(\text{Final Stock Price} - \text{Issue Price})}{\text{Issue Price}} \times 100\% \\ \text{on the investment} &= \frac{(\text{HKD}50.00 - \text{HKD}53.90)}{\text{HKD}53.90} \times 100\% \\ &= -7.24\% \text{ (rounded to two decimal places)} \end{aligned}$$

Please note that, where the Final Stock Price is substantially lower than the Reference Stock Price, the investor will suffer a substantial loss in the investment. In the worst case scenario, if the Final Stock Price is HKD0, the Settlement At Maturity will be worthless.

Scenario 4: The Issuer becomes insolvent during the investment period and fails to honour its obligations

- If the Issuer becomes insolvent during the investment period and fails to honour its obligations under the Hang Seng Bull ELIs, investors WILL NOT receive any settlement amount on the Maturity Date.
- If the Hang Seng Bull ELIs are held either (i) through the clearing system or (ii) outside the clearing system through a distributor other than the Issuer, the investor will have to rely on the distributor to take action on his or her behalf to claim as an unsecured creditor of the Issuer. In the worst case scenario, the investor may get nothing back and **the potential maximum loss could be 100% of the original amount invested.**

Please note that these are only hypothetical assumptions and you should not rely on the hypothetical return above as the expected return.

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