



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 Product Arranger

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

This product is a complex product. Investors should exercise caution in relation to this product. 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 Single US Stock Callable 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 Single US Stock Callable ELIs under Section 105(1) of the SFO. The SFC takes no responsibility for our Hang Seng Single US Stock Callable 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 Single US Stock Callable ELIs referred to in this document nor does it imply that the SFC guarantees the commercial merits of our Hang Seng Single US Stock Callable ELIs or their performance. The SFC's authorisation does not mean our Hang Seng Single US Stock Callable 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 Single US Stock Callable 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 Single US Stock Callable ELIs (as further described on page 147 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 unlisted equity linked structured products (the “Programme”) and our Hang Seng Single US Stock Callable 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 Single US Stock Callable 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 Single US Stock Callable 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 Single US Stock Callable ELIs, references to the “final term sheet” are to the final term sheet for a particular series of Hang Seng Single US Stock Callable ELIs, and references to the “relevant term sheet” are to both indicative and final term sheets for a particular series of Hang Seng Single US Stock Callable 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 applies to our Hang Seng Single US Stock Callable ELIs with an investment period of more than one year. For further details, please refer to page 101 of this product booklet.

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KEY FACTS STATEMENT (A)

Hang Seng Non-Capital Protected Unlisted Fixing Date Callable Single US Stock ELIs ("FCNA US ELIs")

issued by
Hang Seng Bank Limited

This is an unlisted structured product embedded with derivatives. This statement provides you with key information about our FCNA US ELIs, which is one type of our Hang Seng Single US Stock Callable ELIs that we may issue. 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 FCNA US ELIs are not capital protected: you could lose all of your investment.
- **No collateral** — Our FCNA US ELIs are not collateralised and are not secured on any of our assets.
- **Unlisted structured products and NOT protected deposits** — Our FCNA US 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. **In the worst case scenario, you could lose all of your investment.**
- **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 plus all potential cash distribution amounts).
- **Limited market making arrangement** — Our FCNA US ELIs are designed to be held till maturity. However, if you try to sell our FCNA US ELIs you hold before the final fixing date, we will provide daily market making arrangement within the time period as specified in the indicative term sheet for you to sell back the FCNA US ELIs, but the actual price that you receive may be less than or substantially less than the original amount you invested. You may only place a limit sell back order during normal business hours in Hong Kong before 5:00 p.m. (Hong Kong time) on a market making day, but your sell back order may only be executed during the trading hours of the US exchange in New York, which opens after the normal business hours in Hong Kong. Your placed order will not be executed if the US exchange fails to open for trading during its regular trading session on such day or if the relevant FCNA US ELI is affected by market disruption events on such day. In addition, you should note that we may not be able to accept any limit sell back order on a Hong Kong business day if the US exchange is not scheduled to be open for trading on such day, or if the relevant FCNA US ELI is affected by market disruption events on the immediately preceding day on which the US exchange in New York is scheduled to be open for trading. We will also not be able to accept any limit sell back order on a day that is not a Hong Kong business day, notwithstanding that the US exchange in New York is scheduled to be open for trading on such day.
- **You rely on our creditworthiness** — Our FCNA US ELIs constitute general unsecured and unsubordinated contractual obligations of Hang Seng Bank Limited as the Issuer. When you buy our FCNA US 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 FCNA US ELIs against the issuer of the linked stock. **If we become insolvent or default on our obligations under the FCNA US ELIs, 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 FCNA US 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 FCNA US 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 FCNA US ELIs on your behalf and will not have direct contractual rights of enforcement against us as the Issuer. **In the worst case scenario, you could lose all of your investment.**

- **Not the same as investing in linked stock** — Investing in our FCNA US 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 FCNA US ELIs.
- **Not covered by Investor Compensation Fund** — Our FCNA US ELIs are not listed on any stock exchange and are not covered by the Investor Compensation Fund.
- **Re-investment risk** — FCNA US ELIs will be early terminated if the call condition is met. No further potential cash distribution amount will be payable following such early termination. The prevailing market conditions may have changed and may hinder you from making any further investment under similar terms. You may not be able to enjoy the same rate of return if you re-invest in other investments with similar risk parameters.
- **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 FCNA US ELIs and our economic interests in each role may be adverse to your interests in our FCNA US ELIs.
- **English version of the terms and conditions may prevail** — If our FCNA US ELIs are held through international securities clearing systems, the terms and conditions of our FCNA US 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.
- **Exposure to risk from the start date** — You will be exposed to the risks associated with our FCNA US ELIs starting from the start date.
- **Risks relating to difference in trading days and hours and the implications on our ability to execute any limit sell back order** — Trading in the linked stock on the US exchange of the listed stock will be executed during the trading hours of such US exchange, which is located in New York and opens after normal business hours in Hong Kong. You should be aware of the trading hour and time zone difference (including summer time and winter time) between Hong Kong and New York in assessing the trading price of the linked stock, and the extended time lag between the placement of a limit sell back order during the Hong Kong business hours and the execution of such order during the trading hours of the US exchange in New York. The trading price of the linked stock may be volatile in response to the market movement during the trading hours on the US exchange in New York during which you will not be able to place any new order to sell back the FCNA US ELIs or to cancel, withdraw or adjust your placed order pursuant to the market making arrangements. Your limit sell back order placed during the Hong Kong business hours will not be executed if the prevailing price of the FCNA US ELIs falls below your limit order price during the trading hours of the US exchange. Once your order is executed (at the price which is at or above your limit order price but which may not be the best available price during the trading hours of the US exchange), you will lose the opportunity to benefit from any upside. Your sell back order is only valid during the trading hours of the US exchange on the market making day that you have placed such order.
- **Certain information about the linked stock may only be available in English** — You should note that certain information about the linked stock may only be available in English in real time. If you are not proficient in English, you should consider whether the investment in our FCNA US ELIs is suitable to you, and obtain independent advice where necessary.
- **Reliance on mobile application and our internet banking service in providing information about the linked stock and our external service provider in providing such information** — We will make available news feeds regarding updated information of the linked stock via the Hang Seng Invest Express mobile application and through our internet banking service. Such news feeds will not be available to you if you do not have access to such mobile application and our internet banking service, in which case you should consider whether the investment in our FCNA US ELIs is suitable to you. Such news feeds are provided by our external data provider and their availability may be interrupted or suspended due to such external data provider's technical and systematic failures, in which case the availability of such news feeds may be delayed or suspended. In addition, you should note that the Hang Seng Invest Express mobile application and our internet banking service may be interrupted or suspended due to our technical and systematic failures, in which case you may not be able to have access to such news feeds.

- **Additional risks for RMB-denominated FCNA US ELIs** — Where the settlement currency of our FCNA US ELIs is Renminbi (“RMB”), the performance of our FCNA US ELIs may be adversely affected due to risks relating to RMB, such as the current limited pool of RMB outside the mainland China, offshore RMB exchange rate risk and RMB interest rate risk. Our payment under any RMB-denominated FCNA US ELIs may also be postponed, or delivered in a HKD equivalent amount upon occurrence of an RMB disruption event.
- **United States taxation risk** — Notwithstanding that we have determined that payments made under the FCNA US ELIs do not constitute the “dividend equivalents” (and therefore do not constitute any U.S. source payments) and will not be subject to withholding tax under the HIRE Act, FATCA and Section 871(m) Rules (each term as defined in “FATCA Withholding Tax for Non-U.S. Investors” on pages 104 to 106 of this product booklet), you should note that such rules are complex and their application may depend on your particular circumstances, including whether you enter into other transactions with respect to the underlying US stock. In addition, the U.S. Internal Revenue Service may successfully argue that the FCNA US ELIs are treated as “dividend equivalents”, notwithstanding our determination to the contrary. If so treated, a withholding tax at a rate of up to 30% is imposed on such payments made to a non-U.S. investor under the Section 871(m) Rules and to a non-U.S. investor that does not comply with the information reporting requirements under HIRE Act and FATCA, which will adversely affect the potential return under the FCNA US ELIs. You should, prior to your investment in the FCNA US ELIs, consult your own tax advisor regarding the application of the HIRE Act, FATCA and Section 871(m) Rules arising from your investment.

WHAT IS THIS PRODUCT AND HOW DOES IT WORK?

- FCNA US ELIs are one type of our Hang Seng Single US Stock Callable ELIs which have an embedded conditional put option over the linked stock (being shares in a company listed on the US exchange (being either The New York Stock Exchange or The NASDAQ Global Select Market as specified in the relevant term sheet) and traded in United States dollars (“USD”) as the underlying currency). Not all listed stocks can be used as a linked stock; you should ask your distributor what linked stock is available.
- You should note that the initial stock price may be (i) the official opening price of the linked stock on the US exchange on the start date, or (ii) the price of the linked stock as agreed between us and you (via your distributor) on the start date. In case (i) above, such price will only be recorded after you are committed to purchase our FCNA US ELIs. In that case, when you place your order, you will not know the actual values of some of the terms (such as the reference stock price, call strike price and cash distribution reference level) which will only be determined after the US exchange opens on the start date. In both cases, the distributor will issue a contract note specifying all these terms to you 2 business days after the start date.
- We may issue and settle our FCNA US ELIs in RMB or any non-restricted and freely convertible currency such as HKD or USD as specified in the relevant term sheet.
- Each FCNA US ELI represents a nominal value as specified in the relevant term sheet. Such nominal value is used to calculate the issue price per FCNA US ELI and any potential cash distribution amount and to determine any settlement at call or any settlement at maturity, as the case may be.
- During the investment period, FCNA US ELIs may provide on each cash distribution payment date a potential cash distribution amount for the relevant calculation period depending on the price performance of the linked stock.
- FCNA US ELIs will be early terminated if the call condition is met on any of the applicable fixing dates.
- If the call condition has never been met and our FCNA US ELIs have not been otherwise early terminated during the investment period, FCNA US ELIs will mature on the maturity date and you will receive 100% of the nominal value in cash if the final stock price of the linked stock is equal to or above the reference stock price. However, if the final stock price of the linked stock is below its reference stock price, you will either receive physical delivery of the number of share(s) per ELI (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. You will also receive the relevant potential cash distribution amount (if any) for the final calculation period on the maturity date.

WHAT ARE THE KEY FEATURES?

(A) Potential Cash Distribution

- During the investment period, you may receive on each cash distribution payment date (being 4 business days after each fixing date and the final fixing date as specified in the relevant term sheet) a potential cash distribution amount for the relevant calculation period (being the period from but excluding the relevant calculation period start date to and including the relevant calculation period end date) depending on the closing price of the linked stock.
- The potential cash distribution amount for a calculation period can either be:
 1. a fixed amount, if certain conditions are met (see “Fixed Potential Cash Distribution Amount” below); or
 2. a variable amount calculated by reference to the variable accrual formula (see “Variable Accrual Formula” below).

- **You should note that it is possible that you will not receive any potential cash distribution amount for the entire investment period.**

• Fixed Potential Cash Distribution Amount

A fixed potential cash distribution amount for a calculation period is payable if the closing price of the linked stock on the fixing date (which will be set as the same date as the relevant calculation period end date) for such calculation period is at or above the applicable cash distribution reference level*.

If the potential cash distribution amount for a calculation period is specified to be a fixed amount, we will calculate such potential cash distribution amount according to the following formula:

$$\text{Nominal value} \times \text{fixed cash distribution rate}^{\wedge}$$

• Variable Accrual Formula

If the potential cash distribution amount for a calculation period is specified to be a variable amount, we will calculate such potential cash distribution amount according to the following formula:

$$\text{Nominal value} \times [(\text{cash distribution rate } 1^{\#} \times \text{day count factor } 1) + (\text{cash distribution rate } 2^{\#} \times \text{day count factor } 2)]$$

Where,

day count factor 1 = Day-in 1 ÷ TOTAL

day count factor 2 = Day-in 2 ÷ TOTAL

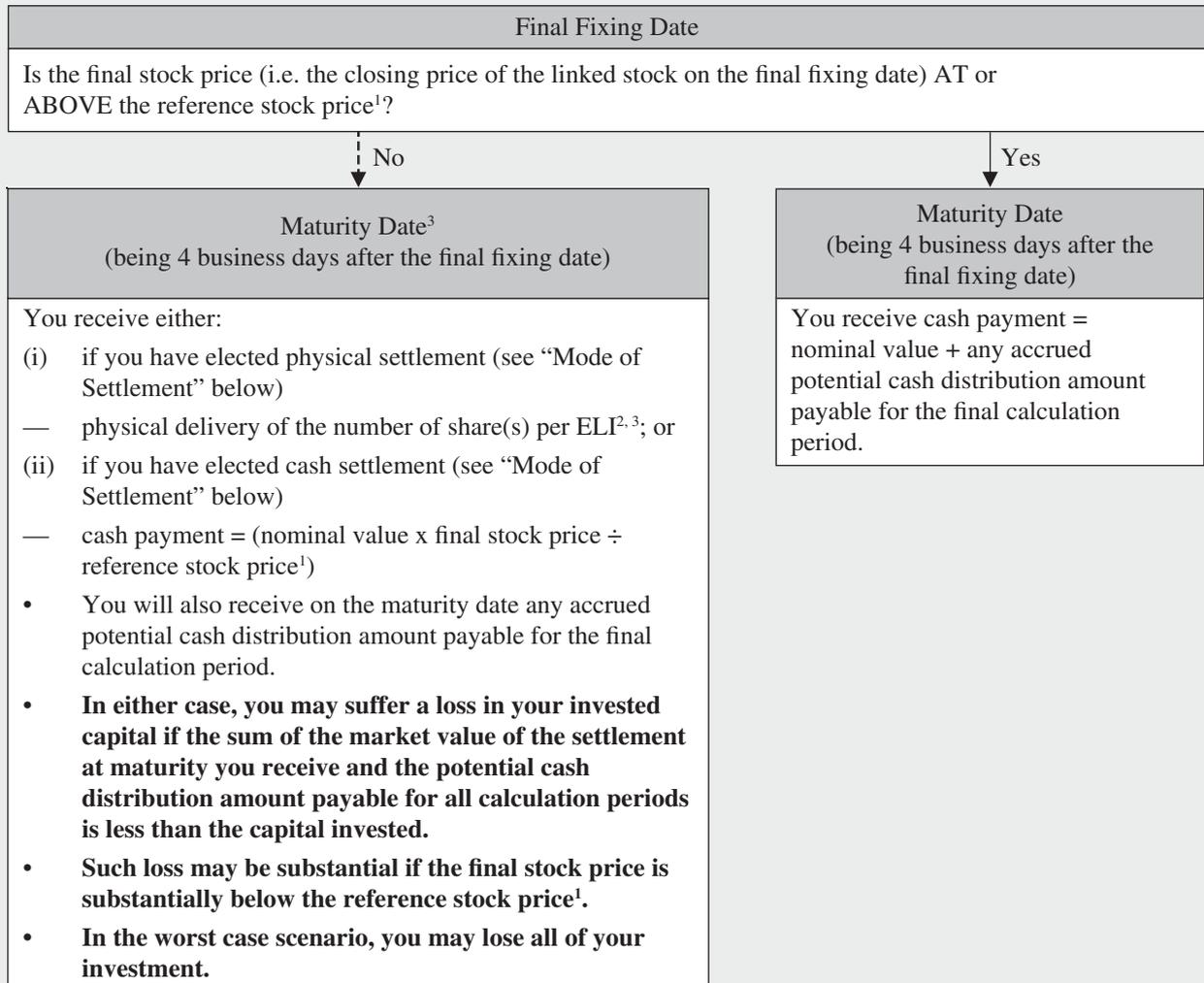
Day-in 1 = The number of scheduled trading days in a calculation period on which the closing price of the linked stock is at or above the cash distribution reference level*.

Day-in 2 = The number of scheduled trading days in a calculation period on which the closing price of the linked stock is below the cash distribution reference level*.

TOTAL = Number of scheduled trading days in a calculation period, including any disrupted day(s) within such calculation period.

(C) Settlement At Maturity

- If the call condition has never been met and our FCNA US ELIs have not been otherwise early terminated during the investment period, the settlement at maturity is illustrated in the diagram below:



- The reference stock price will be determined based on a specified percentage of the initial stock price of the linked stock on the start date and such percentage will be specified in the relevant term sheet.
- The number of share(s) per ELI is a number of share(s) of the linked stock which is calculated using the following formula:

$$\frac{\text{nominal value (converted into the underlying currency using the relevant exchange rate if applicable)}}{\text{reference stock price}}$$

Any fraction of a linked stock will be paid in cash. Please refer to “number of share(s) per ELI” under the glossary section on page 96 of this product booklet.

- In order for you to elect physical settlement as the mode of settlement and receive physical delivery of the number of share(s) per ELI at maturity, you must have, or open, a securities account with us at the time of your application and maintain the securities account throughout the investment period of the relevant FCNA US ELIs.** For investors who have elected physical settlement, the linked stock will only be delivered on the maturity date (being 4 business days after the final fixing date). If the maturity date is not a clearance system business day, physical delivery of the number of share(s) per ELI will take place on the following clearance system business day. **Therefore, investors may suffer a loss due to adverse price movement of the linked stock 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.**

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.
- **In order for you to elect physical settlement as the mode of settlement and receive physical delivery of the number of share(s) per ELI at maturity, you must have, or open, a securities account with us at the time of your application and maintain the securities account throughout the investment period of the relevant FCNA US ELIs.** You should check with us for the account opening procedures as well as terms and conditions of the securities account.
- If you want to change your election for cash settlement or physical settlement as the mode of settlement subsequently, you will need to give instructions to your distributor in accordance with the normal operational procedures of such distributor. You may change your election between cash settlement and physical settlement at any time in accordance with such procedures. However, if you do not have, or maintain the securities account with us, or we have closed the securities account in accordance with its terms and conditions and/or applicable law and regulations, in either case during the investment period of the relevant FCNA US ELIs, you are deemed to have elected for cash settlement as the mode of settlement and will not be able to change such election afterwards.
- 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 FCNA US ELIS?

If you would like to buy our FCNA US ELIs, you can contact the appointed distributor(s) to enquire about our ELIs products. Please refer to the sub-sections headed “How can you buy the Hang Seng Single US Stock Callable ELIs?” and “Do you need an RMB cash account and a HKD cash account if you purchase our Hang Seng Single US Stock Callable ELIs denominated in RMB?” on page 100 of this product booklet.

POST-SALE COOLING-OFF PERIOD

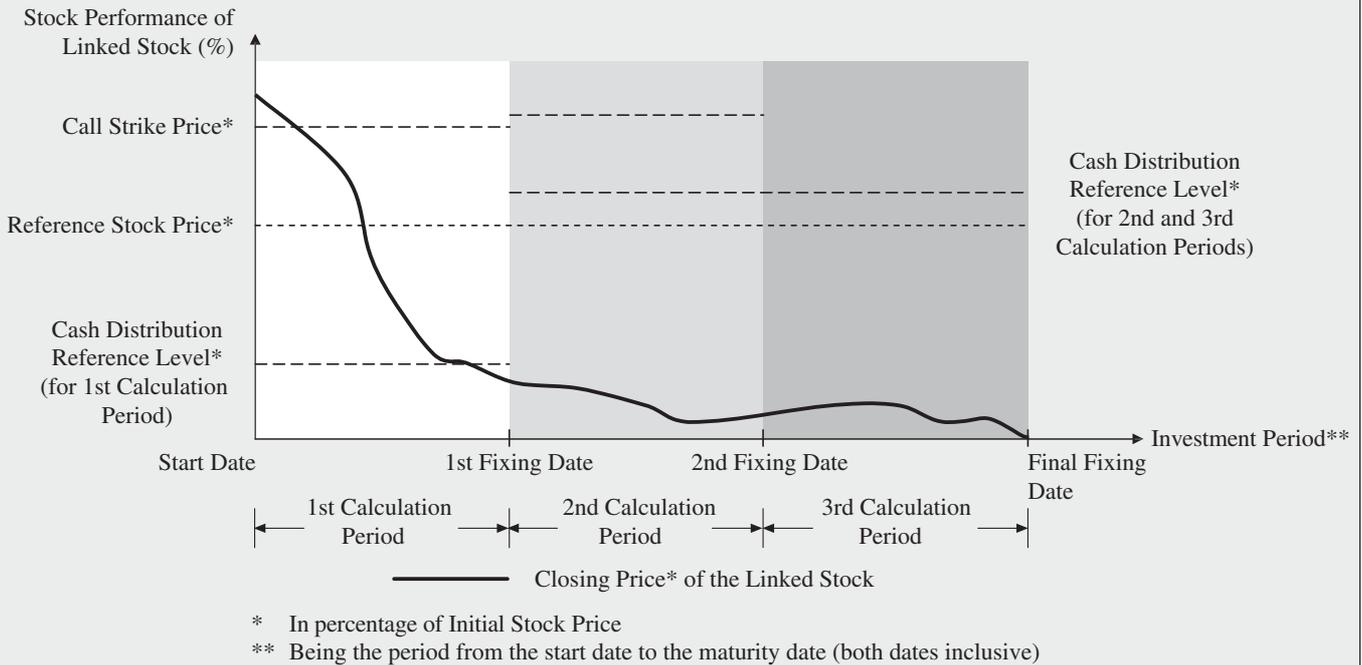
- Post-sale cooling-off period is only applicable for FCNA US ELIs with an investment period over 1 year.
- If you change your mind after you have placed an order for our FCNA US ELIs with an investment period over 1 year, you could give a notice to your distributor within the period starting from the day you place the order to 5 business days after the end of the offer period.
- If your distributor receives your notice to cancel before the initial stock price is recorded on the start date, the issue price of your whole FCNA US ELIs order will not be deducted from your account on the payment date. If your distributor receives your notice to unwind after the initial stock price is recorded on the start date, the issue price of your whole FCNA US ELIs order will be deducted from your account on the payment date and we will arrange for the distributor to return to you the issue price of your whole FCNA US ELIs order less a market value adjustment and issuer's handling fee (as specified in the indicative term sheet) on the second business day after the payment date. **The total cash amount returned to you when you unwind your purchase order may be substantially less than your initial investment.** Your distributor may also charge you additional handling fee, and you should ask your distributor for details.
- We will only accept cancellation or unwinding of your FCNA US ELIs order in whole (but not in part) during the post-sale cooling-off period.
- Please refer to page 101 of this product booklet for details.

IS THERE ANY MARKET MAKING ARRANGEMENT BEFORE EXPIRY?

- Market making arrangements are available for all of our FCNA US ELIs (regardless of the length of the investment period).
- Throughout each market making day (being each business day which is a scheduled trading day from but excluding the issue date to and including the third 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 FCNA US ELI basis) during Hong Kong normal business hours if you submit your request for such prices to your distributor before 4:00 p.m. (Hong Kong time). If you decide to sell the FCNA US ELIs back to us, you can place a limit sell back order with your distributor specifying your proposed sell back price (being the limit order price) and the amount of the FCNA US ELIs that you intend to sell before 5:00 p.m. (Hong Kong time) on a market making day. Your sell back order is only valid during the trading hours of the US exchange on the market making day that you have placed such order. We will seek to execute your limit sell back order during the trading hours of the US exchange on such market making day. Your limit sell back order will not be executed if the prevailing price of the FCNA US ELIs falls below your limit order price during the trading hours of the US exchange on such market making day, in which case your limit sell back order will lapse and you will need to place a new limit sell back order during the Hong Kong business hours on the next market making day if you still want to sell back your FCNA US ELIs. Your distributor will notify you of whether your sell back order was executed before 3:00 p.m. (Hong Kong time) on the business day after the market making day that you have placed such order.
- The actual price at which you sell your FCNA US ELIs to us may be substantially less than the issue price.
- Please refer to the market making arrangement section on pages 101 to 104 of this product booklet for further details.

WORST CASE SCENARIO

The below example illustrates the worst case scenario where the linked stock performs poorly during the investment period.



In the above example:

- (i) the issue price is set at 100% of the nominal value;
- (ii) the potential cash distribution amount is (a) fixed for the 1st calculation period and (b) variable for each of the 2nd and 3rd calculation periods; and
- (iii) the cash distribution rate 2 is set at zero for the 2nd and 3rd calculation periods.

It illustrates that:

- (i) you will not receive any potential cash distribution amount during the entire investment period since the closing price of the linked stock is below the applicable cash distribution reference level on the 1st fixing date and on each scheduled trading day during the 2nd and the 3rd calculation periods;
- (ii) the FCNA US ELIs will not be called since the closing price of the linked stock is below the call strike price on the 1st and 2nd fixing dates; and
- (iii) since the final stock price of the linked stock is below the reference stock price, you will receive on the maturity date either: (a) physical delivery of the linked stock if physical settlement is elected as the mode of settlement or, (b) payment of its cash equivalent if cash settlement is elected as the mode of settlement. **In either case, you will suffer a loss in your invested capital as no potential cash distribution amount is payable for the entire investment period and the market value of the settlement at maturity you receive is less than the capital invested. In the worst case scenario, if the final stock price is zero (and, where physical settlement is elected as the mode of settlement, the stock price of the linked stock remains at zero till the maturity date), the settlement at maturity you receive will be worthless and you will lose your entire invested capital.**

Please also refer to “Appendix C — Scenario Analysis” in this product booklet for more illustrative examples of how the FCNA US ELIs work.

WHAT ARE THE FEES AND CHARGES?

Distributor's charges — your distributor may charge a handling fee when you make your application or request under the post-sale cooling-off arrangement 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.

Issuer's charges — we will charge a handling fee when we unwind your FCNA US ELIS order under the post-sale cooling-off arrangement.

You should note that the 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.

For the avoidance of doubt, no cash settlement or physical settlement expenses (including any stamp duty or other applicable charges) will be charged.

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

ADJUSTMENTS TO THE TERMS AND CONDITIONS OR EARLY TERMINATION OF OUR FCNA US ELIS

- We may adjust certain terms and conditions (including adjusting the reference stock price or adjusting certain key dates) of our FCNA US ELIS upon the occurrence of certain events (such as a potential adjustment event). We may early terminate our FCNA US ELIS upon the occurrence of certain termination events (such as delisting).
- Please refer to pages 97 to 98 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 FCNA US 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 FCNA US 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 FCNA US ELIs;
- (ii) the information memorandum dated 9 August 2023 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 Single US Stock Callable ELIs dated 9 August 2023 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 FCNA US ELIs, you should read and understand all the relevant offering documents referred to above.

Updated information of the linked stock

We will make available news feeds regarding updated information of the linked stock in English and Chinese via the Hang Seng Invest Express mobile application (available for download at www.hangseng.com/investex) and through our internet banking service (accessed via www.hangseng.com). Such information is not reviewed by the SFC.

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.

KEY FACTS STATEMENT (B)

Hang Seng Non-Capital Protected Unlisted Daily Callable Single US Stock ELIs ("DCNA US ELIs")

issued by
Hang Seng Bank Limited

This is an unlisted structured product embedded with derivatives. This statement provides you with key information about our DCNA US ELIs, which is one type of our Hang Seng Single US Stock Callable ELIs that we may issue. 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 DCNA US ELIs are not capital protected: you could lose all of your investment.
- **No collateral** — Our DCNA US ELIs are not collateralised and are not secured on any of our assets.
- **Unlisted structured products and NOT protected deposits** — Our DCNA US 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. **In the worst case scenario, you could lose all of your investment.**
- **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 plus all potential cash distribution amounts).
- **Limited market making arrangement** — Our DCNA US ELIs are designed to be held till maturity. However, if you try to sell our DCNA US ELIs you hold before the final fixing date, we will provide daily market making arrangement within the time period as specified in the indicative term sheet for you to sell back the DCNA US ELIs, but the actual price that you receive may be less than or substantially less than the original amount you invested. You may only place a limit sell back order during normal business hours in Hong Kong before 5:00 p.m. (Hong Kong time) on a market making day, but your sell back order may only be executed during the trading hours of the US exchange in New York, which opens after the normal business hours in Hong Kong. Your placed order will not be executed if the US exchange fails to open for trading during its regular trading session on such day or if the relevant DCNA US ELI is affected by market disruption events on such day. In addition, you should note that we may not be able to accept any limit sell back order on a Hong Kong business day if the US exchange is not scheduled to be open for trading on such day, or if the relevant DCNA US ELI is affected by market disruption events on the immediately preceding day on which the US exchange in New York is scheduled to be open for trading. We will also not be able to accept any limit sell back order on a day that is not a Hong Kong business day, notwithstanding that the US exchange in New York is scheduled to be open for trading on such day.
- **You rely on our creditworthiness** — Our DCNA US ELIs constitute general unsecured and unsubordinated contractual obligations of Hang Seng Bank Limited as the Issuer. When you buy our DCNA US 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 DCNA US ELIs against the issuer of the linked stock. **If we become insolvent or default on our obligations under the DCNA US ELIs, 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 DCNA US 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 DCNA US 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 DCNA US ELIs on your behalf and will not have direct contractual rights of enforcement against us as the Issuer. **In the worst case scenario, you could lose all of your investment.**

- **Not the same as investing in linked stock** — Investing in our DCNA US 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 DCNA US ELIs.
- **Not covered by Investor Compensation Fund** — Our DCNA US ELIs are not listed on any stock exchange and are not covered by the Investor Compensation Fund.
- **Re-investment risk** — DCNA US ELIs will be early terminated if the call condition is met. No further potential cash distribution amount will be payable following such early termination. The prevailing market conditions may have changed and may hinder you from making any further investment under similar terms. You may not be able to enjoy the same rate of return if you re-invest in other investments with similar risk parameters.
- **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 DCNA US ELIs and our economic interests in each role may be adverse to your interests in our DCNA US ELIs.
- **English version of the terms and conditions may prevail** — If our DCNA US ELIs are held through international securities clearing systems, the terms and conditions of our DCNA US 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.
- **Exposure to risk from the start date** — You will be exposed to the risks associated with our DCNA US ELIs starting from the start date.
- **Risks relating to difference in trading days and hours and the implications on our ability to execute any limit sell back order** — Trading in the linked stock on the US exchange of the listed stock will be executed during the trading hours of such US exchange, which is located in New York and opens after normal business hours in Hong Kong. You should be aware of the trading hour and time zone difference (including summer time and winter time) between Hong Kong and New York in assessing the trading price of the linked stock, and the extended time lag between the placement of a limit sell back order during the Hong Kong business hours and the execution of such order during the trading hours of the US exchange in New York. The trading price of the linked stock may be volatile in response to the market movement during the trading hours on the US exchange in New York during which you will not be able to place any new order to sell back the DCNA US ELIs or to cancel, withdraw or adjust your placed order pursuant to the market making arrangements. Your limit sell back order placed during the Hong Kong business hours will not be executed if the prevailing price of the DCNA US ELIs falls below your limit order price during the trading hours of the US exchange. Once your order is executed (at the price which is at or above your limit order price but which may not be the best available price during the trading hours of the US exchange), you will lose the opportunity to benefit from any upside. Your sell back order is only valid during the trading hours of the US exchange on the market making day that you have placed such order.
- **Certain information about the linked stock may only be available in English** — You should note that certain information about the linked stock may only be available in English in real time. If you are not proficient in English, you should consider whether the investment in our DCNA US ELIs is suitable to you, and obtain independent advice where necessary.
- **Reliance on mobile application and our internet banking service in providing information about the linked stock and our external service provider in providing such information** — We will make available news feeds regarding updated information of the linked stock via the Hang Seng Invest Express mobile application and through our internet banking service. Such news feeds will not be available to you if you do not have access to such mobile application and our internet banking service, in which case you should consider whether the investment in our DCNA US ELIs is suitable to you. Such news feeds are provided by our external data provider and their availability may be interrupted or suspended due to such external data provider's technical and systematic failures, in which case the availability of such news feeds may be delayed or suspended. In addition, you should note that the Hang Seng Invest Express mobile application and our internet banking service may be interrupted or suspended due to our technical and systematic failures, in which case you may not be able to have access to such news feeds.

- **Additional risks for RMB-denominated DCNA US ELIs** — Where the settlement currency of our DCNA US ELIs is Renminbi (“RMB”), the performance of our DCNA US ELIs may be adversely affected due to risks relating to RMB, such as the current limited pool of RMB outside the mainland China, offshore RMB exchange rate risk and RMB interest rate risk. Our payment under any RMB-denominated DCNA US ELIs may also be postponed, or delivered in a HKD equivalent amount upon occurrence of an RMB disruption event.
- **United States taxation risk** — Notwithstanding that we have determined that payments made under the DCNA US ELIs do not constitute the “dividend equivalents” (and therefore do not constitute any U.S. source payments) and will not be subject to withholding tax under the HIRE Act, FATCA and Section 871(m) Rules (each term as defined in “FATCA Withholding Tax for Non-U.S. Investors” on pages 104 to 106 of this product booklet), you should note that such rules are complex and their application may depend on your particular circumstances, including whether you enter into other transactions with respect to the underlying US stock. In addition, the U.S. Internal Revenue Service may successfully argue that the DCNA US ELIs are treated as “dividend equivalents”, notwithstanding our determination to the contrary. If so treated, a withholding tax at a rate of up to 30% is imposed on such payments made to a non-U.S. investor under the Section 871(m) Rules and to a non-U.S. investor that does not comply with the information reporting requirements under HIRE Act and FATCA, which will adversely affect the potential return under the DCNA US ELIs. You should, prior to your investment in the DCNA US ELIs, consult your own tax advisor regarding the application of the HIRE Act, FATCA and Section 871(m) Rules arising from your investment.

WHAT IS THIS PRODUCT AND HOW DOES IT WORK?

- DCNA US ELIs are one type of our Hang Seng Single US Stock Callable ELIs which have an embedded conditional put option over the linked stock (being shares in a company listed on the US exchange (being either The New York Stock Exchange or The NASDAQ Global Select Market as specified in the relevant term sheet) and traded in United States dollars (“USD”) as the underlying currency). Not all listed stocks can be used as a linked stock; you should ask your distributor what linked stock is available.
- You should note that the initial stock price may be (i) the official opening price of the linked stock on the US exchange on the start date, or (ii) the price of the linked stock as agreed between us and you (via your distributor) on the start date. In case (i) above, such price will only be recorded after you are committed to purchase our DCNA US ELIs. In that case, when you place your order, you will not know the actual values of some of the terms (such as the reference stock price, call strike price and cash distribution reference level) which will only be determined after the US exchange opens on the start date. In both cases, the distributor will issue a contract note specifying all these terms to you 2 business days after the start date.
- We may issue and settle our DCNA US ELIs in RMB or any non-restricted and freely convertible currency such as HKD or USD as specified in the relevant term sheet.
- Each DCNA US ELI represents a nominal value as specified in the relevant term sheet. Such nominal value is used to calculate the issue price per DCNA US ELI and any potential cash distribution amount and to determine any settlement at call or any settlement at maturity, as the case may be.
- During the investment period, DCNA US ELIs may provide on each cash distribution payment date a potential cash distribution amount for the relevant calculation period depending on the price performance of the linked stock.
- DCNA US ELIs will be early terminated if the call condition is met on any scheduled trading day during the callable period.

- If the call condition has never been met and our DCNA US ELIs have not been otherwise early terminated during the investment period, DCNA US ELIs will mature on the maturity date and you will receive 100% of the nominal value in cash if the final stock price of the linked stock is equal to or above the reference stock price. However, if the final stock price of the linked stock is below its reference stock price, you will either receive physical delivery of the number of share(s) per ELI (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. You will also receive the relevant potential cash distribution amount (if any) for the final calculation period on the maturity date.

WHAT ARE THE KEY FEATURES?

(A) Potential Cash Distribution

- During the investment period, you may receive on each cash distribution payment date (being 4 business days after each fixing date and the final fixing date as specified in the relevant term sheet) a potential cash distribution amount for the relevant calculation period (being the period from but excluding the relevant calculation period start date to and including the relevant calculation period end date) depending on the closing price of the linked stock.
- The potential cash distribution amount for a calculation period can either be:
 1. a fixed amount, if certain conditions are met (see “Fixed Potential Cash Distribution Amount” below); or
 2. a variable amount calculated by reference to the variable accrual formula (see “Variable Accrual Formula” below).
- **You should note that it is possible that you will not receive any potential cash distribution amount for the entire investment period.**
- **Fixed Potential Cash Distribution Amount**

A fixed potential cash distribution amount for a calculation period is payable if the closing price of the linked stock on the fixing date (which will be set as the same date as the relevant calculation period end date) for such calculation period is at or above the applicable cash distribution reference level*. Provided that if the call condition is met and the DCNA US ELIs are early terminated on a call date, the fixed potential cash distribution amount for the relevant calculation period is payable regardless of the price performance of the linked stock and will be calculated on a pro-rata basis from (and excluding) the relevant calculation period start date up to (and including) the call date on which the call condition is met, including any disrupted day(s) within such period.

If the potential cash distribution amount for a calculation period is specified to be a fixed amount, we will calculate such potential cash distribution amount according to the following formula:

$$\text{Nominal value} \times \text{fixed cash distribution rate}^{\wedge}$$

• Variable Accrual Formula

If the potential cash distribution amount for a calculation period is specified to be a variable amount, we will calculate such potential cash distribution amount according to the following formula:

Nominal value x [(cash distribution rate 1[#] x day count factor 1) + (cash distribution rate 2[#] x day count factor 2)]

Where,
 day count factor 1 = Day-in 1 ÷ TOTAL
 day count factor 2 = Day-in 2 ÷ TOTAL

Day-in 1 = The number of scheduled trading days in a calculation period (or, if daily callable feature is applicable for the DCNA US ELIs during that calculation period and the call condition is met and the DCNA US ELIs are early terminated on a call date, the number of scheduled trading days from (and excluding) the relevant calculation period start date to (and including) the call date) on which the closing price of the linked stock is at or above the cash distribution reference level*.

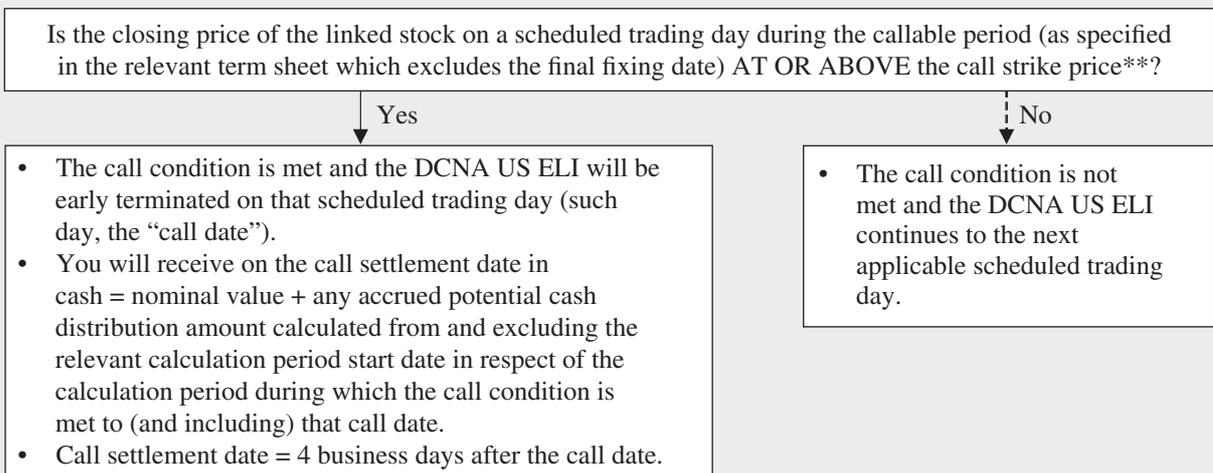
Day-in 2 = The number of scheduled trading days in a calculation period (or, if daily callable feature is applicable for the DCNA US ELIs during that calculation period and the call condition is met and the DCNA US ELIs are early terminated on a call date, the number of scheduled trading days from (and excluding) the relevant calculation period start date to (and including) the call date) on which the closing price of the linked stock is below the cash distribution reference level*.

TOTAL = Number of scheduled trading days in a calculation period, including any disrupted day(s) within such calculation period regardless of whether the call condition is met on any scheduled trading day during such calculation period.

- Notes: ^ Fixed cash distribution rate will be specified in the relevant term sheet and will be the same for all applicable calculation periods.
- # The cash distribution rate 1 will always be set at a rate which is higher than the cash distribution rate 2, and the cash distribution rate 2 can be set as zero. Both cash distribution rates 1 and 2 will be specified in the relevant term sheet, and will be the same for all applicable calculation periods.
- * The cash distribution reference level will be determined based on a specified percentage of the initial stock price of the linked stock on the start date and such percentage will be specified in the relevant term sheet. In respect of each calculation period for which the potential cash distribution amount is specified to be a fixed amount, such percentage (and hence the cash distribution reference level) can be different for different fixing dates. In respect of each calculation period for which the potential cash distribution amount is specified to be a variable amount, the same percentage of the initial stock price will be applied to the linked stock on every scheduled trading day within the same calculation period but such percentage (and hence the cash distribution reference level) can be different for different calculation periods.

(B) Call Feature

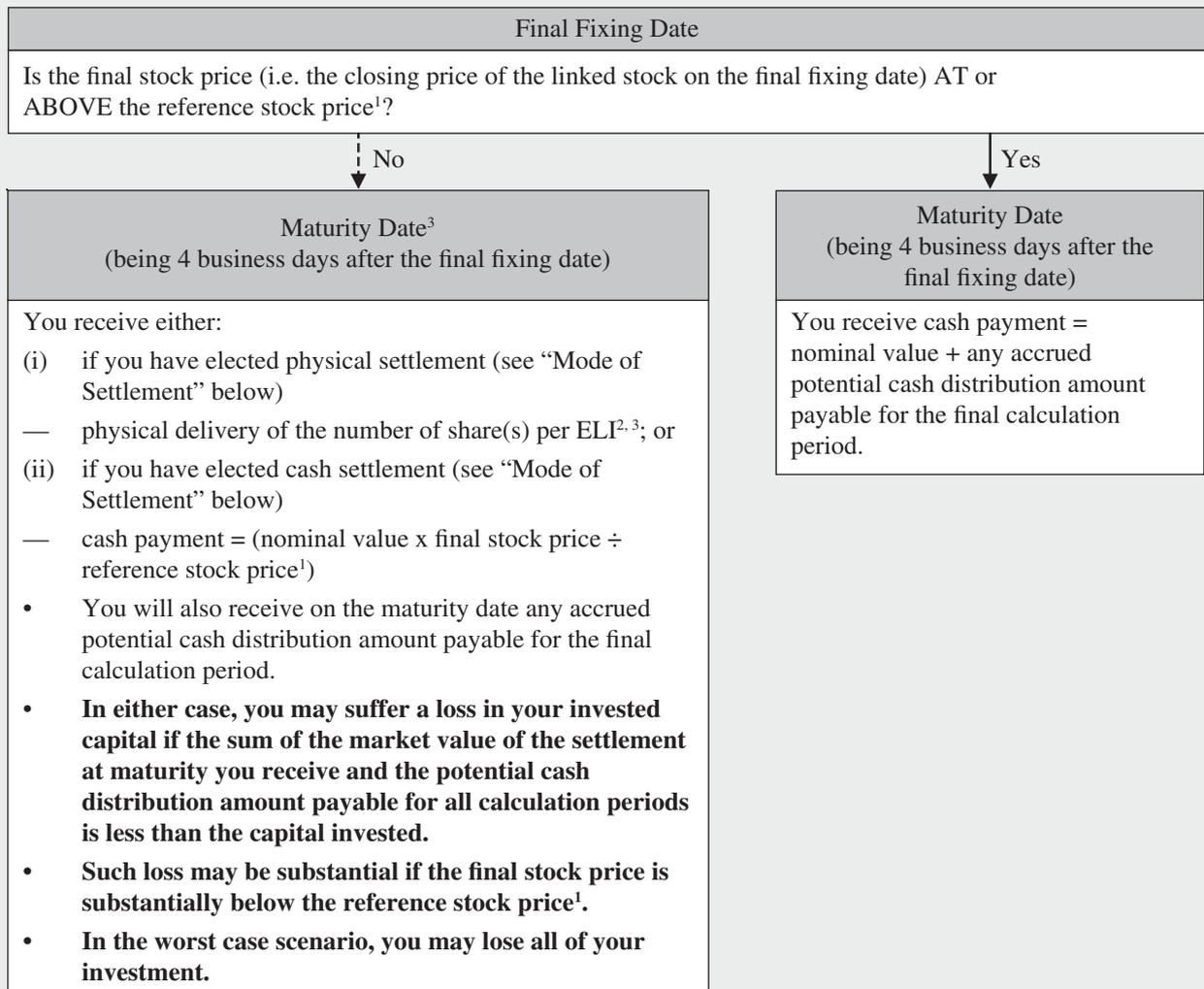
Our DCNA US ELIs contain a daily callable feature which is described in the diagram below:



Notes: ** The call strike price will be determined based on a specified percentage of the initial stock price of the linked stock on the start date and such percentage will be specified in the relevant term sheet. The percentage (and hence the call strike price) can be different for different calculation periods.

(C) Settlement At Maturity

- If the call condition has never been met and our DCNA US ELIs have not been otherwise early terminated during the investment period, the settlement at maturity is illustrated in the diagram below:



1. The reference stock price will be determined based on a specified percentage of the initial stock price of the linked stock on the start date and such percentage will be specified in the relevant term sheet.
2. The number of share(s) per ELI is a number of share(s) of the linked stock which is calculated using the following formula:

$$\frac{\text{nominal value (converted into the underlying currency using the relevant exchange rate if applicable)}}{\text{reference stock price}}$$

Any fraction of a linked stock will be paid in cash. Please refer to “number of share(s) per ELI” under the glossary section on page 96 of this product booklet.

3. **In order for you to elect physical settlement as the mode of settlement and receive physical delivery of the number of share(s) per ELI at maturity, you must have, or open, a securities account with us at the time of your application and maintain the securities account throughout the investment period of the relevant DCNA US ELIs.** For investors who have elected physical settlement, the linked stock will only be delivered on the maturity date (being 4 business days after the final fixing date). If the maturity date is not a clearance system business day, physical delivery of the number of share(s) per ELI will take place on the following clearance system business day. **Therefore, investors may suffer a loss due to adverse price movement of the linked stock 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.**

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.
- **In order for you to elect physical settlement as the mode of settlement and receive physical delivery of the number of share(s) per ELI at maturity, you must have, or open, a securities account with us at the time of your application and maintain the securities account throughout the investment period of the relevant DCNA US ELIs.** You should check with us for the account opening procedures as well as terms and conditions of the securities account.
- If you want to change your election for cash settlement or physical settlement as the mode of settlement subsequently, you will need to give instructions to your distributor in accordance with the normal operational procedures of such distributor. You may change your election between cash settlement and physical settlement at any time in accordance with such procedures. However, if you do not have, or maintain the securities account with us, or we have closed the securities account in accordance with its terms and conditions and/or applicable law and regulations, in either case during the investment period of the relevant DCNA US ELIs, you are deemed to have elected for cash settlement as the mode of settlement and will not be able to change such election afterwards.
- 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 DCNA US ELIS?

If you would like to buy our DCNA US ELIs, you can contact the appointed distributor(s) to enquire about our ELIs products. Please refer to the sub-sections headed “How can you buy the Hang Seng Single US Stock Callable ELIs?” and “Do you need an RMB cash account and a HKD cash account if you purchase our Hang Seng Single US Stock Callable ELIs denominated in RMB?” on page 100 of this product booklet.

POST-SALE COOLING-OFF PERIOD

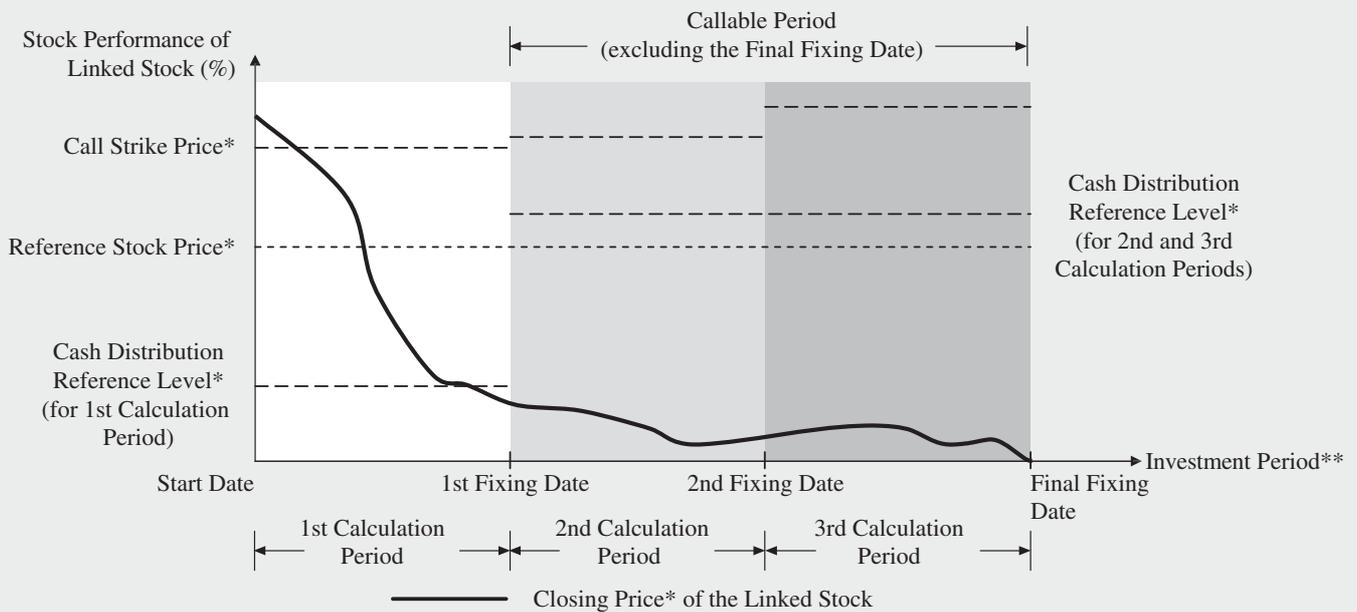
- Post-sale cooling-off period is only applicable for DCNA US ELIs with an investment period over 1 year.
- If you change your mind after you have placed an order for our DCNA US ELIs with an investment period over 1 year, you could give a notice to your distributor within the period starting from the day you place the order to 5 business days after the end of the offer period.
- If your distributor receives your notice to cancel before the initial stock price is recorded on the start date, the issue price of your whole DCNA US ELIs order will not be deducted from your account on the payment date. If your distributor receives your notice to unwind after the initial stock price is recorded on the start date, the issue price of your whole DCNA US ELIs order will be deducted from your account on the payment date and we will arrange for the distributor to return to you the issue price of your whole DCNA US ELIs order less a market value adjustment and issuer's handling fee (as specified in the indicative term sheet) on the second business day after the payment date. **The total cash amount returned to you when you unwind your purchase order may be substantially less than your initial investment.** Your distributor may also charge you additional handling fee, and you should ask your distributor for details.
- We will only accept cancellation or unwinding of your DCNA US ELIs order in whole (but not in part) during the post-sale cooling-off period.
- Please refer to page 101 of this product booklet for details.

IS THERE ANY MARKET MAKING ARRANGEMENT BEFORE EXPIRY?

- Market making arrangements are available for all of our DCNA US ELIs (regardless of the length of the investment period).
- Throughout each market making day (being each business day which is a scheduled trading day from but excluding the issue date to and including the third 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 DCNA US ELI basis) during Hong Kong normal business hours if you submit your request for such prices to your distributor before 4:00 p.m. (Hong Kong time). If you decide to sell the DCNA US ELIs back to us, you can place a limit sell back order with your distributor specifying your proposed sell back price (being the limit order price) and the amount of the DCNA US ELIs that you intend to sell before 5:00 p.m. (Hong Kong time) on a market making day. Your sell back order is only valid during the trading hours of the US exchange on the market making day that you have placed such order. We will seek to execute your limit sell back order during the trading hours of the US exchange on such market making day. Your limit sell back order will not be executed if the prevailing price of the DCNA US ELIs falls below your limit order price during the trading hours of the US exchange on such market making day, in which case your limit sell back order will lapse and you will need to place a new limit sell back order during the Hong Kong business hours on the next market making day if you still want to sell back your DCNA US ELIs. Your distributor will notify you of whether your sell back order was executed before 3:00 p.m. (Hong Kong time) on the business day after the market making day that you have placed such order.
- The actual price at which you sell your DCNA US ELIs to us may be substantially less than the issue price.
- Please refer to the market making arrangement section on pages 101 to 104 of this product booklet for further details.

WORST CASE SCENARIO

The below example illustrates the worst case scenario where the linked stock performs poorly during the investment period.



* In percentage of Initial Stock Price

** Being the period from the start date to the maturity date (both dates inclusive)

In the above example:

- (i) the issue price is set at 100% of the nominal value;
- (ii) the potential cash distribution amount is (a) fixed for the 1st calculation period and (b) variable for each of the 2nd and 3rd calculation periods; and
- (iii) the cash distribution rate 2 is set at zero for the 2nd and 3rd calculation periods.

It illustrates that:

- (i) you will not receive any potential cash distribution amount during the entire investment period since the closing price of the linked stock is below the applicable cash distribution reference level on the 1st fixing date and on each scheduled trading day during the 2nd and the 3rd calculation periods;
- (ii) the DCNA US ELIs will not be called since the closing price of the linked stock is below the call strike price on each scheduled trading day within the callable period (i.e. the period when the call condition can be met); and
- (iii) since the final stock price of the linked stock is below the reference stock price, you will receive on the maturity date either: (a) physical delivery of the linked stock if physical settlement is elected as the mode of settlement or, (b) payment of its cash equivalent if cash settlement is elected as the mode of settlement. **In either case, you will suffer a loss in your invested capital as no potential cash distribution amount is payable for the entire investment period and the market value of the settlement at maturity you receive is less than the capital invested. In the worst case scenario, if the final stock price is zero (and, where physical settlement is elected as the mode of settlement, the stock price of the linked stock remains at zero till the maturity date), the settlement at maturity you receive will be worthless and you will lose your entire invested capital.**

Please also refer to “Appendix C — Scenario Analysis” in this product booklet for more illustrative examples of how the DCNA US ELIs work.

WHAT ARE THE FEES AND CHARGES?

Distributor's charges — your distributor may charge a handling fee when you make your application or request under the post-sale cooling-off arrangement 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.

Issuer's charges — we will charge a handling fee when we unwind your DCNA US ELIs order under the post-sale cooling-off arrangement.

You should note that the 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.

For the avoidance of doubt, no cash settlement or physical settlement expenses (including any stamp duty or other applicable charges) will be charged.

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

ADJUSTMENTS TO THE TERMS AND CONDITIONS OR EARLY TERMINATION OF OUR DCNA US ELIS

- We may adjust certain terms and conditions (including adjusting the reference stock price or adjusting certain key dates) of our DCNA US ELIs upon the occurrence of certain events (such as a potential adjustment event). We may early terminate our DCNA US ELIs upon the occurrence of certain termination events (such as delisting).
- Please refer to pages 97 to 98 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 DCNA US 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 DCNA US 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 DCNA US ELIs;
- (ii) the information memorandum dated 9 August 2023 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 Single US Stock Callable ELIs dated 9 August 2023 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 DCNA US ELIs, you should read and understand all the relevant offering documents referred to above.

Updated information of the linked stock

We will make available news feeds regarding updated information of the linked stock in English and Chinese via the Hang Seng Invest Express mobile application (available for download at www.hangseng.com/investex) and through our internet banking service (accessed via www.hangseng.com). Such information is not reviewed by the SFC.

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.

KEY FACTS STATEMENT (C)

Hang Seng Non-Capital Protected Unlisted Fixing Date Callable Single US Stock ELIs with Final Fixing Date Airbag ("FCFA US ELIs")

issued by
Hang Seng Bank Limited

This is an unlisted structured product embedded with derivatives. This statement provides you with key information about our FCFA US ELIs, which is one type of our Hang Seng Single US Stock Callable ELIs that we may issue. 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 FCFA US ELIs are not capital protected: you could lose all of your investment.
- **No collateral** — Our FCFA US ELIs are not collateralised and are not secured on any of our assets.
- **Unlisted structured products and NOT protected deposits** — Our FCFA US 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. **In the worst case scenario, you could lose all of your investment.**
- **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 plus all potential cash distribution amounts).
- **Limited market making arrangement** — Our FCFA US ELIs are designed to be held till maturity. However, if you try to sell our FCFA US ELIs you hold before the final fixing date, we will provide daily market making arrangement within the time period as specified in the indicative term sheet for you to sell back the FCFA US ELIs, but the actual price that you receive may be less than or substantially less than the original amount you invested. You may only place a limit sell back order during normal business hours in Hong Kong before 5:00 p.m. (Hong Kong time) on a market making day, but your sell back order may only be executed during the trading hours of the US exchange in New York, which opens after the normal business hours in Hong Kong. Your placed order will not be executed if the US exchange fails to open for trading during its regular trading session on such day or if the relevant FCFA US ELI is affected by market disruption events on such day. In addition, you should note that we may not be able to accept any limit sell back order on a Hong Kong business day if the US exchange is not scheduled to be open for trading on such day, or if the relevant FCFA US ELI is affected by market disruption events on the immediately preceding day on which the US exchange in New York is scheduled to be open for trading. We will also not be able to accept any limit sell back order on a day that is not a Hong Kong business day, notwithstanding that the US exchange in New York is scheduled to be open for trading on such day.
- **You rely on our creditworthiness** — Our FCFA US ELIs constitute general unsecured and unsubordinated contractual obligations of Hang Seng Bank Limited as the Issuer. When you buy our FCFA US 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 FCFA US ELIs against the issuer of the linked stock. **If we become insolvent or default on our obligations under the FCFA US ELIs, 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 FCFA US 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 FCFA US 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 FCFA US ELIs on your behalf and will not have direct contractual rights of enforcement against us as the Issuer. **In the worst case scenario, you could lose all of your investment.**

- **Not the same as investing in linked stock** — Investing in our FCFA US 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 FCFA US ELIs.
- **Not covered by Investor Compensation Fund** — Our FCFA US ELIs are not listed on any stock exchange and are not covered by the Investor Compensation Fund.
- **Re-investment risk** — FCFA US ELIs will be early terminated if the call condition is met. No further potential cash distribution amount will be payable following such early termination. The prevailing market conditions may have changed and may hinder you from making any further investment under similar terms. You may not be able to enjoy the same rate of return if you re-invest in other investments with similar risk parameters.
- **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 FCFA US ELIs and our economic interests in each role may be adverse to your interests in our FCFA US ELIs.
- **English version of the terms and conditions may prevail** — If our FCFA US ELIs are held through international securities clearing systems, the terms and conditions of our FCFA US 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.
- **Exposure to risk from the start date** — You will be exposed to the risks associated with our FCFA US ELIs starting from the start date.
- **Risks relating to difference in trading days and hours and the implications on our ability to execute any limit sell back order** — Trading in the linked stock on the US exchange of the listed stock will be executed during the trading hours of such US exchange, which is located in New York and opens after normal business hours in Hong Kong. You should be aware of the trading hour and the time zone difference (including summer time and winter time) between Hong Kong and New York in assessing the trading price of the linked stock, and the extended time lag between the placement of a limit sell back order during the Hong Kong business hours and the execution of such order during the trading hours of the US exchange in New York. The trading price of the linked stock may be volatile in response to the market movement during the trading hours on the US exchange in New York during which you will not be able to place any new order to sell back the FCFA US ELIs or to cancel, withdraw or adjust your placed order pursuant to the market making arrangements. Your limit sell back order placed during the Hong Kong business hours will not be executed if the prevailing price of the FCFA US ELIs falls below your limit order price during the trading hours of the US exchange. Once your order is executed (at the price which is at or above your limit order price but which may not be the best available price during the trading hours of the US exchange), you will lose the opportunity to benefit from any upside. Your sell back order is only valid during the trading hours of the US exchange on the market making day that you have placed such order.
- **Certain information about the linked stock may only be available in English** — You should note that certain information about the linked stock may only be available in English in real time. If you are not proficient in English, you should consider whether the investment in our FCFA US ELIs is suitable to you, and obtain independent advice where necessary.
- **Reliance on mobile application and our internet banking service in providing information about the linked stock and our external service provider in providing such information** — We will make available news feeds regarding updated information of the linked stock via the Hang Seng Invest Express mobile application and through our internet banking service. Such news feeds will not be available to you if you do not have access to such mobile application and our internet banking service, in which case you should consider whether the investment in our FCFA US ELIs is suitable to you. Such news feeds are provided by our external data provider and their availability may be interrupted or suspended due to such external data provider's technical and systematic failures, in which case the availability of such news feeds may be delayed or suspended. In addition, you should note that the Hang Seng Invest Express mobile application and our internet banking service may be interrupted or suspended due to our technical and systematic failures, in which case you may not be able to have access to such news feeds.

- **Additional risks for RMB-denominated FCFA US ELIs** — Where the settlement currency of our FCFA US ELIs is Renminbi (“RMB”), the performance of our FCFA US ELIs may be adversely affected due to risks relating to RMB, such as the current limited pool of RMB outside the mainland China, offshore RMB exchange rate risk and RMB interest rate risk. Our payment under any RMB-denominated FCFA US ELIs may also be postponed, or delivered in a HKD equivalent amount upon occurrence of an RMB disruption event.
- **United States taxation risk** — Notwithstanding that we have determined that payments made under the FCFA US ELIs do not constitute the “dividend equivalents” (and therefore do not constitute any U.S. source payments) and will not be subject to withholding tax under the HIRE Act, FATCA and Section 871(m) Rules (each term as defined in “FATCA Withholding Tax for Non-U.S. Investors” on pages 104 to 106 of this product booklet), you should note that such rules are complex and their application may depend on your particular circumstances, including whether you enter into other transactions with respect to the underlying US stock. In addition, the U.S. Internal Revenue Service may successfully argue that the FCFA US ELIs are treated as “dividend equivalents”, notwithstanding our determination to the contrary. If so treated, a withholding tax at a rate of up to 30% is imposed on such payments made to a non-U.S. investor under the Section 871(m) Rules and to a non-U.S. investor that does not comply with the information reporting requirements under HIRE Act and FATCA, which will adversely affect the potential return under the FCFA US ELIs. You should, prior to your investment in the FCFA US ELIs, consult your own tax advisor regarding the application of the HIRE Act, FATCA and Section 871(m) Rules arising from your investment.

WHAT IS THIS PRODUCT AND HOW DOES IT WORK?

- FCFA US ELIs are one type of our Hang Seng Single US Stock Callable ELIs which have an embedded conditional put option over the linked stock (being shares in a company listed on the US exchange (being either The New York Stock Exchange or The NASDAQ Global Select Market as specified in the relevant term sheet) and traded in United States dollars (“USD”) as the underlying currency). Not all listed stocks can be used as a linked stock; you should ask your distributor what linked stock is available.
- You should note that the initial stock price may be (i) the official opening price of the linked stock on the US exchange on the start date, or (ii) the price of the linked stock as agreed between us and you (via your distributor) on the start date. In case (i) above, such price will only be recorded after you are committed to purchase our FCFA US ELIs. In that case, when you place your order, you will not know the actual values of some of the terms (such as the reference stock price, call strike price, airbag level and cash distribution reference level) which will only be determined after the US exchange opens on the start date. In both cases, the distributor will issue a contract note specifying all these terms to you 2 business days after the start date.
- We may issue and settle our FCFA US ELIs in RMB or any non-restricted and freely convertible currency such as HKD or USD as specified in the relevant term sheet.
- Each FCFA US ELI represents a nominal value as specified in the relevant term sheet. Such nominal value is used to calculate the issue price per FCFA US ELI and any potential cash distribution amount and to determine any settlement at call or any settlement at maturity, as the case may be.
- During the investment period, FCFA US ELIs may provide on each cash distribution payment date a potential cash distribution amount for the relevant calculation period depending on the price performance of the linked stock.
- FCFA US ELIs will be early terminated if the call condition is met on any of the applicable fixing dates.

- If the call condition has never been met and our FCFA US ELIs have not been otherwise early terminated during the investment period, FCFA US ELIs will mature on the maturity date and you will receive 100% of the nominal value in cash if the “airbag lapse event” has not occurred. However, if the “airbag lapse event” has occurred, you will either receive physical delivery of the number of share(s) per ELI (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. You will also receive the relevant potential cash distribution amount (if any) for the final calculation period on the maturity date.

WHAT ARE THE KEY FEATURES?

(A) Potential Cash Distribution

- During the investment period, you may receive on each cash distribution payment date (being 4 business days after each fixing date and the final fixing date as specified in the relevant term sheet) a potential cash distribution amount for the relevant calculation period (being the period from but excluding the relevant calculation period start date to and including the relevant calculation period end date) depending on the closing price of the linked stock.
- The potential cash distribution amount for a calculation period can either be:
 1. a fixed amount, if certain conditions are met (see “Fixed Potential Cash Distribution Amount” below); or
 2. a variable amount calculated by reference to the variable accrual formula (see “Variable Accrual Formula” below).
- **You should note that it is possible that you will not receive any potential cash distribution amount for the entire investment period.**
- **Fixed Potential Cash Distribution Amount**

A fixed potential cash distribution amount for a calculation period is payable if the closing price of the linked stock on the fixing date (which will be set as the same date as the relevant calculation period end date) for such calculation period is at or above the applicable cash distribution reference level*.

If the potential cash distribution amount for a calculation period is specified to be a fixed amount, we will calculate such potential cash distribution amount according to the following formula:

$\text{Nominal value} \times \text{fixed cash distribution rate}^{\wedge}$
--

• **Variable Accrual Formula**

If the potential cash distribution amount for a calculation period is specified to be a variable amount, we will calculate such potential cash distribution amount according to the following formula:

$$\text{Nominal value} \times [(\text{cash distribution rate } 1^{\#} \times \text{day count factor } 1) + (\text{cash distribution rate } 2^{\#} \times \text{day count factor } 2)]$$

Where,
 day count factor 1 = Day-in 1 ÷ TOTAL
 day count factor 2 = Day-in 2 ÷ TOTAL

Day-in 1 = The number of scheduled trading days in a calculation period on which the closing price of the linked stock is at or above the cash distribution reference level*.

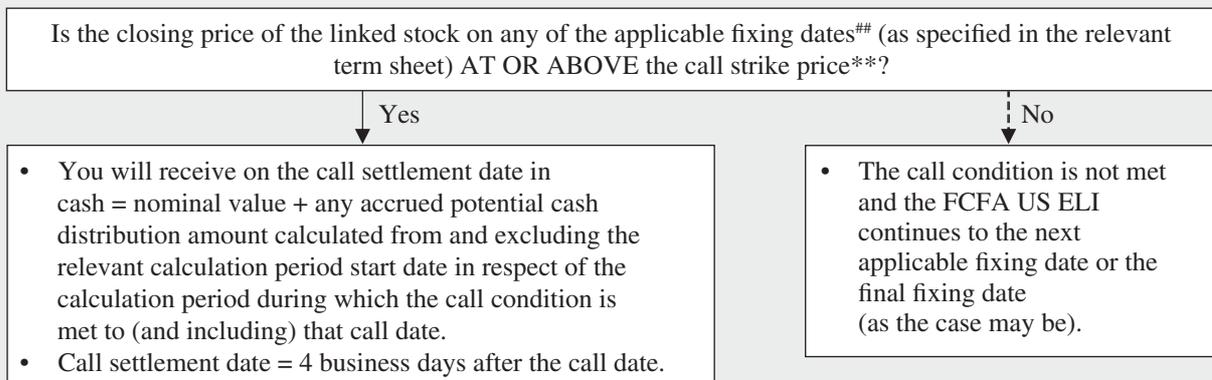
Day-in 2 = The number of scheduled trading days in a calculation period on which the closing price of the linked stock is below the cash distribution reference level*.

TOTAL = Number of scheduled trading days in a calculation period, including any disrupted day(s) within such calculation period.

- Notes: [^] Fixed cash distribution rate will be specified in the relevant term sheet and will be the same for all applicable calculation periods.
- [#] The cash distribution rate 1 will always be set at a rate which is higher than the cash distribution rate 2, and the cash distribution rate 2 can be set as zero. Both cash distribution rates 1 and 2 will be specified in the relevant term sheet, and will be the same for all applicable calculation periods.
- ^{*} The cash distribution reference level will be determined based on a specified percentage of the initial stock price of the linked stock on the start date and such percentage will be specified in the relevant term sheet. In respect of each calculation period for which the potential cash distribution amount is specified to be a fixed amount, such percentage (and hence the cash distribution reference level) can be different for different fixing dates. In respect of each calculation period for which the potential cash distribution amount is specified to be a variable amount, the same percentage of the initial stock price will be applied to the linked stock on every scheduled trading day within the same calculation period but such percentage (and hence the cash distribution reference level) can be different for different calculation periods.

(B) Call Feature

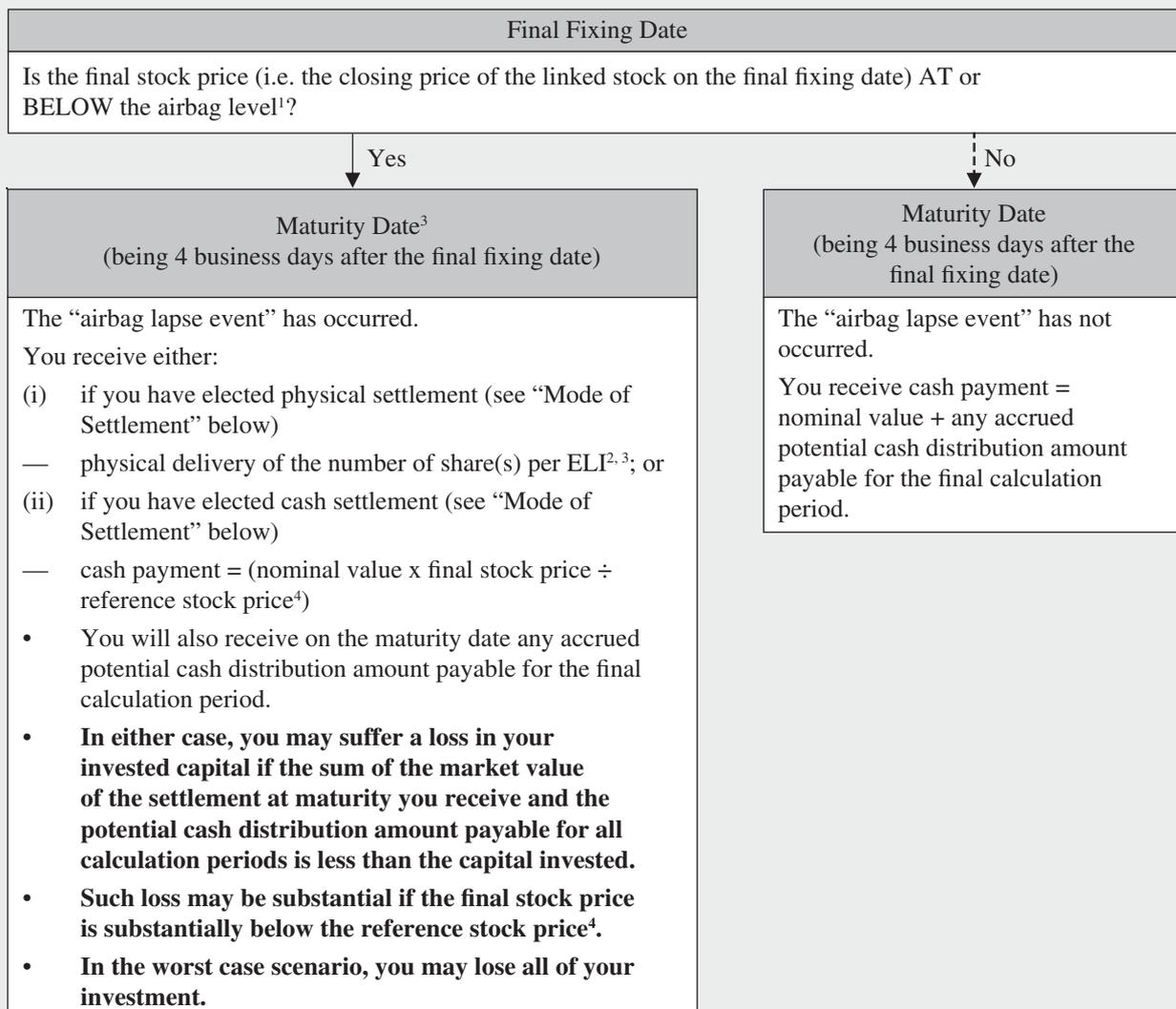
Our FCFA US ELIs contain a fixing date callable feature which is described in the diagram below:



- Notes: ^{##} Each relevant fixing date will be set as the same date as the relevant calculation period end date (excluding the final fixing date).
- ^{**} The call strike price will be determined based on a specified percentage of the initial stock price of the linked stock on the start date and such percentage will be specified in the relevant term sheet. The percentage (and hence the call strike price) can be different for different fixing dates.

(C) Final Fixing Date Airbag Feature and Settlement At Maturity

- Our FCFA US ELIs contain a final fixing date airbag feature.
- An “airbag lapse event” has occurred if the closing price of the linked stock is AT or BELOW the airbag level (which will always be set at a level that is lower than the reference stock price) on the final fixing date.
- If the call condition has never been met and our FCFA US ELIs have not been otherwise early terminated during the investment period, the settlement at maturity is illustrated in the diagram below:



1. The airbag level will be determined based on a specified percentage of the initial stock price of the linked stock on the start date and such percentage will be specified in the relevant term sheet.
2. The number of share(s) per ELI is a number of share(s) of the linked stock which is calculated using the following formula:

$$\frac{\text{nominal value (converted into the underlying currency using the relevant exchange rate if applicable)}}{\text{reference stock price}}$$

Any fraction of a linked stock will be paid in cash. Please refer to “number of share(s) per ELI” under the glossary section on page 96 of this product booklet.

3. **In order for you to elect physical settlement as the mode of settlement and receive physical delivery of the number of share(s) per ELI at maturity, you must have, or open, a securities account with us at the time of your application and maintain the securities account throughout the investment period of the relevant FCFA US ELIs.** For investors who have elected physical settlement, the linked stock will only be delivered on the maturity date (being 4 business days after the final fixing date). If the maturity date is not a clearance system business day, physical delivery of the number of share(s) per ELI will take place on the following clearance system business day. **Therefore, investors may suffer a loss due to adverse price movement of the linked stock 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.**
4. The reference stock price will be determined based on a specified percentage of the initial stock price of the linked stock on the start date and such percentage will be specified in the relevant term sheet.

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 “airbag lapse event” has occurred.
- **In order for you to elect physical settlement as the mode of settlement and receive physical delivery of the number of share(s) per ELI at maturity, you must have, or open, a securities account with us at the time of your application and maintain the securities account throughout the investment period of the relevant FCFA US ELIs.** You should check with us for the account opening procedures as well as terms and conditions of the securities account.
- If you want to change your election for cash settlement or physical settlement as the mode of settlement subsequently, you will need to give instructions to your distributor in accordance with the normal operational procedures of such distributor. You may change your election between cash settlement and physical settlement at any time in accordance with such procedures. However, if you do not have, or maintain the securities account with us, or we have closed the securities account in accordance with its terms and conditions and/or applicable law and regulations, in either case during the investment period of the relevant FCFA US ELIs, you are deemed to have elected for cash settlement as the mode of settlement and will not be able to change such election afterwards.
- 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 FCFA US ELIS?

If you would like to buy our FCFA US ELIs, you can contact the appointed distributor(s) to enquire about our ELIs products. Please refer to the sub-sections headed “How can you buy the Hang Seng Single US Stock Callable ELIs?” and “Do you need an RMB cash account and a HKD cash account if you purchase our Hang Seng Single US Stock Callable ELIs denominated in RMB?” on page 100 of this product booklet.

POST-SALE COOLING-OFF PERIOD

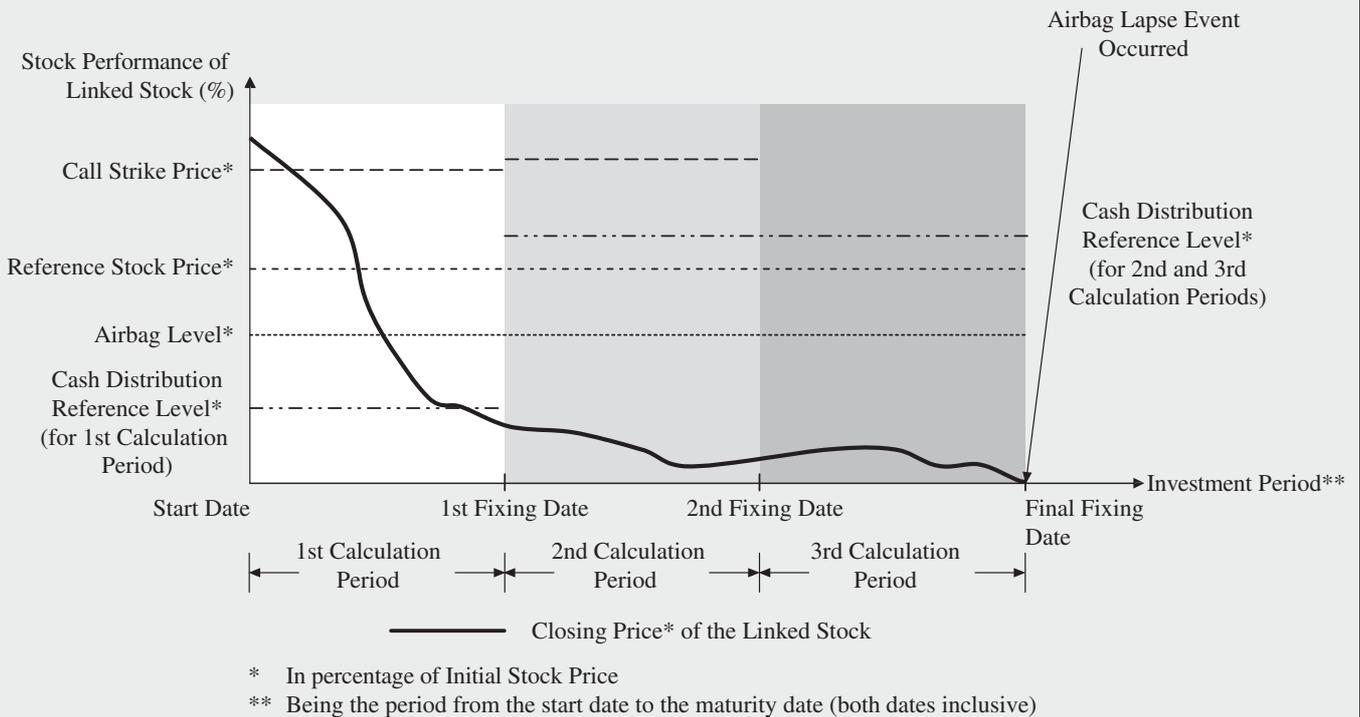
- Post-sale cooling-off period is only applicable for FCFA US ELIs with an investment period over 1 year.
- If you change your mind after you have placed an order for our FCFA US ELIs with an investment period over 1 year, you could give a notice to your distributor within the period starting from the day you place the order to 5 business days after the end of the offer period.
- If your distributor receives your notice to cancel before the initial stock price is recorded on the start date, the issue price of your whole FCFA US ELIs order will not be deducted from your account on the payment date. If your distributor receives your notice to unwind after the initial stock price is recorded on the start date, the issue price of your whole FCFA US ELIs order will be deducted from your account on the payment date and we will arrange for the distributor to return to you the issue price of your whole FCFA US ELIs order less a market value adjustment and issuer's handling fee (as specified in the indicative term sheet) on the second business day after the payment date. **The total cash amount returned to you when you unwind your purchase order may be substantially less than your initial investment.** Your distributor may also charge you additional handling fee, and you should ask your distributor for details.
- We will only accept cancellation or unwinding of your FCFA US ELIs order in whole (but not in part) during the post-sale cooling-off period.
- Please refer to page 101 of this product booklet for details.

IS THERE ANY MARKET MAKING ARRANGEMENT BEFORE EXPIRY?

- Market making arrangements are available for all of our FCFA US ELIs (regardless of the length of the investment period).
- Throughout each market making day (being each business day which is a scheduled trading day from but excluding the issue date to and including the third 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 FCFA US ELI basis) during Hong Kong normal business hours if you submit your request for such prices to your distributor before 4:00 p.m. (Hong Kong time). If you decide to sell the FCFA US ELIs back to us, you can place a limit sell back order with your distributor specifying your proposed sell back price (being the limit order price) and the amount of the FCFA US ELIs that you intend to sell before 5:00 p.m. (Hong Kong time) on a market making day. Your sell back order is only valid during the trading hours of the US exchange on the market making day that you have placed such order. We will seek to execute your limit sell back order during the trading hours of the US exchange on such market making day. Your limit sell back order will not be executed if the prevailing price of the FCFA US ELIs falls below your limit order price during the trading hours of the US exchange on such market making day, in which case your limit sell back order will lapse and you will need to place a new limit sell back order during the Hong Kong business hours on the next market making day if you still want to sell back your FCFA US ELIs. Your distributor will notify you of whether your sell back order was executed before 3:00 p.m. (Hong Kong time) on the business day after the market making day that you have placed such order.
- The actual price at which you sell your FCFA US ELIs to us may be substantially less than the issue price.
- Please refer to the market making arrangement section on pages 101 to 104 of this product booklet for further details.

WORST CASE SCENARIO

The below example illustrates the worst case scenario where the linked stock performs poorly during the investment period.



In the above example:

- (i) the issue price is set at 100% of the nominal value;
- (ii) the potential cash distribution amount is (a) fixed for the 1st calculation period and (b) variable for each of the 2nd and 3rd calculation periods; and
- (iii) the cash distribution rate 2 is set at zero for the 2nd and 3rd calculation periods.

It illustrates that:

- (i) you will not receive any potential cash distribution amount during the entire investment period since the closing price of the linked stock is below the applicable cash distribution reference level on the 1st fixing date and on each scheduled trading day during the 2nd and the 3rd calculation periods;
- (ii) the FCFA US ELIs will not be called since the closing price of the linked stock is below the call strike price on the 1st and 2nd fixing dates; and
- (iii) since the final stock price of the linked stock is below the airbag level which means the airbag lapse event has occurred, you will receive on the maturity date either: (a) physical delivery of the linked stock if physical settlement is elected as the mode of settlement or, (b) payment of its cash equivalent if cash settlement is elected as the mode of settlement. **In either case, you will suffer a loss in your invested capital as no potential cash distribution amount is payable for the entire investment period and the market value of the settlement at maturity you receive is less than the capital invested. In the worst case scenario, if the final stock price is zero (and, where physical settlement is elected as the mode of settlement, the stock price of the linked stock remains at zero till the maturity date), the settlement at maturity you receive will be worthless and you will lose your entire invested capital.**

Please also refer to “Appendix C — Scenario Analysis” in this product booklet for more illustrative examples of how the FCFA US ELIs work.

WHAT ARE THE FEES AND CHARGES?

Distributor's charges — your distributor may charge a handling fee when you make your application or request under the post-sale cooling-off arrangement 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.

Issuer's charges — we will charge a handling fee when we unwind your FCFA US ELIs order under the post-sale cooling-off arrangement.

You should note that the 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.

For the avoidance of doubt, no cash settlement or physical settlement expenses (including any stamp duty or other applicable charges) will be charged.

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

ADJUSTMENTS TO THE TERMS AND CONDITIONS OR EARLY TERMINATION OF OUR FCFA US ELIS

- We may adjust certain terms and conditions (including adjusting the reference stock price or adjusting certain key dates) of our FCFA US ELIs upon the occurrence of certain events (such as a potential adjustment event). We may early terminate our FCFA US ELIs upon the occurrence of certain termination events (such as delisting).
- Please refer to pages 97 to 98 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 FCFA US 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 FCFA US 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 FCFA US ELIs;
- (ii) the information memorandum dated 9 August 2023 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 Single US Stock Callable ELIs dated 9 August 2023 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 FCFA US ELIs, you should read and understand all the relevant offering documents referred to above.

Updated information of the linked stock

We will make available news feeds regarding updated information of the linked stock in English and Chinese via the Hang Seng Invest Express mobile application (available for download at www.hangseng.com/investex) and through our internet banking service (accessed via www.hangseng.com). Such information is not reviewed by the SFC.

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.

KEY FACTS STATEMENT (D)

Hang Seng Non-Capital Protected Unlisted Daily Callable Single US Stock ELIs with Final Fixing Date Airbag ("DCFA US ELIs")

issued by

Hang Seng Bank Limited

This is an unlisted structured product embedded with derivatives. This statement provides you with key information about our DCFA US ELIs, which is one type of our Hang Seng Single US Stock Callable ELIs that we may issue. 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 DCFA US ELIs are not capital protected: you could lose all of your investment.
- **No collateral** — Our DCFA US ELIs are not collateralised and are not secured on any of our assets.
- **Unlisted structured products and NOT protected deposits** — Our DCFA US 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. **In the worst case scenario, you could lose all of your investment.**
- **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 plus all potential cash distribution amounts).
- **Limited market making arrangement** — Our DCFA US ELIs are designed to be held till maturity. However, if you try to sell our DCFA US ELIs you hold before the final fixing date, we will provide daily market making arrangement within the time period as specified in the indicative term sheet for you to sell back the DCFA US ELIs, but the actual price that you receive may be less than or substantially less than the original amount you invested. You may only place a limit sell back order during normal business hours in Hong Kong before 5:00 p.m. (Hong Kong time) on a market making day, but your sell back order may only be executed during the trading hours of the US exchange in New York, which opens after the normal business hours in Hong Kong. Your placed order will not be executed if the US exchange fails to open for trading during its regular trading session on such day or if the relevant DCFA US ELI is affected by market disruption events on such day. In addition, you should note that we may not be able to accept any limit sell back order on a Hong Kong business day if the US exchange is not scheduled to be open for trading on such day, or if the relevant DCFA US ELI is affected by market disruption events on the immediately preceding day on which the US exchange in New York is scheduled to be open for trading. We will also not be able to accept any limit sell back order on a day that is not a Hong Kong business day, notwithstanding that the US exchange in New York is scheduled to be open for trading on such day.
- **You rely on our creditworthiness** — Our DCFA US ELIs constitute general unsecured and unsubordinated contractual obligations of Hang Seng Bank Limited as the Issuer. When you buy our DCFA US 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 DCFA US ELIs against the issuer of the linked stock. **If we become insolvent or default on our obligations under the DCFA US ELIs, 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 DCFA US 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 DCFA US 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 DCFA US ELIs on your behalf and will not have direct contractual rights of enforcement against us as the Issuer. **In the worst case scenario, you could lose all of your investment.**

- **Not the same as investing in linked stock** — Investing in our DCFA US 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 DCFA US ELIs.
- **Not covered by Investor Compensation Fund** — Our DCFA US ELIs are not listed on any stock exchange and are not covered by the Investor Compensation Fund.
- **Re-investment risk** — DCFA US ELIs will be early terminated if the call condition is met. No further potential cash distribution amount will be payable following such early termination. The prevailing market conditions may have changed and may hinder you from making any further investment under similar terms. You may not be able to enjoy the same rate of return if you re-invest in other investments with similar risk parameters.
- **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 DCFA US ELIs and our economic interests in each role may be adverse to your interests in our DCFA US ELIs.
- **English version of the terms and conditions may prevail** — If our DCFA US ELIs are held through international securities clearing systems, the terms and conditions of our DCFA US 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.
- **Exposure to risk from the start date** — You will be exposed to the risks associated with our DCFA US ELIs starting from the start date.
- **Risks relating to difference in trading days and hours and the implications on our ability to execute any limit sell back order** — Trading in the linked stock on the US exchange of the listed stock will be executed during the trading hours of such US exchange, which is located in New York and opens after normal business hours in Hong Kong. You should be aware of the trading hour and time zone difference (including summer time and winter time) between Hong Kong and New York in assessing the trading price of the linked stock, and the extended time lag between the placement of a limit sell back order during the Hong Kong business hours and the execution of such order during the trading hours of the US exchange in New York. The trading price of the linked stock may be volatile in response to the market movement during the trading hours on the US exchange in New York during which you will not be able to place any new order to sell back the DCFA US ELIs or to cancel, withdraw or adjust your placed order pursuant to the market making arrangements. Your limit sell back order placed during the Hong Kong business hours will not be executed if the prevailing price of the DCFA US ELIs falls below your limit order price during the trading hours of the US exchange. Once your order is executed (at the price which is at or above your limit order price but which may not be the best available price during the trading hours of the US exchange), you will lose the opportunity to benefit from any upside. Your sell back order is only valid during the trading hours of the US exchange on the market making day that you have placed such order.
- **Certain information about the linked stock may only be available in English** — You should note that certain information about the linked stock may only be available in English in real time. If you are not proficient in English, you should consider whether the investment in our DCFA US ELIs is suitable to you, and obtain independent advice where necessary.
- **Reliance on mobile application and our internet banking service in providing information about the linked stock and our external service provider in providing such information** — We will make available news feeds regarding updated information of the linked stock via the Hang Seng Invest Express mobile application and through our internet banking service. Such news feeds will not be available to you if you do not have access to such mobile application and our internet banking service, in which case you should consider whether the investment in our DCFA US ELIs is suitable to you. Such news feeds are provided by our external data provider and their availability may be interrupted or suspended due to such external data provider's technical and systematic failures, in which case the availability of such news feeds may be delayed or suspended. In addition, you should note that the Hang Seng Invest Express mobile application and our internet banking service may be interrupted or suspended due to our technical and systematic failures, in which case you may not be able to have access to such news feeds.

- **Additional risks for RMB-denominated DCFA US ELIs** — Where the settlement currency of our DCFA US ELIs is Renminbi (“RMB”), the performance of our DCFA US ELIs may be adversely affected due to risks relating to RMB, such as the current limited pool of RMB outside the mainland China, offshore RMB exchange rate risk and RMB interest rate risk. Our payment under any RMB-denominated DCFA US ELIs may also be postponed, or delivered in a HKD equivalent amount upon occurrence of an RMB disruption event.
- **United States taxation risk** — Notwithstanding that we have determined that payments made under the DCFA US ELIs do not constitute the “dividend equivalents” (and therefore do not constitute any U.S. source payments) and will not be subject to withholding tax under the HIRE Act, FATCA and Section 871(m) Rules (each term as defined in “FATCA Withholding Tax for Non-U.S. Investors” on pages 104 to 106 of this product booklet), you should note that such rules are complex and their application may depend on your particular circumstances, including whether you enter into other transactions with respect to the underlying US stock. In addition, the U.S. Internal Revenue Service may successfully argue that the DCFA US ELIs are treated as “dividend equivalents”, notwithstanding our determination to the contrary. If so treated, a withholding tax at a rate of up to 30% is imposed on such payments made to a non-U.S. investor under the Section 871(m) Rules and to a non-U.S. investor that does not comply with the information reporting requirements under HIRE Act and FATCA, which will adversely affect the potential return under the DCFA US ELIs. You should, prior to your investment in the DCFA US ELIs, consult your own tax advisor regarding the application of the HIRE Act, FATCA and Section 871(m) Rules arising from your investment.

WHAT IS THIS PRODUCT AND HOW DOES IT WORK?

- DCFA US ELIs are one type of our Hang Seng Single US Stock Callable ELIs which have an embedded conditional put option over the linked stock (being shares in a company listed on the US exchange (being either The New York Stock Exchange or The NASDAQ Global Select Market as specified in the relevant term sheet) and traded in United States dollars (“USD”) as the underlying currency). Not all listed stocks can be used as a linked stock; you should ask your distributor what linked stock is available.
- You should note that the initial stock price may be (i) the official opening price of the linked stock on the US exchange on the start date, or (ii) the price of the linked stock as agreed between us and you (via your distributor) on the start date. In case (i) above, such price will only be recorded after you are committed to purchase our DCFA US ELIs. In that case, when you place your order, you will not know the actual values of some of the terms (such as the reference stock price, call strike price, airbag level and cash distribution reference level) which will only be determined after the US exchange opens on the start date. In both cases, the distributor will issue a contract note specifying all these terms to you 2 business days after the start date.
- We may issue and settle our DCFA US ELIs in RMB or any non-restricted and freely convertible currency such as HKD or USD as specified in the relevant term sheet.
- Each DCFA US ELI represents a nominal value as specified in the relevant term sheet. Such nominal value is used to calculate the issue price per DCFA US ELI and any potential cash distribution amount and to determine any settlement at call or any settlement at maturity, as the case may be.
- During the investment period, DCFA US ELIs may provide on each cash distribution payment date a potential cash distribution amount for the relevant calculation period depending on the price performance of the linked stock.
- DCFA US ELIs will be early terminated if the call condition is met on any scheduled trading day during the callable period.

- If the call condition has never been met and our DCFA US ELIs have not been otherwise early terminated during the investment period, DCFA US ELIs will mature on the maturity date and you will receive 100% of the nominal value in cash if the “airbag lapse event” has not occurred. However, if the “airbag lapse event” has occurred, you will either receive physical delivery of the number of share(s) per ELI (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. You will also receive the relevant potential cash distribution amount (if any) for the final calculation period on the maturity date.

WHAT ARE THE KEY FEATURES?

(A) Potential Cash Distribution

- During the investment period, you may receive on each cash distribution payment date (being 4 business days after each fixing date and the final fixing date as specified in the relevant term sheet) a potential cash distribution amount for the relevant calculation period (being the period from but excluding the relevant calculation period start date to and including the relevant calculation period end date) depending on the closing price of the linked stock.
- The potential cash distribution amount for a calculation period can either be:
 1. a fixed amount, if certain conditions are met (see “Fixed Potential Cash Distribution Amount” below); or
 2. a variable amount calculated by reference to the variable accrual formula (see “Variable Accrual Formula” below).
- **You should note that it is possible that you will not receive any potential cash distribution amount for the entire investment period.**

Fixed Potential Cash Distribution Amount

A fixed potential cash distribution amount for a calculation period is payable if the closing price of the linked stock on the fixing date (which will be set as the same date as the relevant calculation period end date) for such calculation period is at or above the applicable cash distribution reference level*. Provided that if the call condition is met and the DCFA US ELIs are early terminated on a call date, the fixed potential cash distribution amount for the relevant calculation period is payable regardless of the price performance of the linked stock and will be calculated on a pro-rata basis from (and excluding) the relevant calculation period start date up to (and including) the call date on which the call condition is met, including any disrupted day(s) within such period.

If the potential cash distribution amount for a calculation period is specified to be a fixed amount, we will calculate such potential cash distribution amount according to the following formula:

Nominal value x fixed cash distribution rate [^]

Variable Accrual Formula

If the potential cash distribution amount for a calculation period is specified to be a variable amount, we will calculate such potential cash distribution amount according to the following formula:

$$\text{Nominal value} \times [(\text{cash distribution rate 1}^{\#} \times \text{day count factor 1}) + (\text{cash distribution rate 2}^{\#} \times \text{day count factor 2})]$$

Where,

day count factor 1 = Day-in 1 ÷ TOTAL

day count factor 2 = Day-in 2 ÷ TOTAL

Day-in 1 = The number of scheduled trading days in a calculation period (or, if daily callable feature is applicable for the DCFA US ELIs during that calculation period and the call condition is met and the DCFA US ELIs are early terminated on a call date, the number of scheduled trading days from (and excluding) the relevant calculation period start date to (and including) the call date) on which the closing price of the linked stock is at or above the cash distribution reference level*.

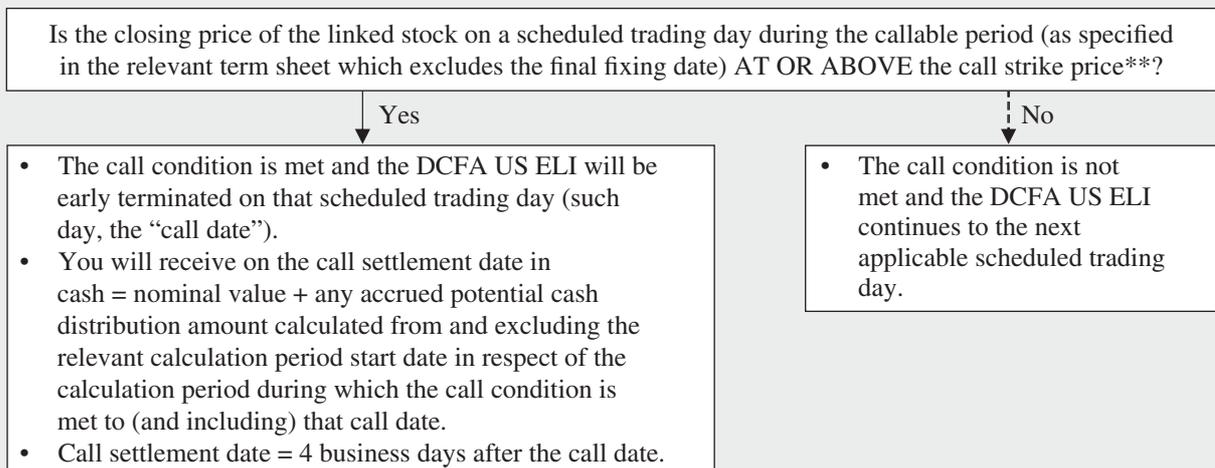
Day-in 2 = The number of scheduled trading days in a calculation period (or, if daily callable feature is applicable for the DCFA US ELIs during that calculation period and the call condition is met and the DCFA US ELIs are early terminated on a call date, the number of scheduled trading days from (and excluding) the relevant calculation period start date to (and including) the call date) on which the closing price of the linked stock is below the cash distribution reference level*.

TOTAL = Number of scheduled trading days in a calculation period, including any disrupted day(s) within such calculation period regardless of whether the call condition is met on any scheduled trading day during such calculation period.

- Notes:
- ^ Fixed cash distribution rate will be specified in the relevant term sheet and will be the same for all applicable calculation periods.
 - # The cash distribution rate 1 will always be set at a rate which is higher than the cash distribution rate 2, and the cash distribution rate 2 can be set as zero. Both cash distribution rates 1 and 2 will be specified in the relevant term sheet, and will be the same for all applicable calculation periods.
 - * The cash distribution reference level will be determined based on a specified percentage of the initial stock price of the linked stock on the start date and such percentage will be specified in the relevant term sheet. In respect of each calculation period for which the potential cash distribution amount is specified to be a fixed amount, such percentage (and hence the cash distribution reference level) can be different for different fixing dates. In respect of each calculation period for which the potential cash distribution amount is specified to be a variable amount, the same percentage of the initial stock price will be applied to the linked stock on every scheduled trading day within the same calculation period but such percentage (and hence the cash distribution reference level) can be different for different calculation periods.

(B) Call Feature

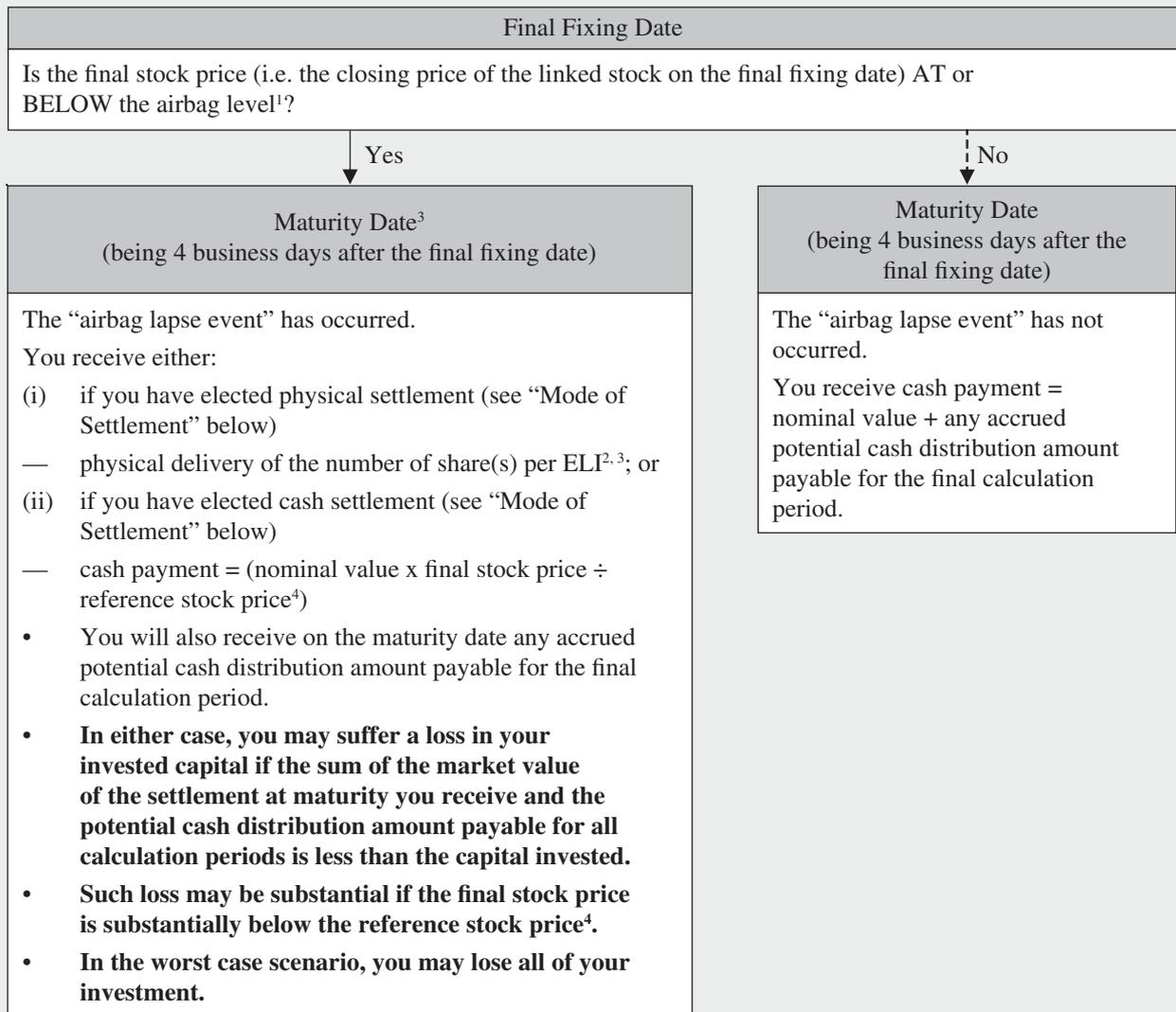
Our DCFA US ELIs contain a daily callable feature which is described in the diagram below:



Notes: ** The call strike price will be determined based on a specified percentage of the initial stock price of the linked stock on the start date and such percentage will be specified in the relevant term sheet. The percentage (and hence the call strike price) can be different for different calculation periods.

(C) Final Fixing Date Airbag Feature and Settlement At Maturity

- Our DCFA US ELIs contain a final fixing date airbag feature.
- An “airbag lapse event” has occurred if the closing price of the linked stock is AT or BELOW the airbag level (which will always be set at a level that is lower than the reference stock price) on the final fixing date.
- If the call condition has never been met and our DCFA US ELIs have not been otherwise early terminated during the investment period, the settlement at maturity is illustrated in the diagram below:



1. The airbag level will be determined based on a specified percentage of the initial stock price of the linked stock on the start date and such percentage will be specified in the relevant term sheet.
2. The number of share(s) per ELI is a number of share(s) of the linked stock which is calculated using the following formula:

$$\frac{\text{nominal value (converted into the underlying currency using the relevant exchange rate if applicable)}}{\text{reference stock price}}$$

Any fraction of a linked stock will be paid in cash. Please refer to “number of share(s) per ELI” under the glossary section on page 96 of this product booklet.

3. **In order for you to elect physical settlement as the mode of settlement and receive physical delivery of the number of share(s) per ELI at maturity, you must have, or open, a securities account with us at the time of your application and maintain the securities account throughout the investment period of the relevant DCFA US ELIs.** For investors who have elected physical settlement, the linked stock will only be delivered on the maturity date (being 4 business days after the final fixing date). If the maturity date is not a clearance system business day, physical delivery of the number of share(s) per ELI will take place on the following clearance system business day. **Therefore, investors may suffer a loss due to adverse price movement of the linked stock 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.**
4. The reference stock price will be determined based on a specified percentage of the initial stock price of the linked stock on the start date and such percentage will be specified in the relevant term sheet.

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 “airbag lapse event” has occurred.
- **In order for you to elect physical settlement as the mode of settlement and receive physical delivery of the number of share(s) per ELI at maturity, you must have, or open, a securities account with us at the time of your application and maintain the securities account throughout the investment period of the relevant DCFA US ELIs.** You should check with us for the account opening procedures as well as terms and conditions of the securities account.
- If you want to change your election for cash settlement or physical settlement as the mode of settlement subsequently, you will need to give instructions to your distributor in accordance with the normal operational procedures of such distributor. You may change your election between cash settlement and physical settlement at any time in accordance with such procedures. However, if you do not have, or maintain the securities account with us, or we have closed the securities account in accordance with its terms and conditions and/or applicable law and regulations, in either case during the investment period of the relevant DCFA US ELIs, you are deemed to have elected for cash settlement as the mode of settlement and will not be able to change such election afterwards.
- 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 DCFA US ELIS?

If you would like to buy our DCFA US ELIs, you can contact the appointed distributor(s) to enquire about our ELIs products. Please refer to the sub-sections headed “How can you buy the Hang Seng Single US Stock Callable ELIs?” and “Do you need an RMB cash account and a HKD cash account if you purchase our Hang Seng Single US Stock Callable ELIs denominated in RMB?” on page 100 of this product booklet.

POST-SALE COOLING-OFF PERIOD

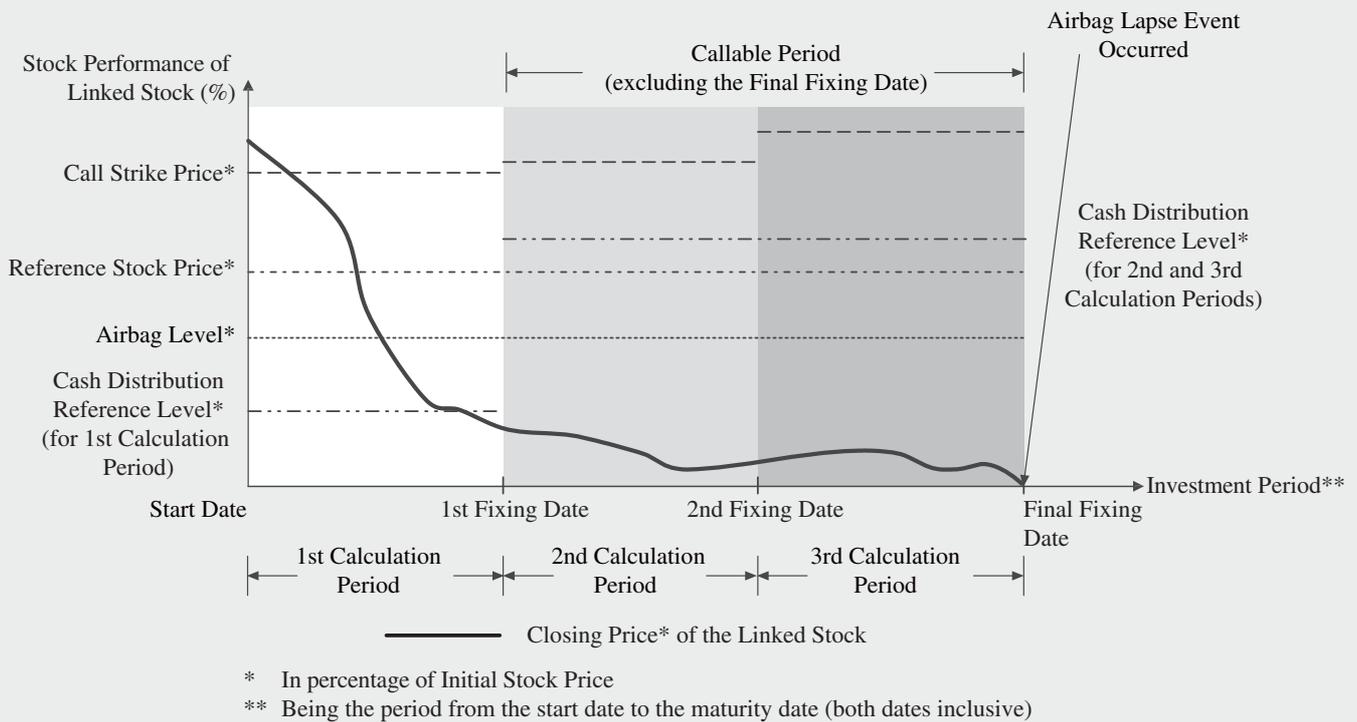
- Post-sale cooling-off period is only applicable for DCFA US ELIs with an investment period over 1 year.
- If you change your mind after you have placed an order for our DCFA US ELIs with an investment period over 1 year, you could give a notice to your distributor within the period starting from the day you place the order to 5 business days after the end of the offer period.
- If your distributor receives your notice to cancel before the initial stock price is recorded on the start date, the issue price of your whole DCFA US ELIs order will not be deducted from your account on the payment date. If your distributor receives your notice to unwind after the initial stock price is recorded on the start date, the issue price of your whole DCFA US ELIs order will be deducted from your account on the payment date and we will arrange for the distributor to return to you the issue price of your whole DCFA US ELIs order less a market value adjustment and issuer's handling fee (as specified in the indicative term sheet) on the second business day after the payment date. **The total cash amount returned to you when you unwind your purchase order may be substantially less than your initial investment.** Your distributor may also charge you additional handling fee, and you should ask your distributor for details.
- We will only accept cancellation or unwinding of your DCFA US ELIs order in whole (but not in part) during the post-sale cooling-off period.
- Please refer to page 101 of this product booklet for details.

IS THERE ANY MARKET MAKING ARRANGEMENT BEFORE EXPIRY?

- Market making arrangements are available for all of our DCFA US ELIs (regardless of the length of the investment period).
- Throughout each market making day (being each business day which is a scheduled trading day from but excluding the issue date to and including the third 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 DCFA US ELI basis) during Hong Kong normal business hours if you submit your request for such prices to your distributor before 4:00 p.m. (Hong Kong time). If you decide to sell the DCFA US ELIs back to us, you can place a limit sell back order with your distributor specifying your proposed sell back price (being the limit order price) and the amount of the DCFA US ELIs that you intend to sell before 5:00 p.m. (Hong Kong time) on a market making day. Your sell back order is only valid during the trading hours of the US exchange on the market making day that you have placed such order. We will seek to execute your limit sell back order during the trading hours of the US exchange on such market making day. Your limit sell back order will not be executed if the prevailing price of the DCFA US ELIs falls below your limit order price during the trading hours of the US exchange on such market making day, in which case your limit sell back order will lapse and you will need to place a new limit sell back order during the Hong Kong business hours on the next market making day if you still want to sell back your DCFA US ELIs. Your distributor will notify you of whether your sell back order was executed before 3:00 p.m. (Hong Kong time) on the business day after the market making day that you have placed such order.
- The actual price at which you sell your DCFA US ELIs to us may be substantially less than the issue price.
- Please refer to the market making arrangement section on pages 101 to 104 of this product booklet for further details.

WORST CASE SCENARIO

The below example illustrates the worst case scenario where the linked stock performs poorly during the investment period.



In the above example:

- (i) the issue price is set at 100% of the nominal value;
- (ii) the potential cash distribution amount is (a) fixed for the 1st calculation period and (b) variable for each of the 2nd and 3rd calculation periods; and
- (iii) the cash distribution rate 2 is set at zero for the 2nd and 3rd calculation periods.

It illustrates that:

- (i) you will not receive any potential cash distribution amount during the entire investment period since the closing price of the linked stock is below the applicable cash distribution reference level on the 1st fixing date and on each scheduled trading day during the 2nd and the 3rd calculation periods;
- (ii) the DCFA US ELIs will not be called since the closing price of the linked stock is below the call strike price on each scheduled trading day within the callable period (i.e. the period when the call condition can be met); and
- (iii) since the final stock price of the linked stock is below the airbag level which means the airbag lapse event has occurred, you will receive on the maturity date either: (a) physical delivery of the linked stock if physical settlement is elected as the mode of settlement or, (b) payment of its cash equivalent if cash settlement is elected as the mode of settlement. **In either case, you will suffer a loss in your invested capital as no potential cash distribution amount is payable for the entire investment period and the market value of the settlement at maturity you receive is less than the capital invested. In the worst case scenario, if the final stock price is zero (and, where physical settlement is elected as the mode of settlement, the stock price of the linked stock remains at zero till the maturity date), the settlement as maturity you receive will be worthless and you will lose your entire invested capital.**

Please also refer to “Appendix C — Scenario Analysis” in this product booklet for more illustrative examples of how the DCFA US ELIs work.

WHAT ARE THE FEES AND CHARGES?

Distributor's charges — your distributor may charge a handling fee when you make your application or request under the post-sale cooling-off arrangement 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.

Issuer's charges — we will charge a handling fee when we unwind your DCFA US ELIs order under the post-sale cooling-off arrangement.

You should note that the 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.

For the avoidance of doubt, no cash settlement or physical settlement expenses (including any stamp duty or other applicable charges) will be charged.

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

ADJUSTMENTS TO THE TERMS AND CONDITIONS OR EARLY TERMINATION OF OUR DCFA US ELIS

- We may adjust certain terms and conditions (including adjusting the reference stock price or adjusting certain key dates) of our DCFA US ELIs upon the occurrence of certain events (such as a potential adjustment event). We may early terminate our DCFA US ELIs upon the occurrence of certain termination events (such as delisting).
- Please refer to pages 97 to 98 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 DCFA US 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 DCFA US 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 DCFA US ELIs;
- (ii) the information memorandum dated 9 August 2023 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 Single US Stock Callable ELIs dated 9 August 2023 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 DCFA US ELIs, you should read and understand all the relevant offering documents referred to above.

Updated information of the linked stock

We will make available news feeds regarding updated information of the linked stock in English and Chinese via the Hang Seng Invest Express mobile application (available for download at www.hangseng.com/investex) and through our internet banking service (accessed via www.hangseng.com). Such information is not reviewed by the SFC.

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.

KEY FACTS STATEMENT (E)

Hang Seng Non-Capital Protected Unlisted Fixing Date Callable Single US Stock ELIs with Daily Airbag ("FCDA US ELIs")

issued by

Hang Seng Bank Limited

This is an unlisted structured product embedded with derivatives.

This statement provides you with key information about our FCDA US ELIs, which is one type of our Hang Seng Single US Stock Callable ELIs that we may issue. 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 FCDA US ELIs are not capital protected: you could lose all of your investment.
- **No collateral** — Our FCDA US ELIs are not collateralised and are not secured on any of our assets.
- **Unlisted structured products and NOT protected deposits** — Our FCDA US 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. **In the worst case scenario, you could lose all of your investment.**
- **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 plus all potential cash distribution amounts).
- **Limited market making arrangement** — Our FCDA US ELIs are designed to be held till maturity. However, if you try to sell our FCDA US ELIs you hold before the final fixing date, we will provide daily market making arrangement within the time period as specified in the indicative term sheet for you to sell back the FCDA US ELIs, but the actual price that you receive may be less than or substantially less than the original amount you invested. You may only place a limit sell back order during normal business hours in Hong Kong before 5:00 p.m. (Hong Kong time) on a market making day, but your sell back order may only be executed during the trading hours of the US exchange in New York, which opens after the normal business hours in Hong Kong. Your placed order will not be executed if the US exchange fails to open for trading during its regular trading session on such day or if the relevant FCDA US ELI is affected by market disruption events on such day. In addition, you should note that we may not be able to accept any limit sell back order on a Hong Kong business day if the US exchange is not scheduled to be open for trading on such day, or if the relevant FCDA US ELI is affected by market disruption events on the immediately preceding day on which the US exchange in New York is scheduled to be open for trading. We will also not be able to accept any limit sell back order on a day that is not a Hong Kong business day, notwithstanding that the US exchange in New York is scheduled to be open for trading on such day.
- **You rely on our creditworthiness** — Our FCDA US ELIs constitute general unsecured and unsubordinated contractual obligations of Hang Seng Bank Limited as the Issuer. When you buy our FCDA US 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 FCDA US ELIs against the issuer of the linked stock. **If we become insolvent or default on our obligations under the FCDA US ELIs, 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 FCDA US 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 FCDA US 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 FCDA US ELIs on your behalf and will not have direct contractual rights of enforcement against us as the Issuer. **In the worst case scenario, you could lose all of your investment.**

- **Not the same as investing in linked stock** — Investing in our FCDA US 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 FCDA US ELIs.
- **Not covered by Investor Compensation Fund** — Our FCDA US ELIs are not listed on any stock exchange and are not covered by the Investor Compensation Fund.
- **Re-investment risk** — FCDA US ELIs will be early terminated if the call condition is met. No further potential cash distribution amount will be payable following such early termination. The prevailing market conditions may have changed and may hinder you from making any further investment under similar terms. You may not be able to enjoy the same rate of return if you re-invest in other investments with similar risk parameters.
- **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 FCDA US ELIs and our economic interests in each role may be adverse to your interests in our FCDA US ELIs.
- **English version of the terms and conditions may prevail** — If our FCDA US ELIs are held through international securities clearing systems, the terms and conditions of our FCDA US 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.
- **Exposure to risk from the start date** — You will be exposed to the risks associated with our FCDA US ELIs starting from the start date.
- **Risks relating to difference in trading days and hours and the implications on our ability to execute any limit sell back order** — Trading in the linked stock on the US exchange of the listed stock will be executed during the trading hours of such US exchange, which is located in New York and opens after normal business hours in Hong Kong. You should be aware of the trading hour and time zone difference (including summer time and winter time) between Hong Kong and New York in assessing the trading price of the linked stock, and the extended time lag between the placement of a limit sell back order during the Hong Kong business hours and the execution of such order during the trading hours of the US exchange in New York. The trading price of the linked stock may be volatile in response to the market movement during the trading hours on the US exchange in New York during which you will not be able to place any new order to sell back the FCDA US ELIs or to cancel, withdraw or adjust your placed order pursuant to the market making arrangements. Your limit sell back order placed during the Hong Kong business hours will not be executed if the prevailing price of the FCDA US ELIs falls below your limit order price during the trading hours of the US exchange. Once your order is executed (at the price which is at or above your limit order price but which may not be the best available price during the trading hours of the US exchange), you will lose the opportunity to benefit from any upside. Your sell back order is only valid during the trading hours of the US exchange on the market making day that you have placed such order.
- **Certain information about the linked stock may only be available in English** — You should note that certain information about the linked stock may only be available in English in real time. If you are not proficient in English, you should consider whether the investment in our FCDA US ELIs is suitable to you, and obtain independent advice where necessary.
- **Reliance on mobile application and our internet banking service in providing information about the linked stock and our external service provider in providing such information** — We will make available news feeds regarding updated information of the linked stock via the Hang Seng Invest Express mobile application and through our internet banking service. Such news feeds will not be available to you if you do not have access to such mobile application and our internet banking service, in which case you should consider whether the investment in our FCDA US ELIs is suitable to you. Such news feeds are provided by our external data provider and their availability may be interrupted or suspended due to such external data provider's technical and systematic failures, in which case the availability of such news feeds may be delayed or suspended. In addition, you should note that the Hang Seng Invest Express mobile application and our internet banking service may be interrupted or suspended due to our technical and systematic failures, in which case you may not be able to have access to such news feeds.

- **Additional risks for RMB-denominated FCDA US ELIs** — Where the settlement currency of our FCDA US ELIs is Renminbi (“RMB”), the performance of our FCDA US ELIs may be adversely affected due to risks relating to RMB, such as the current limited pool of RMB outside the mainland China, offshore RMB exchange rate risk and RMB interest rate risk. Our payment under any RMB-denominated FCDA US ELIs may also be postponed, or delivered in a HKD equivalent amount upon occurrence of an RMB disruption event.
- **United States taxation risk** — Notwithstanding that we have determined that payments made under the FCDA US ELIs do not constitute the “dividend equivalents” (and therefore do not constitute any U.S. source payments) and will not be subject to withholding tax under the HIRE Act, FATCA and Section 871(m) Rules (each term as defined in “FATCA Withholding Tax for Non-U.S. Investors” on pages 104 to 106 of this product booklet), you should note that such rules are complex and their application may depend on your particular circumstances, including whether you enter into other transactions with respect to the underlying US stock. In addition, the U.S. Internal Revenue Service may successfully argue that the FCDA US ELIs are treated as “dividend equivalents”, notwithstanding our determination to the contrary. If so treated, a withholding tax at a rate of up to 30% is imposed on such payments made to a non-U.S. investor under the Section 871(m) Rules and to a non-U.S. investor that does not comply with the information reporting requirements under HIRE Act and FATCA, which will adversely affect the potential return under the FCDA US ELIs. You should, prior to your investment in the FCDA US ELIs, consult your own tax advisor regarding the application of the HIRE Act, FATCA and Section 871(m) Rules arising from your investment.

WHAT IS THIS PRODUCT AND HOW DOES IT WORK?

- FCDA US ELIs are one type of our Hang Seng Single US Stock Callable ELIs which have an embedded conditional put option over the linked stock (being shares in a company listed on the US exchange (being either The New York Stock Exchange or The NASDAQ Global Select Market as specified in the relevant term sheet) and traded in United States dollars (“USD”) as the underlying currency). Not all listed stocks can be used as a linked stock; you should ask your distributor what linked stock is available.
- You should note that the initial stock price may be (i) the official opening price of the linked stock on the US exchange on the start date, or (ii) the price of the linked stock as agreed between us and you (via your distributor) on the start date. In case (i) above, such price will only be recorded after you are committed to purchase our FCDA US ELIs. In that case, when you place your order, you will not know the actual values of some of the terms (such as the reference stock price, call strike price, airbag level and cash distribution reference level) which will only be determined after the US exchange opens on the start date. In both cases, the distributor will issue a contract note specifying all these terms to you 2 business days after the start date.
- We may issue and settle our FCDA US ELIs in RMB or any non-restricted and freely convertible currency such as HKD or USD as specified in the relevant term sheet.
- Each FCDA US ELI represents a nominal value as specified in the relevant term sheet. Such nominal value is used to calculate the issue price per FCDA US ELI and any potential cash distribution amount and to determine any settlement at call or any settlement at maturity, as the case may be.
- During the investment period, FCDA US ELIs may provide on each cash distribution payment date a potential cash distribution amount for the relevant calculation period depending on the price performance of the linked stock.
- FCDA US ELIs will be early terminated if the call condition is met on any of the applicable fixing dates.
- If the call condition has never been met and our FCDA US ELIs have not been otherwise early terminated during the investment period, FCDA US ELIs will mature on the maturity date and you will receive 100% of the nominal value in cash if the final stock price is equal to or above the reference stock price or if the final stock price is below the reference stock price but the “airbag lapse event” has not occurred. However, if the final stock price is below its reference stock price and the “airbag lapse event” has occurred, you will either receive physical delivery of the number of share(s) per ELI (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. You will also receive the relevant potential cash distribution amount (if any) for the final calculation period on the maturity date.

WHAT ARE THE KEY FEATURES?

(A) Potential Cash Distribution

- During the investment period, you may receive on each cash distribution payment date (being 4 business days after each fixing date and the final fixing date as specified in the relevant term sheet) a potential cash distribution amount for the relevant calculation period (being the period from but excluding the relevant calculation period start date to and including the relevant calculation period end date) depending on the closing price of the linked stock.
- The potential cash distribution amount for a calculation period can either be:
 1. a fixed amount, if certain conditions are met (see “Fixed Potential Cash Distribution Amount” below); or
 2. a variable amount calculated by reference to the variable accrual formula (see “Variable Accrual Formula” below).
- **You should note that it is possible that you will not receive any potential cash distribution amount for the entire investment period.**
- **Fixed Potential Cash Distribution Amount**

A fixed potential cash distribution amount for a calculation period is payable if the closing price of the linked stock on the fixing date (which will be set as the same date as the relevant calculation period end date) for such calculation period is at or above the applicable cash distribution reference level*.

If the potential cash distribution amount for a calculation period is specified to be a fixed amount, we will calculate such potential cash distribution amount according to the following formula:

$\text{Nominal value} \times \text{fixed cash distribution rate}^{\wedge}$
--

• **Variable Accrual Formula**

If the potential cash distribution amount for a calculation period is specified to be a variable amount, we will calculate such potential cash distribution amount according to the following formula:

Nominal value x [(cash distribution rate 1[#] x day count factor 1) + (cash distribution rate 2[#] x day count factor 2)]

Where,
 day count factor 1 = Day-in 1 ÷ TOTAL
 day count factor 2 = Day-in 2 ÷ TOTAL

Day-in 1 = The number of scheduled trading days in a calculation period on which the closing price of the linked stock is at or above the cash distribution reference level*.

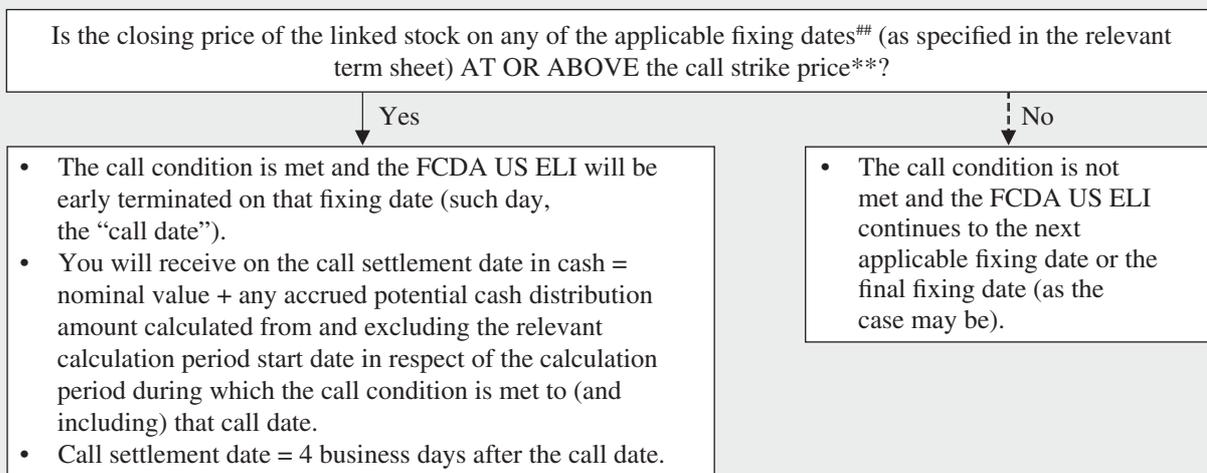
Day-in 2 = The number of scheduled trading days in a calculation period on which the closing price of the linked stock is below the cash distribution reference level*.

TOTAL = Number of scheduled trading days in a calculation period, including any disrupted day(s) within such calculation period.

- Notes: [^] Fixed cash distribution rate will be specified in the relevant term sheet and will be the same for all applicable calculation periods.
- [#] The cash distribution rate 1 will always be set at a rate which is higher than the cash distribution rate 2, and the cash distribution rate 2 can be set as zero. Both cash distribution rates 1 and 2 will be specified in the relevant term sheet, and will be the same for all applicable calculation periods.
- * The cash distribution reference level will be determined based on a specified percentage of the initial stock price of the linked stock on the start date and such percentage will be specified in the relevant term sheet. In respect of each calculation period for which the potential cash distribution amount is specified to be a fixed amount, such percentage (and hence the cash distribution reference level) can be different for different fixing dates. In respect of each calculation period for which the potential cash distribution amount is specified to be a variable amount, the same percentage of the initial stock price will be applied to the linked stock on every scheduled trading day within the same calculation period but such percentage (and hence the cash distribution reference level) can be different for different calculation periods.

(B) Call Feature

Our FCDA US ELIs contain a fixing date callable feature which is described in the diagram below:

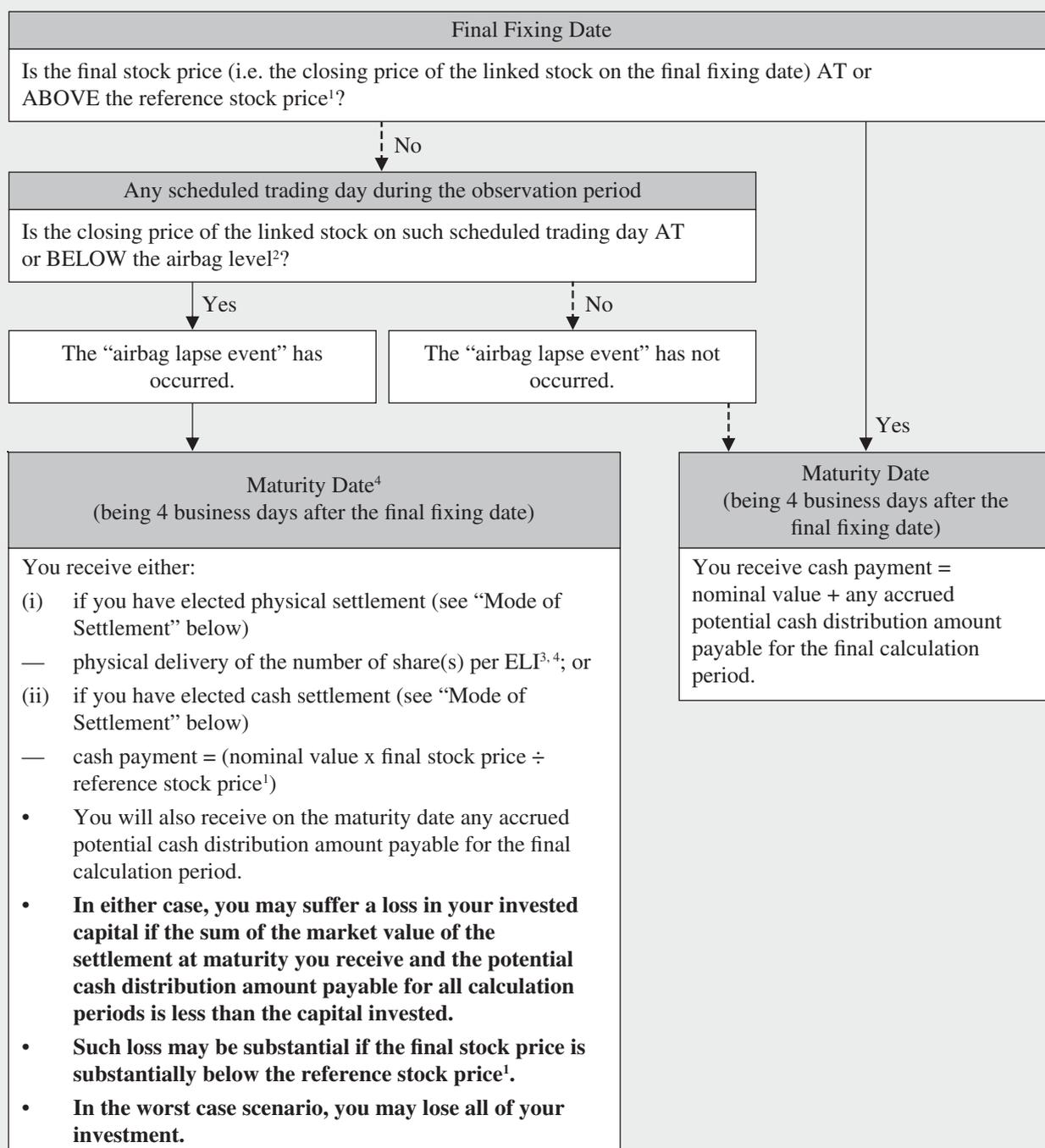


- Notes: ^{##} Each relevant fixing date will be set as the same date as the relevant calculation period end date (excluding the final fixing date).

** The call strike price will be determined based on a specified percentage of the initial stock price of the linked stock on the start date and such percentage will be specified in the relevant term sheet. The percentage (and hence the call strike price) can be different for different fixing dates.

(C) Daily Airbag Feature and Settlement At Maturity

- Our FCDA US ELIs contain a daily airbag feature.
- An “airbag lapse event” has occurred if the closing price of the linked stock is AT or BELOW the airbag level (which will always be set at a level that is lower than the reference stock price) on any scheduled trading day during the observation period, being the period from (but excluding) the start date to (and including) the final fixing date.
- If the call condition has never been met and our FCDA US ELIs have not been otherwise early terminated during the investment period, the settlement at maturity is illustrated in the diagram below:



1. The reference stock price will be determined based on a specified percentage of the initial stock price of the linked stock on the start date and such percentage will be specified in the relevant term sheet.
2. The airbag level will be determined based on a specified percentage of the initial stock price of the linked stock on the start date and such percentage will be specified in the relevant term sheet. The percentage (and hence the airbag level) will remain the same on every scheduled trading day throughout the observation period.

3. The number of share(s) per ELI is a number of share(s) of the linked stock which is calculated using the following formula:

$$\frac{\text{nominal value (converted into the underlying currency using the relevant exchange rate if applicable)}}{\text{reference stock price}}$$

Any fraction of a linked stock will be paid in cash. Please refer to “number of share(s) per ELI” under the glossary section on page 96 of this product booklet.

4. **In order for you to elect physical settlement as the mode of settlement and receive physical delivery of the number of share(s) per ELI at maturity, you must have, or open, a securities account with us at the time of your application and maintain the securities account throughout the investment period of the relevant FCDA US ELIs.** For investors who have elected physical settlement, the linked stock will only be delivered on the maturity date (being 4 business days after the final fixing date). If the maturity date is not a clearance system business day, physical delivery of the number of share(s) per ELI will take place on the following clearance system business day. **Therefore, investors may suffer a loss due to adverse price movement of the linked stock 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.**

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 and the “airbag lapse event” has occurred.
- **In order for you to elect physical settlement as the mode of settlement and receive physical delivery of the number of share(s) per ELI at maturity, you must have, or open, a securities account with us at the time of your application and maintain the securities account throughout the investment period of the relevant FCDA US ELIs.** You should check with us for the account opening procedures as well as terms and conditions of the securities account.
- If you want to change your election for cash settlement or physical settlement as the mode of settlement subsequently, you will need to give instructions to your distributor in accordance with the normal operational procedures of such distributor. You may change your election between cash settlement and physical settlement at any time in accordance with such procedures. However, if you do not have, or maintain the securities account with us, or we have closed the securities account in accordance with its terms and conditions and/or applicable law and regulations, in either case during the investment period of the relevant FCDA US ELIs, you are deemed to have elected for cash settlement as the mode of settlement and will not be able to change such election afterwards.
- 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 FCDA US ELIS?

If you would like to buy our FCDA US ELIs, you can contact the appointed distributor(s) to enquire about our ELIs products. Please refer to the sub-sections headed “How can you buy the Hang Seng Single US Stock Callable ELIs?” and “Do you need an RMB cash account and a HKD cash account if you purchase our Hang Seng Single US Stock Callable ELIs denominated in RMB?” on page 100 of this product booklet.

POST-SALE COOLING-OFF PERIOD

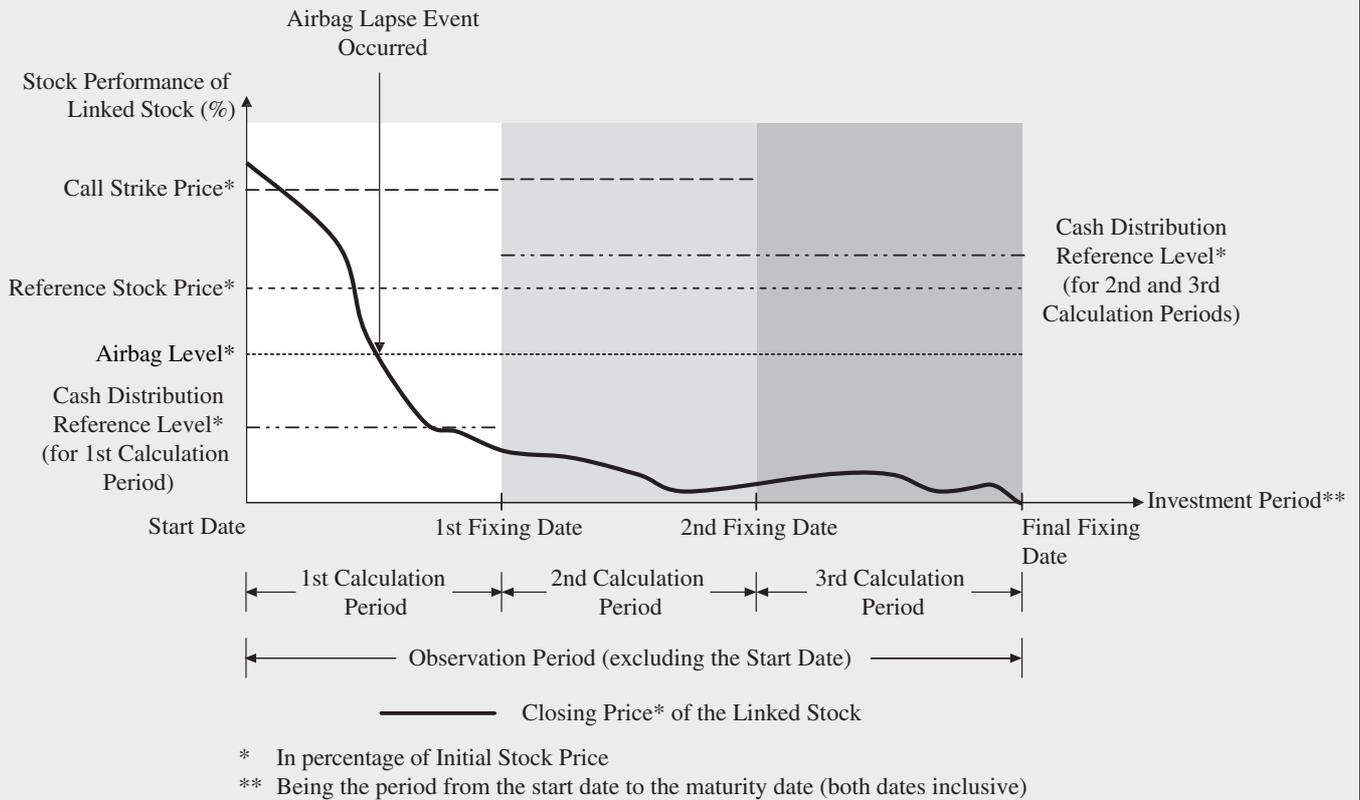
- Post-sale cooling-off period is only applicable for FCDA US ELIs with an investment period over 1 year.
- If you change your mind after you have placed an order for our FCDA US ELIs with an investment period over 1 year, you could give a notice to your distributor within the period starting from the day you place the order to 5 business days after the end of the offer period.
- If your distributor receives your notice to cancel before the initial stock price is recorded on the start date, the issue price of your whole FCDA US ELIs order will not be deducted from your account on the payment date. If your distributor receives your notice to unwind after the initial stock price is recorded on the start date, the issue price of your whole FCDA US ELIs order will be deducted from your account on the payment date and we will arrange for the distributor to return to you the issue price of your whole FCDA US ELIs order less a market value adjustment and issuer's handling fee (as specified in the indicative term sheet) on the second business day after the payment date. **The total cash amount returned to you when you unwind your purchase order may be substantially less than your initial investment.** Your distributor may also charge you additional handling fee, and you should ask your distributor for details.
- We will only accept cancellation or unwinding of your FCDA US ELIs order in whole (but not in part) during the post-sale cooling-off period.
- Please refer to page 101 of this product booklet for details.

IS THERE ANY MARKET MAKING ARRANGEMENT BEFORE EXPIRY?

- Market making arrangements are available for all of our FCDA US ELIs (regardless of the length of the investment period).
- Throughout each market making day (being each business day which is a scheduled trading day from but excluding the issue date to and including the third 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 FCDA US ELI basis) during Hong Kong normal business hours if you submit your request for such prices to your distributor before 4:00 p.m. (Hong Kong time). If you decide to sell the FCDA US ELIs back to us, you can place a limit sell back order with your distributor specifying your proposed sell back price (being the limit order price) and the amount of the FCDA US ELIs that you intend to sell before 5:00 p.m. (Hong Kong time) on a market making day. Your sell back order is only valid during the trading hours of the US exchange on the market making day that you have placed such order. We will seek to execute your limit sell back order during the trading hours of the US exchange on such market making day. Your limit sell back order will not be executed if the prevailing price of the FCDA US ELIs falls below your limit order price during the trading hours of the US exchange on such market making day, in which case your limit sell back order will lapse and you will need to place a new limit sell back order during the Hong Kong business hours on the next market making day if you still want to sell back your FCDA US ELIs. Your distributor will notify you of whether your sell back order was executed before 3:00 p.m. (Hong Kong time) on the business day after the market making day that you have placed such order.
- The actual price at which you sell your FCDA US ELIs to us may be substantially less than the issue price.
- Please refer to the market making arrangement section on pages 101 to 104 of this product booklet for further details.

WORST CASE SCENARIO

The below example illustrates the worst case scenario where the linked stock performs poorly during the investment period.



In the above example:

- (i) the issue price is set at 100% of the nominal value;
- (ii) the potential cash distribution amount is (a) fixed for the 1st calculation period and (b) variable for each of the 2nd and 3rd calculation periods; and
- (iii) the cash distribution rate 2 is set at zero for the 2nd and 3rd calculation periods.

It illustrates that:

- (i) you will not receive any potential cash distribution amount during the entire investment period since the closing price of the linked stock is below the applicable cash distribution reference level on the 1st fixing date and on each scheduled trading day during the 2nd and the 3rd calculation periods;
- (ii) the FCDA US ELIs will not be called since the closing price of the linked stock is below the call strike price on the 1st and 2nd fixing dates; and
- (iii) since the final stock price of the linked stock is below the reference stock price and the closing price of the linked stock has been at or below the airbag level during the observation period (i.e. the airbag lapse event has occurred), you will receive on the maturity date either: (a) physical delivery of the linked stock if physical settlement is elected as the mode of settlement or, (b) payment of its cash equivalent if cash settlement is elected as the mode of settlement. **In either case, you will suffer a loss in your invested capital as no potential cash distribution amount is payable for the entire investment period and the market value of the settlement at maturity you receive is less than the capital invested. In the worst case scenario, if the final stock price is zero (and, where physical settlement is elected as the mode of settlement, the stock price of the linked stock remains at zero till the maturity date), the settlement at maturity you receive will be worthless and you will lose your entire invested capital.**

Please also refer to “Appendix C — Scenario Analysis” in this product booklet for more illustrative examples of how the FCDA US ELIs work.

WHAT ARE THE FEES AND CHARGES?

Distributor's charges — your distributor may charge a handling fee when you make your application or request under the post-sale cooling-off arrangement 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.

Issuer's charges — we will charge a handling fee when we unwind your FCDA US ELIs order under the post-sale cooling-off arrangement.

You should note that the 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.

For the avoidance of doubt, no cash settlement or physical settlement expenses (including any stamp duty or other applicable charges) will be charged.

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

ADJUSTMENTS TO THE TERMS AND CONDITIONS OR EARLY TERMINATION OF OUR FCDA US ELIS

- We may adjust certain terms and conditions (including adjusting the reference stock price or adjusting certain key dates) of our FCDA US ELIs upon the occurrence of certain events (such as a potential adjustment event). We may early terminate our FCDA US ELIs upon the occurrence of certain termination events (such as delisting).
- Please refer to pages 97 to 98 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 FCDA US 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 FCDA US 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 FCDA US ELIs;
- (ii) the information memorandum dated 9 August 2023 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 Single US Stock Callable ELIs dated 9 August 2023 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 FCDA US ELIs, you should read and understand all the relevant offering documents referred to above.

Updated information of the linked stock

We will make available news feeds regarding updated information of the linked stock in English and Chinese via the Hang Seng Invest Express mobile application (available for download at www.hangseng.com/investex) and through our internet banking service (accessed via www.hangseng.com). Such information is not reviewed by the SFC.

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.

KEY FACTS STATEMENT (F)

Hang Seng Non-Capital Protected Unlisted Daily Callable Single US Stock ELIs with Daily Airbag ("DCDA US ELIs")

issued by
Hang Seng Bank Limited

This is an unlisted structured product embedded with derivatives.

This statement provides you with key information about our DCDA US ELIs, which is one type of our Hang Seng Single US Stock Callable ELIs that we may issue. 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 DCDA US ELIs are not capital protected: you could lose all of your investment.
- **No collateral** — Our DCDA US ELIs are not collateralised and are not secured on any of our assets.
- **Unlisted structured products and NOT protected deposits** — Our DCDA US 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. **In the worst case scenario, you could lose all of your investment.**
- **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 plus all potential cash distribution amounts).
- **Limited market making arrangement** — Our DCDA US ELIs are designed to be held till maturity. However, if you try to sell our DCDA US ELIs you hold before the final fixing date, we will provide daily market making arrangement within the time period as specified in the indicative term sheet for you to sell back the DCDA US ELIs, but the actual price that you receive may be less than or substantially less than the original amount you invested. You may only place a limit sell back order during normal business hours in Hong Kong before 5:00 p.m. (Hong Kong time) on a market making day, but your sell back order may only be executed during the trading hours of the US exchange in New York, which opens after the normal business hours in Hong Kong. Your placed order will not be executed if the US exchange fails to open for trading during its regular trading session on such day or if the relevant DCDA US ELI is affected by market disruption events on such day. In addition, you should note that we may not be able to accept any limit sell back order on a Hong Kong business day if the US exchange is not scheduled to be open for trading on such day, or if the relevant DCDA US ELI is affected by market disruption events on the immediately preceding day on which the US exchange in New York is scheduled to be open for trading. We will also not be able to accept any limit sell back order on a day that is not a Hong Kong business day, notwithstanding that the US exchange in New York is scheduled to be open for trading on such day.
- **You rely on our creditworthiness** — Our DCDA US ELIs constitute general unsecured and unsubordinated contractual obligations of Hang Seng Bank Limited as the Issuer. When you buy our DCDA US 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 DCDA US ELIs against the issuer of the linked stock. **If we become insolvent or default on our obligations under the DCDA US ELIs, 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 DCDA US 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 DCDA US 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 DCDA US ELIs on your behalf and will not have direct contractual rights of enforcement against us as the Issuer. **In the worst case scenario, you could lose all of your investment.**

- **Not the same as investing in linked stock** — Investing in our DCDA US 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 DCDA US ELIs.
- **Not covered by Investor Compensation Fund** — Our DCDA US ELIs are not listed on any stock exchange and are not covered by the Investor Compensation Fund.
- **Re-investment risk** — DCDA US ELIs will be early terminated if the call condition is met. No further potential cash distribution amount will be payable following such early termination. The prevailing market conditions may have changed and may hinder you from making any further investment under similar terms. You may not be able to enjoy the same rate of return if you re-invest in other investments with similar risk parameters.
- **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 DCDA US ELIs and our economic interests in each role may be adverse to your interests in our DCDA US ELIs.
- **English version of the terms and conditions may prevail** — If our DCDA US ELIs are held through international securities clearing systems, the terms and conditions of our DCDA US 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.
- **Exposure to risk from the start date** — You will be exposed to the risks associated with our DCDA US ELIs starting from the start date.
- **Risks relating to difference in trading days and hours and the implications on our ability to execute any limit sell back order** — Trading in the linked stock on the US exchange of the listed stock will be executed during the trading hours of such US exchange, which is located in New York and opens after normal business hours in Hong Kong. You should be aware of the trading hour and time zone difference (including summer time and winter time) between Hong Kong and New York in assessing the trading price of the linked stock, and the extended time lag between the placement of a limit sell back order during the Hong Kong business hours and the execution of such order during the trading hours of the US exchange in New York. The trading price of the linked stock may be volatile in response to the market movement during the trading hours on the US exchange in New York during which you will not be able to place any new order to sell back the DCDA US ELIs or to cancel, withdraw or adjust your placed order pursuant to the market making arrangements. Your limit sell back order placed during the Hong Kong business hours will not be executed if the prevailing price of the DCDA US ELIs falls below your limit order price during the trading hours of the US exchange. Once your order is executed (at the price which is at or above your limit order price but which may not be the best available price during the trading hours of the US exchange), you will lose the opportunity to benefit from any upside. Your sell back order is only valid during the trading hours of the US exchange on the market making day that you have placed such order.
- **Certain information about the linked stock may only be available in English** — You should note that certain information about the linked stock may only be available in English in real time. If you are not proficient in English, you should consider whether the investment in our DCDA US ELIs is suitable to you, and obtain independent advice where necessary.
- **Reliance on mobile application and our internet banking service in providing information about the linked stock and our external service provider in providing such information** — We will make available news feeds regarding updated information of the linked stock via the Hang Seng Invest Express mobile application and through our internet banking service. Such news feeds will not be available to you if you do not have access to such mobile application and our internet banking service, in which case you should consider whether the investment in our DCDA US ELIs is suitable to you. Such news feeds are provided by our external data provider and their availability may be interrupted or suspended due to such external data provider's technical and systematic failures, in which case the availability of such news feeds may be delayed or suspended. In addition, you should note that the Hang Seng Invest Express mobile application and our internet banking service may be interrupted or suspended due to our technical and systematic failures, in which case you may not be able to have access to such news feeds.

- **Additional risks for RMB-denominated DCDA US ELIs** — Where the settlement currency of our DCDA US ELIs is Renminbi (“RMB”), the performance of our DCDA US ELIs may be adversely affected due to risks relating to RMB, such as the current limited pool of RMB outside the mainland China, offshore RMB exchange rate risk and RMB interest rate risk. Our payment under any RMB-denominated DCDA US ELIs may also be postponed, or delivered in a HKD equivalent amount upon occurrence of an RMB disruption event.
- **United States taxation risk** — Notwithstanding that we have determined that payments made under the DCDA US ELIs do not constitute the “dividend equivalents” (and therefore do not constitute any U.S. source payments) and will not be subject to withholding tax under the HIRE Act, FATCA and Section 871(m) Rules (each term as defined in “FATCA Withholding Tax for Non-U.S. Investors” on pages 104 to 106 of this product booklet), you should note that such rules are complex and their application may depend on your particular circumstances, including whether you enter into other transactions with respect to the underlying US stock. In addition, the U.S. Internal Revenue Service may successfully argue that the DCDA US ELIs are treated as “dividend equivalents”, notwithstanding our determination to the contrary. If so treated, a withholding tax at a rate of up to 30% is imposed on such payments made to a non-U.S. investor under the Section 871(m) Rules and to a non-U.S. investor that does not comply with the information reporting requirements under HIRE Act and FATCA, which will adversely affect the potential return under the DCDA US ELIs. You should, prior to your investment in the DCDA US ELIs, consult your own tax advisor regarding the application of the HIRE Act, FATCA and Section 871(m) Rules arising from your investment.

WHAT IS THIS PRODUCT AND HOW DOES IT WORK?

- DCDA US ELIs are one type of our Hang Seng Single US Stock Callable ELIs which have an embedded conditional put option over the linked stock (being shares in a company listed on the US exchange (being either The New York Stock Exchange or The NASDAQ Global Select Market as specified in the relevant term sheet) and traded in United States dollars (“USD”) as the underlying currency). Not all listed stocks can be used as a linked stock; you should ask your distributor what linked stock is available.
- You should note that the initial stock price may be (i) the official opening price of the linked stock on the US exchange on the start date, or (ii) the price of the linked stock as agreed between us and you (via your distributor) on the start date. In case (i) above, such price will only be recorded after you are committed to purchase our DCDA US ELIs. In that case, when you place your order, you will not know the actual values of some of the terms (such as the reference stock price, call strike price, airbag level and cash distribution reference level) which will only be determined after the US exchange opens on the start date. In both cases, the distributor will issue a contract note specifying all these terms to you 2 business days after the start date.
- We may issue and settle our DCDA US ELIs in RMB or any non-restricted and freely convertible currency such as HKD or USD as specified in the relevant term sheet.
- Each DCDA US ELI represents a nominal value as specified in the relevant term sheet. Such nominal value is used to calculate the issue price per DCDA US ELI and any potential cash distribution amount and to determine any settlement at call or any settlement at maturity, as the case may be.
- During the investment period, DCDA US ELIs may provide on each cash distribution payment date a potential cash distribution amount for the relevant calculation period depending on the price performance of the linked stock.
- DCDA US ELIs will be early terminated if the call condition is met on any scheduled trading day during the callable period.
- If the call condition has never been met and our DCDA US ELIs have not been otherwise early terminated during the investment period, DCDA US ELIs will mature on the maturity date and you will receive 100% of the nominal value in cash if the final stock price is equal to or above the reference stock price or if the final stock price is below the reference stock price but the “airbag lapse event” has not occurred. However, if the final stock price is below its reference stock price and the “airbag lapse event” has occurred, you will either receive physical delivery of the number of share(s) per ELI (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. You will also receive the relevant potential cash distribution amount (if any) for the final calculation period on the maturity date.

WHAT ARE THE KEY FEATURES?

(A) Potential Cash Distribution

- During the investment period, you may receive on each cash distribution payment date (being 4 business days after each fixing date and the final fixing date as specified in the relevant term sheet) a potential cash distribution amount for the relevant calculation period (being the period from but excluding the relevant calculation period start date to and including the relevant calculation period end date) depending on the closing price of the linked stock.
- The potential cash distribution amount for a calculation period can either be:
 1. a fixed amount, if certain conditions are met (see “Fixed Potential Cash Distribution Amount” below); or
 2. a variable amount calculated by reference to the variable accrual formula (see “Variable Accrual Formula” below).
- **You should note that it is possible that you will not receive any potential cash distribution amount for the entire investment period.**
- **Fixed Potential Cash Distribution Amount**

A fixed potential cash distribution amount for a calculation period is payable if the closing price of the linked stock on the fixing date (which will be set as the same date as the relevant calculation period end date) for such calculation period is at or above the applicable cash distribution reference level*. Provided that if the call condition is met and the DCDA US ELIs are early terminated on a call date, the fixed potential cash distribution amount for the relevant calculation period is payable regardless of the price performance of the linked stock and will be calculated on a pro-rata basis from (and excluding) the relevant calculation period start date up to (and including) the call date on which the call condition is met, including any disrupted day(s) within such period.

If the potential cash distribution amount for a calculation period is specified to be a fixed amount, we will calculate such potential cash distribution amount according to the following formula:

$\text{Nominal value} \times \text{fixed cash distribution rate}^{\wedge}$
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• **Variable Accrual Formula**

If the potential cash distribution amount for a calculation period is specified to be a variable amount, we will calculate such potential cash distribution amount according to the following formula:

Nominal value x [(cash distribution rate 1[#] x day count factor 1) + (cash distribution rate 2[#] x day count factor 2)]

Where,
 day count factor 1 = Day-in 1 ÷ TOTAL
 day count factor 2 = Day-in 2 ÷ TOTAL

Day-in 1 = The number of scheduled trading days in a calculation period (or, if daily callable feature is applicable for the DCDA US ELIs during that calculation period and the call condition is met and the DCDA US ELIs are early terminated on a call date, the number of scheduled trading days from (and excluding) the relevant calculation period start date to (and including) the call date) on which the closing price of the linked stock is at or above the cash distribution reference level*.

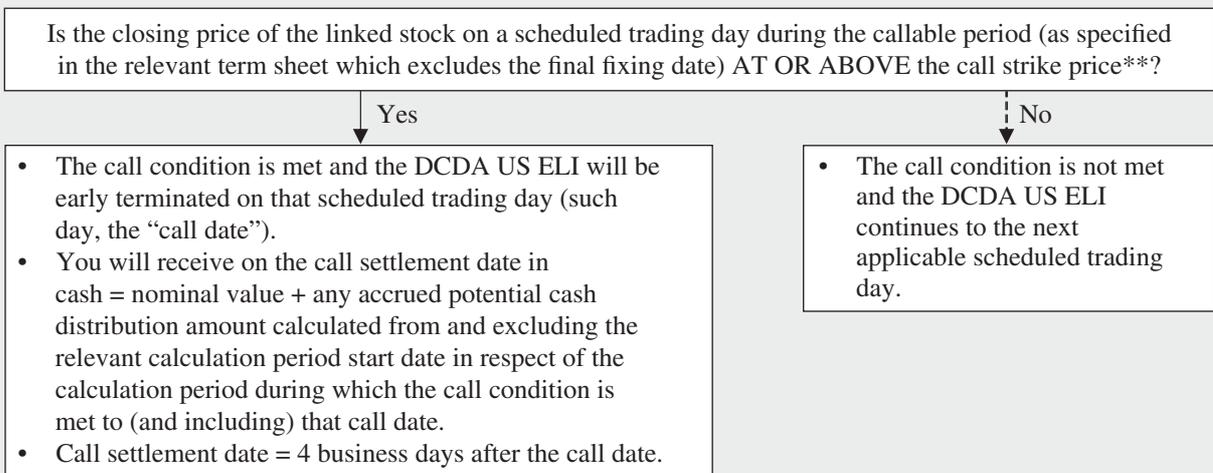
Day-in 2 = The number of scheduled trading days in a calculation period (or, if daily callable feature is applicable for the DCDA US ELIs during that calculation period and the call condition is met and the DCDA US ELIs are early terminated on a call date, the number of scheduled trading days from (and excluding) the relevant calculation period start date to (and including) the call date) on which the closing price of the linked stock is below the cash distribution reference level*.

TOTAL = Number of scheduled trading days in a calculation period, including any disrupted day(s) within such calculation period regardless of whether the call condition is met on any scheduled trading day during such calculation period.

- Notes: ^ Fixed cash distribution rate will be specified in the relevant term sheet and will be the same for all applicable calculation periods.
- # The cash distribution rate 1 will always be set at a rate which is higher than the cash distribution rate 2, and the cash distribution rate 2 can be set as zero. Both cash distribution rates 1 and 2 will be specified in the relevant term sheet, and will be the same for all applicable calculation periods.
- * The cash distribution reference level will be determined based on a specified percentage of the initial stock price of the linked stock on the start date and such percentage will be specified in the relevant term sheet. In respect of each calculation period for which the potential cash distribution amount is specified to be a fixed amount, such percentage (and hence the cash distribution reference level) can be different for different fixing dates. In respect of each calculation period for which the potential cash distribution amount is specified to be a variable amount, the same percentage of the initial stock price will be applied to the linked stock on every scheduled trading day within the same calculation period but such percentage (and hence the cash distribution reference level) can be different for different calculation periods.

(B) Call Feature

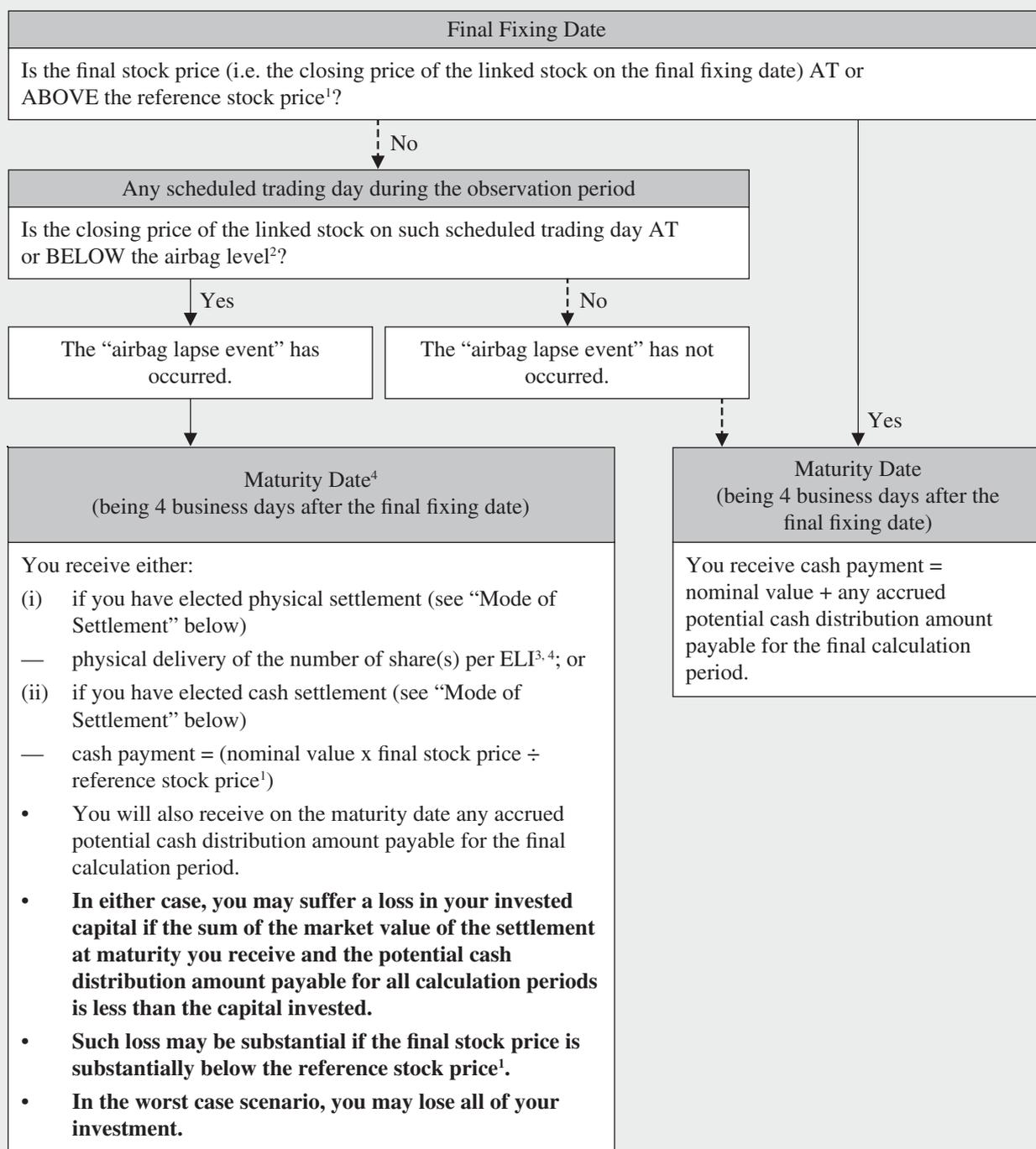
Our DCDA US ELIs contain a daily callable feature which is described in the diagram below:



- Notes: ** The call strike price will be determined based on a specified percentage of the initial stock price of the linked stock on the start date and such percentage will be specified in the relevant term sheet. The percentage (and hence the call strike price) can be different for different calculation periods.

(C) Daily Airbag Feature and Settlement At Maturity

- Our DCDA US ELIs contain a daily airbag feature.
- An “airbag lapse event” has occurred if the closing price of the linked stock is AT or BELOW the airbag level (which will always be set at a level that is lower than the reference stock price) on any scheduled trading day during the observation period, being the period from (but excluding) the start date to (and including) the final fixing date.
- If the call condition has never been met and our DCDA US ELIs have not been otherwise early terminated during the investment period, the settlement at maturity is illustrated in the diagram below:



1. The reference stock price will be determined based on a specified percentage of the initial stock price of the linked stock on the start date and such percentage will be specified in the relevant term sheet.
2. The airbag level will be determined based on a specified percentage of the initial stock price of the linked stock on the start date and such percentage will be specified in the relevant term sheet. The percentage (and hence the airbag level) will remain the same on every scheduled trading day throughout the observation period.
3. The number of share(s) per ELI is a number of share(s) of the linked stock which is calculated using the following formula:

$$\frac{\text{nominal value (converted into the underlying currency using the relevant exchange rate if applicable)}}{\text{reference stock price}}$$

Any fraction of a linked stock will be paid in cash. Please refer to “number of share(s) per ELI” under the glossary section on page 96 of this product booklet.

4. **In order for you to elect physical settlement as the mode of settlement and receive physical delivery of the number of share(s) per ELI at maturity, you must have, or open, a securities account with us at the time of your application and maintain the securities account throughout the investment period of the relevant DCDA US ELIs.** For investors who have elected physical settlement, the linked stock will only be delivered on the maturity date (being 4 business days after the final fixing date). If the maturity date is not a clearance system business day, physical delivery of the number of share(s) per ELI will take place on the following clearance system business day. **Therefore, investors may suffer a loss due to adverse price movement of the linked stock 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.**

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 and the “airbag lapse event” has occurred.
- **In order for you to elect physical settlement as the mode of settlement and receive physical delivery of the number of share(s) per ELI at maturity, you must have, or open, a securities account with us at the time of your application and maintain the securities account throughout the investment period of the relevant DCDA US ELIs.** You should check with us for the account opening procedures as well as terms and conditions of the securities account.
- If you want to change your election for cash settlement or physical settlement as the mode of settlement subsequently, you will need to give instructions to your distributor in accordance with the normal operational procedures of such distributor. You may change your election between cash settlement and physical settlement at any time in accordance with such procedures. However, if you do not have, or maintain the securities account with us, or we have closed the securities account in accordance with its terms and conditions and/or applicable law and regulations, in either case during the investment period of the relevant DCDA US ELIs, you are deemed to have elected for cash settlement as the mode of settlement and will not be able to change such election afterwards.
- 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 DCDA US ELIS?

If you would like to buy our DCDA US ELIs, you can contact the appointed distributor(s) to enquire about our ELIs products. Please refer to the sub-sections headed “How can you buy the Hang Seng Single US Stock Callable ELIs?” and “Do you need an RMB cash account and a HKD cash account if you purchase our Hang Seng Single US Stock Callable ELIs denominated in RMB?” on page 100 of this product booklet.

POST-SALE COOLING-OFF PERIOD

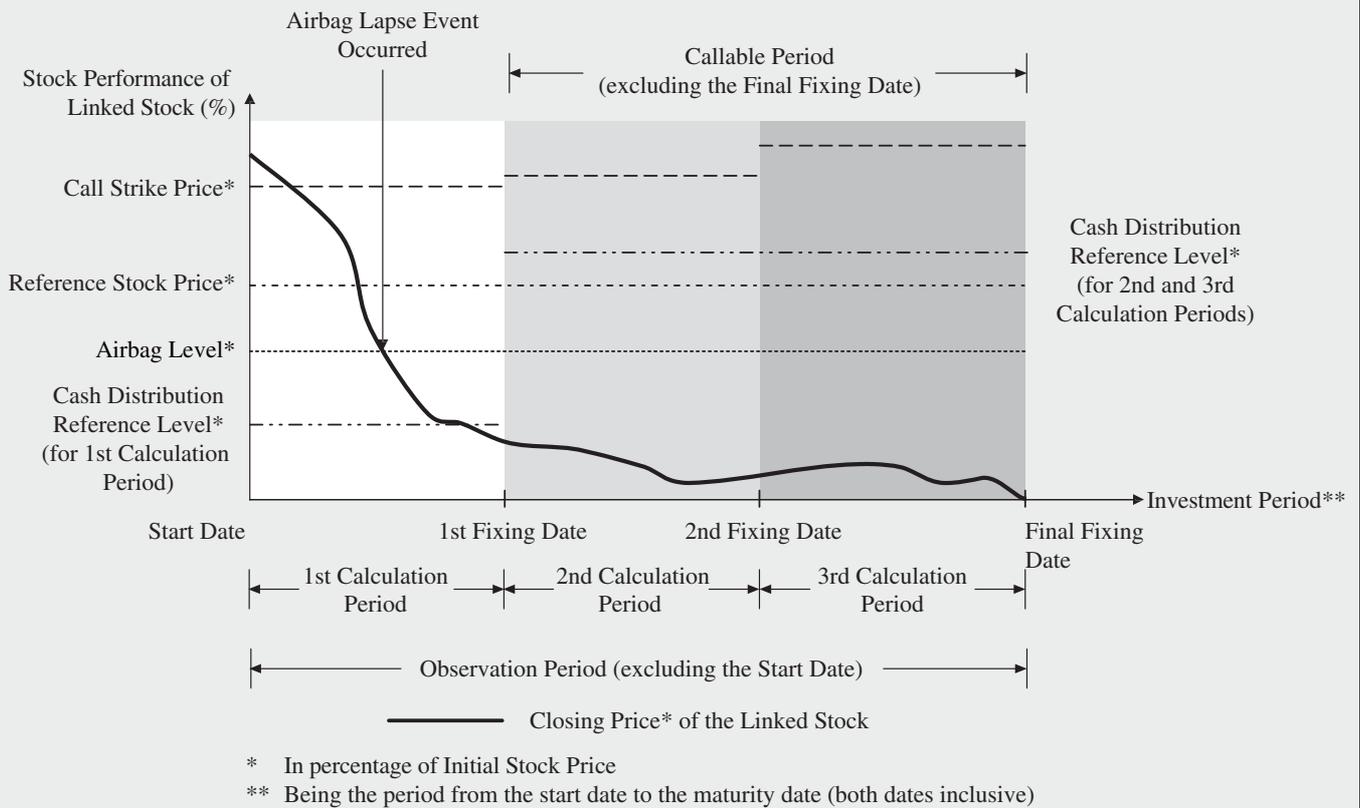
- Post-sale cooling-off period is only applicable for DCDA US ELIs with an investment period over 1 year.
- If you change your mind after you have placed an order for our DCDA US ELIs with an investment period over 1 year, you could give a notice to your distributor within the period starting from the day you place the order to 5 business days after the end of the offer period.
- If your distributor receives your notice to cancel before the initial stock price is recorded on the start date, the issue price of your whole DCDA US ELIs order will not be deducted from your account on the payment date. If your distributor receives your notice to unwind after the initial stock price is recorded on the start date, the issue price of your whole DCDA US ELIs order will be deducted from your account on the payment date and we will arrange for the distributor to return to you the issue price of your whole DCDA US ELIs order less a market value adjustment and issuer’s handling fee (as specified in the indicative term sheet) on the second business day after the payment date. **The total cash amount returned to you when you unwind your purchase order may be substantially less than your initial investment.** Your distributor may also charge you additional handling fee, and you should ask your distributor for details.
- We will only accept cancellation or unwinding of your DCDA US ELIs order in whole (but not in part) during the post-sale cooling-off period.
- Please refer to page 101 of this product booklet for details.

IS THERE ANY MARKET MAKING ARRANGEMENT BEFORE EXPIRY?

- Market making arrangements are available for all of our DCDA US ELIs (regardless of the length of the investment period).
- Throughout each market making day (being each business day which is a scheduled trading day from but excluding the issue date to and including the third 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 DCDA US ELI basis) during Hong Kong normal business hours if you submit your request for such prices to your distributor before 4:00 p.m. (Hong Kong time). If you decide to sell the DCDA US ELIs back to us, you can place a limit sell back order with your distributor specifying your proposed sell back price (being the limit order price) and the amount of the DCDA US ELIs that you intend to sell before 5:00 p.m. (Hong Kong time) on a market making day. Your sell back order is only valid during the trading hours of the US exchange on the market making day that you have placed such order. We will seek to execute your limit sell back order during the trading hours of the US exchange on such market making day. Your limit sell back order will not be executed if the prevailing price of the DCDA US ELIs falls below your limit order price during the trading hours of the US exchange on such market making day, in which case your limit sell back order will lapse and you will need to place a new limit sell back order during the Hong Kong business hours on the next market making day if you still want to sell back your DCDA US ELIs. Your distributor will notify you of whether your sell back order was executed before 3:00 p.m. (Hong Kong time) on the business day after the market making day that you have placed such order.
- The actual price at which you sell your DCDA US ELIs to us may be substantially less than the issue price.
- Please refer to the market making arrangement section on pages 101 to 104 of this product booklet for further details.

WORST CASE SCENARIO

The below example illustrates the worst case scenario where the linked stock performs poorly during the investment period.



In the above example:

- (i) the issue price is set at 100% of the nominal value;
- (ii) the potential cash distribution amount is (a) fixed for the 1st calculation period and (b) variable for each of the 2nd and 3rd calculation periods; and
- (iii) the cash distribution rate 2 is set at zero for the 2nd and 3rd calculation periods.

It illustrates that:

- (i) you will not receive any potential cash distribution amount during the entire investment period since the closing price of the linked stock is below the applicable cash distribution reference level on the 1st fixing date and on each scheduled trading day during the 2nd and the 3rd calculation periods;
- (ii) the DCDA US ELIs will not be called since the closing price of the linked stock is below the call strike price on each scheduled trading day within the callable period (i.e. the period when the call condition can be met); and
- (iii) since the final stock price of the linked stock is below the reference stock price and the closing price of the linked stock has been at or below the airbag level during the observation period (i.e. the airbag lapse event has occurred), you will receive on the maturity date either: (a) physical delivery of the linked stock if physical settlement is elected as the mode of settlement or, (b) payment of its cash equivalent if cash settlement is elected as the mode of settlement. **In either case, you will suffer a loss in your invested capital as no potential cash distribution amount is payable for the entire investment period and the market value of the settlement at maturity you receive is less than the capital invested. In the worst case scenario, if the final stock price is zero (and, where physical settlement is elected as the mode of settlement, the stock price of the linked stock remains at zero till the maturity date), the settlement at maturity you receive will be worthless and you will lose your entire invested capital.**

Please also refer to “Appendix C — Scenario Analysis” in this product booklet for more illustrative examples of how the DCDA US ELIs work.

WHAT ARE THE FEES AND CHARGES?

Distributor's charges — your distributor may charge a handling fee when you make your application or request under the post-sale cooling-off arrangement 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.

Issuer's charges — we will charge a handling fee when we unwind your DCDA US ELIs order under the post-sale cooling-off arrangement.

You should note that the 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.

For the avoidance of doubt, no cash settlement or physical settlement expenses (including any stamp duty or other applicable charges) will be charged.

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

ADJUSTMENTS TO THE TERMS AND CONDITIONS OR EARLY TERMINATION OF OUR DCDA US ELIS

- We may adjust certain terms and conditions (including adjusting the reference stock price or adjusting certain key dates) of our DCDA US ELIs upon the occurrence of certain events (such as a potential adjustment event). We may early terminate our DCDA US ELIs upon the occurrence of certain termination events (such as delisting).
- Please refer to pages 97 to 98 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 DCDA US 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 DCDA US 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 DCDA US ELIs;
- (ii) the information memorandum dated 9 August 2023 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 Single US Stock Callable ELIs dated 9 August 2023 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 DCDA US ELIs, you should read and understand all the relevant offering documents referred to above.

Updated information of the linked stock

We will make available news feeds regarding updated information of the linked stock in English and Chinese via the Hang Seng Invest Express mobile application (available for download at www.hangseng.com/investex) and through our internet banking service (accessed via www.hangseng.com). Such information is not reviewed by the SFC.

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 additional risks:

- **Hang Seng Single US Stock Callable ELIs are not capital protected and are not protected deposits**

Our Hang Seng Single US Stock Callable 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. **In the worst case scenario, you could lose all of your investment.**

The potential gain or loss on our Hang Seng Single US Stock Callable ELIs is linked to the performance of the linked stock. The performance of the linked stock is dependent upon (i) macroeconomic factors, such as interest rates and price levels on the capital markets, currency developments, political factors, (ii) jurisdictional factors, such as political, economic, financial and social factors that apply in the United States, being the underlying company’s home jurisdiction; and (iii) factors specific to the linked stock such as earnings position, market position, risk situation, shareholder structure and dividend distribution policy. Depending on the performance of the linked stock, the market value of the settlement at maturity may be substantially less than the capital invested or worth nothing. Movements in the market price of the linked stock during the investment period could have an impact on (i) whether or not the potential cash distribution amount for a calculation period is payable, and if payable, the potential cash distribution amount for such calculation period; (ii) whether the call condition is met as a result of which our Hang Seng Single US Stock Callable ELIs will be early terminated and the settlement at call will be payable; (iii) whether an airbag lapse event (if applicable) will occur; and (iv) the settlement at maturity.

- **Limited maximum potential gain**

The amount of potential gain on each Hang Seng Single US Stock Callable ELI is capped and limited to a predetermined amount (i.e. for the best case scenario, the difference between the nominal value and the issue price plus all potential cash distribution amounts payable for every calculation period).

The settlement at maturity may be in cash or in stocks with reference to the performance of the linked stock on the final fixing date, the market value of which may be substantially less than the capital invested or worth nothing. Movements in the stock prices of the linked stock during the investment period could have an impact on (i) whether the relevant potential cash distribution amount is payable; and (ii) the amount of the potential cash distribution amount payable.

Our Hang Seng Single US Stock Callable ELIs will also be early terminated when the call condition is met. The amount of potential gain when our Hang Seng Single US Stock Callable ELIs are called is capped and limited to a predetermined amount (i.e. the difference between the nominal value and the issue price plus any potential cash distribution amounts payable for the calculation period(s) up to the call date).

- **Limited market making arrangement**

Our Hang Seng Single US Stock Callable ELIs are designed to be held till maturity. However, if you try to sell our Hang Seng Single US Stock Callable ELIs you hold before the final fixing date, we will provide daily market making arrangement within the time period as specified in the indicative term sheet for you to sell back the Hang Seng Single US Stock Callable ELIs, but the actual price that you receive may be less than or substantially less than the original amount you invested. You may only place a limit sell back order during normal business hours in Hong Kong before 5:00 p.m. (Hong Kong time) on a market making day, but your sell back order may only be executed during the trading hours of the US exchange in New York, which opens after the normal business hours in Hong Kong. Your placed order will not be executed if the US exchange fails to open for trading during its regular trading session on such day or if the relevant Hang Seng Single US Stock Callable ELI is affected by market disruption events on such day. In addition, you should note that we may not be able to accept any limit sell back order on a Hong Kong business day if the US exchange is not scheduled to be open for trading on such day, or if the relevant Hang Seng Single US Stock Callable ELI is affected by market disruption events on the immediately preceding day on which the US exchange in New York is scheduled to be open for trading.

We will also not be able to accept any limit sell back order on a day that is not a Hong Kong business day, notwithstanding that the US exchange in New York is scheduled to be open for trading on such day.

- **No rights in the linked stock**

Investing in our Hang Seng Single US Stock Callable 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 Single US Stock Callable 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 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.

- **Post-sale cooling-off period only applies to Hang Seng Single US Stock Callable ELIs with an investment period of more than 1 year**

Post-sale cooling-off period only applies to Hang Seng Single US Stock Callable ELIs with an investment period of more than 1 year. If you change your mind after you have placed an order for our Hang Seng Single US Stock Callable ELIs and such Hang Seng Single US Stock Callable ELIs have an investment period over 1 year, you can choose to cancel or unwind (as the case may be) your purchase order (in whole but not in part) within the period starting from the day you place the order to 5 business days after the end of the offer period.

If your distributor receives your notice to cancel before the initial stock price is recorded on the start date, the issue price of your whole order will not be deducted from your account on the payment date and no market value adjustment and/or issuer's handling fee will be deducted from your account.

If your distributor receives your notice to unwind after the initial stock price is recorded on the start date, the issue price of your whole order will be deducted from your account on the payment date and we will arrange for the distributor to return to you the issue price of your whole order less a market value adjustment and issuer's handling fee (as specified in the indicative term sheet) on the second business day after the payment date. **You should note that if you send a notice to your distributor after the end of the offer period, the amount that we will return to you is capped at and may be substantially less than the issue price and, in that case, you will suffer a loss.** For the avoidance of doubt, if the Hang Seng Single US Stock Callable ELIs are denominated in RMB and the post-sale cooling-off period arrangement is applicable, such return to you will not be subject to an RMB disruption event.

In either case, the distributor's commission (if any) will not be deducted from the amount returned to you, but your distributor may charge you a handling fee. You should ask your distributor for details.

You should note that the above post-sale cooling-off period arrangement will not be applicable to our Hang Seng Single US Stock Callable ELIs with an investment period of 1 year or less.

Please see "Post-sale cooling-off period" on page 101 of this product booklet for further details.

- **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 4 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 market risks (including but not limited to any movement in the market price of the linked stock) during the period between the final fixing date and the maturity date and the risk of the occurrence of settlement disruption events on or after the scheduled 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 company and as a result of which the relevant clearance system cannot clear the transfer of such linked stock), delivery of the linked stock will be delayed as further described in “How and when will the linked stock be delivered?” on page 97 of this product booklet. There is no assurance of the duration of such delay in delivery of the linked stock.

If this occurs, this could result in delay for you in receiving such number of share(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.

- **Discretion of the calculation agent to make adjustments relating to Hang Seng Single US Stock Callable 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 Single US Stock Callable ELIs including the initial stock price, the call strike price(s), the reference stock price, cash distribution reference level(s) and airbag level (if applicable) if it determines appropriate to account for the occurrence of the relevant event in order to preserve the economic equivalence of our Hang Seng Single US Stock Callable 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 Single US Stock Callable ELIs be adjusted?” on pages 97 to 98 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 Single US Stock Callable 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 Single US Stock Callable ELIs may be terminated before maturity other than as a result of the call condition being met?” on page 98 of this product booklet for details including how the early termination amount will be determined.

- **Re-investment risk**

Our Hang Seng Single US Stock Callable ELIs will be early terminated if the call condition is met. When the call condition is met, we will pay you on the call settlement date the nominal value together with any accrued potential cash distribution amount (calculated from and excluding the relevant calculation period start date in respect of the calculation period during which the call condition is met to and including the call date) for such calculation period. No further potential cash distribution amount will be payable following the early termination. The prevailing market conditions may have changed and may hinder you from making any further investment under similar terms. You may not be able to enjoy the same rate of return if you re-invest these proceeds in other investments with similar risk parameters.

- **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 Single US Stock Callable 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 Single US Stock Callable 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:

- (i) cause the closing price of the linked stock on a scheduled trading day during a calculation period or on a fixing date to fall below the applicable cash distribution reference level, resulting in a lower, or no, potential cash distribution amount;
- (ii) cause the closing price of the linked stock on an applicable fixing date or scheduled trading day during the callable period (as the case may be) to fall below its call strike price, resulting in no call condition being met for early termination of our Hang Seng Single US Stock Callable ELIs;
- (iii) cause the closing price of the linked stock on an applicable fixing date or scheduled trading day during the callable period (as the case may be) to rise above its call strike price, resulting in the call condition being met for early termination of our Hang Seng Single US Stock Callable ELIs and no further potential cash distribution amount will be payable following the early termination of our Hang Seng Single US Stock Callable ELIs; or
- (iv) (a) where the final fixing date airbag feature is applicable, cause the final stock price to fall to or below the airbag level, resulting in the occurrence of an airbag lapse event;
- (b) where the daily airbag feature is applicable, cause the final stock price to fall below the reference stock price and the closing price of the linked stock on any scheduled trading day during the observation period to fall to or below the airbag level resulting in the occurrence of an airbag lapse event; or
- (c) where no airbag feature is applicable, cause the final stock price on the final fixing date to fall below the reference stock price.

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 Single US Stock Callable ELIs.

- **Risks relating to difference in trading days and hours and the implications on our ability to execute any limit sell back order**

Trading in the linked stock on the US exchange of the listed stock will be executed during the trading hours of such US exchange, which is located in New York and opens after normal business hours in Hong Kong. You should be aware of the trading hour and time zone difference (including summer time and winter time) between Hong Kong and New York in assessing the trading price of the linked stock, and the extended time lag between the placement of a limit sell back order during the Hong Kong business hours and the execution of such order during the trading hours of the US exchange in New York. The trading price of the linked stock may be volatile in response to the market movement during the trading hours on the US exchange in New York during which you cannot (i) place any new order to sell back our Hang Seng Single US Stock Callable ELIs or (ii) cancel, withdraw or adjust your placed order pursuant to the market making arrangements.

You may only place a limit sell back order at your selected sell back price (being the limit order price) during normal business hours in Hong Kong before 5:00 p.m. (Hong Kong time) on a market making day. We will seek to execute your limit sell back order during the trading hours of the US exchange in New York on such market making day. Your placed order will not be executed if the US exchange fails to open for trading during its regular trading session on such day or if the relevant Hang Seng Single US Stock Callable ELI is affected by market disruption events on such day. In addition, your limit sell back order will also not be executed if the prevailing price of the Hang Seng Single US Stock Callable ELIs falls

below your limit order price during the trading hours of the US exchange in New York on such market making day, in which case your limit sell back order will lapse and you will need to place a new limit sell back order during the Hong Kong business hours on the next market making day if you still want to sell back our Hang Seng Single US Stock Callable ELIs. Once your order is executed (at the price which is at or above your limit order price but which may not be the best available price during the trading hours of the US exchange), you will lose the opportunity to benefit from any upside. Your sell back order is only valid during the trading hours of the US exchange on the market making day that you have placed such order.

In addition, we will not be able to accept any limit sell back order on a Hong Kong business day if the US exchange in New York is not scheduled to be open for trading on such day, or if the relevant series of Hang Seng Single US Stock Callable ELIs is 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) on the immediately preceding day on which the US exchange in New York is scheduled to be open for trading. We will also not be able to accept any limit sell back order on a day that is not a Hong Kong business day, notwithstanding that the US exchange in New York is scheduled to be open for trading on such day.

- **Certain information about the linked stock may only be available in English**

You should note that certain information about the linked stock may only be available in English in real time. If you are not proficient in English, you should consider whether the investment in our Hang Seng Single US Stock Callable ELIs is suitable to you, and obtain independent advice where necessary.

- **Reliance on mobile application and our internet banking service in providing information about the linked stock and our external service provider in providing such information**

We will make available news feeds regarding updated information of the linked stock via the Hang Seng Invest Express mobile application and through our internet banking service. Such news feeds will not be available to you if you do not have access to such mobile application and our internet banking service, in which case you should consider whether the investment in our Hang Seng Single US Stock Callable ELIs is suitable to you. Such news feeds are provided by our external data provider and their availability may be interrupted or suspended due to such external data provider's technical and systematic failures, in which case the availability of such news feeds may be delayed or suspended. In addition, you should note that the Hang Seng Invest Express mobile application and our internet banking service may be interrupted or suspended due to our technical and systematic failures, in which case you may not be able to have access to such news feeds.

- **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 Single US Stock Callable ELIs and our economic interests in each role may be adverse to your interests in our Hang Seng Single US Stock Callable 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 Single US Stock Callable ELIs will be transacted at arm's length.

Hang Seng Bank Limited acts as the calculation agent for a series of Hang Seng Single US Stock Callable 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 Single US Stock Callable ELIs will be reduced or the total potential loss on our Hang Seng Single US Stock Callable ELIs will be increased by any handling fee you have to pay your distributor and/or the issuer when you make your application or request under the post-sale cooling off arrangement 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.

- **Terms may only be determined after you are committed to purchase our Hang Seng Single US Stock Callable ELIs**

You should note that the initial stock price may be (i) the official opening price of the linked stock on the US exchange on the start date, or (ii) the price of such linked stock as agreed between us and you on the start date.

In case (i) above, such price will only be recorded after you are committed to purchase our Hang Seng Single US Stock Callable ELIs. In the case that the initial stock price of the linked stock cannot be recorded on the start date due to the failure of the US exchange to open for trading during its regular trading session on such day, the issue price held by the distributor will be released in full to you on next business day following the start date and the relevant series of Hang Seng Single US Stock Callable ELIs will not be issued. In addition, some of the benchmark prices (including the reference stock price, call strike price(s), airbag level and cash distribution reference level(s)) that are applicable to the series of the Hang Seng Single US Stock Callable ELIs you wish to purchase will be expressed in a specified percentage of the initial stock price in the indicative term sheet, therefore, the actual value of such terms will only be determined after the US exchange opens on the start date when the initial stock price is recorded. These terms can only be determined after you have committed to purchase our Hang Seng Single US Stock Callable ELIs.

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

If our Hang Seng Single US Stock Callable ELIs are held through international securities clearing systems, the terms and conditions of our Hang Seng Single US Stock Callable 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.

- **Exposure to risk from the start date**

There is a time gap of 1 to 10 business days (for our Hang Seng Single US Stock Callable ELIs with an investment period equal to or less than 1 year) or 6 to 10 business days (for our Hang Seng Single US Stock Callable ELIs with an investment period over 1 year) between the start date and the issue date of our Hang Seng Single US Stock Callable ELIs. **You will be exposed to the risks associated with our Hang Seng Single US Stock Callable ELIs starting from the start date.**

- **Exchange rate risks**

A series of our Hang Seng Single US Stock Callable ELIs may be issued and settled in a currency other than the underlying currency of the linked stock. If necessary, we will convert the settlement currency into the underlying currency or convert the underlying currency into the settlement currency at the exchange rate determined in accordance with the relevant term sheet in making calculations on the final fixing date. Fluctuation of the exchange rate may therefore adversely affect the potential payout of our Hang Seng Single US Stock Callable ELIs.

In addition, a series of our Hang Seng Single US Stock Callable ELIs may be issued in a currency other than your home currency. If you convert payments made on our Hang Seng Single US Stock Callable ELIs back to your home currency, the amount you receive will be determined by reference to the exchange rate between the settlement currency and your home currency.

- **Other risk factors specific to RMB-denominated Hang Seng Single US Stock Callable ELIs**

Where the settlement currency is 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. In the case where our Hang Seng Single US Stock Callable ELIs are denominated in RMB, changes in the offshore RMB exchange rate may adversely affect the market value of our Hang Seng Single US Stock Callable ELIs, and the number of share(s) per ELI deliverable to you in the case of physical settlement.

Where our Hang Seng Single US Stock Callable ELIs are denominated in RMB, in case of physical delivery of linked stock, if the value of RMB against USD on the final fixing date is lower than that as at the start date (i.e. RMB depreciates against USD), you will receive a fewer number of share(s) per ELI because a lesser amount of USD can be converted from the nominal value in RMB to buy the linked stock at the reference stock price.

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 Single US Stock Callable 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 Single US Stock Callable ELIs. Such investors may also have to convert payments made on such Hang Seng Single US Stock Callable 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 Single US Stock Callable 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 Single US Stock Callable 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 Single US Stock Callable ELIs denominated in RMB which in turn may adversely affect the market value of such Hang Seng Single US Stock Callable ELIs.

(iii) Payment postponement for RMB disruption event

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 quoted in USD against RMB in respect of any amount due and payable in RMB under the Hang Seng Single US Stock Callable 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 Single US Stock Callable 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 relevant potential cash distribution amount, settlement at call, settlement at maturity and/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 99 of this product booklet for further details.

The occurrence of an RMB disruption event could delay a payment to you under the Hang Seng Single US Stock Callable 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 Single US Stock Callable ELIs denominated in RMB may be adversely affected by the fluctuations in the interest rate for offshore RMB.

- **United States taxation risks**

As discussed in more details in “FATCA Withholding Tax for Non-U.S. Investors – Dividend Equivalent Payments” on page 106 of this product booklet, we have determined that payments made under the Hang Seng Single US Stock Callable ELIs do not constitute the “dividend equivalents” (and therefore do not constitute any U.S. source payments) and will not be subject to withholding tax under the HIRE Act, FATCA and Section 871(m) Rules (each term as defined in “FATCA Withholding Tax for Non-U.S. Investors” on pages 104 to 106 of this product booklet). However, you should note that such rules are complex and their application may depend on your particular circumstances, including whether you enter into other transactions with respect to the underlying US stock. In addition, the U.S. Internal Revenue Service may successfully argue that the Hang Seng Single US Stock Callable ELIs are treated as “dividend equivalents”, notwithstanding our determination to the contrary. If so treated, a withholding tax at a rate of up to 30% is imposed on such payments made to a non-U.S. investor under the Section 871(m) Rules and to a non-U.S. investor that does not comply with the information reporting requirements under HIRE Act and FATCA, which will adversely affect the potential return under the Hang Seng Single US Stock Callable ELIs. You should, prior to your investment in the Hang Seng Single US Stock Callable ELIs, consult your own tax advisor regarding the application of the Section 871(m) Rules arising from such investment.

WHAT ARE HANG SENG SINGLE US STOCK CALLABLE ELIS?

- Our Hang Seng Single US Stock Callable ELIs have six combinations of different features as follows:
 - (i) Hang Seng Non-Capital Protected Unlisted Fixing Date Callable Single US Stock ELIs (“**FCNA US ELIs**”);
 - (ii) Hang Seng Non-Capital Protected Unlisted Daily Callable Single US Stock ELIs (“**DCNA US ELIs**”);
 - (iii) Hang Seng Non-Capital Protected Unlisted Fixing Date Callable Single US Stock ELIs with Final Fixing Date Airbag (“**FCFA US ELIs**”);
 - (iv) Hang Seng Non-Capital Protected Unlisted Daily Callable Single US Stock ELIs with Final Fixing Date Airbag (“**DCFA US ELIs**”);
 - (v) Hang Seng Non-Capital Protected Unlisted Fixing Date Callable Single US Stock ELIs with Daily Airbag (“**FCDA US ELIs**”); and
 - (vi) Hang Seng Non-Capital Protected Unlisted Daily Callable Single US Stock ELIs with Daily Airbag (“**DCDA US ELIs**”).
- Our Hang Seng Single US Stock Callable ELIs are equity-linked structured products which have an embedded conditional put option over the linked stock (being shares in a company listed on the US exchange and traded in USD as the underlying currency) 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 certain conditions are met. Not all listed stocks can be used as a linked stock; you should ask your distributor what linked stock is available.
- Cash distribution reference level(s), call strike price(s), reference stock price, and airbag level (if applicable) will be determined based on a specified percentage of the initial stock price of the linked stock on the start date, and such percentages will be set out in the relevant term sheet.
- Our Hang Seng Single US Stock Callable ELIs have the following main features: (i) potential cash distribution; (ii) callable feature; and (iii) airbag feature (where applicable) which are further explained as follows:

(i) Potential Cash Distribution

- Our Hang Seng Single US Stock Callable ELIs provide a potential cash distribution amount for each calculation period during the investment period depending on the price performance of the linked stock on the relevant fixing date (if the potential cash distribution amount for a calculation period is specified in the relevant term sheet to be a fixed amount) or on each scheduled trading day during the relevant calculation period (if the potential cash distribution amount for such calculation period is specified in the relevant term sheet to be a variable amount).
- The potential cash distribution amount for each calculation period can either be:
 1. a fixed amount, if certain conditions are met (see “Fixed Potential Cash Distribution Amount” below); or
 2. a variable amount calculated by reference to the variable accrual formula (see “Variable Accrual Formula” below).

You should note that it is possible that you will not receive any potential cash distribution amount for the entire investment period.

Fixed Potential Cash Distribution Amount

If the potential cash distribution amount for a calculation period is specified to be a fixed amount, we will calculate such potential cash distribution amount according to the following formula:

$$\text{Nominal value} \times \text{fixed cash distribution rate}^{\wedge}$$

A fixed potential cash distribution amount for a calculation period is payable if the closing price of the linked stock on the fixing date (which will be set as the same date as the relevant calculation period end date) for such calculation period is at or above the applicable cash distribution reference level*. Provided that if daily callable feature is applicable for a series of the Hang Seng Single US Stock Callable ELIs and the call condition is met and the Hang Seng Single US Stock Callable ELIs are early terminated on a call date, the fixed potential cash distribution amount for the relevant calculation period is payable regardless of the price performance of the linked stock and will be calculated on a pro-rata basis from (and excluding) the relevant calculation period start date up to (and including) the call date on which the call condition is met, including any disrupted day(s) within such period.

Variable Accrual Formula

If the potential cash distribution amount for a calculation period is specified to be a variable amount, we will calculate such potential cash distribution amount according to the following formula:

Nominal value x [(cash distribution rate 1# x day count factor 1) + (cash distribution rate 2# x day count factor 2)]

Where,
 day count factor 1 = Day-in 1 ÷ TOTAL
 day count factor 2 = Day-in 2 ÷ TOTAL

Day-in 1 = The number of scheduled trading days in a calculation period (or, if daily callable feature is applicable for a series of the Hang Seng Single US Stock Callable ELIs and the call condition is met and the Hang Seng Single US Stock Callable ELIs are early terminated on a call date, the number of scheduled trading days from (and excluding) the relevant calculation period start date to (and including) the call date) on which the closing price of the linked stock is at or above the cash distribution reference level*.

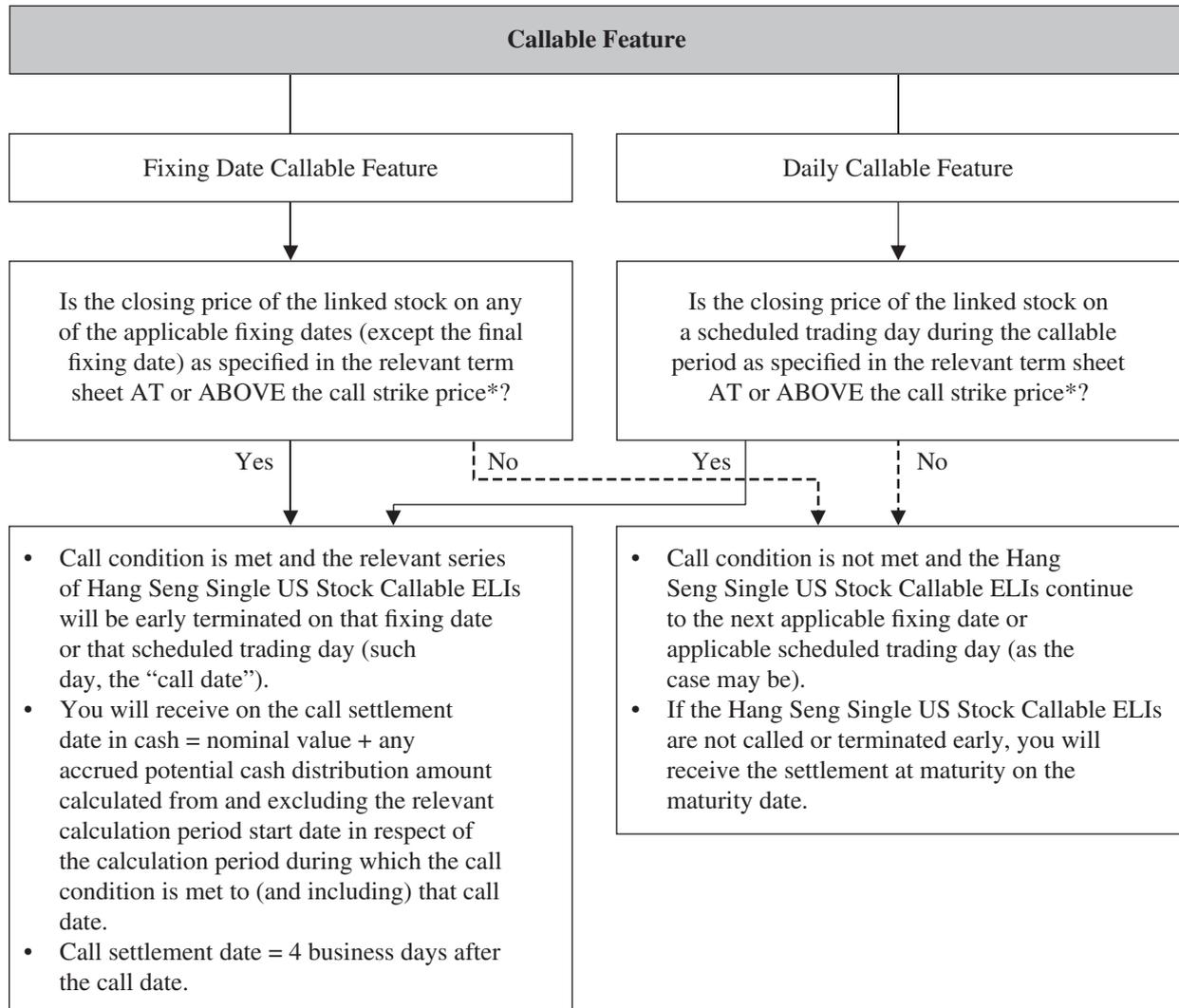
Day-in 2 = The number of scheduled trading days in a calculation period (or, if daily callable feature is applicable for a series of the Hang Seng Single US Stock Callable ELIs and the call condition is met and the Hang Seng Single US Stock Callable ELIs are early terminated on a call date, the number of scheduled trading days from (and excluding) the relevant calculation period start date to (and including) the call date) on which the closing price of the linked stock is below the cash distribution reference level*.

TOTAL = Number of scheduled trading days in a calculation period, including any disrupted day(s) within such calculation period (and, if daily callable feature is applicable for a series of the Hang Seng Single US Stock Callable ELIs, regardless of whether the call condition is met on any scheduled trading day during such calculation period).

- Notes: ^ Fixed cash distribution rate will be specified in the relevant term sheet and will be the same for all applicable calculation periods.
- # The cash distribution rate 1 will always be set at a rate which is higher than the cash distribution rate 2, and the cash distribution rate 2 can be set as zero. Both cash distribution rates 1 and 2 are specified in the relevant term sheet, and will be the same for all applicable calculation periods.
- * The cash distribution reference level will be determined based on a specified percentage of the initial stock price of the linked stock on the start date and such percentage will be specified in the relevant term sheet. In respect of each calculation period for which the potential cash distribution amount is specified to be a fixed amount, such percentage (and hence the cash distribution reference level) can be different for different fixing dates. In respect of each calculation period for which the potential cash distribution amount is specified to be a variable amount, the same percentage of the initial stock price will be applied to the linked stock on every scheduled trading day within the same calculation period to determine the cash distribution reference level, but such percentage (and hence the cash distribution reference level) can be different for different calculation periods.

(ii) Callable Feature

The relevant term sheet for each series of our Hang Seng Single US Stock Callable ELIs will specify if fixing date callable feature or daily callable feature is applicable. Our Hang Seng Single US Stock Callable ELIs will be early terminated if the call condition is met, and the settlement at call in cash will be paid on the relevant call settlement date (being four business days after the call date (as explained below)).



* Call strike price will be determined based on a specified percentage of the initial stock price of the linked stock on the start date and such percentage will be specified in the relevant term sheet. If fixing date callable feature is applicable, such percentage (and hence the call strike price) can be different for different fixing dates. If daily callable feature is applicable, the same percentage of the initial stock price will be applied on every scheduled trading day within the same calculation period to determine the call strike price, but such percentage (and hence the call strike price) can be different for different calculation periods.

(iii) Airbag Feature and Settlement At Maturity

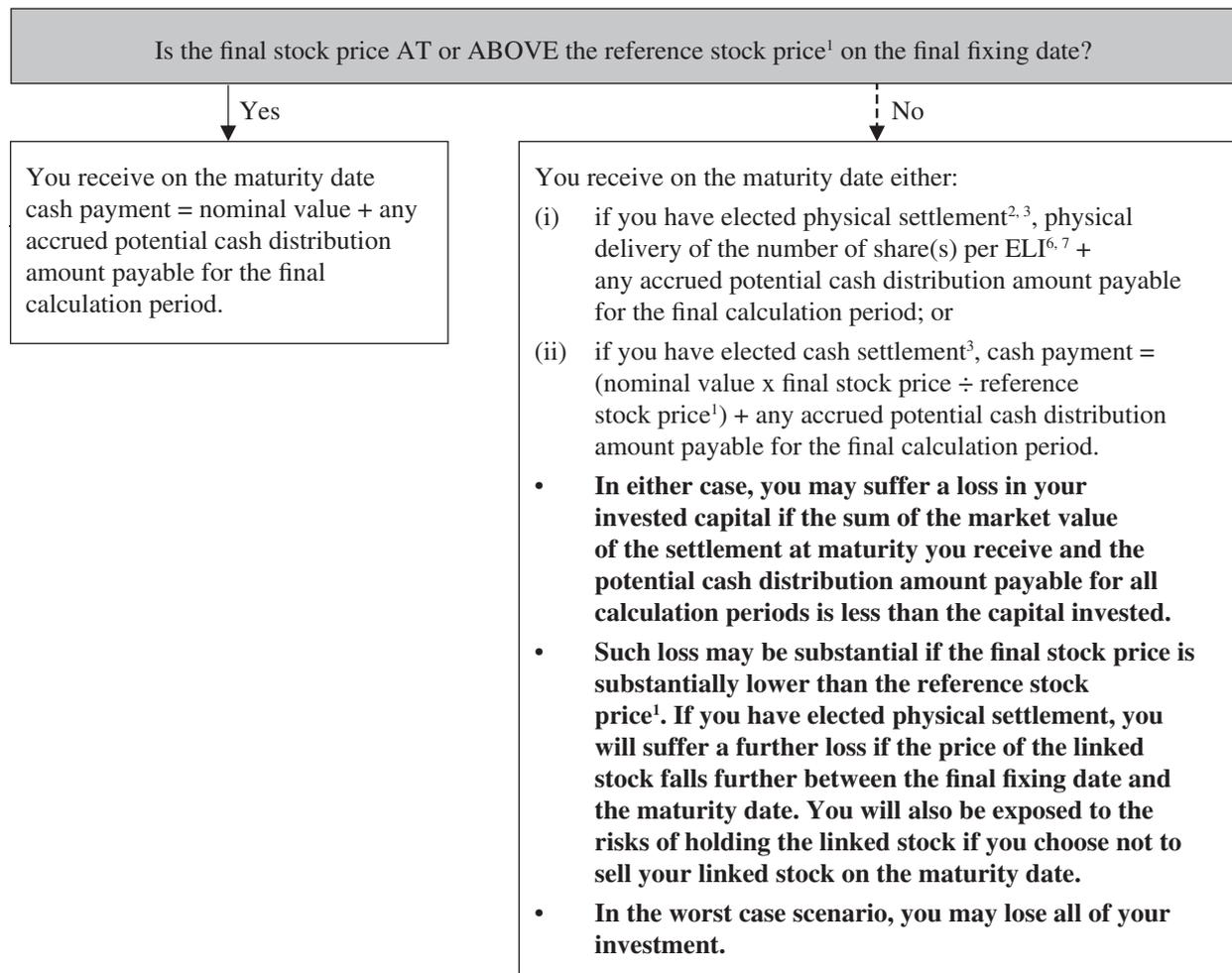
The relevant term sheet for each series of our Hang Seng Single US Stock Callable ELIs will specify if the daily airbag feature or the final fixing date airbag feature is applicable. Depending on the applicable feature, the settlement at maturity will be different.

An “airbag lapse event” has occurred if:

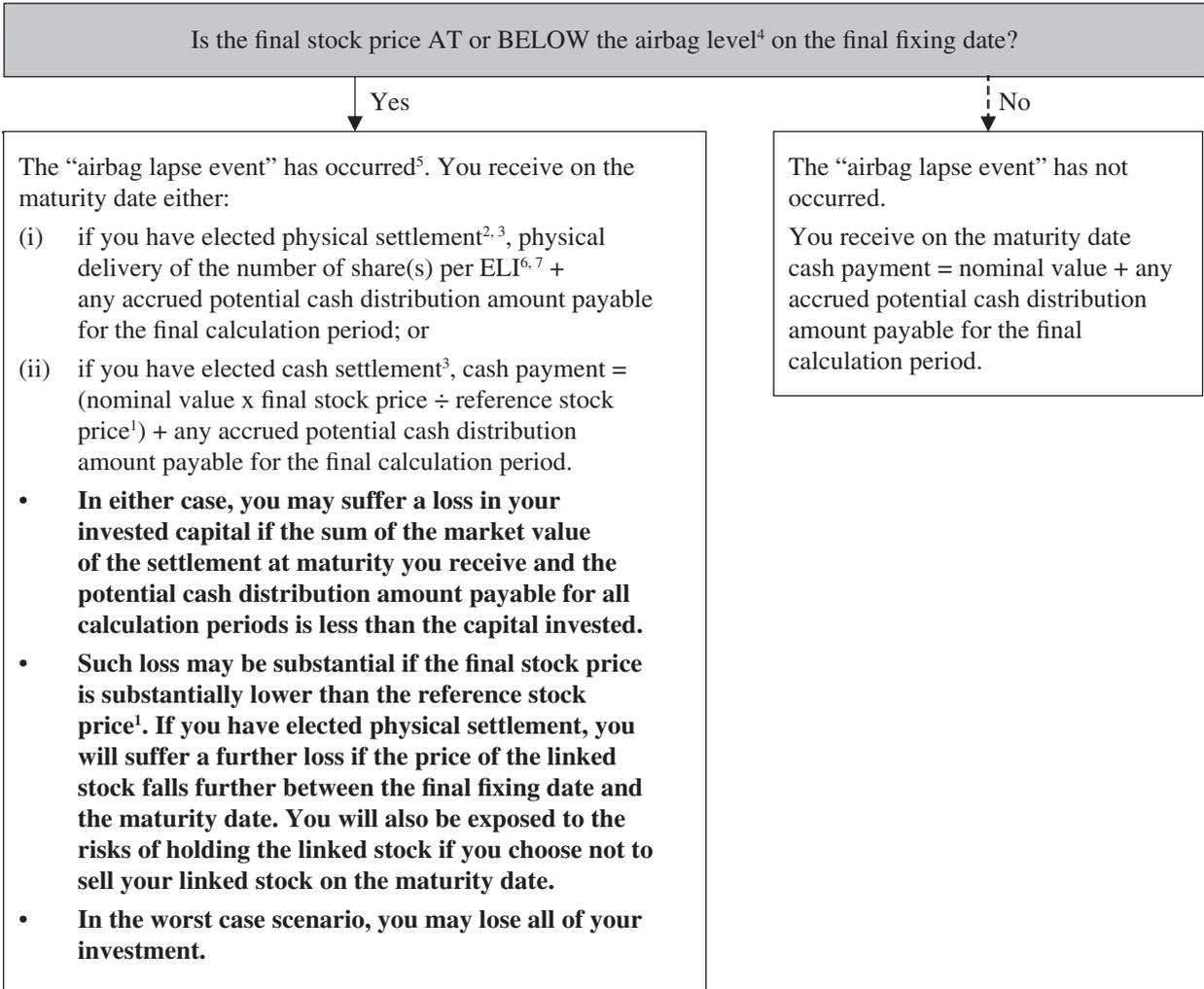
- (i) where daily airbag feature is applicable, on any scheduled trading day during the observation period (i.e. from (but excluding) the start date to (and including) the final fixing date), the closing price of the linked stock is AT or BELOW the airbag level (the airbag level will be the same throughout the observation period). If such scheduled trading day is a disrupted day, the closing price will be determined on the Adjusted Valuation Date as described further in “Closing price” under the glossary section on page 85 of this product booklet; or
- (ii) where final fixing date airbag feature is applicable, the final stock price of the linked stock is AT or BELOW the airbag level.

The flowcharts below illustrate the settlement at maturity in the situation when the call condition of our Hang Seng Single US Stock Callable ELIs has not been met during the investment period:

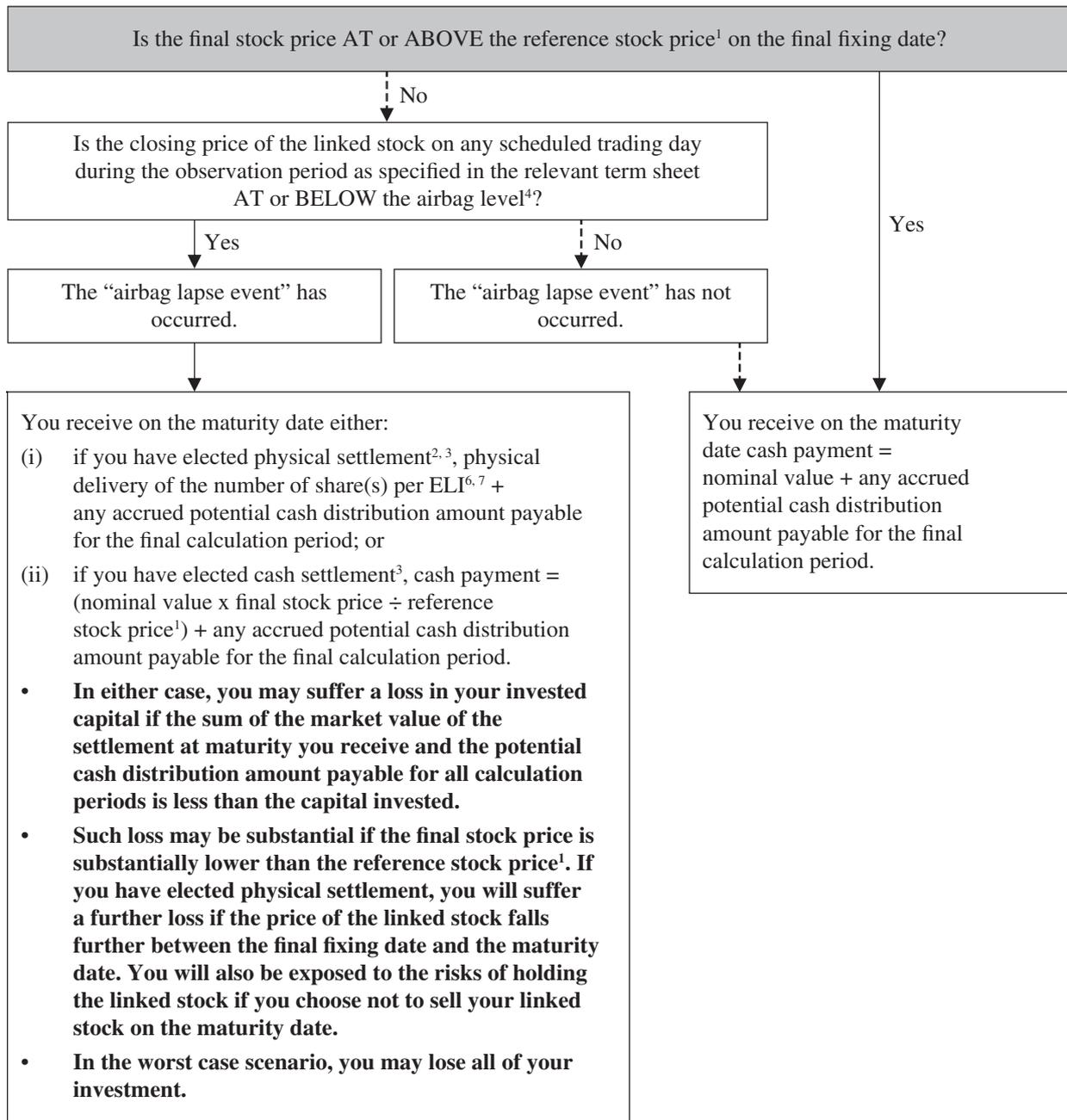
Hang Seng Single US Stock Callable ELIs without Airbag Feature:



Hang Seng Single US Stock Callable ELIs with Final Fixing Date Airbag Feature:



Hang Seng Single US Stock Callable ELIs with Daily Airbag Feature:



Notes:

- The reference stock price will be determined based on a specified percentage of the initial stock price of the linked stock on the start date and such percentage is specified in the relevant term sheet.
- In order for you to elect physical settlement as the mode of settlement and receive physical delivery of the number of share(s) per ELI at maturity, you must have, or open, a securities account with us at the time of your application and maintain the securities account throughout the investment period of the relevant Hang Seng Single US Stock Callable ELIs.** For investors who have elected physical settlement, the linked stock will only be delivered on the maturity date (being 4 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) during the period between the final fixing date and the maturity date and the risks of the occurrence and the continuing occurrence of settlement disruption events (as further described on page 119 of this product booklet) on or after the scheduled 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 your election for cash settlement or physical settlement as the mode of settlement subsequently, 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. If you do not have, or maintain the securities account with us, or we have closed the securities account in accordance with its terms and conditions and/or applicable law and regulations, in either case during the investment period of the relevant Hang Seng Single US Stock Callable ELIs, you are deemed to have elected for cash settlement as the mode of settlement and will not be able to change such election afterwards.
4. The airbag level will be determined based on a specified percentage of the initial stock price of the linked stock on the start date and such percentage is specified in the relevant term sheet. The airbag level will always be set at a level which is lower than the reference stock price.
5. If final fixing date airbag feature is applicable, an “airbag lapse event” will occur if the final stock price of the linked stock is AT or BELOW the airbag level on the final fixing date, which also means the final stock price is below the reference stock price since the airbag level is always set at a level that is lower than the reference stock price.
6. The number of share(s) per ELI is a number of share(s) of the linked stock on the final fixing date which is calculated using the following formula:

$$\frac{\begin{array}{c} \text{nominal value} \\ \text{(if the settlement currency is not the same as the underlying currency,} \\ \text{it will be converted into the underlying currency using the exchange rate*)} \end{array}}{\text{reference stock price}}$$

- * The exchange rate is the foreign exchange rate between the settlement currency and the underlying currency as determined by the calculation agent based on the rate(s) obtained from such source(s) as specified in the relevant term sheet at the official closing of trading on the US exchange on the final fixing date.

Any fraction of a linked stock will be paid in cash. Please refer to “number of share(s) per ELI” under the glossary section on page 96 of this product booklet.

7. If the maturity date is not a clearance system business day, physical delivery of the number of share(s) per ELI will take place on the following clearance system business day.

Glossary

A. Subscription of our Hang Seng Single US Stock Callable ELIs

Hang Seng Single US Stock Callable ELIs

Our Hang Seng Single US Stock Callable ELIs have six combinations of different features as follows:

- (i) Hang Seng Non-Capital Protected Unlisted Fixing Date Callable Single US Stock ELIs (“**FCNA US ELIs**”);
- (ii) Hang Seng Non-Capital Protected Unlisted Daily Callable Single US Stock ELIs (“**DCNA US ELIs**”);
- (iii) Hang Seng Non-Capital Protected Unlisted Fixing Date Callable Single US Stock ELIs with Final Fixing Date Airbag (“**FCFA US ELIs**”);
- (iv) Hang Seng Non-Capital Protected Unlisted Daily Callable Single US Stock ELIs with Final Fixing Date Airbag (“**DCFA US ELIs**”);
- (v) Hang Seng Non-Capital Protected Unlisted Fixing Date Callable Single US Stock ELIs with Daily Airbag (“**FCDA US ELIs**”); and
- (vi) Hang Seng Non-Capital Protected Unlisted Daily Callable Single US Stock ELIs with Daily Airbag (“**DCDA US ELIs**”).

Issue price

The issue price is the price that investors pay to purchase our Hang Seng Single US Stock Callable ELIs on the issue date. The issue price for each Hang Seng Single US Stock Callable ELI will be expressed as a percentage of the nominal value (see explanation below) and is calculated using this formula:

$$\frac{\text{the issue price}}{\text{percentage specified in the relevant term sheet}} \times \text{nominal value}$$

(rounded to the nearest 0.01, with 0.005 or above being rounded upwards, save in the case of JPY, rounded to the nearest whole JPY, with 0.5 or above being rounded upwards)

The issue price would be affected by various factors, including but not limited to the prevailing market conditions, the percentage levels of the initial stock price used to determine the reference stock price, call strike price(s), cash distribution reference level(s) and airbag level (if applicable) of the linked stock, the prevailing market price and price volatility of the linked stock, our creditworthiness, investment period, commissions (if any), hedging costs and the cost of the underlying options transactions. The issue price that you need to pay will be specified in the relevant term sheet.

Subject to the operating procedures of your distributor, a cash amount equal to the issue price will be frozen in your account with your distributor from the time of your application.

Minimum investment amount

For each series of our Hang Seng Single US Stock Callable ELIs, the relevant term sheet will specify the minimum investment amount that the investors are required to purchase. Different minimum investment amounts may apply for applications made through the internet banking or other channels.

Opening price	The opening price is the price as at the official opening time of a scheduled trading day of one share of such linked stock as traded on the US exchange without regard to any subsequently published correction.
Closing price	<p>The closing price is the price as at the official closing time of a scheduled trading day of one share of such linked stock as traded on the US exchange without regard to any subsequently published correction.</p> <p>If a fixing date, the final fixing date and any other scheduled trading day on which a closing price is to be determined is a disrupted day (as defined in condition 2(c) of the terms and conditions set out in Appendix A to this product booklet) in respect of the linked stock, being a scheduled trading day on which the US exchange or any related exchange fails to open for trading during its regular trading session or on which a market disruption event occurs, the closing price shall be determined on the first succeeding scheduled trading day which is not a disrupted day (such date, the “Adjusted Fixing Date” in respect of such fixing date, the “Adjusted Final Fixing Date” in respect of the final fixing date and the “Adjusted Valuation Date” in respect of such scheduled trading day), unless each of the five scheduled trading days immediately following the original fixing date, final fixing date or scheduled trading day (as the case may be) is a disrupted day. In that case, (i) that fifth scheduled trading day shall be the Adjusted Fixing Date, Adjusted Final Fixing Date or Adjusted Valuation Date (as the case may be) and (ii) 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) 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.</p>
Nominal value	The nominal value of an ELI is used to calculate the issue price per ELI, any potential cash distribution amount, any settlement at call or any settlement at maturity, as the case may be. The nominal value will be specified in the relevant term sheet.
Settlement currency	We may issue and settle our Hang Seng Single US Stock Callable ELIs in RMB or any non-restricted and freely convertible currency such as HKD or USD as specified in the relevant term sheet. You will pay the issue price and receive any potential cash distribution amount, settlement at call or settlement at maturity in the same currency. When the settlement currency is not the same as the underlying currency, we may convert from the settlement currency to the underlying currency or convert the underlying currency to the settlement currency at the exchange rate in making calculations under the relevant series of Hang Seng Single US Stock Callable ELIs. Our Hang Seng Single US Stock Callable ELIs will be issued and settled in the same currency.
Exchange rate	<p>The exchange rate is the foreign exchange rate between the settlement currency and the underlying currency based on the rate(s) obtained from such source(s) at such time(s) as specified in the relevant term sheet on the final fixing date (or the Adjusted Final Fixing Date if the final fixing date is a disrupted day), or if any such rate is not available on the relevant page as at the relevant time on the relevant date, the exchange rate as determined by the calculation agent in its sole and absolute discretion acting in good faith and in a commercially reasonable manner.</p> <p>In the case where the settlement currency is RMB, we will use the offshore RMB exchange rate in making calculations under the relevant series of Hang Seng Single US Stock Callable ELIs.</p>

Linked stock	<p>Each series of Hang Seng Single US Stock Callable ELIs is linked to a stock which will be shares in a company listed on the US exchange and traded in the underlying currency being USD. 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 Single US Stock Callable ELIs. Please ask your distributor what linked stock is available.</p>
US exchange	The US exchange is the exchange on which the linked stock is listed and traded, which is either The New York Stock Exchange or The NASDAQ Global Select Market as specified in the relevant term sheet.
Underlying currency	The underlying currency is the currency in which the linked stock is traded on the US exchange, which is USD.
Initial stock price	<p>The initial stock price can be (i) the official opening price of the linked stock on the US exchange on the start date, which will only be finalised after the US exchange opens on the start date; or (ii) the price of the linked stock to be agreed between us and you (via your distributor) on the start date.</p> <p>In case of (i) above, if the initial stock price of the linked stock cannot be recorded on the start date due to the failure of the US exchange to open for trading during its regular trading session on such day, the issue price held by your distributor will be released in full to you on the next business day following the start date and the relevant series of Hang Seng Single US Stock Callable ELIs will not be issued. We will not pay any extra amount (such as interest) on such issue price released to you.</p>
Investment period	The investment period is the period of time of the investment calculated from start date to maturity date (both dates inclusive) and it will be specified in the relevant term sheet.
Offer period	<p>The offer period is the period which our Hang Seng Single US Stock Callable ELIs may be purchased from a distributor. The offer period for each series of our Hang Seng Single US Stock Callable ELIs will be specified in the relevant term sheet. The offer period can be shortened or extended without prior notice.</p> <p>We reserve the right to cancel the offering of a series of our Hang Seng Single US Stock Callable ELIs on or before the end of the offer period. Upon such cancellation, we will notify your distributor who will in turn notify you. Please contact your distributor for details on how and when your purchase monies will be refunded to you in such circumstances. Neither we nor your distributor will charge you any fee for such cancellation and refund.</p>
Start date	Start date is the last day of the offer period, on which the terms of our Hang Seng Single US Stock Callable ELIs are fixed upon execution of your Hang Seng Single US Stock Callable ELI order. You will be exposed to the risks associated with our Hang Seng Single US Stock Callable ELIs from the start date. The start date will be specified in the relevant term sheet. Unless the initial stock price is a pre-agreed price between us and you, the initial stock price of the linked stock will be recorded after the US exchange opens on the start date.

Issue date	The issue date is the date on which our Hang Seng Single US Stock Callable ELIs are issued. The issue date is a day falling either 1 to 10 business days (for our Hang Seng Single US Stock Callable ELIs with an investment period equal to or less than 1 year) or 6 to 10 business days (for our Hang Seng Single US Stock Callable ELIs with an investment period over 1 year) after the start date and 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 Single US Stock Callable ELIs is deducted from the cash account that you hold with your distributor. Such date will be specified in the relevant term sheet. The issue date and the payment date are on the same date.
Calculation agent	The calculation agent for each series of our Hang Seng Single US Stock Callable 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 Single US Stock Callable ELIs in accordance with the terms and conditions.

B. Potential Cash Distribution

Calculation period	The calculation period is the period during which potential cash distribution amounts for our Hang Seng Single US Stock Callable ELIs will be accrued and starts from (and excluding) the relevant calculation period start date to (and including) its corresponding calculation period end date. The relevant calculation period start date(s) and end date(s) will be specified in the relevant term sheet. There may be one or more calculation periods during the investment period. The number of scheduled trading days in a calculation period shall not be adjusted for the purpose of calculating the relevant potential cash distribution amount.
Fixing date	<p>Fixing dates are periodic dates as specified in the relevant term sheet and are set as the same dates as the relevant calculation period end dates. Fixing date is the date where the closing price of the linked stock will be determined and the fixed potential cash distribution amount for the relevant calculation period will be determined. Also, if the fixing date callable feature is applicable, fixing date is the date where the closing price of the linked stock will be determined and the date (except the final fixing date) on which whether the call condition has been met will be determined. If such date is not a scheduled trading day, the fixing date shall be the following scheduled trading day unless such day is a disrupted day.</p> <p>If a fixing date is a disrupted day, the closing price of the linked stock in respect of the fixing date shall be determined on the Adjusted Fixing Date as described further in “Closing price” above.</p>
Potential cash distribution amount	<p>If certain conditions are met, potential cash distribution amount will be paid on any specified cash distribution payment date for a calculation period (rounded to the nearest 0.01, with 0.005 or above being rounded upwards, save in the case of JPY, rounded to the nearest whole JPY, with 0.5 or above being rounded upwards). The relevant term sheet will specify whether the potential cash distribution amount for a calculation period is:</p> <ul style="list-style-type: none"> (i) a fixed amount; or (ii) a variable amount calculated by reference to the variable accrual formula.

Fixed potential cash distribution amount

Whether the potential cash distribution amount is payable for a calculation period is based on the closing price of the linked stock on the relevant fixing date (if the potential cash distribution amount for a calculation period is specified to be a fixed amount) or on each scheduled trading day during the calculation period (if the potential cash distribution amount for such calculation period is specified to be a variable amount) and the applicable cash distribution reference level. You should note that it is possible that you will not receive any potential cash distribution amount for the entire investment period.

Such amount will be payable if the closing price of the linked stock on the fixing date (which will be set as the same date as the relevant calculation period end date) for such calculation period is at or above the applicable cash distribution reference level.

If the potential cash distribution amount for a calculation period is specified to be a fixed amount, such potential cash distribution amount will be calculated in accordance with the following formula:

Nominal value x fixed cash distribution rate

Provided that if daily callable feature is applicable for a series of the Hang Seng Single US Stock Callable ELIs and the call condition is met and the Hang Seng Single US Stock Callable ELIs are early terminated on a call date, the fixed potential cash distribution amount for the relevant calculation period is payable regardless of the price performance of the linked stock and will be calculated in accordance with the following formula:

Nominal value x fixed cash distribution rate x $n \div N$

Where,

n = The number of scheduled trading days during the period from (and excluding) the relevant calculation period start date of the relevant calculation period up to (and including) the call date on which the call condition is met, including any disrupted day(s) within such period.

N = The number of scheduled trading days in the relevant calculation period, including any disrupted day(s) within such period.

Variable accrual formula

If the potential cash distribution amount for a calculation period is specified to be a variable amount, such potential cash distribution amount will be calculated in accordance to the following formula:

Nominal value x [(cash distribution rate 1 x day count factor 1) + (cash distribution rate 2 x day count factor 2)]

Where,

day count factor 1 = Day-in 1 \div TOTAL

day count factor 2 = Day-in 2 \div TOTAL

Day-in 1 = The number of scheduled trading days in a calculation period (or, if daily callable feature is applicable for a series of the Hang Seng Single US Stock Callable ELIs and the call condition is met and the Hang Seng Single US Stock Callable ELIs are early terminated on a call date, the number of scheduled trading days from (and excluding) the relevant calculation period start date to (and including) the call date) on which the closing price of the linked stock is at or above the cash distribution reference level.

Day-in 2 = The number of scheduled trading days in a calculation period (or, if daily callable feature is applicable for a series of the Hang Seng Single US Stock Callable ELIs and the call condition is met and the Hang Seng Single US Stock Callable ELIs are early terminated on a call date, the number of scheduled trading days from (and excluding) the relevant calculation period start date to (and including) the call date) on which the closing price of the linked stock is below the cash distribution reference level.

TOTAL = Number of scheduled trading days in a calculation period, including any disrupted day(s) within such calculation period (and, if daily callable feature is applicable for a series of the Hang Seng Single US Stock Callable ELIs, regardless of whether the call condition is met on any scheduled trading day during such calculation period).

Cash distribution rate 1/
Cash distribution rate 2

The cash distribution rate 1 and cash distribution rate 2 will each be a percentage specified in the relevant term sheet. The cash distribution rate 1 will always be set at a rate which is higher than the cash distribution rate 2, and the cash distribution rate 2 can be set as zero. The cash distribution rate 1 and cash distribution rate 2 will be the same for all applicable calculation periods.

Fixed cash distribution rate

The fixed cash distribution rate will be a percentage specified in the relevant term sheet and will be the same for all applicable calculation periods.

Cash distribution payment
date(s)

The cash distribution payment date(s) will be four business days after each fixing date (including the final fixing date) and it will be specified in the relevant term sheet. Postponement to the relevant fixing date will result in the postponement to the relevant cash distribution payment date. If our Hang Seng Single US Stock Callable ELIs are denominated in RMB, payments under such Hang Seng Single US Stock Callable 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?” below for details.

Cash distribution reference level

The cash distribution reference level is the price level determining whether the fixed potential cash distribution amount is payable to the investors and whether a particular scheduled trading day in a calculation period is a “Day-in 1” or “Day-in 2” for the purpose of the variable accrual formula.

The cash distribution reference level is set at a specified percentage of the initial stock price:

- (i) in respect of each calculation period for which the potential cash distribution amount is specified to be a fixed amount, the specified percentage of the initial stock price used to determine the cash distribution reference level (and hence the cash distribution reference level) can be different for different fixing dates.
- (ii) in respect of each calculation period for which the potential cash distribution amount is specified to be a variable amount, the same percentage of the initial stock price will be applied to the linked stock on every scheduled trading day within the same calculation period to determine the cash distribution reference level, but such percentage (and hence the cash distribution reference level) can be different for different calculation periods.

The relevant term sheet will set out the relevant percentages for the relevant calculation period. (The cash distribution reference level will be rounded to the nearest 0.0001, with 0.00005 or above being rounded upwards.)

C. Callable Feature

Call condition

The call condition, in relation to a series of Hang Seng Single US Stock Callable ELIs, refers to either of the following, as specified in the relevant term sheet:

- (i) if the **fixing date** callable feature is applicable, the call condition will be met on any of the applicable fixing dates (which are set as the same dates as the relevant calculation period end dates as specified in the relevant term sheet but exclude the final fixing date) when the closing price of the linked stock on that fixing date is at or above the applicable call strike price; or
- (ii) if the **daily** callable feature is applicable, the call condition will be met on any scheduled trading day during the callable period as specified in the relevant term sheet which excludes the final fixing date when the closing price of the linked stock on that scheduled trading day is at or above the applicable call strike price.

If the fixing date or scheduled trading day (as the case may be) is a disrupted day, the closing price will be determined on the Adjusted Fixing Date or Adjusted Valuation Date respectively as described further in “Closing price” above.

Callable period

The callable period applies only when the daily callable feature is applicable to a series of Hang Seng Single US Stock Callable ELIs and this is the period when the call condition can be met. The callable period will be specified in the relevant term sheet which is from (and including) one fixing date as specified in the relevant term sheet to (and excluding) another fixing date as specified in the relevant term sheet.

Call strike price The call strike price is the price determining whether the call condition is met on a call date.

The call strike price is set at a specified percentage of the initial stock price. If fixing date callable feature is applicable, the specified percentage of the initial stock price used to determine the call strike price can be different for different fixing dates and hence the call strike prices can be different for different fixing dates. If daily callable feature is applicable, the same percentage of the initial stock price will be applied on every scheduled trading day within the same calculation period to determine the call strike price, but such percentage (and hence the call strike price) can be different for different calculation periods. The relevant term sheet will set out the relevant percentages for each fixing date or each calculation period. (The call strike price will be rounded to the nearest 0.0001, with 0.00005 or above being rounded upwards.)

Call date The call date is the date on which the call condition is met and a series of Hang Seng Single US Stock Callable ELIs is therefore early terminated.

Call settlement date The day which is four business days after the call date and this is the date when investors will receive the settlement at call if the call condition is met and the Hang Seng Single US Stock Callable ELIs are early terminated. Postponement to the call date will result in the postponement to the call settlement date. If our Hang Seng Single US Stock Callable ELIs are denominated in RMB, payments under such Hang Seng Single US Stock Callable 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?” below for details.

Settlement at call In respect of each Hang Seng Single US Stock Callable ELI, a cash amount calculated using this formula (rounded to the nearest 0.01, with 0.005 or above being rounded upwards, save in the case of JPY, rounded to the nearest whole JPY, with 0.5 or above being rounded upwards):

$$\text{settlement at call} = \text{nominal value} + \text{any accrued potential cash distribution amount calculated from and excluding the relevant calculation period start date in respect of the calculation period during which the call condition is met to (and including) the call date}$$

D. Airbag Feature

Observation period If the daily airbag feature applies, the observation period will be set as the period from (but excluding) the start date to (and including) the final fixing date and it will be specified in the relevant term sheet.

Daily airbag feature If the relevant term sheet specifies that the daily airbag feature is applicable, there will be a daily airbag feature for such series. If the daily airbag feature applies, the settlement at maturity will depend on whether, among others, the airbag lapse event has occurred. See “Settlement at maturity” for FCDA US ELIs or DCDA US ELIs below.

Final fixing date airbag feature

If on any scheduled trading day during the observation period, the closing price of the linked stock is at or below the airbag level, the airbag lapse event has occurred.

If the relevant scheduled trading day is a disrupted day, the closing price will be determined on the Adjusted Valuation Date as described further in “Closing price” above.

If the relevant term sheet specifies that the final fixing date airbag feature is applicable, there will be a final fixing date airbag feature for such series. If the final fixing date airbag feature applies, the settlement at maturity will depend on whether the airbag lapse event has occurred. See “Settlement at maturity” for FCFA US ELIs or DCFA US ELIs below.

If the final stock price is at or below the airbag level, the airbag lapse event has occurred.

If the final stock price 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 “Closing price” above.

Airbag level

The airbag level for the purpose of the daily airbag feature or final fixing date airbag feature is expressed as a specified percentage of the initial stock price of the linked stock, and such percentage will be specified in the relevant term sheet. (The airbag level will be rounded to the nearest 0.0001, with 0.00005 or above being rounded upwards.) The airbag level will always be set at a level which is lower than the reference stock price. If the daily airbag feature is applicable, the airbag level will be the same throughout the observation period.

The closing price of the linked stock on any applicable scheduled trading day during the observation period or on the final fixing date (as the case may be) will be determined and compared against the airbag level to determine whether the airbag lapse event has occurred.

E. Settlement At Maturity

Final fixing date

If the Hang Seng Single US Stock Callable 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, the final stock price shall be determined on the Adjusted Final Fixing Date as described further in “Closing price” above.

Reference stock price

The reference stock price of the linked stock is set at a specified percentage of its initial stock price. The relevant term sheet will set out the percentage. (The reference stock price will be rounded to the nearest 0.0001 with 0.00005 or above being rounded upwards).

The reference stock price will be determined and compared to 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 US 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 “Closing price” above.

Settlement at maturity

If a series of our Hang Seng Single US Stock Callable ELIs is not called or terminated early, in respect of each Hang Seng Single US Stock Callable ELI, you will receive on the maturity date, either:

(1) For FCNA US ELIs or DCNA US ELIs:

- a) if the final stock price is at or above the reference stock price, a cash amount calculated using the formula set out below (rounded to the nearest 0.01, with 0.005 or above being rounded upwards, save in the case of JPY, rounded to the nearest whole JPY, with 0.5 or above being rounded upwards):

$$\text{nominal value} + \text{any accrued potential cash distribution amount payable for the final calculation period}$$

or

- b) if the final stock price is below the reference stock price:
 - i) if physical settlement is elected (see “Mode of settlement” below), physical delivery of a number of share(s) of the linked stock equal to the number of share(s) per ELI (as described further on page 96 below), together with the accrued potential cash distribution amount payable for the final calculation period (if any); or
 - ii) if cash settlement is elected (see “Mode of settlement” below), the cash equivalent of the number of share(s) per ELI calculated according to the formula set out below (rounded to the nearest 0.01, with 0.005 or above being rounded upwards, save in the case of JPY, rounded to the nearest whole JPY, with 0.5 or above being rounded upwards):

$$\text{nominal value} \times \frac{\text{final stock price}}{\text{reference stock price}} + \text{any accrued potential cash distribution amount payable for the final calculation period}$$

(2) For FCDA US ELIs or DCDA US ELIs:

- a) if:
- i) the final stock price is at or above the reference stock price; or
 - ii) the final stock price is below the reference stock price but on each scheduled trading day during the observation period the closing price of the linked stock is above the airbag level (i.e. no airbag lapse event has occurred),

a cash amount calculated using the formula set out below (rounded to the nearest 0.01, with 0.005 or above being rounded upwards, save in the case of JPY, rounded to the nearest whole JPY, with 0.5 or above being rounded upwards):

$$\text{nominal value} + \text{any accrued potential cash distribution amount payable for the final calculation period}$$

or

- b) if the final stock price is below the reference stock price and the closing price of the linked stock in respect of any scheduled trading day during the observation period is at or below the airbag level (i.e. airbag lapse event has occurred):
- i) if physical settlement is elected (see “Mode of settlement” below), physical delivery of a number of share(s) of the linked stock equal to the number of share(s) per ELI (as described further on page 96 below), together with the accrued potential cash distribution amount payable for the final calculation period (if any); or
 - ii) if cash settlement is elected (see “Mode of settlement” below), the cash equivalent of the number of share(s) per ELI calculated in accordance with the formula set out below (rounded to the nearest 0.01, with 0.005 or above being rounded upwards, save in the case of JPY, rounded to the nearest whole JPY, with 0.5 or above being rounded upwards):

$$\text{nominal value} \times \frac{\text{final stock price}}{\text{reference stock price}} + \text{any accrued potential cash distribution amount payable for the final calculation period}$$

(3) For FCFA US ELIs or DCFA US ELIs:

- a) if the final stock price is above the airbag level (i.e. no airbag lapse event has occurred), a cash amount calculated using the formula set out below (rounded to the nearest 0.01, with 0.005 or above being rounded upwards, save in the case of JPY, rounded to the nearest whole JPY, with 0.5 or above being rounded upwards):

$$\text{nominal value} + \frac{\text{any accrued potential cash distribution amount payable for the final calculation period}}{\text{reference stock price}}$$

or

- b) if the final stock price is at or below the airbag level (i.e. airbag lapse event has occurred):
 - i) if physical settlement is elected (see “Mode of settlement” below), physical delivery of a number of share(s) of the linked stock equal to the number of share(s) per ELI (as described further on page 96 below), together with the accrued potential cash distribution amount payable for the final calculation period (if any); or
 - ii) if cash settlement is elected (see “Mode of settlement” below), the cash equivalent of the number of share(s) per ELI calculated in accordance with the formula set out below (rounded to the nearest 0.01, with 0.005 or above being rounded upwards, save in the case of JPY, rounded to the nearest whole JPY, with 0.5 or above being rounded upwards):

$$\text{nominal value} \times \frac{\text{final stock price}}{\text{reference stock price}} + \frac{\text{any accrued potential cash distribution amount payable for the final calculation period}}{\text{reference stock price}}$$

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 Single US Stock Callable ELI held by you.

Mode of settlement

Our Hang Seng Single US Stock Callable ELIs can be settled by cash or physical delivery of the linked stock as described in “Settlement at maturity” above. **In order for you to elect physical settlement as the mode of settlement and receive physical delivery of the number of share(s) per ELI at maturity, you must have, or open, a securities account with us at the time of your application and maintain the securities account throughout the investment period of the relevant Hang Seng Single US Stock Callable ELIs.** You should check with us for the account opening procedures as well as terms and conditions of the securities account. You are required to elect the mode of settlement when you place the order to purchase our Hang Seng Single US Stock Callable ELIs.

Please note that if you want to change your election for cash settlement or physical settlement as the mode of settlement subsequently, 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.

If you do not have, or maintain the securities account with us, or we have closed the securities account in accordance with its terms and conditions and/or applicable law and regulations, in either case during the investment period of the relevant Hang Seng Single US Stock Callable ELIs, you are deemed to have elected for cash settlement as the mode of settlement and will not be able to change such election afterwards.

Number of share(s) per ELI

If the Hang Seng Single US Stock Callable ELIs are to be settled by physical delivery, the number of share(s) per ELI is the number of share(s) of the linked stock which you will receive in respect of each Hang Seng Single US Stock Callable ELI on the maturity date. The number of share(s) per ELI is:

$$\frac{\text{Nominal value}}{\text{Reference stock price}}$$

If the settlement currency is not the same as the underlying currency, the nominal value in the formula above will be converted into the underlying currency, using the exchange rate on the final fixing date. Please see “Exchange rate” above for further details.

If the linked stock to be delivered to you does not form an integral share, such fraction of a share will be paid in cash in the settlement currency (rounded down to 2 decimal places, save in the case of JPY, rounded down to the nearest whole JPY) by us no later than the maturity date, and such amount is equal to the final stock price of the linked stock multiplied by the number of fraction of a share. If the settlement currency is not the same as the underlying currency, the final stock price of the linked stock will be converted into the settlement currency using the exchange rate.

Maturity date

The maturity date is four 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 Single US Stock Callable 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 Single US Stock Callable ELIs are denominated in RMB, payments under such Hang Seng Single US Stock Callable 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.

Business day	A day (excluding Saturdays, Sundays and public holidays) on which commercial banks and foreign exchange markets are open for business in Hong Kong, New York and other relevant business day centre(s) as specified in the relevant term sheet.
Scheduled trading day	A day on which the US exchange and each related exchange are scheduled to be open for trading for their respective regular trading sessions.

How and when will the linked stock be delivered?

In order for you to elect physical settlement as the mode of settlement and receive physical delivery of the number of share(s) per ELI at maturity, you must have, or open, a securities account with us at the time of your application and maintain the securities account throughout the investment period of the relevant Hang Seng Single US Stock Callable ELIs.

If the linked stock is deliverable upon maturity, we will arrange for a number of share(s) of the linked stock equal to the number of share(s) per ELI to be delivered to you on the maturity date in the following manner:

- (i) if our Hang Seng Single US Stock Callable 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 Depository Trust and Clearing Corporation and your distributor (or, where applicable, your distributor's custodian(s)) will credit such linked stock to your securities account with us; or
- (ii) if our Hang Seng Single US Stock Callable ELIs are held outside the clearing system and you invest in our Hang Seng Single US Stock Callable ELIs through us as your distributor, such linked stock will be credited into your securities 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 company 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 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 Single US Stock Callable ELIs be adjusted?

The terms and conditions of our Hang Seng Single US Stock Callable ELIs will be adjusted following the occurrence of a potential adjustment event which the calculation agent determines in good faith and in 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 Single US Stock Callable ELIs as it determines appropriate to account for the occurrence of such events in order to preserve the economic equivalence of our Hang Seng Single US Stock Callable ELIs (such adjustment will include, where the 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 US exchange or any other related exchange as the effective date of such adjustment.

In determining such adjustment, if options contracts or futures contracts of the linked stock are traded on the US 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 US exchange or such other exchange, unless following such adjustment is not able to preserve the economic equivalence of our Hang Seng Single US Stock Callable 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 Single US Stock Callable 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 Single US Stock Callable ELIs may be terminated before maturity other than as a result of the call condition being met?

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 Single US Stock Callable ELIs is unable to preserve the economic equivalence of our Hang Seng Single US Stock Callable 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 and additional disruption event, our Hang Seng Single US Stock Callable 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 Single US Stock Callable 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, any outstanding accrued potential cash distribution amount, the remaining investment period of our Hang Seng Single US Stock Callable ELIs, our creditworthiness and our unwind cost on any hedging arrangements relating to the Hang Seng Single US Stock Callable 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 Single US Stock Callable ELIs. If our Hang Seng Single US Stock Callable 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 fourth business day after the effective date of such early termination.

Can the dates referred to above be subject to adjustments?

The fixing date(s), final fixing date and a day counted towards the calculation period, the callable period or the observation period (if applicable) could be postponed (as determined by the calculation agent) (i) if the relevant date is not a day on which the US exchange and each related exchange are scheduled to be open for trading, or (ii) if the relevant date is a disrupted day, being a scheduled trading day on which the US exchange or any related exchange fails to open for trading during its regular trading session on the relevant date, or on which a market disruption event occurs. See “Closing price” under the glossary section on page 85 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 call settlement date, cash distribution payment date(s) or maturity date and no compensation will be made by us for the postponement.

If the final fixing date is postponed 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. If any scheduled trading day during the callable period or any fixing date (other than the final fixing date) (as the case may be) is postponed due to the occurrence of the market disruption event and as a result of which (i) the relevant cash distribution payment date or (ii) the call settlement date is postponed for more than 1 scheduled trading day, we will issue notice (in the case of (i)) on the relevant original cash distribution payment date or (in the case of (ii)) within 3 business days after the call date on which the call condition is met to your distributor who will in turn forward to you specifying such postponement. For the avoidance of doubt, we will postpone these dates (including the start date, issue date and payment date) if the offer period of a series is extended, but we will not reschedule these dates if the offer period of a series is closed early.

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 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 97 of this product booklet. The scheduled date for payment of any potential cash distribution amount, settlement at call and 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 and foreign exchange markets are open for business in Hong Kong and/or any place specified in the relevant term sheet and will be postponed to the next day on which this is the case if necessary. We will not pay any extra amount (such as interest) 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 quoted in USD against RMB in respect of any amount due and payable in RMB under the Hang Seng Single US Stock Callable 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 Single US Stock Callable 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 a cash distribution payment date, the call settlement date, 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 Single US Stock Callable 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 in 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 SINGLE US STOCK CALLABLE ELIS

How can you buy the Hang Seng Single US Stock Callable ELIs?

You cannot purchase our Hang Seng Single US Stock Callable ELIs directly from us (in our capacity as the Issuer). If you wish to purchase any of our Hang Seng Single US Stock Callable ELIs, you must contact one of the distributors specified in the indicative term sheet during the offer period for that series. Your distributor will apply for the relevant series of Hang Seng Single US Stock Callable 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 Single US Stock Callable ELIs from us as the distributor as explained below. The names and contact details of the distributors are specified in the indicative term sheet.

When you purchase our Hang Seng Single US Stock Callable ELIs, you will need to complete an order form provided by your distributors. Once you place your Hang Seng Single US Stock Callable ELIs order, you are committed to purchase our Hang Seng Single US Stock Callable ELIs unless:

- (i) a post-sale cooling-off period applies to our Hang Seng Single US Stock Callable ELIs and you exercise such right to cancel or unwind your order (see “post-sale cooling-off period” below) or
- (ii) where an updated financial disclosure document and/or an addendum to the information memorandum, the financial disclosure document and/or this product booklet is published during the offer period after you have placed your order, you exercise your right to cancel your order within the specified period of time as notified by your distributor. In this case, you will not be required to pay any fees for such cancellation.

You should note that the initial stock price may be (i) the official opening price of the linked stock on the US exchange on the start date, or (ii) the price of such linked stock as agreed between us and you (via your distributor) on the start date. In case (i) above, the initial stock price will only be recorded after you are committed to purchase our Hang Seng Single US Stock Callable ELIs. In that case, the benchmark prices (such as the reference stock price, call strike price, airbag level (if applicable) and cash distribution reference level) will only be determined after the US exchange opens on the start date when the initial stock price is recorded after you have committed to purchase our Hang Seng Single US Stock Callable ELIs. In case (ii) above, the benchmark prices will be agreed before you have committed to purchase our Hang Seng Single US Stock Callable ELIs. In both cases, contract note with all these terms will be sent to you 2 business days after the start date.

Do you need an RMB cash account and a HKD cash account if you purchase our Hang Seng Single US Stock Callable ELIs denominated in RMB?

If you wish to purchase our Hang Seng Single US Stock Callable ELIs denominated in RMB, you must have, or open, an 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 Single US Stock Callable 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 Single US Stock Callable 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 Single US Stock Callable ELIs may be made in a HKD equivalent amount if an RMB disruption event occurs.

Post-sale cooling-off period

If you change your mind after you have placed an order for our Hang Seng Single US Stock Callable ELIs and such Hang Seng Single US Stock Callable ELIs have an investment period over 1 year, you can give a notice to your distributor within the period starting from the day you place the order to 5 business days after the end of the offer period. We will only accept cancellation or unwinding of your order in whole (but not in part).

Please ask your distributor for details including how you can give such notice.

If your distributor receives your notice to cancel before the initial stock price is recorded on the start date, the issue price of your whole order will not be deducted from your account on the payment date and no market value adjustment and/or issuer's handling fee will be deducted from your account.

If your distributor receives your notice to unwind after the initial stock price is recorded on the start date, the issue price of your whole order will be deducted from your account on the payment date and we will arrange for the distributor to return to you the issue price of your whole order less a market value adjustment and issuer's handling fee (as specified in the indicative term sheet) on the second business day after the payment date. The market value adjustment is calculated based 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, any outstanding accrued potential cash distribution amount, the remaining investment period of our Hang Seng Single US Stock Callable ELIs, our creditworthiness and our unwind cost on hedging (such as, but not limited to, any market bid/offer spread and any ancillary cost in relation to such unwinding). You should note that if you send a notice to your distributor after the end of the offer period, the amount that we will return to you is capped at and may be substantially less than the issue price and, in that case, you will suffer a loss. For the avoidance of doubt, if the Hang Seng Single US Stock Callable ELIs are denominated in RMB and the post-sale cooling-off period arrangement is applicable, such return to you will not be subject to an RMB disruption event.

In either case, the distributor's commission (if any) will not be deducted from the amount returned to you, but your distributor may charge you a handling fee. You should ask your distributor for details. The above post-sale cooling-off period arrangement will not be applicable to our Hang Seng Single US Stock Callable ELIs with an investment period of 1 year or less and the indicative term sheet will specify if the post-sale cooling-off period arrangement is applicable or not.

Market making arrangements

If you intend to purchase any Hang Seng Single US Stock Callable ELIs, you should be willing to hold such Hang Seng Single US Stock Callable ELIs until maturity. The Hang Seng Single US Stock Callable ELIs are not listed on any exchange. Hang Seng Bank Limited in its capacity as market agent will make a market for all of our Hang Seng Single US Stock Callable ELIs on each business day which is a scheduled trading day during the period from but excluding the issue date to and including the third 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 Single US Stock Callable ELIs regardless of the length of the investment period. We may not be able to provide market making arrangements on a market making day if the relevant series of Hang Seng Single US Stock Callable 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) on the scheduled trading day immediately preceding such market making day (for example, the suspension of trading in the linked stock).

On each market making day, the market agent will, upon your request submitted via your distributor, make available to you (via your distributor) indicative bid prices (on a per Hang Seng Single US Stock Callable ELI basis) ("**indicative bid price**") during normal business hours in Hong Kong. Your request for indicative bid prices must be submitted (via your distributor) to us no later than 4:00 p.m. (Hong Kong time) on that market making day specifying the amount of the Hang Seng Single US Stock Callable 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). The indicative bid price is determined by us acting in good faith and in a commercially reasonable manner taking into account factors such as the previous closing price of the linked stock and the prevailing market conditions.

The indicative bid prices are only provided for your reference for you to decide the limit order price (as defined below) at which you may place a limit sell back order. In addition, the indicative bid prices do not represent the actual prices (as defined below) at which we will execute your limit sell back order.

If you decide to sell the Hang Seng Single US Stock Callable ELIs back to us, you can place a limit sell back order with your distributor specifying your proposed sell back price (“**limit order price**”) and the amount of the Hang Seng Single US Stock Callable 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 5:00 p.m. (Hong Kong time) on a market making day. Your limit sell back order is only valid during the trading hours of the US exchange on the market making day that you have placed such order.

Once you have placed a limit sell back order with your distributor at the limit order price before 5:00 p.m. (Hong Kong time) on a market making day, it cannot be cancelled, withdrawn or adjusted. We will seek to execute your limit sell back order at a price **at or above** the limit order price during the trading hours of the US exchange on such market making day (such price, the “**actual price**”).

The actual price at which you are able to sell back your Hang Seng Single US Stock Callable ELIs will:

- (a) be affected by the prevailing market conditions during the trading hours of the US exchange on the market making day that you have placed such order after close of business hours in Hong Kong and are therefore subject to changes to the market condition after the normal business hours in Hong Kong on such market making day; and
- (b) depend on various factors, including (without limitation), the prevailing spot price of the linked stock during the trading hours of the US exchange on the market making day that you have placed such order, 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, any outstanding potential cash distribution amount accrued up to and including such market making day, the remaining investment period of our Hang Seng Single US Stock Callable 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).

Your limit sell back order placed on a market making day will not be executed if:

- (a) the US exchange fails to open for trading during its regular trading session on such day;
- (b) the relevant Hang Seng Single US Stock Callable ELIs are affected by market disruption events on such day; or
- (c) the prevailing price of the Hang Seng Single US Stock Callable ELIs is **below** the limit order price of your limit sell back order throughout the trading hours of the US exchange on the market making day that you have placed such order.

Once the prevailing price of the Hang Seng Single US Stock Callable ELIs reaches or goes above the limit order price of your limit sell back order placed on the market making day that you have placed such order, we will execute your limit sell back order at such prevailing price. However, such prevailing price may not be the highest price of the Hang Seng Single US Stock Callable ELIs throughout the trading hours of the US exchange on the market making day that you have placed such order. In this case, once your limit sell back order is executed (at the price which is at or above your limit order price but which may not be the best available price during the trading hours of the US exchange), you will lose the opportunity to benefit from any upside. Your distributor will notify you of whether your limit sell back order was executed, and if so, the actual price at which your limit sell back order was executed, before 3:00 p.m. (Hong Kong time) on the business day immediately following the market making day that you have placed such order. Such actual price will also be set out in the contract note which will be sent to you by your distributor within 2 business days after such market making day. The cash received from selling back the Hang Seng Single US Stock Callable ELIs will be credited to your account on the fourth business day after such market making day. You can contact your distributor to enquire about the limit sell back order any time before you receive the contract note.

If we are not able to execute your limit sell back order at a price **at or above** the limit order price on the market making day that you have placed such order, your limit sell back order will lapse and you will need to place a new limit sell back order specifying a new limit order price during the Hong Kong business hours on the next market making day if you still want to sell back your Hang Seng Single US Stock Callable ELIs.

The following table provides a summary of our market making arrangements:

Each market making day	The market agent will make available to you (via your distributor) indicative bid prices (on a per Hang Seng Single US Stock Callable ELIs basis) during Hong Kong normal business hours.
4:00 p.m. (Hong Kong time) on a market making day (“ Relevant Market Making Day ”) – cut-off time for any request for indicative bid prices	You must submit to your distributor your request for an indicative bid price and specify the amount of the Hang Seng Single US Stock Callable ELIs that you intend to sell no later than 4:00 p.m. (Hong Kong time) on a market making day.
5:00 p.m. (Hong Kong time) on the Relevant Market Making Day – cut-off time for placing a limit sell back order	If you decide to sell the Hang Seng Single US Stock Callable ELIs, you must place a limit sell back order with your distributor specifying your limit order price before 5:00 p.m. (Hong Kong time) on the Relevant Market Making Day.
During the trading hours of the US exchange on the Relevant Market Making Day	The market agent will seek to execute your limit sell back order at a price at or above the limit order price. If the prevailing price of the Hang Seng Single US Stock Callable ELIs throughout the trading hours of the US exchange on the Relevant Market Making Day is below the limit order price of your limit sell back order, your limit sell back order will not be executed and will lapse.
Before 3:00 p.m. (Hong Kong time) on the business day immediately following the Relevant Market Making Day	Your distributor will notify you of whether your limit sell back order was executed, and if so, the actual price at which your limit sell back order was executed (which will also be set out in the contract note which will be sent to you within 2 business days after the Relevant Market Making Day).
Fourth business day after the Relevant Market Making Day (if the order is executed)	The cash received from selling back the Hang Seng Single US Stock Callable ELIs will be credited to your account.

If our Hang Seng Single US Stock Callable ELIs are denominated in RMB, payments under such Hang Seng Single US Stock Callable 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 99 of this product booklet for details.

For the avoidance of doubt, we will only pay to you through your distributor a cash amount representing the actual price and will not make a separate payment of any outstanding potential distribution amount.

The indicative bid prices for our Hang Seng Single US Stock Callable ELIs will only be provided 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 provided by the market agent to your distributor or directly to you (at the same time) will be the same.

If you have purchased Hang Seng Single US Stock Callable ELIs from a distributor but wish to sell back such Hang Seng Single US Stock Callable 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 Single US Stock Callable ELIs you hold, you will be provided with the market value of the relevant series of Hang Seng Single US Stock Callable 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 actual price at which your limit sell back order is executed.

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

You should note that the actual price at which you sell your Hang Seng Single US Stock Callable ELIs may be substantially less than the issue price.

Who are the Hang Seng Single US Stock Callable ELIs designed for?

- Our Hang Seng Single US Stock Callable 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) are not familiar with or 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 Single US Stock Callable 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 (and official guidance issued thereunder), 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 Single US Stock Callable ELIs that constitute “dividend equivalents” (as described below under “Dividend Equivalent Payments”) for U.S. federal income tax purposes (such payments, “**U.S. Source Payments**”) – under the applicable U.S. federal income tax rules, payments made under the Hang Seng Single US Stock Callable 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), unless otherwise constitute “dividend equivalents”, will not be treated as U.S. Source Payments because the payments will be made by us, being a non-U.S. entity; or
- (b) any “foreign passthru 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 Single US Stock Callable ELIs, subject to the exceptions described below.

Subject to the discussion below regarding the withholding on gross proceeds under the Proposed Regulations (as defined below), the HIRE Act and FATCA withholding tax can affect both coupon or periodic payments and “gross proceeds” (including any payment of the settlement at maturity).

Based on the provisions of the HIRE Act and current regulations under FATCA and other related official guidance issued by the U.S. Internal Revenue Service (the “**IRS**”), payments made with respect to a Hang Seng Single US Stock Callable ELI that are not U.S. Source Payments will not be subject to the HIRE Act or FATCA withholding tax if such Hang Seng Single US Stock Callable ELI is issued on or before (and is not materially modified after) the Grandfather Date (as defined below). 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. As of the date of this Product Booklet, no final regulation defining the term “foreign passthru payment” has been filed with the U.S. Federal Register. As discussed in more details below under “Dividend Equivalent Payments” and subject to the limitations therein, we have determined that the payments made under the Hang Seng Single US Stock Callable ELI do not constitute “dividend equivalents”. Therefore, such payments will not constitute U.S. Source Payments.

Recently issued proposed regulations (the “**Proposed Regulations**”) would eliminate FATCA withholding tax on “gross proceeds” and delay the withholding on “foreign passthru payments” until the date that is two years after the date of publication in the Federal Register of final regulations defining the term “foreign passthru payment” (the “**Delayed Withholding Effective Date**”). As of the date of this Product Booklet, no such final regulation has been published in the U.S. Federal Register. Taxpayers generally may rely on the Proposed Regulations until the final regulations are issued. There is no assurance, however, that the final regulations, once issued, will not reinstate this withholding obligation (or otherwise modify the Proposed Regulations), possibly with retroactive effect.

We will neither offer nor issue any Hang Seng Single US Stock Callable ELI providing for payments that are U.S. Source Payments. Additionally, any Hang Seng Single US Stock Callable 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 any payments on or after the Delayed Withholding Effective Date. Therefore, on the basis of the current regulations, the Proposed Regulations, official guidance and the above analysis, payments made with respect to the Hang Seng Single US Stock Callable 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 Single US Stock Callable ELIs, including the possibility of meeting certain documentation requirements to be exempt from FATCA withholding tax.

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 that is formed or organized under the laws of the United States, any state thereof or the District of Columbia, or any entity that is taxable as a corporation 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 the U.S. Treasury regulations. If you are an investor treated as a partnership for U.S. federal income tax purposes, FATCA withholding tax may apply to you and your beneficial owners based on your and your beneficial owners’ activities and status and you should consult your own tax adviser regarding any FATCA withholding tax consideration arising from your investment in the Hang Seng Single US Stock Callable ELIs.

Dividend Equivalent Payments

Under section 871(m) of the U.S. Internal Revenue Code and the official guidance issued thereunder (the “**Section 871(m) Rules**”), payments or deemed payments with respect to equity-linked instruments (“**ELIs**”) that are “specified ELIs” (as defined in the applicable U.S. Treasury regulations) may be treated as “dividend equivalents”, if such specified ELIs reference the value of one or more “underlying securities”, which generally mean any interest in an entity that is treated as a U.S. corporation for U.S. federal income tax purposes if that interest could give rise to a U.S. source dividend. A withholding tax at a rate of 30% (or a lower rate under an applicable income tax treaty) is imposed on such dividend equivalents if paid to a Non-U.S. Investor. The withholding tax can apply even if the instrument does not provide for payments that reference dividends. The U.S. Treasury regulations provide that the withholding tax applies to all payments or deemed payments with respect to specified ELIs that have a “delta”¹ (as defined in the applicable U.S. Treasury regulations) of one (“**Delta-One Specified ELIs**”) issued after 2016 and to all payments or deemed payments with respect to all other specified ELIs issued after 2018. However, the IRS has issued guidance that states that the U.S. Treasury Department and the IRS intend to amend the effective dates of the Treasury regulations to provide that payments or deemed payments with respect to specified ELIs that are not Delta-One Specified ELIs and are issued before (and are not materially modified on or after) 1 January 2025 do not constitute “dividend equivalents” and will not be subject to withholding tax under the Section 871(m) Rules (the “**Grandfather/Delta Exemption**”).

Our outside counsel has conducted extensive analysis on (i) whether the Hang Seng Single US Stock Callable ELIs are classified as specified ELIs and (ii) the applicability of the Grandfather/Delta Exemption to Hang Seng Single US Stock Callable ELIs that are issued before (and are not materially modified on or after) 1 January 2025. After obtaining the advice of our outside counsel, we have determined and concluded that the Hang Seng Single US Stock Callable ELIs should not be classified as specified ELIs. We have also determined and concluded that, in the event the Hang Seng Single US Stock Callable ELIs are treated as specified ELIs, the Grandfather/Delta Exemption applies to Hang Seng Single US Stock Callable ELIs that are issued before (and are not materially modified on or after) 1 January 2025. Therefore, the payments made under the Hang Seng Single US Stock Callable ELIs do not constitute “dividend equivalents” and will not be subject to withholding tax under the Section 871(m) Rules.

However, Non-U.S. Investors that enter, or have entered, into other transactions in respect of the underlying US stock could be subject to such U.S. withholding tax if the investment in the Hang Seng Single US Stock Callable ELIs and the other transactions combined replicate the economics of a transaction that would be subject to the U.S. withholding tax under the Section 871(m) Rules. You should note that the Section 871(m) Rules are complex and their application may depend on your particular circumstances, including whether you enter into other transactions with respect to the underlying US stock. In addition, the IRS may successfully argue that the Hang Seng Single US Stock Callable ELIs are treated as “dividend equivalents”. You should, prior to your investment in the Hang Seng Single US Stock Callable ELIs, consult your own tax advisor regarding the application of the Section 871(m) Rules arising from such investment.

Who will determine the potential cash distribution amount, settlement at call, 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 Single US Stock Callable ELIs. The calculation agent will make determinations in connection with our Hang Seng Single US Stock Callable 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 Single US Stock Callable ELIs in certain circumstances. See “When will the terms and conditions of the Hang Seng Single US Stock Callable ELIs be adjusted?” on pages 97 to 98 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 Single US Stock Callable ELIs.

¹ In general terms, the “delta” of a specified ELI is a ratio that compares the change in the price of an underlying asset (the US stock in our case) with the change in the price of derivative (the Hang Seng Single US Stock Callable ELIs in our case). The higher the delta is, the closer the specified ELIs will track the underlying asset. For example, if a specified ELI has a delta of one then one would expect changes in the value of the specified ELI and changes in the value of the linked stock to mirror each other exactly.

How will you know what the potential cash distribution amount, settlement at call, settlement at maturity and (if applicable) number of share(s) per ELI etc 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 relevant cash distribution payment date, call settlement date or maturity date (as the case may be).

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

Our Hang Seng Single US Stock Callable ELIs are issued under the Programme, which is described in our information memorandum dated 9 August 2023. 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 Single US Stock Callable 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 Single US Stock Callable ELIs;
- taxation issues in relation to our unlisted structured products in general; and
- the general procedure for buying our unlisted structured products through a distributor, how your distributor will hold your unlisted structured products and receive notices, shares and payments from us on your behalf, and how you must rely on your distributor to forward such notices, shares 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 statements of our Hang Seng Single US Stock Callable ELIs;
- the features and key elements of our Hang Seng Single US Stock Callable ELIs;
- product risks in relation to our Hang Seng Single US Stock Callable ELIs;
- the terms and conditions that apply to our Hang Seng Single US Stock Callable ELIs;
- form of the term sheet for our Hang Seng Single US Stock Callable ELIs; and
- scenario analysis of our Hang Seng Single US Stock Callable ELIs.

The indicative term sheet for a specific series of Hang Seng Single US Stock Callable ELIs contains information about:

- terms of that particular series of Hang Seng Single US Stock Callable ELIs.

In respect of any Hang Seng Single US Stock Callable ELI, the following Offering Documents can be obtained free of charge during the offer period 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). 	<p>(i) Printed copies from the distributors; and/or</p> <p>(ii) Electronic copies at our website (www.hangseng.com) and/or via the QR Code as set out in the relevant indicative term sheet</p> <p>(whether or not printed copies and/or electronic copies are being made available for any particular series of Hang Seng Single US Stock Callable ELIs will be specified in the indicative term sheet).</p>
<p>The indicative term sheet</p>	<p>(i) Printed copies from the distributors; and/or</p> <p>(ii) Electronic copies at our website (www.hangseng.com) and/or via the QR Code as set out in the relevant indicative term sheet</p> <p>(whether or not printed copies and/or electronic copies are being made available for any particular series of Hang Seng Single US Stock Callable ELIs will be specified in the indicative term sheet).</p>

The offer of each series of Hang Seng Single US Stock Callable 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 Single US Stock Callable ELIs, contain information about our Hang Seng Single US Stock Callable ELIs), we have not authorised anyone to give you any information about our Hang Seng Single US Stock Callable ELIs other than the information in the Offering Documents.

Legal terms and conditions of our Hang Seng Single US Stock Callable ELIs

The binding legal terms for the relevant series of Hang Seng Single US Stock Callable ELIs are constituted by the terms and conditions of Hang Seng Single US Stock Callable 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 Single US Stock Callable ELIs.

If the initial stock price is set as the official opening price of the linked stock on the US exchange on the start date, certain details about the relevant series of our Hang Seng Single US Stock Callable ELIs (such as the reference stock price, call strike price, airbag level (if applicable) and cash distribution reference level) can only be ascertained after the US exchange opens on the start date, and will be set out in the final term sheet. 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 with all these finalised terms will be sent to you two business days after the start date.

Who takes responsibility for the Offering Documents of our Hang Seng Single US Stock Callable 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 Single US Stock Callable 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 Single US Stock Callable 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 Single US Stock Callable ELIs?

During the offer period for our Hang Seng Single US Stock Callable ELIs or while any of our Hang Seng Single US Stock Callable 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 26 to 27 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 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 Hang Seng Single US Stock Callable ELIs. Your distributor will in turn inform you. Please contact your distributor for further details.

Governing law

Hong Kong law governs our Hang Seng Single US Stock Callable ELIs.

APPENDIX A

TERMS AND CONDITIONS OF HANG SENG SINGLE US STOCK CALLABLE ELIS

*These terms and conditions of Hang Seng Single US Stock Callable 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. 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 Call or, as the case may be, the Settlement At Maturity (each as defined below), if any, on the Call Settlement Date or on the Maturity Date respectively.
- (b) *Potential Cash Distribution.* In respect of a Calculation Period where the Potential Cash Distribution Amount is payable, the Calculation Agent will calculate and, subject as provided in Condition 4(b)(ii) below in the case of an RMB Disruption Event (applicable where the Settlement Currency is RMB only), the Issuer will pay the relevant Potential Cash Distribution Amount to the ELI holder in accordance with the provisions in the applicable Term Sheet.
- (c) *Definitions.* For the purposes of these Terms and Conditions:

“**Airbag Level**” shall be a specific percentage of the Initial Stock Price as specified in the applicable Term Sheet, subject to adjustment in accordance with Condition 6;

“**Business Day**” means a day (excluding Saturdays, Sundays and public holidays) on which commercial banks and foreign exchange markets are open for business in the relevant Business Day Centre(s);

“**Business Day Centre(s)**” means such cities and/or settlement systems as specified in the applicable Term Sheet;

“**Calculation Period**” has the meaning as specified in the applicable Term Sheet;

“**Call Condition**” has the meaning as specified in the applicable Term Sheet;

“**Call Date**” has the meaning as specified in the applicable Term Sheet;

“**Call Settlement Date**” has the meaning as specified in the applicable Term Sheet, (where the Settlement Currency is RMB) subject to postponement in accordance with Condition 4(b)(ii) upon the occurrence of an RMB Disruption Event. If any Scheduled Trading Day during the Callable Period or any Fixing Date (other than the Final Fixing Date) (as the case may be) is a

Disrupted Day and as a result of which the Call Settlement Date is postponed for more than one Scheduled Trading Day, a notice of such postponement will be given to the ELI holders in accordance with Condition 9 within 3 Business Days after the Call Date on which the Call Condition is met;

“**Callable Period**” has the meaning as specified in the applicable Term Sheet;

“**Call Strike Price**” shall be a specific percentage of the Initial Stock Price as specified in the applicable Term Sheet, subject to adjustment in accordance with Condition 6;

“**Cash Distribution Payment Date**” has the meaning as specified in the applicable Term Sheet, (where the Settlement Currency is RMB) subject to postponement in accordance with Condition 4(b)(ii) upon the occurrence of an RMB Disruption Event. If any Fixing Date (other than the Final Fixing Date) is a Disrupted Day and as a result of which the Cash Distribution Payment Date is postponed for more than one Scheduled Trading Day, a notice of such postponement will be given to the ELI holders in accordance with Condition 9 on the relevant original Cash Distribution Payment Date;

“**Cash Distribution Reference Level**” shall be a specific percentage of the Initial Stock Price as specified in the applicable Term Sheet, subject to adjustment in accordance with Condition 6;

“**Cash Distribution Rate 1**”, “**Cash Distribution Rate 2**” and “**Fixed Cash Distribution Rate**”, shall each be a specific percentage as specified in the applicable Term Sheet;

“**Clearance System**” means, in relation to a series of ELIs, The Depository Trust and Clearing Corporation or such other applicable clearance system (through which transfers of the Linked Stock 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 of such Linked Stock as traded on the US Exchange without regard to any subsequently published correction provided that, for the purposes of determining the Closing Price of such Linked Stock on a Fixing Date, the Final Fixing Date or any other Scheduled Trading Day, and if such Fixing Date, the Final Fixing Date or such Scheduled Trading Day is a Disrupted Day in respect of such Linked Stock, the Closing Price of such Linked Stock in respect of such Fixing Date, the Final Fixing Date or such Scheduled Trading Day (as the case may be) shall be determined on the first succeeding Scheduled Trading Day which is not a Disrupted Day (such date, the “**Adjusted Fixing Date**” in respect of such Fixing Date, the “**Adjusted Final Fixing Date**” in respect of the Final Fixing Date and the “**Adjusted Valuation Date**” in respect of such Scheduled Trading Day), unless each of the five Scheduled Trading Days immediately following the original Final Fixing Date, Fixing Date or Scheduled Trading Day (as the case may be) is a Disrupted Day. In that case, (i) the Closing Price of such Linked Stock shall be determined on that fifth Scheduled Trading Day, notwithstanding the fact that such day is also a Disrupted Day, (ii) the fifth Scheduled Trading Day shall be the Adjusted Final Fixing Date, Adjusted Fixing Date or Adjusted Valuation Date (as the case may be) and (iii) 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;

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

“**Disrupted Day**” means any Scheduled Trading Day on which a relevant US 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, any outstanding accrued Potential Cash Distribution Amount, 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 Business Day” means any Scheduled Trading Day on which each US Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such US Exchange or Related Exchange closing prior to its Scheduled Closing Time;

“Exchange Rate” has the meaning as specified in the applicable Term Sheet;

“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 Adjusted Final Fixing Date in accordance with the definition of “Closing Price” above;

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

“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 Fixing Date shall be determined on the Adjusted Fixing Date in accordance with the definition of “Closing Price” above;

“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 acting in good faith and in a commercially reasonable manner, 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 in a commercially reasonable manner);

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

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

“JPY” means Japanese Yen, the lawful currency of Japan;

“Linked Stock” means, subject to adjustment in accordance with Condition 6, the securities (which will be shares of a Company) specified as such in the applicable Term Sheet which are listed on the US Exchange and traded in the Underlying Currency 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 US Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant US Exchange or Related Exchange or otherwise:
 - (i) relating to such Linked Stock on the US 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 US 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 US Exchange(s) or Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such US 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 US Exchange(s) or such Related Exchange(s) on such Exchange Business Day and (b) the submission deadline for orders to be entered into the US Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day;

“**Maturity Date**” means the date specified in the applicable Term Sheet, subject to postponement in accordance with (i) Condition 4(c) upon the occurrence of a Settlement Disruption Event and (ii) (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 where (i) “Daily Airbag Feature” or “Final Fixing Date Airbag Feature” is not specified to be applicable in the applicable Term Sheet and the Final Stock Price is below the Reference Stock Price; or (ii) “Daily Airbag Feature” is specified to be applicable in the applicable Term Sheet and the Final Stock Price is below the Reference Stock Price and on any Scheduled Trading Day during the Observation Period the Closing Price of the Linked Stock is at or below the Airbag Level; or (iii) “Final Fixing Date Airbag Feature” is specified to be applicable in the applicable Term Sheet and the Final Stock Price is at or below the Airbag Level. The ELI holder can elect either cash settlement or physical settlement of the relevant Settlement At Maturity;

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

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

“**Observation Period**” has the meaning as set out in the applicable Term Sheet;

“**Opening Price**” means, in respect of a Scheduled Trading Day, the price as at the Opening Time on such day of one share of such Linked Stock as traded on the US Exchange without regard to any subsequently published correction;

“**Opening Time**” means, in respect of an US Exchange or a Related Exchange and a Scheduled Trading Day, the Scheduled Opening Time of such US Exchange or Related Exchange on that Scheduled Trading Day, or if such US Exchange or Related Exchange opens prior to or after its Scheduled Opening Time, the actual opening time for its regular trading session;

“**Potential Cash Distribution Amount**” shall have the meaning given to it in the applicable Term Sheet;

“**Reference Stock Price**” shall be a specific percentage of the Initial Stock 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 US Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such US 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 Opening Time” means, in respect of an US Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday opening time of such US Exchange or Related Exchange on such Scheduled Trading Day, without regard to any pre-opening hours or any other trading outside of the regular trading session hours;

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

“Settlement At Call” means, in respect of each ELI, a cash amount in the Settlement Currency (subject to Condition 4(b)(ii) where applicable) calculated by the Issuer on the Call Date as equal to the Nominal Value, plus the accrued Potential Cash Distribution Amount (if any) calculated from (and excluding) the relevant Calculation Period Start Date in respect of the Calculation Period during which the Call Condition is met to (and including) the Call Date, and such amount will be delivered to the ELI holder on the Call Settlement Date;

“Settlement At Maturity” means, in respect of each ELI and where the ELI has not been called on a Fixing Date or on any applicable Scheduled Trading Day (as the case may be) or otherwise early terminated:

(A) if:

- (1) the Final Stock Price is at or above the Reference Stock Price; or
- (2) where “Daily Airbag Feature” is specified to be applicable in the applicable Term Sheet, the Final Stock Price is below the Reference Stock Price but on each Scheduled Trading Day during the Observation Period the Closing Price of the Linked Stock on each such Scheduled Trading Day is above the Airbag Level; or
- (3) where “Final Fixing Date Airbag Feature” is specified to be applicable in the applicable Term Sheet, the Final Stock Price is above the Airbag Level,

a cash amount in the Settlement Currency (subject to Condition 4(b)(ii) where applicable) calculated by the Calculation Agent as equal to the sum of any accrued Potential Cash Distribution Amount in respect of the final Calculation Period (if any) and the Nominal Value; or

(B) where:

- (1) “Daily Airbag Feature” or “Final Fixing Date Airbag Feature” is not specified to be applicable in the applicable Term Sheet and the Final Stock Price is below the Reference Stock Price; or
- (2) “Daily Airbag Feature” is specified to be applicable in the applicable Term Sheet and the Final Stock Price is below the Reference Stock Price and on any Scheduled Trading Day during the Observation Period the Closing Price of the Linked Stock in respect of such Scheduled Trading Day is at or below the Airbag Level; or
- (3) “Final Fixing Date Airbag Feature” is specified to be applicable in the applicable Term Sheet and the Final Stock Price is at or below the Airbag Level,

if physical settlement is elected as the Mode of Settlement, physical delivery of the Number of Share(s) per ELI together with any accrued Potential Cash Distribution Amount payable for the final Calculation Period on the Maturity Date; or

if cash settlement is elected as the Mode of Settlement, the cash equivalent of the Number of Share(s) per ELI in the Settlement Currency together with any accrued Potential Cash Distribution Amount payable for the final Calculation Period (subject to Condition 4(b)(ii) where applicable) to be received on the Maturity Date equal to:

$$\text{Nominal Value} \times \frac{\text{Final Stock Price}}{\text{Reference Stock Price}} + \text{Any accrued Potential Cash Distribution Amount payable for the final Calculation Period}$$

“**Settlement Currency**” has the meaning as specified in the applicable Term Sheet;

“**Start Date**” has the meaning as set out in the applicable Term Sheet, provided that if the Initial Stock Price cannot be recorded on the Start Date due to the occurrence of a Market Disruption Event, the ELIs will not be issued;

“**T2**” means the real time gross settlement system for the settlement of Euro transactions within the Eurozone and its successor;

“**Underlying Currency**” means the currency in which the Linked Stock is traded on the US Exchange, which is USD;

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

“**US 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 US Exchange); and

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

3. Call and Expiry of ELIs

- (a) *Call and Expiry of ELIs.* The ELIs shall only expire or be called in an amount equal to the Nominal Value or integral multiples thereof. The ELIs are automatically called upon the occurrence of the Call Condition on the relevant Fixing Date or any Scheduled Trading Day during the Callable Period (as the case may be). If the ELIs have not been called prior to the Final Fixing Date, the ELIs will automatically expire on the Final Fixing Date.
- (b) *Procedures for Call on a Fixing Date or a Scheduled Trading Day (as the case may be).* The ELIs will automatically be called on the relevant Fixing Date or a Scheduled Trading Day (as the case may be), without notice being given to the ELI holders if the Call Condition is met on the relevant Fixing Date or a Scheduled Trading Day (as the case may be). 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 Call in cash on the Call Settlement Date, all in accordance with Condition 4. For the avoidance of doubt, where the Call Condition is met on a Fixing Date or a Scheduled Trading Day (as the case may be), payment of the Settlement At Call in cash on the Call Settlement Date (in respect of ELIs exercised on that Fixing Date or Scheduled Trading Day) to the ELI holders shall constitute full and final settlement of the obligations of the Issuer with respect to the ELIs. Subject to such payment having been made, the Issuer shall have no obligation towards the relevant ELI holder under the ELIs subsequent to such Call Settlement Date.
- (c) *Procedures for Expiry on the Final Fixing Date.* If the ELIs are not called pursuant to (b) above, 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) 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) 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 ELIs subsequent to the Maturity Date.

- (d) *Cancellation.* The Issuer will procure that the Registrar will, with effect from the Business Day following the Maturity Date or the Call Settlement Date (as the case may be), remove from its register the name of the person in respect of the ELIs which has expired or has been called (as the case may be) in accordance with these Terms and Conditions and thereby cancel the relevant ELIs.

4. Settlement of ELIs

- (a) *Settlement.* Subject to automatic expiry or call 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 Call or the Settlement At Maturity (as the case may be).
- (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 Call or the Settlement At Maturity (as the case may be) consists of a cash payment, the Settlement At Call or the Settlement At Maturity (as the case may be) shall be despatched not later than the Call Settlement Date or the Maturity Date (as the case may be), 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 fourth 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 Potential Cash Distribution Amount, Settlement At Call, 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 but no later than the second Business Day after such tenth Business Day.

- (c) *Delivery of the Linked Stock.*
- (i) *Share Purchase Option.* Where the Settlement at Maturity consists of physical delivery of the Number of Share(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) 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) per ELI to purchase, on the Final Fixing Date, the number of share(s) of the Linked Stock comprising the Number of Share(s) per ELI. The Issuer will procure delivery of the Linked Stock comprising the Number of Share(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) per ELI, 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) 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) per ELI is to be registered and/or any bank or agent to whom documents evidencing the Number of Share(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) 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 Company 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) 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 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 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, where necessary; post to the Company 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.*

In the case where the Settlement At Maturity is equal to the delivery of the Number of Share(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) of the Linked Stock (which may include a fraction of a share of the Linked Stock) which do not form an integral share of the Linked Stock (the “**Fraction of Share**”):

- (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 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, save in the case of JPY, rounded down to the nearest JPY) from the Issuer (to be paid no later than the Maturity Date in accordance with Condition 4(b)) equal to the Final Stock Price (converted into the Settlement Currency at the Exchange Rate if necessary) multiplied by the number of such Fraction of Share.

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) 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), if options contracts or futures contracts of the Linked Stock are traded on the US 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 US 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.

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 US 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 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 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 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 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 of such Merger Event, 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, if options contracts or futures contracts of the Linked Stock are traded on the US 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 US 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.

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 US 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, if options contracts or futures contracts of the Linked Stock are traded on the US 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 US 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.

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 US 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, 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 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 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 (A) all the Linked Stock of the Company 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 US Exchange announces that pursuant to the rules of such US Exchange, the Linked Stock cease (or will cease) to be listed, traded or publicly quoted on the US 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 US 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) *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
9 Battery Road, #07-01
MYP Centre
Singapore 049910

APPENDIX B

FORM OF TERM SHEET FOR HANG SENG SINGLE US STOCK CALLABLE ELIS

We set out below the form of the term sheet for our Hang Seng Single US Stock Callable ELIs. Each term sheet covers one series of Hang Seng Single US Stock Callable ELIs only. We may issue more than one series of Hang Seng Single US Stock Callable 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 Single US Stock Callable ELI.

During the offer period for a series of Hang Seng Single US Stock Callable ELIs, you can obtain a copy of the indicative term sheet from the distributors. Certain details about the relevant series of our Hang Seng Single US Stock Callable ELIs may only be ascertained after the US exchange opens on the start date: for example, the initial stock price. These details are noted with asterisks(*) in the indicative term sheet and will be completed in the final term sheet issued by us by the issue date.

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

**Term Sheet for [FCNA]¹ [DCNA]² [FCFA]³ [DCFA]⁴ [FCDA]⁵ [DCDA]⁶ US ELIs
(the “ELIs”, each an “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)

- [1.] [Hang Seng Non-Capital Protected Unlisted Fixing Date Callable Single US Stock ELIs]
- [2.] [Hang Seng Non-Capital Protected Unlisted Daily Callable Single US Stock ELIs]
- [3.] [Hang Seng Non-Capital Protected Unlisted Fixing Date Callable Single US Stock ELIs with Final Fixing Date Airbag]
- [4.] [Hang Seng Non-Capital Protected Unlisted Daily Callable Single US Stock ELIs with Final Fixing Date Airbag]
- [5.] [Hang Seng Non-Capital Protected Unlisted Fixing Date Callable Single US Stock ELIs with Daily Airbag]
- [6.] [Hang Seng Non-Capital Protected Unlisted Daily Callable Single US Stock ELIs with Daily Airbag]

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. **In the worst case scenario, you could lose all of your investment.**
- **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 plus all potential cash distribution amounts).

- **Limited market making arrangement** — Our ELIs are designed to be held till maturity. However, if you try to sell our ELIs you hold before the final fixing date, we will provide daily market making arrangement within the time period as specified in this Term Sheet for you to sell back the ELIs, but the actual price that you receive may be less than or substantially less than the original amount you invested. You may only place a limit sell back order during normal business hours in Hong Kong before 5:00 p.m. (Hong Kong time) on a market making day, but your sell back order may only be executed during the trading hours of the US exchange in New York, which opens after the normal business hours in Hong Kong. Your placed order will not be executed if the US exchange fails to open for trading during its regular trading session on such day or if the relevant ELI is affected by market disruption events on such day. In addition, you should note that we may not be able to accept any limit sell back order on a Hong Kong business day if the US exchange is not scheduled to be open for trading on such day, or if the relevant ELI is affected by market disruption events on the immediately preceding day on which the US exchange in New York is scheduled to be open for trading. We will also not be able to accept any limit sell back order on a day that is not a Hong Kong business day, notwithstanding that the US exchange in New York is scheduled to be open for trading on such day.
- **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. **If we become insolvent or default on our obligations under our ELIs, 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. **In the worst case scenario, you could lose all of your investment.**
- **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.
- **Re-investment risk** — ELIs will be early terminated if the call condition is met. No further potential cash distribution amount will be payable following such early termination. The prevailing market conditions may have changed and may hinder you from making any further investment under similar terms. You may not be able to enjoy the same rate of return if you re-invest in other investments with similar risk parameters.
- **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.
- **Exposure to risk from the start date** — You will be exposed to the risks associated with our ELIs starting from the start date.
- **Risks relating to difference in trading days and hours and the implications on our ability to execute any limit sell back order** — Trading in the linked stock on the US exchange of the listed stock will be executed during the trading hours of such US exchange, which is located in New York and opens after normal business hours in Hong Kong. You should be aware of the trading hour and time zone difference (including summer time and winter time) between Hong Kong and New York in assessing the trading price of the linked stock, and the extended time lag between the placement of a limit sell back order during the Hong Kong business hours and the execution of such order during the trading hours of the US exchange in New York. The trading price of the linked stock may be volatile in response to the market movement during the trading hours on the US exchange in New York during which you will not be able to place any new order to sell back the ELIs or to cancel, withdraw or adjust your placed order pursuant to the market making arrangements. Your limit sell back order placed during the Hong Kong business hours will not be executed if the prevailing price of the ELIs falls below your limit order price during the trading hours of the US exchange. Once your order is executed (at the price which is at or above your limit order price but which may not be the best available price during the trading hours of the US exchange), you will lose the opportunity to benefit from any upside. Your sell back order is only valid during the trading hours of the US exchange on the market making day that you have placed such order.
- **Certain information about the linked stock may only be available in English** — You should note that certain information about the linked stock may only be available in English in real time. If you are not proficient in English, you should consider whether the investment in our ELIs is suitable to you, and obtain independent advice where necessary.
- **Reliance on mobile application and our internet banking service in providing information about the linked stock and our external service provider in providing such information** — We will make available news feeds regarding updated information of the linked stock via the Hang Seng Invest Express mobile application and through our internet banking service. Such news feeds will not be available to you if you do not have access to such mobile application and our internet banking service, in which case you should consider whether the investment in our ELIs is suitable to you. Such news feeds are provided by our external data provider and their availability may be interrupted or suspended due to such external data provider's technical and systematic failures, in which case the availability of such news feeds may be delayed or suspended. In addition, you should note that the Hang Seng Invest Express mobile application and our internet banking service may be interrupted or suspended due to our technical and systematic failures, in which case you may not be able to have access to such news feeds.
- [• **Additional risks for RMB-denominated ELIs** — Where the settlement currency of our ELIs is RMB, the performance of our ELIs may be adversely affected due to risks relating to RMB, such as the current limited pool of RMB outside the mainland China, offshore RMB exchange rate risk and RMB interest rate risk. Our payment under any RMB-denominated ELIs may also be postponed, or delivered in a HKD equivalent amount upon occurrence of an RMB disruption event.]
- **United States taxation risk** — Notwithstanding that we have determined that payments made under the ELIs do not constitute the “dividend equivalents” (and therefore do not constitute any U.S. source payments) and will not be subject to withholding tax under the HIRE Act, FATCA and Section 871(m) Rules (each term as defined in “FATCA Withholding Tax for Non-U.S. Investors” on pages 104 to 106 of the Product Booklet), you should note that such rules are complex and their application may depend on your particular circumstances, including whether you enter into other transactions with respect to the underlying US stock. In addition, the U.S. Internal Revenue Service may successfully argue that the ELIs are treated as “dividend equivalents”, notwithstanding our determination to the contrary. If so treated, a withholding tax at a rate of up to 30% is imposed on such payments made to a non-U.S. investor under the Section 871(m) Rules and to a non-U.S. investor that does not comply with the information reporting requirements under HIRE Act and FATCA, which will adversely affect the potential return under the ELIs. You should, prior to your investment in the ELIs, consult your own tax advisor regarding the application of the HIRE Act, FATCA and Section 871(m) Rules arising from your investment.]

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

- the information memorandum dated 9 August 2023 [together with the [addendum/addenda] dated [date]] ([together], the “**Information Memorandum**”),
- the financial disclosure document dated [date] [together with the [addendum/addenda] dated [date]] ([together,] the “**Financial Disclosure Document**”), and
- the product booklet for ELI dated 9 August 2023 [together with the [addendum/addenda] dated [date]] ([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 Single US Stock Callable 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 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] [[E][e]lectronic copies of these documents are available for download from [the QR Code set out below and] the Issuer’s website www.hangseng.com]. [Hard copies of this Term Sheet are available from the Issuer or the Distributors set out below and] [[E][e]lectronic copies of this Term Sheet are available for download from [the QR Code set out below and] the Issuer’s website www.hangseng.com].



Type of investment return

The ELIs are designed for investors who are looking for an opportunity to have potential cash income 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) are not familiar with or 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 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.]

General Terms

Investment Period ¹ :	[<i>number</i>] months
Linked Stock/Company:	[<i>Stock name</i>] [<i>Company</i>] [<i>Stock code</i>]
US Exchange:	[The New York Stock Exchange] [The NASDAQ Global Select Market]
Underlying Currency:	USD
Initial Stock Price[*]:	[The Opening Price of the Linked Stock on the US Exchange on the Start Date] [The price of the Linked Stock as agreed between the Issuer and the investor on the Start Date] [[<i>For indicative Term Sheet only:</i>] If the Initial Stock Price cannot be recorded on the Start Date due to the failure of the US Exchange to open for trading during its regular trading session on such day, the Issue Price held by the Distributor will be released in full to you on the next business day following the Start Date and the ELIs will not be issued.]
Start Date:	[<i>date</i>] [[<i>For indicative Term Sheet only:</i>] (this is the date when the terms noted with asterisks (*) herein are fixed)]
Issue Date and Payment Date:	[<i>date</i>]
Calculation Period:	The period from (and excluding) the relevant Calculation Period Start Date to (and including) its corresponding Calculation Period End Date. See Table below
Fixing Date(s):	See Table below (subject to adjustment made in accordance with the definition of Fixing Date in the Terms and Conditions in page 113 of the Product Booklet)
Final Fixing Date:	[<i>date</i>] (See Table below) (subject to adjustment made in accordance with the definition of Final Fixing Date in the Terms and Conditions in page 113 of the Product Booklet)
Maturity Date:	4 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 or about [<i>date</i>].
Valuation Time:	The Scheduled Closing Time of the US Exchange or a Related Exchange, or if the US Exchange or such Related Exchange closes prior to or after its Scheduled Closing Time, the actual closing time for its regular trading session.

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

Offer Period:	[<i>time</i>] on [<i>date</i>] to [<i>time</i>] on [<i>date</i>] (may change without prior notice)
Issue Size[*]:	[<i>number</i>] ELI[s]
Issue Price:	[<i>percentage</i>]% of the Nominal Value
Settlement Currency:	[<i>currency</i>]
Nominal Value:	[<i>currency and amount</i>] per ELI
Minimum Investment Amount:	[<i>currency and amount</i>] ([<i>number</i>] ELIs) [(for applications made through the internet banking)] [[<i>currency and amount</i>] ([<i>number</i>] ELIs) [(for applications made through channels other than internet banking)]]
Minimum Transfer Amount:	Nominal Value (being 1 ELI)
[Exchange Rate:	The [mid] [arithmetic average of the] [bid][and][offer] price[s] as at [the official closing of trading on the US Exchange (being 4:00 p.m. (New York time) (4:00 a.m. Hong Kong time during summer time or 5:00 a.m. Hong Kong time during winter time))] of the [[<i>Where the Settlement Currency is RMB</i>] offshore] foreign exchange rate of [Settlement Currency] [USD] per one [USD] [Settlement Currency], as displayed on Reuters Page [<i>settlement currency page</i>] on the Final Fixing Date (or the Adjusted Final Fixing Date if the Final Fixing Date is a Disrupted Day), or if such rate is not available on the relevant page as at the relevant time on the relevant date, the exchange rate as determined by the Calculation Agent in its sole and absolute discretion acting in good faith and in a commercially reasonable manner.]

Callable Feature Terms

Call Strike Price: See Table below for the Call Strike Price for each [Fixing Date] [Calculation Period] (The Call Strike Price will be rounded to the nearest 0.0001, with 0.00005 or above being rounded upwards)

Call Condition: *[For ELIs with Fixing Date Callable Feature]*
[In relation to the [first][nth] to [nth][final] Calculation Period[s] (both inclusive)], Call Condition shall be as follows:

During the relevant Calculation Period, the Closing Price on a Fixing Date (other than the Final Fixing Date) is at or above the applicable Call Strike Price.]

[For ELIs with Daily Callable Feature]
[In relation to the Callable Period, Call Condition shall be as follows:

During the Callable Period, the Closing Price on a Scheduled Trading Day is at or above the Call Strike Price.]

When the Call Condition is met, the ELIs will be early terminated on the relevant Call Date. The Settlement At Call will be paid to the ELI holder on the relevant Call Settlement Date.

[Callable Period: The period from (and including) [first] [nth] Fixing Date to (and excluding) [nth] [Final] Fixing Date.]

Call Date: The [Fixing Date(s)]/[Scheduled Trading Day during the Callable Period] on which the Call Condition is met and the ELI will be early terminated on such Call Date

Call Settlement Date: 4 Business Days after the [relevant Fixing Date (or the Adjusted Fixing Date if the Fixing Date is a Disrupted Day) for the Calculation Period during which the Call Condition has been met] *[for fixing date callable feature]* [Call Date or, if the Call Date is a Disrupted Day, the Adjusted Valuation Date in respect of which the Call Condition is met] *[for daily callable feature]*

Settlement At Call: In respect of each ELI, a cash amount calculated using this formula:

$$\text{Settlement At Call} = \text{Nominal Value} + \text{Any accrued Potential Cash Distribution Amount calculated from (and excluding) the relevant Calculation Period Start Date in respect of the Calculation Period during which the Call Condition is met to (and including) the Call Date}$$

(rounded to the nearest 0.01, with 0.005 or above being rounded upwards, save in the case of JPY, rounded to the nearest whole JPY, with 0.5 or above being rounded upwards)

Potential Cash Distribution Terms

Cash Distribution Payment Date(s): Where the Call Condition has not been met:

4 Business Days after the relevant Fixing Date (other than the Final Fixing Date), and 4 Business Days after the Final Fixing Date (the Fixing Date and the Final Fixing Date are subject to adjustment made in accordance with the definitions of Fixing Date and Final Fixing Date in the Terms and Conditions in page 113 of the Product Booklet).

For the avoidance of doubt, if the Fixing Date or the Final Fixing Date (as the case may be) is a Disrupted Day, the Fixing Date and the Final Fixing Date referred to here means the Adjusted Fixing Date and the Adjusted Final Fixing Date, respectively.

Where the Call Condition has been met: the Call Settlement Date

Cash Distribution Reference Level: See Table below for the Cash Distribution Reference Level for each Calculation Period (The Cash Distribution Reference Level will be rounded to the nearest 0.0001, with 0.00005 or above being rounded upwards)

[Fixed Cash Distribution Rate: [percentage][%]]

[Cash Distribution Rate 1: [percentage][%]]

[Cash Distribution Rate 2: [percentage][%]]

Potential Cash Distribution Amount: [a] [Fixed Potential Cash Distribution Amount

Applicable for the [nth] Calculation Period [to the [nth] Calculation Period]

If on the relevant Fixing Date, the Closing Price of the Linked Stock is at or above the relevant Cash Distribution Reference Level, [the][each] Potential Cash Distribution Amount will be an amount in the Settlement Currency calculated in accordance with the following formula, rounded to the nearest 0.01, with 0.005 or above being rounded upwards, save in the case of JPY, rounded to the nearest whole JPY, with 0.5 or above being rounded upwards:

Nominal Value x Fixed Cash Distribution Rate]

[for ELIs with Daily Callable Feature applicable to the relevant Calculation Period]

[Provided that if the Call Condition is met on a Call Date, the Potential Cash Distribution Amount for the relevant Calculation Period will be payable regardless of the price performance of the Linked Stock and will be an amount in the Settlement Currency calculated in accordance with the following formula, rounded to the nearest 0.01, with 0.005 or above being rounded upwards, save in the case of JPY, rounded to the nearest whole JPY, with 0.5 or above being rounded upwards:

Nominal Value x Fixed Cash Distribution Rate x n ÷ N

Where,

n = The number of Scheduled Trading Days during the period from (and excluding) the relevant Calculation Period Start Date of the relevant Calculation Period up to (and including) the Call Date on which the Call Condition is met, including any Disrupted Day(s) within such period.

N = The number of Scheduled Trading Days in the relevant Calculation Period, including any Disrupted Day(s) within such Calculation Period.]

[b] [Variable Accrual Formula

Applicable for the [nth] Calculation Period [to the [nth] Calculation Period]

The Potential Cash Distribution Amount will be an amount in the Settlement Currency calculated in accordance with the following formula, rounded to the nearest 0.01, with 0.005 or above being rounded upwards, save in the case of JPY, rounded to the nearest whole JPY, with 0.5 or above being rounded upwards:

Nominal Value x (Cash Distribution Rate 1 x Day Count Factor 1 + Cash Distribution Rate 2 x Day Count Factor 2)]

[for ELIs with Fixing Date Callable Feature]

$$[\text{Day Count Factor 1}] = \frac{\text{Day-in 1}}{\text{TOTAL}}$$

where:

Day-in 1 = The number of Scheduled Trading Days in the relevant Calculation Period on which the Closing Price is at or above the Cash Distribution Reference Level

TOTAL = Number of Scheduled Trading Days in the relevant Calculation Period, including any Disrupted Day(s) within such Calculation Period

$$\text{Day Count Factor 2} = \frac{\text{Day-in 2}}{\text{TOTAL}}$$

where:

Day-in 2 = The number of Scheduled Trading Days in the relevant Calculation Period on which the Closing Price is below the Cash Distribution Reference Level

TOTAL = Number of Scheduled Trading Days in the relevant Calculation Period, including any Disrupted Day(s) within such Calculation Period]

[for ELIs with Daily Callable Feature]

$$[\text{Day Count Factor 1}] = \frac{\text{Day-in 1}}{\text{TOTAL}}$$

where:

Day-in 1 = (i) if the Call Condition has been met, the number of Scheduled Trading Days from (and excluding) the relevant Calculation Period Start Date to (and including) the Call Date on which the Closing Price is at or above the Cash Distribution Reference Level

(ii) if no Call Condition has been met, the number of Scheduled Trading Days in the relevant Calculation Period on which the Closing Price is at or above the Cash Distribution Reference Level

TOTAL = Number of Scheduled Trading Days in the relevant Calculation Period, including any Disrupted Day(s) within such Calculation Period regardless of whether the Call Condition is met on any Scheduled Trading Day during such Calculation Period

$$\text{Day Count Factor 2} = \frac{\text{Day-in 2}}{\text{TOTAL}}$$

where:

Day-in 2 = (i) if the Call Condition has been met, the number of Scheduled Trading Days from (and excluding) the relevant Calculation Period Start Date to (and including) the Call Date on which the Closing Price is below the Cash Distribution Reference Level

(ii) if no Call Condition has been met, the number of Scheduled Trading Days in the relevant Calculation Period on which the Closing Price is below the Cash Distribution Reference Level

TOTAL = Number of Scheduled Trading Days in the relevant Calculation Period, including any Disrupted Day(s) within such Calculation Period regardless of whether the Call Condition is met on any Scheduled Trading Day during such Calculation Period]

Settlement at Maturity Terms

Final Stock Price:

The Closing Price of the Linked Stock on the US 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.

Reference Stock Price:

[*number*]% of the Initial Stock Price (The Reference Stock Price will be rounded to the nearest 0.0001, with 0.00005 or above being rounded upwards)

Number of Share(s) per ELI:

The number of shares of the Linked Stock determined in accordance with the following formula:

$$\frac{\text{Nominal Value}}{\text{Reference Stock Price}}$$

If the Settlement Currency is not the same as the Underlying Currency, the Nominal Value will be converted into the Underlying Currency using the Exchange Rate.

The number of shares of the Linked Stock to be delivered to the ELI holders will be calculated on a per ELI basis and shall be an integral number of shares of the Linked Stock. In relation to amounts which do not form an integral number, such fraction of a share of the Linked Stock will be settled in cash in the Settlement Currency in an amount payable by the Issuer, being the Final Stock Price (converted into the Settlement Currency at the Exchange Rate if the Settlement Currency is not the same as the Underlying Currency) multiplied by the number of such fraction of share (rounded down to 2 decimal places, save in the case of JPY, rounded down to the nearest whole JPY).

[Final Fixing Date] [Daily] Airbag Feature:	[Applicable][Not applicable]
[Airbag Level:]	[[<i>number</i>]% of the Initial Stock Price (The Airbag Level will be rounded to the nearest 0.0001, with 0.00005 or above being rounded upwards)]
[Observation Period:]	[The period from but excluding the Start Date to and including the Final Fixing Date.]
Settlement At Maturity:	<p>[<i>For ELIs without Daily Airbag Feature and without Final Fixing Date Airbag Feature</i>]</p> <p>[Provided that the ELIs have not been called pursuant to the Call Condition or terminated early, in respect of each ELI, the following will be paid or delivered (as the case may be) to the ELI holder:</p> <ul style="list-style-type: none"> (a) if the Final Stock Price is at or above the Reference Stock Price, cash payment of 100% of Nominal Value, together with the accrued Potential Cash Distribution Amount in respect of the final Calculation Period (if any); or (b) if the Final Stock Price is below the Reference Stock Price; and <ul style="list-style-type: none"> (i) if physical settlement is elected as the Mode of Settlement, physical delivery of the Number of Share(s) per ELI, together with the accrued Potential Cash Distribution Amount in respect of the final Calculation Period (if any). If there is any Fraction of Share, instead of physical delivery of such Fraction of Share, ELI holders will be entitled to receive a cash amount calculated in accordance with the Condition 4(f); or (ii) if cash settlement is elected as the Mode of Settlement, the cash equivalent of the Number of Share(s) per ELI calculated according to the formula set out below:

$$\text{Nominal Value} \quad \times \quad \frac{\text{Final Stock Price}}{\text{Reference Stock Price}}$$

(rounded to the nearest 0.01, with 0.005 or above being rounded upwards, save in the case of JPY, rounded to the nearest whole JPY, with 0.5 or above being rounded upwards) together with the accrued Potential Cash Distribution Amount in respect of the final Calculation Period (if any).]

[For ELIs with Daily Airbag Feature]

[Provided that the ELIs have not been called pursuant to the Call Condition or terminated early, in respect of each ELI, the following will be paid or delivered (as the case may be) to the ELI holder:

- (a) (i) if the Final Stock Price is at or above the Reference Stock Price; or
- (ii) if the Final Stock Price is below the Reference Stock Price but on each Scheduled Trading Day during the Observation Period the Closing Price is above the Airbag Level, cash amount calculated using the formula set out below:

$$\text{Settlement At Maturity} = \text{Nominal Value} + \begin{array}{l} \text{Any accrued} \\ \text{Potential Cash} \\ \text{Distribution} \\ \text{Amount payable in} \\ \text{respect of the final} \\ \text{Calculation Period} \end{array}$$

- (b) if the Final Stock Price is below the Reference Stock Price and on any Scheduled Trading Day during the Observation Period the Closing Price is at or below the Airbag Level; and
 - (i) if physical settlement is elected as the Mode of Settlement, physical delivery of the Number of Share(s) per ELI, together with the accrued Potential Cash Distribution Amount in respect of the final Calculation Period (if any). If there is any Fraction of Share, instead of physical delivery of such Fraction of Share, ELI holders will be entitled to receive a cash amount calculated in accordance with the Condition 4(f); or
 - (ii) if cash settlement is elected as the Mode of Settlement, the cash equivalent of the Number of Share(s) per ELI calculated in accordance with the formula set out below:

$$\text{Nominal Value} \times \frac{\text{Final Stock Price}}{\text{Reference Stock Price}}$$

(rounded to the nearest 0.01 with 0.005 or above being rounded upwards, save in the case of JPY, rounded to the nearest whole JPY, with 0.5 or above being rounded upwards) together with the accrued Potential Cash Distribution Amount in respect of the final Calculation Period (if any).]

[For ELIs with Final Fixing Date Airbag Feature]

[Provided that the ELIs have not been called pursuant to the Call Condition or terminated early, in respect of each ELI, the following will be paid or delivered (as the case may be) to the ELI holder:

- (a) if the Final Stock Price is above the Airbag Level, cash amount calculated using the formula set out below:

$$\text{Settlement At Maturity} = \text{Nominal Value} + \text{Any accrued potential Cash Distribution Amount payable in respect of the final Calculation Period}$$

- (b) if the Final Stock Price is at or below the Airbag Level; and

- (i) if physical settlement is elected as the Mode of Settlement, physical delivery of the Number of Share(s) per ELI, together with the accrued Potential Cash Distribution Amount in respect of the final Calculation Period (if any). If there is any Fraction of Share, instead of physical delivery of such Fraction of Share, ELI holders will be entitled to receive a cash amount calculated in accordance with the Condition 4(f); or
- (ii) if cash settlement is elected as the Mode of Settlement, the cash equivalent of the Number of Share(s) per ELI calculated in accordance with the formula set out below:

$$\text{Nominal Value} \times \frac{\text{Final Stock Price}}{\text{Reference Stock Price}}$$

(rounded to the nearest 0.01 with 0.005 or above being rounded upwards, save in the case of JPY, rounded to the nearest whole JPY, with 0.5 or above being rounded upwards) together with the accrued Potential Cash Distribution Amount in respect of the final Calculation Period (if any).]

Mode of Settlement:

In order for you to elect physical settlement as the Mode of Settlement and receive physical delivery of the number of share(s) per ELI at maturity, you must have, or open, a securities account with us at the time of your application and maintain the securities account throughout the investment period of the ELIs. Either cash settlement or physical settlement is required to be elected by the investors upon placing the purchase order [*For indicative Term Sheet only*], 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]. If you do not have, or maintain the securities account with us, or we have closed the securities account in accordance with its terms and conditions and/or applicable law and regulations, in either case during the investment period of the ELIs, you are deemed to have elected for cash settlement as the Mode of Settlement and will not be able to change such election afterwards.

For the avoidance of doubt, the Mode of Settlement will only be applicable if the conditions specified above in paragraph (b) under "Settlement At Maturity" are met.

Other Terms

Terms and Conditions:	See “Terms and Conditions of Hang Seng Single US Stock Callable 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].
Business Day Centre(s):	[Hong Kong][,] [and] [New York] [and] [city(ies) required to be open to facilitate payment] [settlement system(s)] [T2]
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
ISIN:	<i>[Number]</i> [Not applicable]
Form of ELI:	Registered ELI.
Any clearing system(s) other than Euroclear and/or Clearstream, Luxembourg:	[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.] [Not applicable and the clearing system[s] [is][are][Euroclear][and] [Clearstream, Luxembourg] as further described in the Information Memorandum.]
Listing:	Unlisted
Governing Law of the Hang Seng Single US Stock Callable ELIs:	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>

Table: Key Information of each Calculation Period

Calculation Period	Fixing Date(s) (expected)	Calculation Period Start Date ^N (exclusive)	Calculation Period End Date ^N (inclusive)	Call Strike Price (% of Initial Stock Price)	Cash Distribution Reference Level (% of Initial Stock Price)
[number]	[date]	[date]	[date]	[number%]	[number%]
[number]	[date]	[date]	[date]	[number%]	[number%]
[number]	[date]	[date]	[date]	[number%]	[number%]
	[(the “ Final Fixing Date ”)]			[Not Applicable]	

^N For the avoidance of doubt, if such day is a Disrupted Day, for the purposes of determining the total number of Scheduled Trading Days in a Calculation Period serving as the denominator of the Day Count Factor (where applicable), such date shall not be adjusted.

[[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.

Cancellation of offer

We reserve the right to cancel the offering of this series of ELIs on or before the end of the Offer Period. Upon such cancellation, we will notify the Distributors who will in turn notify you. Please contact the Distributors for details on how and when your purchase monies will be refunded to you in such circumstances. Neither we nor your Distributor will charge you any fee for such cancellation and refund.

Information relating to the Linked Stock

The Linked Stock is listed on the US Exchange. The regular trading hours for the US Exchange is 9:30 a.m. to 4:00 p.m. (New York time) (i.e. 9:30 p.m. to 4:00 a.m. Hong Kong time during summer time or 10:30 p.m. to 5:00 a.m. Hong Kong time during winter time) on each Scheduled Trading Day. Where a transfer of the Linked Stock takes place on the US Exchange, currently settlement must be made not later than two Clearance System Business Days after such transfer. The Company is required to continuously disclose information to the public by filing periodic reports and other materials with the United States Securities and Exchange Commission. You can find such information (including its published audited consolidated financial statements and interim financial statements (if any)) on the website operated by the United States Securities and Exchange Commission: [https://www.sec.gov/edgar.shtml]. In addition, the US Exchange has established procedures (such as market wide circuit breakers and limit up-limit down) for trading halts in all or individual securities traded on the US Exchange in the event of a severe market price decline. You can find the rules of the US Exchange regarding trading, settlement and disclosure requirements at [https://nyse.com/regulation/rules] [https://listingcenter.nasdaq.com/rulebook/nasdaq/rules].

Description of the Company: *[Description of the principal activities of the Company and its subsidiaries]*

Where information on the Company/ Linked Stock may be obtained:

You may obtain information on the Company (including its published audited consolidated financial statements and interim financial statements (if any)) by visiting the website operated by the United States Securities and Exchange Commission at [<https://www.sec.gov/edgar.shtml>] or the Company’s website at [*website*].

We will also make available news feeds regarding updated information of the Company and the Linked Stock via the Hang Seng Invest Express mobile application (available for download at www.hangseng.com/investex) and through our internet banking service (accessed via www.hangseng.com). Such news feeds are provided by our external data provider and their availability may be interrupted or suspended due to such external data provider’s technical and systematic failures. In the event of such interruption or suspension, we will use our best endeavours to work with our external data provider to ensure the availability of the relevant information are resumed as soon as possible.

Substantial interest in the shares issued by the Company as at the last Exchange Business Day prior to date of this Term Sheet:

Name	Number of shares held	Percentage of total shares issued (%)
[<i>name</i>]	[<i>number</i>]	[<i>number</i>]
[<i>name</i>]	[<i>number</i>]	[<i>number</i>]
[<i>name</i>]	[<i>number</i>]	[<i>number</i>]
[<i>name</i>]	[<i>number</i>]	[<i>number</i>]
[<i>name</i>]	[<i>number</i>]	[<i>number</i>]
[<i>name</i>]	[<i>number</i>]	[<i>number</i>]
[<i>name</i>]	[<i>number</i>]	[<i>number</i>]
[<i>name</i>]	[<i>number</i>]	[<i>number</i>]
[<i>name</i>]	[<i>number</i>]	[<i>number</i>]

The above table only extracts the information of the top ten substantial holders in the issued shares of the Company.

The highest and lowest trading prices on the US Exchange of the Linked Stock from [its listing in] [*year*] to [*year*] (up to the last Exchange Business Day prior to date of this Term Sheet):

Year	High	Low
[[<i>year</i>]	USD[<i>amount</i>]	USD[<i>amount</i>]
[[<i>year</i>]	USD[<i>amount</i>]	USD[<i>amount</i>]
[[<i>year</i>]	USD[<i>amount</i>]	USD[<i>amount</i>]
[[<i>year</i>]	USD[<i>amount</i>]	USD[<i>amount</i>]
[<i>year</i>] (up to the last Exchange Business Day prior to date of this Term Sheet)	USD[<i>amount</i>]	USD[<i>amount</i>]

You may obtain historic stock price information of the Company on the website operated by the US Exchange at [<http://www.nyse.com>] [<http://www.nasdaq.com>].

Official closing price per Linked Stock on the last Exchange Business Day prior to date of this Term Sheet:

USD[*amount*]

Market capitalisation:

USD[*amount*]

Note: Based on the number of shares in issue as of the last Exchange Business Day prior to date of this Term Sheet and the closing price of the Linked Stock on the last Exchange Business Day prior to date of this Term Sheet.

Historical price earning multiples (calculated by dividing the closing price per Linked Stock on the last Exchange Business Day prior to date of this Term Sheet by the earnings per Linked Stock for the year ending [year]):

[[number] times] [Not Applicable]

Dividend yield (calculated by dividing the sum of the paid dividends in the latest fiscal year per Linked Stock by closing price of the Linked Stock on the last Exchange Business Day prior to date of this Term Sheet):

[[number]%] [Not Applicable]

Company's issued shares (as at [relevant fiscal year end]):

[number]

Information included on the third parties' websites referred to in this Term Sheet 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 with less than 60 consecutive Business Days of trading history on the US Exchange:] **Newly Listed Stocks**]

[[STOCK NAME] (the "**Newly Listed Stock**") was listed on the US Exchange 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 US Exchange, 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 our ELIs are denominated in RMB:]

[Other risk factors specific to RMB-denominated ELIs

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. In the case where our ELIs are denominated in RMB, changes in the offshore RMB exchange rate may adversely affect the Number of Share(s) per ELI deliverable to you (and the value of such Number of Share(s) per ELI in the Underlying Currency) in the case of physical settlement.

Where our ELIs are denominated in RMB, in case of physical delivery of the Linked Stock, if the value of RMB against USD on the final fixing date is lower than that as at the start date (i.e. RMB depreciates against USD), you will receive a fewer number of share(s) per ELI because a lesser amount of USD can be converted from the nominal value in RMB to buy the Linked Stock at the reference stock price.

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 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

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 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 relevant potential cash distribution amount, settlement at call, settlement at maturity and/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 99 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 this 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 the 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 under the Code on Unlisted Structured Investment Products (“**Code**”) issued by the SFC respectively 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 fulfil 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 business day which is a scheduled trading day during the period from and excluding the Issue Date to and including the third 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 arrangements is the Nominal Value (being 1 ELI). Please refer to the section headed “Market making arrangements” on pages 101 to 104 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 5:00 p.m. (Hong Kong time) on that Market Making Day. We will seek to execute your limit sell back order during the trading hours of the US exchange on such Market Making Day. Your limit sell back order will not be executed if the prevailing price of the ELIs falls below your limit order price during the trading hours of the US exchange on such Market Making Day, in which case your limit sell back order will lapse and you will need to place a new limit sell back order during the Hong Kong business hours on the next Market Making Day if you still want to sell back your ELIs. Your distributor will notify you of whether your sell back order was executed before 3:00 p.m. (Hong Kong time) on the business day after the Market Making Day that you have placed such order.

The actual price at which your limit sell back order is executed will be set out in the contract note which will be sent to you within 2 business days after the Market Making Day that you have placed such order. The amount will be credited to your account on the fourth business day after such 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

[If you change your mind after you have placed an order for our ELIs with an investment period over 1 year, you can send a notice to your distributor within the period starting from the day you place the order to 5 business days after the end of the Offer Period. The distributor will only accept cancellation or unwinding of your order in whole (but not in part). If your distributor receives your notice after the Initial Stock Price is recorded on the Start Date, the Issuer will charge HKD500 as handling fee. Your distributor may also charge you additional handling fee, and you should ask your distributor for details.]

[Post-Sale Cooling-off period arrangement is not applicable.]

Please refer to the section headed “Post-sale cooling-off period” on page 101 in the Product Booklet.

Risk Factors

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 the indicative Term Sheet based on the standard format set out in Appendix B to the Product Booklet as part of the offering documents for 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 Single US Stock Callable 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 Single US Stock Callable ELIs might actually be upon maturity of our Hang Seng Single US Stock Callable ELIs. The following scenarios do not take into account any settlement or delivery expenses payable by the investors and any exchange rate fluctuations between the currency in which our Hang Seng Single US Stock Callable ELIs are denominated and your home currency.

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

This scenario analysis is based on the following terms:

Linked Stock	Stock A
Investment Period	3 months
Nominal Value	USD10,000 per Hang Seng Single US Stock Callable ELI (for all scenarios) RMB78,000 per Hang Seng Single US Stock Callable ELI (for scenarios B(I)(ii), B(I)(iii), B(II)(iii) and B(III)(ii))
Issue Price	100% of the Nominal Value
Fixed Cash Distribution Rate	0.50%
Cash Distribution Rate 1	0.50%
Cash Distribution Rate 2	0%
Settlement Currency	United States dollars (“ USD ”) for all scenarios Renminbi (“ RMB ”) for scenarios B(I)(ii) and (iii), B(II)(iii) and B(III)(ii)
Underlying Currency	USD
Exchange Rate	6.50 (in the case where the Settlement Currency is RMB)

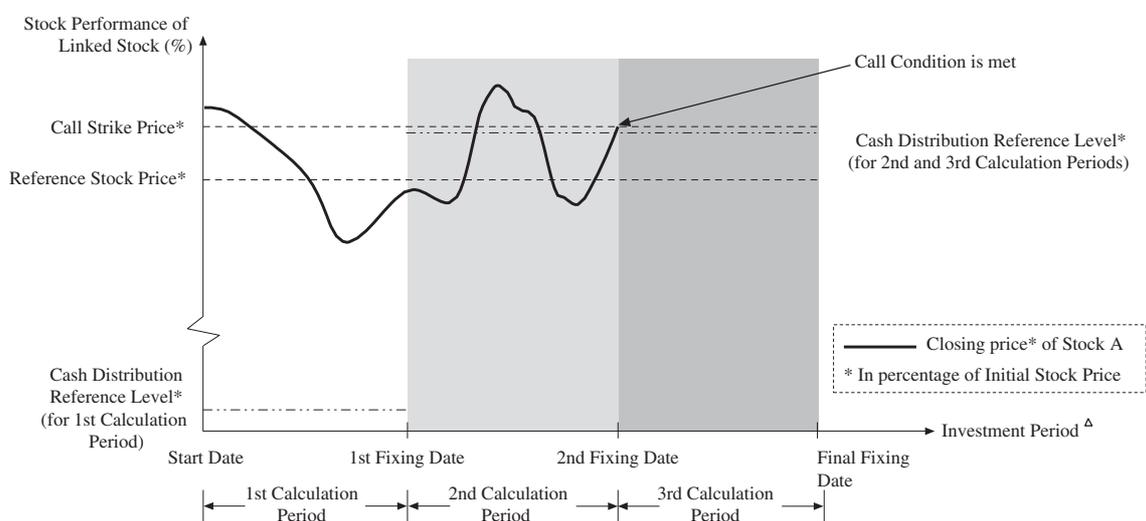
Linked Stock	Initial Stock Price	Reference Stock Price (80% of the Initial Stock Price)	Airbag Level (60% of the Initial Stock Price)	Call Strike Price (for each Calculation Period, 92% of the Initial Stock Price)
Stock A	USD62.50	USD50	USD37.50	USD57.50

Calculation Period	Calculation Period Start Date (Exclusive)	Calculation Period End Date (Inclusive)	Fixing Date	Method of calculating the potential cash distribution	Total number of Scheduled Trading Day	Cash Distribution Reference Level (% of the Initial Stock Price)
1	20/4/20XX	20/5/20XX	20/5/20XX (1st Fixing Date)	Fixed amount	22	5% (i.e. USD3.125)
2	20/5/20XX	22/6/20XX	22/6/20XX (2nd Fixing Date)	Variable amount	22	90% (i.e. USD56.25)
3	22/6/20XX	20/7/20XX	20/7/20XX (Final Fixing Date)	Variable amount	20	90% (i.e. USD56.25)

A. Potential Cash Distribution and Fixing Date Callable or Daily Callable Feature

I. Where the Fixing Date Callable Feature is applicable

Assuming that the Closing Price of the Linked Stock on the 2nd Fixing Date is equal to the Call Strike Price, i.e. the Call Condition is met, as shown below, our Hang Seng Single US Stock Callable ELIs will be early terminated on the 2nd Fixing Date:



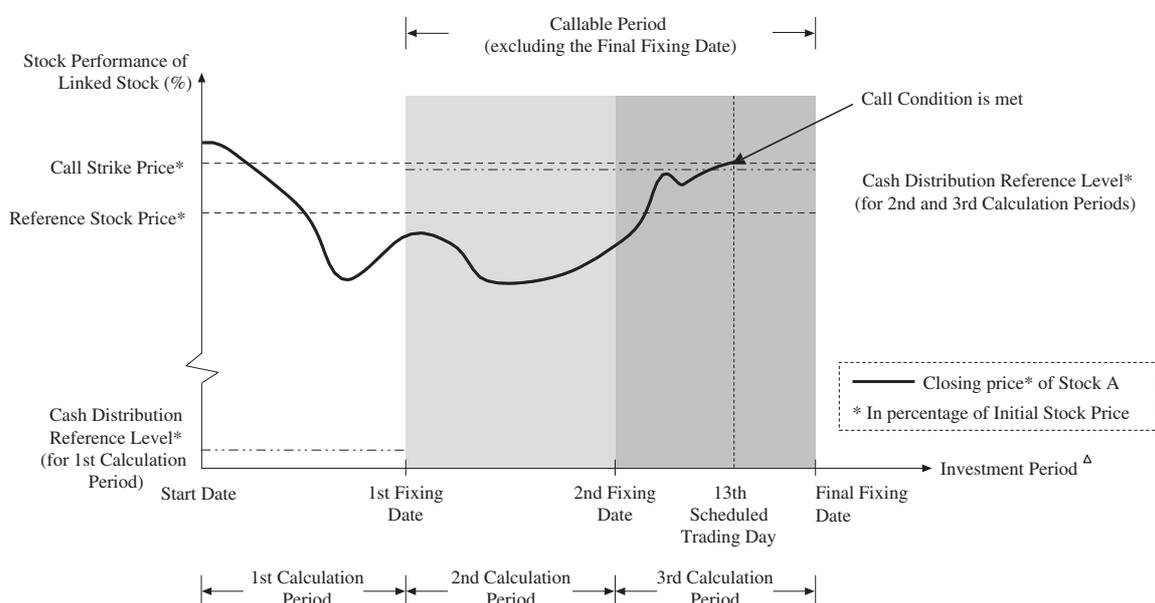
Scenarios	Called?	Day-in 1	Day-in 2	TOTAL	Potential Cash Distribution Amount (per ELI) ⁺	Settlement At Call (per ELI)
1st Calculation Period	No	N/A	N/A	N/A	USD50 (USD10,000 x 0.50%)	N/A
2nd Calculation Period	Yes (Closing Price on the 2nd Fixing Date = Call Strike Price)	7	15	22	USD15.91 (USD10,000 x (0.50% x 7/22 + 0% x 15/22))	= USD10,000 + USD15.91 = USD10,015.91

Notes: ^Δ Being the period from the Start Date to the Maturity Date (both dates inclusive).

⁺ In the above scenario analysis, when our Hang Seng Single US Stock Callable ELIs are called, they will be early terminated and the accrued Potential Cash Distribution Amount will be calculated from (and excluding) the relevant Calculation Period Start Date up to (and including) the Call Date.

II. Where the Daily Callable Feature is applicable

Assuming that in this case that the Hang Seng Single US Stock Callable ELIs are callable daily during the Callable Period from (and including) the 1st Fixing Date to (and excluding) the Final Fixing Date, as shown below, the Closing Price of the Linked Stock on the 13th Scheduled Trading Day in the 3rd Calculation Period is equal to the Call Strike Price, i.e. the Call Condition is met, and our Hang Seng Single US Stock Callable ELIs will be early terminated on such date:



Scenarios	Called?	Day-in 1	Day-in 2	TOTAL	Potential Cash Distribution Amount (per ELI) ⁺	Settlement At Call (per ELI)
1st Calculation Period	No [#]	N/A	N/A	N/A	USD50 (USD10,000 x 0.50%)	N/A
2nd Calculation Period	No	0	22	22	USD0 (USD10,000 x (0.50% x 0/22 + 0% x 22/22))	N/A
3rd Calculation Period	Yes (Closing Price on the 13th Scheduled Trading Day in the 3rd Calculation Period = Call Strike Price)	3	10	20	USD7.50 (USD10,000 x (0.50% x 3/20 + 0% x 10/20))	= USD10,000 + USD7.50 = USD10,007.50

Notes: ^Δ Being the period from the Start Date to the Maturity Date (both dates inclusive).

⁺ In the above scenario analysis, when our Hang Seng Single US Stock Callable ELIs are called, they will be early terminated and the accrued Potential Cash Distribution Amount will be calculated from (and excluding) the relevant Calculation Period Start Date up to (and including) the Call Date.

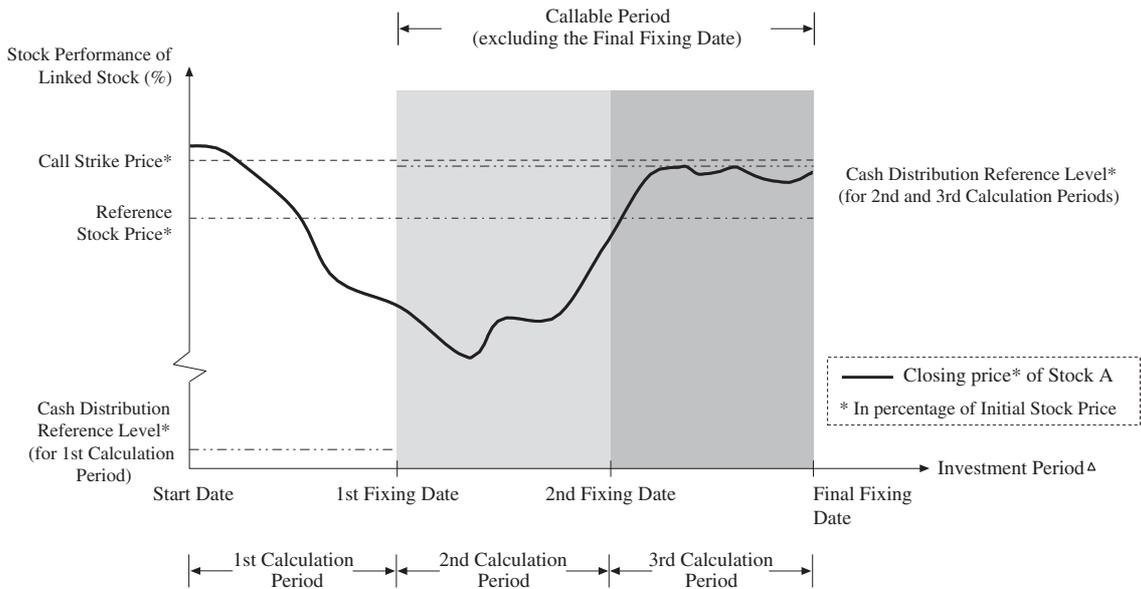
[#] The 1st Calculation Period (except the 1st Fixing Date) is not within the Callable Period.

B. Settlement at Maturity

I. Where the Daily Airbag Feature and Final Fixing Date Airbag Feature are not applicable

Assuming that the Hang Seng Single US Stock Callable ELIs are daily callable and the Callable Period is from (and including) the 1st Fixing Date to (and excluding) the Final Fixing Date, as shown in the two scenarios below, our Hang Seng Single US Stock Callable ELIs will not be early terminated since the Call Condition has not been met by the Linked Stock throughout the Callable Period and Settlement At Maturity will be calculated as follows:

(i) Gain Case Scenario



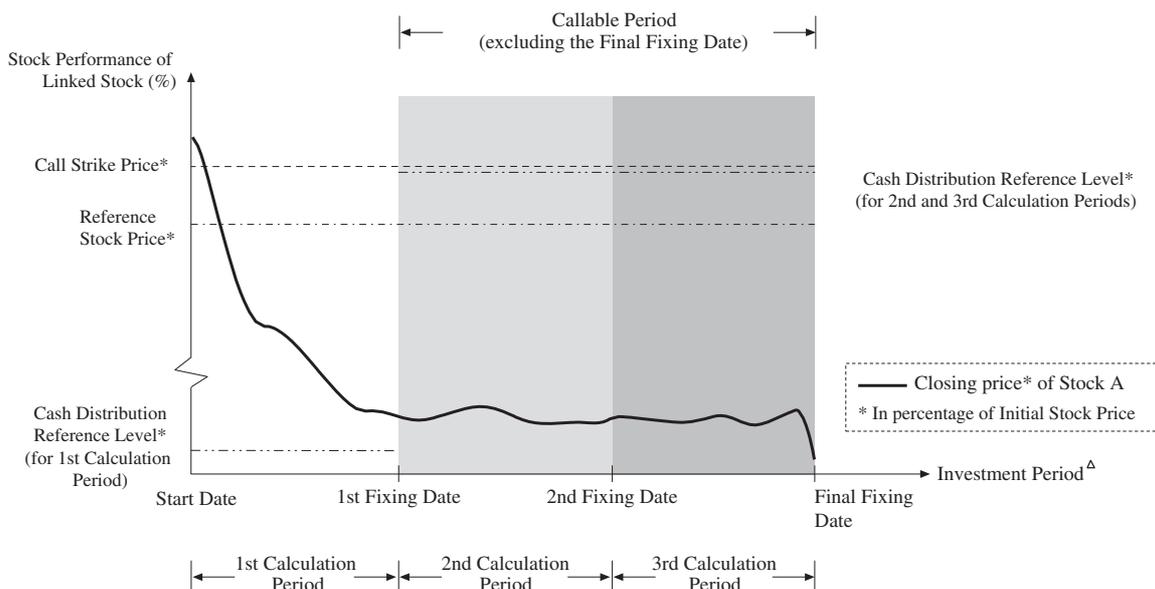
Is the Final Stock Price at or above the Reference Stock Price?	Election of Mode of Settlement?	Settlement At Maturity (per ELI)
Yes	N/A	USD10,000 + Accrued Potential Cash Distribution Amount for the 3rd Calculation Period of USD7.50 ⁺

Notes: ^Δ Being the period from the Start Date to the Maturity Date (both dates inclusive).

⁺ Assuming that for the 3rd Calculation Period, Day-in 1 is 3 and Day-in 2 is 17, the accrued Potential Cash Distribution Amount for the 3rd Calculation Period = USD7.50 (USD10,000 x (0.5% x 3 / 20 + 0% x 17 / 20)).

(ii) Loss Case Scenario

Assuming that in this scenario, the Final Stock Price is USD2.



Is the Final Stock Price at or above the Reference Stock Price?	Election of Mode of Settlement?	Settlement At Maturity (per ELI)
No	Physical settlement	<p>If the Settlement Currency is USD: 200 shares of Linked Stock^{Remark 1}</p> <p>If the Settlement Currency is RMB: 240 shares of Linked Stock^{Remark 1}</p> <p>There is no Potential Cash Distribution Amount for the 3rd Calculation Period as the Closing Price of the Linked Stock is below its Cash Distribution Reference Level on each Scheduled Trading Day during the 3rd Calculation Period</p>
	Cash settlement	<p>If the Settlement Currency is USD: USD400^{Remark 2}</p> <p>If the Settlement Currency is RMB: RMB3,120^{Remark 2}</p> <p>There is no Potential Cash Distribution Amount for the 3rd Calculation Period as the Closing Price of the Linked Stock is below its Cash Distribution Reference Level on each Scheduled Trading Day during the 3rd Calculation Period</p>

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 USD0 (and, where physical settlement is elected as the mode of settlement, the stock price of the Linked Stock remains at USD0 till the Maturity Date), the Settlement At Maturity will be worthless.

Note: ^Δ Being the period from the Start Date to the Maturity Date (both dates inclusive).

- (iii) Where an RMB Disruption Event occurs and continues to exist for 10 Business Days after the Maturity Date

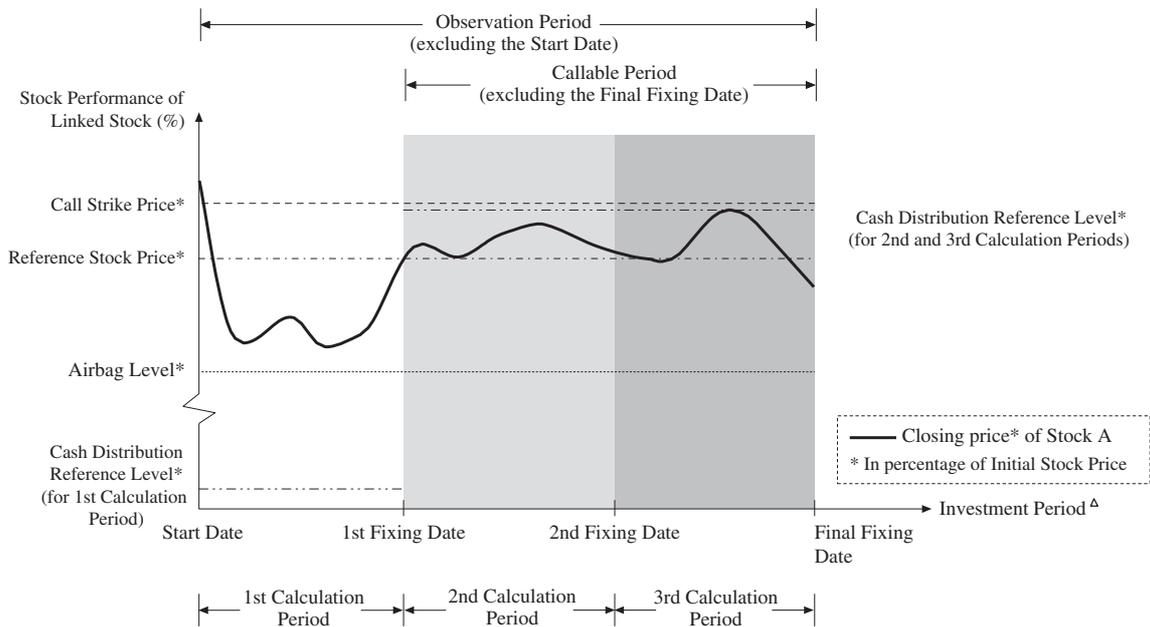
Taking the loss case scenario above with cash settlement in RMB, if an RMB Disruption Event occurs and continues to exist for 10 Business Days after the Maturity Date, payment will be made in an amount in HKD determined by the Calculation Agent by converting the original amount payable in RMB into HKD 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 you will receive is HKD2,496 (being RMB3,120 x 0.8). Therefore, you will suffer a loss of HKD1,404 in HKD terms, as the HKD equivalent amount (i.e. HKD2,496) 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 HKD3,900 (being RMB3,120 x 1.25).

II. Where the Daily Airbag Feature is applicable

Assuming that the Hang Seng Single US Stock Callable ELIs are **daily callable** and the Callable Period is from (and including) the 1st Fixing Date to (and excluding) the Final Fixing Date, as shown in the three scenarios below, our Hang Seng Single US Stock Callable ELIs will not be early terminated since the Call Condition has not been met by the Linked Stock throughout the Callable Period and Settlement At Maturity will be calculated as follows:

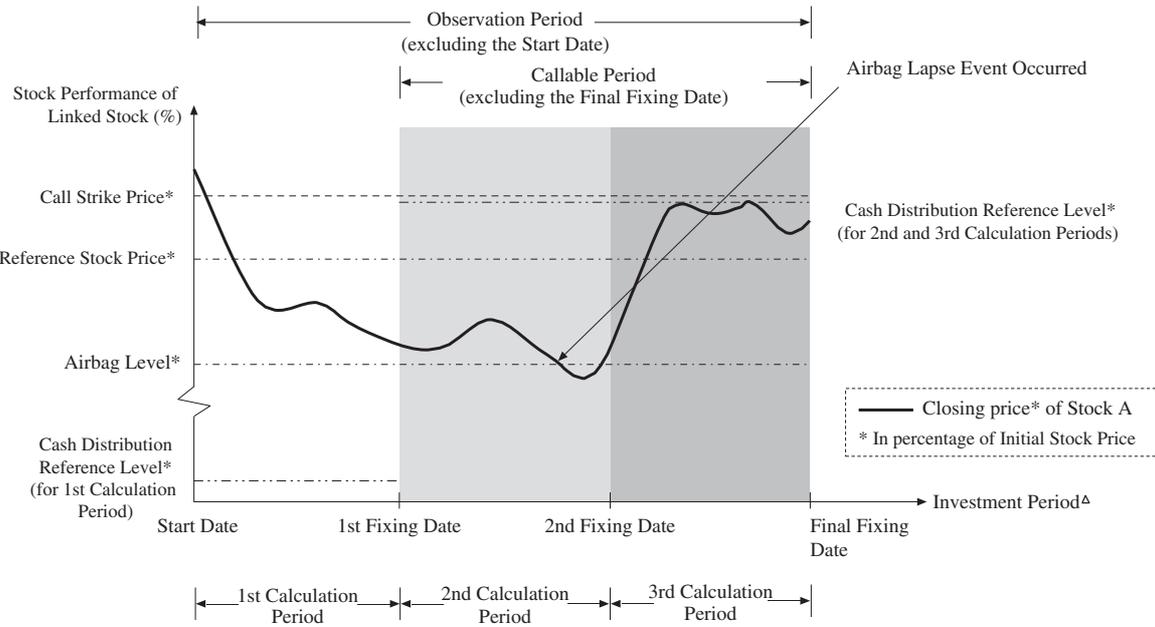
- (i) Gain Case Scenario I



Is the Final Stock Price at or above the Reference Stock Price?	Has the Airbag Lapse Event occurred [^] ?	Election of Mode of Settlement?	Settlement At Maturity (per ELI)
No	No	N/A	USD10,000 + Accrued Potential Cash Distribution Amount for the 3rd Calculation Period of USD7.50 ⁺

- Notes: ^Δ Being the period from the Start Date to the Maturity Date (both dates inclusive).
- [^] In the above scenario analysis, the Airbag Lapse Event occurs if the Closing Price of the Linked Stock is AT or BELOW the Airbag Level on any Scheduled Trading Day from (but excluding) Start Date to (and including) Final Fixing Date.
- ⁺ Assuming that for the 3rd Calculation Period, Day-in 1 is 3 and Day-in 2 is 17, the accrued Potential Cash Distribution Amount for the 3rd Calculation Period = USD7.50 (USD10,000 x (0.5% x 3/20 + 0% x 17/20)).

(ii) Gain Case Scenario II

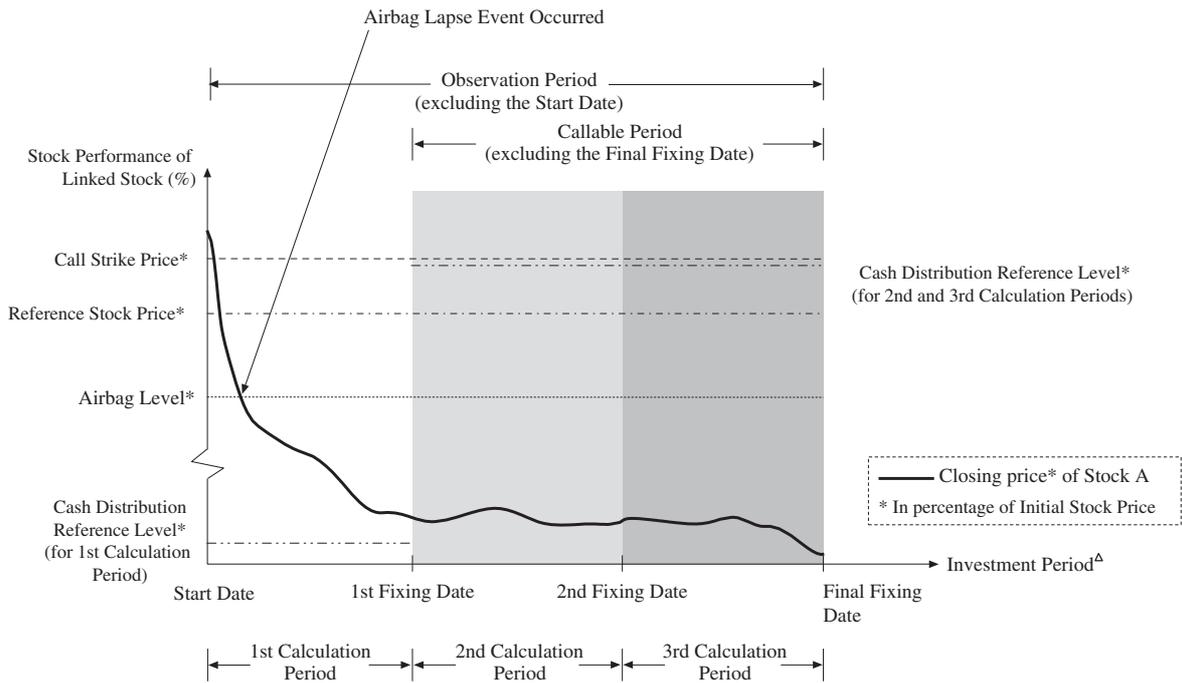


Is the Final Stock Price at or above the Reference Stock Price?	Has the Airbag Lapse Event occurred [^] ?	Election of Mode of Settlement?	Settlement At Maturity (per ELI)
Yes	Yes, but you still receive the Nominal Value plus the accrued Potential Cash Distribution Amount for the 3rd Calculation Period as Settlement At Maturity since the Final Stock Price is at or above the Reference Stock Price	N/A	USD10,000 + Accrued Potential Cash Distribution Amount for the 3rd Calculation Period of USD7.50 ⁺

- Notes: ^Δ Being the period from the Start Date to the Maturity Date (both dates inclusive).
- [^] In the above scenario analysis, the Airbag Lapse Event occurs if the Closing Price of the Linked Stock is AT or BELOW the Airbag Level on any Scheduled Trading Day from (but excluding) Start Date to (and including) Final Fixing Date.
- ⁺ Assuming that for the 3rd Calculation Period, Day-in 1 is 3 and Day-in 2 is 17, the accrued Potential Cash Distribution Amount for the 3rd Calculation Period = USD7.50 (USD10,000 x (0.5% x 3 / 20 + 0% x 17 / 20)).

(iii) Loss Case Scenario

Assuming that in this scenario, the Final Stock Price in USD2.



Is the Final Stock Price at or above the Reference Stock Price?	Has the Airbag Lapse Event occurred [^] ?	Election of Mode of Settlement?	Settlement At Maturity (per ELI)
No	Yes	Physical settlement	<p>If the Settlement Currency is USD: 200 shares of Linked Stock^{Remark 1}</p> <p>If the Settlement Currency is RMB: 240 shares of Linked Stock^{Remark 1}</p> <p>There is no Potential Cash Distribution Amount for the 3rd Calculation Period as the Closing Price of the Linked Stock is below its Cash Distribution Reference Level on each Scheduled Trading Day during the 3rd Calculation Period</p>
		Cash settlement	<p>If the Settlement Currency is USD: USD400^{Remark 2}</p> <p>If the Settlement Currency is RMB: RMB3,120^{Remark 2}</p> <p>There is no Potential Cash Distribution Amount for the 3rd Calculation Period as the Closing Price of the Linked Stock is below its Cash Distribution Reference Level on each Scheduled Trading Day during the 3rd Calculation Period</p>

Notes: ^Δ Being the period from the Start Date to the Maturity Date (both dates inclusive).

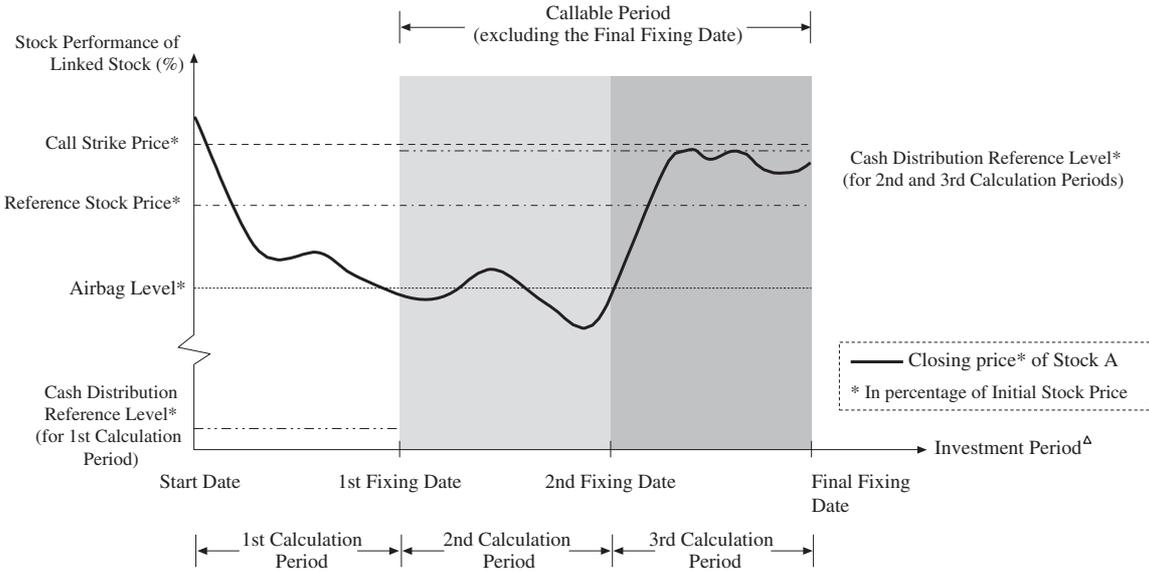
[^] In the above scenario analysis, the Airbag Lapse Event occurs if the Closing Price of the Linked Stock is AT or BELOW the Airbag Level on any Scheduled Trading Day from (but excluding) Start Date to (and including) Final Fixing Date.

Please note that if the Airbag Lapse Event has occurred and 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 USD0 (and, where physical settlement is elected as the mode of settlement, the stock price of the Linked Stock remains at USD0 till the Maturity Date), the Settlement At Maturity will be worthless.

III. Where the Final Fixing Date Airbag Feature is applicable

Assuming that the Hang Seng Single US Stock Callable ELIs are **daily callable** and the Callable Period is from (and including) the 1st Fixing Date to (and excluding) the Final Fixing Date, as shown in the two scenarios below, our Hang Seng Single US Stock Callable ELIs will not be early terminated since the Call Condition has not been met by the Linked Stock throughout the Callable Period and Settlement At Maturity will be calculated as follows:

(i) Gain Case Scenario

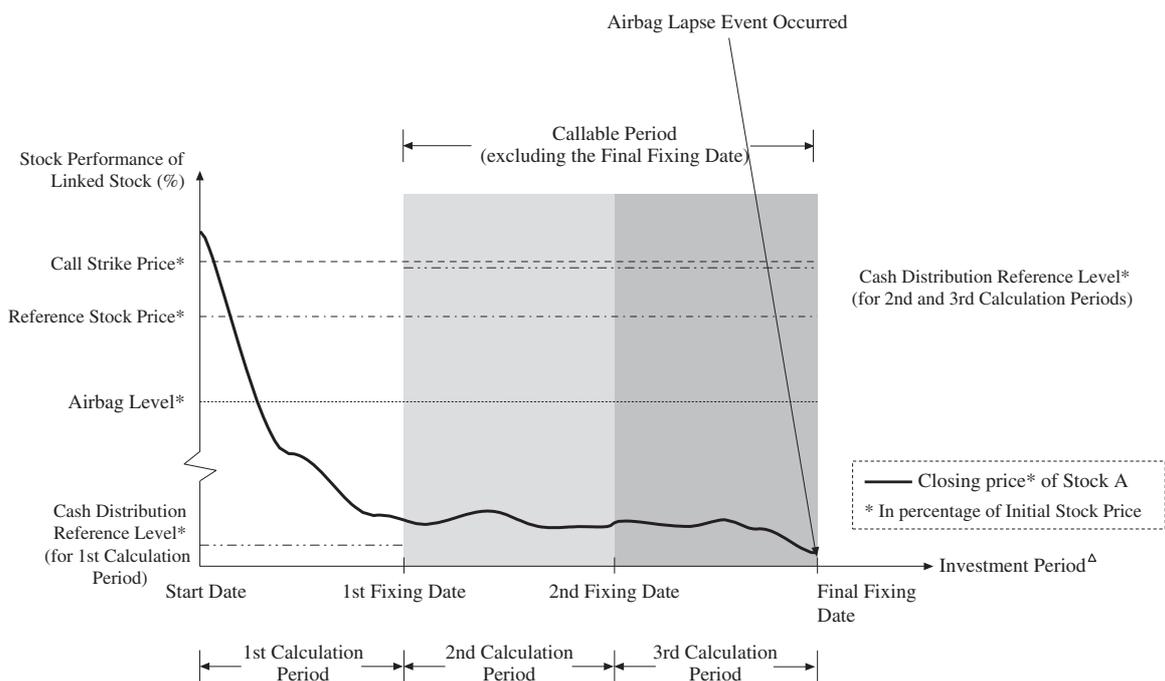


Has the Airbag Lapse Event occurred [^] ?	Election of Mode of Settlement?	Settlement At Maturity (per ELI)
No	N/A	USD10,000 + Accrued Potential Cash Distribution Amount for the 3rd Calculation Period of USD7.50 ⁺

Notes: [^] Being the period from the Start Date to the Maturity Date (both dates inclusive).
[^] In the above scenario analysis, the Airbag Lapse Event occurs if the Closing Price of the Linked Stock is AT or BELOW the Airbag Level on the Final Fixing Date.
⁺ Assuming that for the 3rd Calculation Period, Day-in 1 is 3 and Day-in 2 is 17, the accrued Potential Cash Distribution Amount for the 3rd Calculation Period = USD7.50 (USD10,000 x (0.5% x 3 / 20 + 0% x 17 / 20)).

(ii) Loss Case Scenario

Assuming that in this scenario, the Final Stock Price is USD2.



Has the Airbag Lapse Event occurred ^Δ ?	Election of Mode of Settlement?	Settlement At Maturity (per ELI)
Yes	Physical settlement	<p>If the Settlement Currency is USD: 200 shares of Linked Stock^{Remark 1}</p> <p>If the Settlement Currency is RMB: 240 shares of Linked Stock^{Remark 1}</p> <p>There is no Potential Cash Distribution Amount for the 3rd Calculation Period as the Closing Price of the Linked Stock is below its Cash Distribution Reference Level on each Scheduled Trading Day during the 3rd Calculation Period</p>
	Cash settlement	<p>If the Settlement Currency is USD: USD400^{Remark 2}</p> <p>If the Settlement Currency is RMB: RMB3,120^{Remark 2}</p> <p>There is no Potential Cash Distribution Amount for the 3rd Calculation Period as the Closing Price of the Linked Stock is below its Cash Distribution Reference Level on each Scheduled Trading Day during the 3rd Calculation Period</p>

Notes: ^Δ Being the period from the Start Date to the Maturity Date (both dates inclusive).

[^] In the above scenario analysis, the Airbag Lapse Event occurs if the Closing Price of the Linked Stock is AT or BELOW the Airbag Level on the Final Fixing Date.

Please note that if the Airbag Lapse Event has occurred, the investor will suffer a substantial loss in the investment. In the worst case scenario, if the Final Stock Price is USD0 (and, where physical settlement is elected as the mode of settlement, the stock price of the Linked Stock remains at USD0 till the Maturity Date), the Settlement At Maturity will be worthless.

Remarks:

1. Where the physical settlement is elected as the Mode of Settlement:

If the Settlement Currency is USD:

$$\begin{aligned}\text{Number of shares per ELI} &= \text{Nominal Value} / \text{Reference Stock Price} \\ &= \text{USD}10,000 / \text{USD}50 \\ &= 200 \text{ shares of Linked Stock}\end{aligned}$$

If the Settlement Currency is RMB:

$$\begin{aligned}\text{Number of shares per ELI} &= (\text{Nominal Value} \div \text{Exchange Rate}) / \text{Reference Stock Price} \\ &= (\text{RMB}78,000 \div 6.50) / \text{USD}50 \\ &= 240 \text{ shares of Linked Stock}\end{aligned}$$

If the Linked Stock to be delivered to you does not form an integral share, such a fraction of a share will be paid in cash (rounded down to 2 decimal places).

2. Where cash settlement is elected as the Mode of Settlement:

If the Settlement Currency is USD:

$$\begin{aligned}\text{Cash payment} &= \text{Nominal Value} \times (\text{Final Stock Price} / \text{Reference Stock Price}) \\ &= \text{USD}10,000 \times (\text{USD}2 / \text{USD}50) \\ &= \text{USD}400\end{aligned}$$

If the Settlement Currency is RMB:

$$\begin{aligned}\text{Cash payment} &= \text{Nominal Value} \times (\text{Final Stock Price} / \text{Reference Stock Price}) \\ &= \text{RMB}78,000 \times (\text{USD}2 / \text{USD}50) \\ &= \text{RMB}3,120\end{aligned}$$

The cash payment is denominated in RMB. HKD-based investors are exposed to fluctuations in the exchange rate between HKD and RMB 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.

C. 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 Single US Stock Callable ELIs, investors WILL NOT receive any settlement amount on the Maturity Date.
- If the Hang Seng Single US Stock Callable 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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OF THE ISSUER AND THE PRODUCT ARRANGER**

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