

IMPORTANT NOTES TO CUSTOMERS

Interested in Investing in Structured Products?

This fact sheet is issued by Hang Seng Bank Limited (the “Bank”), 83 Des Voeux Road Central, Hong Kong for the attention of investors who may be investing in structured products like equity-linked investments/notes, index-linked notes, interest-rate-linked notes, currency-linked notes, fund-linked notes, bond-linked notes, credit-linked notes, commodity-linked notes and etc. (“Structured Products”) via the Bank. It has been designed to help investors fully consider important information they should know before investing in Structured Products.

What is the difference between an investment in Structured Products and saving in a bank account?

When an investor deposits money in a bank, its original value does not change and the investor may also receive interest. The return may be relatively low but this reflects the fact that the investor has not risked his capital. Access to your money (unless it is in a notice account) is instant. With Structured Products, the investor may get potentially better returns but is putting his capital at risk and may end up with less than the original sum invested. Access to money invested may or may not be allowed during the investment period and may be subject to penalties or extra charges.

What are Structured Products?

Structured Products may be structured as investment contracts with an issuer, or negotiable instruments issued by an issuer. Some Structured Products may be designed only for investors who have a particular knowledge of Structured Products. The return from Structured Products is typically derived from embedded investments in one or more underlying assets (including equity shares, bonds and commodities) or their derivatives.

Before investing in Structured Products, investors should carefully review the offering documents of the Structured Products in order to obtain a full understanding of the nature, terms of the Structured Products, the commitment required, and the risks involved.

Investors should understand that Structured Products are considered Complex Products as defined under the Securities and Futures Commission’s (“SFC”) Guidelines on Online Distribution and Advisory Platforms and Investors should exercise caution in relation to such Complex Products.

So, what are the risks I should know about?

In general, the risks will include, but are not limited to, the following:

- 1. Market risk :** Investors are not guaranteed to make a profit from Structured Products and may make a loss. Structured Products may offer periodic investment income but such income may not be fixed and may go up or down. Changes in the price of the shares underlying Structured Products or changes in the perception of the credit quality of the underlying reference companies (e.g. a downgrading of their credit rating) can be unpredictable, sudden and large and may negatively impact the return and market value of the Structured Products. A small percentage fall in the related index or share price may result in a larger reduction in the amount paid out to the investor. If Structured Products are denominated in a foreign currency, the changes in the rate of exchange between currencies may cause the value or return of the Structured Products or the income (if any) therefrom to go up or down. The return of initial capital invested at the maturity of Structured Products are not guaranteed and the investor may lose all or a significant portion of his initial investment.
- 2. Liquidity risk :** Many Structured Products are intended to be investments held to maturity and may not be trading instruments. Even if the Structured Products are trading instruments, there may be no liquid secondary market. An investor may have difficulty selling the Structured Products. In addition, some Structured Products may not be transferred without the consent of the issuer and the investor may have no right to cancel the Structured Products. If an investor does not intend to invest in Structured Products for the full term of the Structured Products, an investment in Structured Products should not be made because the investor may not be able to realise the value of the Structured Products if, for example, the investor's view on the underlying shares

change after investing in Structured Products. Even if an investor is able to sell or redeem an Structured Products early, the investor may suffer poor returns or losses due to redemption penalties or pricing spread.

- 3. Credit risk** : If an investor invests in Structured Products, the investor is relying upon the creditworthiness of the Structured Products issuer and of no other person. Investors may not have any rights under the Structured Products against the listed company which issued the shares underlying the Structured Products. Investors should generally minimize the exposures where there is significant positive correlation between the creditworthiness of the Structured Products, including the Bank and/or its affiliates, and the market value of the underlying assets. Investors must make their own assessment of the ability of the issuer to meet its obligations under the Structured Products. Issuers may not be subject to the supervision of regulatory bodies.

How much should I consider investing in Structured Products?

Investors should generally avoid excessive investment in any single type of investment (in terms of the proportion of the investor's overall investment portfolio), including any proposed investment in Structured Products, so as to avoid over-exposing the investment portfolio to the risks peculiar to a particular type of investment. You should assess the risk of an investment relative to your total financial assets portfolio and ensure that there is no undue concentration risk. Your investment in Structured Products in general should not account for a significant portion of your financial assets portfolio.

You should also be confident that you have sufficient money set aside for emergencies and any money you invest in Structured Products should not be thought of as money you can access quickly or easily. You must also be happy to invest your capital for the entire investment term as early encashment may lead you to receive less than you originally invested.

The prices of structured products may go up as well as down and past performance is not indicative of future performance.

What can I get if I invest in Structured Products?

Investors should note that whether Structured Products may earn the advertised rate of return may depend on the terms and conditions of the Structured Products and specific conditions being met, and even professionals may not be able to judge accurately how likely that will be. Investors should also ascertain any tax consequences for investing in Structured Products and bear in mind that tax levels and regulations may change.

What charges are involved?

The charges and expenses applicable to investment in Structured Products should also be taken into account before investing. Full details of the charges are normally found within the brochure or offering document and you should make sure you read and understand this section before investing, particularly, you should understand how these charges can affect the value of your capital and where applicable, income.

What is the relationship between the Bank and product issuers?

The Structured Products distributed by the Bank are provided by various issuers, including our affiliate HSBC or members of HSBC Group, the Bank is acting as agent. In respect of the Structured Products issued by the Bank, the Bank is acting as principal.

I am ready to invest, anything else I should know and consider?

Before you do invest, spend a few moments considering the following:

- ❖ **Investors should only invest in Structured Products if they have carefully thought about whether they can afford to lose some or all of the money invested.**
- ❖ **Before investing, an investor should study and understand the nature, terms and risks of relevant Structured Products, and consider the suitability of their investment in the relevant Structured Products in light of risk tolerance, financial situation, investment experience, investment objectives and investment period.**
- ❖
- ❖ **If the investor is in any doubt, independent professional advice should be sought.**
- ❖ **As a direct participant in European Economic Area (EEA) Central Securities Depositories (CSD), we are required, under the European Union (EU) Central Securities Depositories Regulations (CSDR), to (i) offer our customers whose securities are held through the EEA CSD the choice between an Omnibus Client Segregated**

Account (OSA) and an Individual Client Segregated Account (ISA), and (ii) publicly disclose the level of protection and the costs associated with the different levels of segregation that the accounts provide. Please refer the relevant section at Hang Seng Bank Website for details.

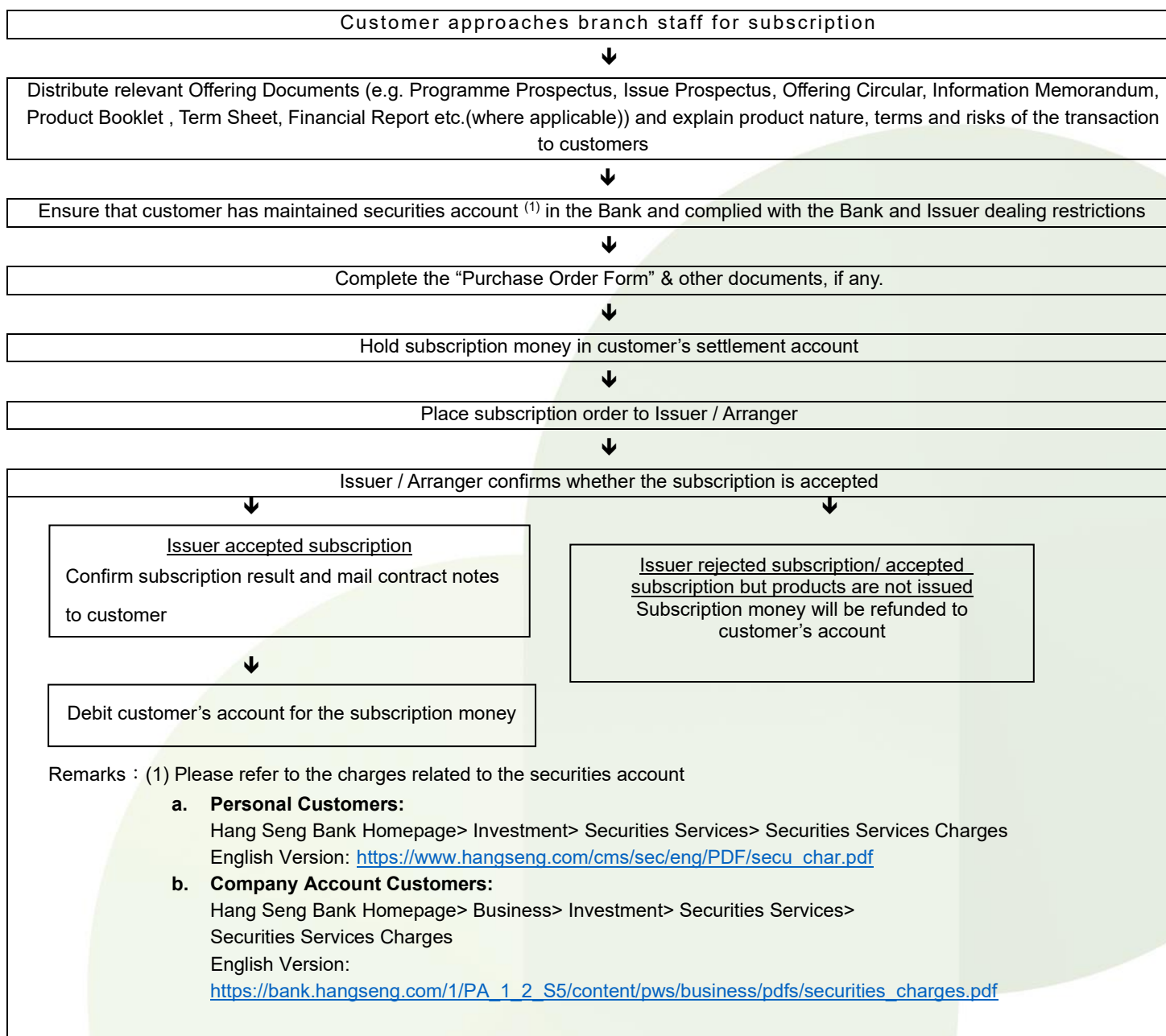
Know your investment?

Do you understand the investment you have made? We have prepared a leaflet listing out some key points to note about the product features and selling process of an investment. For more information, please visit hangseng.com/wiseinvest.
Investment involves risks.

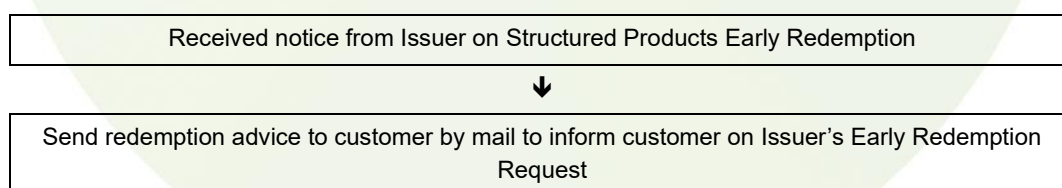
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- Hang Seng Bank (CE Number: AAH297) is a bank licensed under the Banking Ordinance and is registered under the Securities and Futures Ordinance to conduct various types of regulated activities. The Bank or its affiliates may have an interest in Structured Products, and may be providing advice or investment services in relation to Structured Products. The Bank or its affiliates may also be receiving rebates or commission from the Structured Products issuer or another person for distributing Structured Products. Opinions contained in this fact sheet are for reference only. This fact sheet is not intended to provide professional advice and should not be relied upon in that regard.
- The Bank is NOT an independent intermediary because:
 - i. the Bank receives fees, commissions, or other monetary benefits from other parties in relation to the Bank's distribution of Structured Products to you. For details, you should refer to the Bank's disclosure on monetary benefits which the Bank is required to deliver to you prior to or at the point of entering into any transaction in Structured Products; and/or
 - ii. the Bank receives non-monetary benefits from other parties, or have close links or other legal or economic relationships with issuers of products that the Bank may distribute to you.
- The Bank receives non-monetary benefits from other parties including but not limited to providing market seminar, data or analysis services related to relevant products, customers' sales support and staff's sales support. (Applicable to products not issued by the Bank)
- In respect of Equity Linked Investments Products and other Structured Products, the Bank may sell or distribute those Products issued by the Bank, our affiliate HSBC, members of HSBC Group, or other issuers. The Bank will not obtain and compare quote from other market participants for the Products. However, the Bank has pricing and execution controls over the Products to ensure fair pricing and treatment of customer's order.
- In respect of an eligible dispute (as defined in the Terms of Reference for the Financial Dispute Resolution Centre in relation to the Financial Dispute Resolution Scheme) arising between the Bank and you out of the selling process or processing of a Structured Products transaction, the Bank will enter into a Financial Dispute Resolution Scheme process with you; however any dispute over the contractual terms of the Structured Products should ultimately be resolved between the relevant issuer (including Hang Seng Bank Limited and third-party issuers) and you.
- The Bank encourages customers to read the investor publications published by the Investor Education Centre (the "IEC"). Copies of "How to Read Product Key Facts Statements" are available at branches of the Bank while stocks last. Customers may also download the relevant booklets from the IEC website (www.hkiec.hk).
- You may contact our staff at any of our branches if you have any feedback or complaint in relation to our services or call our hotline at 2822 0228. We will respond to you within a reasonable period of time normally not exceeding 30 days in general circumstances. You may contact the Hong Kong Monetary Authority at 55th Floor Two International Finance Centre, 8 Finance Street, Central, Hong Kong if you are not satisfied with our handling of your complaint.

Operating Procedures For Structured Products Subscription



Notice of Redemption (Upon Issuer's Early Redemption Request)



Remark : Except charges related to securities account, no additional charges for early redemption will be incurred.