



# HANG SENG BANK

## HANG SENG BANK LIMITED

### HK\$60,000,000,000

## Certificates of Deposit Issuance Programme

Hang Seng Bank Limited, acting through its principal office in Hong Kong, or as the case may be, acting through the branch specified as the Specified Branch in the applicable Pricing Supplement (as defined below) (the “**Issuer**”), subject to compliance with all relevant laws, regulations and directives, may pursuant to the HK\$60,000,000,000 Certificates of Deposit Issuance Programme (the “**Programme**”) from time to time issue certificates of deposit (the “**Certificates**”). References to “**Certificates**” shall, if the context so admits, include the global Certificates (the “**Global Certificates**”).

This Information Memorandum contains a summary of the Programme, a form of the Certificates (including the form of the Pricing Supplement), and the terms and conditions of the Certificates.

The maximum aggregate nominal amount of all Certificates from time to time outstanding under the Programme will not exceed HK\$60,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein. The Certificates may be issued on a continuing basis.

The Issuer established the Programme on 27 March 2003 and issued an information memorandum on that date describing the Programme. On 14 November 2005, the Issuer increased the maximum aggregate nominal amount of the Programme from HK\$30,000,000,000 to HK\$60,000,000,000 or its equivalent in alternative currencies. This Information Memorandum supersedes any previous information memorandum and any supplement thereto issued in respect of the Programme prior to the date of this Information Memorandum. Any Certificates issued under the Programme on or after the date of this Information Memorandum are issued subject to the provisions described herein.

The Issuer may appoint a dealer or dealers (each a “**Dealer**”) for any particular issue of Certificates.

Notice of the aggregate nominal amount of Certificates, interest (if any) payable in respect of Certificates, the issue price of Certificates and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under “**Terms and Conditions of the Certificates**”) of Certificates will be set out in a pricing supplement (the “**Pricing Supplement**”).

The Certificates will be in bearer form.

**Prospective purchasers of Certificates should ensure that they understand the nature, features, terms and risks of the relevant Certificates and the extent of their exposure to risks and that they should consider whether to invest in the relevant Certificates in the light of their own circumstances and financial condition. Certain issues of Certificates involve a high degree of risk and potential investors should be prepared to sustain a loss of all or part of their investment. Prospective purchasers should ensure that they have sufficient knowledge, experience and professional advice to make their own legal, financial, tax, accounting and other business evaluation of the merits and risks of investing in the Certificates. See “Risk Factors relating to Certificates” on page [5].**

*Arranger*

**HANG SENG BANK LIMITED**

*Dealers*

**Hang Seng Bank Limited  
Citibank  
HSBC**

**BNP PARIBAS  
Deutsche Bank  
Industrial and Commercial Bank of China (Asia) Limited**

*The date of this Information Memorandum is 15 October 2018*

No Dealer has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any Dealer as to the accuracy or completeness of the information contained or incorporated in this Information Memorandum or any other information provided by the Issuer in connection with the Programme.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Information Memorandum or any other information supplied in connection with the Programme or the Certificates and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any Dealer.

Neither this Information Memorandum nor any other information supplied in connection with the Programme or any Certificates (i) is intended to provide the basis of any credit or other evaluation or (ii) by itself, should be considered as a recommendation or constituting an invitation or offer by the Issuer or any Dealer that any recipient of this Information Memorandum or any other information supplied in connection with the Programme or any Certificates should purchase any Certificates. Each investor contemplating purchasing any Certificates should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Information Memorandum nor any other information supplied in connection with the Programme or the issue of any Certificates, by itself, constitutes an offer or invitation by or on behalf of the Issuer or any Dealer to any person to subscribe for or to purchase any Certificates.

Neither the delivery of this Information Memorandum nor the offering, sale or delivery of any Certificates shall in any circumstances imply that any information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same.

The Certificates have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) and are subject to U.S. tax law requirements. Subject to certain exceptions, Certificates may not be offered, sold or delivered within the United States or to U.S. persons (see “Subscription and Sale” below).

This Information Memorandum does not constitute an offer to sell or the solicitation of an offer to buy any Certificates in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Information Memorandum and the offer or sale of Certificates may be restricted by law in certain jurisdictions. Neither the Issuer nor any Dealer makes any representation that this Information Memorandum may be lawfully distributed, or that any Certificates may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or any Dealer which would permit a public offering of any Certificates or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Certificates may be offered or sold, directly or indirectly, and neither this Information Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Information Memorandum or any Certificates may come must inform themselves about, and observe, any such restrictions on the distribution of this Information Memorandum and the offering and sale of Certificates. In particular, there are restrictions on the distribution of this Information Memorandum and the offer or sale of Certificates in Hong Kong, the United States, the United Kingdom, Japan, the People’s Republic of China, Australia, Singapore and European Economic Area (see “Subscription and Sale” below).

The Certificates of each issue may be sold by the Issuer at such times and at such prices as the Issuer and/or the Dealer(s) may select. There is no obligation on the Issuer or any Dealer to sell all of the Certificates of a Tranche. The Certificates may be offered or sold from time to time in one or more transactions, in the over-the-counter market at prevailing market prices or in negotiated transactions, at the discretion of the Issuer. No representation or warranty or other assurance is given as to the number of Certificates of a Tranche issued or outstanding at any time.

All references in this document to “U.S. dollars”, “U.S.\$”, “USD” and “\$” refer to United States dollars, references to “£” refer to Sterling and references to “HK\$” are to Hong Kong dollars. References to “euro”, “EUR” and “€” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

**IMPORTANT — EEA RETAIL INVESTORS** - If the Pricing Supplement in respect of any Certificates includes a legend entitled “Prohibition of Sale to EEA Retail Investors”, the Certificates are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“MiFID II”); (ii) a customer within the meaning of Directive 2002/92/EC (“IMD”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “Prospectus Directive”). Consequently no key information document required by Regulation (EU) No 1286/2014 (the “PRIIPs Regulation”) for offering or selling the Certificates or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Certificates or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

#### **Deposit Protection**

The Certificates issued under the Programme: (a) are not “protected deposits” under, and are not protected by, the Deposit Protection Scheme established by the Hong Kong Deposit Protection Board pursuant to the Deposit Protection Scheme Ordinance (Cap. 581); and (b) are not guaranteed by the Hong Kong Government’s Exchange Fund.

Under the Companies (Winding up and Miscellaneous Provisions) Ordinance (Cap. 32), where the company being wound up is or was a bank, each depositor on the date that the winding up commences will rank as a priority creditor for a maximum of HK\$500,000, regardless of the number of deposits.

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## RISK FACTORS RELATING TO CERTIFICATES

THE PURCHASE OF CERTIFICATES MAY INVOLVE SUBSTANTIAL RISKS AND BE SUITABLE ONLY FOR INVESTORS WHO HAVE THE KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS NECESSARY TO ENABLE THEM TO EVALUATE THE RISKS AND THE MERITS OF AN INVESTMENT IN THE CERTIFICATES. PRIOR TO MAKING AN INVESTMENT DECISION, PROSPECTIVE INVESTORS SHOULD CONSIDER CAREFULLY, IN LIGHT OF THEIR OWN FINANCIAL CIRCUMSTANCES AND INVESTMENT OBJECTIVES, (I) ALL THE INFORMATION SET FORTH IN THIS INFORMATION MEMORANDUM AND, IN PARTICULAR, THE CONSIDERATIONS SET FORTH BELOW AND (II) ALL THE INFORMATION SET FORTH IN THE APPLICABLE PRICING SUPPLEMENT. PROSPECTIVE PURCHASERS SHOULD MAKE SUCH INQUIRIES AS THEY DEEM NECESSARY PRIOR TO DECIDING WHETHER TO INVEST IN THE CERTIFICATES.

AN INVESTMENT IN CERTIFICATES LINKED TO ONE OR MORE UNDERLYING EQUITY SECURITIES, INDICES, CURRENCIES, REFERENCE ENTITIES, COMMODITIES OR OTHER ITEMS (EACH A “REFERENCE ITEM”) MAY ENTAIL SIGNIFICANT RISKS NOT ASSOCIATED WITH INVESTMENTS IN A CONVENTIONAL CERTIFICATE OF DEPOSIT, INCLUDING BUT NOT LIMITED TO THE RISKS SET OUT BELOW. THE AMOUNT PAID BY THE ISSUER ON REDEMPTION OF THE CERTIFICATES MAY BE LESS THAN THE NOMINAL AMOUNT OF THE CERTIFICATES, TOGETHER WITH ANY ACCRUED INTEREST, AND MAY IN CERTAIN CIRCUMSTANCES BE ZERO. WHERE THE CERTIFICATES ARE REDEEMED BY THE ISSUER BY DELIVERY OF REFERENCE ITEM(S), THE VALUE OF THE REFERENCE ITEM(S) MAY BE LESS THAN THE NOMINAL AMOUNT OF THE CERTIFICATES, TOGETHER WITH ANY ACCRUED INTEREST, AND MAY IN CERTAIN CIRCUMSTANCES BE ZERO.

*Terms used in this section and not otherwise defined shall have the meanings given to them in “Terms and Conditions of the Certificates”.*

### **The Certificates are Not Protected by the Deposit Protection Scheme**

The Certificates issued under the Programme are not “protected deposits” under, and are not protected by, the Deposit Protection Scheme established by the Hong Kong Deposit Protection Board pursuant to the Deposit Protection Scheme Ordinance (Cap. 581).

### **Creditworthiness of the Issuer**

An investor must rely on the Issuer’s creditworthiness when the investor buys the Certificates. The Certificates represent the Issuer’s general unsecured contractual obligations and are not secured by any of the Issuer’s assets.

There is no assurance of protection against a default by the Issuer in respect of its payment or delivery obligations under the Certificates. A Certificateholder may lose the entire value of its/his/her deposit or investment if the Issuer becomes insolvent or defaults on its obligations under the Certificates.

### **Fixed Rate Certificates**

The fixed rate Certificates carry a fixed interest rate which is paid in arrears. Upon maturity, the Issuer will pay holders of the Certificates the principal amount of the Certificates plus any unpaid accrued interest. The maximum return on an investment in the Certificates is limited to these interest payments. As the fixed rate Certificates are fixed income investments which are structured to provide investors with returns primarily through regular interest payments thereon, holders of the Certificates who hold the Certificates through to maturity or who dispose of the Certificates in the secondary market may not realise any capital gain due to the subsequent changes in market interest rates. For example, if market interest rates rise, the value of a fixed rate Certificate will usually fall.

### **Floating Rate Certificates**

Floating rate Certificates do not assure the amount of income the Certificateholder will receive on the Certificateholder's investment. There is no guarantee that a Certificateholder will receive a stable or rising interest rate.

### **Partly Paid Certificates and Sinkable Certificates (other than Partly Paid Certificates or Sinkable Certificates which are Zero Coupon Certificates)**

Interest will accrue on the paid-up or sinking nominal amount of such Certificate only, as specified in the applicable Pricing Supplement.

### **Quanto Certificates**

The rate or amount of interest on such Certificates will be subject to exchange rate fluctuations, as specified in the applicable Pricing Supplement.

### **Equity Linked Certificates**

Equity Linked Redemption Certificates may be redeemable by the Issuer by payment of the par value amount and/or by the physical delivery of a given number of the Reference Item(s) and/or by payment of an amount determined by reference to the value of the Reference Item(s). Accordingly, an investment in Equity Linked Redemption Certificates may bear similar market risks to a direct equity investment and investors should take advice accordingly. Interest payable on Equity Linked Interest Certificates may be calculated by reference to the value of one or more Reference Item(s). Equity Linked Interest Certificates and Equity Linked Redemption Certificates are referred to herein as "**Equity Linked Certificates**".

### **Index Linked Certificates**

Index Linked Redemption Certificates may be redeemable by the Issuer by payment of either the par value amount and/or by payment of an amount determined by reference to the value of the Reference Item(s). Interest payable on Index Linked Interest Certificates may be calculated by reference to the value of one or more Reference Item(s). Index Linked Interest Certificates and Index Linked Redemption Certificates are referred to herein as "**Index Linked Certificates**".

### **Currency Linked Certificates**

Currency Linked Redemption Certificates may be redeemable by the Issuer by payment of either the par value amount or an amount determined by reference to the value of the Reference Item(s). Interest payable on Currency Linked Interest Certificates may be calculated by reference to the value of one or more Reference Item(s). Payments (whether in respect of principal or interest and/or whether at maturity or otherwise) in respect of Currency Linked Redemption Certificates and Currency Linked Interest Certificates may be made in such currencies, and by reference to such rates of exchange and/or such formulae as may be specified by the Issuer (as specified in the applicable Pricing Supplement). Currency Linked Interest Certificates and Currency Linked Redemption Certificates are referred to herein as "**Currency Linked Certificates**".

### **Credit Linked Certificates**

In the event of the occurrence of certain circumstances specified in the applicable Pricing Supplement, the Issuer's obligation to pay the par value amount on redemption may be replaced by an obligation to pay other amounts calculated by reference to the value of the Reference Item(s) and/or to physically deliver the Reference Item(s). In addition interest bearing Credit Linked Certificates may cease to bear interest on or prior to the date of occurrence of such circumstances.

## **Commodity Linked Certificates**

Commodity Linked Redemption Certificates may be redeemable by the Issuer by payment of the par value amount and/or by payment of an amount determined by reference to the value of the Reference Item(s). Accordingly, an investment in Commodity Linked Redemption Certificates may bear similar market risks to a direct investment in the commodity and investors should take advice accordingly. Interest payable on Commodity Linked Interest Certificates may be calculated by reference to the value of one or more Reference Item(s). Commodity Linked Interest Certificates and Commodity Linked Redemption Certificates are referred to herein as “**Commodity Linked Certificates**”.

## **Hedging**

In the ordinary course of its business, including without limitation in connection with its market-making activities, the Issuer and/or any of its affiliates may effect transactions for its own account or for the account of its customers and hold long or short positions in the Reference Item(s) or related derivatives. In addition, in connection with the offering of the Certificates, the Issuer and/or any of its affiliates may enter into one or more hedging transactions with respect to the Reference Item(s) or related derivatives. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer and/or any of its affiliates, the Issuer and/or any of its affiliates may enter into transactions in the Reference Item(s) or related derivatives which may affect the market price, liquidity or value of the Certificates and which could be deemed to be adverse to the interests of the relevant Certificateholders. Upon the redemption of Certificates (other than on the Maturity Date), the Issuer may be required to unwind, terminate, liquidate, adjust, obtain, replace or re-establishing such hedging or market-making activities, resulting in a gain to, or losses and costs incurred by, the Issuer and/or any of its affiliates. A Certificateholder may receive an amount from the Issuer in respect of such gain, or, as the case may be, be required to make a payment to the Issuer in respect of such losses or costs. In this event, on redemption of the Certificates, any amount that would otherwise be received by the Certificateholder in the case of cash settlement of the Certificates will be adjusted accordingly. Similarly, in the case of physical settlement of the Certificates, the Certificateholder may be required to make certain payments in respect of such losses and costs incurred by the Issuer as a condition of the delivery of any Asset Amount by the Issuer, or, as the case may be, the Certificateholder may receive certain payments from the Issuer with the delivery of any Asset Amount by the Issuer in respect of such gain to the Issuer.

## **Exchange Rate Risk**

A tranche of Certificates may be issued in a currency other than Hong Kong dollars. Where necessary, the Issuer will convert one currency into another at a specified or prevailing exchange rate in making calculations under the Certificates. In addition, if the currency denomination of the Certificates is not the Certificateholder’s home currency and the Certificateholder chooses to convert payments made on the Certificates back to his or her home currency, the amount the Certificateholder receives will be determined by reference to the prevailing exchange rate between the currency in which the Certificates are denominated and the Certificateholder’s home currency. Potential investors should note that the prevailing exchange rate may fluctuate as a result of market conditions and economic factors and that may have an adverse impact on the financial return on the Certificates.

## **Secondary Market**

There can be no assurance as to how any Certificates will trade in the secondary market or whether such market will be liquid or illiquid. As the Certificates are not traded on any stock exchange, pricing information for such Certificates may be more difficult to obtain, and the liquidity and market prices of such Certificates may be adversely affected. If a Certificateholder tries to sell his or her Certificates before the maturity date, the Certificateholder may receive an offer which is less or substantially less than the original amount he or she invested. This is because during the term of the Certificates, the market price of the Certificates may fluctuate, compared with the initial purchase price of the Certificates, depending on many factors, including market interest rate movements, the Issuer’s financial condition and results of operations, the market’s view of the Issuer’s credit quality and the market for similar investments. A Certificateholder could lose part or all of his or her investment if the Certificateholder chooses to sell his or her Certificates prior to the maturity date.

Even if a Certificateholder is able to sell his or her Certificates before the maturity date, the Certificateholder may not be able to enjoy the same rate of return if he or she re-invests in other investments.

A potential investor should carefully consider whether he or she should invest in the Certificates in light of the investor's financial position and investment objectives, especially if he or she may wish to sell the Certificates before maturity or may need access to the money he or she invests before the maturity of the Certificates. An investor should be prepared to invest his or her funds in the Certificates for the full investment tenor.

### **The Certificates are Not Covered by Investor Compensation Fund**

The Certificates are not listed on any stock exchange. They are not covered by the Investor Compensation Fund.

### **Market Value of Certificates**

The market value of an issue of Certificates will be affected by a number of factors independent of the creditworthiness of the Issuer, including, but not limited to:

- (i) the value and volatility of the Reference Item(s);
- (ii) in the case of Credit Linked Certificates, the creditworthiness of the specified entity or entities in respect of the Reference Item(s);
- (iii) where the Reference Item(s) is/are equity securities, the dividend rate on the Reference Item(s) and the financial results and prospects of the issuer of each Reference Item;
- (iv) where the Reference Item(s) is/are an index or a basket of indices, the level of the relevant index;
- (v) market interest and yield rates;
- (vi) fluctuations in exchange rates;
- (vii) fluctuations in the value of commodities;
- (viii) liquidity of the Certificates or any Reference Item(s) in the secondary market;
- (ix) the time remaining to any redemption date or the maturity date; and/or
- (x) economic, financial and political events in one or more jurisdictions, including factors affecting capital markets generally and the stock exchange(s) on which any Reference Item may be traded.

The price at which a Certificateholder will be able to sell any Certificates prior to maturity may be at a discount, which could be substantial, to the market value of such Certificates on the issue date, if, at such time, the market price of the Reference Item(s) is below, equal to or not sufficiently above the market price of the Reference Item(s) on the issue date. The historical market prices of any Reference Item should not be taken as an indication of such Reference Item's future performance during the term of any Certificate.

### **Conflicts of Interest**

Where the Issuer acts as Calculation Agent, potential conflicts of interest may exist between the Calculation Agent and Certificateholders, including with respect to certain determinations and judgments that the Calculation Agent may make pursuant to the Conditions that may influence the amount receivable upon redemption of the Certificates.

The Issuer, any Specified Branch and any Dealer may at the date hereof or at any time hereafter, be in possession of information in relation to a Reference Item that is or may be material in the context of the Certificates and may or may not be publicly available to Certificateholders. There is no obligation on the Issuer, any Specified Branch or any Dealer to disclose to Certificateholders any such information.



## **Regulatory Action(s) by Resolution Authorities under the Financial Institutions (Resolution) Ordinance**

The Financial Institutions (Resolution) Ordinance (Cap. 628, the Laws of Hong Kong) (the “**FIRO**”) was enacted by the Legislative Council of Hong Kong in June 2016. The FIRO (except Part 8, section 192 and Division 10 of Part 15 thereof) came into operation in July 2017.

The FIRO provides a regime for the orderly resolution of financial institutions with a view to avoiding or mitigating the risks otherwise posed by their non-viability to the stability and effective working of the financial system of Hong Kong, including the continued performance of critical financial functions. The FIRO seeks to provide the relevant resolution authorities with a range of powers to bring about timely and orderly resolution in order to stabilise and secure continuity for a failing authorised institution in Hong Kong. In particular, it is envisaged that subject to certain safeguards, the relevant resolution authority would be provided with powers to affect contractual and property rights as well as payments (including in respect of any priority of payment) that creditors would receive in resolution, including but not limited to powers to write off, or convert into equity, all or a part of the liabilities of the failing financial institution.

As an authorised institution regulated by the Hong Kong Monetary Authority, the Issuer is subject to and bound by the FIRO. The exercise of any resolution power by the relevant resolution authority under the FIRO in respect of the Issuer may have a material adverse effect on the market value or potential payout of the Certificates, and as a result, the Certificateholder may not be able to recover all or any amount due under the Certificates.

### **Investment Decision**

This Information Memorandum identifies in a general way, some of the information that a prospective investor should consider prior to making an investment in the Certificates. However, this Information Memorandum does not purport to provide all of the information or the comprehensive analysis necessary to evaluate the economic and other consequences of investing in the Certificates. Therefore, a prospective investor should conduct its own thorough analysis (including its own financial, accounting, legal and tax analysis) prior to deciding whether to invest in the Certificates. Any evaluation of whether to invest in the Certificates depends upon a prospective investor’s particular financial and other circumstances, as well as on the specific terms of the Certificates. This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should not make any investment decision based on this Information Memorandum alone. Before making any investment decision, prospective investor should understand the nature, features, terms and risks of the Certificates. If a prospective investor does not have experience in financial, legal, business and investment matters sufficient to permit it to make such a determination, the prospective investor should consult with its financial, tax, legal and/or accounting advisers, prior to deciding to make an investment in the Certificates.

**Prospective investors who consider purchasing any Certificates should reach an investment decision only after carefully considering nature, features, terms and risks of such Certificates in light of their particular circumstances.**

## GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuer may from time to time issue Certificates denominated in any currency, subject as set out herein. A summary of the terms and conditions of the Programme and the Certificates appears below. The applicable terms of any Certificates will be agreed by the Issuer prior to the issue of the Certificates and will be set out in the Terms and Conditions of the Certificates endorsed on, attached to, or incorporated by reference into, the Certificates, as modified and supplemented by the applicable Pricing Supplement attached to, or endorsed on, such Certificates, as more fully described under “Form of the Certificates” below.

For the purpose of calculating the Hong Kong dollar equivalent of the Aggregate Nominal Amount of Certificates issued under the Programme from time to time:

- (a) the Hong Kong dollar equivalent of Certificates denominated in another Specified Currency (as specified in the applicable Pricing Supplement in relation to the relevant Certificates, described under “Form of the Certificates”) shall be determined, at the discretion of the Issuer, either as of the date on which agreement is reached for the issue of Certificates or on the preceding day on which commercial banks and foreign exchange markets settle payments and are open for general business in Hong Kong, in each case on the basis of the spot rate for the sale of Hong Kong dollars against the purchase of such Specified Currency in the Hong Kong foreign exchange market quoted by any leading international bank selected by the Issuer on the relevant day of calculation;
- (b) subject to paragraph (c), the Hong Kong dollar equivalent of Fixed Rate Certificates, Floating Rate Certificates, Partly Paid Certificates, Sinkable Certificates, Quanto Certificates, Currency Linked Certificates, Index Linked Certificates, Equity Linked Certificates, Credit Linked Certificates and Commodity Linked Certificates (each as specified in the applicable Pricing Supplement in relation to the relevant Certificates, described under “Form of the Certificates”) shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Certificates; and
- (c) the Hong Kong dollar equivalent of Zero Coupon Certificates (as specified in the applicable Pricing Supplement in relation to the relevant Certificates, described under “Form of the Certificates”) and other Certificates issued at a discount or a premium shall be calculated in the manner specified above by reference to the net proceeds received by the Issuer for the relevant issue.

## SUMMARY OF THE PROGRAMME

*The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Information Memorandum and, in relation to the terms and conditions of any particular Tranche of Certificates, the applicable Pricing Supplement. Words and expressions defined in “Form of the Certificates” and “Terms and Conditions of the Certificates” below shall have the same meanings in this summary.*

<b>ISSUER</b>	Hang Seng Bank Limited, acting through its principal office in Hong Kong, or as the case may be, acting through the branch specified as the Specified Branch in the applicable Pricing Supplement
<b>DESCRIPTION</b>	Certificates of Deposit Issuance Programme
<b>ARRANGER</b>	Hang Seng Bank Limited
<b>DEALERS</b>	Hang Seng Bank Limited BNP Paribas Citicorp International Limited Deutsche Bank AG, Hong Kong Branch Industrial and Commercial Bank of China (Asia) Limited The Hongkong and Shanghai Banking Corporation Limited  The Issuer may from time to time terminate the appointment of any Dealer under the Programme or appoint additional Dealers in respect of one or more series of Certificates or in respect of the whole Programme.
<b>CALCULATION AGENT</b>	Hang Seng Bank Limited or such other agent appointed by the Issuer, as specified in the applicable Pricing Supplement.
<b>CERTAIN RESTRICTIONS</b>	Each issue of Certificates denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “Subscription and Sale”) including the following restrictions applicable at the date of this Information Memorandum.
<b>PROGRAMME SIZE</b>	Up to HK\$60,000,000,000 (or its equivalent in other currencies calculated as described under “General Description of the Programme”) outstanding at any time. The Issuer may increase the amount of the Programme.
<b>CURRENCIES</b>	Subject to any applicable legal or regulatory restrictions, any currency agreed from time to time between the Issuer and the relevant Dealer, including, without limitation, Hong Kong dollars and United States dollars.
<b>REDENOMINATION</b>	The Pricing Supplement may provide that certain Certificates may be redenominated into another currency. The relevant provisions applicable to such redenomination will be specified in the applicable Pricing Supplement.
<b>MATURITIES</b>	Such maturities as may be specified by the Issuer subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.

<b>FORM OF CERTIFICATES</b>	The Certificates will be in bearer form. Certificates will on issue be represented by a Global Certificate. Global Certificates will be exchangeable for definitive Certificates only upon the occurrence of an Exchange Event as described under “Form of the Certificates”.
<b>FIXED RATE CERTIFICATES</b>	Fixed interest will be payable in arrear (unless otherwise specified in the applicable Pricing Supplement) on such date or dates as may be specified by the Issuer and on redemption, and will be calculated on the basis of such Day Count Fraction as may be specified by the Issuer. The rate of interest may vary over the tenor of the Certificates, as specified in the applicable Pricing Supplement.
<b>FLOATING RATE CERTIFICATES</b>	<p>Floating Rate Certificates will bear interest at a rate determined:</p> <ul style="list-style-type: none"> <li>(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Certificates of the relevant Series);</li> <li>(ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or</li> <li>(iii) on such other basis as may be specified in the applicable Pricing Supplement.</li> </ul> <p>The Margin (if any) relating to such floating rate will be specified by the Issuer for each Series of Floating Rate Certificates.</p>
<b>OTHER PROVISIONS IN RELATION TO FIXED RATE CERTIFICATES AND FLOATING RATE CERTIFICATES</b>	<p>Floating Rate Certificates may also have a maximum interest rate, a minimum interest rate or both.</p> <p>Interest on Fixed Rate Certificates and Floating Rate Certificates in respect of each Interest Period, as specified prior to issue by the Issuer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be specified in the applicable Pricing Supplement.</p>
<b>ZERO COUPON CERTIFICATES</b>	Zero Coupon Certificates will be offered and sold at a discount to their nominal amount and will not bear interest (other than interest due after the maturity date in the case of late payment).
<b>PARTLY PAID CERTIFICATES</b>	Certificates may be issued on a partly paid basis in which case interest will accrue on the paid-up amount of such Certificates (or as otherwise specified in the applicable Pricing Supplement).
<b>SINKABLE CERTIFICATES</b>	Certificates which are sinkable in nature will be repaid according to a defined schedule in two or more instalments of such amounts and on such dates as specified in the applicable Pricing Supplement.
<b>QUANTO CERTIFICATES</b>	Interest payments under Quanto Certificates may or may not be in the denomination or local currency of the floating rate options or other underlyings which determine the rate of interest as specified in the applicable Pricing Supplement.

**EQUITY LINKED  
REDEMPTION  
CERTIFICATES**

Payments of principal will be calculated by reference to such underlying equity security(ies) and/or to such formulae and/or to changes in the prices of such security(ies) or to such other factors as may be specified in the applicable Pricing Supplement.

**EQUITY LINKED  
INTEREST CERTIFICATES**

Payments of interest in respect of Equity Linked Interest Certificates will be calculated by reference to such underlying equity security(ies) and/or such formulae and/or to changes in the prices of such security(ies) or to such other factors as may be specified in the applicable Pricing Supplement.

**INDEX LINKED  
REDEMPTION  
CERTIFICATES**

Payments of principal will be calculated by reference to a single index or a basket of indices and/or such formulae or to such other factors as may be specified by the Issuer in the applicable Pricing Supplement.

**INDEX LINKED INTEREST  
CERTIFICATES**

Payments of interest in respect of Index Linked Interest Certificates will be calculated by reference to a single index or a basket of indices and/or such formulae or to such other factors as may be specified in the applicable Pricing Supplement.

**CURRENCY LINKED  
REDEMPTION  
CERTIFICATES**

Payments of principal may be calculated by reference to an exchange rate between a currency pair or pairs and/or such formulae or to such other factors as may be specified in the applicable Pricing Supplement. Payments of principal whether at maturity or otherwise in respect of Currency Linked Redemption Certificates which are denominated in one currency may be payable in one or more specified currencies, and by reference to such rates of exchange and/or such formulae as may be specified in the applicable Pricing Supplement.

**CURRENCY LINKED  
INTEREST CERTIFICATES**

Payments of interest may be calculated by reference to the exchange rate between a currency pair or pairs and/or such formulae or to such other factors as may be specified in the applicable Pricing Supplement. Payments of interest whether at maturity or otherwise in respect of Currency Linked Interest Certificates which are denominated in one currency may be payable in one or more specified currencies, and by reference to such rates of exchange and/or such formulae as may be specified in the applicable Pricing Supplement.

**CREDIT LINKED  
CERTIFICATES**

Certificates with respect to which payment of principal and interest are linked to the credit of a specified entity or entities will be issued on such terms as may be specified in the applicable Pricing Supplement.

**COMMODITY LINKED  
REDEMPTION  
CERTIFICATES**

Payments of principal will be calculated by reference to the prices of one or more commodities (including bullion and precious metals) and/or formulae or to such other factors as may be specified in the applicable Pricing Supplement.

**COMMODITY LINKED  
INTEREST CERTIFICATES**

The interest rate on Commodity Linked Interest Certificates may be determined by reference to the prices of one or more commodities (including bullion and other precious metals) and/or formulae or to such other factors as may be specified in the applicable Pricing Supplement.

**REDEMPTION**

The applicable Pricing Supplement relating to each Tranche of Certificates will indicate either that the relevant Certificates cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or as a result of a Tax Event or following an Event of Default) or that such Certificates will be redeemable at the option of the Issuer and/or the Certificateholders upon giving notice to the Certificateholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be specified in the applicable Pricing Supplement.

**EVENT OF DEFAULT**

The relevant Certificates may be declared immediately due and payable by the Certificateholder if any of the following occurs:

- (i) the Issuer fails to pay any principal or interest on a Certificate when due and that failure continues for a period of 14 days in the case of principal and 21 days in the case of interest;
- (ii) the Issuer fails to perform any other obligations under the terms of the Certificates and the failure continues for a period of 30 days;
- (iii) an order is made or an effective resolution passed for the winding up of the Issuer, except for the purpose of a reconstruction or amalgamation; or
- (iv) if any insolvency proceeding is initiated against the Issuer, or an application is made for the appointment of a receiver or similar official, or an encumbrancer takes possession of the whole or a substantial part of its undertaking, and in each case, is not discharged within 14 days.

**DENOMINATION OF CERTIFICATES**

Certificates will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and as specified in the applicable Pricing Supplement, save that the minimum denomination of each Certificate will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.

**TAXATION**

Payments in respect of the Certificates will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction, subject as provided in Condition 8. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 8 (unless otherwise specified in the applicable Pricing Supplement), be required to pay additional amounts to cover the amounts so deducted.

**MODIFICATION**

The Issuer may, without the consent of the Certificateholders, at any time and from time to time, effect (i) any modification of the provisions of the Certificates or the Global Certificate which is not materially prejudicial to the interests of the Certificateholders; or (ii) any modification of the provisions of the Certificates or the Global Certificate which is of a formal, minor or technical nature, or is made to correct a manifest error or to comply with mandatory provisions of the laws of Hong Kong or which may be proper to make. Any such modification shall be binding on the Certificateholders and shall be notified by the Issuer to the Certificateholders before the relevant effective date or as soon as practicable thereafter.

**NEGATIVE PLEDGE**

The terms of the Certificates will not contain a negative pledge provision.

<b>CROSS DEFAULT</b>	The terms of the Certificates will not contain a cross default provision.
<b>STATUS OF THE CERTIFICATES</b>	<p>The deposits represented by the Certificates issued under the Programme will constitute direct and unsecured obligations of the Issuer and will at all times rank, with the exception of Small Deposit Priorities, obligations in respect of taxes and other obligations subject to statutory liens, preferences or priorities, <i>pari passu</i> and without any preference among themselves and at least equally with all other unsecured and unsubordinated obligations of the Issuer, present and future.</p> <p>The section entitled “Deposit Protection” above describes how repayment obligations owed to each depositor with a bank of up to HK\$500,000 will be preferred (“<b>Small Deposit Priorities</b>”).</p>
<b>PUT OPTIONS</b>	A tranche of Certificates may be issued on the basis that the Certificateholder(s) can require redemption on one or more dates before its stated maturity.
<b>CALL OPTIONS</b>	A tranche of Certificates may be issued on the basis that the Issuer can redeem all of some of the Certificates on one or more dates before its stated maturity.
<b>LISTING</b>	The Certificates will not be listed.
<b>GOVERNING LAW</b>	The Certificates will be governed by, and construed in accordance with, Hong Kong law.
<b>SELLING RESTRICTIONS</b>	There are restrictions on the offer, sale and transfer of the Certificates in Hong Kong, the United States, the United Kingdom, Japan, the People’s Republic of China, Australia, Singapore and European Economic Area and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Certificates, see “Subscription and Sale”.

## FORM OF THE CERTIFICATES

Each Tranche of Certificates will be bearer Certificates.

Each Tranche of Certificates will be issued in the form of a global certificate (a “**Global Certificate**”) which will be delivered on or prior to the original issue date of the Tranche to a common depository (the “**Common Depository**”) for Euroclear Bank S.A./N.V. as operator of the Euroclear System (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”) or, if the Certificates are to be held by the Hong Kong Monetary Authority as operator of the Central Moneymarkets Unit Service (the “**CMU Service**”), lodged with a sub-custodian of the CMU Service.

Payments of principal, interest (if any) or any other amounts on a Global Certificate will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Global Certificate without any requirement for certification.

In respect of a Global Certificate held through the CMU Service, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Global Certificate are credited (as set out in a CMU Instrument Position Report or any other relevant notification supplied to the CMU Lodging Agent by the CMU Service) and, save in the case of final payment, no presentation of the relevant Global Certificate shall be required for such purpose.

The applicable Pricing Supplement will specify that a Global Certificate will be exchangeable (free of charge), in whole but not in part, for definitive Certificates with, where applicable, receipts, interest coupons and talons attached only upon the occurrence of an Exchange Event. For these purposes, “**Exchange Event**” means that (i) an Event of Default (as defined in Condition 10) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg and, if the Certificates are held by the CMU Service, the CMU Service, have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Certificates represented by the Global Certificate in definitive form. The Issuer will promptly give notice to Certificateholders in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Global Certificate) may give notice to the Issuer or, in the case of Certificates held through the CMU Service, the relevant account holders therein, may give notice to the CMU Lodging Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Certificateholders requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Issuer or the Certificateholders, as the case may be.

The following legend will appear on all Global Certificates and definitive Certificates which have an original maturity of more than 365 days and on all receipts, interest coupons and talons relating to such Certificates:

“ANY UNITED STATES PERSON (AS DEFINED IN THE UNITED STATES INTERNAL REVENUE CODE) WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Certificates, receipts, interest coupons or talons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Certificates, receipts, interest coupons or talons.

Certificates which are represented by a Global Certificate will only be transferable in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg or the CMU Service, as the case may be.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or the CMU Service shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement.



A Certificate may be accelerated by the holder thereof in certain circumstances described in Condition 10. In such circumstances, where any Certificate is still represented by a Global Certificate and the Global Certificate (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Certificates and payment in full of the amount due or delivery of any Asset Amount has not been made in accordance with the provisions of the Global Certificate, the Global Certificate will become void at 8.00 p.m. (London time) on such day. At the same time, holders of interests in such Global Certificate credited to their accounts with Euroclear and/or Clearstream, Luxembourg and/or the CMU Service, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg and/or the CMU Service on and subject to the terms of a deed of covenant (the “**Deed of Covenant**”) dated 27th March, 2003 and executed by the Issuer.

## Applicable Pricing Supplement

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Certificates issued under the Programme.

[Date]

### Hang Seng Bank Limited

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Certificates]  
under the HK\$60,000,000,000  
Certificates of Deposit Issuance Programme**

This document constitutes the Pricing Supplement relating to the issue of Certificates described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Information Memorandum dated 15 October 2018. This Pricing Supplement is supplemental to and must be read in conjunction with such Information Memorandum.

**[IMPORTANT — EEA RETAIL INVESTORS -** The Certificates are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“**MiFID II**”); (ii) a customer within the meaning of Directive 2002/92/EC (“**IMD**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “**Prospectus Directive**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Certificates or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Certificates or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.]

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]*

1. (i) Issuer: Hang Seng Bank Limited
- (ii) Specified Branch: [●]
2. (i) Series Number: [●]
- (ii) Tranche Number: [●]  
*(If fungible with an existing Series, details of that Series, including the date on which the Certificates become fungible)*
3. Specified Currency or Currencies: [●]  
*[Insert redenomination provisions, if applicable]*
4. Aggregate Nominal Amount: [●]  
— Series: [●]  
— Tranche: [●]
5. Issue Price: [●] per cent. of the Aggregate Nominal Amount  
*[plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]*

6. Specified Denominations:
7. (i) Issue Date (the deposit date of the Deposit represented by the Certificates):
- (ii) Interest Commencement Date:
8. Maturity Date: *[Fixed rate - specify date/Floating rate - Interest Payment Date falling in or nearest to [specify month]]*
9. Interest Basis: *(Condition 3)*  per cent. per annum Fixed Rate]  
 [HIBOR/LIBOR/EURIBOR] +/-  per cent. per annum Floating Rate]  
 [Zero Coupon]  
 [Partly Paid]  
 [Sinkable]  
 [Quanto]  
 [Equity Linked Interest]  
 [Currency Linked Interest]  
 [Index Linked Interest]  
 [Credit Linked]  
 [Commodity Linked Interest]  
 [Non-interest bearing]  
 [specify other]  
 [(further particulars specified below)]
10. Redemption/Payment Basis: *(Condition 5)*  [Redemption at par]  
 [Partly Paid]  
 [Sinkable Redemption]  
 [Quanto]  
 [Equity Linked Redemption]  
 [Index Linked Redemption]  
 [Credit Linked]  
 [Currency Linked Redemption]  
 [Commodity Linked Redemption]  
 [specify other]  
 [(further particulars specified below)]
11. Change of Interest Basis or Redemption/Payment Basis:  [Specify details of any provision for change of Certificates into another Interest Basis or Redemption/Payment Basis]
12. Call Option: *(Condition 5(c))*  [Issuer Call Applicable/ Not Applicable]  
 [(further particulars specified below)]
13. Put Option: *(Condition 5(d))*  [Investor Put Applicable/Not Applicable]  
 [(further particulars specified below)]
14. Method of distribution:  [Syndicated/Non-syndicated]

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

### 15. Interest Payment Dates

- (i) Specified Period(s)/Specified Interest Payment Dates: [●]  
*(Condition 3(a)(i))*
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]  
*(Condition 3(a)(i))*
- (iii) Additional Business Centre(s): [●]  
(Definition of “Business Day”)

### 16. Fixed Rate Certificate Provisions *(Condition 3(b)(i)(A))*

[Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Rate(s) of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]  
*(If payable other than annually, consider amending Condition 3)*
- (ii) Fixed Coupon Amount(s): [[●] per [●] in nominal amount/Not Applicable]
- (iii) Broken Amount(s): *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount(s)]/[Not Applicable]*
- (iv) Day Count Fraction: 30/360  
Actual/Actual (ISMA)  
Actual/365 (Fixed) *[Other]*
- (v) Determination Date(s): [●] in each year  
*(Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon (NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration) (NB: Only relevant where Day Count Fraction is Actual/Actual (ISMA)))*
- (vi) Other terms relating to the method of calculating interest for Fixed Rate Certificates: [None/Give details]

### 17. Floating Rate Certificate Provisions *(Condition 3(b)(i)(B))*

[Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Manner in which the Rate of Interest and Interest Amount is to be determined: [●]  
[Screen Rate Determination/ISDA Determination/specify other]

Reference to the words “2000 ISDA Definitions” in Condition 3(b)(i)(B) shall be deleted and replaced with the words “2006 ISDA Definitions”.

(ii) Screen Rate Determination:

- Reference Rate: [●]  
*(HIBOR, LIBOR, EURIBOR or other, although additional information is required if other)*
- Interest Determination Date(s): [●]  
*(Second London Business Day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR or HIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
- Relevant Screen Page: [“HIBOR=” on the Reuters Monitor Money Rates Service (or such other page or service as may replace the “HIBOR=”, for the purposes of displaying Hong Kong interbank offered rates of leading banks)]/[●]  
*(In the case of EURIBOR, if not Telerate Page 248 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*

(iii) ISDA Determination:

- Floating Rate Option: [●]
- Designated Maturity: [●]
- Reset Date: [●]

(iv) Margin: [+/-] [●] per cent. per annum

(v) Minimum Rate of Interest: [●] per cent. per annum  
*(Condition 3(a)(ii))*

(vi) Maximum Rate of Interest: [●] per cent. per annum  
*(Condition 3(a)(ii))*

(vii) Day Count Fraction: [Actual/365]/[Actual/Actual]  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
[30/360]/[360/360]/[BondBasis]  
[30E/360]/[EurobondBasis]  
[Other]  
*(See Condition 16 for alternatives)*

- (viii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate if different from those set out in the Conditions:
18. **Zero Coupon Certificate Provisions**   
*(Condition 5(e))* *[Applicable/Not Applicable]*  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Accrual Yield:  per cent. per annum
- (iii) Any other formula/basis of determining amount payable:   
*(Consider applicable day count fraction if not U.S. dollar denominated)*
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment:  *[Condition 5(e)(iv) apply/specify other]*
19. **Partly Paid Certificate Provisions**   
*(Condition 3(c))* *[Applicable/Not Applicable]*  
*(if applicable, insert relevant provisions)*
20. **Sinkable Certificate Provisions**   
*(Condition 3(d))* *[Applicable/Not Applicable]*  
*(if applicable, insert relevant provisions)*
21. **Quanto Certificate Provisions**   
*(Condition 3(e))* *[Applicable/Not Applicable]*  
*(if applicable, insert relevant provisions)*
22. **Equity Linked Interest Certificate Provisions**   
*(Condition 3(f))* *[Applicable/Not Applicable]*  
*(If not applicable, delete remaining sub-paragraphs of this paragraph)*
- (i) Formula for calculating interest rate including back up provisions:  *[Give or annex details]*
- (ii) Calculation Agent responsible for calculating the interest due:  *[Yes/No]*  
*(If no, provide details of the person responsible for determining the interest due)*
- (iii) Minimum Rate of Interest:   
*(Condition 3(a)(ii))*
- (iv) Maximum Rate of Interest:   
*(Condition 3(a)(ii))*
- (v) Day Count Fraction:
- (vi) Other terms or special conditions:
23. **Index Linked Interest Certificate Provisions**   
*(Condition 3(g))* *[Applicable/Not Applicable]*  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Formula for calculating interest rate including provisions for determining coupon where calculation by reference to Index/Indices is impossible or impracticable and other back up provisions:  [Give or annex details]
- (ii) Calculation Agent responsible for calculating the interest due:  [Yes/No]  
*(If no, provide details of the person responsible for determining the interest due)*
- (iv) Maximum Rate of Interest:  per cent. per annum  
*(Condition 3(a)(ii))*
- (v) Day Count Fraction:
- (vi) Other terms or special conditions:
24. **Currency Linked Interest Certificate Provisions**  [Applicable/Not Applicable]  
*(Condition 3(h)) (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Relevant Currency:
- (ii) Calculation Agent, if any, responsible for calculating the interest payable:  [Yes/No]  
*(If no, provide details of the person responsible for determining the interest due)*
- (iii) Relevant provisions for determining amount of interest payable:  [Give or annex details]
- (iv) Minimum Rate of Interest:   
*(Condition 3(a)(ii))*
- (v) Maximum Rate of Interest:   
*(Condition 3(a)(ii))*
- (vi) Day Count Fraction
- (vii) Other terms or special conditions:
25. **Commodity Linked Interest Provisions**  [Applicable/Not Applicable]  
*(Condition 3(i)) (If not applicable, delete remaining subparagraphs of this paragraph)*
- (i) Formula for calculating interest rate including provisions:  [Give or annex details]
- (ii) Calculation Agent responsible for calculating the interest due:  [Yes/No] (If no, provide details of the person responsible for determining the interest due)
- (iii) Minimum Rate of Interest:   
*(Condition 3(a)(ii))*
- (iv) Maximum Rate of Interest:   
*(Condition 3(a)(ii))*
-

## PROVISIONS RELATING TO REDEMPTION

26. Issuer Call: *(Condition 5(c))* [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
  - (ii) Optional Redemption Amount of each Certificate and method, if any, of calculation of such amount(s): [●]
  - (iii) If redeemable in part:
    - (a) Minimum Redemption Amount: [●]
    - (b) Maximum Redemption Amount: [●]
  - (iv) Notice period (if other than as set out in the Conditions): [●]
27. Investor Put: *(Condition 5(d))* [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
  - (ii) Optional Redemption Amount of each Certificate and method, if any, of calculation of such amount(s): [●]
  - (iii) Notice period (if other than as set out in the Conditions): [●]
  - (iv) Adjustment for Hedging Costs: [Applicable/Not Applicable]
28. Final Redemption Amount of each Certificate: [Nominal Amount/Not Applicable] *(Where Certificates are Sinkable Certificates, Equity Linked Redemption Certificates, Index Linked Redemption Certificates, Commodity Linked Redemption Certificates, Currency Linked Redemption Certificates or Credit Linked Certificates, specify "Not Applicable" and complete paragraphs 30 to 35 below as applicable)*
29. Early Redemption Amount:
- (i) Early Redemption Amount of each Certificate payable on redemption for taxation or on an event [●] *(N.B. The Early Redemption Amount is generally the same as the Redemption Amount (less any Hedging Costs, if appropriate, in the case of a Tax Event))*
  - (ii) If Certificates redeemed following a Tax Event (Condition 5(b)) redemption may occur at any time or on an Interest Payment Date: [At any time/on an Interest Payment Date] *(NB: where interest is calculated on a variable basis, redemption should occur on an Interest Payment Date)*



- (iii) Adjustment for Hedging Costs: [Applicable/Not Applicable]  
(Condition 5(j))
30. Details relating to Sinkable Certificates: [Applicable/Not Applicable]  
(Condition 5(f))  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- Sinkable Amount(s): [●]
- Sinkable Instalment Date(s): [●]
31. Equity Linked Redemption Certificate: [Applicable/Not Applicable]  
(Condition 6)  
(If applicable, insert other applicable provisions including those below. If not applicable, delete the remaining sub-paragraphs of this paragraph.)
- (i) Whether redemption of the Certificates by [cash settlement/Physical Delivery/cash settlement and/or Physical Delivery]  
(a) cash settlement or (b) Physical Delivery or (c) cash settlement and/or Physical Delivery:  
(If cash settlement and/or Physical Delivery specified, specify details for in what circumstances cash settlement or Physical Delivery will apply)
- (ii) Asset Amount: [Only applicable for Physical Delivery or cash settlement and/or Physical Delivery]
- (iii) Cut-Off Date: [Only applicable for Physical Delivery or cash settlement and/or Physical Delivery]
- (iv) Delivery provisions for Asset Amount (including details of the party making such delivery) if different from Terms and Conditions: [Only applicable for Physical Delivery or cash settlement and/or Physical Delivery]
- (v) Other terms or special conditions: [●]  
(Condition 6)
32. Index Linked Redemption Certificates:  
[Applicable/Not Applicable]  
(If applicable, insert applicable provisions below)
33. Currency Linked Redemption Certificates: [Applicable/Not Applicable]  
(Condition 6)  
(If applicable, insert applicable provisions below)
34. Commodity Linked Redemption Certificates: [Applicable/Not Applicable]  
(Condition 6)  
(If applicable, insert applicable provisions below)
35. Credit Linked Certificates: [Applicable/Not Applicable]  
(Condition 6)  
(If applicable, insert other applicable provisions including those below. If not applicable, delete the remaining sub-paragraphs of this paragraph)

- [cash settlement/Physical Delivery/cash settlement and/or Physical Delivery]
- (i) Whether redemption of the Certificates by (a) cash settlement or (b) Physical Delivery or (c) cash settlement and/or Physical Delivery: *(If cash settlement and/or Physical Delivery specified, specify details for determining in what circumstances cash settlement or Physical Delivery will apply and details regarding the cash settlement amount)*
- (ii) Asset Amount: *[Only applicable for Physical Delivery or cash settlement and/or Physical Delivery]*
- (iii) Cut-Off Date: *[Only applicable for Physical Delivery or cash settlement and/or Physical Delivery]*
- (iv) Delivery provisions for Asset Amount (including details of the party making such delivery) if different from Terms and Conditions: *[Only applicable for Physical Delivery or cash settlement and/or Physical Delivery]*
- (v) Other terms or special conditions: *[insert terms or other special conditions]*

## **PAYMENTS**

36. Additional Financial Centre(s) or other special provisions relating to Payment Dates: *[Not Applicable/give details]  
(Note that this item relates to the place of payment and not Interest Period end dates to which item 15(iii) relates)*

## **GENERAL PROVISIONS APPLICABLE TO THE CERTIFICATES**

37. Form of Certificates: *Global Certificate which is exchangeable for Definitive Certificates only upon an Exchange Event*
38. Talons for future Coupons or Receipts to be attached to Definitive Certificates (and dates on which such Talons mature): *[Applicable/Not Applicable]  
(If applicable, give details)*
39. Redenomination applicable: *Redenomination [not] applicable  
(If Redenomination is applicable, specify the terms of in the Pricing Supplement)*
40. Notices to the Issuer: *[Insert notice details for delivery of notices to the Issuer if specific notice details are required and Condition 13(c) applies]*
41. Calculation Agent: **[●]**
42. CMU Lodging Agent: **[●]**
43. Gross up for withholding tax: *[Not Applicable/Applicable]  
(Condition 8)  
(If not applicable, insert applicable provisions)*

44. Other terms or special conditions:

- (i) Modification: The Issuer may, without the consent of the Certificateholders, at any time and from time to time, effect (i) any modification of the provisions of the Certificates or the Global Certificate which is not materially prejudicial to the interests of the Certificateholders; or (ii) any modification of the provisions of the Certificates or the Global Certificate which is of a formal, minor or technical nature, or is made to correct a manifest error or to comply with mandatory provisions of the laws of Hong Kong or which may be proper to make. Any such modification shall be binding on the Certificateholders and shall be notified by the Issuer to the Certificateholders before the relevant effective date or as soon as practicable thereafter.
- (ii) Condition 2 is deleted in its entirety and replaced with the following:

“The deposits represented by the Certificates and any relative Receipts, Coupons and Talons are direct and unsecured obligations of the Issuer and shall at all times rank, with the exception of Small Deposit Priorities, obligations in respect of taxes and other obligations subject to statutory liens, preferences or priorities, *pari passu* and without any preference among themselves. The obligations of the Issuer under the Certificates and the Receipts, Coupons and Talons relating to them shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated obligations of the Issuer, present and future.

For the purpose of this Condition, “**Small Deposit Priorities**” means the priority given to depositors with an authorised institution in Hong Kong in respect of deposits in aggregate up to HK\$500,000 under the Companies (Winding up and Miscellaneous Provisions) Ordinance (Cap. 32) and any other statutory priority given, under the laws of Hong Kong, to certain depositors.”

*[insert other terms or special conditions]*

## DISTRIBUTION

45. Additional selling restrictions: [Not Applicable/give details]  
Prohibition of Sales to EEA Retail Investors:  
[Applicable/Not Applicable]  
[(If the Certificates clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the Certificates may constitute “packaged” products and no KID will be prepared, “Applicable” should be specified.)]

## OPERATIONAL INFORMATION

46. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the CMU Service and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
47. Delivery: Delivery [against/free of] payment

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ISIN: [●]

Common Code: [●]

CMU Instrument No.: [●]

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Signed on behalf of the Issuer:

By: \_\_\_\_\_  
*Duly authorised*

## TERMS AND CONDITIONS OF THE CERTIFICATES

*The following are the Terms and Conditions of the Certificates which will be incorporated by reference into each Global Certificate (as defined below) and each definitive Certificate. The applicable Pricing Supplement in relation to any Tranche of Certificates may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Certificates. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Certificate and definitive Certificate. Reference should be made to “Form of the Certificates” for a description of the contents of Pricing Supplements which will specify which of such terms are to apply in relation to the relevant Certificates.*

This Certificate is one of a Series (as defined below) of Certificates issued by Hang Seng Bank Limited, acting through its principal office in Hong Kong or, as the case may be, acting through the branch specified as being the Specified Branch in the applicable Pricing Supplement (as defined below) (the “**Issuer**”).

References herein to the “**Certificates**” shall be references to the Certificates of this Series and shall mean:

- (i) in relation to any Certificates represented by a global Certificate (a “**Global Certificate**”), units of the lowest Specified Denomination in the Specified Currency;
- (ii) any Global Certificate; and
- (iii) any definitive Certificates issued in exchange for a Global Certificate.

Interest bearing definitive Certificates have interest coupons (“**Coupons**”) and, if indicated in the applicable Pricing Supplement, talons for further coupons (“**Talons**”) attached on issue. Any reference to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Certificates repayable in instalments have receipts (“**Receipts**”) for the payment of the instalments of principal (other than the final instalment) attached on issue. Global Certificates do not have Receipts, Coupons or Talons attached on issue.

The Pricing Supplement for this Certificate (or the relevant provisions thereof) is attached to or endorsed on this Certificate and supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Certificate. References to the “**applicable Pricing Supplement**” are to the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Certificate.

Any reference to “**Certificateholders**” or “**holders**” in relation to any Certificates shall mean the holders of the Certificates and shall, in relation to any Certificates represented by a Global Certificate, be construed as provided below. Any reference herein to “**Receiptholders**” shall mean the holders of the Receipts and any reference herein to “**Couponholders**” shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of Talons.

As used herein, “**Tranche**” means Certificates which are identical in all respects and “**Series**” means a Tranche of Certificates together with any further Tranche or Tranches of Certificates which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Certificateholders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the “**Deed of Covenant**”) dated 27th March, 2003 and made by the Issuer. The original of the Deed of Covenant shall be deposited with and held by the Issuer. The Issuer hereby acknowledges the right of Certificateholders, Receiptholders and Couponholders to the production of the Deed of Covenant by the Issuer.

Copies of the Deed of Covenant are available for inspection during normal business hours at the principal office of the Issuer in Hong Kong, or, as the case may be, its Specified Branch. Copies of the applicable Pricing Supplement are obtainable during normal business hours at the principal office of the Issuer in Hong Kong, or, as the case may be, its Specified Branch, save that the applicable Pricing Supplement will only be obtainable by a Certificateholder holding one or more Certificates of that Series and such Certificateholder must produce evidence satisfactory to the Issuer as to its holding of such Certificates and identity. The Certificateholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Deed of Covenant and the applicable Pricing Supplement which are applicable to them.

Words and expressions used in the applicable Pricing Supplement shall have the same meanings where used in these Terms and Conditions, unless the context otherwise requires or unless otherwise stated.

## **1. FORM, DENOMINATION AND TITLE**

The Certificates are in bearer form and, in the case of definitive Certificates, serially numbered, in the Specified Currency and the Specified Denomination(s). Certificates of one Specified Denomination may not be exchanged for Certificates of another Specified Denomination.

This Certificate may be a Fixed Rate Certificate, a Floating Rate Certificate, a Zero Coupon Certificate, a Partly Paid Certificate, a Sinkable Certificate, a Quanto Certificate, an Equity Linked Redemption Certificate, an Equity Linked Interest Certificate, an Index Linked Redemption Certificate, an Index Linked Interest Certificate, a Currency Linked Redemption Certificate, a Currency Linked Interest Certificate, a Credit Linked Certificate, a Commodity Linked Redemption Certificate, a Commodity Linked Interest Certificate or a combination of any of the foregoing, depending upon the Interest Basis and Redemption/Payment Basis specified in the applicable Pricing Supplement.

Definitive Certificates are issued with Coupons and, if applicable, Receipts attached, unless they are Zero Coupon Certificates or non-interest bearing Certificates in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Certificates, Receipts, Coupons and Talons will pass by delivery.

The Issuer will (except as otherwise required by law) deem and treat the bearer of any Certificate, Receipt, Coupon or Talon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Certificate, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Certificates are represented by a Global Certificate held on behalf of Euroclear and/or Clearstream, Luxembourg and/or a sub-custodian for the CMU Service, each person (other than a clearing system in its capacity as an account holder of another clearing system) who is for the time being shown in the records of Euroclear, of Clearstream, Luxembourg or of the CMU Service as the holder of a particular nominal amount of such Certificates (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg or the CMU Service as to the nominal amount of such Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer as the holder of such nominal amount of such Certificates for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Certificates, for which purpose the bearer of the relevant Global Certificate shall be treated by the Issuer as the holder of such nominal amount of such Certificates in accordance with and subject to the terms of the relevant Global Certificate and the expressions “**Certificateholder**” and “**holder of Certificates**” and related expressions shall be construed accordingly. Certificates which are represented by a Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg or the CMU Service, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg and/or the CMU Service shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement.

## 2. STATUS OF THE CERTIFICATES

The deposits represented by the Certificates and any relative Receipts, Coupons and Talons are direct and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The obligations of the Issuer under the Certificates and the Receipts, Coupons and Talons relating to them shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated obligations of the Issuer, present and future.

## 3. INTEREST

### (a) General

#### (i) *Interest Payment Dates*

Each Certificate (other than a Zero Coupon Certificate) bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Interest Payment Date(s) in each year specified in the applicable Pricing Supplement (each such date, a “**Specified Interest Payment Date**”); or
- (B) if no Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an “**Interest Payment Date**”) which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period.

If a Business Day Convention is specified in the applicable Pricing Supplement and (1) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (2) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (I) in any case where Specified Periods are specified in accordance with Condition 3(a)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (1) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (2) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred;
- (II) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day;
- (III) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (IV) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.



(ii) *Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 3(b)(i) below is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 3(b)(i) below is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(b) **Interest on Fixed Rate Certificates and Floating Rate Certificates**

(i) *Rate of Interest*

(A) *Fixed Rate Certificates*

The Rate of Interest payable from time to time in respect of Fixed Rate Certificates will be specified in the applicable Pricing Supplement.

If specified in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount.

Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

(B) *Floating Rate Certificates*

The Rate of Interest payable from time to time in respect of Floating Rate Certificates will be determined in the manner specified in the applicable Pricing Supplement.

(1) ISDA Determination for Floating Rate Certificates

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph (1), “**ISDA Rate**” for an Interest Period means a rate (as determined by the Calculation Agent) equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Certificates (the “**ISDA Definitions**”), and under which:

- (I) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (II) the Designated Maturity is a period specified in the applicable Pricing Supplement; and
- (III) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on LIBOR, HIBOR or on EURIBOR, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Pricing Supplement.

For the purposes of this sub-paragraph (1), “**Floating Rate**”, “**Floating Rate Option**”, “**Designated Maturity**” and “**Reset Date**” have the meanings given to those terms in the ISDA Definitions.

(2) Screen Rate Determination for Floating Rate Certificates

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (I) the offered quotation; or
- (II) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at the Specified Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of (I) above, no offered quotation appears or, in the case of (II) above, fewer than three offered quotations appear, in each case as at the Specified Time, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or in the Hong Kong inter-bank market (if the Reference Rate is HIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Calculation Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Calculation Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or in the Hong Kong inter-bank market (if the Reference Rate is HIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

In the case of HIBOR, the Relevant Screen Page is page “HIBOR1=” or, as the case may be, “HIBOR2=” on the Reuters Monitor Money Rates Service (or such other page or service as may replace the “HIBOR1=” or, as the case may be, “HIBOR2=” page or service, as the case may be, for the purposes of displaying Hong Kong interbank offered rates of leading banks).

If the Reference Rate from time to time in respect of Floating Rate Certificates is specified in the applicable Pricing Supplement as being other than HIBOR, LIBOR or EURIBOR, the Rate of Interest in respect of such Certificates will be determined as provided in the applicable Pricing Supplement.

(ii) *Determination of Rate of Interest*

The Calculation Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

(iii) *Calculation of Interest Amounts*

The Calculation Agent in the case of Fixed Rate Certificates (unless the applicable Pricing Supplement specifies that either a Fixed Coupon Amount or a Broken Amount shall be payable on an Interest Payment Date) or Floating Rate Certificates will calculate the amount of interest (the “**Interest Amount**”) payable on the Certificates in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such amount by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

(iv) *Notification of Rate of Interest and Interest Amounts for Floating Rate Certificates*

In respect of Floating Rate Certificates the Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination, but in no event later than the fourth Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to the Certificateholders in accordance with Condition 13.

(v) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 3 by the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Calculation Agent and all Certificateholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Certificateholders, the Receiptholders or the Couponholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) **Interest on Partly Paid Certificates**

In the case of Partly Paid Certificates, interest will accrue on the paid-up nominal amount of such Certificates or otherwise as specified in the applicable Pricing Supplement.

(d) **Interest on Sinkable Certificates**

In the case of Sinkable Certificates, the rate and amount of interest shall be determined by the Issuer or the Calculation Agent (as specified in the applicable Pricing Supplement) by reference to the provisions in the applicable Pricing Supplement.

**(e) Interest on Quanto Certificates**

In the case of Quanto Certificates, the rate and amount of interest shall be determined by the Issuer or the Calculation Agent (as specified in the applicable Pricing Supplement) by reference to the provisions in the applicable Pricing Supplement.

**(f) Interest on Equity Linked Interest Certificates**

The rate and amount of interest on Equity Linked Interest Certificates shall be determined by the Issuer or the Calculation Agent (as specified in the applicable Pricing Supplement) by reference to the provisions specified in the applicable Pricing Supplement.

**(g) Interest on Index Linked Interest Certificates**

In the case of Index Linked Interest Certificates, the rate and amount of interest shall be determined by the Issuer or the Calculation Agent (as specified in the applicable Pricing Supplement) by reference to the provisions in the applicable Pricing Supplement.

**(h) Interest on Currency Linked Interest Certificates**

In the case of Currency Linked Interest Certificates, the rate and amount of interest shall be determined by the Issuer or the Calculation Agent (as specified in the applicable Pricing Supplement) by reference to the provisions specified in the applicable Pricing Supplement.

**(i) Interest on Commodity Linked Interest Certificates**

In the case of Commodity Linked Interest Certificates, the rate and amount of interest shall be determined by the Issuer or the Calculation Agent (as specified in the applicable Pricing Supplement) by reference to the provisions in the applicable Pricing Supplement.

**(j) Accrual of interest**

Each Certificate (or in the case of the redemption of part only of a Certificate, that part only of such Certificate) will cease to bear interest (if any) from the date for its redemption unless payment of principal and/or delivery of all assets deliverable is improperly withheld or refused. In such event, interest will continue to accrue until the date on which all amounts due in respect of such Certificate have been paid and/or all assets deliverable in respect of such Certificate have been delivered.

**(k) References to interest**

References to interest (or other amounts payable in excess of the amount subscribed for Certificates) in these Terms and Conditions are to payments by the Issuer of amounts for the use of the sum subscribed for Certificates and as compensation for the risk that, as the case may be, the amount repayable on Certificates may be less than the sum subscribed or the amount payable as interest on Certificates may be reduced to zero in certain circumstances.

**4. PAYMENTS**

**(a) Method of payment**

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency; and

- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8.

**(b) Presentation of definitive Certificates, Receipts, Coupons and Talons**

Payments of principal in respect of definitive Certificates will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Certificates, and payments of interest in respect of definitive Certificates will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the principal office of the Issuer in Hong Kong, or, as the case may be, its Specified Branch outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of definitive Certificates, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Certificate in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Certificate to which it appertains. Receipts presented without the definitive Certificate to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Certificate becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Certificates in definitive form (other than Equity Linked Redemption Certificates, Index Linked Redemption Certificates, Currency Linked Redemption Certificates, Credit Linked Certificates or Commodity Linked Redemption Certificates (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon at any time before the expiry of five years after the Relevant Date in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Certificate in definitive form becoming due and repayable prior to the Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Certificate, Equity Linked Certificate, Index Linked Certificate, Currency Linked Certificate, Credit Linked Certificate or Commodity Linked Certificate in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any definitive Certificate is not an Interest Payment Date, interest (if any) accrued in respect of such Certificate from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Certificate.

**(c) Payments in respect of Global Certificates**

Payments of principal and interest (if any) in respect of Certificates represented by any Global Certificate will (subject as provided below) be made in the manner specified above in relation to definitive Certificates and otherwise in the manner specified in the relevant Global Certificate against presentation or surrender, as the case may be, of such Global Certificate at the principal office of the Issuer in Hong Kong, or, as the case may be, its Specified Branch). A record of each payment made against presentation or surrender of any Global Certificate, distinguishing between any payment of principal and any payment of interest, will be made on such Global Certificate by the Issuer and such record shall be prima facie evidence that the payment in question has been made.

**(d) General provisions applicable to payments**

The holder of a Global Certificate (if the Global Certificate is not lodged with the CMU Service) or (if the Global Certificate is lodged with the CMU Service) the person(s) for whose account(s) interests in such Global Certificate are credited as being held in the CMU Service in accordance with the CMU Rules as notified to the CMU Lodging Agent by the CMU Service in a relevant the CMU Instrument Position Report or any other relevant notification by the CMU Service (which notification, in either case, shall be conclusive evidence of the records of the CMU Service save in the case of manifest error), shall be the only person entitled to receive payments in respect of Certificates represented by such Global Certificate and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Certificate or such person(s) for whose account(s) interests in such Global Certificate are credited as being held in the CMU Service (as the case may be) in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or the CMU Service as the beneficial holder of a particular nominal amount of Certificates represented by such Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or the CMU Service, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Certificate.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Certificates is payable in U.S. dollars, the Issuer will procure that such U.S. dollar payments of principal and/or interest in respect of such Certificates will be made in the United States if:

- (i) the Issuer has specified offices through which payments in respect of the certificates will be made outside the United States with the reasonable expectation that such offices would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Certificates in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

**(e) Payment Day**

If the date for payment of any amount in respect of any Certificate, Receipt, Coupon or Talon is not a Payment Day, then the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

**(f) Interpretation of principal and interest**

Any reference in these Terms and Conditions to “**principal**” in respect of the Certificates shall be deemed to include, as applicable:

- (i) the Final Redemption Amount of the Certificates;
- (ii) the Early Redemption Amount of the Certificates;

- (iii) the Optional Redemption Amount(s) (if any) of the Certificates;
- (iv) in relation to Certificates redeemable in instalments, the Sinkable Amounts;
- (v) in relation to Zero Coupon Certificates, the Amortised Face Amount (as defined in Condition 5(e)); and
- (vi) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Certificates.

## **5. GENERAL PROVISIONS RELATING TO REDEMPTION AND PURCHASE**

### **(a) Redemption at maturity**

Unless previously redeemed or purchased and cancelled as specified below, each Certificate (unless it is a Sinkable Certificate, an Equity Linked Redemption Certificate, an Index Linked Redemption Certificate, a Currency Linked Certificate, a Credit Linked Certificate or a Commodity Linked Redemption Certificate) will be redeemed by the Issuer at its Final Redemption Amount specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date.

### **(b) Redemption for Tax Reasons**

In the event that, in the determination of the Calculation Agent (as specified in the applicable Pricing Supplement), a Tax Event has occurred, the Certificates may be redeemed at the option of the Issuer in whole, but not in part, at any time or on any Interest Payment Date (as specified in the applicable Pricing Supplement), on giving not less than 30 days' notice to the Certificateholders in accordance with Condition 13 (which notice shall be irrevocable).

Certificates redeemed pursuant to this Condition 5(b) will be redeemed at their Early Redemption Amount referred to in Condition 5(e) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

### **(c) Redemption at the option of the Issuer (Issuer Call)**

- (i) If Issuer Call is specified in the applicable Pricing Supplement, the Issuer may, having given not less than 15 days' notice (or any other notice period specified in the applicable Pricing Supplement) to the Certificateholders in accordance with Condition 13 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Certificates then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date.
- (ii) In the case of a partial redemption of definitive Certificates the Certificates to be redeemed will be selected individually by lot (in such place as the Issuer may approve and in such manner as the Issuer shall deem to be appropriate and fair) not more than 60 days prior to the date fixed for redemption and a list of the Certificates called for redemption will be given in accordance with Condition 13 not less than 30 days prior to such date. In the case of a partial redemption of Certificates which are represented by a Global Certificate, the relevant Certificates will be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg and/or the CMU Service. If only some of the Certificates then outstanding are to be so redeemed, the Optional Redemption Amount (after accounting for any interest accrued to (but excluding) the relevant Optional Redemption Date) shall be an amount that is (A) equal to or greater than the Minimum Redemption Amount and (B) equal to or less than the Maximum Redemption Amount.

**(d) Redemption at the option of the Certificateholders (Investor Put)**

If Investor Put is specified in the applicable Pricing Supplement, if the Certificate is in global form, upon the holder of any Certificate giving to the Issuer in accordance with Condition 13 not less than 30 days' notice (or any other notice period specified in the applicable Pricing Supplement), the Issuer will, upon the expiry of such notice, redeem in accordance with, the terms specified in the applicable Pricing Supplement, such Certificate on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. If "Adjustment for Hedging Costs" is specified in the applicable Pricing Supplement, the Optional Redemption Amount will be adjusted to take account for any Hedging Costs.

If this Certificate is in definitive form, to exercise the right to require redemption of this Certificate, the holder of this Certificate must deliver such Certificate to the Issuer at any time during normal business hours of the Issuer falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from the Issuer, or, as the case may be, its Specified Branch (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition.

Any Put Notice given by a holder of any Certificate pursuant to this paragraph shall be irrevocable except where, prior to the due date of redemption, an Event of Default shall have occurred and be continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Certificate forthwith due and payable pursuant to Condition 10.

**(e) Early Redemption Amounts**

For the purpose of Condition 5(b) and Condition 10 each Certificate will be redeemed at its Early Redemption Amount calculated as follows:

- (i) in the case of a Certificate with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of a Certificate (other than an Equity Linked Certificate, an Index Linked Certificate, a Currency Linked Certificate, a Credit Linked Certificate, a Commodity Linked Certificate, a Zero Coupon Certificate but including a Sinkable Certificate and a Partly Paid Certificate) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Certificate is denominated, at the amount specified in, or determined in the manner specified in the applicable Pricing Supplement or, if no such amount or manner is so specified in the applicable Pricing Supplement, at its nominal amount; or
- (iii) in the case of Equity Linked Certificates, Index Linked Certificates, Currency Linked Certificates, Credit Linked Certificates and Commodity Linked Certificates and, unless otherwise specified in the applicable Pricing Supplement, where any of the Certificates are to be redeemed prior to the Maturity Date, whether pursuant to this Condition 5 or otherwise, the Issuer will, in respect of each such Certificate, cause to be paid to the Certificateholder the Early Redemption Amount, which shall be determined to be the fair market value of such Certificate as at the early redemption taking into consideration all information which the Calculation Agent deems relevant (payment will be made, as the case may be, in such manner as shall be notified to the Certificateholders);
- (iv) in the case of a Zero Coupon Certificate, at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

"**RP**" means the Reference Price; and



“**AY**” means the Accrual Yield expressed as a decimal; and

“**y**” is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Certificates to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Certificate becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Pricing Supplement; or

(v) such other amount as specified in the applicable Pricing Supplement;

provided that, in each case, if “Adjustment for Hedging Costs” is specified in the applicable Pricing Supplement, the Early Redemption Amount will be adjusted to take account for any Hedging Costs.

**(f) Sinkable Certificates**

Sinkable Certificates will be redeemed in the Sinkable Amounts and on the Sinkable Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 5(e).

**(g) Purchases**

The Issuer or any subsidiary of the Issuer may at any time purchase Certificates (provided that, in the case of definitive Certificates, all unmaturing Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Certificateholders alike. Such Certificates may be held, reissued, resold or, at the option of the Issuer, surrendered for cancellation.

**(h) Cancellation**

All Certificates which are redeemed will forthwith be cancelled (together with, in the case of definitive Certificates, all unmaturing Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Certificates so cancelled and the Certificates purchased and cancelled pursuant to Condition 5(g) (together with, in the case of definitive Certificates, all unmaturing Receipts, Coupons and Talons cancelled therewith) cannot be reissued or resold.

**(i) Late payment on Zero Coupon Certificates**

If the amount payable in respect of any Zero Coupon Certificate upon redemption of such Zero Coupon Certificate pursuant to Condition 5(a), Condition 5(b), Condition 5(c) or Condition 5(d) or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Certificate shall be the Amortised Face Amount calculated as provided in Condition 5(e)(iv) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Certificate becomes due and payable were replaced by references to the date on which all amounts due in respect of such Zero Coupon Certificate have been paid.

**(j) Hedging Costs**

For the purposes of this Condition 5, “**Hedging Costs**” means, in respect of the Early Redemption Amount or Optional Redemption Amount (as the case may be and each a “**Relevant Redemption Amount**”) (A) the losses, expenses and costs (if any) (in which case the Relevant Redemption Amount will be adjusted downward to the extent of such losses, expenses and costs) or (B) the gain (in which case the Relevant Redemption Amount will be adjusted upward to the extent of such gain), as the case may be, to the Issuer and/or any Affiliate of unwinding, terminating, liquidating, adjusting, obtaining, replacing or re-establishing any underlying or related hedging arrangements (including but not limited to any options or selling or otherwise realising any instruments of any type whatsoever which the Issuer and/or any of its Affiliates may hold as part of such hedging arrangements), all as calculated by the Calculation Agent in its sole and absolute discretion.

## 6. PROVISIONS APPLICABLE TO EQUITY LINKED REDEMPTION CERTIFICATES, INDEX LINKED REDEMPTION CERTIFICATES, CURRENCY LINKED REDEMPTION CERTIFICATES, COMMODITY LINKED REDEMPTION CERTIFICATES AND CREDIT LINKED CERTIFICATES

Provisions relating to Equity Linked Redemption Certificates, Index Linked Redemption Certificates, Currency Linked Redemption Certificates, Commodity Linked Redemption Certificates and Credit Linked Certificates will be specified in the applicable Pricing Supplement.

In the case of Credit Linked Certificates or Equity Linked Redemption Certificates which are to be redeemed by Physical Settlement, the provisions of Condition 7 shall apply if so specified (with such modifications, if any, as may be specified in the applicable Pricing Supplement).

## 7. PHYSICAL SETTLEMENT

If any Equity Linked Redemption Certificates or Credit Linked Certificates are to be redeemed and Physical Settlement is specified to apply in the applicable Pricing Supplement, in order to obtain delivery of the Asset Amount in respect of any Certificates:

- (A) if such Certificate is represented by a Global Certificate, the relevant Certificateholder must deliver to Euroclear or Clearstream, Luxembourg or in the case of Certificates lodged with the CMU Service, to the CMU Lodging Agent, with a copy to the Issuer and not later than the close of business on the day which is ten Business Days (or such other period as may be specified in the applicable Pricing Supplement) (the “**Cut-Off Date**”) prior to the relevant redemption date, a duly completed asset transfer notice in a form from time to time prescribed by the Issuer (the “**Asset Transfer Notice**”); or
- (B) if such Certificate is in definitive form, the relevant Certificateholder must deliver to the Issuer not later than the close of business on the Cut-Off Date, a duly completed Asset Transfer Notice (as defined above).

Forms of the Asset Transfer Notice may be obtained during normal business hours from the principal office of the Issuer in Hong Kong, or, as the case may be, its Specified Branch.

An Asset Transfer Notice may only be delivered (i) if such Certificate is represented by a Global Certificate, in such manner as is acceptable to Euroclear, Clearstream, Luxembourg or the CMU Lodging Agent, as the case may be, which is expected to be by authenticated SWIFT message or tested telex or (ii) if such Certificate is in definitive form, in writing or by tested telex.

If a Certificate is in definitive form, such Certificate must be delivered together with the duly completed Asset Transfer Notice.

An Asset Transfer Notice must:

- (1) specify the name and address of the relevant Certificateholder, the person from whom the Issuer may obtain details for the delivery of the Asset Amount and any details required for delivery of the Asset Amount as specified in the applicable Pricing Supplement;
- (2) (I) in the case of Certificates represented by a Global Certificate held through Euroclear or Clearstream, Luxembourg, specify the nominal amount of Certificates which are the subject of such notice and the number of the Certificateholder’s account at Euroclear or Clearstream, Luxembourg, as the case may be, to be debited with such Certificates and irrevocably instruct and authorise Euroclear or Clearstream, Luxembourg, as the case may be, to debit the relevant Certificateholder’s account with such Certificates on or before the relevant redemption date; or

- (II) in the case of Certificates represented by a Global Certificate held through the CMU Service, specify the nominal amount of Certificates which are the subject of such notice and irrevocably instruct and authorise the CMU Lodging Agent to send a written request to the CMU Service to transfer the relevant interests of the Certificateholder from the account(s) in which the Certificateholder's interests in the relevant Global Certificate are credited (as set out in a CMU Position Report or any other relevant notification supplied to the CMU Lodging Agent by the CMU Service) to the account of the CMU Lodging Agent or the Issuer, as the case may be;
- (3) include an undertaking to pay all Delivery Expenses and, if "Adjustment for Hedging Costs" is specified in the applicable Pricing Supplement, Hedging Costs and, in the case of Certificates represented by a Global Certificate, an authority to debit a specified account of the Certificateholder at Euroclear or Clearstream, Luxembourg or the CMU Service, as the case may be, in respect thereof and to pay such Delivery Expenses and Hedging Costs (if applicable);
- (4) specify an account to which any cash amounts payable pursuant to this Condition 7 or any other cash amounts specified in the applicable Pricing Supplement as being payable are to be paid; and
- (5) authorise the production of such notice in any applicable administrative or legal proceedings.

No Asset Transfer Notice may be withdrawn after receipt thereof by Euroclear, Clearstream, Luxembourg, the CMU Lodging Agent or the Issuer, as the case may be, as provided above. After delivery of an Asset Transfer Notice, the relevant Certificateholder may not transfer the Certificates which are the subject of such notice.

In the case of Certificates represented by a Global Certificate, upon receipt of an Asset Transfer Notice, Euroclear or Clearstream, Luxembourg or the CMU Lodging Agent, as the case may be, shall verify that the person specified therein as the Certificateholder is the holder of the specified nominal amount of Certificates according to its books.

Failure to complete and deliver an Asset Transfer Notice properly may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered as provided in these Terms and Conditions shall be made, in the case of Certificates represented by a Global Certificate, by Euroclear or Clearstream, Luxembourg or the CMU Lodging Agent, as the case may be, after consultation with the Issuer and shall be conclusive and binding on the Issuer and the relevant Certificateholder and, in the case of Certificates in definitive form, by the Issuer, and shall be conclusive and binding on the relevant Certificateholder.

Delivery of the Asset Amount in respect of each Certificate shall be made at the risk of the relevant Certificateholder in such commercially reasonable manner as the Calculation Agent shall in its sole discretion determine and notify to the person designated by the Certificateholder in the relevant Asset Transfer Notice or in such manner as is specified in the applicable Pricing Supplement. All Delivery Expenses arising from the delivery of the Asset Amount in respect of such Certificate shall be for the account of the relevant Certificateholder and no delivery of the Asset Amount shall be made until all Delivery Expenses have been paid to the satisfaction of the Issuer by the relevant Certificateholder.

After delivery of the Asset Amount and for the Intervening Period, none of the Issuer, the Calculation Agent nor any other person shall at any time (i) be under any obligation to deliver or procure delivery to any Certificateholder any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of such securities or obligations, (ii) be under any obligation to exercise or procure exercise of any or all rights attaching to such securities or obligations or (iii) be under any liability to a Certificateholder in respect of any loss or damage which such Certificateholder may sustain or suffer as a result, whether directly or indirectly, of that person being registered during such Intervening Period as legal owner of such securities or obligations.

If a Certificateholder fails to give an Asset Transfer Notice as provided herein with a copy to the Issuer, later than the close of business in each place of receipt on the Cut-Off Date, then the Asset Amount will be delivered as soon as practicable after the relevant redemption date at the risk of such Certificateholder in the manner provided above. For the avoidance of doubt, in such circumstances, such Certificateholder shall not be entitled to any payment, whether of interest or otherwise, as a result of such delivery date falling after the originally designated delivery date and no liability in respect thereof shall attach to the Issuer.

If the relevant Asset Amount comprises less than a whole number of securities at the relevant time, then (a) the Issuer shall not deliver and the relevant Certificateholder shall not be entitled to receive in respect of its Certificates that fraction of a security (the “**Fractional Entitlement**”) and (b) the Issuer shall pay to the relevant Certificateholder a cash amount (to be paid at the same time as the securities comprising the Asset Amount) equal to the value (as determined by the Calculation Agent in its sole and absolute discretion) of such fraction of the relevant security, and such cash amount shall be deemed a part of the Asset Amount for the purposes of these Terms and Conditions.

## **8. TAXATION**

- (a) All payments of principal and interest in respect of the Certificates by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law.
- (b) In such event the Issuer will (unless otherwise specified in the applicable Pricing Supplement), to the fullest extent permitted by Hong Kong law, pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Certificates after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Certificates, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Certificates:
  - (i) presented for payment by or on behalf of a holder who is liable for such taxes or duties in respect of such Certificate by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Certificate; or
  - (ii) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day; or
  - (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or
  - (iv) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Certificate to another paying agent in a Member State of the European Union.

## **9. PRESCRIPTION**

The Certificates, Receipts, Coupons and Talons will become void unless presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date therefor.

## 10. EVENTS OF DEFAULT

If any one or more of the following events (each an “**Event of Default**”) shall occur and be continuing:

- (i) if default is made in the payment of any principal, premium (if any) or interest or delivery of any Asset Amount due in respect of the Certificates or any of them and the default continues for a period of 14 days in the case of principal and 21 days in the case of interest after the due date;
- (ii) if the Issuer fails to perform or observe any one or more of its other obligations under these Conditions and (except in any case where the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by a Certificateholder on the Issuer of written notice requiring the same to be remedied;
- (iii) if an order is made or an effective resolution passed for winding up the Issuer, except for the purpose of a reconstruction or amalgamation and the entity resulting from such reconstruction or amalgamation assumes all the rights and obligations, as the case may be, of the Issuer (including its obligations under the Certificates); or
- (iv) if (A) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or, as the case may be, in relation to the whole or a substantial part of its undertaking or assets, or an encumbrancer takes possession of the whole or a substantial part of its undertaking or assets, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of its undertaking or assets and (B) in any case (other than the appointment of an administrator) is not discharged within 14 days,

then any holder of a Certificate may, by written notice to the Issuer effective upon the date of receipt thereof by the Issuer declare any Certificates held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount, together with accrued interest (if any) to the date of payment, without presentment, demand, protest or other notice of any kind.

## 11. REPLACEMENT OF CERTIFICATES, RECEIPTS, COUPONS AND TALONS

Should any Certificate, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the principal office of the Issuer in Hong Kong, or, as the case may be, its Specified Branch, upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## 12. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the principal office of the Issuer in Hong Kong, or, as the case may be, its Specified Branch in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Certificate to which it appertains) a further Talon, subject to the provisions of Condition 9.

## 13. NOTICES

- (a) All notices regarding the Certificates will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in Asia (which is expected to be The South China Morning Post). Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Until such time as any definitive Certificates are issued, there may, so long as any Global Certificates representing the Certificates are held in their entirety on behalf of (i) Euroclear and/or Clearstream, Luxembourg be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Certificates or (ii) the CMU Service, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the CMU Service on the second business day preceding the date of despatch of such notice as holding interests in the relevant Global Certificate. Any such notice shall be deemed to have been given to the holders of the Certificates on the day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or the persons shown in the relevant CMU Instrument Position Report.

- (b) Notices to be given by any Certificateholder shall be in writing and given by lodging the same, together (in the case of any Certificate in definitive form) with the relevant Certificate or Certificates, with the Issuer. Whilst any of the Certificates are represented by a Global Certificate, such notice may be given by any holder of a Certificate to the Issuer through Euroclear and/or Clearstream, Luxembourg and/or, in the case of Certificates lodged with the CMU Services, by delivery by such holder of such notice to the CMU Lodging Agent in Hong Kong, as the case may be, in such manner as the Issuer and Euroclear and/or Clearstream, Luxembourg and/or the CMU Service, as the case may be, may approve for this purpose.
- (c) If Notice to the Issuer is specified as applying in the applicable Pricing Supplement, notices to be given by any Certificateholder to the Issuer regarding the Certificates will be validly given if delivered in writing to the Issuer as specified in the applicable Pricing Supplement. Any such notice shall be deemed to have been given on the day when delivered or if delivered after 5.00 p.m. in the place of location of the Issuer on an Issuer Business Day, will be deemed effective on the next following Issuer Business Day. The relevant Certificateholder must provide satisfactory evidence to the Issuer of its holding of the Certificates which, so long as the Certificates are represented by a Global Certificate held on behalf of Euroclear and/or Clearstream, Luxembourg and/or through the CMU Service, is expected to be in the form of certification from Euroclear and/or Clearstream, Luxembourg and/or the CMU Service, as the case may be.

#### **14. FURTHER ISSUES**

The Issuer shall be at liberty from time to time, without the consent of the Certificateholders, the Receiptholders or the Couponholders, to create and issue further certificates having terms and conditions the same as the Certificates or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Certificates.

#### **15. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

##### **(a) Governing Law**

The Deed of Covenant, the Certificates, the Receipts, the Coupons and the Talons are governed by, and shall be construed in accordance with, Hong Kong law.

##### **(b) Submission to Jurisdiction**

The Issuer, when acting through a Specified Branch, agrees, for the exclusive benefit of the Certificateholders, the Receiptholders and the Couponholders, that the courts of Hong Kong are to have jurisdiction to settle any disputes which may arise out of or in connection with the Certificates, the Receipts and/or the Coupons and that accordingly any suit, action or proceedings (together referred to as “**Proceedings**”) arising out of or in connection with the Certificates, the Receipts and the Coupons may be brought in such courts.

The Issuer, when acting through a Specified Branch, hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the Hong Kong courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

## 16. GENERAL DEFINITIONS

In these Terms and Conditions:

“**Accrual Yield**” (if applicable) means the yield specified in the applicable Pricing Supplement.

“**Additional Business Centre**” means the locations (if any) specified in the applicable Pricing Supplement.

“**Affiliate**” means, in relation to any entity (the “**First Entity**”), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes “**control**” means ownership of a majority of the voting power of an entity.

“**Aggregate Nominal Amount**” means the aggregate nominal amount of each Series or Tranche of the Certificates, as specified in the applicable Pricing Supplement.

“**Amortised Face Amount**” (if applicable) has the meaning set out in Condition 5(e).

“**Asset Amount**” shall have the meaning specified in the applicable Pricing Supplement.

“**Asset Transfer Notice**” has the meaning set out in Condition 7.

“**Broken Amount**” means the amounts (if any) specified in the applicable Pricing Supplement.

“**Business Day**” means a day which is both:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Hong Kong and any Additional Business Centre specified in the applicable Pricing Supplement; and
- (b) either:
  - (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than Hong Kong and any Additional Business Centre; or
  - (ii) in relation to any sum payable in euro, a day on which the TARGET System is open.

“**Business Day Convention**” means the business day convention specified in the applicable Pricing Supplement.

“**Calculation Agent**” means Hang Seng Bank Limited or such other agent specified in the applicable Pricing Supplement.

“**Clearstream, Luxembourg**” means Clearstream Banking, societe anonyme.

“**CMU Instrument Position Report**” shall have the meaning specified in the CMU Rules.

“**CMU Lodging Agent**” means the CMU Member appointed as the lodging agent for the lodgement of Certificates with the CMU Service.

“**CMU Manual**” means the reference manual relating to the operation of the CMU Service issued by the HKMA to CMU Members, as amended from time to time.

“**CMU Member**” means any member of the CMU Service.

“**CMU Rules**” means all requirements of the CMU Service for the time being applicable to a CMU Member and includes (a) all the obligations for the time being applicable to a CMU Member under or by virtue of its membership agreement with the CMU Service and the CMU Manual; (b) all the operating procedures as set out in the CMU Manual for the time being in force in so far as such procedures are applicable to a CMU Member; and (c) any directions for the time being in force and applicable to a CMU Member given by the HKMA through any operational circulars or pursuant to any provision of its membership agreement with the HKMA or the CMU Manual.

“**CMU Service**” means the Central Moneymarkets Unit Service operated by the HKMA.

“**Cut-Off Date**” has the meaning set out in Condition 7.

“**Day Count Fraction**” means:

- (a) in respect of the calculation of an amount of interest in respect of a Fixed Rate Certificate:
  - (i) if “Actual/Actual (ISMA)” is specified in the applicable Pricing Supplement:
    - (A) in the case of Certificates where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “**Accrual Period**”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or
    - (B) in the case of Certificates where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
      - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
      - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; or
  - (ii) if “30/360” is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;
  - (iii) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;



- (b) in respect of the calculation of an amount of interest for any Interest Period in respect of a Floating Rate Certificate:
- (i) if “Actual/365” or “Actual/Actual” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (a) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (b) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
  - (ii) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;
  - (iii) if “Actual/365 (Sterling)” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
  - (iv) if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;
  - (v) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); or
  - (vi) if “30E/360” or “Eurobond Basis” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of the final Interest Period, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

“**Delivery Expenses**” means all costs, taxes, duties and/or expenses, including stamp duty, stamp duty reserve tax and/or other costs, duties or taxes arising from the delivery of any Asset Amount.

“**Designated Maturity**” (if applicable) has the meaning specified in the applicable Pricing Supplement.

“**Determination Period**” means the period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

“**Early Redemption Amount**” has the meaning set out in Condition 5(e).

“**EURIBOR**” means the Euro-zone interbank offered rate.

“**Euroclear**” means Euroclear Bank S.A./N.V. as operator of the Euroclear System.

“**Final Redemption Amount**” means the amount specified in the applicable Pricing Supplement.

“**Fixed Coupon Amounts**” means the amounts (if any) specified in the applicable Pricing Supplement.

“**Floating Rate Option**” (if applicable) has the meaning specified in the applicable Pricing Supplement.

“**Fractional Entitlement**” has the meaning set out in Condition 7.

“**Hedging Costs**” has the meaning set out in Condition 5(j).

“**HIBOR**” means the Hong Kong interbank offered rate.

“**HKMA**” means the Hong Kong Monetary Authority.

“**Interest Commencement Date**” means the date specified in the applicable Pricing Supplement, or, if none, the Issue Date.

“**Interest Determination Date**” (if applicable) means the date specified in the applicable Pricing Supplement.

“**Interest Payment Date**” has the meaning set out in Condition 3(a)(i).

“**Interest Period**” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

“**Intervening Period**” means such period of time as any person other than the relevant Certificateholder shall continue to be registered as the legal owner of any securities or other obligations comprising the Asset Amount.

“**Investor Put**” has the meaning set out in Condition 5(d).

“**ISDA Determination**” (if applicable) has the meaning set out in Condition 3(b)(i)(B)(1).

“**Issue Date**” means the date of the issue of the Certificates, as specified in the applicable Pricing Supplement.

“**Issue Price**” means the issue price of the Certificates, as specified in the applicable Pricing Supplement.

“**Issuer Business Day**” means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place of location of the Issuer.

“**Issuer Call**” has the meaning set out in Condition 5(c).

“**LIBOR**” means the London interbank offered rate.

“**Margin**” (if applicable) means the figure specified in the applicable Pricing Supplement.

“**Maturity Date**” means the date specified in the applicable Pricing Supplement.

“**Maximum Rate of Interest**” means the rate specified in the applicable Pricing Supplement.

“**Maximum Redemption Amount**” (if applicable) means the amount specified in the applicable Pricing Supplement.

“**Minimum Rate of Interest**” means the rate specified in the applicable Pricing Supplement.

“**Minimum Redemption Amount**” (if applicable) means the amount specified in the applicable Pricing Supplement.

“**Optional Redemption Amount**” (if applicable) means the amount specified in the applicable Pricing Supplement.

“**Optional Redemption Date**” (if applicable) means the date specified in the applicable Pricing Supplement.

**“Payment Day”** means any day which (subject to Condition 10) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (i) the relevant place of presentation;
  - (ii) Hong Kong; and
  - (iii) any Additional Financial Centre specified in the applicable Pricing Supplement; and
- (b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, Hong Kong and any Additional Financial Centre) or (ii) in relation to any sum payable in euro, a day on which the TARGET System is open.

**“Put Notice”** has the meaning set out in Condition 5(d).

**“Rate of Interest”** has the meaning set out in Condition 3(b)(i).

**“Reference Bank”** means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, and in the case of a determination of HIBOR, the principal Hong Kong office of four major banks in the Hong Kong inter-bank market in each case selected by the Calculation Agent or as specified in the applicable Pricing Supplement.

**“Reference Price”** (if applicable) means the figure specified in the applicable Pricing Supplement.

**“Reference Rate”** (if applicable) means the rate specified in the applicable Pricing Supplement.

**“Relevant Date”** means the date on which the relevant payment first becomes due.

**“Relevant Redemption Amount”** has the meaning set out in Condition 5(j).

**“Relevant Screen Page”** (if applicable) means the page specified in the applicable Pricing Supplement.

**“Reset Date”** (if applicable) means the date specified in the applicable Pricing Supplement.

**“Screen Rate Determination”** (if applicable) has the meaning set out in Condition 3(b)(i)(B)(2).

**“Sinkable Amount(s)”** means the amount(s) specified in the applicable Pricing Supplement.

**“Sinkable Instalment Date(s)”** means the date(s) specified in the applicable Pricing Supplement.

**“Specified Branch”** means the branch of the Issuer specified in the applicable Pricing Supplement.

**“Specified Currency”** means the currency or currencies specified in the applicable Pricing Supplement.

**“Specified Denominations”** means the denominations specified in the applicable Pricing Supplement.

**“Specified Interest Payment Date”** has the meaning set out in Condition 3(a)(i)(A).

**“Specified Period”** means the periods (if any) specified in the applicable Pricing Supplement.

“**Specified Time**” means 11.00 a.m. (Hong Kong time, in the case of a determination of HIBOR; or London time, in the case of a determination of LIBOR; or Brussels time in the case of a determination of EURIBOR).

“**sub-unit**” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

“**TARGET System**” means the Trans-European Real-Time Gross Settlement Express Transfer (TARGET) System.

“**Tax Event**” means the change in, or amendment to, the laws or regulations of a Tax Jurisdiction, or any change in application or official interpretation of such laws or regulations, which results in any present or future taxes, duties or governmental charges of any nature whatsoever being imposed on payments in respect of the Certificates.

“**Tax Jurisdiction**” means Hong Kong or, where a Specified Branch is specified in the applicable Pricing Supplement, both the Hong Kong and the jurisdiction in which such Specified Branch is located and, in either case, any authority thereof or therein having power to tax.

## DESCRIPTION OF THE ISSUER

Founded in 1933, Hang Seng Bank Limited (the “**Issuer**”) is one of Hong Kong’s largest listed companies. The Issuer’s market capitalisation as at 30 June 2018 was HK\$375.1 billion.

The Issuer serves over half the adult residents of Hong Kong — more than 3 million people — through about 270 service outlets. The Issuer also maintains branches in Macau and Singapore, and a representative office in Taipei.

Established in May 2007, the Issuer’s wholly owned subsidiary Hang Seng Bank (China) Limited is headquartered in Pudong, Shanghai, and operates a mainland China network with outlets in the Pearl River Delta, the Yangtze River Delta, the Bohai Region and midwest China.

The Issuer is a principal member of the HSBC Group, one of the world’s largest banking and financial services organisations.

As a company with its listing on The Stock Exchange of Hong Kong Limited, the Issuer is required to make periodic and/or continuous disclosure under the relevant listing rules of this stock exchange. Up-to-date information, including financial information and/or any major development on the Issuer including publications requested by The Stock Exchange of Hong Kong Limited may be viewed from [www.hkexnews.hk](http://www.hkexnews.hk).

Up-to-date information, including the Issuer’s financial information and/or any of the Issuer’s major development may also be viewed from [www.hangseng.com](http://www.hangseng.com) by following the link headed “About Us” followed by “Investor Relations”.

## SUBSCRIPTION AND SALE

In respect of each Tranche of Certificates issued under the Programme, a Dealer may, by entering into a purchase agreement, agree with the Issuer the basis upon which it agrees to purchase Certificates. Any such agreement will extend to those matters stated under “Form of the Certificates” and “Terms and Conditions of the Certificates”.

### **United States**

The Certificates have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Certificates are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Dealer has represented and agreed, or will represent and agree, that it will not offer, sell or deliver Certificates (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Certificates on a syndicated basis, the relevant lead manager, of all Certificates of the Tranche of which such Certificates are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Certificates during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Certificates within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Certificates, an offer or sale of such Certificates within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each issuance of Equity Linked Certificates, Index Linked Certificates, Currency Linked Certificates, Credit Linked Certificates or Commodity Linked Certificates shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Certificates, which additional selling restrictions shall be set out in the applicable Pricing Supplement.

### **United Kingdom**

Each Dealer has represented and agreed, or will represent and agree, that:

- (i) in relation to any Certificates with a maturity of less than one year, it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the Issuer;

- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any Certificates in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA must be complied with respect to anything done in relation to any Certificates in, from or otherwise involving the United Kingdom.

### **Hong Kong**

Each Dealer has acknowledged and agreed, or will acknowledge and agree, that unless otherwise permitted under the securities law of Hong Kong:

- (1) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding up and Miscellaneous) Ordinance (Cap. 32) or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (2) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) and any rules made under that Ordinance.

### **Australia**

No prospectus or other disclosure (each as defined in the Corporations Act 1989 of Australia) in relation to the Programme or the Certificates has been, or will be lodged with the Australian Securities and Investments Commission (“ASIC”). Each Dealer has represented and agreed, or will represent and agree, that it:

- (a) has not made or invited, and will not make or invite, an offer of the Certificates for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, any draft, preliminary or definitive Information Memorandum or any other offering material or advertisement relating to any Certificates in Australia,

unless (i) the offer or invitation falls within the exemption for offers to sophisticated investors set out in section 708(8) of the Corporations Act or the offer or invitation does not otherwise require disclosure to investors under Part 6D.2 or Chapter 7 of the Corporations Act; (ii) such action does not require any document to be lodged with ASIC or ASX Limited; (iii) the offer is not made to a person who is a “retail client” within the meaning of section 761G of the Corporations Act, (iv) the offer or invitation and all conduct in connection with it complies with all applicable laws and directives.

### **Japan**

The Certificates have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the “**Financial Instruments and Exchange Law**”). Accordingly, each Dealer has represented, warranted and agreed, or will represent, warrant and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Certificate in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Financial Instruments and Exchange Law and other relevant laws and regulations of Japan.

## Singapore

This Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the “**Securities and Futures Act**”). Accordingly, the Certificates may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of such Certificates be circulated or distributed, whether directly or indirectly, to the public or any member of the public in Singapore other than (1) to an institutional investor or other person falling within Section 274 of the Securities and Futures Act, (2) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the Securities and Futures Act or (3) otherwise than pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

## People’s Republic of China

No Certificates shall be offered or sold in the People’s Republic of China (excluding Hong Kong, Macau and Taiwan) directly or indirectly (except if permitted to do so under the securities law of the People’s Republic of China).

## European Economic Area

Unless the Pricing Supplement in respect of any Certificates specifies the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and or will represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Certificates which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement, in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
  - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the “**Insurance Mediation Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended (including by Directive 2010/73/EU)), the “**Prospectus Directive**”; and
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe the Certificates.

If the Pricing Supplement in respect of any Certificates specifies the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each member state of the European Economic Area which has implemented Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed, or will represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Certificates to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Certificates to the public in that Relevant Member State:

- (a) qualified investors: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) fewer than 150 offerees: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or



- (c) other exempt offers: at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Certificates referred to in (a) to (b) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Certificates to the public” in relation to any Certificates in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe the Certificates, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression “Prospectus Directive” includes any relevant implementing measure in the Relevant Member State.

### **General**

With regard to each issue of Certificates, any Dealer will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Certificates or possesses or distributes this Information Memorandum and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Certificates under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any Dealer shall have any responsibility therefor.

Neither the Issuer nor any Dealer represents that Certificates may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

With regard to each Tranche, any relevant Dealer will be required to comply with such other restrictions as shall be set out in the applicable Pricing Supplement.

## ISSUER

**Hang Seng Bank Limited**  
83 Des Voeux Road Central  
Hong Kong

## ARRANGER

**Hang Seng Bank Limited**  
83 Des Voeux Road Central  
Hong Kong

## DEALERS

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**The Hongkong and Shanghai Banking  
Corporation Limited**  
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## LEGAL ADVISER

*To the Issuer as to Hong Kong law*  
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13/F, Gloucester Tower  
The Landmark  
15 Queen's Road Central  
Hong Kong