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This document, for which we accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Rules**”) for the purpose of giving information with regard to us. We, having made all reasonable enquiries, confirm that to the best of our knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

This document is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the CBBCs.

The CBBCs are complex products. You should exercise caution in relation to them. Investors are warned that the price of the CBBCs may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. Prospective purchasers should therefore ensure that they understand the nature of the CBBCs and carefully study the risk factors set out in the Base Listing Document (as defined below) and this document and, where necessary, seek professional advice, before they invest in the CBBCs.

The CBBCs constitute general unsecured contractual obligations of us as the Issuer and of no other person and will rank equally among themselves and with all our other unsecured obligations (save for those obligations preferred by law) upon liquidation. If you purchase the CBBCs, you are relying upon our creditworthiness, and have no rights under the CBBCs against the Index Compiler or any other person. If we become insolvent or default on our obligations under the CBBCs, you may not be able to recover all or even part of the amount due under the CBBCs (if any).

Non-collateralised Structured Products

Launch Announcement and

Supplemental Listing Document for Callable Bull/Bear Contracts over Index



The Hongkong and Shanghai Banking Corporation Limited

(incorporated in Hong Kong with limited liability under the Companies Ordinance of Hong Kong)

Key Terms

CBBCs Stock code	50437	50439
Liquidity Provider Broker ID	9775	9774
Issue size	100,000,000 CBBCs	100,000,000 CBBCs
Style / Category	European style cash settled category R	European style cash settled category R
Type	Bull	Bull
Index	Hang Seng TECH Index ¹	Hang Seng TECH Index ¹
Board Lot	10,000 CBBCs	10,000 CBBCs
Issue Price per CBBC	HK\$0.25	HK\$0.25
Funding Cost per CBBC as of Launch Date²	HK\$0.214	HK\$0.224
	The funding cost will fluctuate throughout the life of the CBBCs	
Strike Level	3,000.00	3,100.00
Call Level	3,100.00	3,200.00
Cash Settlement Amount per Board Lot (if any) payable at expiry	Subject to no occurrence of a Mandatory Call Event: <i>For a series of bull CBBCs:</i> $\frac{(\text{Closing Level} - \text{Strike Level}) \times \text{one Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$ <i>For a series of bear CBBCs:</i> $\frac{(\text{Strike Level} - \text{Closing Level}) \times \text{one Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$	
Closing Level (for all series)	The final settlement price for settling the Hang Seng TECH Index Futures Contracts that are scheduled to expire during the month in which the Expiry Date of the relevant series of the CBBCs is scheduled to fall (the “Index Futures Contracts”) ³	
Index Exchange (for all series)	The Stock Exchange of Hong Kong Limited	
Index Currency Amount	HK\$1.00	HK\$1.00
Divisor	10,000	10,000
Launch Date (for all series)	22 February 2024	
Issue Date (for all series)	26 February 2024	
Listing Date⁴ (for all series)	27 February 2024	
Observation Commencement Date⁴ (for all series)	27 February 2024	
Valuation Date⁵	30 December 2025	30 December 2025
Expiry Date⁵	30 December 2025	30 December 2025
Settlement Date (for all series)	The third CCASS Settlement Day after (i) the end of the MCE Valuation Period or (ii) the later of: (a) the Expiry Date; and (b) the day on which the Closing Level is determined in accordance with the Conditions (as the case may be)	
Settlement Currency	Hong Kong dollars	Hong Kong dollars
Effective Gearing⁶	1.34x	1.34x
Gearing⁶	1.34x	1.34x
Premium⁶	64.57%	67.56%

¹ Hang Seng TECH Index was launched on 27 July 2020. Please see further information about the Index under the section headed “Information on the Index” in this document.

² The funding cost is calculated in accordance with the following formula:

$$\text{Funding Cost} = \frac{\text{Strike Level} \times \text{funding rate} \times n / 365 \times \text{Index Currency Amount}}{\text{Divisor}}$$

Where,

- (i) “n” is the number of days remaining to expiration; initially, “n” is the number of days from (and including) the Launch Date to (and including) the trading day immediately preceding the Expiry Date; and
- (ii) the funding rate will fluctuate throughout the term of the CBBCs as further described in the “Key Risk Factors” section in this document. As of the Launch Date, the funding rate was 38.82% p.a. (for stock code 50437) and 39.28% p.a. (for stock code 50439).

³ Determined pursuant to Regulation 012 of the Regulations for Trading Stock Index Futures Contracts and the Contract Specifications for Hang Seng TECH Index Futures (as amended from time to time) of the Hong Kong Futures Exchange Limited (or its successor or assign), subject to our right to determine the Closing Level in good faith on the Valuation Date upon the occurrence of a Market Disruption Event as described further in Condition 4(d).

⁴ During the period between the Launch Date and the scheduled Listing Date (both dates exclusive), if any severe weather occurs on any Business Day which either results in the Stock Exchange (i) being closed for trading for the entire day; or (ii) being closed prior to its regular time for close of trading for the relevant day, the Listing Date will be postponed (without any further notice or announcement) such that there is a period of two Business Days not affected by the aforementioned event(s) between the Launch Date and the postponed Listing Date (both dates exclusive). In such case, the Observation Commencement Date will also be postponed to the postponed Listing Date.

⁵ If such day is not the day on which the relevant Index Futures Contracts expire on Hong Kong Futures Exchange Limited (or its successor or assign), the day on which the relevant Index Futures Contracts will expire on the Hong Kong Futures Exchange Limited (or its successor or assign).

⁶ This data may fluctuate during the life of the CBBCs and may not be comparable to similar information provided by other issuers of CBBCs. Each issuer may use different pricing models.

IMPORTANT INFORMATION

The CBBCs are listed structured products which involve derivatives. Do not invest in them unless you fully understand and are willing to assume the risks associated with them.

What documents should you read before investing in the CBBCs?

You must read this document together with our base listing document dated 31 March 2023 (the “**Base Listing Document**”) as supplemented by any addendum thereto (together, the “**Listing Documents**”), in particular the section “Terms and Conditions of the Index Callable Bull/Bear Contracts (Cash Settled)” (the “**Conditions**”) set out in our Base Listing Document. This document (as read in conjunction with our Base Listing Document and each addendum referred to in the section headed “Product Summary Statement”) is accurate as at the date of this document. You should carefully study the risk factors set out in the Listing Documents. You should also consider your financial position and investment objectives before deciding to invest in the CBBCs. We cannot give you investment advice. You must decide whether the CBBCs meet your investment needs before investing in the CBBCs.

Is there any guarantee or collateral for the CBBCs?

No. Our obligations under the CBBCs are neither guaranteed by any third party, nor collateralised with any of our assets or other collaterals. When you purchase our CBBCs, you are relying on our creditworthiness only, and of no other person. If we become insolvent or default on our obligations under the CBBCs, you can only claim as an unsecured creditor of the Issuer. In such event, you may not be able to recover all or even part of the amount due under the CBBCs (if any).

What are the Issuer’s credit ratings?

The Issuer’s long-term debt ratings are:

<i>Rating agency</i>	<i>Rating as of the Launch Date</i>
Moody’s Investors Service, Inc.	Aa3 (negative outlook)
S&P Global Ratings	AA- (stable outlook)

Rating agencies usually receive a fee from the companies that they rate. When evaluating our creditworthiness, you should not solely rely on our credit ratings because:

- a credit rating is not a recommendation to buy, sell or hold the CBBCs;
- ratings of companies may involve difficult-to-quantify factors such as market competition, the success or failure of new products and markets and managerial competence;
- a high credit rating is not necessarily indicative of low risk. Our credit ratings as of the Launch Date are for reference only. Any downgrading of our ratings could result in a reduction in the value of the CBBCs;
- a credit rating is not an indication of the liquidity or volatility of the CBBCs; and
- a credit rating may be downgraded if the credit quality of the Issuer declines.

The CBBCs are not rated. The Issuer’s credit ratings are subject to change or withdrawal at any time within each rating agency’s sole discretion. You should conduct your own research using publicly available sources to obtain the latest information with respect to the Issuer’s ratings from time to time.

Is the Issuer regulated by the Hong Kong Monetary Authority referred to in Rule 15A.13(2) or the Securities and Futures Commission referred to in Rule 15A.13(3)?

We are a licensed bank regulated by the Hong Kong Monetary Authority, and a registered institution under the Securities and Futures Ordinance (Cap. 571) of Hong Kong to carry on type 1 (Dealing in Securities), type 2 (Dealing in Futures Contracts), type 4 (Advising on Securities), type 5 (Advising on Futures Contracts), type 6 (Advising on Corporate Finance) and type 9 (Asset Management) regulated activities.

Is the Issuer subject to any litigation?

Except as set out in the section headed “Our Interim Financial Statements as at and for the Six-month Period Ended 30 June 2023” of the addendum to our Base Listing Document dated 9 August 2023 (the “**Addendum**”), there are no legal or arbitration proceedings (including any such proceedings which are pending or threatened of which we are aware) which may have, or have had in the previous 12 months, a significant effect on us and our subsidiaries.

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

Except as set out in the section headed “Our Interim Financial Statements as at and for the Six-month Period Ended 30 June 2023” and the section headed “Risk” of the Addendum and Exhibit A and Exhibit B of the Base Listing Document, there has been no material adverse change in our financial or trading position or prospects or indebtedness since 31 December 2022.

PRODUCT SUMMARY STATEMENT

The CBBCs are listed structured products which involve derivatives. This statement provides you with key information about the CBBCs. You should not invest in the CBBCs based on the information contained in this statement alone. You should read and understand the remaining sections of this document, together with the other Listing Documents, before deciding whether to invest.

Overview of the CBBCs

- **What is a CBBC?**

A CBBC linked to an index is an instrument which tracks the performance of the underlying index.

The trading price of the CBBCs tends to follow closely the movement of the Index level in dollar value.

Similar to a derivative warrant, a CBBC may provide a leveraged return to you. Conversely, such leverage could also magnify your losses.

A bull CBBC is designed for an investor holding a view that the level of the underlying index will increase during the term of the CBBC.

A bear CBBC is designed for an investor holding a view that the level of the underlying index will decrease during the term of the CBBC.

- **How do the CBBCs work?**

The CBBCs are European style cash settled callable bull/bear contracts linked to the Index. Subject to no occurrence of a Mandatory Call Event (see “Mandatory call feature” below), the CBBCs can only be exercised on the Expiry Date.

Mandatory call feature

A Mandatory Call Event occurs if the Spot Level is at or below (in respect of a series of bull CBBCs) or at or above (in respect of a series of bear CBBCs) the Call Level at any time during an Index Business Day in the Observation Period.

The Observation Period commences from the Observation Commencement Date to the Trading Day immediately preceding the Expiry Date (both dates inclusive). “**Trading Day**” means any day on which the Stock Exchange is scheduled to open for trading for its regular trading sessions.

Upon the occurrence of a Mandatory Call Event, trading in the CBBCs will be suspended immediately and, subject to the limited circumstances set out in the Conditions in which a Mandatory Call Event may be reversed, the CBBCs will be terminated and all Post MCE Trades will be invalid and will be cancelled and will not be recognised by us or the Stock Exchange. The term “**Post MCE Trades**” means subject to such modification and amendment prescribed by the Stock Exchange from time to time, (a) in the case where the Mandatory Call Event occurs during a continuous trading session, all trades in the CBBCs concluded via auto-matching or manually after the time of the occurrence of a Mandatory Call Event, and (b) in the case where the Mandatory Call Event occurs during a pre-opening session or a closing auction session (if applicable), all auction trades in the CBBCs concluded in such session and all manual trades concluded after the end of the pre-order matching period in such session.

The time at which a Mandatory Call Event occurs will be determined by reference to the time the relevant Index level is published by the Index Compiler.

Residual Value calculation

The CBBCs are Category R as the Call Level is different from the Strike Level. Upon the occurrence of a Mandatory Call Event, the holder may be entitled to a cash amount called the “**Residual Value**” net of any Exercise Expenses (as defined under the heading “Exercise Expenses” in the sub-section titled “What are the fees and charges?” below).

The Residual Value will be calculated in accordance with a formula by reference to the lowest Spot Level (in respect of a series of bull CBBCs) or the highest Spot Level (in respect of a series of bear CBBCs) of the Index in the trading session during which a Mandatory Call Event occurs and in the following session, subject to potential extension as further described in Condition 2.

The Residual Value per Board Lot (if any) payable is calculated as follows:

In respect of a series of bull CBBCs:

$$\frac{(\text{Minimum Index Level} - \text{Strike Level}) \times \text{one Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$$

In respect of a series of bear CBBCs:

$$\frac{(\text{Strike Level} - \text{Maximum Index Level}) \times \text{one Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$$

Where:

“Minimum Index Level” means, in respect of a series of bull CBBCs, the lowest Spot Level of the Index during the MCE Valuation Period;

“Maximum Index Level” means, in respect of a series of bear CBBCs, the highest Spot Level of the Index during the MCE Valuation Period;

“MCE Valuation Period” means, subject to any extension (as described in further detail in the Conditions), the period commencing from and including the moment upon which the Mandatory Call Event occurs and up to the end of the following trading session on the Index Exchange; and

“Spot Level” means the spot level of the Index as compiled and published by the Index Compiler.

If the Residual Value is equal to or less than the Exercise Expenses (if any), you will lose all of your investment.

At expiry

If a Mandatory Call Event has not occurred during the Observation Period, the CBBCs will be terminated on the Expiry Date.

A bull CBBC will be automatically exercised at expiry without the need for the holder to deliver an exercise notice if the Closing Level is above the Strike Level. The more the Closing Level is above the Strike Level, the higher the payoff at expiry. If the Closing Level is at or below the Strike Level, you will lose all of your investment in the bull CBBC.

A bear CBBC will be automatically exercised at expiry without the need for the holder to deliver an exercise notice if the Closing Level is below the Strike Level. The more the Closing Level is below the Strike Level, the higher the payoff at expiry. If the Closing Level is at or above the Strike Level, you will lose all of your investment in the bear CBBC.

Upon the automatic exercise of the CBBCs, the holder is entitled to a cash amount called the **“Cash Settlement Amount”** net of any Exercise Expenses (as defined under the heading “Exercise Expenses” in the sub-section titled “What are the fees and charges?” below) according to the terms and conditions in the Listing Documents. **If the Cash Settlement Amount is equal to or less than the Exercise Expenses (if any), you will lose all of your investment in the CBBCs.**

- **Can you sell the CBBCs before the Expiry Date?**

Yes. We have made an application for listing of, and permission to deal in, the CBBCs on the Stock Exchange. All necessary arrangements have been made to enable the CBBCs to be admitted into the Central Clearing and Settlement System (“CCASS”). Issue of the CBBCs is conditional upon listing approval being granted. From the Listing Date up to the Trading Day immediately preceding the Expiry Date (both dates inclusive), you may sell or buy the CBBCs on the Stock Exchange. No application has been made to list the CBBCs on any other stock exchange.

The CBBCs may only be transferred in a Board Lot (or integral multiples thereof). Where a transfer of CBBCs takes place on the Stock Exchange, currently settlement must be made not later than two CCASS Settlement Days after such transfer.

The Liquidity Provider will make a market in the CBBCs by providing bid and/or ask prices. See the section headed “Liquidity” below.

- **What is your maximum loss?**

The maximum loss in the CBBCs will be your entire investment amount plus any transaction costs.

- **What are the factors determining the price of a CBBC?**

The price of a CBBC linked to an index generally depends on the level of the underlying index (being the Index for the CBBCs). However, throughout the term of the CBBCs, the price of the CBBCs will be influenced by a number of factors, including:

- the Strike Level and Call Level of the CBBCs;
- the likelihood of the occurrence of a Mandatory Call Event;
- the probable range of Residual Value (if any) upon the occurrence of a Mandatory Call Event;
- the time remaining to expiry;
- the interim interest rates and expected dividend payments or other distributions on any components comprising the Index;
- the liquidity of the futures contracts relating to the Index;
- the supply and demand for the CBBCs;
- the probable range of the Cash Settlement Amount;
- our related transaction cost; and
- the creditworthiness of the Issuer.

Although the price of the CBBCs tends to follow closely the movement of the Index level in dollar value, movements in the price of the CBBCs are affected by a number of factors (including those as set out above) and may not always follow closely the movements in the Index level, especially when the Spot Level is close to the Call Level or there may be expected dividend payments or other distributions on any components comprising the Index during the life of the CBBCs. It is possible that the price of the CBBCs does not increase as much as the increase (in respect of the bull CBBCs) or decrease (in respect of the bear CBBCs) in the level of the Index.

Risks of investing in the CBBCs

You must read the section headed “Key Risk Factors” in this document together with the risk factors set out in our Base Listing Document. You should consider all these factors collectively when making your investment decision.

Liquidity

- **How to contact the Liquidity Provider for quotes?**

Liquidity Provider: HSBC Securities Brokers (Asia) Limited
 Address: Levels 17 and 18, HSBC Main Building, 1 Queen’s Road Central, Hong Kong
 Telephone Number: (852) 2822 1849

The Liquidity Provider is regulated by the Stock Exchange and the Securities and Futures Commission. It is an affiliate of the Issuer and will act as our agent in providing quotes. You can request a quote by calling the Liquidity Provider at the telephone number above.

- **What is the Liquidity Provider’s maximum response time for a quote?** The Liquidity Provider will respond within 10 minutes and the quote will be displayed on the Stock Exchange’s designated stock page for the CBBCs.
- **Maximum spread between bid and ask prices:** 20 spreads
- **Minimum quantity for which liquidity will be provided:** 20 Board Lots
- **What are the circumstances under which the Liquidity Provider is not obliged to provide liquidity?**
 There will be circumstances under which the Liquidity Provider is not obliged to provide liquidity. Such circumstances include:
 - (i) upon the occurrence of a Mandatory Call Event;
 - (ii) during the first 5 minutes of each morning trading session or the first 5 minutes after trading commences for the first time on a trading day;
 - (iii) during a pre-opening session or a closing auction session (if applicable) or any other circumstances as may be prescribed by the Stock Exchange;
 - (iv) when the CBBCs are suspended from trading for any reason;
 - (v) if there occurs or exists any suspension of or limitation imposed on trading of options or futures contracts relating to the Index or if the Index level is not calculated or published as scheduled for any reason;
 - (vi) when there are no CBBCs available for market making activities. In such event, the Liquidity Provider shall continue to provide bid prices. CBBCs held by us or any of our affiliates in a fiduciary or agency capacity are not CBBCs available for market making activities;
 - (vii) when there are operational and technical problems beyond the control of the Liquidity Provider hindering the ability of the Liquidity Provider to provide liquidity;
 - (viii) if the stock market experiences exceptional price movement and high volatility over a short period of time which materially affects the Liquidity Provider’s ability to source a hedge or unwind an existing hedge; or
 - (ix) if the theoretical value of the CBBCs is less than HK\$0.01. If the Liquidity Provider chooses to provide liquidity under this circumstance, both bid and ask prices will be made available.

You should read the sub-section entitled “Possible limited secondary market” under the “Key Risk Factors” section for further information on the key risks when the Liquidity Provider is not able to provide liquidity.

How can you obtain further information?

- **Information about the Index**

You may obtain information on the Index by visiting the Index Compiler's website at www.hsi.com.hk.

- **Information about the CBBCs after issue**

You may visit the Stock Exchange's website at https://www.hkex.com.hk/Products/Securities/Structured-Products/Overview?sc_lang=en or our website at <https://www.warrants.hsbc.com.hk/en/cbbc/latest-document-and-notice> to obtain information on the CBBCs or any notice given by us or the Stock Exchange in relation to the CBBCs.

- **Information about us**

You should read the section "Updated Information about Us" in this document. You may visit www.hsbc.com.hk to obtain general corporate information about us.

We have included references to websites in this document to indicate how further information may be obtained. Information appearing on those websites does not form part of the Listing Documents. We accept no responsibility for the accuracy or completeness of the information appearing on those websites. You should conduct your own due diligence (including without limitation web searches) to ensure that you are viewing the most up-to-date information.

What are the fees and charges?

- **Trading Fees and Levies**

For each transaction effected on the Stock Exchange, the following trading fees and levies calculated on the value of the consideration for the CBBCs will be payable by each of the seller and the buyer:

- (i) a trading fee of 0.00565 per cent. charged by the Stock Exchange;
- (ii) a transaction levy of 0.0027 per cent. charged by the Securities and Futures Commission; and
- (iii) a transaction levy of 0.00015 per cent. charged by the Accounting and Financial Reporting Council.

The levy for the investor compensation fund is currently suspended.

- **Exercise Expenses**

You are responsible for any Exercise Expenses. Exercise Expenses mean any charges or expenses including any taxes or duties which are incurred in respect of the early termination of the CBBCs upon the occurrence of a Mandatory Call Event or the exercise of the CBBCs at expiry. Any Exercise Expenses will be deducted from the Residual Value or the Cash Settlement Amount payable at expiry (if any, as the case may be). If the Residual Value or the Cash Settlement Amount payable at expiry (as the case may be) is equal to or less than the Exercise Expenses, no amount is payable. As at the date of this document, no Exercise Expenses are payable for cash settled callable bull/bear contracts (including the CBBCs).

- **Stamp Duty**

No stamp duty is currently payable in Hong Kong on transfer of cash settled callable bull/bear contracts (including the CBBCs).

You should note that any transaction cost will reduce your gain or increase your loss under your investment in the CBBCs.

What is the legal form of the CBBCs?

Each series of the CBBCs will be represented by a global certificate in the name of HKSCC Nominees Limited that is the only legal owner of the CBBCs. We will not issue definitive certificates for the CBBCs. You may arrange for your broker to hold the CBBCs in a securities account on your behalf, or if you have a CCASS Investor Participant securities account, you may arrange for the CBBCs to be held in such account. You will have to rely on the records of CCASS and/or the statements you receive from your brokers as evidence of your beneficial interest in the CBBCs.

Can we adjust the terms or early terminate the CBBCs?

The occurrence of certain events (including, without limitation, a succession of the Index or Index Compiler, modification or cessation of calculation of the Index) may entitle us to adjust the terms and conditions of the CBBCs. However, we are not obliged to adjust the terms and conditions of the CBBCs for every event that affects the Index.

We may early terminate the CBBCs if it becomes illegal or impracticable for us (i) to perform our obligations under the CBBCs as a result of a change in law event, or (ii) to maintain our hedging arrangement with respect to the CBBCs due to a change in law event. In such event, the amount payable by us (if any) will be the fair market value of the CBBCs less our cost of unwinding any related hedging arrangements as determined by us, which may be substantially less than your initial investment and may be zero.

Please refer to Conditions 6 and 7 for details about adjustments or early termination events. Such events may negatively affect your investment and you may suffer a loss.

Mode of settlement for the CBBCs

Subject to early termination upon the occurrence of a Mandatory Call Event, the CBBCs will be automatically exercised on the Expiry Date in integral multiples of the Board Lot if the Cash Settlement Amount is positive. If the Cash Settlement Amount is zero or negative, or is equal to or less than the Exercise Expenses, you will lose all of your investment.

Upon the occurrence of a Mandatory Call Event, the CBBCs will be early terminated and the holder is entitled to the Residual Value (if any) net of any Exercise Expenses.

We will deliver a cash amount in the Settlement Currency equal to the Residual Value or the Cash Settlement Amount payable at expiry net of any Exercise Expenses (if any) no later than the Settlement Date to HKSCC Nominees Limited (as the registered holder of the CBBCs), which will then distribute such amount to the securities account of your broker (and if applicable, its custodian) or to your CCASS Investor Participant securities account (as the case may be). You may have to rely on your broker (and if applicable, its custodian) to ensure that the Residual Value or the Cash Settlement Amount payable at expiry (if any) is credited to your account maintained with your broker. Once we make the payment to HKSCC Nominees Limited, who operates CCASS, you will have no further right against us for that payment, even if CCASS or your broker (and if applicable, its custodian) does not transfer your share of payment to you, or is late in making such payment transfer.

Payment of the Residual Value or the Cash Settlement Amount payable at expiry (if any) may be delayed if a Settlement Disruption Event occurs on the Settlement Date, as a result of which we are unable to deliver such amount through CCASS on such day. See Condition 4(d) for further information.

Where can you find the relevant documents of the CBBCs?

The following documents are available on the website of the HKEX at www.hkexnews.hk and our website at <https://www.warrants.hsbc.com.hk/en/cbbc/latest-document-and-notice>:

以下文件可於香港交易所披露易網站(www.hkexnews.hk) 以及本公司網站<https://www.warrants.hsbc.com.hk/zh/cbbc/latest-document-and-notice> 瀏覽：

- each of the Listing Documents (in separate English and Chinese versions), including:
 - this document
 - our Base Listing Document
 - the Addendum
- our latest audited consolidated financial statements and any interim or quarterly financial statements;
- a copy of the consent letter of our auditors referred to in our Base Listing Document.

Are there any dealings in the CBBCs before the Listing Date?

It is possible that there may have been dealings in the CBBCs before the Listing Date. If there are any dealings in the CBBCs by us or any of our subsidiaries or associated companies from the Launch Date prior to the Listing Date, we will report those dealings to the Stock Exchange by the Listing Date and such report will be released on the website of the Stock Exchange.

Has the auditor consented to the inclusion of its report to the Listing Documents?

Our auditor (“**Auditor**”) has given and has not since withdrawn its written consent to the inclusion of its report dated 21 February 2023 and/or the references to its name in our Base Listing Document, in the form and context in which they are included. Its report was not prepared exclusively for incorporation into our Base Listing Document. The Auditor does not own any of our shares or shares in any member of our group, nor does it have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities or securities of any member of our group.

Authorisation of the CBBCs

The issue of the CBBCs has been approved in accordance with our product governance policy since 2007.

Selling restrictions

The CBBCs have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), and will not be offered, sold, delivered or traded, at any time, indirectly or directly, in the United States or to, or for the account or benefit of, (a) a U.S. Person (as defined in Regulation S of the Securities Act), (b) a U.S. person as defined in 17 C.F.R. § 23.23(a)(23) (a “**CFTC U.S. Person**”) or to others for offer or sale to or for the account or benefit of any such CFTC U.S. person or (c) a “United States person” as defined in U.S. Executive Order 13959, as amended by U.S. Executive Order 14032, or in the Chinese Military-Industrial Complex Sanctions Regulations (31 C.F.R. Part 586) (“**E.O. 13959 U.S. Persons**”), to the extent that the underlyings for the relevant CBBCs include (i) securities whose purchase or sale by E.O. 13959 U.S. Persons is restricted under Executive Order 13959 (as amended) or (ii) provide any investment exposure to any such securities ((i) and (ii) collectively, “**E.O. 13959 Restricted Underlyings**”).

E.O. 13959 U.S. Persons are restricted from purchasing or selling CBBCs with E.O. 13959 Restricted Underlyings after the effective date of the Executive Order 13959 (as amended) restrictions applicable to those underlyings and investors should seek their own independent legal advice regarding compliance with Executive Order 13959 (as amended).

The offer or transfer of the CBBCs is also subject to the selling restrictions specified in our Base Listing Document.

Capitalised terms and inconsistency

Unless otherwise specified, capitalised terms used in this document have the meanings set out in the Conditions. If this document is inconsistent with our Base Listing Document, this document shall prevail.

INFORMATION ON THE INDEX

The information on the Index set out below is extracted from or based on publicly available information and, in particular, information from the Index Compiler at its website. We do not give any representation whatsoever as to the truth, accuracy, completeness, adequacy or reasonableness of any of the information contained therein whether as at the date of this document or any other time, save that we have taken reasonable care to correctly extract, summarise and/or reproduce such information.

Who is the Index Compiler?

Hang Seng Indexes Company Limited. The Index is managed and compiled by the Index Compiler, which is a wholly-owned subsidiary of Hang Seng Bank Limited.

How is the Index level disseminated?

The Index level is disseminated through the website of the Index Compiler at <http://www.hsi.com.hk> and various information vendors. You should contact your stockbroker for further information.

Description of the Index

The Index tracks the performance of the 30 largest technology companies listed in Hong Kong selected by the Index Compiler. The objective of the Index is to represent the 30 largest technology companies listed in Hong Kong which have high business exposure to technology themes. It includes securities of Greater China companies that are listed on the Main Board of the HKEX, and excludes Foreign Companies and Investment Companies listed under Chapter 21 of HKEX's Listing Rules.

As disclosed in the factsheet in respect of the Index published on the Index Compiler's website at https://www.hsi.com.hk/static/uploads/contents/en/dl_centre/factsheets/hsteche.pdf (the "Index Factsheet"), the key features of the Index are as follows:

- The Index includes the 30 largest technology companies listed in Hong Kong that are:
 - classified under: Industrials, Consumer Discretionary, Healthcare, Financials or Information Technology industries;
 - with high business exposure to the selected technology themes: Cloud, Digital, E-Commerce, FinTech or Internet; and
 - considered innovative by operating a technology-enabled business, with strong Research & Development investment or exhibit high revenue growth.
- The Index is freefloat market capitalization weighted with 8% cap on individual constituent weighting.

As stated in the Index Factsheet:

- All information contained in the Index Factsheet is provided for reference only. The Index Compiler ensures the accuracy and reliability of the information in the Index Factsheet to the best of its endeavours. However, the Index Compiler makes no warranty or representation as to the accuracy, completeness or reliability of any of the information contained therein and accepts no liability (whether in tort or contract or otherwise) whatsoever to any person for any damage or loss of any nature arising from or as a result of reliance on any of the contents of the Index Factsheet, or any errors or omissions in its contents and such contents may change from time to time without notice.
- Investors should also note that value of securities and investments can go down as well as up and past performance is not necessarily indicative of future performance. The information contained in the Index Factsheet is not intended to provide professional advice and should not be relied upon in that regard. Persons intending to use any information obtained from the Index Factsheet are advised to obtain appropriate professional advice.

Constituent stocks of the Index

The Index represents the 30 largest technology companies listed in Hong Kong that have high business exposure to technology themes as selected by the Index Compiler and pass the Index's screening criteria.

An updated list of the constituent stocks comprising the Index is available at <https://www.hsi.com.hk/eng/indexes/all-indexes/hstech>. You may also review historical changes of the constituent stocks of the Index on this website.

Rebalancing review of the Index constituent stocks will be conducted on a quarterly basis based on data cut-off as of end of March, June, September and December each year.

How is the Index calculated?

You may access the methodology document for the Index at: https://www.hsi.com.hk/static/uploads/contents/en/dl_centre/methodologies/IM_hsteche.pdf, which should be read in conjunction with the Index Methodology General Guide on the Index Compiler's website at: https://www.hsi.com.hk/static/uploads/contents/en/dl_centre/methodologies/index_methodology_guide_e.pdf

The Index Compiler has adopted a freefloat-adjusted market capitalisation weighting with a designated cap on each constituent stock for calculation of the Index level in accordance with the following formula:

$$\text{Current Index} = \frac{\sum (P_t \times IS \times FAF \times CF \times AF)}{\sum (P_{t-1} \times IS \times FAF \times CF \times AF)} \times \text{Yesterday's Closing Index}$$

P_t	:	Current Price at Day t
P_{t-1}	:	Closing Price at Day (t-1)
IS	:	Issued Shares
FAF	:	Freefloat Adjusted Factor, which is between 0 and 1
CF	:	Capping Factor, which is between 0 and 1
AF	:	Adjustment Factor

The designated cap and an updated list of FAF and CF for each constituent stock are set out in the website at <http://www.hsi.com.hk>.

What are the arrangement if the Index is not published by the Index Compiler?

Under the licence granted by Hang Seng Data Services Limited for our use of the Index, if the Index Compiler ceases to calculate and publish the Index, the Index Compiler shall inform us as soon as practicable specifying whether or not a replacement or substitute index will be available, in which case, we shall have the right to use such replacement or substitute index in connection with the CBBCs. If the Index Compiler does not offer any replacement or substitute index, we will have an option either to terminate the use of the Index or continue to use the formula of the Index and its constituent stocks existing immediately prior to such cessation for the sole purpose of calculating the Cash Settlement Amount payable at expiry and any related value of the CBBCs.

What are the historic highs and lows of the Index since its launch date on 27 July 2020?

Up to the Launch Date, the highest and lowest closing levels of the Index since its launch date of 27 July 2020 are:

Year	Highest closing level	Lowest closing level
27 July 2020 – 31 December 2020	8,426.07	6,774.78
2021	10,945.22	5,471.87
2022	5,899.82	2,801.99
2023	4,813.23	3,548.05
2024 (up to Launch Date)	3,714.77	3,005.80

Simulated highs and lows of the Index disclosed by the Index Compiler*

All information about the simulated closing levels of the Index compiled by the Index Compiler and published on its website (covering the 5 years period prior to the actual launch date of the Index) is back-tested and reflects hypothetical historical performance of the Index only. Please refer to the risk factor headed “Back-tested closing level information does not reflect the actual past performance of the Index” set out in the section headed “Key Risk Factors” in this document.

The simulated hypothetical highest and lowest closing levels of the Index* from the years 2015 to 2019 and the period from 1 January to 26 July 2020 are:

Year/Period	Highest closing level	Lowest closing level
2015	4,719.87	2,697.35
2016	3,852.80	2,720.06
2017	6,247.36	3,651.91
2018	5,890.21	3,352.88
2019	4,738.77	3,253.45
1 January – 26 July 2020	7,776.77	3,988.02

* The Index was launched on 27 July 2020 and does not have actual historic closing levels prior to its launch date. As stated on the Index Compiler's website, all information for the Index prior to its launch date is back-tested, which performance reflects hypothetical historical performance.

What is the closing level of the Index on the latest practicable date?

According to information published on the Index Compiler's website, the closing level of the Index as at the close of business on the Launch Date (being the latest practicable date prior to the date of this document) was 3,410.02.

Index disclaimer

The Index is published and compiled by Hang Seng Indexes Company Limited pursuant to a licence from Hang Seng Data Services Limited. The mark and name "Hang Seng TECH Index" are proprietary to Hang Seng Data Services Limited. Hang Seng Indexes Company Limited and Hang Seng Data Services Limited have agreed to the use of, and reference to, the Index by the Issuer in connection with the CBBCs (the "Product"), **BUT NEITHER HANG SENG INDEXES COMPANY LIMITED NOR HANG SENG DATA SERVICES LIMITED WARRANTS OR REPRESENTS OR GUARANTEES TO ANY BROKER OR HOLDER OF THE PRODUCT OR ANY OTHER PERSON (i) THE ACCURACY OR COMPLETENESS OF THE INDEX AND ITS COMPUTATION OR ANY INFORMATION RELATED THERETO; OR (ii) THE FITNESS OR SUITABILITY FOR ANY PURPOSE OF THE INDEX OR ANY COMPONENT OR DATA COMPRISED IN IT; OR (iii) THE RESULTS WHICH MAY BE OBTAINED BY ANY PERSON FROM THE USE OF THE INDEX OR ANY COMPONENT OR DATA COMPRISED IN IT FOR ANY PURPOSE, AND NO WARRANTY OR REPRESENTATION OR GUARANTEE OF ANY KIND WHATSOEVER RELATING TO THE INDEX IS GIVEN OR MAY BE IMPLIED.** The process and basis of computation and compilation of the Index and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by Hang Seng Indexes Company Limited without notice. **TO THE EXTENT PERMITTED BY APPLICABLE LAW, NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY HANG SENG INDEXES COMPANY LIMITED OR HANG SENG DATA SERVICES LIMITED (i) IN RESPECT OF THE USE OF AND/OR REFERENCE TO THE INDEX BY THE ISSUER IN CONNECTION WITH THE PRODUCT; OR (ii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES OR ERRORS OF HANG SENG INDEXES COMPANY LIMITED IN THE COMPUTATION OF THE INDEX; OR (iii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES, ERRORS OR INCOMPLETENESS OF ANY INFORMATION USED IN CONNECTION WITH THE COMPUTATION OF THE INDEX WHICH IS SUPPLIED BY ANY OTHER PERSON; OR (iv) FOR ANY ECONOMIC OR OTHER LOSS WHICH MAY BE DIRECTLY OR INDIRECTLY SUSTAINED BY ANY BROKER OR HOLDER OF THE PRODUCT OR ANY OTHER PERSON DEALING WITH THE PRODUCT AS A RESULT OF ANY OF THE AFORESAID, AND NO CLAIMS, ACTIONS OR LEGAL PROCEEDINGS MAY BE BROUGHT AGAINST HANG SENG INDEXES COMPANY LIMITED AND/OR HANG SENG DATA SERVICES LIMITED** in connection with the Product in any manner whatsoever by any broker, holder or other person dealing with the Product. Any broker, holder or other person dealing with the Product does so therefore in full knowledge of this disclaimer and can place no reliance whatsoever on Hang Seng Indexes Company Limited and Hang Seng Data Services Limited. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any broker, holder or other person and Hang Seng Indexes Company Limited and/or Hang Seng Data Services Limited and must not be construed to have created such relationship.

KEY RISK FACTORS

You must read these key risk factors together with the risk factors set out in our Base Listing Document. These key risk factors do not necessarily cover all risks related to the CBBCs. If you have any concerns or doubts about the CBBCs, you should obtain independent professional advice.

Non-collateralised structured products

The CBBCs are not secured on any of our assets or any collateral.

Credit risk

If you invest in the CBBCs, you are relying on our creditworthiness and of no other person (including the ultimate holding company of our group, HSBC Holdings plc). If we become insolvent or default on our obligations under the CBBCs, you can only claim as unsecured creditor regardless of the performance of the Index and may not be able to recover all or even part of the amount due under the CBBCs (if any). You have no rights under the terms of the CBBCs against the Index Compiler or any company which has issued any constituent securities of the Index.

CBBCs are not principal protected and may become worthless

Given the gearing effect inherent in the CBBCs, a small change in the Index level may lead to a substantial price movement in the CBBCs. You may suffer higher losses in percentage terms if you expect the level of the Index to move one way but it moves in the opposite direction.

Unlike stocks, the CBBCs have a limited life and will be early terminated upon the occurrence of a Mandatory Call Event or expire on the Expiry Date. In the worst case, the CBBCs may be early terminated or expire with no value and you will lose all of your investment. The CBBCs may only be suitable for experienced investors who are willing to accept the risk that they may lose all their investment.

The CBBCs can be volatile

Prices of the CBBCs may rise or fall rapidly. You should carefully consider, among other things, the following factors before dealing in the CBBCs:

- (i) the Strike Level and Call Level of the CBBCs;
- (ii) the likelihood of the occurrence of a Mandatory Call Event;
- (iii) the probable range of Residual Value (if any) upon the occurrence of a Mandatory Call Event;
- (iv) the time remaining to expiry;
- (v) the interim interest rates and expected dividend payments or other distributions on any components comprising the Index;
- (vi) the liquidity of the futures contracts relating to the Index;
- (vii) the supply and demand for the CBBCs;
- (viii) the probable range of the Cash Settlement Amount;
- (ix) the related transaction cost (including the Exercise Expenses, if any); and
- (x) the creditworthiness of the Issuer.

The value of the CBBCs may not follow closely the movements in the level of the Index. If you buy the CBBCs with a view to hedge against your exposure to any futures contract relating to the Index, it is possible that you could suffer loss in your investment in that futures contract and the CBBCs.

In particular, you should note that when the Spot Level of the Index is close to the Call Level, the trading price of the CBBCs will be more volatile. The change in the trading price of the CBBCs may not be comparable and may be disproportionate with the change in the Index level. In such case, a small change in the Index level may lead to a substantial price movement in the CBBCs.

Suspension of trading

If the calculation and/or publication of the Index level by the Index Compiler is suspended for whatever reasons, trading in the CBBCs may be suspended for a similar period. In the case of a prolonged suspension period, the price of the CBBCs may be subject to a significant impact of time decay due to such prolonged suspension and may fluctuate significantly upon resumption of trading, which may adversely affect your investment.

You may lose your entire investment when a Mandatory Call Event occurs

Unlike warrants, CBBCs has a mandatory call feature and trading in the CBBCs will be suspended when the Spot Level reaches the Call Level (subject to the circumstances in which a Mandatory Call Event will be reversed as set out in the sub-section titled “Mandatory Call Event is irrevocable” below). No investors can sell the CBBCs after the occurrence of a Mandatory Call Event. Even if the level of the Index bounces back in the right direction, the CBBCs which have been terminated as a result of the Mandatory Call Event will not be revived and investors will not be able to profit from the bounce-back. Investors may receive a Residual Value after the occurrence of a Mandatory Call Event but such amount may be zero.

Mandatory Call Event is irrevocable

A Mandatory Call Event is irrevocable unless it is triggered as a result of any of the following events:

- (i) report of system malfunction or other technical errors of HKEX (such as the setting up of wrong Call Level or other parameters) by the Stock Exchange to us; or
- (ii) report of manifest errors caused by the relevant third party price source where applicable by us to the Stock Exchange,

and we agree with the Stock Exchange that such Mandatory Call Event is to be revoked provided that such mutual agreement must be reached no later than 30 minutes before the commencement of trading (including the pre-opening session) (Hong Kong time) on the Trading Day of the Stock Exchange immediately following the day on which the Mandatory Call Event occurs, or such other time as prescribed by the Stock Exchange from time to time.

In such case, the Mandatory Call Event so triggered will be reversed and all trades cancelled (if any) will be reinstated and the trading of the CBBCs will resume.

Delay in Mandatory Call Event notification

We will notify the market as soon as reasonably practicable after the occurrence of a Mandatory Call Event. You should be aware that there may be a delay in our announcement of a Mandatory Call Event due to technical errors, system failures and other factors that are beyond the reasonable control of the Stock Exchange and us.

Non-Recognition of Post MCE Trades

The Stock Exchange and its recognised exchange controller, HKEX, will not incur any liability (whether based on contract, tort, (including, without limitation, negligence), or any other legal or equitable grounds and without regard to the circumstances giving rise to any purported claim except in the case of wilful misconduct on the part of the Stock Exchange and/or HKEX) for, any direct, consequential, special, indirect, economic, punitive, exemplary or any other loss or damage suffered or incurred by us or any other party arising from or in connection with the Mandatory Call Event or the suspension of trading (“Trading Suspension”) or the

non-recognition of trades after a Mandatory Call Event (“**Non-Recognition of Post MCE Trades**”), including without limitation, any delay, failure, mistake or error in the Trading Suspension or Non-Recognition of Post MCE Trades.

We and our affiliates shall not have any responsibility for any losses suffered as a result of the Trading Suspension and/or Non-Recognition of Post MCE Trades in connection with the occurrence of a Mandatory Call Event, notwithstanding that such Trading Suspension or Non-Recognition of Post MCE Trades may have occurred as a result of an error in the observation of the event.

Fluctuation in the Funding Cost

The Issue Price of the CBBCs is set by reference to the difference between the initial reference spot level of the Index and the Strike Level, plus the applicable Funding Cost as of the Launch Date. The initial Funding Cost applicable to the CBBCs is specified in the section headed “Key Terms” in this document. It will fluctuate throughout the life of the CBBCs as the funding rate may change from time to time. The funding rate is a rate determined by us based on one or more of the following factors, including but not limited to the Strike Level, the prevailing interest rate, the expected life of the CBBCs, any expected notional dividend payments or other distributions in respect of any securities comprising the Index and the margin financing provided by us.

Residual Value will not include residual Funding Cost

The Residual Value (if any) payable by us following the occurrence of a Mandatory Call Event will not include the residual Funding Cost for the CBBCs. When a Mandatory Call Event occurs, the investors will lose the Funding Cost for the full period.

Our hedging activities

Our trading and/or hedging activities or those of our related parties related to the CBBCs and/or other financial instruments issued by us from time to time may have an impact on the Index level and may trigger a Mandatory Call Event.

In particular, when the Spot Level of the Index is close to the Call Level, our unwinding activities in relation to the Index may cause a fall or rise (as the case may be) in the Index level leading to a Mandatory Call Event as a result of such unwinding activities.

We or our related party may unwind our hedging transactions relating to the CBBCs in proportion to the amount of the CBBCs we repurchase from the market from time to time. Such activity may lead to greater volatility of the level of the index, and may lead to a Mandatory Call Event as a result. Upon the occurrence of a Mandatory Call Event, we or our related party may unwind any hedging transactions relating to the CBBCs. Such unwinding activities after the occurrence of a Mandatory Call Event may affect the Index level and consequently the Residual Value for the CBBCs.

Time decay

Without taking into account interim interest rates and expected dividend payments or other distributions on any components comprising the Index and assuming all other factors remain constant, the value of a CBBC is likely to decrease over time. Therefore, the CBBCs should not be viewed as a product for long term investments.

Possible limited secondary market

The Liquidity Provider may be the only market participant for the CBBCs and therefore the secondary market for the CBBCs may be limited. The more limited the secondary market, the more difficult it may be for you to realise the value in the CBBCs prior to expiry.

You should also be aware that the Liquidity Provider may not be able to provide liquidity when there are operational and technical problem hindering its ability to do so. Even if the Liquidity Provider is able to provide liquidity in such circumstances, its performance of liquidity provision may be adversely affected. For example:

- (i) the spread between bid and ask prices quoted by the Liquidity Provider may be significantly wider than its normal standard;
- (ii) the quantity for which liquidity will be provided by the Liquidity Provider may be significantly smaller than its normal standard; and/or
- (iii) the Liquidity Provider’s response time for a quote may be significantly longer than its normal standard.

Risk for newly launched Index

The Index is a new index launched in July 2020 only. Financial products linked to the Index (including the CBBCs) may be more volatile and riskier than other financial products linked to a more established index with a longer operating and actual trading history.

Back-tested closing level information does not reflect the actual past performance of the Index

The Index was launched on 27 July 2020. All information about the historic closing levels of the Index prior to its launch date, including the simulated hypothetical historic highest closing levels and lowest closing levels of the Index for the last 5 years as set out in the section headed “Information on the Index” in this document, does not reflect the Index’s actual past performance. Instead, such information is back-tested and reflects hypothetical historical performance of the Index only.

In particular, a number of the constituent stocks of the Index have a trading history of less than five years. This may adversely affect the creditability and/or reliability of such back-testing to reflect the performance trends of the Index in the future. You should not rely on such hypothetical historical performance of the Index as the sole basis for your investment decision.

Change of calculation methodology or failure to publish the Index

If there is a material change in the calculation of the Index level or a failure to publish the Index, we may determine the Closing Level on the basis of the method last in effect prior to such change or failure.

Publication of Index level when component shares are not trading

The Index Compiler may publish the Index level at a time when one or more shares comprising the Index are not trading.

Adjustment related risk

The occurrence of certain events (including, without limitation, a succession of the Index or Index Compiler, modification or cessation of calculation of the Index) may entitle us to adjust the terms and conditions of the CBBCs. However, we are not obliged to adjust the terms and conditions of the CBBCs for every event that affects the Index. Any adjustment or decision not to make any adjustment may adversely affect the value of the CBBCs. Please refer to Condition 6 for details about adjustments.

Possible early termination

We may early terminate the CBBCs if it becomes illegal or impracticable for us (i) to perform our obligations under the CBBCs as a result of a change in law event, or (ii) to maintain our hedging arrangement with respect to the CBBCs due to a change in law event. In such event, the amount payable by us (if any) will be the fair market value of the CBBCs less our costs of unwinding any related hedging arrangements as determined by us, which may be substantially less than your initial investment and may be zero. Please refer to Condition 7 for details about our early termination rights.

Time lag between early termination or exercise and settlement of the CBBCs

There is a time lag between the early termination or exercise of the CBBCs and payment of the Residual Value or the Cash Settlement Amount payable at expiry net of Exercise Expenses (if any). There may be delays in the electronic settlement or payment through CCASS.

Conflict of interest

We and our subsidiaries and affiliates engage in a wide range of commercial and investment banking, brokerage, funds management, hedging, investment and other activities and may possess material information about the Index or issue or update research reports on the Index. Such activities, information and/or research reports may involve or affect the Index and may cause consequences adverse to you or otherwise create conflicts of interests in connection with the issue of the CBBCs. We have no obligation to disclose such information and may issue research reports and engage in any such activities without regard to the issue of the CBBCs.

In the ordinary course of our business, we and our subsidiaries and affiliates may effect transactions for our own account or for the account of our customers and may enter into one or more transactions with respect to the Index or related derivatives. This may indirectly affect your interests.

We and/or members of our group (acting as a dealer) may offer commission rebates or other incentives

We and/or members of our group may, from time to time, act in the capacity of a dealer of the CBBCs. When acting in such capacity, we and/or members of our group may, in the ordinary course of our/their business, offer commission rebates or other incentives to our/their customers in respect of the CBBCs. Your investment decision should not be based solely on the benefit of the offer of such commission rebates or other incentives. Before deciding to invest in the CBBCs, you should fully understand the nature and product features of the CBBCs and read the Listing Documents, in particular, the risk factors set out in the Listing Documents and where necessary, seek independent professional advice. You should also consider your financial position and investment objectives before deciding to invest in the CBBCs.

No direct contractual rights

The CBBCs are issued in global registered form and are held within CCASS. You will not receive any definitive certificate and your name will not be recorded in the register of the CBBCs. The evidence of your interest in the CBBCs, and the efficiency of the ultimate payment of the Residual Value or the Cash Settlement Amount payable at expiry net of Exercise Expenses (if any), are subject to the CCASS Rules. You will have to rely on your broker (or, if applicable, its direct or indirect custodians) and the statements you receive from it as evidence of your interest in the CBBCs. You do not have any direct contractual rights against us. To assert your rights as an investor in the CBBCs, you will have to rely on your broker (and, if applicable, its direct or indirect

custodian) to take action on your behalf. If your broker or, if applicable, its direct or indirect custodian:

- (i) fails to take action in accordance with your instructions;
- (ii) becomes insolvent; or
- (iii) defaults on its obligations,

you will need to take action against your broker in accordance with the terms of arrangement between you and your broker to establish your interest in the CBBCs first before you can assert your right of claim against us. You may experience difficulties in taking such legal proceedings. This is a complicated area of law and you should seek independent legal advice for further information.

The Listing Documents should not be relied upon as the sole basis for your investment decision

The Listing Documents do not take into account your investment objectives, financial situation or particular needs. Nothing in the Listing Documents should be construed as a recommendation by us or our affiliates to invest in the CBBCs or any futures contracts relating to the Index.

Not the ultimate holding company of the group

We are not the ultimate holding company of the group to which we belong. The ultimate holding company of the group to which we belong is HSBC Holdings plc.

Credit ratings

Our credit ratings as of the Launch Date are for reference only. Any downgrading of our ratings could result in a reduction in the value of the CBBCs.

Two or more risk factors may simultaneously affect the CBBCs

Two or more risk factors may simultaneously have an effect on the value of a CBBC such that the effect of any individual risk factor may not be predicted. No assurance can be given as to the effect any combination of risk factors may have on the value of a CBBC.

The Financial Institutions (Resolution) Ordinance may adversely affect the CBBCs

On 7 July 2017, the Financial Institutions (Resolution) Ordinance (Cap. 628) of Hong Kong (the “**FIRO**”) came into operation. The FIRO provides for, among other things, the establishment of a resolution regime for authorized institutions and other within scope financial institutions in Hong Kong which may be designated by the relevant resolution authorities, which includes us as the issuer of the CBBCs. The resolution regime seeks to provide the relevant resolution authorities with administrative powers to bring about timely and orderly resolution in order to stabilise and secure continuity for a failing authorized institution or within scope financial institution in Hong Kong. In particular, the relevant resolution authority is 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. These may include, but are not limited to, powers to cancel, write off, modify, convert or replace all or a part of the CBBCs or cash payment under the CBBCs, and powers to amend or alter the contractual provisions of the CBBCs, all of which may adversely affect the value of the CBBCs, and the holders thereof may suffer a loss of some or all of their investment as a result. Holders of the CBBCs may become subject to and bound by the FIRO.

On 25 June 2021, the government of Hong Kong published the Financial Institutions (Resolution) (Contractual Recognition of Suspension of Termination Rights – Banking Sector) Rules (the “**Stay Rules**”) in the Gazette. The Stay Rules have come into operation on 27 August 2021 following completion of the vetting process by the Legislative Council of Hong Kong. Following a transitional period of 24 months from the date of

the commencement of the Stay Rules for the earliest first phase compliance, entities subject to the Stay Rules are required to adopt appropriate provisions in certain financial contracts to the effect that the contractual parties agree to be bound by the temporary stay that may be imposed by the Hong Kong Monetary Authority under the FIRO, which may in turn affect any in-scope financial contracts between a qualifying entity and its counterparty(ies).

As the implementation of FIRO remains untested and certain details relating to FIRO will be set out through secondary legislation and supporting rules, we are unable to assess the full impact of FIRO, the Stay Rules, any potential secondary legislation and/or supporting rules and regulations made under FIRO on the financial system generally, our counterparties, us, any of our consolidated subsidiaries, our operations and/or our financial position. **In the worst case scenario, you may get nothing back and the maximum loss could be 100% of your initial investment amount.**

Recent and future U.S. government actions

The US government's recent and future actions against mainland China and Hong Kong may affect the price or value of the underlying equities or indices (as applicable) and the prevailing trading price of the CBBCs. There can be no assurances that any future actions taken by the U.S. government (or other governments) against mainland China and Hong Kong will not have an adverse effect on the trading price or value of the CBBCs.

Restrictions on E.O. 13959 U.S. Persons

To the extent CBBCs include underlying equities or indices that are or become E.O. 13959 Restricted Underlyings, E.O. 13959 U.S. Persons are or will be restricted under Executive Order 13959 (as amended) from purchasing and selling the CBBCs, which may adversely affect the prevailing trading price of the CBBCs. E.O. 13959 U.S. Persons are urged to seek independent legal advice regarding compliance with Executive Order 13959 (as amended).

Updated information about Us

Ms Queenie LUN has replaced Mr Paul HEDLEY as the authorised representative of the Issuer with effect from 26 July 2023.

Ms Pam KAUR has been appointed as a non-executive Director of the Issuer with effect from 23 November 2023.

The company number of the Issuer (263876) will be replaced by its 8-digit business registration number (00173611) as the Issuer's unique business identifier with effect from 27 December 2023.

Waiver from compliance with the Rules

The Issuer has applied for, and the Stock Exchange has granted, a waiver from compliance with Rule 15A.24A of the Rules in respect of securities promotional campaigns (the “**Incentive**”) offered by the Wealth and Personal Banking Division of the Issuer for the period from 1 January 2024 to 31 December 2024 (the “**Waiver**”).

The Incentive is applicable equally under the same terms to all listed securities regardless of product type or issuer. Any incentives given by the Wealth and Personal Banking Division of the Issuer will not be recovered (directly or indirectly) from the Global Banking and Markets Division of the Issuer which operates the structured products business.

The Waiver is granted subject to the following conditions:

- (a) the inclusion of a risk factor in supplemental listing documents and a reminder to investors in all marketing materials of the Incentive. The risk factor and the reminder to investors should contain the following:
 - (i) a statement to the effect that the Incentive is offered as part of the ordinary course of business of the Issuer's securities business; and
 - (ii) a reminder to investors to the effect that they should focus their assessment on product features of the structured products and assess the risks against their investment objectives before making investment decisions, without regard to the benefit of the Incentive.
- (b) the disclosure of details of the Waiver granted in this document and/or the Base Listing Document.

Pursuant to the Waiver, a risk factor entitled “We and/or members of our group (acting as a dealer) may offer commission rebates or other incentives” under the section headed “Key Risk Factors” is included in this document.

On 21 February 2024, the Issuer announced its 2023 consolidated results. Investors can view further information on this on <https://www.hsbc.com/-/files/hsbc/investors/hsbc-results/2023/annual/pdfs/the-hongkong-and-shanghai-banking-corporation-limited/240221-annual-results-2023-media-release.pdf>. Extracts of the Issuer's 2023 financial results as set out in this section have been extracted from the Issuer's news release dated 21 February 2024 (the news release). References to page numbers (i.e. the page numbers which appear on the bottom of the pages) in this section (excluding this page) are to pages of the news release.

Consolidated income statement

for the year ended 31 December

	2023 HK\$m	2022 HK\$m (restated) ¹
Net interest income	130,780	109,878
– interest income	295,212	163,124
– interest expense	(164,432)	(53,246)
Net fee income	38,043	38,565
– fee income	51,025	50,053
– fee expense	(12,982)	(11,488)
Net income from financial instruments held for trading or managed on a fair value basis	74,435	41,276
Net income/(expense) from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss	48,959	(94,914)
Changes in fair value of designated debts issued and related derivatives	8	(703)
Changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss	252	40
Gains less losses from financial investments	(3,791)	52
Insurance finance income/(expense)	(48,798)	97,187
Insurance service result	6,558	4,977
– Insurance revenue	13,007	10,723
– Insurance service expense	(6,449)	(5,746)
Other operating income	3,233	4,445
Net operating income before change in expected credit losses and other credit impairment charges	249,679	200,803
Change in expected credit losses and other credit impairment charges	(12,843)	(16,370)
Net operating income	236,836	184,433
Employee compensation and benefits	(38,547)	(38,322)
General and administrative expenses	(54,538)	(53,097)
Depreciation and impairment of property, plant and equipment	(9,724)	(9,096)
Amortisation and impairment of intangible assets	(7,184)	(6,023)
Total operating expenses	(109,993)	(106,538)
Operating profit	126,843	77,895
Share of profit in associates and joint ventures	18,555	18,792
Impairment of interest in associate	(23,955)	—
Profit before tax	121,443	96,687
Tax expense	(23,916)	(15,996)
Profit for the year	97,527	80,691
Attributable to:		
– ordinary shareholders of the parent company	87,191	73,662
– other equity holders	3,556	2,739
– non-controlling interests	6,780	4,290
Profit for the year	97,527	80,691

¹ From 1 January 2023, we adopted HKFRS 17 'Insurance Contracts', which replaced HKFRS 4 'Insurance Contracts'. Comparative data have been restated accordingly.

Consolidated statement of comprehensive income

for the year ended 31 December

	2023 HK\$m	2022 HK\$m (restated) ¹
Profit for the year	97,527	80,691
Other comprehensive income/(expense)		
Items that will be reclassified subsequently to profit or loss when specific conditions are met:		
Debt instruments at fair value through other comprehensive income	7,953	(13,705)
– fair value gains/(losses)	6,256	(17,121)
– fair value (gains)/losses transferred to the income statement	3,799	(124)
– expected credit (recoveries)/losses recognised in the income statement	(372)	331
– income taxes	(1,730)	3,209
Cash flow hedges	3,605	(1,965)
– fair value gains	7,581	5,851
– fair value gains reclassified to the income statement	(3,282)	(8,228)
– income taxes	(694)	412
Share of other comprehensive income/(expense) of associates and joint ventures	736	(1,964)
Exchange differences	(9,043)	(32,040)
Items that will not be reclassified subsequently to profit or loss:		
Property revaluation	4,496	3,863
– fair value gains	5,330	4,683
– income taxes	(834)	(820)
Equity instruments designated at fair value through other comprehensive income	(899)	865
– fair value gains/(losses)	(895)	868
– income taxes	(4)	(3)
Changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	(5,410)	4,588
– before income taxes	(6,457)	5,461
– income taxes	1,047	(873)
Remeasurement of defined benefit asset/liability	21	185
– before income taxes	26	232
– income taxes	(5)	(47)
Other comprehensive income/(expense) for the year, net of tax	1,459	(40,173)
Total comprehensive income for the year	98,986	40,518
Attributable to:		
– ordinary shareholders of the parent company	88,289	34,497
– other equity holders	3,556	2,739
– non-controlling interests	7,141	3,282
Total comprehensive income for the year	98,986	40,518

¹ From 1 January 2023, we adopted HKFRS 17 'Insurance Contracts', which replaced HKFRS 4 'Insurance Contracts'. Comparative data have been restated accordingly.

Consolidated balance sheet

at 31 December

	2023 HK\$m	2022 HK\$m (restated) ¹
Assets		
Cash and balances at central banks	232,987	232,740
Items in the course of collection from other banks	22,049	28,557
Hong Kong Government certificates of indebtedness	328,304	341,354
Trading assets	941,250	699,805
Derivatives	409,253	502,877
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	707,573	653,030
Reverse repurchase agreements – non-trading	831,186	927,976
Loans and advances to banks	563,801	515,847
Loans and advances to customers	3,557,076	3,695,068
Financial investments	2,029,212	1,749,707
Amounts due from Group companies	158,592	140,485
Interests in associates and joint ventures	170,206	185,898
Goodwill and intangible assets	38,923	36,863
Property, plant and equipment	129,675	130,926
Deferred tax assets	9,315	7,582
Prepayments, accrued income and other assets	370,991	349,128
Total assets	10,500,393	10,197,843
Liabilities		
Hong Kong currency notes in circulation	328,304	341,354
Items in the course of transmission to other banks	27,536	33,073
Repurchase agreements – non-trading	521,984	351,093
Deposits by banks	182,146	198,908
Customer accounts	6,261,051	6,113,709
Trading liabilities	103,050	142,453
Derivatives	450,216	551,729
Financial liabilities designated at fair value	170,728	167,743
Debt securities in issue	87,745	100,909
Retirement benefit liabilities	1,362	1,655
Amounts due to Group companies	465,476	398,261
Accruals and deferred income, other liabilities and provisions	258,113	246,614
Insurance contract liabilities	730,829	654,922
Current tax liabilities	15,344	6,009
Deferred tax liabilities	23,923	21,912
Subordinated liabilities	—	3,119
Total liabilities	9,627,807	9,333,463
Equity		
Share capital	180,181	180,181
Other equity instruments	52,465	52,386
Other reserves	117,214	108,837
Retained earnings	462,866	466,148
Total shareholders' equity	812,726	807,552
Non-controlling interests	59,860	56,828
Total equity	872,586	864,380
Total liabilities and equity	10,500,393	10,197,843

¹ From 1 January 2023, we adopted HKFRS 17 'Insurance Contracts', which replaced HKFRS 4 'Insurance Contracts'. Comparative data have been restated accordingly.

Consolidated statement of changes in equity

for the year ended 31 December

	Other reserves										
	Share capital ¹ HK\$m	Other equity instruments HK\$m	Retained earnings HK\$m	Property revaluation reserve HK\$m	Financial assets at FVOCI reserve HK\$m	Cash flow hedge reserve HK\$m	Foreign exchange reserve HK\$m	Other ² HK\$m	Total shareholders' equity HK\$m	Non-controlling interests HK\$m	Total equity HK\$m
At 1 Jan 2023	180,181	52,386	466,148	65,148	(11,186)	(1,487)	(38,470)	94,832	807,552	56,828	864,380
Profit for the year	—	—	90,747	—	—	—	—	—	90,747	6,780	97,527
Other comprehensive income/(expense) (net of tax)	—	—	(5,415)	4,186	7,840	3,342	(8,698)	(157)	1,098	361	1,459
– debt instruments at fair value through other comprehensive income	—	—	—	—	7,784	—	—	—	7,784	169	7,953
– equity instruments designated at fair value through other comprehensive income	—	—	—	—	(689)	—	—	—	(689)	(210)	(899)
– cash flow hedges	—	—	—	—	—	3,334	—	—	3,334	271	3,605
– changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	—	—	(5,413)	—	—	—	—	—	(5,413)	3	(5,410)
– property revaluation	—	—	—	4,186	—	—	—	—	4,186	310	4,496
– remeasurement of defined benefit asset/liability	—	—	(7)	—	—	—	—	—	(7)	28	21
– share of other comprehensive income/(expense) of associates and joint ventures	—	—	5	—	888	—	—	(157)	736	—	736
– exchange differences	—	—	—	—	(143)	8	(8,698)	—	(8,833)	(210)	(9,043)
Total comprehensive income/(expense) for the year	—	—	85,332	4,186	7,840	3,342	(8,698)	(157)	91,845	7,141	98,986
Other equity instruments issued ³	—	7,850	—	—	—	—	—	—	7,850	—	7,850
Other equity instruments redeemed ⁴	—	(7,771)	(406)	—	—	—	—	—	(8,177)	—	(8,177)
Dividends to shareholders ⁵	—	—	(86,356)	—	—	—	—	—	(86,356)	(3,843)	(90,199)
Movement in respect of share-based payment arrangements	—	—	(99)	—	—	—	—	(208)	(307)	12	(295)
Transfers and other movements ⁶	—	—	(1,753)	(4,055)	800	(4)	(731)	6,062	319	(278)	41
At 31 Dec 2023	180,181	52,465	462,866	65,279	(2,546)	1,851	(47,899)	100,529	812,726	59,860	872,586

Consolidated statement of changes in equity (continued)

for the year ended 31 December (restated⁷)

	Other reserves								Total share- holders' equity HK\$m	Non- controlling interests HK\$m	Total equity HK\$m
	Share capital ¹	Other equity instruments	Retained earnings	Property revaluation reserve	Financial assets at FVOCI reserve	Cash flow hedge reserve	Foreign exchange reserve	Other ²			
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m			
At 31 Dec 2021	172,335	44,615	488,055	64,990	3,869	153	(7,130)	89,922	856,809	66,702	923,511
Impact on transition to HKFRS 17 ⁸	—	—	(65,593)	—	(294)	—	—	—	(65,887)	(9,546)	(75,433)
At 1 Jan 2022	172,335	44,615	422,462	64,990	3,575	153	(7,130)	89,922	790,922	57,156	848,078
Profit for the year	—	—	76,401	—	—	—	—	—	76,401	4,290	80,691
Other comprehensive income/ (expense) (net of tax)	—	—	4,772	3,646	(14,804)	(1,639)	(31,340)	200	(39,165)	(1,008)	(40,173)
– debt instruments at fair value through other comprehensive income	—	—	—	—	(13,394)	—	—	—	(13,394)	(311)	(13,705)
– equity instruments designated at fair value through other comprehensive income	—	—	—	—	745	—	—	—	745	120	865
– cash flow hedges	—	—	—	—	—	(1,639)	—	—	(1,639)	(326)	(1,965)
– changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	—	—	4,590	—	—	—	—	—	4,590	(2)	4,588
– property revaluation	—	—	—	3,646	—	—	—	—	3,646	217	3,863
– remeasurement of defined benefit asset/liability	—	—	191	—	—	—	—	—	191	(6)	185
– share of other comprehensive income of associates and joint ventures	—	—	(9)	—	(2,155)	—	—	200	(1,964)	—	(1,964)
– exchange differences	—	—	—	—	—	—	(31,340)	—	(31,340)	(700)	(32,040)
Total comprehensive income/ (expense) for the year	—	—	81,173	3,646	(14,804)	(1,639)	(31,340)	200	37,236	3,282	40,518
Shares issued ¹	7,846	—	—	—	—	—	—	—	7,846	—	7,846
Other equity instruments issued ³	—	7,771	—	—	—	—	—	—	7,771	—	7,771
Dividends to shareholders ⁵	—	—	(34,821)	—	—	—	—	—	(34,821)	(2,845)	(37,666)
Movement in respect of share-based payment arrangements	—	—	135	—	—	—	—	(137)	(2)	13	11
Transfers and other movements ⁶	—	—	(2,801)	(3,488)	43	(1)	—	4,847	(1,400)	(778)	(2,178)
At 31 Dec 2022	180,181	52,386	466,148	65,148	(11,186)	(1,487)	(38,470)	94,832	807,552	56,828	864,380

- 1 Ordinary share capital includes preference shares which have been redeemed or bought back via payments out of distributable profits in previous years. During 2022, 3,138.4m new ordinary shares were issued at an issue price of HK\$2.5 each.
- 2 The other reserves mainly comprise share of associates' other reserves, purchase premium arising from transfer of business from fellow subsidiaries, property revaluation reserve relating to transfer of properties to a fellow subsidiary and the share-based payment reserve. The share-based payment reserve is used to record the amount relating to share awards and options granted to employees of the group directly by HSBC Holdings plc.
- 3 During 2023, an additional tier 1 capital instrument amounting to US\$1,000m was issued for which there were no issuance costs. During 2022, an additional tier 1 capital instrument amounting to US\$1,000m was issued for which there were US\$10m issuance costs.
- 4 During 2023, an additional tier 1 capital instrument was redeemed at fair value US\$(1,041)m.
- 5 Including distributions paid on perpetual subordinated loans classified as equity under HKFRS.
- 6 The movements include transfers from retained earnings to other reserves in associates according to local regulatory requirements, and from the property revaluation reserve to retained earnings in relation to depreciation of revalued properties.
- 7 From 1 January 2023, we adopted HKFRS 17 'Insurance Contracts', which replaced HKFRS 4 'Insurance Contracts'. Comparative data have been restated accordingly.
- 8 The impact of HKFRS 17 on previously reported total equity was HK\$(76,883)m at 31 December 2022.

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