

HANG SENG CAPITAL GUARANTEED FUND SERIES

HANG SENG 106% CAPITAL GUARANTEED HK EQUITY LOOKBACK FUND - MAY07 - 3 YEARS

Risk Level:

1

1=Low 2=Low to MEDIUM 3=MEDIUM 4=MEDIUM to HIGH 5=HIGH

INVESTMENT OBJECTIVE

Provide Unitholders with an opportunity to receive Potential Return at maturity of the Fund through participation at the Participation Rate in the Index Growth, whilst providing Unitholders the guarantee regarding payment of 106% of the Guaranteed Maturity Value to Unitholders at maturity of the Fund. (the "Fund")

FUND INFORMATION

Fund Code :	43942
Start Date :	14/05/2007
Maturity Date :	19/05/2010
Fund Size :	USD9.37 million
Unit Price :	USD9.50
Management Fee :	Up to 1.0% p.a. ⁽¹⁾
Redemption Fee :	Nil
Participation Rate :	32.87%
Dealing Day :	Every Monday

⁽¹⁾ Since all the fees and expenses (including management fee, trustee fee and other costs and expenses), approximately 3.49% for the Fund, are charged upfront and are deducted from the Net Asset Value of the Fund at its inception, the Unit price of the Fund on the first Dealing Day after the Start Date may be lower than its Offer Price per Unit. Unitholders will have already borne the total fees and expenses for the whole Investment Period of the Fund even if the Units are redeemed before the Maturity Date.

RETURN CALCULATION ⁽⁴⁾



⁽²⁾ Investors should note that there is no guarantee that they can receive any Potential Return at maturity of the Fund as this depends on the Index Growth as well as the actual Participation Rate of the Fund. Though the use of averaging method in the calculation of the Index Growth can minimise the effect of short-term fluctuations of the Index on the Potential Return calculation, it may result in amount of Potential Return (if any) being higher or lower than that which can be obtained when a direct point-to-point comparison method of calculation is used.

⁽³⁾ The Quarterly Index Level (i.e. the closing level of the Index of each of the days respectively fall upon the 14th day of February, May, August and November in each successive calendar year after the last Monthly-Lock-in Index Level Determination Date) will be compared with the Lock-in Index Level (i.e. the lowest closing level of the Index among each of the Start Date and the days respectively falling on or about the 14th day of 2 successive calendar months after the Start Date (3 days in total)) to calculate the growth of the Index for the quarter (i.e. Quarterly Positive Index Growth). Where a Quarterly Index Level is lower than the Lock-in Index Level, the figure of the Quarterly Positive Index Growth in respect of that quarter will be taken as 0%. First aggregating all the Quarterly Positive Index Growths in respect of all the Quarterly Index Level Determination Dates and then dividing the sum by 12, to calculate the Index Growth.

⁽⁴⁾ For details of return calculation, please refer to the offering document of the Fund.

PERFORMANCE IN US DOLLAR (Unit Price-to-Unit Price, dividend payment(s) (if any) are not included)

Fund	3 Months	1 Year	Since Launch
Source : HSBC Institutional Trust Services (Asia) Limited	N/A	N/A	N/A

MAJOR FACTORS AFFECTING THE PRICE OF THE FUND ⁽⁵⁾

The price change of the Fund in USD since launch can be broken down ⁽⁶⁾ as follows:

Fixed Income Instrument	+	Derivative Instrument	+	Fund's Expenses, Fees and Others	=	Price Change
N/A		N/A		N/A		N/A

⁽⁵⁾ For details of the breakdown items for the Fund, please refer to the Appendix.

⁽⁶⁾ This is an approximate breakdown and is for reference only. The price change is Unit Price-to-Unit Price change.

QUARTERLY POSITIVE GROWTH OF THE INDEX ⁽⁷⁾

Lock-in Index Level ⁽⁸⁾	Hang Seng Index	Index Positive Growth (%)
Start Date to 14/08/2007	20,867.26	
	N/A	N/A ⁽⁹⁾

Source: Bloomberg

⁽⁷⁾ This information is only for reference in calculating the Potential Return at maturity. Please refer to footnote (3) in details for the calculation formula of "Index Growth".

⁽⁸⁾ Lock-in Index Level is determined by the lowest closing level of the Index among 14 May 2007, 14 June 2007 and 16 July 2007.

⁽⁹⁾ This index growth represents the sum of index growth rate from Start date to 14 August 2007.

(To comply with regulatory requirements, the Fund's performance data will be provided once the Fund has been in operations for 6 months.) (All information as at 30 July 2007)

Investors should note that the guarantee of the Fund is subject to the credit risk of Hang Seng Bank Limited, the Guarantor of the Fund and the Issuer of the Fixed Income Instrument of the Fund. The Fund is also subject to the credit risk of The Hongkong and Shanghai Banking Corporation Limited, the Derivative Counterparty. In order for Unitholders to benefit from the guarantee regarding the Guaranteed Maturity Value, they must hold their Units till the Maturity Date. Redemption prior to the Maturity Date will be subject to price fluctuations of the underlying assets of the Fund and hence may result in a loss in capital invested in the Fund. Please refer to the Fund's offering document for the guarantee details. Certain information contained in this factsheet is obtained and prepared from sources which Hang Seng Investment Management Limited ("HSIM") believes to be reliable and that the views and opinions provided herein are given in good faith. HSIM makes no guarantees, representations or warranties and accepts no responsibility or liability as to its accuracy or completeness of those information provided by third parties. This sheet does not constitute any offer or solicitation to buy or sell any investment fund. Investors should note that investment involves risk and past performance may not be indicative of future performance. Investors should refer to the Fund's offering document before making any investment decision. Please read the full disclaimer in relation to the Hang Seng Index in the term sheet of the Fund.

Issued by Hang Seng Investment Management Limited, a wholly-owned subsidiary of Hang Seng Bank



恒生投資
Hang Seng Investment



Managing wealth for you, with you.

HANG SENG CAPITAL GUARANTEED FUND SERIES

MAJOR FACTORS AFFECTING THE PRICE OF THE FUND

After deducting the management fees and other relevant fees at inception, the Fund invested the remaining capital in a combination of "Fixed Income Instrument" and "Derivative Instrument". As such, the price change of the Fund prior to Maturity Date can be broken down into the following factors:

1. Fund's Expenses and Fees

All of the expenses and fees of the Fund are charged upfront at inception, regardless of the length of the investment period. The deduction of such expenses and fees is reflected on the unit price of the Fund on the first Dealing day after the Start Date.

2. Fixed Income Instrument

The change of the Fund price since launch due to the "Fixed Income Instrument" is derived by comparing the difference between the market price of the "Fixed Income Instrument" as at the data cut-off date of this fund factsheet and the purchase cost of the "Fixed Income Instrument" invested upfront at the inception of the Fund and then dividing the difference by the issue price of the Fund.

The "Fixed Income Instrument" will provide return for payment of dividends (if any) and guaranteed maturity value of the Fund. Since a portion of the Fund capital has been used for payment of expenses and fees and upfront cost of the "Derivative Instrument" at the inception of the Fund, the "Fixed Income Instrument" has to provide for the Fund extra return for compensating such portion of capital spent.

The price of the "Fixed Income Instrument" is mainly affected by performance of relevant investment market(s). Generally speaking, increase in interest rate will lower the price of the "Fixed Income Instrument". In the contrary, decrease in interest rate will increase the price of the "Fixed Income Instrument". Other factors which may also affect the price of the "Fixed Income Instrument" include (but not limited to) the liquidity of the "Fixed Income Instrument" and the credit worthiness of the Issuer, etc..

3. Derivative Instrument

The change of the Fund price since launch due to the "Derivative Instrument" is derived by comparing the difference between the market price of the "Derivative Instrument" as at the data cut-off date of this fund factsheet and the upfront purchase cost of the "Derivative Instrument" at the inception of the Fund and then dividing the difference by the issue price of the Fund.

The price of the "Derivative Instrument" is mainly affected by performance of relevant investment market(s). Other factors which may also affect the price of the "Derivative Instrument" include (but not limited to) the liquidity of the "Derivative Instrument" and the credit worthiness of the Issuer, etc.. Investors should note that the change of the Fund price contributed by the "Derivative Instrument" may be negative even if the "Derivative Instrument" may have locked-in certain potential return based on the return calculation of the Fund if such return is not sufficient to compensate for the cost of the "Derivative Instrument" at which the Fund invested at inception.

Issued by Hang Seng Investment Management Limited, a wholly-owned subsidiary of Hang Seng Bank



恒生投資
Hang Seng Investment



Managing wealth for you, with you.