



HANG SENG BANK

Hang Seng Bank Limited

(incorporated in Hong Kong with limited liability)

Hang Seng Bull ELIs

Arrangers to the Programme

Hang Seng Bank limited
Hang Seng Investment Management Limited
Hang Seng Securities Limited

The Securities and Futures Commission (“SFC”) has authorised the issue of this product booklet under Section 105(1) of the Securities and Futures Ordinance. The SFC takes no responsibility as to the contents of this product booklet. SFC authorisation does not imply SFC’s endorsement or recommendation of the equity linked investment products referred to in this product booklet. Investors may sustain a total loss in their investment.



IMPORTANT

If you are in any doubt about any of the contents of this product booklet, you should obtain independent professional advice.

Our equity linked investment products are issued under our unlisted structured products programme and are not listed. You should read the information memorandum dated 24 March 2008 and this product booklet with the relevant term sheet, as well as the financial statements referred to in that term sheet in order to understand the offer before deciding whether to buy our equity linked investment products. Equity linked investment products are structured financial instrument: their value may fall as rapidly as they may rise and you may sustain a total loss in your investment.

We cannot give you investment advice: you must decide for yourself, after seeking professional advice, whether our equity linked investment products meet your investment needs.

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WHAT ARE HANG SENG BULL ELIs?

Equity Linked Investments, or ELIs, are unlisted structured financial instruments. We are issuing our ELIs under our unlisted structured products programme.

Hang Seng Bull Equity Linked Investment (“**Hang Seng Bull ELI**”, collectively “**Hang Seng Bull ELIs**”) is one type of ELIs that we will issue under our unlisted structured products programme. When you purchase a Hang Seng Bull ELI, you may receive in return a certain cash amount or a number of shares in the underlying stock. What you may receive will depend on the performance of the underlying stock on the final fixing date.

By investing in a Hang Seng Bull ELI, you will therefore be financially exposed to movements in the price of the underlying stock during the investment period.

The key elements of a Hang Seng Bull ELI are summarised below:

Purchase price	The purchase price for each Hang Seng Bull ELI will be expressed as a percentage of the Nominal Value (see explanation below), and will be available from your distributor at the time you place an order for Hang Seng Bull ELIs. The exact amount to be paid for the relevant purchase order of Hang Seng Bull ELIs will be set out in a contract note as a percentage of the Nominal Value multiplied by the total number of Hang Seng Bull ELIs purchased. For the purpose of purchasing our Hang Seng Bull ELIs, a contract note is a document issued by the distributor at the time when you purchase our ELIs, which confirms and evidences certain details of the transaction such as the purchase price, the number of ELIs you buy and the date on which you are required to pay the purchase price (being the “ Payment Date ”).
Nominal value	The nominal value is used to calculate the purchase price and any payoff at maturity. The nominal value will be specified in the relevant term sheet.
Settlement currency	We may issue our Hang Seng Bull ELIs in any currency specified in the relevant term sheet. You will pay the purchase price and receive payoff at maturity in the relevant currency. When necessary, we will convert one currency into another at a specified or prevailing exchange rate as set out in the relevant term sheet in making calculations under the Hang Seng Bull ELIs.
Underlying stock	The relevant term sheet will identify the underlying stock and the relevant stock exchange.
Reference stock price	The reference stock price will be set out in the relevant term sheet.
Final stock price	The final stock price is the official closing price of the underlying stock on the specified stock exchange on the final fixing date.
Investment period	The investment period will be specified in the relevant term sheet.
Available period	Each Hang Seng Bull ELI may be purchased from a distributor at any time no later than 20 business days prior to its maturity date.

Payoff at maturity

On the final fixing date,

- (a) if the final stock price is at or above the reference stock price, you will receive on the maturity date, in respect of each Hang Seng Bull ELI, a cash amount equal to 100% of the nominal value of each Hang Seng Bull ELI less cash settlement expenses (see explanation below) arising from termination of the Hang Seng Bull ELI (if any).
- (b) if the final stock price is lower than the reference stock price, provided that “Share purchase option” set out below is not opted out of (and is therefore deemed exercised), you will receive on the maturity date, in respect of each Hang Seng Bull ELI, physical delivery of a number of shares of the underlying stock equal to the number of shares per ELI (as defined below), subject to your payment of any physical settlement expenses; otherwise, if you opt out of “Share purchase option”, you will instead receive, in respect of each Hang Seng Bull ELI, a cash amount equal to the final stock price multiplied by the number of shares per ELI less cash settlement expenses arising from termination of the Hang Seng Bull ELI (if any).

The issuer will procure delivery of the shares by way of electronic settlement through the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited.

Cash settlement expenses

Where the payoff at maturity consists of payment in cash, holders of Hang Seng Bull ELIs will be required to pay all charges or expenses including any taxes or duties which are incurred in respect of the exercise of the Hang Seng Bull ELIs. The payment of such cash settlement expenses (if any) is reflected in the calculation of the payoff at maturity.

Physical settlement expenses

If settlement is by physical delivery, you are required to pay all physical settlement expenses arising from the delivery of the shares, including (but not limited to):

- the transferee’s, but not the transferor’s prevailing stamp duty (if applicable) on delivery of the underlying stocks (rounded up to the nearest Hong Kong dollar); and
- any other charges including transaction levies, registration charges and any other costs and expenses incurred in connection with the transfer and receipt of the shares (please refer to the relevant term sheet for details).

Share purchase option

If the term sheet for the relevant series of Hang Seng Bull ELIs specifies that the share purchase option is applicable, the Hang Seng Bull ELIs may be settled by physical delivery of shares as described below.

If the final stock price of the underlying stock is below the reference stock price on the final fixing date, in the absence of contrary prior instructions received from you, the share purchase option will be deemed to have been exercised and the issuer (and/or such other person(s) as the issuer may appoint for these purposes as sub-agent(s)) will purchase, as your agent(s), the number of shares of the underlying stock equal to the number of shares per ELI for delivery to you on the maturity date, subject to your payment of any physical settlement expenses.

For the avoidance of doubt, where the share purchase option is not opted out of (and is therefore deemed exercised), the underlying shares to be delivered to you will be calculated on an aggregated basis based on the total number of ELIs held by you. (If the underlying stock to be delivered to you does not form a whole board lot, such odd lot (which may include a fraction of a share) will be paid in cash calculated by reference to the final stock price.)

Please note that if you do not wish to exercise the share purchase option, you will need to give instructions to your distributor in accordance with the normal operational procedures of such distributor. It is important that this allows sufficient time for your distributor to communicate with the issuer (in circumstances where the issuer is not also acting as distributor) in relation to the exercise of the share purchase option. You should ask your distributor about the latest date for you to give instructions to your distributor in relation to the share purchase option, which in any event, should not be later than three business days prior to the final fixing date.

Number of shares per ELI	The number of shares per ELI will be specified in the relevant term sheet. If the settlement is by physical delivery, the shares will be deposited into your investment account with the relevant distributor on the maturity date, subject to proper completion of the usual securities settlement procedures.
Final fixing date	The final fixing date will be specified in the relevant term sheet.
Maturity date	The maturity date will be specified in the relevant term sheet.
Calculation agent	The calculation agent for each series of Hang Seng Bull ELIs will be specified in the relevant term sheet. The calculation agent will be responsible for the calculation of any rates and amount and making certain other determinations and adjustments in relation to the Hang Seng Bull ELIs in accordance with the terms and conditions.

When will the underlying stock be delivered?

If the Hang Seng Bull ELIs are to be settled by physical delivery, provided you have paid all physical settlement expenses, the underlying stock will be delivered to you on the maturity date.

Upon the occurrence of an event beyond our control which the calculation agent, in its sole and absolute discretion, determines that delivery of shares is not practicable, the delivery of shares will be postponed without notice until the next practicable date or the delivery of shares will be effected by whatever means the calculation agent reasonably determines to be the most practicable in those circumstances. We will not pay any extra amount for any delay in delivery of the shares. Therefore, you may suffer potential loss in profit or interest which could otherwise be earned through the sale of the relevant shares or through placing the cash equivalent in a bank deposit had there not been a delay in delivery of shares.

If the calculation agent, in its sole and absolute discretion, determines that delivery of shares is not practicable due to illiquidity in the market for the underlying stock, we may elect to pay the cash equivalent of shares to you instead of delivering the shares. The cash equivalent will be an amount equal to the fair market value of the shares (determined by the calculation agent in its sole and absolute discretion) at the time of settlement. We will give notice if we elect to pay you cash.

Are there any situations where the ELIs may be terminated before maturity?

Upon an occurrence of certain events as set out in Condition 6 in the Appendix A, the ELIs may be terminated prior to the maturity date at the early termination amount, which in summary, means an amount which is fair in the circumstances by way of compensation for the termination of the ELIs (as determined by the calculation agent) on the early termination date, taking into account the cost to us to unwind any hedging arrangements relating to the ELIs, any replacing liquidity costs and any other costs.

Can the dates referred to above be subject to adjustments?

The final fixing date will be determined on the basis of days on which the stock exchange for the underlying stock as specified in the relevant term sheet is scheduled to be open for trading (known as “scheduled trading days”). The final fixing date could be postponed if the relevant date is not a day on which that stock exchange is scheduled to be open for trading, if trading is disrupted, or in certain other circumstances. See the terms and conditions and the relevant term sheet for more details about the possible postponement and situations where the calculation agent may need to estimate in good faith the value of the underlying stock affected by such postponement. We may also reschedule the final fixing date if the available period of a series changes. Such postponement may in turn result in a postponement to the maturity date.

When we refer to the “closing price” of the underlying stock on a certain date, we mean the closing stock price on that day as quoted by the specified stock exchange. These are the prices the calculation agent will use for all calculations set out in Appendix A of this product booklet. The “closing price” may, however, be adjusted in the circumstances described in Condition 6 in the Appendix A.

Scheduled dates for the delivery of shares must be days on which the specified stock exchange is open for trading and will be postponed if there is an event beyond our control which makes the delivery of such shares impracticable. The scheduled date for payment of payoff at maturity must be a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for business in Hong Kong and/or any place specified in the relevant term sheet and will be postponed to the next day on which this is the case if necessary. We will not pay any amount for the delay in payment of any amount or delivery of shares. Therefore, you may suffer potential loss in profit or interest which could otherwise be earned through the sale of the relevant shares or through placing the cash equivalent in a bank deposit had there not been a delay in delivery of shares.

Where can I find more information?

This product booklet is a summary of the main features of our Hang Seng Bull ELIs. You should read all of this product booklet, the relevant term sheet, as well as our information memorandum, including any addendum and the financial statements before deciding whether or not to buy any of our Hang Seng Bull ELIs.

Our information memorandum contains a description of ourselves and an overview of our programme. Our financial statements contain our financial information in relation to the relevant financial year.

This product booklet sets out in Appendix A the general terms and conditions that apply to a Hang Seng Bull ELI. To help your understanding, we have included in Appendix C of this product booklet a scenario analysis to illustrate how our Hang Seng Bull ELIs work. The form of the term sheet for a Hang Seng Bull ELI is included in Appendix B. The specific terms that are applicable to each series of Hang Seng Bull ELIs will be set out in the relevant term sheet. When we publish a term sheet for a series of Hang Seng Bull ELIs during the available period, it will contain all details about the relevant series of the Hang Seng Bull ELIs except the purchase price of that Hang Seng Bull ELIs which will be available from your distributor at the time you place an order for the Hang Seng Bull ELIs.

The offer of each series of Hang Seng Bull ELIs is made only on the basis of our information memorandum, including any addendum, the financial statements, this product booklet and the relevant term sheet.

The terms and conditions of our Hang Seng Bull ELIs could be adjusted for various corporate or extraordinary events which could affect the underlying stock. Please refer to Condition 6 in the Appendix A on pages 22 to 26 and the relevant term sheet for details.

Some of the terms which we have used in this summary will have precise definitions, or could be subject to change as provided in the legal documentation.

MORE INFORMATION ABOUT OUR HANG SENG BULL ELIs

How can I buy the Hang Seng Bull ELIs?

You cannot purchase our Hang Seng Bull ELIs directly from us (in our capacity as issuer) in the primary market. This is because we will issue our Hang Seng Bull ELIs to the distributors only. If you wish to purchase any of our Hang Seng Bull ELIs, you must contact one of the distributors specified in the relevant term sheet during the available period for that series. Your distributor will apply for the relevant Hang Seng Bull ELIs with us as the issuer directly on your behalf. If Hang Seng is specified as one of or the sole distributor for that series, you can purchase our Hang Seng Bull ELIs from us as the distributor as explained below. The names and contact details of the distributors are specified in the relevant term sheet.

We, in our capacity as the distributor, may choose to close the available period at any time. We will so notify you directly, or, if there are other distributors, through your distributor.

If the relevant term sheet specifies us as one of or the sole distributor and it also specifies that internet banking application as “Applicable”, prospective investors who have both a cash account and an investment account with us (in our capacity as distributor) and have made the necessary arrangements to use their internet banking facilities, can purchase Hang Seng Bull ELIs from us by making an internet banking application via our website (in our capacity as distributor). In such case, the name of your distributor will be Hang Seng Bank Limited and the website for internet banking application is www.hangseng.com.

Please note that except for the electronic version of the information memorandum (as amended or supplemented from time to time), the financial statements, the product booklet and the relevant term sheet, the information appearing on our website is not part of this product booklet, the relevant term sheet, the information memorandum or the financial statements and does not form part of the offer documentation for a series of ELIs. Except where such information is issued by us, we accept no responsibility whatsoever that such information (if available) is accurate and/or up-to-date.

We provide a wide choice of investment period, underlying stock and reference stock price and we can also tailor a Hang Seng Bull ELI to suit your specific investment needs and risk/return profile. To create a tailor-made Hang Seng Bull ELI, please call your customer relationship manager (if you are our existing customer) or visit any of our branches.

Who should buy the Hang Seng Bull ELIs? Is it suitable for everyone?

The Hang Seng Bull ELIs may suit an investor that has a neutral to mildly positive outlook on the market or the underlying stock. Generally the maximum return is realised if the price of the underlying stock rises.

Our Hang Seng Bull ELIs are designed for experienced investors who:

- take a neutral to moderately bullish view on the stock price of the underlying stock;
- would like to earn potentially higher returns compared to conventional cash deposits and are prepared to take a higher level of risk for a part of their investment portfolio; and
- have experience in investing in structured products and are looking for more tailored ways of investing in accordance with their market views.

Who will determine the payoff at maturity and adjustments (if any) to the reference stock price etc?

The relevant calculation agent will make all determinations in connection with our Hang Seng Bull ELIs. The calculation agent has sole and absolute discretion in making certain determinations under the legal documentation and any decision it makes is final and binding on you and on us. The calculation agent is our agent: it owes no duties to you as an investor in our ELIs.

How will I know what the payoff at maturity and number of shares per ELI etc will be?

We will notify the distributors as soon as the determination has been made.

Where can I find more information about Hang Seng and the Hang Seng Bull ELIs and where to obtain the information memorandum, the financial statements and the relevant term sheet?

Our Hang Seng Bull ELIs are issued under our unlisted structured products programme. The programme is described in our information memorandum dated 24 March 2008. Please read the information memorandum, including any addendum, together with this product booklet, the financial statements and the relevant term sheet carefully before you decide whether to buy our Hang Seng Bull ELIs. The information memorandum contains important information, including information about:

- our business, financial condition and profitability;
- the risks of buying our Hang Seng Bull ELIs;
- Hong Kong taxation issues in relation to our Hang Seng Bull ELIs; and
- the general procedure for buying our Hang Seng Bull ELIs through a distributor, how your distributor will hold your Hang Seng Bull ELIs and receive notices, shares and payments from us on your behalf, and how you must rely on your distributor to forward such notices, shares and payments to you.

You can ask for a printed copy of our information memorandum and check whether any addendum has been issued at any distributor where you can buy our Hang Seng Bull ELIs, or you can pick up a copy during normal business hours from the offices of the issuer at 83 Des Voeux Road, Central, Hong Kong.

Also in respect of any Hang Seng Bull ELI, the following documents (each available in English and Chinese language versions) may be obtained free of charge during the offer period through the following methods of distribution as specified in the relevant term sheet:

Documents

Method of distribution

<ul style="list-style-type: none">• The information memorandum (including any addenda in respect thereof);• The financial statements• This product booklet	<ul style="list-style-type: none">(i) Printed copies from the distributors;(ii) CD-ROM copies (if any) from the distributors (whether or not CD-ROM copies are being made available for any particular Hang Seng Bull ELI will be specified in the applicable term sheet); and(iii) Electronic copies at the Issuer's website (www.hangseng.com).
The relevant term sheets	<ul style="list-style-type: none">(i) Printed copies from the distributors; and(ii) Electronic copies will be available at the issuer's website (www.hangseng.com) if "Internet Banking Applications" on the relevant term sheet of a Hang Seng Bull ELI is stated to be "Applicable".

Except for the marketing materials issued by us as the issuer, we have not authorised anyone to give you any information about our Hang Seng Bull ELIs other than the information in our information memorandum, the financial statements, this product booklet and the relevant term sheet.

Who takes responsibility for this product booklet, the relevant term sheets, the financial statements and the information memorandum?

We accept full responsibility for the accuracy of the information contained in this product booklet, the relevant term sheet, the financial statements and our information memorandum. We confirm, having made all reasonable enquiries, that to the best of our knowledge and belief the information memorandum, the financial statements, this product booklet, and the relevant term sheet, when read together, will contain no untrue statement (including a statement which is misleading in the form and context in which it is included and including a material omission).

Except for the electronic version of the information memorandum (as amended or supplemented from time to time), the financial statements, the product booklet and the relevant term sheet as described under the section headed “How can I buy the Hang Seng Bull ELIs” above, information included on the websites referred to in this product booklet or a term sheet does not form part of this product booklet or that term sheet.

Our information memorandum (taken together with, and as up-dated by, this product booklet) and our financial statements are accurate at the date of this product booklet. You must not assume, however, that information in the financial statements and information memorandum or this product booklet is accurate at any time after the date of this product booklet. The relevant term sheet will tell you if an addendum to any of our offering documents has been published.

Except where we are acting as a distributor, none of the arrangers or the distributors which sell our Hang Seng Bull ELIs is responsible in any way to ensure the accuracy of our financial statements, the information memorandum, this product booklet or any relevant term sheet.

Where can I read copies of the legal documentation for the Hang Seng Bull ELIs?

During the available period for our Hang Seng Bull ELIs and while any of our Hang Seng Bull ELIs is in issue, you can read copies of the documents set out below by going to the office of the arrangers at 83 Des Voeux Road, Central, Hong Kong. This office is open only during normal business hours and not on Saturdays, Sundays or public holidays.

- the relevant term sheet which sets out the legally binding terms and conditions of the relevant series of Hang Seng Bull ELIs;
- the documents listed as documents that will be kept on display in our information memorandum;
- the financial statements; and
- this product booklet.

A reasonable fee will be charged if you want to take photocopies of any of the documents whilst they are on display.

You can find out more about how the legal documentation works by reading our information memorandum.

Is this a prospectus?

This product booklet, any term sheet, the financial statements and the information memorandum do not constitute a prospectus under the Companies Ordinance of Hong Kong.

Market making arrangements

Hang Seng Bank Limited in its capacity as market agent (the “**Market Agent**”) intends, but is under no obligation, to make a market in the Hang Seng Bull ELIs. In this capacity it intends to quote on a best efforts basis a price at which it is willing to purchase the ELIs (a “**bid**” price) as described below. Depending on the available inventory held by the Market Agent and its affiliates and the remaining life to expiry of the ELIs, the Market Agent also intends to quote from time to time, upon request, a price at which it is willing to sell the ELIs (an “**offer**” price). Such market making activities by the Market Agent, in respect of each

series of ELIs, are expected to commence one Business Day following the relevant date on which any series of ELIs is issued and is expected to continue until a date falling not less than three business days before the expiry of any series of ELIs (the “**Last Sell Back Date**”). In respect of each series of ELIs, the period during which the Market Agent quotes bid and offer prices is referred to as the “**Market Making Period**”.

During the Market Making Period, the Market Agent intends to quote bid and offer prices upon requests from distributors and Issuer Account Holders (as defined in the Information Memorandum) by telephone, fax, email and/or by such other methods as determined by the issuer for any series and specified in the term sheet, on each business day. The Market Agent intends to respond to such a request by telephone, fax, email and/or by such other methods as determined by the issuer for any series and specified in the term sheet, within 10 minutes of the request for a price being made. In respect of each series of ELIs, on each such business day, the Market Agent intends to quote bid and offer prices from five minutes after the relevant stock exchange or index exchange (as the case may be) opens to five minutes before the relevant stock exchange or index exchange (as the case may be) closes.

In this section, “**business day**”, in respect of each series of ELIs, has the meaning given to it in the relevant terms and conditions.

However, you should note that there will be limited circumstances under which the Market Agent may not be able to, and shall not be obliged to, quote bid and offer prices. Such circumstances may include the occurrence or existence of one or more of the following events:

- (i) when the Market Agent has no Hang Seng Bull ELIs available for market making activities (in which event, only a bid price for the Hang Seng Bull ELIs will be available); for the avoidance of doubt, in determining whether ELIs are available for market making activities, Hang Seng Bull ELIs held by the Market Agent or any of its affiliates in a fiduciary or agency (as opposed to proprietary) capacity shall be deemed to be not available for market making activities;
- (ii) operational and technical problems affecting the ability of the Market Agent to quote bid or offer prices;
- (iii) if the relevant exchange experiences exceptional price movement and volatility, i.e. during fast markets;
- (iv) market disruption events, including, without limitation, any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise) in the underlying assets or any warrants, options contracts or futures contracts relating to the underlying assets; and
- (v) when the ability of the Market Agent to source a hedge or unwind an existing hedge, as determined by the Market Agent in its discretion acting in good faith, is materially affected by prevailing market conditions (in which case either only a bid price or only an offer price of the ELIs may be made but not both).

In addition, if the theoretical value of each Hang Seng Bull ELI (as determined by the Market Agent in good faith by reference to the factors described below) is less than HK\$0.01, then the Market Agent will not be obliged to provide a bid price for the Hang Seng Bull ELIs.

Prices quoted by the Market Agent will be determined by the Market Agent in its absolute discretion. Such prices, and the trading value of the Hang Seng Bull ELIs, may be equal to, higher or lower than the purchase price of any series of ELIs and will vary depending on many factors, including (without limitation) prevailing interest rates, general market conditions, the financial condition of the issuer, the liquidity of the underlying assets and the market (if any) for any securities of a nature comparable to that of the Hang Seng Bull ELIs.

Under normal market conditions, the spread for the bid and offer prices provided by the Market Agent to a distributor will be as follows.

The bid/offer spread shall be no more than 2 per cent. of the nominal value of the relevant series of ELIs.

The bid prices and (depending on the available inventory of Hang Seng Bull ELIs held) the offer prices for the ELIs will only be quoted by the Market Agent to the distributors or directly to Issuer Account Holders if the Market Agent itself is the Distributor. Given the same prevailing market conditions and other relevant factors described in this section, all the prices quoted by the Market Agent to the Distributors or Issuer Account Holders will be the same across all the Distributors and Issuer Account Holders.

All amounts of the bid/offer price so provided shall be for indicative purposes only and no such amount shall in any way be regarded as the amount at which the issuer, the Market Agent or any other affiliate of the issuer or any other person will pay or you will receive on any sale, purchase, transfer or exercise of a Hang Seng Bull ELI.

The bid prices and offer prices for the Hang Seng Bull ELIs which will be quoted by a distributor to any person wishing to sell or purchase Hang Seng Bull ELIs, respectively, may be different to the corresponding prices quoted by the Market Agent to that distributor or an Issuer Account Holder, and may be different to the bid prices and offer prices quoted by another distributor. Furthermore, if you have purchased Hang Seng Bull ELIs from a distributor or an Issuer Account Holder but wish to sell such Hang Seng Bull ELIs, or purchase further Hang Seng Bull ELIs, either to or from (as appropriate) a different distributor or an Issuer Account Holder, you may need to have, or open, an investment account with such other distributor, including the case where the distributor is the Issuer itself before you are able to do so.

If you would like to know the bid price of the ELIs from time to time and/or if you would like to sell any Hang Seng Bull ELI prior to their expiry and have not been able to locate a prospective purchaser, you should contact either one of the distributors or the Market Agent.

These market making arrangements are limited and do not assure an active trading market for the Hang Seng Bull ELIs. There can be no assurance that the Market Agent will make a market in the Hang Seng Bull ELIs, or if it does so, that it will continue to do so. Accordingly, there can be no assurance that investors or members of the public will have access to a firm bid price or a firm offer price for Hang Seng Bull ELIs in an amount which they may wish to purchase or sell.

RISK FACTORS

In addition to the risks set out in the information memorandum, you should consider the following additional risks:

The Hang Seng Bull ELIs are not capital protected and the return is linked to the performance of the underlying stock

The Hang Seng Bull ELIs are not capital protected. You should note that if the closing price of the underlying stock falls below the reference stock price on the final fixing date, you may suffer a total loss in the original amount of your investment in the Hang Seng Bull ELIs.

The amount of the payoff at maturity on our Hang Seng Bull ELIs is determined by reference to the final stock price and the reference stock price of the underlying stock on the final fixing date. Movements in the stock price of the underlying stock may therefore adversely affect the amount of payoff at maturity.

Upon termination of the Hang Seng Bull ELIs, the underlying stock will be delivered after the final fixing date and there are risks where there is disruption to settlement or settlement delay

While whether the Hang Seng Bull ELIs will be physically settled or not will be determined by no later than the final fixing date, the underlying stock, if there is physical settlement, will only be delivered on the maturity date. Therefore, you will be exposed to any movement in the price of the underlying stock during the period between the final fixing date and the maturity date.

In addition, if delivery of shares through the relevant designated account is not reasonably practicable, the delivery of shares may be postponed or effected by whatever means we reasonably determine is the most practicable in the circumstances. We may also elect to pay cash in lieu of delivery of shares if the market for the underlying stock becomes illiquid.

Upon the occurrence of certain events, our ability to deliver stock certificates in relation to the underlying stock or to effect electronic settlement of the underlying stock may be restricted. This could result in delays for distributors (which are registered as the account holders in the clearing systems of the Hang Seng Bull ELIs) who are entitled to receive the number of shares per ELI. Where such a delay occurs, movements in the price of the underlying stock could affect the value of the shares delivered. We will not pay any extra amount for any delay in delivery of shares.

You may not be able to liquidate your investment in Hang Seng Bull ELIs before the end of the investment period

You should be prepared to invest your funds in the Hang Seng Bull ELIs for the full investment period; you could lose part or all of your investment if you choose to sell your Hang Seng Bull ELIs prior to the maturity date.

The Hang Seng Bull ELIs are designed for investors who intend to hold their Hang Seng Bull ELIs until the maturity date.

If you try to sell your Hang Seng Bull ELIs before the maturity date you may receive an offer which is less than the original amount you invested or you may not be able to enjoy the same rate of return if you re-invest in other investments or you may not be able to sell your Hang Seng Bull ELIs at all. The sell back value of the Hang Seng Bull ELIs depends on factors such as market interest rate movements, our financial condition, results of operations, the market's view of our credit quality, the performance and volatility level of the underlying stock.

Investing in Hang Seng Bull ELIs may involve exchange rate risk

A series of Hang Seng Bull ELIs may be issued in one currency, but the underlying stock is quoted, on the stock exchange as specified in the relevant term sheet, in a different currency. If specified in the relevant term sheet, we may convert one currency into another at the prevailing exchange rate. For example, we may convert the nominal value of the Hang Seng Bull ELIs into the currency in which the underlying stock is quoted at the prevailing exchange rate as of the final fixing date. If that is the case, you would bear the risk of exchange rate fluctuation during the investment period.

In addition, a series of Hang Seng Bull ELIs may be issued in a currency other than your home currency. If you convert payments made on the Hang Seng Bull ELIs back to your home currency, the amount you receive will be determined by reference to the prevailing exchange rate between the currency in which the Hang Seng Bull ELIs are denominated and your home currency.

You should note that the prevailing exchange rate may fluctuate from time to time as a result of market conditions and economic factors and that may have an adverse impact on your financial return on our Hang Seng Bull ELIs.

The terms of the Hang Seng Bull ELIs may be adjusted

If an event has occurred which has a diluting, concentrative or any other effect on the underlying stock, or if there is an extraordinary event affecting an underlying stock such as a takeover of relevant company, an insolvency of the company or delisting of such underlying stock, the calculation agent may, in its sole and absolute discretion, determine any corresponding adjustments to the terms and conditions for the relevant series of Hang Seng Bull ELIs to account for the diluting, concentrative or other effect of the relevant event and to preserve the economic equivalent of our Hang Seng Bull ELIs.

The unwinding of hedging arrangements relating to our Hang Seng Bull ELIs could itself affect the prices of underlying stock

We may enter into hedging transactions with counterparties in the market in order to enable us to receive the relevant payoff at maturity or physical delivery of the underlying stock, equal to those due to you under our Hang Seng Bull ELIs. These transactions would typically involve contracts for the purchase and/or sale of the underlying stock and the establishment of long and/or short positions in the underlying stock which may be constantly adjusted. The unwinding or adjustment of the positions in the underlying stock shortly before a relevant date under the Hang Seng Bull ELIs may itself affect the share prices of the underlying stock on the relevant date, particularly if there is otherwise low trading volume in the underlying stock at that time.

It is possible that this activity could cause the final stock price of the underlying stock to fall below the reference stock price, which will result in the physical delivery of the underlying stock. The value of the underlying stock so delivered (if physical settlement is applicable) or the cash amount (if cash settlement is instructed by you in accordance with the relevant term sheet and this product booklet) may be less than the original amount you invested.

APPENDIX A

TERMS AND CONDITIONS OF HANG SENG BULL EQUITY LINKED INVESTMENTS

The Terms and Conditions will, together with the supplemental provisions contained in the applicable Term Sheet and subject to completion and amendment, be incorporated by reference into each Global Certificate (as defined below). The applicable Term Sheet in relation to the issue of any series of ELIs may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with the relevant Terms and Conditions, replace or modify the relevant Terms and Conditions for the purpose of such series of ELIs. Capitalised terms used in the relevant Terms and Conditions and not otherwise defined therein shall have the meaning given to them in the applicable Term Sheet.

The ELIs (in global and definitive form) and related terms and conditions will be issued in the English language, which shall prevail over any Chinese language version in the event of conflict or discrepancy.

1. Form, Status, Transfer and Title

- (a) *Form.* The Equity Linked Investment (“**ELI**”, collectively “**ELIs**”) (which expression shall, unless the context otherwise requires, include any further ELIs issued pursuant to Condition 11) relating to the Underlying Stock of the Company are issued in registered form subject to and with the benefit of a global certificate by way of deed poll (the “**Global Certificate**”) made by Hang Seng Bank Limited (the “**Issuer**”) and a registrar’s and structured product agency agreement (such agreement as amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) dated 20 March 2008 made between the Issuer, Hang Seng Bank Limited, Singapore Branch as registrar (in such capacity, the “**Registrar**”, which expressions shall include any successors) and Issuer as agent (in such capacity, the “**Agent**” which expressions shall include any successors). The ELI holders (as defined below) are entitled to the benefit of the Deed of Covenant (the “**Deed of Covenant**”) dated 20 March 2008 made by the Issuer, under the terms of which either: (i) accountholders in Euroclear Bank S.A./N.V., as operator of the Euroclear system (“**Euroclear**”) and/or Clearstream Banking société anonyme (“**Clearstream, Luxembourg**”) if Euroclear and Clearstream, Luxembourg, is specified as the applicable clearing system; or (ii) the accountholders with the Issuer if it is specified that the ELIs will be held through an account directly with the Issuer, are given directly enforceable rights against the Issuer under the ELIs. The original of the Deed of Covenant is held by the Agent.

ELIs in definitive form will only be issued in exchange for the Global Certificate: (i) in the case of ELIs for which Euroclear and/or Clearstream, Luxembourg are specified as the applicable clearing system, if both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announce an intention permanently to cease business and do so cease business and no alternative clearing system satisfactory to the Issuer, the Registrar and the Agent is available; or (ii) in the case of ELIs held through an account with the Issuer, the Issuer is declared insolvent, or announces its intention to cease business and no alternative clearing system satisfactory to the Issuer, the Registrar and the Agent is available. In the event of any such exchange, references in these Conditions to the Global Certificate shall be deemed to be, as appropriate, references to such definitive certificates. The Global Certificate has been registered in the name of a nominee (the “**Nominee**”) either common to Euroclear and/or Clearstream, Luxembourg or as appointed by the Issuer.

The applicable Term Sheet for the ELIs is attached to the Global Certificate and supplements the Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Terms and Conditions, supplement, replace or modify the Terms and Conditions for the purposes of the ELIs. References herein to the “**applicable Term Sheet**” are to the Term Sheet (in the case of any further ELI(s) issued pursuant to Condition 11 and forming a single series with the ELIs) attached to the Global Certificate.

Copies of the applicable Term Sheet, the Deed of Covenant and the Agency Agreement are available for inspection at the specified office of the arrangers during the period beginning on the Issue Date and ending on the Maturity Date.

The ELI holders are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Global Certificate, the applicable Term Sheet, the Deed of Covenant and the Agency Agreement.

- (b) *Status*. The ELIs represent general, unsecured, contractual obligations of the Issuer and of no other person and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations of the Issuer.
- (c) *Transfer*. The ELIs will be transferable only by means of delivery of the relevant Global Certificate to the Registrar in accordance with the provisions of the Agency Agreement, with the form of transfer endorsed on it duly completed and executed. Transfers of beneficial interests in the ELIs may be effected only in an amount equal to the Minimum Transfer Amount or integral multiples thereof in accordance with the rules and procedures for the time being of either Euroclear and/or Clearstream, Luxembourg or the Issuer (if the ELIs are held through an account with the Issuer), as the case may be.
- (d) *Title*. Each person who is for the time being shown in the register (the “**Register**”) kept by the Registrar as entitled to a particular number of ELIs shall be treated by the Issuer and the Registrar as the absolute owner and holder of such number of ELIs. The expression “**ELI holder**” shall be construed accordingly.

2. ELI Rights and Exercise Expenses

- (a) *ELI Rights*. Each ELI gives each ELI holder, upon due exercise and compliance with Condition 4, the right to receive the Payoff At Maturity (as defined below), if any.
- (b) *Expenses*.

In the case where the Payoff At Maturity is a cash payment, the following provisions will apply:

On exercise of the ELIs, ELI holders may be required to pay all charges or expenses including any taxes or duties which are incurred in respect of the exercise of the ELIs (“**Cash Settlement Expenses**”). The payment of such Cash Settlement Expenses (if any) is reflected in the calculation of the Payoff At Maturity.

In the case where the Payoff At Maturity is such Number of Shares per ELI of the Underlying Stock, the following provisions will apply:

ELI holders entitled to delivery of the Number of Shares per ELI will be required to pay to the Issuer all charges incurred in respect of the transfer and receipt of the Number of Shares per ELI, including, without limitation, any stamp duty, levies and registration charges.

In addition, ELI holders will be required to pay a sum, as determined by the Calculation Agent, equal to all the expenses payable by the transferee of the relevant Underlying Stock, including, without limitation, any agent’s expenses, levies, registration charges and other expenses payable on or in respect of or in connection with the receipt of or agreement to receive the Number of Shares per ELI relate provided that the ELI holder shall not be liable for the transferor’s share of any stamp duty (the above charges and expenses incurred by ELI holders and the above transferor’s expenses are together referred to as the “**Physical Settlement Expenses**”).

An amount equivalent to the Physical Settlement Expenses must be paid by the ELI holder in accordance with Condition 4.

(c) *Definitions.* For the purposes of these Terms and Conditions:

“**Business Day**” means a day (excluding Saturdays and Sundays) on which commercial banks and foreign exchange markets are open for business in the relevant Business Day Centre(s) (as specified in the applicable Term Sheet);

“**Clearance System**” means, in relation to a series of ELIs, Euroclear, Clearstream, Luxembourg, Central Clearing and Settlement System or any other domestic clearance system through which transfers of the Underlying Stock are customarily settled as approved by the Issuer, or any successor to such clearance system;

“**Clearance System Business Day**” means, in respect of a Clearance System, any day on which such Clearance System is (or, but for the occurrence of a Settlement Disruption Event, would have been) open for the acceptance and execution of settlement instructions;

“**Closing Price**” means, in respect of a Scheduled Trading Day, the closing price as of the Valuation Time on such day of one share of the Underlying Stock as quoted on the Exchange without regard to any subsequently published correction as determined by the Calculation Agent or if, in the opinion of the Calculation Agent, no such price (or, as the case may be, no such official closing price) can be determined at such time specified as applying in the applicable Term Sheet and such day is not a Disrupted Day, an amount determined by the Calculation Agent in good faith to be equal to the fair market value of one share of the Underlying Stock as of the Valuation Time on such day. The amount determined pursuant to the foregoing shall be converted into the Settlement Currency at the Exchange Rate and such converted amount shall be the Closing Price provided that, if such Scheduled Trading Day is a Disrupted Day in respect of the Underlying Stock, the Closing Price of the Underlying Stock in respect of that Scheduled Trading Day shall be determined on the first succeeding Scheduled Trading Day which is not a Disrupted Day, unless each of the five Scheduled Trading Days immediately following the original Scheduled Trading Day is a Disrupted Day. In that case, (i) the Closing Price of the Underlying Stock shall be determined on that fifth Scheduled Trading Day, notwithstanding the fact that such day is also a Disrupted Day, and (ii) the Calculation Agent shall determine in its good faith estimate the value of the Underlying Stock as of the Valuation Time on that fifth Scheduled Trading Day;

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

“**Disrupted Day**” means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred;

“**Exchange**” means, in respect of the Underlying Stock, each exchange or quotation system specified as such for such Underlying Stock in the applicable Term Sheet, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Underlying Stock has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Underlying Stock on such temporary substitute exchange or quotation system as the original Exchange);

“**Exchange Business Day**” means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time;

“**Final Fixing Date**” means the date specified in the applicable Term Sheet or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless such day is a Disrupted Day. If such day is a Disrupted Day, the Final Fixing Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the five Scheduled Trading Days immediately following the scheduled Final Fixing Date is a Disrupted Day. In that case:

- (1) the fifth Scheduled Trading Day shall be deemed to be the Final Fixing Date, notwithstanding the fact that such day is a Disrupted Day; and

- (2) the Calculation Agent shall determine the Closing Price on the Final Fixing Date in accordance with its good faith estimate of the Closing Price as of the Valuation Time on that fifth Scheduled Trading Day;

“Market Disruption Event” means, in respect of the Underlying Stock:

- (1) the occurrence or existence at any time during the one hour period that ends at the relevant Valuation Time of:
 - (a) any suspension of or limitation imposed on trading (which is determined by the Calculation Agent in its sole and absolute discretion to be material) by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise:
 - (i) relating to the Underlying Stock on the Exchange; or
 - (ii) in futures or options contracts relating to the Underlying Stock on any relevant Related Exchange; or
 - (b) any event (other than an event described in (2) below) that disrupts or impairs (in a way which is determined by the Calculation Agent in its sole and absolute discretion to be material) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Underlying Stock on the Exchange, or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Underlying Stock on any relevant Related Exchange, in each case at any time during the one hour period ending at the Scheduled Closing Time of that day,

which in either case the Calculation Agent determines is material; or

- (2) the closure on any Exchange Business Day of any relevant Exchange(s) or Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to the earlier of (a) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day and (b) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day;

“Number of Shares per ELI” means the number of Underlying Stock in respect of each ELI as specified in the applicable Term Sheet;

“Payoff At Maturity” means, in respect of each ELI:

- (1) if the Final Stock Price is at or above the Reference Stock Price, a cash amount in the Settlement Currency calculated by the Calculation Agent as equal to the Nominal Value less Cash Settlement Expenses (if any); or
- (2) if the Final Stock Price is below the Reference Stock Price, (i) where the Share Purchase Option is not opted out of (and is therefore deemed exercised), physical delivery of the Number of Shares per ELI (subject to payment of the Physical Settlement Expenses); or (ii) where the Share Purchase Option is opted out of, a cash amount equal to the Final Stock Price multiplied by the Number of Shares per ELI, less Cash Settlement Expenses (if any);

“Reference Stock Price” shall take its meaning in the applicable Term Sheet, subject to adjustments as may be necessary to reflect any capitalisation, rights issue, distribution or the like pursuant to Condition 6;

“Related Exchange” means, in respect of the Underlying Stock, each exchange or quotation system where trading has a material effect (as determined by the Issuer) on the overall market for futures or options contracts relating to the Underlying Stock;

“**Scheduled Closing Time**” means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours;

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

“**Share Purchase Option**” means if the Final Stock Price of the underlying stock is below the Reference Stock Price on the Final Fixing Date, in the absence of contrary instructions received from the ELI holder no later than the time specified in the relevant Term Sheet, the Issuer (and/or such other person(s) as the Issuer may appoint for these purposes as sub-agent(s)) will purchase, as the ELI holder’s agent(s), the number of shares of the Underlying Stock equal to the Number of Shares per ELI for delivery to the ELI holder on the Maturity Date, subject to the payment of any Physical Settlement Expenses by the ELI holder;

“**Underlying Stock**” means, subject to adjustment in accordance with Condition 6, the equity securities issued by the Company specified as such in the applicable Term Sheet and related expressions shall be construed accordingly;

“**Valuation Time**” means, in respect of a Scheduled Trading Day and in relation to the Underlying Stock, the time as specified in the applicable Term Sheet or, if no such time is specified, the Scheduled Closing Time on that Scheduled Trading Day in relation to the Underlying Stock. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

3. Exercise, Automatic Exercise and Expiry of ELIs

- (a) *Exercise of ELIs.* The ELIs are exercisable only on the Final Fixing Date.
- (b) *Procedures for Exercise.* The ELIs will automatically be exercised on the Final Fixing Date (without notice being given to the ELI holders) if the value of the Payoff At Maturity is greater than zero. The ELI holders will not be required to deliver any exercise notice and the Issuer or the Agent will pay to the ELI holders the Payoff At Maturity (if any) or will deliver to the ELI holders the Number of Shares per ELI, all in accordance with Condition 4. For the avoidance of doubt, where an ELI has been exercised on the Final Fixing Date, payment of the Payoff At Maturity on the Maturity Date or delivery of the Number of Shares per ELI on the Maturity Date, as the case may be, shall constitute full and final settlement of the obligations of the Issuer with respect to the ELI. Subject to such payment or delivery, as the case may be, having been made, the Issuer shall have no obligation towards the relevant ELI holder under the ELI subsequent to the Maturity Date.
- (c) *Expiry.* Any ELI which has not been automatically exercised in accordance with Condition 3(b) shall expire immediately without value thereafter and all rights of the ELI holder and obligations of the Issuer with respect to such ELI shall cease.

4. Exercise of ELIs

- (a) The ELIs may only be exercised in an amount equal to the Nominal Value or integral multiples thereof.
- (b) *No requirement to deliver an exercise notice.* The ELI holders will not be required to deliver an exercise notice for any purpose in relation to the ELIs.
- (c) *Cancellation.* The Issuer will procure that the Registrar will, with effect from the Business Day following the Final Fixing Date, remove from its register the name of the person in respect of the ELIs which (i) is the subject of an exercise in accordance with these Terms and Conditions; or (ii) has expired worthless, and thereby cancel the relevant ELIs.

- (d) *Settlement.* Subject to automatic exercise of ELIs in accordance with these Terms and Conditions, the Issuer will make a payment or delivery (as the case may be), in respect of each ELI, to the relevant ELI holder of the Payoff At Maturity.
- (e) *Cash Settlement.* In the case where the Payoff At Maturity consists of a cash payment, the Payoff At Maturity shall be despatched not later than the Maturity Date by crediting that amount to the relevant bank account designated by the relevant ELI holder or, if otherwise specified, by way of cheque drawn in favour of the ELI holder (or in the case of joint ELI holders, the first-named ELI holder) appearing in the register kept by the Registrar.

Any payment made pursuant to this Condition 4(e) by way of cheque shall be posted at the risk and expense of the ELI holder to the ELI holder's address (or, in the case of joint ELI holders, to the address of the first-named ELI holder) appearing in the register kept by the Registrar.

- (f) *Delivery of Underlying Stock.*
 - (i) In order to obtain delivery of the Underlying Stock comprising the Number of Shares per ELI, (a) all Physical Settlement Expenses must be paid by the ELI holders to the Issuer and (b) the relevant ELI holder must notify the Issuer of such details as are required by the applicable Term Sheet for the delivery of the Number of Shares per ELI (if any) which may include account details and/or the name and address of any person(s) into whose name evidence of the Number of Shares per ELI is to be registered and/or any bank or agent to whom documents evidencing the Number of Shares per ELI are to be delivered.
 - (ii) Subject as provided below in the case of a Settlement Disruption Event or a Delivery Disruption Event (as the case may be), the Issuer will procure:
 - (a) the delivery of the Underlying Stock comprising the Number of Shares per ELI no later than the Maturity Date or, if such date is not a Clearance System Business Day, the next following Clearance System Business Day; and
 - (b) the despatch of any payment to which the ELI holder is entitled pursuant to Condition 6(h), if applicable, no later than the Maturity Date.

The Calculation Agent shall determine, in its sole and absolute discretion, whether or not at any time a Settlement Disruption Event has occurred and where it determines such an event has occurred and so has prevented delivery of Underlying Stock on the original day that but for such Settlement Disruption Event would have been the Maturity Date, then the Maturity Date will be the first succeeding day on which delivery of such Underlying Stock can take place through the relevant Clearance System unless a Settlement Disruption Event prevents settlement on each of the eight relevant Clearance System Business Days immediately following the original date (the **"Disruption Period"**) that, but for the Settlement Disruption Event, would have been the Maturity Date. In that case, the Issuer shall use reasonable efforts to deliver such Underlying Stock promptly thereafter in a commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion) outside the Clearance System and in all other cases (a) if such Underlying Stock can be delivered in any other commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion), then the Maturity Date will be the first day on which settlement of a sale of Underlying Stock executed on that eighth relevant Clearance System Business Day, customarily would take place using such other commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion) of delivery (which other manner of delivery will be deemed the relevant Clearance System for the purposes of delivery of the Underlying Stock), and (b) if such Underlying Stock cannot be delivered in any other commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion), then the Maturity Date will be postponed until delivery can be effected through the relevant Clearance System or in any other commercially reasonable manner.

If the Calculation Agent determines, in its sole and absolute discretion, that a Delivery Disruption Event has occurred, it shall promptly notify the relevant ELI holder(s) and:

- (i) the Calculation Agent may then determine, in its sole and absolute discretion, that the obligation to deliver the relevant Underlying Stock will be terminated and the Issuer will pay such amount as the Calculation Agent determines, in its opinion (such opinion to be made in its sole and absolute discretion), is fair in the circumstances by way of compensation for the non-delivery of the Underlying Stock, in which event the entitlement of the respective ELI holder(s) to receive the Number of Shares per ELI in the Underlying Stock shall cease and the Issuer's obligations under the ELIs shall be satisfied in full upon payment of such amount; or
- (ii) the Issuer may deliver on the Maturity Date such amount of the Underlying Stock (if any) as it can deliver on that date and pay such amount as in the Calculation Agent's opinion (such opinion to be made in the Calculation Agent's sole and absolute discretion) is fair in the circumstances by way of compensation for the non-delivery of the remainder of the Underlying Stock, in which event the entitlement of the respective ELI holder(s) to receive the Number of Shares per ELI in the Underlying Stock shall cease and the Issuer's obligations under the ELIs shall be satisfied in full upon delivery of such amount of the Underlying Stock and payment of such amount.

Insofar as the Calculation Agent determines in its sole and absolute discretion to be practical, the same shall be applied as between the ELI holders on a pro rata basis, but subject to such rounding down (whether of the amount of a payment or of a number of Underlying Stock to be delivered) and also to such other adjustments as the Calculation Agent determines, in its sole and absolute discretion, to be appropriate to give practical effect to such provisions.

For the purposes of this Condition 4(f):

"Delivery Disruption Event" means, the failure by the Issuer (as determined in Calculation Agent's sole and absolute discretion) to deliver or to procure delivery of the Underlying Stock under the relevant ELIs on the relevant Maturity Date where such failure to deliver or procure delivery is due to illiquidity in the market for such Underlying Stock; and

"Settlement Disruption Event" in relation to the Underlying Stock means an event which the Calculation Agent, in its sole and absolute discretion, determines to be beyond the control of the Issuer or the control of the relevant Company and to be an event as a result of which the relevant Clearance System cannot clear the transfer of such Underlying Stock.

- (g) *Intervening Period.*

As from the Final Fixing Date, an exercising ELI holder (or such person as he may have directed) shall become beneficially entitled to all those rights attaching to the Underlying Stock to be delivered in respect of such exercise to which he would have become entitled if he had been registered as the holder of such Underlying Stock on the Final Fixing Date.

Notwithstanding the foregoing, as from the Final Fixing Date and until such time as the exercising ELI holder (or such person as he may have directed) is delivered the Underlying Stock using the method specified in the applicable Term Sheet (the **"Intervening Period"**), neither the Issuer nor the Agent or their nominee shall:

- (i) be under any obligation to deliver to such exercising ELI holder or any subsequent beneficial owner of the Underlying Stock any letter, certificate, notice, circular, dividend or any other document or payment whatsoever received by the Issuer or the Agent or nominee in its capacity as the registered holder of such Underlying Stock; or
- (ii) exercise any or all rights (including voting rights) attaching to the Underlying Stock during the Intervening Period without the prior written consent of the relevant exercising ELI holder, provided that neither the Issuer nor the Agent nor their nominee shall be under any obligation to exercise any such rights during the Intervening Period; or

- (iii) be under any liability to such exercising ELI holder or any subsequent beneficial owner of the Underlying Stock in respect of any loss or damage which such exercising ELI holder or subsequent beneficial owner may sustain or suffer as a result, whether directly or indirectly, of the Issuer or the Agent or their nominee being registered during such Intervening Period as legal owner of the Underlying Stock.

Notwithstanding anything in this Condition 4(g), the Issuer shall notify each relevant exercising ELI holder (or where there are joint ELI holders, the first named ELI holder) appearing in the register kept by the Registrar by post (by airmail in the case of an address outside Hong Kong) of the receipt by the Issuer or the Agent or their nominee during the Intervening Period of any dividend, rights, bonus issue, shares issued pursuant to a stock split or consolidation in respect of Underlying Stock beneficially owned by such exercising ELI holder or a subsequent beneficial owner of such Underlying Stock which the exercising ELI holder is entitled to under these Terms and Conditions.

The Issuer shall also make available as soon as reasonably practicable such dividend payment or Underlying Stock, as the case may be, for collection by the ELI holder or such subsequent beneficial owner of such Underlying Stock from an office in Hong Kong which shall be specified in such notification upon production of such evidence of entitlement and identification as may reasonably be required by the Issuer.

The Issuer shall also notify each relevant exercising ELI holder (or where there are joint ELI holders, the first named ELI holder) appearing on the register kept by the Registrar by post (by airmail in the case of an address outside Hong Kong) of any right, entitlement or offer which the exercising ELI holder is entitled to exercise or accept under these Terms and Conditions as beneficial owner of the relevant Underlying Stock during the Intervening Period and shall make available any document relating to such right, entitlement or offer for collection by the ELI holder, or the person to whom the ELI holder directed the Underlying Stock to be delivered, from an office in Hong Kong which shall be specified in such notification upon production of such evidence of entitlement and identification as may reasonably be required and, following receipt by the Issuer of written notification as may reasonably be required and, where appropriate, any relevant payment or consideration necessary in connection with exercising or accepting any such right, entitlement or offer from the relevant exercising ELI holder or the person to whom the ELI holder directed the Underlying Stock to be delivered, the Issuer shall on behalf of the relevant exercising ELI holder, or the person to whom the ELI holder directed the Underlying Stock to be delivered, exercise or accept such right, entitlement or offer.

Notwithstanding anything in this Condition 4(g), in the case of the receipt by the Issuer during the Intervening Period of an entitlement (in respect of the Underlying Stock deliverable to or at the direction of the exercising ELI holder) which takes the form of securities issued by the Company by way of rights (to which the entitlement the exercising ELI holder is entitled under these Terms and Conditions), the Issuer shall, as soon as reasonably practicable and:

- (i) in any event by no later than three Business Days following receipt by it of the entitlement from the Company, where necessary post to the Company or its stock registrar an application for the entitlement to be split as appropriate as between Underlying Stock deliverable to different ELI holders (or subsequent ELI holders); and
- (ii) in any event no later than three Business Days following receipt by it of the relevant entitlement duly split as referred to in (i) above, post (by airmail in the case of an address outside Hong Kong) all documentation (duly renounced where appropriate) received by it relating to such entitlement to the exercising ELI holder, or the person to whom the ELI holder directed the Underlying Stock to be delivered, or (if the exercising ELI holder shall have so directed in the relevant Exercise Notice) make available such documentation for collection by the ELI holder, or the person to whom the ELI holder directed the Underlying Stock to be delivered, from the Transfer Office upon production of such evidence of entitlement and identification as may reasonably be required.

- (h) *Relationship of agency or trust.* These Terms and Conditions shall not be construed so as to give rise to any relationship of agency or trust between the Issuer or the Agent or their nominee and any exercising ELI holder in its capacity as beneficial owner of Underlying Stock, or any subsequent beneficial owner of Underlying Stock, during an Intervening Period and neither the Issuer nor the Agent or their nominee shall owe any duty of a fiduciary nature to either such ELI holder or such beneficial owner in respect of such Underlying Stock.

5. Registrar and Agent

- (a) The initial Registrar and Agent and their respective specified offices are set out below. The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Registrar or Agent and to appoint another registrar or agent provided that it will at all times maintain a Registrar and an Agent. Notice of any such termination or appointment and of any change in the Offices will be given to the ELI holders in accordance with Condition 10.
- (b) Each of the Registrar and the Agent will be acting as agents of the Issuer in respect of any ELI and will not assume any obligation or duty to or any relationship of agency or trust for the ELI holders.
- (c) The register of ELI holders will be maintained outside Hong Kong by the Registrar and the Registrar will enter or cause to be entered the name, address and banking details of the ELI holders, the details of the ELIs held by any ELI holder including the number of ELIs of each series held and any other particulars which it thinks proper.

6. Adjustments

- (a) *Adjustments.* The Calculation Agent shall determine, in its sole and absolute discretion, whether or not at any time a Potential Adjustment Event has occurred and where it determines that such an event has occurred, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Underlying Stock and, if so, will make such adjustment as it in its sole and absolute discretion determines to be appropriate, if any, the Reference Stock Price, to the Number of Shares per ELI, and/or any other adjustment and, in any case, any other variable relevant to the settlement or payment terms of the relevant ELIs as the Calculation Agent determines, in its sole and absolute discretion, to be appropriate to account for that diluting or concentrative effect. The Calculation Agent shall also determine, in its sole and absolute discretion, the effective date(s) of such adjustment(s).

For the purposes of this Condition 6(a) “**Potential Adjustment Event**” means:

- (1) a subdivision, consolidation or reclassification of the Underlying Stock (unless resulting in a Merger Event) or a free distribution or dividend of any shares of such Underlying Stock to existing holders whether by way of bonus, capitalisation or similar issue; or
- (2) a distribution or dividend to existing holders of the Underlying Stock of (a) such Underlying Stock or (b) other stock capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Company equally or proportionately with such payments to holders of any such Underlying Stock or (c) stock capital or other securities of another issuer acquired or owned (directly or indirectly) by the Company as a result of a spin-off or other similar transaction or (d) any other type of securities, rights or warrants or other assets, in any case for payment (cash or otherwise) at less than the prevailing market price as determined by the Issuer in its sole and absolute discretion; or
- (3) an extraordinary dividend; or
- (4) a call by the Company in respect of the Underlying Stock that are not fully paid; or

- (5) a repurchase by the Company or any of its subsidiaries of the Underlying Stock whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
 - (6) in respect of the Company, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Company, pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
 - (7) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Underlying Stock; or
 - (8) any other event specified in the applicable Term Sheet.
- (b) *Merger Event* . Following the occurrence of any Merger Event in relation to which the Merger Date is on or before the Maturity Date, the Calculation Agent will, in its sole and absolute discretion, determine whether or not the ELIs shall continue and, if so, determine, in its sole and absolute discretion, any adjustments to be made. If the Calculation Agent determines that the ELIs shall continue, it may (i) make such adjustment as it, in its sole and absolute discretion, determines to be appropriate, if any, to the exercise, settlement, payment or any other terms of the ELIs as it determines appropriate to account for the economic effect on the ELIs of such Merger Event, which may, but need not, be determined by reference to the adjustment(s) made in respect of such Merger Event by an options exchange to options on the relevant Underlying Stock traded on such options exchange and (ii) determine the effective date of that adjustment. If the Calculation Agent determines in its sole and absolute discretion that the ELIs shall be terminated, then the ELIs shall be terminated as of the date selected by the Calculation Agent in its sole and absolute discretion and entitlement of the ELI holders to each receive the Payoff At Maturity shall cease and the Issuer's obligations under the ELIs shall be satisfied in full upon payment of the Payoff Upon Merger Event (as defined below).

For the purposes of this Condition 6(b):

“Merger Event” means in respect of the Underlying Stock, any:

- (1) reclassification or change of such Underlying Stock that results in a transfer of or an irrevocable commitment to transfer all of such Underlying Stock outstanding to another entity or person; or
- (2) consolidation, amalgamation, merger or binding stock exchange of the Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding stock exchange in which such Company is the continuing entity and which does not result in any such reclassification or change of all of such Underlying Stock outstanding); or
- (3) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Underlying Stock of the Company that results in a transfer of or an irrevocable commitment to transfer all such Securities (other than such Underlying Stock owned or controlled by such other entity or person); or
- (4) consolidation, amalgamation, merger or binding stock exchange of the Company or its subsidiaries with or into another entity in which the Company is the continuing entity and which does not result in a reclassification or change of all such Underlying Stock outstanding but results in the outstanding Underlying Stock (other than Underlying Stock owned or controlled by such other entity) immediately prior to such event collectively representing less than 50% of the outstanding Underlying Stock immediately following such event,

in each case if the Merger Date is on or before the Final Fixing Date;

“**Merger Date**” means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent; and

“**Payoff Upon Merger Event**” means such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the termination of the ELIs.

- (c) *Tender Offer*. Following the occurrence of any Tender Offer in relation to which the Tender Offer Date is on or before the Final Fixing Date, the Calculation Agent will, in its sole and absolute discretion, determine whether or not the ELIs shall continue and, if so, determine, in its sole and absolute discretion, any adjustments to be made. If the Calculation Agent determines that the ELIs shall continue, it may (i) make such adjustment as it, in its sole and absolute discretion, determines to be appropriate, if any, to the exercise, settlement, payment or any other terms of the ELIs as it determines appropriate to account for the economic effect on the ELIs of such Tender Offer, which may, but need not, be determined by reference to the adjustment(s) made in respect of such Tender Offer by an options exchange to options on the relevant Underlying Stock traded on such options exchange and (ii) determine the effective date of that adjustment. If the Calculation Agent determines in its sole and absolute discretion that the ELIs shall be terminated, then the ELIs shall be terminated as of the date selected by the Calculation Agent in its sole and absolute discretion and the entitlement of the ELI holders to each receive the Payoff At Maturity shall cease and the Issuer’s obligations under the ELIs shall be satisfied in full upon payment of the Payoff Upon Tender Offer (as defined below).

For the purposes of this Condition 6(c):

“**Tender Offer**” means a takeover, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10% and less than 100% of the outstanding voting Underlying Stock of the Company, as determined by the Issuer, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Issuer deems relevant;

“**Tender Offer Date**” means, in respect of a Tender Offer, the date on which voting shares in the amount of the applicable percentage threshold are actually purchased or otherwise obtained (as determined by the Issuer); and

“**Payoff Upon Tender Offer**” means such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the termination of the ELIs.

- (d) *Nationalisation, Insolvency, Delisting or Hedging Disruption*. If:
- (i) all the Underlying Stock or all the assets or substantially all the assets of the Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof (“**Nationalisation**”); or
 - (ii) by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the Company (A) all the Underlying Stock of the Company are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Underlying Stock become legally prohibited from transferring them (“**Insolvency**”); or
 - (iii) the Exchange announces that pursuant to the rules of such Exchange, the Underlying Stock cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason

(other than a Merger Event) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is with the European Union, in any member state of the European Union) (“**Delisting**”); or

- (iv) the Issuer or any of its affiliates are unable, after using commercially reasonable efforts, to
 - (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk of entering into and performing its obligations with respect to any hedging arrangements entered into by the Issuer or its relevant affiliate in relation to the ELIs, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s) (“**Hedging Disruption**”).

then the Calculation Agent may determine, in its sole and absolute discretion, that the ELIs shall be terminated as of the date determined by the Issuer in its sole and absolute discretion and it shall pay such amount as, in the Calculation Agent’s opinion (such opinion to be made in its sole and absolute discretion), is fair in the circumstances by way of compensation for the termination of the ELIs, in which event the entitlement of the ELI holders to each receive the Payoff At Maturity shall cease and the Issuer’s obligations under the ELIs shall be satisfied in full upon payment of such amount.

For the purposes hereof and for the purposes of any reference in a Term Sheet to “Announcement Date”:

“**Announcement Date**” means (1) in respect of a Nationalisation the date of the first public announcement to nationalise (whether or not subsequently amended) that leads to the Nationalisation, (2) in respect of an Insolvency, the date of the first public announcement of the institution of a proceeding or presentation of a petition or passing of a resolution (or other analogous procedure in any jurisdiction) that leads to the Insolvency, (3) in respect of a Delisting, the date of the first public announcement by the Exchange that the Underlying Stock will cease to be listed, traded or publicly quoted in the manner described in Condition 6(d)(iii), in each case as determined by the Calculation Agent in its sole and absolute discretion.

- (e) *Additional Disruption Event* . If an Additional Disruption Event occurs, then the Calculation Agent may determine, in its sole and absolute discretion, that the ELIs shall be terminated as of the date determined by the Issuer in its sole and absolute discretion and the Issuer shall pay such amount as, in the Calculation Agent’s opinion (such opinion to be made in its sole and absolute discretion), is fair in the circumstances by way of compensation for the termination of the ELIs, in which event the entitlement of the ELI holders to each receive the Payoff At Maturity shall cease and the Issuer’s obligations under the ELIs shall be satisfied in full upon payment of such amount.

For the purposes of this Condition 6(e):

“**Additional Disruption Event**” means each of Change in Law and Insolvency Filing;

“**Change in Law**” means, on or after the Issue Date (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in good faith that (a) it has become illegal to hold, acquire or dispose of Underlying Stock, or (b) the Issuer will incur a materially increased cost in performing its obligations under the ELIs (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position); and

“**Insolvency Filing**” means the Company institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’

rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the issuer of the Underlying Stock shall not be deemed an Insolvency Filing.

- (f) *Other Adjustments* . Except as provided in this Condition 6, adjustments will not be made in any other circumstances, subject to the right reserved by the Calculation Agent (such right to be exercised in the Calculation Agent's good faith) to make such adjustments as it believes appropriate in circumstances where an event or events occur which it believes in good faith and notwithstanding any prior adjustment made pursuant to the above should, in the context of the issue of the ELIs and the obligations of the Issuer, give rise to such adjustment provided that such adjustment is considered by the Issuer not to be materially prejudicial to the ELI holders generally (without considering the circumstances of any individual ELI holder or the tax or other consequences of such adjustment in any particular jurisdiction).
- (g) *Notice of Adjustments* . All determinations made by the Calculation Agent pursuant hereto will be conclusive and binding on the ELI holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective in accordance with Condition 10.
- (h) *Odd Lot Shares*. In the case where the Payoff At Maturity is equal to the delivery of the Number of Shares per ELI the following provision will apply:

If an exercise of a number of ELIs would (if not for the provisions of this Condition 6(h)) result in the relevant ELI holder becoming entitled to delivery of a certain number of shares (which may include a fraction of a share) which do not form a board lot of the Underlying Stock (the "**Odd Lot Shares**"):

- (i) the Issuer shall not deliver to the relevant ELI holder and the ELI holder shall cease to be entitled to receive such Odd Lot Shares in respect of the relevant exercise of ELIs; and
- (ii) the relevant ELI holder shall be entitled to receive a cash amount (rounded to 2 decimal places) from the Issuer (to be paid no later than the Maturity Date in accordance with Condition 4(e)) equal to the Final Stock Price multiplied by the number of such Odd Lot Shares.

7. Purchases

The Issuer and/or any of its affiliates may at any time purchase the ELIs at any price in the open market or by tender or by private treaty. Any ELI so purchased may be held or resold or surrendered for cancellation.

8. Global Certificate

The ELIs are represented by the Global Certificate registered in the name of the Nominee. ELI holders will only be entitled to definitive certificates in respect of any ELI issued or transferred to them in the very limited circumstances as set out in Condition 1.

9. Meetings of ELI holders; Modification

- (a) Meetings of ELI holders. The Agency Agreement contains provisions for convening meetings of the ELI holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of the provisions of the ELIs or of the Global Certificate.

Such a meeting may be convened by the Issuer or by ELI holders holding not less than 10% of the ELIs for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25% of the ELIs for the time being remaining unexercised, or at any adjourned meeting two or more persons being or representing ELI holders whatever the number of ELIs so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such ELI holders as, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the ELI holders shall be binding on all the ELI holders, whether or not they are present at the meeting.

Resolutions can be passed in writing without a meeting of the ELI holders being held if passed unanimously.

- (b) Modification. The Issuer may, without the consent of the ELI holders, effect (i) any modification of the provisions of the ELIs or the Global Certificate which is not materially prejudicial to the interests of the ELI holders or (ii) any modification of the provisions of the ELIs or the Global Certificate which is of a formal, minor or technical nature, which is made to correct an obvious error or which is necessary in order to comply with mandatory provisions of the laws of Hong Kong (as defined below). Any such modification shall be binding on the ELI holders and shall be notified to them by the Registrar before the effective date or as soon as practicable thereafter in accordance with Condition 10.

10. Notices

- (a) All documents required or permitted by these Terms and Conditions to be sent to an ELI holder or to which an ELI holder is entitled or which the Issuer shall have agreed to deliver to the ELI holder may be delivered by hand or sent by post addressed to the ELI holder to the ELI holder's address (or, in the case of joint ELI holders, to the address of the first named ELI holder) appearing in the register kept by the Registrar, and airmail post shall be used if such address is not in Hong Kong. All documents delivered or sent in accordance with this Condition 10(a) shall be delivered or sent at the risk of the relevant ELI holder.
- (b) All notices to ELI holders will be validly given if sent by mail to the holders of ELIs at their addresses appearing in the register of ELI holders kept by the Registrar. In addition, such notices may also be published in English in one leading English, and in Chinese in one leading Chinese, language newspaper circulating in Hong Kong. Such notices shall be deemed to have been given on the date of the first such publication.

11. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the ELI holders, to create and issue further ELIs so as to form a single series with the ELIs.

12. Modification of the Terms and Conditions of the ELIs in the applicable Term Sheet

The Terms and Conditions applicable to the ELIs may be varied, amended and/or supplemented as set forth in the applicable Term Sheet or in an annex to such Term Sheet.

13. Governing Law

The ELIs, the Global Certificate, the Deed of Covenant and the Agency Agreement will be governed by and construed in accordance with laws of Hong Kong Special Administrative Region of the People's Republic of China (“**Hong Kong**”). The Issuer and each ELI holder (by its purchase of the ELIs) shall be deemed to have submitted for all purposes in connection with the ELIs, the Global Certificate, the Deed of Covenant and the Agency Agreement to the non-exclusive jurisdiction of the courts of Hong Kong.

14. Language

In the event of any inconsistency between the Chinese translation of these Terms and Conditions and the English version of these Terms and Conditions, the English version of these Terms and Conditions shall prevail.

Specified Office of the Agent

Hang Seng Bank Limited
83 Des Voeux Road Central
Hong Kong

Transfer Office and Specified Office of the Registrar

Hang Seng Bank Limited, Singapore Branch
21 Collyer Quay #12-02
HSBC Building
Singapore 049320

APPENDIX B

FORM OF TERM SHEET FOR THE HANG SENG BULL ELIs

We set out below the form of the term sheet for the Hang Seng Bull ELIs. Each term sheet covers one series of Hang Seng Bull ELIs only. We may issue more than one series of Hang Seng Bull ELIs on any issue date. You must read the relevant term sheet for the relevant series before applying for a Hang Seng Bull ELI.

We would issue a term sheet for the issuance of each series of Hang Seng Bull ELIs by no later than the issue date. If you would like to purchase our Hang Seng Bull ELIs during the available period, you can obtain the applicable term sheet from the distributors.

The relevant term sheet, which forms part of the terms and conditions of Hang Seng Bull Equity Linked Investments, are the binding legal terms for the relevant series of Hang Seng Bull ELIs.

The relevant term sheet will be issued in the English language, which shall prevail over any Chinese language version in the event of conflict or inconsistency.

恒生看漲式股票掛鈎投資
(「股票掛鈎投資」)
HANG SENG BULL EQUITY LINKED INVESTMENT
(THE “ELI”)

(股票掛鈎投資並無在香港交易及結算所有限公司或
任何其他證券交易所經營的任何市場買賣)
**(The ELI is not traded on any markets operated by Hong Kong Exchanges and
Clearing Limited or any other stock exchanges)**

本條款表須與下列文件一併閱讀：

This Term Sheet must be read in conjunction with

- 於二零零八年三月二十四日刊發的資料備忘錄[連同於[●]刊發的[附錄]] (統稱「資料備忘錄」) 及截至[●]止年度的財務報告[連同於[●]刊發的[附錄]] (統稱「財務報告」)，及
- the information memorandum dated 24 March 2008 [together with the [addendum/addenda] dated [●]] ([together,] the “Information Memorandum”) and the financial statements for year ending [●] [together with the [addendum/addenda] dated [●]] ([together,] the “**Financial Statements**”), and
- 於二零零八年三月二十四日刊發的恒生看漲式股票掛鈎投資產品小冊子[連同於[●]刊發的[附錄]] (統稱「產品小冊子」)，
- the product booklet for Hang Seng Bull ELIs dated 24 March 2008 [together with the [addendum/addenda] dated [●]] ([together,] the “**Product Booklet**”),

上述文件均由恒生銀行有限公司（「**發行人**」）刊發。在本條款表內，除本條款表另有指明外，所有詞彙均具備產品小冊子「附錄A – 恒生看漲式股票掛鈎投資的條款及細則」內所賦予的涵義。

each issued by Hang Seng Bank Limited (the “**Issuer**”). In this Term Sheet, capitalised terms have the meanings given in “Appendix A - Terms and Conditions of Hang Seng Bull Equity Linked Investment” in the Product Booklet unless this Term Sheet specifies otherwise.

準投資者在決定投資股票掛鈎投資之前，務請閱讀資料備忘錄、財務報告、產品小冊子及本條款表。此等文件可向發行人或下文所載的分銷商索取。

Prospective investors should read the Information Memorandum, the Financial Statements, the Product Booklet and this Term Sheet before deciding to invest in an ELI. Copies of these documents are available from the Issuer or the Distributors set out below.

概覽

Overview

股票掛鈎投資旨在為每份股票掛鈎投資提供派發一個現金付款的機會，款額相等於到期日的面值，除非於最終定價日最終股價低於參考股價。於該情況下，投資者將損失其投資本金，而股票掛鈎投資可能變得毫無價值。

The ELIs are designed to provide the opportunity of a cash payment per ELI equal to the Nominal Value on the Maturity Date unless the Final Stock Price is lower than the Reference Stock Price on the Final Fixing Date, in which event investors will suffer a loss in their capital invested and the ELIs may become worthless.

條款概要

Summary Terms

發行人[及獨家分銷商]：	恒生銀行有限公司（根據香港法例第32章公司條例於香港註冊成立的有限公司）[及查詢電話]
Issuer [and sole Distributor]:	Hang Seng Bank Limited (incorporated in Hong Kong with limited liability under the Companies Ordinance (Cap. 32) of Hong Kong) [and hotline].
[分銷商]：	[分銷商名稱及查詢電話]]
[Distributor(s):	[Distributors' names and hotline]]
安排人：	[恒生銀行有限公司、恒生投資管理有限公司及恒生證券有限公司]
Arrangers:	[Hang Seng Bank Limited, Hang Seng Investment Management Limited and Hang Seng Securities Limited]
過戶登記處：	[恒生銀行有限公司新加坡分行]
Registrar:	[Hang Seng Bank Limited, Singapore Branch]
計算代理：	[恒生銀行有限公司][其他]
Calculation Agent:	[Hang Seng Bank Limited] [Others]
組別代號：	[組別代號]
Tranche Code:	[tranche code]
結算貨幣：	[貨幣]（「 結算貨幣 」）
Settlement Currency:	[currency] (the “ Settlement Currency ”)
掛鈎股票／公司：	[股票名稱]<股票代號>
Underlying Stock/Company:	[stock name]
參考股價：	[貨幣及金額]
Reference Stock Price:	[currency and amount]

投資期：	[數目][個月][日] ¹
Investment Period:	[number] [months] [days] ¹
面值：	每份股票掛鈎投資[貨幣金額]
Nominal Value:	[currency amount] per ELI
發行日 ² ：	[日期]
Issue Date ² :	[date]
最終定價日：	[日期]
Final Fixing Date:	[date]
到期日：	緊隨最終定價日後[數目]個營業日，預期為[日期]或前後
Maturity Date:	[number] Business Days immediately after the Final Fixing Date, which is expected to be on or about [date]
可供認購期：	[日期][時間]至[日期][時間] (可在毋須事先通知的情況下修改)
Available Period:	[time] on [date] to [time] on [date] (may change without prior notice)
最終股價：	掛鈎股票於最終定價日估值時間在交易所的收市價 (最終股價將計至最接近0.0001元)
Final Stock Price:	The Closing Price of the Underlying Stock on the Exchange at the Valuation Time on the Final Fixing Date (The Final Stock Price will be rounded to the nearest 0.0001)
估值時間：	交易所買賣正式收市時間
Valuation Time:	The official closing of trading on the Exchange
交易所：	香港聯合交易所有限公司
Exchange:	The Stock Exchange of Hong Kong Limited
發行量 ³ ：	[數目]份股票掛鈎投資
Issue Size ³ :	[number] ELI[s]
最低投資額：	[貨幣金額] ([數目]份股票掛鈎投資)
Minimum Investment Amount:	[currency amount] ([number] ELI[s])
最低轉讓額：	[貨幣金額] ([數目]份股票掛鈎投資或其完整倍數)
Minimum Transfer Amount:	[currency amount] ([number] ELI[s] or integral multiple thereof)
[匯率：]	由計算代理按其完全及絕對酌情權決定，於最終定價日估值時間[路透社版面[頁面]]公佈每一掛鈎股票貨幣兌結算貨幣的[中期市場][買入價]匯率。
[Exchange Rate:]	[The [mid-market] [bid] exchange rate for currency of the Underlying Stock per one Settlement Currency as per [Reuters Page [page]] at the Valuation Time on the Final Fixing Date, as determined by the Calculation Agent in its sole and absolute discretion.]
每份股票掛鈎投資的股票數目：	一份股票掛鈎投資相等於[數目]股掛鈎股票的普通股
Number of Shares per ELI:	One ELI equals [Number] ordinary share(s) of the Underlying Stock

到期時所得：	<p>(A) 倘最終股價相等於或高於參考股價，則指計算代理以結算貨幣計算的現金金額，款額相等於面值減現金結算費用(如有)；或</p> <p>(B) 倘最終股價低於參考股價，</p> <p>(i) 倘購股選擇權並無被行使，指相等於最終股價乘以每份股票掛鈎投資的股票數目的現金金額，再減現金結算費用(如有)；或</p> <p>(ii) 倘購股選擇權被行使或被當作已被行使，指實物交付每份股票掛鈎投資的股票數目(但須支付實物結算費用)。如有任何不足一手股票，則股票掛鈎投資持有人將有權收取一個根據細則第6(h)條計算的現金金額，而不會以實物交付該掛鈎股票。</p>
Payoff At Maturity:	<p>(A) if the Final Stock Price is at or above the Reference Stock Price, a cash amount in the Settlement Currency calculated by the Calculation Agent as equal to the Nominal Value less Cash Settlement Expenses (if any); or</p> <p>(B) if the Final Stock Price is below the Reference Stock Price,</p> <p>(i) where the Share Purchase Option is not exercised, a cash amount equal to the Final Stock Price multiplied by the Number of shares per ELI, less Cash Settlement Expenses (if any); or</p> <p>(ii) where the Share Purchase Option is exercised or is deemed to have been exercised, physical delivery of the Number of Shares per ELI (subject to payment of the Physical Settlement Expenses). If there is any Odd Lot Shares, instead of physical delivery of such Underlying Stock, ELI holders will be entitled to receive a cash amount calculated in accordance with the Condition 6(h).</p>
購股選擇權：	<p>[適用][不適用]</p> <p>在發行人於最終定價日前[3]個營業日並無接獲股票掛鈎投資持有人的相反指示的情況下，購股選擇權將被當作已被行使。</p>
Share Purchase Option:	<p>[Applicable] [Not applicable]</p> <p>In the absence of contrary instructions received by the Issuer from the ELI holder no later than [3] Business Days prior to the Final Fixing Date, the Share Purchase Option will be deemed to have been exercised.</p>
現金結算費用：	<p>[適用。投資者將須支付所有收費及費用，包括行使股票掛鈎投資產生的任何稅項或徵稅。]</p> <p>[不適用]</p>
Cash Settlement Expenses:	<p>[Applicable. Investors will be required to pay all charges and expenses including any taxes or duties which are incurred in respect of the exercise of the ELIs.]</p> <p>[Not Applicable]</p>

實物結算費用：	適用。投資者將須支付承讓人(而非轉讓人)交付每份股票掛鈎投資的股票數目的印花稅。閣下將須就交付事項支付印花稅，款項由發行人根據當時規定的稅率及承讓人就掛鈎股票應付的印花稅的規定計算及釐定(現為按其最終股價交付的掛鈎股票的交易金額的0.1%(上調至最接近元))。
Physical Settlement Expenses:	Applicable. Investors will be required to pay the transferee's, but not the transferor's, stamp duty in relation to the delivery of the Number of Shares per ELI. You will need to pay stamp duty in respect of such delivery calculated and determined by the Issuer in accordance with the then prescribed rate and provisions for stamp duty payable by a transferee in respect of the underlying stock (this being currently 0.1% of the transaction amount of the underlying stock delivered at its Final Stock Price (rounded up to the nearest dollar)).
條款及細則：	見本產品小冊子附錄A「恒生看漲式股票掛鈎投資的條款及細則」及適用條款表，以上文件可向安排人及分銷商索取，及作為可供查閱文件，下文另有詳述。
Terms and Conditions:	See “Terms and Conditions of the Hang Seng Bull Equity Linked Investments” in Appendix A of the Product Booklet and the applicable Term Sheet available for inspection from the Arrangers and Distributor(s) and as a display document as further detailed below.
營業日中心：	[就到期日而言，指][一個或多個城市][，就所有其他日期而言，指][一個或多個城市]]
Business Day Centre(s):	[city(ies)] [in relation to the Maturity Date and [city(ies)] for all other dates.]
國際證券號碼：	[號碼／不適用]
ISIN:	[Number/Not applicable]
股票掛鈎投資的形式：	記名股票掛鈎投資
Form of ELI:	Registered ELI.
歐洲結算系統及／或 盧森堡結算系統以 外任何結算系統：	[股票掛鈎投資將直接與發行人交收。本系列的總合證明書將以發行人的代理人恒生(代理人)有限公司名義登記及寄存。誠如資料備忘錄進一步說明，股票掛鈎投資必須經於發行人開立的戶口持有(不論直接於發行人開立戶口或經作為發行人戶口持有人的分銷商)。][不適用]
Any clearing system(s) other than Euroclear and/or Clearstream, Luxembourg:	[The ELIs will be settled directly with the Issuer. The Global Certificate for the Series will be registered in the name of and deposited with Hang Seng (Nominee) Limited, the nominee of the Issuer. The ELIs must be held through an account with the Issuer (whether in an account directly with the Issuer or through a Distributor which is an account holder with the Issuer) as further described in the Information Memorandum.] [Not applicable]
上市：	非上市
Listing:	Unlisted
管轄法律：	中華人民共和國香港特別行政區法律
Governing Law:	Laws of Hong Kong Special Administrative Region of the People's Republic of China.

網上銀行服務申請： [適用][不適用]
Internet Banking Application: [Applicable] [Not applicable]

- ¹ 由並不包括股票掛鈎投資持有人付款購買股票掛鈎投資之日至但不包括到期日之期間。
¹ Being the period from and including the date on which the ELI Holder makes payment for purchasing the ELIs to but excluding the Maturity Date.
- ² 該日期為發行人向分銷商發行股票掛鈎投資的日期，而非投資者購買有關股票掛鈎投資的日期。
² This is the date on which the ELIs are issued by the Issuer to the Distributor but not the date on which investor purchases the relevant ELIs.
- ³ 該數目為發行人向分銷商發行的股票掛鈎投資數目，而非投資者購買的股票掛鈎投資數目（其於分銷商發出的成交單據列明）。
³ This is the number of ELIs issued by the Issuer to the Distributor but not the number of ELIs purchased by the investor (which will be set out in a contract note issued by the Distributor).

[更新資料及]無重大不利變動

[Updated information and] No material adverse change

[於[文件]中第[頁碼]頁[至第[頁碼]頁]題為[標題][一／分]節[第[數目]段]將[被刪除][以下者[取代][修訂][補充]]，[其[刪除][取代][修訂][補充]詳情載於於[日期]刊發的一份附錄。][下文將加入於[文件]中第[頁碼]頁[至第[頁碼]頁]題為[標題][一／分]節[第[數目]段]之後：]
[The [[NUMBER][st] [nd] [rd] [th] paragraph under the] [sub-]section headed [TITLE] on page[s] [NUMBER] [to [NUMBER]] of [DOCUMENT] shall be [deleted] [replaced] [amended] [supplemented] by the following:] [[deleted] [replaced] [amended] [supplemented], the details of which are set out in an addendum dated [DATE]] [The following shall be added after the [[NUMBER][st] [nd] [rd] [th] paragraph under the] [sub-]section headed [TITLE] on page[s] [NUMBER] [to [NUMBER]] of [DOCUMENT]:]

[變動詳情]

[DETAILS OF CHANGES]

[除上文及於[●]刊發的附錄指定者外，]由財務報告所載本行最新財務報告刊發日期起，發行人的財務狀況或業務或前景亦無重大不利變動。

[Save as disclosed above and as specified in the addendum dated [•],] [t][T]here has been no material adverse change in the financial position or operations or the prospects of the Issuer, in each case since the date of our latest financial statements contained in the Financial Statements.

發售文件

The offering documents

投資者可向發行人索取資料備忘錄、財務報告及有關股票掛鈎投資產品小冊子的印刷本[及唯讀光碟]。[該等文件及本條款表的電子版本亦可於發行人網站(www.hangseng.com)查閱。]
Hard copies [and CD-ROM copies] of the Information Memorandum, the Financial Statements and the relevant ELI Product Booklet will be available from the Issuer. [Electronic copies of such documents and this Term Sheet are also available at the Issuer's website (www.hangseng.com).]

佣金

Commission

本行可能向分銷商給予折扣或支付佣金（惟倘本行作為分銷商行事則除外）。

We may allow a discount or pay a commission to the Distributors (except in the case where we act as a Distributor).

撤銷發售

Cancellation of offer

本行保留權利於可供認購期結束時或之前撤銷發售此系列的股票掛鈎投資。於撤銷發售時，本行將通知分銷商，而分銷商亦將通知閣下。有關在此情況下向閣下退還閣下購買款項的方法及時間詳情，請聯絡分銷商。

We reserve the right to cancel the offering of this series of ELIs on or before the end of the Available Period. Upon such cancellation, we will notify the Distributors who will in turn notify you. Please contact the Distributors for details on how and when your purchase monies will be refunded to you in such circumstances.

風險

Risks

下文所載資料乃適用於股票掛鈎投資的風險概要。閣下應連同此概要及資料備忘錄及產品小冊子中「風險因素」一節一併閱讀。

The information set out below is a summary of the risks applicable to the ELIs. You should read this summary in conjunction with the sections headed “Risk Factors” in the Information Memorandum and the Product Booklet.

股票掛鈎投資為非保本結構式金融工具，其價值可急升亦可急跌，閣下可能損失所有投資款項。

Equity linked investments are non-capital protected structured financial instruments, their value may fall as rapidly as they may rise and you may sustain a total loss in your investment.

投資於股票掛鈎投資涉及重大風險，包括市場風險、流通性風險，以及本行或不能履行其在股票掛鈎投資項下責任的風險。掛鈎股票的價格變動或會難以預料、突如其來及涉及大幅波動。該等變動可能影響任何應付的到期時所得，並導致掛鈎股票收市價有不利於閣下權益之變動，並對股票掛鈎投資的回報構成負面影響。於到期日向閣下支付的現金金額，或交付予閣下的掛鈎股票數目，將取決於掛鈎股票於最終定價日的收市價及(如適用)匯率。因此，閣下承受於作出投資時至投資到期結算之間掛鈎股票市價以及(如適用)匯率的波動風險。

Investment in the ELIs involves substantial risks including market risk, liquidity risk and the risk that we may be unable to satisfy our obligations under the ELIs. Changes in the price of the Underlying Stock can be unpredictable, sudden and large. Such changes may affect the Payoff At Maturity payable and result in the Closing Price of the Underlying Stock moving adversely to your interests and negatively impacting upon the return on the ELIs. The cash amount to be paid to you or the number of the Underlying Stock to be delivered to you on the Maturity Date, will depend on the Closing Price of the Underlying Stock on the Final Fixing Date, and where applicable, the Exchange Rate. You are therefore exposed to changes in the market price of the Underlying Stock and where applicable, the Exchange Rate, between the time you make your investment and the time that your investment is due to be settled.

投資者作為股票掛鈎投資的持有人，不會享有掛鈎股票持有人享有的任何投票權、收取股息或其他分派的權利或任何其他權利。

As the holders of the ELIs, investors will not have any voting rights, rights to receive dividends or other distributions or any other rights that holders of the Underlying Stock would have.

[[股票名稱]（「新上市股票」）於[日期]在香港聯合交易所有限公司上市。新上市股票上市前無公開的市場，且新上市股票未來未必興起或維持交投暢旺的公開市場。閣下將不可能對新上市股票的交易歷史作分析或比較，尤其是可能影響閣下投資回報的股價波幅或股票流通量的分析或比較。

雖然新上市股票在香港聯合交易所有限公司上市，但不保證新上市股份的交易市場會興起，或即使市場興起，亦不保證市場流通。此外，視乎市場氣氛而定，新上市股票的股價及交投量可能大幅波動，且一般預期較交易歷史較長的股票或會有更大波動。]

[[STOCK NAME] (the “Newly Listed Stock”) was listed on The Stock Exchange of Hong Kong Limited on [date]. Prior to the listing of the Newly Listed Stock, there had been no public market for the Newly Listed Stock and an active public market for the Newly Listed Stock may not develop or be sustained in the future. You will not be able to analyse or compare the trading history of the Newly Listed Stock, particularly in relation to either the volatility or liquidity which may have an impact on the return on your investment.

Although the Newly Listed Stock is listed on The Stock Exchange of Hong Kong Limited, there is no guarantee that a trading market for the Newly Listed Stock will develop or, if a market does develop, the liquidity of that market. Also, the price and trading volume of the Newly Listed Stock may be highly volatile subject to the market sentiment, and may be more volatile than would generally be expected for a stock that has a longer trading history.]

股票掛鈎投資只適合可承受所涉及風險並熟悉投資掛鈎股票買賣的股票市場的人士。務請因應閣下的財務狀況及投資目標，仔細考慮股票掛鈎投資的投資策略是否適合閣下。務請根據閣下承受風險的能力、投資經驗及投資目標，考慮閣下的投資組合應包含的股票掛鈎投資數目。閣下對本產品如有任何疑問，或不確定閣下投資組合內的資產分配適合與否，請徵詢閣下的專業財務顧問。閣下亦應考慮投資於股票掛鈎投資的稅務後果並就本身的稅務狀況徵詢閣下的稅務顧問。

ELIs are suitable only for those who can afford the risks involved and are conversant in investing in the stock market in which the Underlying Stock is traded. You should carefully consider whether the investment strategy of ELIs is suitable for you in light of your own financial position and investment objectives. You should consider how much of your investment portfolio should comprise ELIs based on your risk appetite, investment experiences and investment objectives. If you have any concerns about this product or are uncertain about the suitability of asset allocation in your investment portfolio, you should consult your professional financial advisor. You should also consider the tax consequences of investing in ELIs and consult your tax advisor about your own tax situation.

莊家活動安排

Market Making Arrangements

倘閣下擬購買任何股票掛鈎投資，閣下應願意持有股票掛鈎投資直至到期為止。由於股票掛鈎投資並無於任何交易所上市，故股票掛鈎投資可能只有疏落的第二市場，甚或並無第二市場。作為市場代理人的發行人現擬為股票掛鈎投資進行莊家活動，但並無規定須如此做。請參閱產品小冊子中「莊家活動安排」一節。

If you intend to purchase any ELIs you should be willing to hold such ELIs until maturity. The ELIs are not listed on any exchange and there may be little or no secondary market for the ELIs. The Issuer acting as the Market Agent currently intends to make a market for the ELIs but it is not required to do so. Please refer to the section headed “Market making arrangements” in the Product Booklet.

掛鈎股票／公司

The Underlying Stock/Company

閣下於一系列股票掛鈎投資的投資價值，與本條款表所列明掛鈎股票的價值掛鈎。因此，閣下只應在欲持有掛鈎股票或更多該股票時方投資於與掛鈎股票掛鈎的一系列股票掛鈎投資。

The value of your investment in a series of ELIs is linked to the value of the Underlying Stock specified in this Term Sheet. Accordingly, you should only invest in that series of ELIs over the Underlying Stock if you wish to own or own more of the Underlying Stock.

掛鈎股票在交易所上市，而按交易所規定，該公司須持續披露對其證券的市場活動及價格有重大影響的資料。除該公司的網站：[\[http://www.\[網址\]\]](http://www.[網址])外，閣下亦可登入交易所的網站：[\[網址\]](http://www.hkex.com.hk/invest/isc.htm)閱覽有關該公司的資料。閣下可於[\[交易所的網站：http://www.hkex.com.hk/invest/isc.htm\]](http://www.hkex.com.hk/invest/isc.htm)[\[其他資料來源\]](#)獲取該公司過往股價的資料。

The Underlying Stock is listed on the Exchange and the Company is required by the Exchange to continuously disclose information that has a material impact on market activity in and the price of their securities. You can also find information about the Company on the Exchange's website: [\[website\]](#) in addition to the Company's websites: [\[http://www.\[website address\]\]](http://www.[website address]). You may obtain historic stock price information of the Company on [\[the website of the Exchange at http://www.hkex.com.hk/invest/isc.htm\]](http://www.hkex.com.hk/invest/isc.htm) [\[other source\]](#).

上段的網站所載的資料並不構成資料備忘錄、財務報告、產品小冊子或本條款表的一部分。本行對該等網站的資料概不負責。

Information included on the websites in the last paragraph above does not form part of the Information Memorandum, the Financial Statements, the Product Booklet or this Term Sheet. We do not accept any responsibility for information on those websites.

雖然並無訂明任何收費，但在計算股票掛鈎投資的結算金額時，已將發行人在訂立相關投資或對沖協議或為營運及行政目的及邊際利潤(如有)而招致的任何費用及收費間接包含及計算在內。

Although there are no explicit charges, any fees and charges incurred by the Issuer, whether to enter into underlying investments or hedging agreements or for operational or administrative purposes and profit margins, if any, are already indirectly contained in and subsumed into the calculation of the settlement amount under the ELIs.

此系列的股票掛鈎投資僅會按資料備忘錄、財務報告、產品小冊子及本條款表所載的資料提呈發售。

The offer of this series of ELIs is made solely on the basis of the information contained in the Information Memorandum, the Financial Statements, the Product Booklet and this Term Sheet.

資料備忘錄、財務報告及產品小冊子(連同本條款表一併閱讀，並經其更新)所載的資料，於本條款表刊發當日為準確無誤。本行對資料備忘錄、財務報告、產品小冊子及本條款表所載資料的準確性承擔全部責任，並經作出一切合理查詢後確認，就本行所深知及確信，資料備忘錄、財務報告、產品小冊子及本條款表(於一併閱讀時)並無載有失實陳述(包括其收錄形式及文義有所誤導的陳述，亦包括重大遺漏)。

The information contained in the Information Memorandum, the Financial Statements and the Product Booklet (taken together with, and as up-dated by, this Term Sheet) is accurate at the date of this Term Sheet. We accept full responsibility for the accuracy of the information contained in the Information Memorandum, the Financial Statements, the Product Booklet and this Term Sheet and confirm, having made all reasonable enquiries, that to the best of our knowledge and belief, the Information Memorandum, the Financial Statements, the Product Booklet, and this Term Sheet, when read together, will contain no untrue statement (including a statement which is misleading in the form and context in which it is included and including a material omission).

證監會已授權根據本行依照證券及期貨條例第105(1)條規定呈交的標準認可格式發行本條款表。證監會的授權並不意指證監會贊同或推薦本文件所述的股票掛鈎投資。證監會對該文件的內容概不負責。發行人對本條款表的發行及內容負責。

The SFC has authorised the issue of this term sheet based on the standard approved format submitted under Section 105(1) of the Securities and Futures Ordinance. SFC authorisation does not imply SFC's endorsement or recommendation of the equity linked investments referred to in this document. The SFC takes no responsibility as to the contents of such document. The Issuer takes responsibility as to the issue and contents of this Term Sheet.

APPENDIX C SCENARIO ANALYSIS

The following examples are purely hypothetical. We include them only to illustrate how our Hang Seng Bull ELIs work, and you must not rely on them as any indication of the expected future stock performance of any Underlying Stock or what the financial return on our Hang Seng Bull ELIs might actually be upon termination of our Hang Seng Bull ELIs. Capitalised terms used in this Appendix C shall have the meanings as set out in the general terms and conditions in Appendix A.

ELI	Hang Seng Bull ELI
Settlement Currency	HKD
Underlying Stock	HSBC Holdings plc <0005.HK>
Investment Period	28 days
Payment Date	25 February 2008 (being the date on which payment for the ELIs is made by an investor to the relevant distributor, which will be the business day immediately following the date on which the investor purchases the ELIs)
Final Fixing Date	8 April 2008
Maturity Date	11 April 2008
Nominal Value	HKD130 per ELI
Purchase Price per ELI	98% of Nominal Value (i.e. HKD127.40 (rounded up to two decimal places))
Number of ELIs to be purchased	800
Total Purchase Price to be paid	HKD101,902 (i.e. HKD130x 98%x 800ELIs)
Reference Stock Price	HKD130
Number of Shares per ELI	One share
Payoff At Maturity	In respect of each ELI, the investors will receive on the Maturity Date: <ul style="list-style-type: none"> a) Cash payment of 100% of Nominal Value, if the Final Stock Price¹ of the Underlying Stock is equal to or higher than the Reference Stock Price, less the Cash Settlement Expenses (if any); or (b) (i) Where Share Purchase Option is not opted out of (and is therefore deemed exercised), physical delivery of the Number of Shares per ELI (subject to payment of the Physical Settlement Expenses) or (ii) where Share Purchase Option is opted out of, cash payment of an amount equal to the Final Stock Price multiplied by the Number of Shares per ELI (less the Cash Settlement Expenses (if any)).

¹ Final Stock Price means the Closing Price of the Underlying Stock on the Final Fixing Date.

Under the following scenario analysis, calculations are on a per ELI basis.

THE FOLLOWING SCENARIOS DO NOT TAKE INTO ACCOUNT ANY SETTLEMENT OR DELIVERY EXPENSES PAYABLE BY THE INVESTOR UPON TERMINATION OF OUR ELIs.

Scenario 1: The Final Stock Price is higher than the Reference Stock Price on Final Fixing Date

Assuming that the Final Stock Price of the Underlying Stock on the Final Fixing Date (8 April 2008) is HKD140, which is above its Reference Stock Price (being HKD130).

Payoff At Maturity:

The Final Stock Price is higher than the Reference Stock Price, the investor will receive 100% of the Nominal Value (being HKD130) on the Maturity Date (11 April 2008).

Therefore, under this scenario 1, with one ELI, an investment of HKD127.40 (i.e. HKD130 x 98%) would generate a return of HKD2.60 over 28 days. Total return under this scenario would be 2.04% over 28 days, which equates to an annualized yield of 26.60% (rounded to two decimal places) (i.e. HKD2.6) calculated as follows:

$$\begin{aligned} \text{Annualized Yield on the investment} &= \frac{(\text{Reference Stock Price of the Underlying Stock} - \text{Purchase Price per ELI})}{\text{Purchase Price per ELI} \times \text{Investment Period (expressed in years)}} \times 100\% \\ &= \frac{(\text{HKD130} - \text{HKD127.40})}{\text{HKD127.40} \times 28 \text{ days} \div 365 \text{ days}} \times 100\% \\ &= 26.60\% \end{aligned}$$

Scenario 2: Final Stock Price is lower than the Reference Stock Price and the Share Purchase Option is deemed exercised

Assuming that:

- The Final Stock Price of the Underlying Stock on the Final Fixing Date (8 April 2008) is HKD125 which is below the Reference Stock Price (being HKD130).
- The investor does not opt out of Share Purchase Option (and is therefore deemed to have exercised the Share Purchase Option).

Payoff At Maturity:

As the Final Stock Price (being HKD125) of the Underlying Stock is below the Reference Stock Price (being HKD130), the investor who invests in one ELI will receive one share of the Underlying Stock per Hang Seng Bull ELI on the Maturity Date (11 April 2008).

Therefore, under this scenario 2, in respect of one ELI, an investment of HKD127.40 would make a loss of 1.88% over 28 days which is equivalent to an annualized loss of 24.56% (rounded to two decimal places) (i.e. HKD2.4) of the initial invested amount on the Final Fixing Date calculated as follows:

$$\begin{aligned} \text{Annualized loss on the investment} &= \frac{(\text{Value of the Underlying Stock on the Final Fixing Date} - \text{Purchase Price per ELI})}{\text{Purchase Price per ELI} \times \text{Investment Period (expressed in years)}} \times 100\% \\ &= \frac{(\text{HKD125} - \text{HKD127.40})}{\text{HKD127.40} \times 28 \text{ days} \div 365 \text{ days}} \times 100\% \\ &= -24.56\% \end{aligned}$$

Scenario 3: Final Stock Price is lower than the Reference Stock Price and the Share Purchase Option is opted out of

Assuming that:

- The Final Stock Price of the Underlying Stock on the Final Fixing Date (8 April 2008) is HKD125 which is below the Reference Stock Price of (being HKD130).
- The investor opts out of Share Purchase Option.

Payoff At Maturity:

As the Final Stock Price (being HKD125) of the Underlying Stock is below the Reference Stock Price (being HKD130), in respect of each ELI the investor will receive a total amount of HKD125 (i.e. HKD125 x one ELI) on the Maturity Date (11 April 2008).

Therefore, under this scenario 3, with one ELI, an investment of HKD127.40 (i.e. HKD130 x 98%) would suffer a loss of 1.88% over 28 days which is equivalent to an annualized loss of 24.56% (rounded to two decimal places) (i.e. HKD2.4) of the initial invested amount on the Final Fixing Date calculated as follows:

$$\begin{aligned} \text{Annualized loss on the investment} &= \frac{(\text{Closing Price of the Underlying Stock} - \text{Purchase Price per ELI})}{\text{Purchase Price per ELI} \times \text{Investment Period (expressed in years)}} \times 100\% \\ &= \frac{(\text{HKD125} - \text{HKD127.40})}{\text{HKD127.40} \times 28 \text{ days} \div 365 \text{ days}} \times 100\% \\ &= -24.56\% \end{aligned}$$

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