

Learn more about Structured Notes in 2 minutes – (Video Transcript)

ACTRESS 1: I was told that Structured Notes can help risk diversification while giving investors an opportunity to grasp a higher potential return. What are Structured Notes actually?

ACTRESS 2: Structured note is an investment instrument issued by a financial institution. It gives you an opportunity to earn a higher potential return under various market scenarios. You can choose to invest in the HKD, USD or any other major currencies. The tenor varies from 6 months to 5 years. The product risk level can vary too, starting from low product risk level. Some come with an early redemption product feature, up to 100% capital protection and a minimum return at maturity.

To summarize, the features of Structured Notes include:

1. A choice of different payoff structures and underlying assets
2. Opportunity to earn a higher potential return
3. A range of investment tenors and currencies
4. 100% capital protection at maturity

Remarks: Structured notes (capital protected) are 100% capital protection only when it is held to maturity. The amount received by you upon early withdrawal/ termination may be less than the amount initially invested by you. Investment in the structured notes is subject to the credit risk of the Issuer.

ACTRESS 1: Alright, that means I have to pick the right product to make money based on my risk tolerance and investment objectives. I see that one can now make a subscription directly via the Hang Seng Mobile App, with a minimum investment amount of HK\$100,000. It's so convenient. I'd like to give it a try! Apart from capital protection and a minimum return at maturity, how do I get a higher potential return?

ACTRESS 2: If the performance of the underlying asset meets the pre-determined conditions, you will have a chance to receive a higher potential return.

ACTRESS 1: What underlying assets are available?

ACTRESS 2: There are all sorts of underlying assets, such as interest rates, exchange rates, stocks and indices. Let's say, for interest rates and exchange rates, at Hang Seng Bank, we have a range of structured note products to suit your view on a specific interest rate or foreign exchange rate, be it bullish or bearish. For example, we've got some products with a fixed coupon, and some with return capped to an upper and lower limit.

ACTRESS 1: I see. Let me check it out!

ACTRESS 2: Hang Seng Bank has various structured note products linked to the above-mentioned underlying assets. To subscribe, you can go to our branch or use our mobile app. To make it easy for you to know more about different Structured Notes, you can check out different

structured note product's illustrative examples on return and relevant risks posted on our website. Visit hangseng.com to have a look.

Investors should understand their risk tolerance, financial position, investment experience, investment objectives, investment horizon, as well as the outlook for the underlying assets, before flexibly selecting suitable Structured Notes for themselves. If you have any queries about any products, please visit our branch or talk to your Relationship Manager to find out more.

See you next time!

Other points to note

Structured notes (capital protected) are 100% capital protection only when it is held to maturity. The amount received by you upon early withdrawal/ termination may be less than the amount initially invested by you. Investment in the structured notes is subject to the credit risk of the Issuer.

Disclaimer

The contents in this video are for illustration only and is not and should not be considered as a recommendation, offer or solicitation to deal in any of the investment products mentioned herein. This video is not intended to provide professional advice and should not be relied upon in that regard.

Risk warnings for Structured Notes

- i. The following risks should be read together with the other risks contained in the "Risk Factors" section in the relevant offering documents of the structured notes.
- ii. This is an unlisted structured product which is complex in nature and involves derivatives. You should not based on this material alone to make investment decisions, please do not invest in it unless you fully understand and are willing to assume the risks associated with it. If you are in any doubt about the risks involved in the product, you may clarify with the intermediary or seek independent professional advice.
- iii. You should understand that the structured notes are considered as a complex product as defined under the Securities and Futures Commission's ("SFC") Guidelines on Online Distribution and Advisory Platforms and the SFC's Code of Conduct for Persons Licensed by or Registered with the SFC, and you should exercise caution in relation to such complex product.
- iv. You must read and understand the risk factors and the important information (including the full text of the risk factors therein) set out in the relevant offering documents of the structured notes before making any investment decisions.
- v. You may suffer partial or total loss of the amount originally invested if the issuer becomes insolvent during the tenor of the structured notes or the issuer defaults on its payment obligation under the structured notes.
- vi. The structured notes are not traded on any markets operated by Hong Kong Exchanges and Clearing Limited or any other stock exchanges. The structured notes are not covered by the Investor Compensation Fund. There may not be an active or liquid secondary market.
- vii. Some structured notes are 100% capital protected at maturity. Nevertheless, investment in the structured notes is subject to the credit risk of the Issuer. In the worst case scenario, you may lose substantial part or all of the capital invested. Please carefully read the warnings and risk factors detailed in the offering documents.
- viii. Some structured notes are non-capital protected. You may suffer a loss of your investment amount partially or fully. Please carefully read the warnings and risk factors detailed in the offering documents.
- ix. The amount of potential return from the structured notes is capped and limited to a predetermined amount.
- x. The structured notes are not conventional time deposits, and they are not protected by the Deposit Protection Scheme in Hong Kong.
- xi. The structured notes that you purchase are exposed to the credit risk of the issuer of the structured notes.

- xii. Hang Seng Bank Limited (“we”, “the Bank” or “Hang Seng”) acts as your agent to complete the transaction and certain monetary benefits may be obtained in connection with the offering of the structured notes.
- xiii. For structured notes that are denominated in Renminbi, you are subject to the risk of fluctuation in exchange rate of offshore Renminbi (CNH). (If applicable).
- xiv. The issuer may at its sole and absolute discretion (acting in good faith and in a commercially reasonable manner) adjust the terms of the Note to account for the effect of certain events, which may result in (i) payment postponement; (ii) the replacement of one or more of the underlying instruments to which it is linked or on which it is based; or (iii) the early termination of the note. For further details, please refer to the relevant offering documents.
- xv. We will not obtain and compare quote from other market participants for the structured notes. However, the Bank has pricing and execution controls over the structured notes to ensure fair pricing and treatment of customer’s order.
- xvi. Investment involves risk. The price of structured notes may move up or down. Losses may be incurred as a result of buying and selling structured products.
- xvii. The investment decision is yours and you should carefully consider whether an investment is suitable for you in view of your own investment objectives, investment experience, investment tenor, financial situation, risk tolerance abilities, tax implications and other needs, etc.
- xviii. The structured notes will be redeemed early if the issuer exercises its option to redeem the structured notes in whole on any optional redemption date . If this occurs, in relation to each calculation amount, you will receive an amount equal to 100% of the calculation amount plus an additional capital payment representing a predetermined rate of return which accrues on such calculation amount without compounding during the term of the structured notes, as specified in the term sheet. In case of an early redemption following the occurrence of certain events other than pursuant to the exercise of the issuer’s call option (such as a tax or illegality event or an event of default), you will receive an amount equal to the fair market value of the structured notes at the date of early redemption less any reasonable expenses and costs incurred by the issuer and/or its designated affiliates in connection with the issuer’s obligations under the structured notes and in connection with unwinding any underlying and/or related hedging and/or funding arrangements as a result of such events. This may be significantly less than the purchase price of the structured notes and as a result you may suffer a loss of your invested amount partially or fully.
- xix. For structured notes linked to reference rates / benchmarks and that reference rate / benchmarks event has occurred, this may result in a reference rate / benchmarks being replaced with a rate which has been recommended as a replacement by the relevant government or regulatory body or committee. In the event that the relevant replacement rate is not available, or if a reference rate / benchmarks event subsequently occurs with respect to the relevant replacement rate, then the rate applicable to the structured notes may be determined by reference to a further fallback rate, which may be an official central bank rate or another benchmark. For further details, please refer to the offering documents.
- xx: Potential adjustment events (such as a subdivision, consolidation or reclassification of securities, a distribution of dividend or extraordinary dividend or any certain other events affecting the value of a reference asset) may occur. If a potential adjustment event occurs, the calculation agent may make corresponding adjustments to the terms of the structured notes as it determines appropriate to reflect the potential adjustment event, which may adversely affect the value of the structure notes and/or any amounts payable. You may suffer a loss of part or all of your investment as a result.

xxi: Certain extraordinary events (such as a merger, a takeover or exchange offer if the underlying is equity), delisting, nationalisation or transfer to a governmental agency, an extraordinary ETF Event (if the underlying is ETFs) or the insolvency or bankruptcy of the issuer of the reference asset(s)) may occur. Following an extraordinary event, the calculation agent may take action including adjusting or redeeming the structured notes. If the structured notes are redeemed early, you may suffer a loss of part or all of your investment and will not benefit from any future performance of the reference asset(s).

xxii: The above is not an exhaustive list of risk factors. For details, please refer to the offering documents.

xxiii: Investing in the structured notes is not the same as investing in the reference asset(s). Potential return of the structured notes is adjusted based on the performance of reference asset(s) on the relevant valuation date. Depending on the product feature, investors of some notes may receive physical delivery of the reference asset(s) at settlement.

xxiv: The structured notes are not collateralised and are not secured by any assets.

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