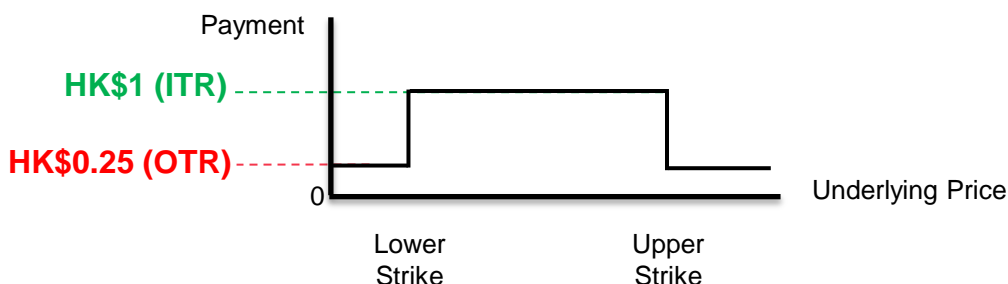


Inline Warrants are a type of structured product that entitle the investors to receive a pre-determined fixed payment at expiry, depending on whether the underlying¹ falls at or within (i.e. In-The-Range) or outside (i.e. Out-of-The-Range) the Upper and Lower Strikes at expiry.

FEATURES

- ✓ Upper and Lower Strikes, with no knockout barrier
- ✓ **In-The-Range (ITR):** fixed payment of HK\$1
Out-of-The-Range (OTR): fixed payment of HK\$0.25
- ✓ Maximum upside and downside is known at the time of investment
- ✓ Can be bought and sold before expiry or held until maturity

PAYMENT AT EXPIRY



OPPORTUNITIES

- ✓ Range trading vs directional trading (DWs or CBBCs)
- ✓ Possibility to make profits in a sideways or flat market
- ✓ Investors may choose from different strike prices to express their views on the underlying stock price or index level

RISKS

- ✓ Profit potential is capped by the pre-determined payment
- ✓ Maximum loss is limited to initial investment
- ✓ Trading above HK\$1 may not reflect the true value of the inline warrant; any inline warrant trades executed at the price above HK\$1 will not be recognized and will be cancelled by HKEX

| Features | Terms |
|--|--|
| Eligible Underlying | Index underlying: <ul style="list-style-type: none"> • HSI Stock underlying: <ul style="list-style-type: none"> • Top 5 most liquid stocks by turnover² (subject to review after launch) |
| Strike Prices | Must have 2 strike prices – Lower and Upper Strikes |
| Minimum Fixed Payment at Expiry | HK\$0.25 ³ |
| Maximum Fixed Payment at Expiry | HK\$1.00 ⁴ |
| Investors' Maximum P&L | Maximum Profit = HK\$1 - Cost of Inline Warrant Maximum Loss = Cost of Inline Warrant – HK\$0.25 |
| Valuation at Expiry | <ul style="list-style-type: none"> • Index underlying: Final settlement price of the underlying index futures contracts with same expiry month of inline warrants • Stock underlying: Average of the closing prices of the underlying stock for five trading days immediately preceding expiry day |
| Settlement Amount at Expiry | In-The-Money: <ul style="list-style-type: none"> • Pre-determined cash amount of HK\$1 if the Valuation at Expiry is at or falls within Upper and Lower Strikes Out-of-The-Money: <ul style="list-style-type: none"> • Pre-determined cash amount of HK\$0.25 if the Valuation at Expiry falls outside Upper or Lower Strike |
| Duration | Minimum 6 months |

Notes:

- 1) Subject to Valuation at Expiry of the underlying asset
- 2) The same top 5 liquid stocks eligible for CBBC issuance (Q2 2019):
Tencent (700), Ping An Insurance (2318), CCB (939), AIA (1299) and China Mobile (941)
- 3) Due to the minimum fixed payment at expiry, Inline Warrants are expected to trade at or above HK\$0.25.
- 4) Due to the maximum fixed payment at expiry, Inline Warrants should not be traded above HK\$1. Any inline warrant trades executed at the price above HK\$1 will not be recognized and will be cancelled by HKEX.

Disclaimer: This document is intended as a general guide to highlight some basic facts and characteristics of certain types of securities. HKEX and/or its subsidiaries endeavor to ensure the accuracy and reliability of the information provided, but does not guarantee its accuracy and accepts no liability (whether in tort or contract or otherwise) for any loss or damage arising from any inaccuracies or omissions. If investors require further information for investing in securities, they should refer to the listing documents issued by the issuers on the HKEXnews website (<http://www.hkexnews.hk>) and consult their brokers or other professional advisors prior to making any decision.