This product sheet is for the purpose of providing guidance to structured products issuers on general product terms. Structured products issuers should consult the Exchange if terms of structured products deviate from the requirements set out in this product sheet. Investors should refer to the actual terms of the products set out in listing documents in considering their investment decision.

Inline Warrant (IW)

General Product Terms

An IW entitles the investors to receive a pre-determined fixed payment at expiry, depending on whether the underlying price / level falls at or within (i.e. In-The-Range) or outside (i.e. Out-of-The-Range) the upper and lower strikes at expiry.

Product Terms	
Product class	Leveraged structured product
Style	European[1]
Issue size	Minimum of HK$10 million in market capitalization
Issue price	(a) Minimum of HK$0.25 (not applicable to further issue) (b) Minimum of HK$0.15 for emulation issue
Underlying asset	Securities listed on the Exchange (a) A company[2] which is among the top 5 stocks with highest turnover value for the previous three-month period and is listed on the Exchange for not less than three months; and (b) A company[2] which has a minimum public float capitalization of HK$10 billion at end of the period Indices Hang Seng Index The latest list of eligible underlying[3] is set out in the List of eligible underlying assets.
Strike price / level	Lower strike and upper strike
Expiry date	(a) At least six months and not more than five years (not applicable to further issue) from the date of listing

[1] Structured products issuers proposing to issue American-style IW should provide detailed terms and arrangements for the Exchange's consideration.
[2] Excludes an exchange traded fund.
[3] The list is updated quarterly.

Product Terms	
	(b) In respect of emulation issue, the tenor should be at least three months and not more than five years (c) In respect of using futures contracts for settlement reference, the expiry date should generally be the same as that of futures contracts
Conversion ratio	One
Minimum fixed payment at expiry	HK$ 0.25
Maximum fixed payment at expiry	HK$ 1
Board lot	Listed securities (a) One board lot of the IW is entitled to a whole number of board lots of the underlying security; or (b) One board lot of the IW is entitled to one tenth of a board lot of the underlying security (applicable to cash settlement only) Indices 10,000 IWs
Trading / settlement currency	HKD
Further issue	(a) An issuer may only launch a further issue when it holds no more than 50% of the existing issue; and (b) Terms and conditions of the further issue and existing issue must be identical
Emulation issue	(a) The expiry date may be up to five business days before or after that of an existing emulated IW; and (b) The upper strike and lower strike may differ by no more than one spread in the underlying listed security from that of an existing emulated IW or by no more than 0.5% in other cases
Valuation at expiry	Listed securities The average of closing prices of the underlying share for the five business days prior to the expiry date Indices Settlement price of the related futures contracts[4] on the valuation date

4 Refers to the futures contract with the same expiry month as that of the IW.

Product Terms	
	Note: the valuation date is generally the same as the expiry date, subject to time difference
Settlement amount at expiry	In-The-Range Pre-determined cash amount of HK$1 if the valuation at expiry is at or falls within the upper strike and lower strike Out-of-The-Range Pre-determined cash amount of HK$0.25 if the valuation at expiry falls outside the upper strike or lower strike
Arrangement upon maturity	Automatic settlement without the need to deliver a notice of exercise (applicable to cash settlement only)
Settlement	Cash settled
Settlement date	Generally no later than the third settlement day after expiry
Liquidity Provision Requirements[5]	
Quote request ("QR")	Minimum service level applicable to all possible market conditions (subject to "Exemptions" set out below): (a) Maximum bid-ask spread: $0.08 (b) Minimum quotation size: 20 board lots (c) Maximum quote response time: 10 minutes (d) Minimum holding time: five minutes[6] (e) QR applies to all IWs Exemptions – QR is not required to be provided in the following circumstances: (a) during a pre-opening session or a closing auction session (if applicable) or any other circumstances as may be prescribed by the Exchange; (b) during the first 5 minutes of each morning trading session or the first 5 minutes after trading commences for the first time on a trading day; (c) when the IWs or the underlying is suspended from trading for any reason;

5 For background information, please see the Industry Principles on Liquidity Provision for Listed Structured Products.

6 If the price of the underlying or the prevailing market circumstance changes, issuers can refresh the quote by posting a new pair of quotes. A quotation lapses if any investor has proceeded with a trade during the five minutes holding period.

Product Terms	
	(d) when there are no IWs available for market making activities (in such event, the liquidity provider shall continue to provide bid prices); (e) if the theoretical value of the IWs is less than HK$0.01 (if the liquidity provider chooses to provide liquidity under this circumstance, both bid and ask prices will be made available); (f) if the theoretical value of the IWs is at HK$1.00, the liquidity provider shall continue to provide bid prices; (g) in the case with an index underlying, if there occurs or exists any suspension of or limitation proposed on trading of options or futures contracts relating to the index or if the index level is not calculated or published as scheduled for any reason; (h) when there are operational and technical problems beyond the control of the liquidity provider hindering the ability of the liquidity provider to provide liquidity; or (i) if the underlying or the stock market experiences exceptional price movement and high volatility over a short period of time which materially affects the liquidity provider's ability to source a hedge or unwind an existing hedge.
Active quote ("AQ")[7]	Minimum service levels under "Qualified Period" (a) Maximum bid-ask spread: (i) $0.02 for local index[8] (ii) $0.04 for actively traded stock[9] (b) Minimum quotation size: 20 board lots (c) Quotation continuity: at least 90% of the Qualified Period with no interruption exceeding 10 minutes of a trading day for each IW Qualified Period for providing AQ applies when: (a) The underlying is an actively traded stock or local index; (b) 50% or less of total issue size outstanding in the market; (c) time to maturity is 30 calendar days or more; (d) when the underlying price / level between the range from 20% below the lower strike price / level and 20% above the upper strike price / level; and (e) the circumstances do not fall under the exemptions for providing QR.

Last updated: 30 September 2025

7 The term "Active quote" refers to "Continuous Quotes" as defined in Note 2 to Rule 15A.22 of the Listing Rules.
8 Any local index such as Hang Seng Index, Hang Seng China Enterprises Index, Hang Seng TECH Index.
9 Actively traded stock means securities on the current list of eligible underlying stocks for CBBC issuance.