

Hong Kong Exchanges and Clearing Limited (“**HKEX**”), The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This document, for which we accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Rules**”) for the purpose of giving information with regard to us. We, having made all reasonable enquiries, confirm that to the best of our knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

This document is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Warrants.

Investors are warned that the price of the Warrants may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. Prospective purchasers should therefore ensure that they understand the nature of the Warrants and carefully study the risk factors set out in the Base Listing Document (as defined below) and this document and, where necessary, seek professional advice, before they invest in the Warrants.

The Warrants constitute general unsecured contractual obligations of us as the Issuer and of no other person and will rank equally among themselves and with all our other unsecured obligations (save for those obligations preferred by law) upon liquidation. If you purchase the Warrants, you are relying upon the creditworthiness of us, and have no rights under the Warrants against the Trust, the trustee or the manager of the Trust or any other person. If we become insolvent or default on our obligations under the Warrants, you may not be able to recover all or even part of the amount due under the Warrants (if any).

Non-collateralised Structured Products

Launch Announcement

and

Supplemental Listing Document for Warrants over Single Unit Trusts



Issuer: Macquarie Bank Limited

(ABN 46 008 583 542)

(incorporated in Australia)

Sponsor: Macquarie Capital Limited

Key Terms

| | |
|--|--|
| Warrants (Stock Code) | 12792 |
| Liquidity Provider broker ID | 9723 |
| Issue size | 13,000,000 Warrants |
| Style | European style cash settled |
| Type | Put |
| Trust | iShares FTSE A50 China Index ETF |
| Units | Existing issued HKD traded units of the Trust (Stock Code: 2823) |
| Board Lot | 100 Warrants |
| Issue Price per Warrant | HKD 0.770 |
| Cash Settlement Amount per Board Lot (if any) payable at expiry | For a series of call Warrants: $\frac{\text{Entitlement} \times (\text{Average Price} - \text{Exercise Price}) \times \text{one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$ For a series of put Warrants: $\frac{\text{Entitlement} \times (\text{Exercise Price} - \text{Average Price}) \times \text{one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$ |
| Exercise Price | HKD 12.880 |
| Average Price¹ | The arithmetic mean of the closing prices of one Unit for each Valuation Date |
| Entitlement | 1 Unit |
| Number of Warrant(s) per Entitlement* | 1 |
| Maximum number of Units to which the Warrants relate | 13,000,000 |
| Launch Date | 18 March 2019 |
| Issue Date | 22 March 2019 |
| Listing Date | 25 March 2019 |
| Valuation Date² | Each of the five Business Days immediately preceding the Expiry Date |
| Expiry Date³ | 03 October 2019 |
| Settlement Date | The third CCASS Settlement Day after the later of: (i) the Expiry Date; and (ii) the day on which the Average Price is determined in accordance with the Conditions |
| Settlement Currency | HKD |
| Implied Volatility⁴ | 36.00% |
| Effective Gearing⁴ | 5.24x |
| Gearing⁴ | 18.65x |
| Premium⁴ | 15.67% |

***Commencing from 1 March 2019, structured products using unit trusts as underlying assets can be issued in the ratio of 5, 50 or 500 structured products for one unit in addition to the entitlement ratio of 1, 10 or 100. Investors should have regard to the entitlement ratio in assessing the terms and prices of the relevant structured products.**

¹As derived from the Daily Quotation Sheet of the Stock Exchange, subject to any adjustments to such closing prices as may be necessary to reflect any event as contemplated in Product Condition 3 such as capitalisation, rights issue, distribution or the like.

²Subject to any potential postponement upon the occurrence of a Market Disruption Event, provided that no Valuation Date shall fall on or after the Expiry Date. Please see Product Condition 1 for details.

³If such day is a Saturday, Sunday or public holiday in Hong Kong, the immediately succeeding day which is not a Saturday, Sunday or public holiday in Hong Kong.

⁴This data may fluctuate during the life of the Warrants and may not be comparable to similar information provided by other issuers of derivative warrants. Each issuer may use different pricing models.

IMPORTANT INFORMATION

The Warrants are listed structured products which involve derivatives. Do not invest in them unless you fully understand and are willing to assume the risks associated with them.

What documents should you read before investing in the Warrants?

You must read this document together with our base listing document dated 25 May 2018 (the “**Base Listing Document**”), as supplemented by any addendum thereto (together, the “**Listing Documents**”), in particular the sections headed “General Conditions of Structured Products” (“**General Conditions**”) and “Product Conditions of European Style Cash Settled Warrants over Single Unit Trusts” (“**Product Conditions**”) (General Conditions and the Product Conditions are together, the “**Conditions**”) set out in our Base Listing Document. This document (as read in conjunction with our Base Listing Document and each addendum referred to in the section headed “Product Summary Statement”) is accurate as at the date of this document. You should carefully study the risk factors set out in the Listing Documents. You should also consider your financial position and investment objectives before deciding to invest in the Warrants. We cannot give you investment advice. You must decide whether the Warrants meet your investment needs before investing in the Warrants.

Is there any guarantee or collateral for the Warrants?

No. Our obligations under the Warrants are neither guaranteed by any third party, nor collateralised with any of our assets or other collaterals. When you purchase our Warrants, you are relying on our creditworthiness only, and of no other person. If we become insolvent or default on our obligations under the Warrants, you can only claim as an unsecured creditor of the Issuer. In such event, you may not be able to recover all or even part of the amount due under the Warrants (if any).

What are the Issuer’s credit ratings?

The Issuer’s long term credit ratings are:

| <i>Rating agency</i> | <i>Rating as of the Launch Date</i> |
|---------------------------------|-------------------------------------|
| Moody’s Investors Service, Inc. | A2(stable outlook) |
| S&P Global Ratings | A(developing outlook) |

Rating agencies usually receive a fee from the companies that they rate. When evaluating our creditworthiness, you should not solely rely on our credit ratings because:

- a credit rating is not a recommendation to buy, sell or hold the Warrants;
- ratings of companies may involve difficult-to-quantify factors such as market competition, the success or failure of new products and markets and managerial competence;
- a high credit rating is not necessarily indicative of low risk. Our credit ratings as of the Launch Date are for reference only. Any downgrading of our ratings could result in a reduction in the value of the Warrants;

- a credit rating is not an indication of the liquidity or volatility of the Warrants; and
- a credit rating may be downgraded if the credit quality of the Issuer declines.

The Warrants are not rated. The Issuer’s credit ratings are subject to change or withdrawal at any time within each rating agency’s sole discretion. You should conduct your own research using publicly available sources to obtain the latest information with respect to the Issuer’s ratings from time to time.

Is the Issuer regulated by the Hong Kong Monetary Authority as referred to in Rule 15A.13(2) or by the Securities and Futures Commission as referred to in Rule 15A.13(3)?

We are a licensed bank regulated by the Hong Kong Monetary Authority. We are also regulated by, among others, the Australian Prudential Regulation Authority.

Is the Issuer subject to any litigation?

There are currently claims against the Issuer and some of its subsidiaries and affiliates (“Macquarie Group”). Details of these claims or Macquarie Group’s position in respect of them are confidential. Where necessary appropriate provisions have been made in the financial statements. Save as disclosed in the Listing Documents, the Macquarie Group does not consider that the outcome of any such claims known to exist at this date, either individually or in aggregate is likely to have a material effect on its operations or financial position.

Has our financial position changed since last financial year-end?

Save as disclosed in the Listing Documents, there has been no material adverse change in our financial or trading position since 31 March 2018.

PRODUCT SUMMARY STATEMENT

The Warrants are listed structured products which involve derivatives. This statement provides you with key information about the Warrants. You should not invest in the Warrants based on the information contained in this statement alone. You should read and understand the remaining sections of this document, together with the other Listing Documents, before deciding whether to invest.

Overview of the Warrants

- **What is a derivative warrant?**

A derivative warrant is an instrument which gives the holder a right to “buy” or “sell” an underlying asset at a pre-set price called the exercise price on or prior to the expiry date. Investing in a derivative warrant does not give you any right in the underlying asset. Derivative warrants usually cost a fraction of the price of the underlying asset and may provide a leveraged return to you. Conversely, such leverage could also magnify your losses.

A call warrant is designed for an investor holding a view that the price of the underlying asset will increase during the term of the warrant.

A put warrant is designed for an investor holding a view that the price of the underlying asset will decrease during the term of the warrant.

- **How and when can you get back your investment?**

The Warrants are European style cash settled derivative warrants linked to the underlying Unit. European style warrants can only be exercised on the expiry date. When the Warrants are exercised, the holder is entitled to a cash amount called the “**Cash Settlement Amount**” net of any Exercise Expenses (as defined under the heading “Exercise Expenses” in the sub-section titled “What are the fees and charges?” below) according to the terms and conditions in the Listing Documents. **If the Cash Settlement Amount is equal to or less than the Exercise Expenses, you will lose all of your investment in the Warrants.**

- **How do the Warrants work?**

The potential payoff at expiry for the Warrants is calculated by reference to the difference between the Exercise Price and the Average Price of the underlying Unit.

A call Warrant will be automatically exercised at expiry without the need for the holder to deliver an exercise notice if the Average Price of the underlying Unit is greater than the Exercise Price. The more the Average Price is above the Exercise Price, the higher the payoff at expiry. If the Average Price is at or below the Exercise Price, you will lose all of your investment in the call Warrant.

A put Warrant will be automatically exercised at expiry without the need for the holder to deliver an exercise notice if the Average Price of the underlying Unit is below the Exercise Price. The more the Average Price is below the Exercise Price, the higher the payoff at expiry. If the Average Price is at or above the Exercise Price, you will lose all of your investment in the put Warrant.

- **Can you sell the Warrants before the Expiry Date?**

Yes. We have made an application for listing of, and permission to deal in, the Warrants on the Stock Exchange. All necessary arrangements have been made to enable the Warrants to be admitted into the Central Clearing and Settlement System (“**CCASS**”). Issue of the Warrants is conditional upon listing approval being granted. From the Listing Date up to the last trading day of the Warrants (both dates inclusive), you may sell or buy the Warrants on the Stock Exchange. There shall be three CCASS Settlement Days between the last trading day of the Warrants and the Expiry Date. No application has been made to list the Warrants on any other stock exchange.

The Warrants may only be transferred in a Board Lot (or integral multiples thereof). Where a transfer of Warrants takes place on the Stock Exchange, currently settlement must be made not later than two CCASS Settlement Days after such transfer.

The Liquidity Provider will make a market in the Warrants by providing bid and/or ask prices. See the section headed “Liquidity” below.

- **What is your maximum loss?**

The maximum loss in the Warrants will be your entire investment amount plus any transaction costs.

- **What are the factors determining the price of a derivative warrant?**

The price of a derivative warrant generally depends on the price of the underlying asset (being the underlying Unit for the Warrants). However, throughout the term of a derivative warrant, its price will be influenced by a number of factors, including:

- the exercise price of the derivative warrants;
- the value and volatility of the price of the underlying asset (being a measure of the fluctuation in the price of the underlying asset over time);
- the time remaining to expiry: generally, the longer the remaining life of the derivative warrant, the greater its value;
- the interim interest rates and expected distributions on the underlying asset;
- the liquidity of the underlying asset;
- the supply and demand for the derivative warrant;
- our related transaction cost; and
- the creditworthiness of the issuer of the derivative warrant.

As the price of a derivative warrant is not only affected by the price of the underlying asset, movements in the price of a derivative warrant may not be proportionate or may even be opposite to the price movement of the underlying asset. For example:

- if the price of the underlying asset increases (in respect of a call warrant) or decreases (in respect of a put warrant), but the volatility of the price of the underlying asset decreases, the price of the warrant may decrease;
- if a warrant is deep-out-of-the-money (eg. when the fair market value is less than HK\$0.01), the price of the warrant may be insensitive to any increase (in respect of a call warrant) or decrease (in respect of a put warrant) in the price of the underlying asset;
- if the outstanding volume of a series of warrants in the market is high, the supply and demand of the warrant may have a greater impact on the warrant price than the price of the underlying asset; and/or
- the decrease in time value may offset any increase (in respect of a call warrant) or decrease (in respect of a put warrant) in the price of the underlying asset, especially when the warrant is close to its expiry where the time value decreases at a faster pace.

Risks of investing in the Warrants

You must read the section headed “Key Risk Factors” in this document together with the risk factors set out in our Base Listing Document. You should consider all these factors collectively when making your investment decision.

Liquidity

- **How to contact the Liquidity Provider for quotes?**

Liquidity Provider: Macquarie Capital Limited
Address: Level 18, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
Telephone Number: +852 3922 3788

The Liquidity Provider is regulated by the Stock Exchange and the Securities and Futures Commission. It is an affiliate of the Issuer and will act as our agent in providing quotes. You can request a quote by calling the Liquidity Provider at the telephone number above.

- **What is the Liquidity Provider’s maximum response time for a quote?** The Liquidity Provider will respond within 10 minutes and the quote will be displayed on the Stock Exchange’s designated stock page for the Warrants.
- **Maximum spread between bid and ask prices:** 20 spreads
- **Minimum quantity for which liquidity will be provided:** 20 Board Lots
- **What are the circumstances under which the Liquidity Provider is not obliged to provide liquidity?**

There will be circumstances under which the Liquidity Provider is not obliged to provide liquidity. Such circumstances include:

- (i) 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;
- (ii) during a pre-opening session or a closing auction session (if applicable) or any other circumstances as may be prescribed by the Stock Exchange;
- (iii) when the Warrants or the underlying Unit are suspended from trading for any reason;
- (iv) when there are no Warrants available for market making activities. In such event, the Liquidity Provider shall continue to provide bid prices. Warrants held by us or any of our affiliates in a fiduciary or agency capacity are not Warrants available for market making activities;
- (v) when there are operational and technical problems beyond the control of the Liquidity Provider hindering the ability of the Liquidity Provider to provide liquidity;
- (vi) if the underlying Unit 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; or
- (vii) if the theoretical value of the Warrants 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.

You should read the sub-section entitled “Possible limited secondary market” under the “Key Risk Factors” section for further information on the key risks when the Liquidity Provider is not able to provide liquidity.

How can you obtain further information?

- **Information about the underlying Trust and the underlying Units**

You may obtain information on the underlying Units (including the underlying Trust's financial statements) by visiting the Stock Exchange's website at www.hkex.com.hk or (if applicable) the underlying Trust's website(s) as follows:

Underlying Trust

iShares FTSE A50 China Index ETF

Website

<http://www.ishares.com.hk>

- **Information about the Warrants after issue**

You may visit the Stock Exchange's website at http://www.hkex.com.hk/products/securities/derivative-warrants?sc_lang=en or our website at www.warrants.com.hk to obtain information on the Warrants or any notice given by us or the Stock Exchange in relation to the Warrants.

- **Information about us**

You should read the section "Updated Information about Us" in this document. You may visit www.macquarie.com to obtain general corporate information about us.

We have included references to websites in this document to indicate how further information may be obtained. Information appearing on those websites does not form part of the Listing Documents. We accept no responsibility for the accuracy or completeness of the information appearing on those websites. You should conduct your own due diligence (including without limitation web searches) to ensure that you are viewing the most up-to-date information.

What are the fees and charges?

- **Trading Fees and Levies**

The Stock Exchange charges a trading fee of 0.005 per cent. and the Securities and Futures Commission charges a transaction levy of 0.0027 per cent. for each transaction effected on the Stock Exchange payable by each of the seller and the buyer and calculated on the value of the consideration for the Warrants. The levy for the investor compensation fund is currently suspended.

- **Exercise Expenses**

You are responsible for any Exercise Expenses. Exercise Expenses mean any charges or expenses including any taxes or duties which are incurred in respect of the exercise of the Warrants. Any Exercise Expenses will be deducted from the Cash Settlement Amount (if any). If the Cash Settlement Amount is equal to or less than the Exercise Expenses, no amount is payable. As at the date of this document, no Exercise Expenses are payable for cash settled warrants (including the Warrants).

- **Stamp Duty**

No stamp duty is currently payable in Hong Kong on transfer of cash settled warrants (including the Warrants).

You should note that any transaction cost will reduce your gain or increase your loss under your investment in the Warrants.

What is the legal form of the Warrants?

Each series of the Warrants will be represented by a global certificate in the name of HKSCC Nominees Limited who is the only legal owner of the Warrants. We will not issue definitive certificates for the Warrants. You may arrange for your broker to hold the Warrants in a securities account on your behalf, or if you have a CCASS Investor Participant securities account, you may arrange for the Warrants to be held in such account. You will have to rely on the records of CCASS and/or the statements you receive from your brokers as evidence of your beneficial interest in the Warrants.

Can we adjust the terms or early terminate the Warrants?

The occurrence of certain events (including, without limitation, a rights issue, bonus issue or cash distribution by the Trust, a subdivision or consolidation of the underlying Units or a restructuring event affecting the Trust) may entitle us to adjust the terms and conditions of the Warrants. However, we are not obliged to adjust the terms and conditions of the Warrants for every event that affects the underlying Units.

We may early terminate the Warrants if it becomes illegal or impracticable for us (i) to perform our obligations under the Warrants as a result of a change in law event, or (ii) to maintain our hedging arrangement with respect to the Warrants due to a change in law event. In such event, the amount payable by us (if any) will be the fair market value of the Warrants less our cost of unwinding any related hedging arrangements as determined by us, which may be substantially less than your initial investment and may be zero.

Please refer to Product Conditions 3 and 5 and General Condition 10 for details about adjustments or early termination events. Such events may negatively affect your investment and you may suffer a loss.

Mode of settlement for the Warrants

The Warrants will be automatically exercised on the Expiry Date in integral multiples of the Board Lot if the Cash Settlement Amount is positive. If the Cash Settlement Amount is zero or negative, or is equal to or less than the Exercise Expenses, you will lose all of your investment.

We will deliver a cash amount in the Settlement Currency equal to the Cash Settlement Amount net of any Exercise Expenses (if any) no later than the Settlement Date to HKSCC Nominees Limited (as the registered holder of the Warrants), which will then distribute such amount to the securities account of your broker (and if applicable, its custodian) or to your CCASS Investor Participant securities account (as the case may be). You may have to rely on your broker (and if applicable, its custodian) to ensure that the Cash Settlement Amount (if any) is credited to your account maintained with your broker. Once we make the payment to HKSCC Nominees Limited, who operates CCASS, you will have no further right against us for that payment, even if CCASS or your broker (and if applicable, its custodian) does not transfer your share of payment to you, or is late in making such payment transfer.

Payment of the Cash Settlement Amount (if any) may be delayed if a Settlement Disruption Event occurs on the Settlement Date, as a result of which we are unable to deliver such amount through CCASS on such day. See Product Condition 2.5 for further information.

Where can you inspect the relevant documents of the Warrants?

The following documents are available for inspection during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) until the Expiry Date at the offices of Macquarie Capital Limited at Level 18, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong:

- each of the Listing Documents (in separate English and Chinese versions), including:
 - ❖ this document
 - ❖ our Base Listing Document
 - ❖ the addendum to our Base Listing Document dated 29 November 2018
- our latest audited consolidated financial statements and any interim financial statements;
- the consent letter issued by PricewaterhouseCoopers; and
- the instrument executed by us by way of deed poll on 30 May 2006.

The Listing Documents are also available on the website of the HKEX at www.hkexnews.hk and our website at www.warrants.com.hk.

各上市文件亦可於香港交易所披露易網站(www.hkexnews.hk)以及本公司網站(www.warrants.com.hk)瀏覽。

Are there any dealings in the Warrants before the Listing Date?

It is possible that there may have been dealings in the Warrants before the Listing Date. If there are any dealings in the Warrants by us or any of our subsidiaries or associated companies from the Launch Date prior to the Listing Date, we will report those dealings to the Stock Exchange by the Listing Date and such report will be released on the website of the Stock Exchange.

Have the auditors consented to the inclusion of their report to the Listing Documents?

Our auditors (“**Auditors**”) have given and have not since withdrawn their written consent to the inclusion of their report dated 4 May 2018 and/or the references to their name in our Base Listing Document, in the form and context in which they are included. Their report was not prepared exclusively for incorporation into our Base Listing Document. The Auditors do not own any of our shares or shares in any member of our group, nor do they have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities or securities of any member of our group.

Authorisation of the Warrants

The issue of the Warrants was authorised by our board of directors on 29 August 2002.

Trust disclaimer

The name of the iShares FTSE A50 China Index ETF is included here for identification purposes only. “iShares” is a trademark of BlackRock Fund Advisors (“**BFA**”). “FTSE®” is a trade mark of London Stock Exchange Group (“**LSEG**”) and is used by FTSE International Limited (“**FTSE**”) under licence. The Warrants are not sponsored, endorsed, sold or promoted by BFA, LSEG or FTSE. BFA, LSEG and FTSE make no representations or warranties with respect to the Warrants or this document.

Selling restrictions

The Warrants have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), and will not be offered, sold, delivered or traded, at any time, indirectly or directly, in the United States or to, or for the account or benefit of, any U.S. person (as defined in the Securities Act).

The offer or transfer of the Warrants is also subject to the selling restrictions specified in our Base Listing Document.

Capitalised terms and inconsistency

Unless otherwise specified, capitalised terms used in this document have the meanings set out in the Conditions. If this document is inconsistent with our Base Listing Document, this document shall prevail.

KEY RISK FACTORS

You must read these key risk factors together with the risk factors set out in our Base Listing Document. These key risk factors do not necessarily cover all risks related to the Warrants. If you have any concerns or doubts about the Warrants, you should obtain independent professional advice.

Non-collateralised structured products

The Warrants are not secured on any of our assets or any collateral.

Credit risk

If you invest in the Warrants, you are relying on our creditworthiness and of no other person. If we become insolvent or default on our obligations under the Warrants, you can only claim as our unsecured creditor regardless of the performance of the underlying Unit and you may not be able to recover all or even part of the amount due under the Warrants (if any). You have no rights under the terms of the Warrants against the Trust or the trustee or the manager of the Trust.

Warrants are not principal protected and may expire worthless

Although the cost of a Warrant may cost a fraction of the value of the underlying Unit, the Warrant's price may change more rapidly than the price of the underlying Unit. Given the gearing feature inherent in the Warrants, a small change in the price of the underlying Unit may lead to a substantial price movement in the Warrants.

Unlike stocks, the Warrants have a limited life and will expire on the Expiry Date. In the worst case, the Warrants may expire with no value and you will lose all of your investment. Derivative warrants may only be suitable for experienced investors who are willing to accept the risk that they may lose all their investment.

The Warrants can be volatile

Prices of the Warrants may rise or fall rapidly. You should carefully consider, among other things, the following factors before dealing in the Warrants:

- (i) the prevailing trading price of the Warrants;
- (ii) the Exercise Price of the Warrants;
- (iii) the value and volatility of the price of the underlying Unit;
- (iv) the time remaining to expiry;
- (v) the probable range of the Cash Settlement Amount;
- (vi) the interim interest rates and expected distributions on the underlying Unit;
- (vii) the liquidity of the underlying Unit;
- (viii) the related transaction costs (including the Exercise Expenses, if any);
- (ix) the supply and demand for the Warrants; and
- (x) the creditworthiness of the Issuer.

The price of a Warrant may be affected by all these factors in addition to the trading price of the underlying Unit. Therefore, movements in the price of the Warrants may not be proportionate or may even be opposite to the price movement of the underlying Unit. You should consider all these factors collectively when making your investment decision.

Time decay

All other factors being equal, the value of a Warrant is likely to decrease over time. Therefore, the Warrants should not be viewed as a product for long term investments.

Not the same as investing in the underlying Units

Investing in the Warrants is not the same as investing in the underlying Unit. You have no rights in the underlying Unit throughout the term of the Warrants. Changes in the market value of the Warrants may not correspond with the movements in the price of the underlying Unit, especially when the theoretical value of the Warrants is at HK\$0.01 or below. If you buy the Warrants with a view to hedge against your exposure to the underlying Unit, it is possible that you could suffer loss in your investment in the underlying Unit and the Warrants.

Suspension of trading

If trading in the underlying Unit is suspended on the Stock Exchange, trading in the Warrants will be suspended for a similar period. In the case of a prolonged suspension period, the price of the Warrants may be subject to a significant impact of time decay due to such prolonged suspension and may fluctuate significantly upon resumption of trading, which may adversely affect your investment.

Possible limited secondary market

The Liquidity Provider may be the only market participant for the Warrants and therefore the secondary market for the Warrants may be limited. The more limited the secondary market, the more difficult it may be for you to realise the value in the Warrants prior to expiry.

You should also be aware that the Liquidity Provider may not be able to provide liquidity when there are operational and technical problem hindering its ability to do so. Even if the Liquidity Provider is able to provide liquidity in such circumstances, its performance of liquidity provision may be adversely affected. For example:

- (i) the spread between bid and ask prices quoted by the Liquidity Provider may be significantly wider than its normal standard;
- (ii) the quantity for which liquidity will be provided by the Liquidity Provider may be significantly smaller than its normal standard; and/or
- (iii) the Liquidity Provider's response time for a quote may be significantly longer than its normal standard.

Adjustment related risk

The occurrence of certain events (including, without limitation, a rights issue, bonus issue or cash distribution by the Trust, a subdivision or consolidation of the underlying Unit and a restructuring event affecting the Trust) may entitle us to adjust the terms and conditions of the Warrants. However, we are not obliged to adjust the terms and conditions of the Warrants for every event that affects the underlying Unit. Any adjustment or decision not to make any adjustment may

adversely affect the value of the Warrants. Please refer to Product Conditions 3 and 5 for details about adjustments.

Possible early termination

The Warrants will lapse and cease to be valid in the event of termination of the Trust or liquidation of the trustee of the Trust (including any successor trustee appointed from time to time). We may also early terminate the Warrants if it becomes illegal or impracticable for us (i) to perform our obligations under the Warrants as a result of a change in law event, or (ii) to maintain our hedging arrangement with respect to the Warrants due to a change in law event. In such event, the amount payable by us (if any) will be the fair market value of the Warrants less our costs of unwinding any related hedging arrangements as determined by us, which may be substantially less than your initial investment and may be zero. Please refer to Product Condition 4 and General Condition 10 for details about our early termination rights.

Time lag between exercise and settlement of the Warrants

There is a time lag between exercise of the Warrants and payment of the Cash Settlement Amount net of Exercise Expenses (if any). There may be delays in the electronic settlement or payment through CCASS.

Conflict of interest

We and our subsidiaries and affiliates engage in a wide range of commercial and investment banking, brokerage, funds management, hedging, investment and other activities and may possess material information about the Trust and/or the underlying Units or issue or update research reports on the Trust and/or the underlying Units. Such activities, information and/or research reports may involve or affect the Trust and/or the underlying Units and may cause consequences adverse to you or otherwise create conflicts of interests in connection with the issue of the Warrants. We have no obligation to disclose such information and may issue research reports and engage in any such activities without regard to the issue of the Warrants.

In the ordinary course of our business, we and our subsidiaries and affiliates may effect transactions for our own account or for the account of our customers and may enter into one or more transactions with respect to the Trust and/or the underlying Units or related derivatives. This may indirectly affect your interests.

No direct contractual rights

The Warrants are issued in global registered form and are held within CCASS. You will not receive any definitive certificate and your name will not be recorded in the register of the Warrants. The evidence of your interest in the Warrants, and the efficiency of the ultimate payment of the Cash Settlement Amount net of Exercise Expenses (if any), are subject to the CCASS Rules. You will have to rely on your broker (or, if applicable, its direct or indirect custodians) and the statements you receive from it as evidence of your interest in the Warrants. You do not have any direct contractual rights against us. To assert your rights as an investor in the Warrants, you will have to rely on your broker (and, if applicable, its direct or indirect custodian) to take action on your behalf. If your broker or, if applicable, its direct or indirect custodian:

- (i) fails to take action in accordance with your instructions;
- (ii) becomes insolvent; or
- (iii) defaults on its obligations,

you will need to take action against your broker in accordance with the terms of arrangement between you and your broker to establish your interest in the Warrants first before you can assert your right of claim against us. You may experience difficulties in taking such legal proceedings. This is a complicated area of law and you should seek independent legal advice for further information.

Risks related to the Trust in general

Subject to the circumstances as set out in the subsection titled “Conflict of interest” above, neither we nor any of our affiliates have the ability to control or predict the actions of the trustee or the manager of the Trust. Neither the trustee nor the manager of the Trust (i) is involved in the offer of the Warrants in any way, or (ii) has any obligation to consider your interest in taking any corporate actions that might affect the value of the Warrants.

The manager of the Trust is responsible for making investment and other trading decisions with respect to the management of the Trust consistent with its investment objectives and in compliance with the investment restrictions as set out in the constitutive documents of the Trust. The manner in which the Trust is managed and the timing of actions may have a significant impact on the performance of the Trust. Hence, the trading price of the Units is also subject to these risks.

There is also a risk that the investment objectives and/or investment restrictions as set out in the constitutive documents of the Trust are materially changed or are not complied with or the method of calculating the net asset value of the Trust is materially changed. In addition, the applicable laws and regulations governing the Trust may also restrict the operations of the Trust and restrict its ability to achieve the investment objectives.

Risk related to exchange traded fund (“ETF”)

The Trust is an ETF. You should note that:

- (i) an ETF is exposed to the economic, political, currency, legal and other risks of a specific sector or market related to the underlying asset pool or index or market that the ETF is designed to track;
- (ii) there may be disparity between the performance of the ETF and the performance of the underlying asset pool or index or market that the ETF is designed to track as a result of, for example, failure of the tracking strategy, currency differences, fees and expenses; and
- (iii) where the underlying asset pool or index or market that the ETF tracks is subject to restricted access, the efficiency in the unit creation or redemption to keep the price of the ETF in line with its net asset value may be disrupted, causing the ETF to trade at a higher premium or discount to its net asset value. Hence, the market price of the Warrants will also be indirectly subject to these risks.

Risks related to ETF investing through RQFII and/or China Connect

iShares FTSE A50 China Index ETF is an ETF issued and traded outside Mainland China with direct investment in the Mainland China securities markets through its manager's (being BlackRock Asset Management North Asia Limited) status as a RMB Qualified Foreign Institutional Investor ("RQFII") and/or through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (collectively, "China Connect"). You should note that, amongst others:

- (a) the relatively recent introduction and untested nature of such ETF make it riskier than traditional ETFs investing directly in more developed markets. The policy and rules for RQFII and China Connect prescribed by the Mainland China government are new and subject to change, and there may be uncertainty to its implementation. The uncertainty and change of the laws and regulations in Mainland China may adversely impact on the performance of such ETF and the trading price of the relevant units;
- (b) such ETF primarily invests in securities traded in the Mainland China securities markets and is subject to concentration risk. Investment in the Mainland China securities markets (which are inherently stock markets with restricted access) involves certain risks and special considerations as compared with investment in more developed economies or markets, such as greater political, tax, economic, foreign exchange, liquidity and regulatory risks. The operation of such ETF may also be affected by interventions by the applicable government(s) and regulators in the financial markets; and
- (c) investment by such ETF in the mainland Chinese securities market under the RQFII regime will be subject to its manager's RQFII quota allocated to such ETF. In addition, trading of securities invested by the ETF under China Connect will be subject to a daily quota which does not belong to such ETF and is utilised on a first-come-first-serve basis. In the event that the RQFII quota allocated to such ETF and/or the daily quota under China Connect are reached, the manager may need to suspend creation of further units of such ETF, and therefore the liquidity in unit trading of such ETF may be affected. In such event, the trading price of a unit of such ETF is likely to be at a significant premium to its net asset value, and may be highly volatile.

The above risks may have a significant impact on the performance of the Trust and hence the price of the Warrants.

Please read the offering documents of the ETF to understand its key features and risks.

Risk related to dual counter ETF

The Trust is an ETF with units traded in both Renminbi ("RMB") and Hong Kong dollars ("HKD") separately through the Stock Exchange's dual counter model. The relatively recent

introduction and untested nature of the Stock Exchange's dual counters model may bring the following additional risks:

- (a) The Warrants are related to the HKD traded units of the Trust only. Any movement in the trading prices of the RMB traded units of the Trust should not affect the price of the Warrants. Investors should not consider the price of the RMB traded units in making investment decision in the Warrants. Also, the nature of the dual counter may bring additional risks for investing in the Warrants:
- (b) If there is a suspension of the inter-counter transfer of units between the HKD counter and the RMB counter for any reason, units will only be tradable in the relevant counter in the Stock Exchange and this may affect the demand and supply of the Units which may have adverse effect to the price of the Warrants; and
- (c) The trading price on the Stock Exchange of HKD traded units and RMB traded units may deviate significantly due to a number of factors including market liquidity, RMB conversion risk, supply and demand in each counter and the currency exchange rate between the RMB and HKD. Changes in the trading price of the Units may adversely influence the price of the Warrants.

The Listing Documents should not be relied upon as the sole basis for your investment decision

The Listing Documents do not take into account your investment objectives, financial situation or particular needs. Nothing in the Listing Documents should be construed as a recommendation by us or our affiliates to invest in the Warrants or the underlying Unit.

Not the ultimate holding company of the group

We are not the ultimate holding company of the group to which we belong. The ultimate holding company of the group to which we belong is Macquarie Group Limited.

Hong Kong resolution regime

The Financial Institutions (Resolution) Ordinance ("FIRO") came into operation on 7 July 2017. The FIRO provides a regime for the orderly resolution of financial institutions, including authorised institutions, with a view to avoiding or mitigating the risks otherwise posted by their non-viability to the stability and effective working of the financial system of Hong Kong. As an authorised institution in Hong Kong, we are subject to the FIRO.

The FIRO seeks to provide the relevant resolution authorities, including the Hong Kong Monetary Authority, with administrative powers to bring about timely and orderly resolution in order to stabilise and secure continuity for a failing authorised institution in Hong Kong. The relevant resolution authority is empowered to suspend, write-off, cancel, convert, modify or change the form of the Warrants. The exercise of any resolution power by the relevant resolution authority under the FIRO in respect of us may have a material adverse effect on the value of the Warrants and as a result, you may not be able to recover all or any amount due under the Warrants.

UPDATED INFORMATION ABOUT US

There is no supplemental information about the Issuer.

PARTIES

OUR REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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