**SUPPLEMENTARY LISTING PARTICULARS**

# HSBC Holdings plc

*(a company incorporated with limited liability in England with registered number 617987)*

*as Issuer*

**USD 50,000,000,000**
**PROGRAMME FOR ISSUANCE OF PERPETUAL SUBORDINATED CONTINGENT CONVERTIBLE SECURITIES**

This supplement (the "**Supplement**") to the offering memorandum dated 2 September 2014 relating to the Programme for the Issuance of Perpetual Subordinated Contingent Convertible Securities (the "**Offering Memorandum**", which constitutes listing particulars for the purposes of listing on the Official List of the Irish Stock Exchange ("**Listing**") and trading on the Global Exchange Market of the Irish Stock Exchange and, for the avoidance of doubt, which does not constitute (i) a prospectus for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended) or (ii) a base prospectus for the purposes of Directive 2003/71/EC (as amended)) constitutes supplementary listing particulars (pursuant to rule 3.10 of the Global Exchange Market Listing and Admission to Trading – Rules) for the purposes of Listing.

Terms defined in the Offering Memorandum have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Offering Memorandum prepared by HSBC Holdings plc, as issuer (the "**Issuer**") in relation to its USD 50,000,000,000 Programme for the Issuance of Perpetual Subordinated Contingent Convertible Securities.

This Supplement has been approved by the Irish Stock Exchange for the purposes of Listing.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

The purpose of this Supplement is to:

- Update certain of the notices, selling restrictions and information contained in the General Information section in the Offering Memorandum as set out in Annex 1 hereto;
- update certain of the risk factors relating to the Securities in the Offering Memorandum with the risk factors set out in Annex 2 hereto;
- amend the form of the Pricing Supplement in the Offering Memorandum as set out in Annex 3 hereto;
- amend certain of the Terms and Conditions relating to the Securities as set out in Annex 4 hereto. With effect from the date of this Supplement, all references to "Conditions" in the Offering Memorandum shall be references to the Conditions as amended in Annex 4 of this Supplement;
- incorporate by reference into the Offering Memorandum, the annual report and accounts of the Issuer for the year ended 31 December 2014 (the "**Annual Report and Accounts**"). The Annual Report and Accounts are available on the Issuer's website at http://www.hsbc.com/investor-relations/financial-and-regulatory-reports?WT.ac=HGHQ_Ir_fr1.1_On. The Annual Report and Accounts, other than information incorporated by reference therein, is hereby incorporated by reference into the Offering Memorandum;
- incorporate by reference into the Offering Memorandum the Form 20-F of the Issuer dated 26 February 2015 filed with the U.S. Securities and Exchange Commission (as set out at http://www.sec.gov/Archives/edgar/data/1089113/000119312515065289/d879000d20f.htm#tx87

9000_95) (the "**Form 20-F**"). The Form 20-F, other than information incorporated by reference therein, is hereby incorporated by reference into the Offering Memorandum; and

- incorporate by reference into the Offering Memorandum the new registration document, approved by the UK Financial Conduct Authority and published by the Issuer on 12 March 2015 (the "**Registration Document**"). The Registration Document is available on the Issuer's website at http://www.hsbc.com/investor-relations/fixed-income-securities/issuance-programmes. The Registration Document, other than information incorporated by reference therein and listed on page 5 of the Registration Document entitled "Documents Incorporated by Reference", is hereby incorporated by reference into the Offering Memorandum.

Any non-incorporated parts of the Annual Report and Accounts, the Form 20-F and the Registration Document are either not relevant for an investor or are covered elsewhere in the Offering Memorandum.

To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in or incorporated by reference in the Offering Memorandum prior to the date of this Supplement, the statement in this Supplement will prevail.

Save as disclosed in this Supplement, no significant new factor, material mistake or inaccuracy relating to information included in the Offering Memorandum has arisen or been noted, as the case may be, since the publication of the Offering Memorandum.

13 March 2015

**ANNEX 1**
**AMENDMENTS TO NOTICES, SELLING RESTRICTIONS AND THE GENERAL INFORMATION SECTION IN THE OFFERING MEMORANDUM**

1. On the front cover of the Offering Memorandum, the second paragraph in bold text beginning with "The Securities are not intended to be sold..." and ending with "which will come into force on 1 October 2014, was currently in force." shall be deleted and shall be replaced with the following:

   "**The Securities are not intended to be sold and should not be sold to "retail clients" in the European Economic Area (the "EEA"), as defined in the rules set out in the Temporary Marketing Restriction (Contingent Convertible Securities) Instrument 2014 (as amended or replaced from time to time) other than in circumstances that do not and will not give rise to a contravention of those rules by any person. Prospective investors are referred to the section headed "Important Notices" of this Offering Memorandum for further information.**"

2. The following shall be inserted at the end of the Section entitled "Important Notices" on pages i and ii of the Offering Memorandum:

   "***Restrictions on marketing and sales to retail investors***

   *The Securities are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Securities to retail investors.*

   *In particular, in August 2014, the United Kingdom Financial Conduct Authority (the "**FCA**") published the Temporary Marketing Restriction (Contingent Convertible Securities) Instrument 2014 (as amended or replaced from time to time, the "**TMR**") which took effect on 1 October 2014. Under the rules set out in the TMR (as amended or replaced from time to time, the "**TMR Rules**"), certain contingent write-down or convertible securities, such as the Securities, must not be sold to retail clients in the EEA and nothing may be done that would or might result in the buying of such securities or the holding of a beneficial interest in such securities by a retail client in the EEA (in each case within the meaning of the TMR Rules), other than in accordance with the limited exemptions set out in the TMR Rules.*

   *The Dealers are required to comply with the TMR Rules. By purchasing, or making or accepting an offer to purchase, any Securities from the Issuer and/or the Dealers, each prospective investor represents, warrants, agrees with and undertakes to the Issuer and each of the Dealers that:*

   *(i) it is not a retail client in the EEA (as defined in the TMR Rules);*

   *(ii) whether or not it is subject to the TMR Rules, it will not sell or offer the Securities to retail clients in the EEA or do anything (including the distribution of the Offering Memorandum) that would or might result in the buying of the Securities or the holding of a beneficial interest in the Securities by a retail client in the EEA (in each case within the meaning of the TMR Rules), other than (i) in relation to any sale of or offer to sell Securities to a retail client in or resident in the United Kingdom, in circumstances that do not and will not give rise to a contravention of the TMR Rules by any person and/or (ii) in relation to any sale of or offer to sell Securities to a retail client in any EEA member state other than the United Kingdom, where (a) it has conducted an assessment and concluded that the relevant retail client understands the risks of an investment in the Securities and is able to bear the potential losses involved in an investment in the Securities and (b) it has at all times acted in relation to such sale or offer in compliance with MiFID to the extent it applies to it or, to the extent MiFID does not apply to it, in a manner which would be in compliance with MiFID if it were to apply to it; and*

*(iii)* *it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA) relating to the promotion, offering, distribution and/or sale of the Securities, including any such laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Securities by investors in any relevant jurisdiction.*

*Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Securities from the Issuer and/or the Dealers the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.*

***SECURITYHOLDER ACKNOWLEDGMENT OF POTENTIAL DISCLOSURE***

*EACH SECURITYHOLDER (INCLUDING EACH BENEFICIAL OWNER) ACKNOWLEDGES THAT THE STOCK EXCHANGE OF HONG KONG (THE "**HKSE**") AND THE SECURITIES AND FUTURES COMMISSION OF HONG KONG (THE "**SFC**") MAY REQUEST THE ISSUER AND/OR THE DEALERS TO REPORT CERTAIN INFORMATION WITH RESPECT TO SUCH SECURITYHOLDER, INCLUDING, AMONG OTHER THINGS, SUCH SECURITYHOLDER'S NAME, COUNTRIES OF OPERATION AND ALLOTMENT SIZES, THAT THE ISSUER AND THE DEALERS MAY PROVIDE THE HKSE AND THE SFC WITH ANY SUCH REQUESTED INFORMATION WITH RESPECT TO SUCH SECURITYHOLDER AND THAT THE ISSUER'S MAJOR SHAREHOLDERS (INCLUDING THOSE WHO INVESTED IN THE SECURITIES) AND THEIR RESPECTIVE SHAREHOLDING POSITIONS MAY BE DISCLOSED IN THE ISSUER'S ANNUAL REPORTS AND/OR OTHER PUBLIC FILINGS TO BE MADE BY THE ISSUER IN ACCORDANCE WITH APPLICABLE STOCK EXCHANGE RULES OR REGULATORY REQUIREMENTS.*"

3. In the section entitled "Subscription and Sale" on pages 105 to 107 of the Offering Memorandum, the paragraph entitled "United Kingdom" on page 106 of the Offering Memorandum shall be deleted in its entirety and shall be replaced with the following:

"***United Kingdom***

Each Dealer and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer;

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom; and

(c) it has complied and will comply with the TMR Rules, with such Dealer deemed to be a "firm" for these purposes."

4. In the section entitled "General Information" on pages 108 to 109 of the Offering Memorandum, paragraph 12 of page 109 shall be deleted in its entirety and shall be replaced with the following:

"12. Unless the Securities have (or will have on the date fixed for redemption) ceased fully to qualify as part of the Issuer's regulatory capital, the Issuer shall not exercise any right under the Conditions to redeem or purchase Securities unless the Issuer has first obtained a Relevant Supervisory Consent, if the same is required at such time by the Lead Regulator applicable to the Issuer.

For these purposes, a "**Relevant Supervisory Consent**" means, as required, a consent or waiver to, or, following the giving of any required notice, the receipt of no objection to, the relevant redemption or purchase from the Lead Regulator applicable to the Issuer.

In the event any Securities are to be redeemed in accordance with the Conditions prior to the fifth anniversary of their issue date:

(a) due to the occurrence of a Capital Disqualification Event, the Relevant Rules oblige and are currently expected to continue to oblige the Issuer to demonstrate to the satisfaction of the Lead Regulator applicable to the Issuer that the relevant event was not reasonably foreseeable at the Issue Date; or

(b) pursuant to Condition 6(b) (*Redemption for Taxation Reasons*), the Relevant Rules oblige and are currently expected to continue to oblige the Issuer to demonstrate to the satisfaction of the Lead Regulator applicable to the Issuer that the relevant event was material and was not reasonably foreseeable at Issue Date,

in each case prior to the Relevant Supervisory Consent being obtained for such redemption.

For these purposes, "**Relevant Rules**" means the capital requirement rules from time to time as applied by the Lead Regulator applicable to the Issuer and as amended from time to time."

**ANNEX 2**
**AMENDMENTS TO RISK FACTORS IN THE OFFERING MEMORANDUM**

1. The paragraph beginning "The Section entitled "Top and emerging risks"…" and ending with "to investors in relation to the Securities" under "Risks relating to the Issuer" on page 1 of the Offering Memorandum shall be deleted in its entirety and replaced with the following:

   "The section entitled "*Risk Factors*" on pages 111a to 111k of the Annual Report on Form 20-F of the Issuer for the year ended 31 December 2014, as incorporated by reference herein, sets out a description of the risk factors that may affect the ability of the Issuer to fulfil its obligations to investors in relation to the Securities."

2. In the risk factor entitled "*The circumstances surrounding or triggering a conversion are inherently unpredictable and may be caused by factors outside of the Issuer's control. The Issuer has no obligation to operate its businesses in such a way, or take any mitigating actions, to maintain or restore the Group's Common Equity Tier 1 Capital Ratio to avoid a Capital Adequacy Trigger and actions the Issuer takes could result in the Group's Common Equity Tier 1 Capital Ratio falling.*" on pages 7 and 8 of the Offering Memorandum, the words "the resolution authority to be specified for UK banks (the "**Relevant UK Resolution Authority**")" shall be deleted and replaced with "the HM Treasury, the Bank of England, the PRA or the FCA in its capacity as resolution authority specified for UK banks (each a "**Relevant UK Resolution Authority**")".

3. In the risk factor entitled "*CRD IV introduces restrictions on distributions that will restrict the Issuer from making interest payments on the Securities in certain circumstances, in which case the Issuer will cancel such interest payments. In addition, the PRA has the power under section 55M of the Financial Services and Markets Act 2000 (implementing Article 104 of the CRD IV Directive) to restrict or prohibit payments of interest by the Issuer to Securityholders.*" on pages 3 and 4 of the Offering Memorandum:

   a. The following shall be inserted at the end of the heading of this risk factor before the full stop:

      " and the FSB has issued a proposal on TLAC which, if implemented, may further restrict or prohibit payments of interest by the Issuer to Securityholders"

   b. the following shall be inserted at the end of the fifth paragraph in this risk factor beginning with "The Group's capital requirements, including Pillar 2A guidance…":

      "The PRA is currently consulting on further changes to the calculation of the Pillar 2 requirement in its consultation paper CP1/15 and, among other things, has proposed that a new PRA buffer should be met with 100 per cent. CET1 Capital which should be in addition to the CET1 Capital used to meet CRD buffers by January 2019."

   c. the following shall be inserted as new paragraphs after the sixth paragraph in this risk factor beginning with "In addition, the PRA has the power under section 55M of…":

      "Directive 2014/59/EU (the "**Bank Recovery and Resolution Directive**" or "**BRRD**") requires EU member states to enable their resolution authorities to set a Minimum Requirement for Eligible Liabilities ("**MREL**") for banks in their jurisdiction by 1 January 2016 at the latest. EBA has produced a consultation paper about how this requirement might be implemented, in which it states that the EU implementation of MREL will be compatible with the proposals of the Financial Stability Board ("**FSB**") on Total Loss Absorbing Capacity ("**TLAC**"). The TLAC proposal suggests that capital buffers which influence the maximum distributable amount under CRD IV are intended to be met separately from the TLAC requirements, and therefore the upper boundary of the capital conservation zone could be de facto moved to a higher level as a result of the TLAC requirement being introduced by regulators.

      Uncertainties exist regarding the configuration and level of MREL, and consequently, how this will affect the Board of Directors' opinion on capital requirements, the maximum distributable amount and the increase in risk that future payments on the

Securities will be restricted. If UK authorities implement the MREL requirement in accordance with the TLAC proposal as it currently stands, this will increase the possibility that the Issuer might breach its combined buffer requirement and therefore may need to cancel (in whole or in part) interest payments in respect of the Securities."

4. In the risk factor entitled "The Securities will be subject to conversion following the occurrence of a Capital Adequacy Trigger, in which case the Securities will be converted into Ordinary Shares." on page 7 of the Offering Memorandum, the third paragraph beginning with "A Capital Adequacy Trigger will occur…" and ending with "… on such date." shall be deleted in its entirety and shall be replaced with the following:

   "A Capital Adequacy Trigger will occur if the Group determines that its Common Equity Tier 1 Capital Ratio (on a consolidated basis and without applying the transitional provisions set out in Part Ten of the CRD IV Regulation in accordance with the Applicable Rules applicable to the Group as at such date) is below 7.00 per cent. as of any business day on which the Common Equity Tier 1 Capital Ratio is calculated."

5. In the risk factor entitled "For the purposes of the Capital Adequacy Trigger, the Common Equity Tier 1 Capital Ratio will be calculated on a consolidated basis and without applying the transitional provisions set out in Part Ten of the CRD IV Regulation. This will result in a lower calculated Common Equity Tier 1 Capital Ratio than one which applies the transitional provisions set out in Part Ten of the CRD IV Regulation, increasing the potential for conversion in the short term. Changes to the calculation of the CET1 Capital and/or risk weighted assets may negatively affect the Group's Common Equity Tier 1 Capital Ratio, thereby increasing the risk of a Capital Adequacy Trigger which will lead to conversion, as a result of which the Securities will automatically be converted into Ordinary Shares." on pages 8 to 10 of the Offering Memorandum, the words "Quarterly Financial Period End Dates" in the final paragraph of this risk factor on page 10 of the Offering Memorandum shall be deleted and shall be replaced with "last day of each financial quarter of the Issuer".

6. The risk factors entitled "European Resolution Regime" and "Banking Act" on pages 14 to 16 of the Offering Memorandum shall be deleted in their entirety and shall be replaced by the following:

   "***Applicable Bank Resolution Powers***

   HSBC Holdings, as the parent company of a UK bank, is subject to the Banking Act 2009 (the "**Banking Act**") which gives wide powers in respect of UK banks and their parent and other group companies to the Relevant UK Resolution Authority in circumstances where a UK bank has encountered or is likely to encounter financial difficulties. The Banking Act implements the provisions of the BRRD. These powers include powers to: (a) transfer all or some of the securities issued by a UK bank or its parent, or all or some of the property, rights and liabilities of a UK bank or its parent (which would include Securities issued by the Issuer under the Programme), to a commercial purchaser or, in the case of securities, to HM Treasury or an HM Treasury nominee, or, in the case of property, rights or liabilities, to an entity owned by the Bank of England; (b) override any default provisions, contracts, or other agreements, including provisions that would otherwise allow a party to terminate a contract or accelerate the payment of an obligation; (c) commence certain insolvency procedures in relation to a UK bank; and (d) override, vary or impose contractual obligations, for reasonable consideration, between a UK bank or its parent and its group undertakings (including undertakings which have ceased to be members of the group), in order to enable any transferee or successor bank of the UK bank to operate effectively. The Banking Act also gives power to HM Treasury to make further amendments to the law for the purpose of enabling it to use the special resolution regime powers effectively, potentially with retrospective effect.

   The powers granted to the Relevant UK Resolution Authority include (but are not limited to) a "write-down and conversion of capital instruments" power and a "bail-in" power.

   The write-down and conversion of capital instruments power may be used where the Relevant UK Resolution Authority has determined that the institution concerned has reached the point of non-viability, but that no bail-in of instruments other than capital instruments is required

(however the use of the write-down power does not preclude a subsequent use of the bail-in power where the conditions to resolution are met). Any write-down effected using this power must reflect the insolvency priority of the written-down claims – thus common equity must be written off in full before subordinated debt is affected. Where the write-down and conversion of capital instruments power is used, the write-down is permanent and investors receive no compensation (save that common equity tier 1 instruments may be required to be issued to holders of written-down instruments). The write-down and conversion of capital instruments power is not subject to the "no creditor worse off" safeguard.

The bail-in power gives the Relevant UK Resolution Authority the power to cancel all or a portion of the principal amount of, or interest on, certain unsecured liabilities (which could include the Securities) of a failing financial institution or its holding company, and/or to convert certain debt claims (which could be amounts payable under the Securities) into another security, including ordinary shares of the surviving entity, if any. The Banking Act requires the Relevant UK Resolution Authority to apply the "bail-in" power in accordance with a specified preference order which differs from the ordinary insolvency order. In particular, the Relevant UK Resolution Authority must write-down or convert debts in the following order: (i) additional tier 1, (ii) tier 2, (iii) other subordinated claims and (iv) eligible senior claims. As a result, subordinated Securities which qualify as capital instruments may be fully or partially written down or converted even where other subordinated debt that does not qualify as capital is not affected. This could effectively subordinate such Securities to the Issuer's other subordinated indebtedness that is not additional tier 1 or tier 2 capital.

Although the exercise of bail-in power under the Banking Act is subject to certain pre-conditions, there remains uncertainty regarding the specific factors (including, but not limited to, factors outside the control of the Issuer or not directly related to the Issuer) which the Relevant UK Resolution Authority would consider in deciding whether to exercise such power with respect to the Issuer and its securities (including the Securities). Moreover, as the Relevant UK Resolution Authority may have considerable discretion in relation to how and when it may exercise such power, holders of the Issuer's securities may not be able to refer to publicly available criteria in order to anticipate a potential exercise of such power and consequently its potential effect on the Issuer and its securities.

As well as a "write-down and conversion of capital instruments" power and a "bail-in" power, the powers of the Relevant UK Resolution Authority under the Banking Act include the power to (i) direct the sale of the relevant financial institution or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply, (ii) transfer all or part of the business of the relevant financial institution to a "bridge institution" (an entity created for such purpose that is wholly or partially in public control) and (iii) separate assets by transferring impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only). In addition, the Banking Act gives the Relevant UK Resolution Authority power to amend the maturity date and/or any interest payment date of debt instruments or other eligible liabilities of the relevant financial institution and/or impose a temporary suspension of payments and/or discontinuing the listing and admission to trading of debt instruments.

The exercise by the Relevant UK Resolution Authority of any of the above powers under the Banking Act (including especially the write-down and conversion of capital instruments power and the bail-in power) could lead to the holders of the Securities losing some or all of their investment. Moreover, trading behaviour in relation to the securities of the Issuer (including the Securities), including market prices and volatility, may be affected by the use or any suggestion of the use of these powers and accordingly, in such circumstances, the Securities are not necessarily expected to follow the trading behaviour associated with other types of securities. There can be no assurance that the taking of any actions under the Banking Act by the Relevant UK Resolution Authority or the manner in which its powers under the Banking Act are exercised will not materially adversely affect the rights of holders of the Securities, the market value of an investment in the Securities and/or the Issuer's ability to satisfy its obligations under the Securities."

7. The risk factor entitled "*Credit ratings may not reflect all risks; effect of reductions in credit ratings.*" on pages 18 and 19 of the Offering Memorandum shall be deleted and replaced with the following:

"***Credit ratings may not reflect all risks; effect of reductions in credit ratings.***

One or more independent credit rating agencies may assign credit ratings to the Issuer and to any Series of Securities. Such credit ratings may not reflect the potential impact of all risks related to structure, market, risk factors discussed herein or other factors that may affect the value of the Securities. Accordingly, an investor may suffer losses if the credit rating assigned to any Securities does not reflect the true credit risks relating to such Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the relevant rating agency at any time.

As of 13 March 2015 the Issuer's long-term rating outlooks by Fitch Ratings Limited and Standard & Poor's ("**S&P**") are stable and Moody's Investor Service Limited's ("**Moody's**") rating outlook is negative. Among other things, Moody's rating outlook reflects the potential removal of government support (in whole or in part) as a factor in the Issuer's rating due to the European resolution framework, including the BRRD and the UK bail-in power.

The rating agencies that currently, or may in the future, publish a rating for the Issuer or the Securities may change the methodologies that they use for analysing securities with features similar to the Securities. For example, in September 2014 S&P revised the ratings on bank hybrid capital instruments as a result of a change in their methodology for assessing such instruments. Rating agencies that assign ratings to the Securities may adopt methodology changes with similar effects on the Securities' ratings.

The value of any Securities may be affected, in part, by investors' general appraisal of the Issuer's creditworthiness. Such perceptions are generally influenced by credit ratings. Real or expected downgrades, suspensions or withdrawals of, or changes in the methodology used to determine, credit ratings accorded to any securities of the Issuer, including the Securities, or to the Issuer's debt securities generally, by any credit rating agency, could result in a reduction of the trading value of the Securities."

8. The heading "Risks relating to Renminbi-denominated Securities" and the risk factors set out under the heading "Risks relating to Renminbi-denominated Securities" on pages 19 to 24 of the Offering Memorandum shall be deleted in its entirety and shall be replaced by the following:

**"Risks relating to Renminbi-denominated Securities**

***Renminbi is not freely convertible and there are significant restrictions on the remittance of Renminbi into and out of the PRC which may adversely affect the liquidity of Renminbi-denominated Securities.***

Renminbi is not freely convertible at present. The government of the PRC (the "**PRC Government**") continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite significant reduction in control by it in recent years over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

However, remittance of Renminbi by foreign investors into the PRC for the purposes of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

The People's Bank of China (the "**PBoC**") promulgated the "Administrative Measures on Renminbi Settlement of Foreign Direct Investment" (外商直接投資人民幣結算業務管理辦法) (the "**PBoC FDI Measures**") on 13 October 2011 as part of the PBoC's Renminbi foreign direct investments ("**FDI**") accounts administration system. The system covers almost all aspects in

relation to FDI, including capital injections, payments for the acquisition of PRC domestic enterprises, repatriation of dividends and other distributions, as well as Renminbi denominated cross-border loans. On 14 June 2012, the PBoC issued a circular setting out the operation guidelines for FDI. Under the PBoC FDI Measures, special approval for FDI and shareholder loans from PBoC, which was previously required, is no longer necessary. In some cases however, post-event filing with PBoC is still necessary.

On 3 December 2013, the Ministry of Commerce of the PRC ("**MOFCOM**") promulgated the "Circular on Issues in relation to Cross-border Renminbi Foreign Direct Investment" (商務部關於跨境人民幣直接投資有關問題的公告) (the "**MOFCOM Circular**"), which became effective on 1 January 2014, to further facilitate FDI by simplifying and streamlining the applicable regulatory framework. Pursuant to the MOFCOM Circular, the appropriate office of MOFCOM and/or its local counterparts will grant written approval for each FDI and specify "Renminbi Foreign Direct Investment" and the amount of capital contribution in the approval. Unlike previous MOFCOM regulations on FDI, the MOFCOM Circular removes the approval requirement for foreign investors who intend to change the currency of their existing capital contribution from a foreign currency to Renminbi. In addition, the MOFCOM Circular also clearly prohibits the FDI funds from being used for any investment in securities and financial derivatives (except for investments in PRC listed companies as strategic investors) or for entrustment loans in the PRC.

As the MOFCOM Circular and the PBoC FDI Measures are relatively new circulars, they will be subject to interpretation and application by the relevant authorities in the PRC.

There is no assurance that the PRC Government will continue to liberalise control over cross-border remittance of Renminbi in the future, that the pilot schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under Securities denominated in Renminbi.

***There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of Renminbi-denominated Securities and the Issuer's ability to source Renminbi outside the PRC to service Renminbi-denominated Securities.***

As a result of the restrictions imposed by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited.

While PBoC has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the "**Renminbi Clearing Banks**"), including but not limited to Hong Kong and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the "**Settlement Arrangements**"), the current size of Renminbi-denominated financial assets outside the PRC is limited.

There are restrictions imposed by PBoC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from PBoC. The Renminbi Clearing Bank only have access to onshore liquidity support from PBoC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future so as to have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of Renminbi-denominated Securities. To the extent the

Issuer is required to source Renminbi outside the PRC to service Renminbi-denominated Securities, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all. If Renminbi is not available in certain circumstances as described in the Conditions applicable to Renminbi-denominated Securities, the Issuer can make payments in U.S. dollars as set out in the Conditions.

***Investment in Renminbi-denominated Securities is subject to exchange rate risks.***

The value of Renminbi against other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. The Issuer will make all payments of interest and principal with respect to Renminbi-denominated Securities in Renminbi unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against another currency, the value in that currency of the investment made by a holder of Renminbi-denominated Securities will decline.

***Investment in Renminbi-denominated Securities is subject to currency risk.***

If the Issuer is not able, or it is impracticable for it, to satisfy its obligation to pay interest and principal on Renminbi-denominated Securities as a result of Inconvertibility, Non-transferability or Illiquidity (each, as defined in the Conditions), the Issuer shall be entitled, on giving not less than five or more than 30 calendar days' irrevocable notice to the investors prior to the due date for payment, to settle any such payment in U.S. Dollars on the due date at the U.S. Dollar Equivalent (as defined in the Conditions) of any such interest or principal, as the case may be.

***Investment in Renminbi-denominated Securities is subject to interest rate risks.***

The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

Renminbi-denominated Securities may carry a fixed interest rate. Consequently, the trading price of Renminbi-denominated Securities will vary with the fluctuations in the Renminbi interest rates. If holders of Renminbi-denominated Securities propose to sell their Renminbi-denominated Securities before their maturity, they may receive an offer lower than the amount they have invested.

***Payments with respect to Renminbi-denominated Securities may be made only in the manner designated in Renminbi-denominated Securities.***

Investors may be required to provide certification and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong. All Renminbi payments to investors in respect of Renminbi-denominated Securities will be made solely (i) for so long as Renminbi-denominated Securities are represented by global securities or global registered securities held with the common depositary or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg, or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong, or (ii) for so long as Renminbi-denominated Securities are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. Other than described in the Conditions, the Issuer cannot be required to make payment by any other means (including in any other currency or in bank instruments, by cheque or draft or by transfer to a bank account in the PRC).

***Gains on the transfer of Renminbi-denominated Securities may become subject to income taxes under PRC tax laws.***

Under the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and the relevant implementing rules as amended from time to time, any gain realised on the transfer of Renminbi-denominated Securities by non-PRC resident enterprise or individual Holders may be

subject to PRC enterprise income tax ("**EIT**") or PRC individual income tax ("**IIT**") if such gain is regarded as income derived from sources within the PRC. While the PRC Enterprise Income Tax Law levies EIT at the rate of 20 per cent. of the gains derived by such non-PRC resident enterprise Securityholders from the transfer of the Securities, its implementation rules have reduced the enterprise income tax rate to 10 per cent. In accordance with the PRC Individual Income Tax Law and its implementation rules (as amended from time to time), any gain realised by a non-PRC resident individual Securityholder from the transfer of the Securities may be regarded as being sourced from the PRC and thus be subject to IIT at a rate of 20 per cent. of the gains derived by such non-PRC resident individual Securityholder from the transfer of the Securities. However, uncertainty remains as to whether the gain realised from the transfer of Renminbi-denominated Securities by a non-PRC resident enterprise or individual Holders would be treated as income derived from sources within the PRC and subject to the EIT or the IIT. This will depend on how the PRC tax authorities interpret, apply or enforce the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and the relevant implementing rules. According to the arrangement between the PRC and Hong Kong, for the avoidance of double taxation, holders of Securities who are residents of Hong Kong including enterprise holders and individual holders, will not be subject to the EIT or IIT on any capital gains derived from a sale or exchange of Renminbi-denominated Securities.

Therefore, if non-PRC resident enterprise or individual resident Holders are required to pay PRC income tax on gains derived from the transfer of Renminbi-denominated Securities (such EIT is currently levied at the rate of 10 per cent. of gains realised and such IIT is currently levied at the rate of 20 per cent. of gains realised (with deduction of reasonable expenses), unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-PRC resident enterprise or individual resident holders of Renminbi-denominated Securities reside that reduces or exempts the relevant EIT or IIT (however, qualified holders may not enjoy the treaty benefit automatically but through a successful application with the PRC tax authorities)), the value of their investment in Renminbi-denominated Securities may be materially and adversely affected.

***Remittance of proceeds into or out of the PRC in Renminbi***

In the event that the Issuer decides to remit some or all of the proceeds into the PRC in Renminbi, its ability to do so will be subject to obtaining all necessary approvals from, and/or registration or filing with, the relevant PRC government authorities. However, there is no assurance that the necessary approvals from, and/or registration or filing with, the relevant PRC government authorities will be obtained at all or, if obtained, they will not be revoked or amended in the future.

There is no assurance that the PRC Government will continue to gradually liberalise the control over cross-border Renminbi remittances in the future, that the pilot scheme introduced will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. In the event that the Issuer does remit some or all of the proceeds into the PRC in Renminbi and the Issuer subsequently is not able to repatriate funds out of the PRC in Renminbi, it will need to source Renminbi outside the PRC to finance its obligations under Renminbi-denominated Securities, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

***PRC Currency Controls - Current Account Items***

Under PRC foreign exchange control regulations, current account items refer to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers.

Prior to July 2009, all current account items were required to be settled in foreign currencies with limited exceptions. In July 2009, the PRC commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. On 17 June 2010, 24 August 2011 and 3 February 2012 respectively, the PRC government promulgated the Circular on Issues concerning the Expansion of the Scope of the

Pilot Programme of Renminbi Settlement of Cross-Border Trades (Yin Fa (2010) No. 186) (关于扩大跨境贸易人民币结算试点有关问题的通知), the Circular on Expanding the Regions of Cross-border Trade Renminbi Settlement (关于扩大跨境贸易人民币结算地区的通知) and the Notice on Matters Relevant to the Administration of Enterprises Engaged in Renminbi Settlement of Export Trade in Goods (关于出口货物贸易人民币结算企业管理有关问题的通知) (together as "**Circulars**"). Pursuant to these Circulars, (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts were expanded to cover all provinces and cities in the PRC, (iii) the restriction on designated offshore districts has been lifted and (iv) any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports of goods without obtaining the approval as previously required, provided that the relevant provincial government has submitted to PBoC and five other PRC authorities (the "**Six Authorities**") a list of key enterprises subject to supervision and the Six Authorities have verified and signed off such list (the "**Supervision List**").

On 5 July, 2013, the PBoC promulgated the Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures (關於簡化跨境人民幣業務流程和完善有關政策的通知) (the "**2013 PBoC Circular**"), which, in particular, simplifies the procedures for cross-border Renminbi trade settlement under current account items. For example, PRC banks may conduct settlement for PRC enterprises (excluding those on the Supervision List) upon the PRC enterprises presenting the payment instruction. PRC banks may also allow PRC enterprises to make/receive payments under current account items prior to the relevant PRC bank's verification of underlying transactions (noting that verification of underlying transactions is usually a precondition for cross-border remittance).

As new regulations, the Circulars and the 2013 PBoC Circular will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying the Circulars and the 2013 PBoC Circular and impose conditions for settlement of current account items. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the use of Renminbi for payment of transactions categorised as current account items, then such settlement will need to be made subject to the specific requirements or restrictions set out in such regulations.

***PRC Currency Controls - Capital Account Items***

Under PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of, and/or registration or filing with, the relevant PRC authorities.

Until recently, settlements for capital account items were generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) are required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or relevant PRC parties were also generally required to make capital account payments including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to foreign investors in a foreign currency.

On 10 May 2013, the State Administration of Foreign Exchange of the PRC (國家外匯管理局) ("**SAFE**") promulgated the "Provisions on the Foreign Exchange Administration of Domestic Direct Investment by Foreign Investors" (外國投資者境內直接投資外匯管理規定) (the "**SAFE Provisions**"), which became effective on 13 May 2013. According to the SAFE Provisions, foreign investors can use cross-border Renminbi (including Renminbi inside and outside the PRC held in the capital accounts of non-PRC residents) to make a contribution to an onshore enterprise or make a payment for the transfer of an equity interest of an onshore enterprise by a PRC resident within the total investment amount approved by the competent authorities (for example, MOFCOM and/or its local counterparts as well as financial regulators). Capital account transactions in Renminbi must generally follow the current foreign exchange control regime applicable to foreign currencies.

Under current rules promulgated by SAFE, foreign debts borrowed and the foreign security provided by an onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt and foreign security regime. Furthermore, according to the 2013 PBoC Circular, upon enforcement of foreign security in Renminbi provided by onshore non-financial enterprises, PRC banks may provide Renminbi settlement services (i.e. remittance of enforcement proceeds) directly, which seems to indicate that SAFE approval for enforcement (which would be required in the case of the external guarantees in foreign currencies) is no longer required. However, SAFE has not amended its positions under the current applicable rules, nor has it issued any regulations to confirm the positions in the 2013 PBoC Circular. Therefore, there remain potential inconsistencies between the provisions of the SAFE rules and the provisions of the 2013 PBoC Circular and it is unclear how SAFE will deal with such inconsistencies in practice.

The SAFE Provisions, the MOFCOM Circular and the PBoC FDI Measures, which are new regulations, have been promulgated to control the remittance of Renminbi for payment of transactions categorised as capital account items and such new regulations will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules."

**ANNEX 3**
**AMENDMENTS TO FORM OF PRICING SUPPLEMENT**

In the section entitled "Form of Pricing Supplement" on pages 30 to 39 of the Offering Memorandum:

1. The paragraph beginning with "The Securities are not intended to be sold…" and ending with "was currently in force.]" on page 30 of the Offering Memorandum shall be deleted in its entirety and shall be replaced with the following:

   "**The Securities are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Securities to retail investors.**

   **In particular, in August 2014, the United Kingdom Financial Conduct Authority (the "FCA") published the Temporary Marketing Restriction (Contingent Convertible Securities) Instrument 2014 (as amended or replaced from time to time, the "TMR") which took effect on 1 October 2014. Under the rules set out in the TMR (as amended or replaced from time to time, the "TMR Rules"), certain contingent write-down or convertible securities, such as the Securities, must not be sold to retail clients in the EEA and nothing may be done that would or might result in the buying of such securities or the holding of a beneficial interest in such securities by a retail client in the EEA (in each case within the meaning of the TMR Rules), other than in accordance with the limited exemptions set out in the TMR Rules.**

   **The Dealers are required to comply with the TMR Rules. By purchasing, or making or accepting an offer to purchase, any Securities from the Issuer and/or the Dealers, each prospective investor represents, warrants, agrees with and undertakes to the Issuer and each of the Dealers that:**

   **(i) it is not a retail client in the EEA (as defined in the TMR Rules);**

   **(ii) whether or not it is subject to the TMR Rules, it will not sell or offer the Securities to retail clients in the EEA or do anything (including the distribution of the Offering Memorandum) that would or might result in the buying of the Securities or the holding of a beneficial interest in the Securities by a retail client in the EEA (in each case within the meaning of the TMR Rules), other than (i) in relation to any sale of or offer to sell Securities to a retail client in or resident in the United Kingdom, in circumstances that do not and will not give rise to a contravention of the TMR Rules by any person and/or (ii) in relation to any sale of or offer to sell Securities to a retail client in any EEA member state other than the United Kingdom, where (a) it has conducted an assessment and concluded that the relevant retail client understands the risks of an investment in the Securities and is able to bear the potential losses involved in an investment in the Securities and (b) it has at all times acted in relation to such sale or offer in compliance with MiFID to the extent it applies to it or, to the extent MiFID does not apply to it, in a manner which would be in compliance with MiFID if it were to apply to it; and**

   **(iii) it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA) relating to the promotion, offering, distribution and/or sale of the Securities, including any such laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Securities by investors in any relevant jurisdiction.**

   **Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Securities from the Issuer and/or the Dealers the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.**"

2. Paragraph 18 of Part A (Contractual Terms) on page 35 of the Offering Memorandum shall be deleted and the subsequent paragraphs of Part A (Contractual Terms) shall be renumbered accordingly.

**ANNEX 4**
**AMENDMENTS TO TERMS AND CONDITIONS**

In the section entitled "Terms and Conditions of the Securities" on pages 40 to 93 of the Offering Memorandum:

1. In Condition 10(a) (*Occurrence of Capital Adequacy Trigger*) on pages 59 to 60 of the Offering Memorandum, the second paragraph beginning with "Following the occurrence of a Capital Adequacy Trigger in respect of the Affected Securities…" and ending with "… as the Lead Regulator applicable to the Issuer may require)" on page 60 of the Offering Memorandum shall be deleted in its entirety and shall be replaced by the following:

   "Following the occurrence of a Capital Adequacy Trigger in respect of the Affected Securities, the Issuer shall give a notice of the occurrence thereof (a "**Capital Adequacy Trigger Notice**") to the Holders of the Affected Securities in accordance with Condition 15, with a copy thereof to the Trustee and the Principal Paying and Conversion Agent on or as soon as practicable after the date on which the Capital Adequacy Trigger occurs (and, in any event, within such period as the Lead Regulator applicable to the Issuer may require)."

2. In Condition 10(a) (*Occurrence of Capital Adequacy Trigger*) on pages 59 to 60 of the Offering Memorandum, the words "Capital Adequacy Trigger Valuation Date" in the third paragraph beginning with "The Capital Adequacy Trigger Notice shall…" and ending with "… details of the Settlement Shares Depositary" on page 60 of the Offering Memorandum shall be deleted and replaced with the word "date".

3. The paragraph beginning with "In the case of a Qualifying Relevant Event:" and paragraphs (1) and (2) of Condition 10(d)(iii) on page 62 of the Offering Memorandum shall be deleted in their entirety and shall be replaced with the following:

   "In the case of a Qualifying Relevant Event, the Issuer shall, on or prior to the New Conversion Effective Date, enter into such agreements and arrangements, which may include deeds supplemental to the Trust Deed, and such amendments and modifications to the Trust Deed shall be made, to ensure that, with effect from the New Conversion Effective Date, the Securities shall (following the occurrence of a Capital Adequacy Trigger) be convertible into, or exchangeable for, Relevant Shares of the Approved Entity, *mutatis mutandis* in accordance with, and subject to, this Condition 10 (as the same may be so supplemented, amended or modified) at the New Conversion Price. With effect from the New Conversion Effective Date, the Issuer shall have no further obligation to deliver or procure delivery of any Ordinary Shares or Relevant Shares, and the Approved Entity shall be obliged to deliver or procure delivery of Relevant Shares in accordance with such agreements and arrangements entered into by the Approved Entity."

4. In Condition 20 (*Definitions*) on pages 76 to 93 of the Offering Memorandum:

   a. In the definition of "Applicable Rules" on page 77 of the Offering Memorandum, the words "(such as regulatory technical standards)" shall be deleted and replaced with the words "(such as regulatory or implementing technical standards)".

   b. In the definition of "Capital Adequacy Trigger" on page 78 of the Offering Memorandum and in the definition of "Risk Weighted Assets" on page 90 of the Offering Memorandum, the words "any Capital Adequacy Trigger Valuation Date" shall be deleted and replaced with the words "any business day on which the Common Equity Tier 1 Capital Ratio of the Group is calculated".

   **c.** The definitions of "Capital Adequacy Trigger Valuation Date" on page 78 of the Offering Memorandum, "Ordinary Reporting Date" on page 87 of the Offering Memorandum, and "Quarterly Financial Information" and "Quarterly Financial Period End Date" on page 88 of the Offering Memorandum shall be deleted.