

TERMS AND CONDITIONS OF THE BONDS

The following is the text of the Terms and Conditions of the Bonds (subject to completion and modification and excluding italicised text) which will be endorsed on each definitive certificate evidencing the Bonds.

The U.S.\$200,000,000 5.75 per cent. subordinated Tier 2 bonds due 2032 (each a “**Bond**” and together, the “**Bonds**”) of Chiyu Banking Corporation Limited (the “**Issuer**”) issued on 7 April 2022 (the “**Issue Date**”) are constituted by a trust deed (such trust deed as amended and/or supplemented and/or restated from time to time, the “**Trust Deed**”) dated 7 April 2022 and made between the Issuer and Bank of Communications Trustee Limited (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed). These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds. The Bondholders (as defined below) are entitled to the benefit of, and are bound by, and are deemed to have notice of, all of the provisions of the Trust Deed, and are deemed to have notice of those provisions applicable to them of the agency agreement (such agency agreement as amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) dated 7 April 2022 and made between the Issuer, the Trustee, Bank of Communications Co., Ltd. Hong Kong Branch as principal paying agent (the “**Principal Paying Agent**”, which expression shall include any successor thereto), as registrar (the “**Registrar**”, which expression shall include any successor thereto) and as transfer agent (the “**Transfer Agent**”, which expression shall include any successor and additional transfer agent thereto) and any other agents named therein. References to the “**Paying Agents**” include the Principal Paying Agent and references to the “**Transfer Agents**” include the Transfer Agent. References to the “**Principal Paying Agent**”, the “**Registrar**”, the “**Transfer Agent**” and the “**Agents**” below are to the principal paying agent, the registrar, the transfer agent and the agents for the time being for the Bonds. Copies of the Trust Deed and the Agency Agreement are available for inspection at all reasonable times during usual business hours by the Bondholders upon prior written request and proof of holding and identity to the satisfaction of the Trustee or the Principal Paying Agent, as the case may be, at the principal office of the Trustee (being at the Issue Date at 1/F, Far East Consortium Building, 121 Des Voeux Road Central, Central, Hong Kong) and at the specified office of the Principal Paying Agent.

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Trust Deed.

1 FORM, DENOMINATION AND TITLE

(A) Form and Denomination

The Bonds are issued in registered form in the specified denomination of U.S.\$250,000 and integral multiples of U.S.\$1,000 in excess thereof (referred to as the “**principal amount**” of a Bond). The principal amount of a Bond is subject to adjustment following the occurrence of a Non-Viability Event (as defined in Condition 4(B)) in accordance with Condition 4(B) and references in these Conditions to the “**principal amount**” of a Bond shall mean the principal amount of a Bond as so adjusted. The Bonds are represented by registered certificates (“**Certificates**”) and each Certificate shall represent the entire holding of Bonds by the same holder. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders (the “**Register**”) which the Issuer will procure to be kept by the Registrar at the Registrar’s specified office and in accordance with the provisions of the Agency Agreement.

Upon issue, the Bonds will be represented by a global certificate (the “Global Certificate”) registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream”). The Conditions are modified by certain provisions contained in the Global Certificate.

Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.

(B) Title

Title to the Bonds passes only by registration in the Register as described in Condition 1(A). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Bond shall be deemed to be and may be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate (other than the endorsed form of transfer) evidencing it or its theft or loss) and no person shall be liable for so treating the Bondholder.

In these Conditions, reference to “**Bondholders**” or “**holders**” in relation to any Bonds shall mean the persons in whose name the Bonds are registered in the Register (or in the case of a joint holding, the first named thereof).

2 TRANSFERS OF THE BONDS

(A) Transfers of Interests in Bonds

Subject to the Agency Agreement and Condition 2(D), one or more Bonds may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Bonds to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or the relevant Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Bonds to a person who is already a holder of Bonds, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfers and registration of Bonds, the initial form of which is scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar with the prior written approval of the Trustee. A copy of the current regulations will be made available by the Registrar to any Bondholder upon request in writing and proof of holding and identity to the satisfaction of the Registrar.

Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

(B) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2(A) shall be available for delivery within seven business days of receipt by the Registrar or, as the case may be, the relevant Transfer Agent of a duly completed form of transfer and surrender of the existing Certificate(s) for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or any Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer and Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or, as the case may be, such Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(B), “**business day**” means a day, other than a Saturday, Sunday or public holiday, on which banks are open for business in the place of the specified office of the Registrar or the relevant Transfer Agent (as the case may be).

(C) Transfers Free of Charge

Registration of a transfer of Bonds and issuance of new Certificates shall be effected without charge by or on behalf of the Issuer or any Agent, but upon (i) payment by the relevant Bondholder (or the giving of such indemnity and/or security and/or pre-funding as the Issuer or any Agent may require) of any tax, duty or other governmental charges that may be imposed in relation to such transfer, (ii) the Registrar or the relevant Agent being satisfied in its absolute discretion with the documents of title or identity of the person making the application and (iii) the relevant Agent being satisfied that the regulations concerning transfers of Bonds have been complied with.

(D) Closed Periods

No Bondholder may require the transfer of a Bond to be registered (i) during the period of 15 days prior to (and including) the due date of any payment of principal or interest in respect of the Bonds or (ii) during the period commencing on the date of a Non-Viability Event Notice (as defined in Condition 4(B) below) and ending on (and including) the close of business in Hong Kong on the effective date of the related Write-off (as defined in Condition 4(B) below).

(E) Partial Write-off in Respect of Bonds in Definitive Form

In the case of a partial Write-off, or partial cancellation, conversion, modification and/or change in form pursuant to Condition 4(C) of a holding of Bonds represented by a single Certificate, a new Certificate shall be issued to the relevant Bondholder in respect of the balance of the holding not Written-off or not subject to cancellation, conversion, modification and/or change in form pursuant to Condition 4(C) (as the case may be). New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or the Transfer Agent.

So long as the Bonds are represented by the Global Certificate and such Global Certificate is held on behalf of Euroclear or Clearstream or any other clearing system, no holder may require the transfer of a Bond to be registered during the period of five Clearing System Business Days (or such other period as the relevant clearing systems shall determine in

accordance with their rules and procedures) commencing on the Clearing System Business Day immediately following the date on which the Non-Viability Event Notice has been received by the relevant clearing systems (the “Suspension Period”).

3 STATUS AND SUBORDINATION OF THE BONDS

(A) Status of the Bonds

The Bonds constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The rights and claims of the Bondholders are subordinated in the manner described below.

(B) Subordination

Subject to the insolvency laws of Hong Kong and other applicable laws, in the event of a Winding-Up (as defined below) of the Issuer (other than pursuant to a Permitted Reorganisation (as defined below)), the rights and claims of the Bondholders to payment of principal and interest on the Bonds, and any other obligations in respect of the Bonds, shall rank (i) subordinate and junior in right of payment to, and of all claims of, (a) all unsubordinated creditors of the Issuer (including its depositors), and (b) all other Subordinated Creditors of the Issuer whose claims are stated to rank senior to the Bonds or rank senior to the Bonds by operation of law or contract; (ii) *pari passu* in right of payment to and of all claims of the holders of Parity Obligations; and (iii) senior in right of payment to, and of all claims of, the holders of Tier 1 Capital Instruments (as defined below) and the holders of other Junior Obligations, in each case, present and future, in the manner provided in the Trust Deed.

In the event of a Winding-Up, any claim of the Bondholders or the Trustee to principal or any interest under the Bonds will only be satisfied after all obligations of the Issuer ranking senior to the Bonds have been satisfied in whole.

(C) Qualification of the Bonds

The Bonds are intended to qualify as Tier 2 capital under the Capital Regulations (as defined below).

For the purposes of these Conditions:

“**Authorized Institution**” has the meaning given to that term in the Banking Ordinance (Cap. 155) of Hong Kong as amended or superseded from time to time.

“**Capital Regulations**” means the Banking (Capital) Rules (Cap. 155L) of Hong Kong as amended or superseded from time to time, or any other capital regulations from time to time applicable to the regulatory capital of Authorized Institutions incorporated in Hong Kong as issued or implemented by the Monetary Authority.

“**Junior Obligation**” means all classes of the Issuer’s share capital and any instrument or other obligation (including without limitation any preference shares) issued, entered into or guaranteed by the Issuer that ranks or is expressed to rank junior to the Bonds by operation of law or contract.

“**Monetary Authority**” means the Monetary Authority appointed under section 5A of the Exchange Fund Ordinance (Cap. 66) of Hong Kong as amended or superseded from time to time or any successor thereto.

“Parity Obligation” means any instrument or other obligation issued, entered into or guaranteed by the Issuer that constitutes or qualifies as a Tier 2 Capital Instrument (or its equivalent) under applicable Capital Regulations or any instrument or other obligation issued, entered into or guaranteed by the Issuer that ranks or is expressed to rank *pari passu* with the Bonds by operation of law or contract, which, for the avoidance of doubt, excludes any Junior Obligations of the Issuer.

“Permitted Reorganisation” means a solvent reconstruction, amalgamation, reorganisation, merger or consolidation whereby all or substantially all the business, undertaking or assets of the Issuer are transferred to a successor entity which assumes all the obligations of the Issuer under the Bonds.

“Subordinated Creditors” means all creditors the indebtedness of which is subordinated, in the event of the Winding-Up of the Issuer, in right of payment to, and of all claims of, the depositors and other unsubordinated creditors of the Issuer other than those whose claims rank or are expressed to rank by operation of law or contract *pari passu* with, or junior to, the claims of the Bondholders. For this purpose indebtedness shall include all liabilities, whether actual or contingent.

“Tier 1 Capital Instrument” means any instrument or other obligation issued, entered into or guaranteed by the Issuer that constitutes Tier 1 capital of the Issuer pursuant to the Capital Regulations.

“Tier 2 Capital Instrument” means any instrument or other obligation issued, entered into or guaranteed by the Issuer that constitutes Tier 2 capital of the Issuer pursuant to the Capital Regulations.

“Winding-Up” means a final and effective order or resolution by a judicial authority in the jurisdiction of incorporation of the Issuer for the bankruptcy, winding up, liquidation or similar proceeding in respect of the Issuer.

(D) Set-off

Subject to applicable law, no Bondholder may exercise, claim or plead any right of set-off, counter-claim or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Bonds and each Bondholder shall, by virtue of being the Bondholder of any Bond, be deemed to have waived all such rights of such set-off, counter-claim or retention.

In the event that any Bondholder nevertheless receives (whether by set-off or otherwise) directly in a Winding-Up Proceeding in respect of the Issuer any payment by, or distribution of assets of, the Issuer of any kind or character, whether in cash, property or securities, in respect of any amount owing to it by the Issuer arising under or in connection with the Bonds, other than in accordance with Condition 3(B), such Bondholder shall, subject to applicable law, immediately pay an amount equal to the amount of such payment or discharge to the liquidator for the time being in the Winding-Up of the Issuer for distribution and each Bondholder, by virtue of becoming a holder of any Bond, shall be deemed to have so agreed and undertaken with and to the Issuer and all depositors and other unsubordinated creditors of the Issuer for good consideration.

4 INTEREST; NON-VIABILITY LOSS ABSORPTION; AND HONG KONG RESOLUTION AUTHORITY POWER

(A) Interest Payments

(i) Interest

The Bonds bear interest on their outstanding principal amount (subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 4(B)) from, and including, the Issue Date at the applicable Interest Rate, payable semi-annually in arrear on 7 April and 7 October in each year (each an “**Interest Payment Date**”) in equal instalments, provided that in respect of the first Interest Payment Date on 7 October 2022 and on each Interest Payment Date thereafter up to but excluding the First Call Date, the interest payable shall be equal to U.S.\$28.75 per Calculation Amount.

Unless otherwise provided in these Conditions, each Bond will cease to confer the right to receive any interest from the due date for redemption unless, upon surrender of the Certificate representing such Bond, payment of principal is improperly withheld or refused. In such event, interest shall continue to accrue at such rate (both before and after judgment) until the earlier of (a) the date on which all amounts due in respect of such Bond have been paid; and (b) three days after the date on which the full amount of moneys payable in respect of such Bond has been received by the Principal Paying Agent and notice to that effect has been given to the Bondholders in accordance with Condition 11 except to the extent that there is failure in the subsequent payment to the relevant Bondholder under these Conditions.

Any interest on the Bonds shall be made from distributable profits of the Issuer.

See “Risk Factors — Risk Factors Relating to the Bonds — The provisions on distributable profits in the Conditions are subject to interpretation by the relevant regulatory authorities and the application of relevant laws, rules and regulations” for more details.

The Bonds are not subject to any interest rate step-up or any other incentive to redeem. The interest is not linked to any credit rating of the Issuer and will not be adjusted according to changes in the credit rating of the Issuer in the future.

(ii) Interest Rate

The rate of interest (the “**Interest Rate**”) applicable to the Bonds shall be:

- (a) in respect of the period from, and including, the Issue Date to, but excluding, 7 April 2027 (the “**First Call Date**”), 5.75 per cent. per annum; and
- (b) in respect of the period from, and including, the First Call Date to, but excluding, 7 April 2032 (the “**Maturity Date**”), the Reset Interest Rate.

For the purposes of these Conditions:

“**Calculation Agent**” means the Principal Paying Agent and shall include any successor as calculation agent.

“Calculation Business Day” means any day, excluding a Saturday, a Sunday and a public holiday, on which banks are open for general business (including dealings in foreign currencies) in New York City and Hong Kong.

“Calculation Date” means the Calculation Business Day immediately preceding the First Call Date.

“Comparable Treasury Issue” means the U.S. Treasury security selected by the Issuer as having a maturity of five years that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities with a maturity of five years.

“Comparable Treasury Price” means, with respect to the Calculation Date, the average of three Reference Treasury Dealer Quotations for such Calculation Date.

“Reference Treasury Dealer” means each of the three nationally recognised investment banking firms selected by the Issuer that are primary U.S. Government securities dealers.

“Reference Treasury Dealer Quotations” means with respect to each Reference Treasury Dealer and the Calculation Date, the average, as determined by the Calculation Agent, of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Issuer by such Reference Treasury Dealer at 5:00 p.m. (New York City time), on the third Calculation Business Day preceding the Calculation Date and provided by the Issuer in writing to the Calculation Agent.

“Reset Interest Rate” means a fixed rate per annum (expressed as a percentage) equal to the aggregate of (a) the then-prevailing U.S. Treasury Rate (as determined as set out below) and (b) the Spread.

“Spread” means 3.202 per cent. per annum.

“U.S. Treasury Rate” means the rate in percentage per annum notified by the Calculation Agent to the Issuer and the Bondholders equal to the yield representing the average of the daily yields on U.S. Treasury securities having a maturity of five years for the week immediately prior to the Calculation Date as derived from the most recently published statistical release designated “H.15” under the caption “Treasury constant maturities” (or any successor publication that is published by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption “Treasury constant maturities” for the maturity of five years). If such release (or any successor release) does not display the relevant yields during the week immediately prior to the Calculation Date, “U.S. Treasury Rate” shall mean the rate in percentage per annum equal to the yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the Calculation Date. If there is no Comparable Treasury Price on the Calculation Date for whatever reason, “U.S. Treasury Rate” means the rate in percentage per annum as notified by the Calculation Agent to the Issuer and the Bondholders equal to the yield representing the average of the daily yields on U.S. Treasury securities having a maturity of five years for the week that were last available prior to the Calculation Date as derived from the most recently published statistical release designated “H.15” under the caption “Treasury constant

maturities” (or any successor publication that is published by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption “Treasury constant maturities” for the maturity of five years).

(iii) *Calculation of Interest and Reset Interest Rate*

The Calculation Agent will calculate the amount of interest in respect of any period by applying the applicable Interest Rate to the Calculation Amount. If interest is required to be paid in respect of a Bond on any date other than the Interest Payment Date, it shall be calculated by applying the applicable Interest Rate to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the principal amount of such Bond divided by the Calculation Amount, where “**Calculation Amount**” means U.S.\$1,000, subject to adjustment following occurrence of a Non-Viability Event; and “**Day Count Fraction**” means, in respect of any period, the number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months).

The Calculation Agent will, on the Calculation Date, calculate the Reset Interest Rate payable in respect of each Bond. The Calculation Agent will cause the Reset Interest Rate determined by it to be promptly notified to the Principal Paying Agent. Notice thereof shall also promptly be given by the Calculation Agent to the Issuer, the Trustee and the Registrar.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4(A) by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Principal Paying Agent, the Trustee, the Registrar and the Bondholders and no liability to any such person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes unless caused directly by the fraud, gross negligence or wilful default of the Calculation Agent.

(iv) *Publication of Reset Interest Rate*

The Issuer shall cause notice of the Reset Interest Rate to be notified to the Bondholders as soon as practicable in accordance with Condition 11 after determination thereof.

(v) *Determination or Calculation by Successor Calculation Agent*

If the Calculation Agent does not at any time for any reason so determine the Reset Interest Rate, the Issuer shall as soon as practicable appoint a reputable financial institution of good standing as a successor calculation agent to do so and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the successor calculation agent shall apply the foregoing provisions of this Condition 4(A), with any necessary consequential amendments, to the extent that, in the opinion of the successor calculation agent, it can do so and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(B) Non-Viability Loss Absorption

The ability to operationally effect any Write-off of any Bonds under this Condition 4(B) with respect to the clearing and/or settlement of any Bonds in or through the relevant clearing system(s) is subject to the availability of procedures to effect any such Write-off in such clearing system(s). However, any Write-off of any Bonds with respect to the Issuer under this Condition 4(B) will be effective upon the date that the Issuer specifies in the Non-Viability Event Notice notwithstanding any inability to operationally effect any such Write-off in the relevant clearing system(s).

If a Non-Viability Event occurs and is continuing, the Issuer shall, upon or prior to the provision of a Non-Viability Event Notice, irrevocably (without the need for the consent of the Bondholders) reduce the then outstanding principal amount of, and cancel any accrued but unpaid interest in respect of, each Bond (in each case in whole or in part) by an amount equal to the Non-Viability Event Write-off Amount per Bond (such reduction and cancellation, and the reduction and cancellation or conversion of any other Subordinated Capital Instruments so reduced and cancelled or converted upon the occurrence of a Non-Viability Event, where applicable, being referred to herein as the “**Write-off**”, and “**Written-off**” shall be construed accordingly).

Concurrently with the giving of the Non-Viability Event Notice, the Issuer shall procure (unless otherwise directed by the Monetary Authority) that (A) a similar notice be given in respect of other Subordinated Capital Instruments in accordance with their terms and (B) a Write-off concurrently and rateably with the Write-off of the Bonds, in respect of the aggregate principal amount of such other Subordinated Capital Instruments which constitute Parity Obligations on a pro rata basis with the Bonds.

Any Write-off pursuant to this provision will not constitute an Event of Default under the Bonds.

Any Bond may be subject to one or more Write-offs in part (as the case may be), except where such Bond has been Written-off in its entirety. Any references in these Conditions to principal in respect of the Bonds shall thereafter refer to the outstanding principal amount of the Bonds reduced by any applicable Write-off(s). In the case of a partial Write-off, a new Certificate shall be issued thereafter to each Bondholder in respect of the balance of the holding of Bonds not Written-off.

Once the outstanding principal amount of, and any accrued but unpaid interest under, the Bonds has been Written-off, the relevant amount(s) Written-off will not be restored in any circumstances including where the relevant Non-Viability Event ceases to continue. No Bondholder may exercise, claim or plead any right to any amount that has been Written-off, and each Bondholder shall, by virtue of his holding of any Bonds, be deemed to have waived all such rights to such amount that has been Written-off.

Each Bondholder shall be deemed to have authorised, ratified, directed (in the case of the Trustee only) and consented to the Trustee and the Agents to take any and all necessary action to give effect to any Write-off following the occurrence of the Non-Viability Event.

The Trustee and the Agents shall not be (a) responsible or liable to any Bondholder for monitoring or determining whether a Non-Viability Event has occurred, (b) responsible for verifying or calculating any amount in connection with a Non-Viability Event or for any Write-off of Bonds made pursuant to the Issuer’s directions, (c) responsible for preparing any

Non-Viability Event Notice, or (d) liable to the Issuer, the Bondholders or to any other person with respect to the notification and/or implementation of any Non-Viability Event by any of them in respect of such Bonds.

The Trustee and the Agents have no responsibility for, nor liability with respect to, actions taken or not taken by the clearing systems or its participants or members or any broker-dealers with respect to the notification or implementation of the Write-off, nor any application of funds or delivery of notices prior to a Write-off, or with respect to the return of any amount that was paid to any Bondholder following a Non-Viability Event in excess of the amount that should have been paid to such Bondholder.

For the purposes of this Condition 4(B):

“**Hong Kong Business Day**” means a day (other than a Saturday, Sunday and public holiday) on which commercial banks and foreign exchange markets are open for general business in Hong Kong.

“**Loss Absorption Effective Date**” means the date that will be specified as such in the applicable Non-Viability Event Notice as directed or approved by the Monetary Authority.

“**Non-Viability Event**” means the earlier of:

- (a) the Monetary Authority notifying the Issuer in writing that the Monetary Authority is of the opinion that a Write-off or conversion is necessary, without which the Issuer would become non-viable; or
- (b) the Monetary Authority notifying the Issuer in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable; or
- (c) the home authority of the Parent Bank notifying the Parent Bank in writing that the home authority is of the opinion that a Write-off or conversion is necessary, without which the Issuer or the Parent Bank would become non-viable; or
- (d) the home authority of the Parent Bank notifying the Parent Bank in writing that the home authority has decided that a public sector injection of capital or equivalent support, in the jurisdiction of the home authority, is necessary, without which the Issuer or the Parent Bank would become non-viable.

*The Issuer has been advised that pursuant to paragraph 2(1) of the Guiding Opinions on Capital Instrument Innovation of Commercial Banks (Revised) (《關於商業銀行資本工具創新的指導意見(修訂)》) (the “**Guiding Opinions**”), which were promulgated by the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會) (in this paragraph, the “**CBIRC**”) on 22 November 2019, the references to the relevant “home authority” in paragraph (c) of the definition of “Non-Viability Event” shall mean the CBIRC and the relevant “home authority” in paragraph (d) of the definition of “Non-Viability Event” shall mean any of those authorities which may determine whether a public sector injection of capital or equivalent support, in the jurisdiction of such home authority, is necessary, without which the Issuer or the Parent Bank would become non-viable, including the State Council, the CBIRC, the Ministry of Finance and the People’s Bank of China. In making such determination, the relevant home authorities referred to in paragraph (d) of the definition of “Non-Viability Event” may consult each other and/or seek joint agreement*

among themselves. The Administrative Measures for the Capital Management of Commercial Banks (Trial) (《商業銀行資本管理辦法(試行)》), which were issued by the China Banking Regulatory Commission on 7 June 2012 and which became effective on 1 January 2013, and the Guiding Opinions will be subject to interpretation and application by the CBIRC and the other relevant authorities.

“Non-Viability Event Notice” means the notice which shall be given by the Issuer not more than two Hong Kong Business Days after the occurrence of a Non-Viability Event, to the Bondholders in accordance with Condition 11, and to the Trustee and the Paying Agents in writing and which shall state:

- (a) in reasonable detail the nature of the relevant Non-Viability Event;
- (b) the Non-Viability Event Write-off Amount for (i) each Bond; (ii) each other Subordinated Capital Instrument on the Loss Absorption Effective Date in accordance with its terms; and
- (c) the Loss Absorption Effective Date.

Following the receipt of a Non-Viability Event Notice by Euroclear and/or Clearstream and the commencement of the Suspension Period, Euroclear and/or Clearstream shall suspend all clearance and settlement of the Bonds. As a result, Bondholders will not be able to settle the transfer of any Bonds from the commencement of the Suspension Period, and any sale or other transfer of the Bonds that a Bondholder may have initiated prior to the commencement of the Suspension Period that is scheduled to settle during the Suspension Period will be rejected by Euroclear and/or Clearstream and will not be settled within Euroclear and/or Clearstream. See “Risk Factors — Risk Factors Relating to the Bonds — Transfers scheduled to settle through Euroclear and Clearstream (the “ICSDs”) are expected to be rejected if the scheduled settlement is after any suspension by the ICSDs of clearance and settlement of the Bonds in connection with a Non-Viability Event Notice or the exercise of the Hong Kong Resolution Authority Power. Furthermore, because of time zone differences and the delay between the time when a Non-Viability Event occurs or the Hong Kong Resolution Authority Power is exercised and when the ICSDs receive and process the Non-Viability Event Notice or the notice that the Hong Kong Resolution Authority Power has been exercised, it is possible that transfers may either (i) fail to settle through the ICSDs even though such transfers were initiated prior to the Non-Viability Event or the relevant cut-off time specified in any instrument evidencing the exercise of the Hong Kong Resolution Authority Power (the **“Hong Kong Resolution Authority Power Instrument”**) or (ii) are settled through the ICSDs even though such transfers were initiated after the Non-Viability Event or the relevant cut-off time specified in the Hong Kong Resolution Authority Power Instrument” in the Offering Circular for further details.

“Non-Viability Event Write-off Amount” means the amount of principal and/or interest to be Written-off as the Monetary Authority may direct or, in the absence of such a direction, as the Issuer shall (in consultation with the Monetary Authority) determine to be necessary to satisfy the Monetary Authority that the Non-Viability Event will cease to continue. For the avoidance of doubt, (i) the full amount of the Bonds will be Written-off in full in the event that the amount Written-off is not sufficient for the Non-Viability Event to cease to continue and (ii) in the case of an event falling within paragraph (b) or (d) of the definition of Non-Viability Event, the Write-off will be effected in full before any public sector injection of capital or equivalent support. Further, the Non-Viability Event Write-off Amount in respect of each Bond will be calculated based on a percentage of the outstanding principal amount of that Bond.

“Parent Bank” means Xiamen International Bank Co., Ltd. or any successor thereto.

“Subordinated Capital Instrument” means any Junior Obligation or Parity Obligation which contains provisions relating to a write-down or conversion into ordinary shares in respect of its outstanding principal amount on the occurrence, or as a result, of a Non-Viability Event and in respect of which the conditions (if any) to the operation of such provisions are (or with the giving of any certificate or notice which is capable of being given by the Issuer, would be) satisfied.

(C) Hong Kong Resolution Authority Power

Notwithstanding any other term of the Bonds, including without limitation Condition 4(B), or any other agreement or arrangement, each Bondholder and the Trustee shall be subject, and shall be deemed to agree, be bound by and acknowledge that they are each subject, to having the Bonds being written off, cancelled, converted or modified, or to having the form of the Bonds changed, in the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority without prior notice and which may include (without limitation) and result in any of the following or some combination thereof:

- (a) the reduction or cancellation of all or a part of the outstanding principal amount of, or interest on, the Bonds;
- (b) the conversion of all or a part of the outstanding principal amount of, or interest on, the Bonds into shares or other securities or other obligations of the Issuer or another person (and the issue to or conferral on the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Bonds; and
- (c) the amendment or alteration of the maturity of the Bonds or amendment or alteration of the amount of interest payable on the Bonds, or the date on which the interest becomes payable, including by suspending payment for a temporary period, or any other amendment or alteration of these Conditions.

With respect to (a), (b) and (c) above of this Condition 4(C), references to principal and interest shall include payments of principal and interest that have become due and payable (including principal that has become due and payable at any redemption date), but which have not been paid, prior to the exercise of any Hong Kong Resolution Authority Power. The rights of the Bondholders and the Trustee under the Bonds and these Conditions are subject to, and will be amended and varied, if necessary, solely to give effect to, the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority.

No repayment of the outstanding principal amount of the Bonds or payment of interest on the Bonds shall become due and payable or be paid after the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority unless, at the time that such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer under the laws and regulations applicable to the Issuer and the Group.

Upon the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Bonds, the Issuer shall provide a written notice regarding such exercise of the Hong Kong Resolution Authority Power to the Bondholders in

accordance with Condition 11 and to the Trustee in writing not more than two Hong Kong Business Days (as defined in Condition 4(B)) after the occurrence of such exercise of the Hong Kong Resolution Authority Power.

Neither the reduction or cancellation, in part or in full, of the outstanding principal amount of, or interest on the Bonds, the conversion thereof into another share, security or other obligation of the Issuer or another person, or any other amendment or alteration of these Conditions as a result of the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Issuer nor the exercise of the Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Bonds shall constitute an Event of Default under Condition 9(A).

For the purposes of these Conditions:

“Group” means the Issuer and its Subsidiaries.

“Hong Kong Resolution Authority Power” means any power which may exist from time to time under the Ordinance or any other laws, regulations, rules or requirements relating to the resolution of financial institutions, including licensed banks, deposit-taking companies, restricted licence banks, banking group companies, insurance companies and/or investment firms incorporated in or authorised, designated, recognised or licensed to conduct regulated financial activities in Hong Kong in effect and applicable in Hong Kong to the Issuer or other members of the Group (including, for the avoidance of doubt, powers under Part 4 and Part 5 of the Ordinance) or any other laws, regulations, rules or requirements relating thereto, as the same may be amended from time to time (whether pursuant to the Ordinance or otherwise), and pursuant to which obligations of a licensed bank, deposit-taking company, restricted licence bank, banking group company, insurance company or investment firm or any of its affiliates can be reduced, cancelled, transferred, modified and/or converted into shares or other securities or obligations of the obligor or any other person.

“Ordinance” means the Financial Institutions (Resolution) Ordinance (Cap. 628) of Hong Kong as amended or superseded from time to time.

“relevant Hong Kong Resolution Authority” means any authority with the ability to exercise a Hong Kong Resolution Authority Power in relation to the Issuer from time to time.

“Subsidiary” of the Issuer means any entity whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of the Issuer.

Please see “Risk Factors — Risk Factors Relating to the Bonds — The resolution regime in Hong Kong may override the contractual terms of the Bonds” in the Offering Circular for further information.

5 PAYMENTS

(A) Payments in Respect of the Bonds

- (i) Payments of principal in respect of Bonds shall be made against presentation and surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar and in the manner provided in Condition 5(A)(ii).

- (ii) Interest shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payment of any amounts shall be made by transfer to a U.S. dollar account maintained by or on behalf of such holder with a bank in New York City, details of which appear on the Register at the close of business on the Record Date.
- (iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of the Bonds represented by such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest so paid.

*So long as the Global Certificate is held on behalf of Euroclear and Clearstream or any other clearing system, each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

- (iv) Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a business day or if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so).

(B) Payments subject to Fiscal Laws

Payments will be subject in all cases, to (i) any fiscal or other laws, regulations and directives applicable thereto, but without prejudice to the provisions of Condition 7, in the place of payment, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders in respect of such payments.

(C) Appointment of Agents

The Principal Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and their respective specified offices are listed below. The Principal Paying Agent, the Registrar and the Transfer Agent appointed under the Agency Agreement and any Calculation Agent appointed in respect of any Bonds act solely as agents of the Issuer (or, as provided in the Trust Deed, as agents of the Trustee) and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to change or terminate the appointment of the Principal Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or any Calculation Agent and to appoint additional or other Agents, in each case in accordance with the Agency Agreement, provided that the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent, (iv) one or more Calculation Agent(s), and (v) such other agents as may be required by any other stock exchange on which the Bonds may be listed, in each case, as approved in writing by the Trustee.

Notice of any such change, termination or appointment or any change of any specified office of an Agent shall promptly be given by the Issuer to the Bondholders in accordance with Condition 11.

(D) Non-Business Days

If any date for payment in respect of any Bond is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 5, “**business day**” means a day (other than a Saturday, Sunday or public holiday) on which banks and foreign exchange markets are generally open for business in the relevant place of presentation of a Certificate (if presentation and/or surrender of such Certificate is required) and in New York City and Hong Kong and the place in which the specified office of the Principal Paying Agent is located.

6 REDEMPTION AND PURCHASE

(A) Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Bonds at their outstanding principal amount together with interest accrued to (but excluding) the Maturity Date, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 4(B). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

(B) Redemption for Tax Reasons

Subject to Condition 6(G), the Bonds then outstanding may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Trustee and the Principal Paying Agent and, in accordance with Condition 11, the Bondholders (which notice shall be irrevocable and shall specify the date fixed for redemption), if the Issuer satisfies the Trustee immediately before the giving of such notice that (a) it has or will become obliged to pay additional amounts as described under Condition 7 as a result of any change in, or amendment to, the laws or regulations of Hong Kong or any political subdivision or any authority thereof or therein, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 29 March 2022 and (b) such obligation will apply on the occasion of the next payment due in respect of the Bonds and cannot be avoided by the Issuer taking reasonable measures available to it (a “**Withholding Tax Event**”); provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts or give effect to such treatment, as the case may be, were a payment in respect of the Bonds then due.

Prior to giving any notice of redemption pursuant to this Condition 6(B), the Issuer shall deliver to the Trustee (i) a certificate signed by an Authorised Signatory of the Issuer stating that the requirement referred to in (a) above of this Condition 6(B) will apply on the next Interest Payment Date and cannot be avoided by the Issuer taking reasonable measures available to it and (ii) a copy of the written consent of the Monetary Authority as referred to in Condition 6(G); and the Trustee shall be entitled (but shall not be obliged) to accept such certificate and consent (without further investigation or enquiry) as sufficient evidence of the satisfaction of the conditions precedent set out above in this Condition 6(B), in which event they shall be conclusive and binding on the Bondholders.

Bonds redeemed pursuant to this Condition 6(B) will be redeemed at their outstanding principal amount together (if appropriate) with interest accrued to (but excluding) the date of redemption, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 4(B).

(C) Redemption for Tax Deduction Reasons

Subject to Condition 6(G), the Bonds then outstanding may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Trustee and the Principal Paying Agent, and, in accordance with Condition 11, the Bondholders (which notice shall be irrevocable, subject to Condition 4(C), and shall specify the date fixed for redemption), following the occurrence of a Tax Deduction Event.

For the purposes of this Condition 6(C), a “**Tax Deduction Event**” occurs if the Issuer satisfies the Trustee immediately before the giving of such notice that:

- (i) in respect of the interest payable on the Bonds, the Issuer is no longer, or will no longer be, entitled to claim a deduction in respect of computing its taxation liabilities in Hong Kong or any political subdivision or any authority thereof or therein having power to tax as a result of any change in, or amendment to, the laws or regulations of Hong Kong or any political subdivision or any authority thereof or therein or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 29 March 2022; and
- (ii) such non tax deductibility cannot be avoided by the Issuer taking reasonable measures available to it,

provided that: (a) the conditions for redemption set out in Condition 6(G) have been satisfied and (b) no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would cease to be able to claim a tax deduction in respect of the interest payable on the Bonds as provided in paragraph (i) above as a result of any change in, or amendment to, the laws or regulations of Hong Kong or any political subdivision or any authority thereof or therein or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 29 March 2022.

Prior to giving any notice of redemption pursuant to this Condition 6(C), the Issuer shall deliver to the Trustee (i) a certificate signed by an Authorised Signatory of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that: (1) the conditions precedent to the right of the Issuer to redeem have occurred, and (2) such non tax deductibility cannot be avoided by the Issuer taking reasonable measures available to it and (ii) a copy of the written consent of the Monetary Authority as referred to in Condition 6(G) and the Trustee shall be entitled (but shall not be obliged) to accept such certificate and consent (without further investigation or enquiry) as sufficient evidence of the satisfaction of the conditions precedent set out above in this Condition 6(C), in which event it shall be conclusive and binding on the Bondholders.

Bonds redeemed pursuant to this Condition 6(C) will be redeemed at their outstanding principal amount together (if appropriate) with interest accrued to (but excluding) the date of redemption, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 4(B).

(D) Redemption of the Bonds for Regulatory Reasons

Subject to Condition 6(G), the Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Trustee and the Principal Paying Agent and, in accordance with Condition 11, the Bondholders (which notice shall be irrevocable and shall specify the date fixed for redemption) following the occurrence of a Capital Event.

For the purposes of this Condition 6(D), a “**Capital Event**” occurs if the Issuer satisfies the Trustee immediately before the giving of the notice of redemption referred in this Condition 6(D) that (a) the Bonds, after having qualified as such, will no longer qualify (in whole or in part) as Tier 2 Capital (or equivalent) of the Issuer and/or (b) the Bonds cease to be included in the calculation of the Issuer's capital adequacy ratio, as a result of a change or amendment in (or any change in the application or official interpretation of) the relevant provisions of the Banking Ordinance (Cap. 155) of Hong Kong, the Banking (Capital) Rules (Cap. 155L) of Hong Kong, or any successor legislation or regulations made thereunder, or any supervisory guidance issued by the Monetary Authority in relation thereto, in each case, as amended or modified from time to time (other than as a result of any discounting or amortisation requirements as to the eligibility of the Bonds for such inclusion pursuant to the relevant legislation, regulation and/or guidance in force from time to time), provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which it is determined that a Capital Event has occurred.

Prior to giving any notice of redemption pursuant to this Condition 6(D), the Issuer shall deliver to the Trustee (i) a certificate signed by an Authorised Signatory of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to redeem have occurred and (ii) a copy of the written consent of the Monetary Authority; and the Trustee shall be entitled (but shall not be obliged) to accept such certificate and consent (without further investigation or enquiry) as sufficient evidence of the satisfaction of the conditions precedent set out above in this Condition 6(D), in which event it shall be conclusive and binding on the Bondholders.

Bonds redeemed pursuant to this Condition 6(D) will be redeemed at their outstanding principal amount together (if appropriate) with interest accrued to (but excluding) the date of redemption, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 4(B).

(E) Redemption at the Option of the Issuer

The Issuer may, having given not less than 15 nor more than 45 days' notice to the Bondholders in accordance with Condition 11 and to the Trustee, the Principal Paying Agent and the Registrar (which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all but not some only of the Bonds then outstanding on the First Call Date or any Interest Payment Date thereafter, at their outstanding principal amount together (if appropriate) with interest accrued to (but excluding) the date of redemption, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 4(B).

The Issuer does not provide any undertaking that it will redeem the Bonds at any time.

(F) Purchase and Cancellation

Subject to Condition 6(G), the Issuer or any affiliates of the Issuer over which the Issuer exercises control or significant influence may, at any time, purchase the Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer or any affiliates of the Issuer over which the Issuer exercises control or significant influence, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for, among other things, the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Condition 9 and Condition 10(A).

All Certificates representing Bonds purchased by or on behalf of the Issuer and any affiliates of the Issuer over which the Issuer exercises control or significant influence shall be surrendered for cancellation to the Transfer Agent or the Registrar and, upon surrender thereof, all such Bonds shall be cancelled forthwith. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged.

(G) Conditions for Redemption and Purchase in Respect of the Bonds

Notwithstanding any other provision in these Conditions, the Issuer shall not redeem any of the Bonds (other than pursuant to Condition 9), unless (i) the prior written consent of the Monetary Authority thereto shall have been obtained, to the extent such consent is required under the Banking Ordinance (Cap. 155) of Hong Kong, the Banking (Capital) Rules (Cap. 155L) of Hong Kong, or any successor legislation or regulations made thereunder, or any supervisory guidance issued by the Monetary Authority in relation thereto, in each case, as amended or modified from time to time and (ii) the CBIRC Redemption Conditions are satisfied.

Prior to redemption of any of the Bonds by the Issuer, the Parent Bank needs to report to CBIRC in writing in respect of such redemption and in such case, the Bonds will be redeemed by the Issuer on the basis that such redemption is confirmed by the CBIRC.

Neither the Issuer nor any affiliates controlled by it or over which it has significant influence (excluding the holding company of the Issuer) shall purchase any Bonds and the Issuer shall not directly or indirectly provide any financing for the purchase of any Bonds, unless in each case the prior written consent of the Monetary Authority thereto shall have been obtained, to the extent such consent is required under the Banking Ordinance (Cap. 155) of Hong Kong, the Banking (Capital) Rules (Cap. 155L) of Hong Kong, or any successor legislation or regulations made thereunder, or any supervisory guidance issued by the Monetary Authority in relation thereto, in each case, as amended or modified from time to time.

This Condition 6(G) shall not apply to the Issuer or any affiliates of the Issuer over which the Issuer exercises control or significant influence holding the Bonds in a purely nominee capacity.

In this Condition 6:

“**affiliate**” shall have the meaning as set out in the Banking (Capital) Rules (Cap. 155L) of Hong Kong or any successor legislation or regulations made thereunder.

“**CBIRC**” means the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會), which expression shall include the China Banking Regulatory Commission which was merged with the China Insurance Regulatory Commission as the China Banking and Insurance Regulatory Commission in April 2018 or the China banking regulatory authorities of the State Council or any successor entity, including their respective local counterparts.

“**CBIRC Redemption Conditions**” means the following conditions precedent to the redemption of the Bonds by the Issuer:

- (i) the Bonds will be substituted with capital instruments of the same or superior quality to the Bonds and such substitution shall only be made at a time at which the Parent Bank (on a consolidated and non-consolidated basis) has a sustainable income generating capability; or
- (ii) the capital position of the Parent Bank (on a consolidated and non-consolidated basis) immediately after redemption of the Bonds will remain significantly higher than the regulatory capital requirements prescribed by the CBIRC.

7 TAXATION

All payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Hong Kong or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. If the Issuer is required to make a deduction or withholding by or within Hong Kong, the Issuer shall pay such additional amounts as shall result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Bond:

- (i) *Other connection:* to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with Hong Kong other than the mere holding of such Bond; or
- (ii) *Presentation more than 30 days after the Relevant Date:* presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day.

Notwithstanding any other provision of these Conditions or the Trust Deed, any amounts to be paid on the Bonds by or on behalf of the Issuer, will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the Code (as defined in Condition 5(B)), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of any FATCA Withholding.

As used in these Conditions, “**Relevant Date**” in respect of any Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Bondholders that, upon further presentation of the Bond (or the relevant Certificate) being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

References in these Conditions to (a) “**principal**” shall be deemed to include any premium payable in respect of the Bonds, and all amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (b) “**interest**” shall be deemed to include all interest and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it and (c) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts that may be payable under this Condition 7 or any undertaking given in addition to or in substitution for it under the Trust Deed.

8 **PRESCRIPTION**

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and will become void unless made within a period of 10 years (in the case of principal) or five years (in the case of interest) from the Relevant Date in respect of them (as defined in Condition 7).

9 **EVENTS OF DEFAULT AND ENFORCEMENT**

(A) Events of Default and Winding-Up Proceedings

- (i) If default is made in the payment of any amount of principal or interest in respect of the Bonds on the due date for payment thereof and such failure continues for a period of seven days in the case of principal or 14 days in the case of interest (each, an “**Event of Default**”) then in order to enforce the obligations of the Issuer, the Trustee at its sole discretion may and, if so requested in writing by holders of at least 25 per cent. in aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution (as defined in the Trust Deed), shall (subject in any such case to the Trustee having been indemnified and/or provided with security and/or pre-funded to its satisfaction) institute Winding-Up Proceedings against the Issuer. Any Write-off pursuant to Condition 4(B) will not constitute an Event of Default under the Bonds.
- (ii) If an order is made or an effective resolution is passed for the Winding-Up of the Issuer (whether or not an Event of Default has occurred and is continuing) then the Trustee at its sole discretion may and, if so requested in writing by holders of at least 25 per cent. in aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or provided with security and/or pre-funded to its satisfaction) give written notice to the Issuer declaring the Bonds to be immediately due and payable, whereupon they shall become immediately due and payable at their outstanding principal amount together (if appropriate) with the interest accrued to (but excluding) the date of actual payment, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 4(B), without further action or formality.

In these Conditions, “**Winding-Up Proceedings**” means, with respect to the Issuer, proceedings in Hong Kong for the bankruptcy, liquidation, winding-up or other similar proceeding of the Issuer (as applicable).

(B) Enforcement

- (i) Without prejudice to Condition 9(A), the Trustee may subject as provided below, at its discretion and without further notice, take such steps and/or actions and/or institute such proceedings against the Issuer if the Issuer fails to perform, observe or comply with any obligation, condition or provision relating to the Bonds binding on it under these Conditions or the Trust Deed (other than any obligation of the Issuer for the payment of any principal or interest in respect of the Bonds), provided that the Issuer shall not as a consequence of such steps, actions or proceedings be obliged to pay any sum or sums representing or measured by reference to principal or interest in respect of the Bonds sooner than the same would otherwise have been payable by it.
- (ii) The Trustee shall not be bound to take action as referred to in Conditions 9(A) and 9(B)(i) or any other action under these Conditions or the Trust Deed unless (a) it shall have been so requested in writing by Bondholders holding at least 25 per cent. in aggregate principal amount of the Bonds then outstanding or so directed by an Extraordinary Resolution of the Bondholders and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.
- (iii) No Bondholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable period and such failure is continuing.
- (iv) Subject to applicable laws, no remedy (including the exercise of any right of set-off or analogous event) other than those provided for in Condition 9(A) and Conditions 9(B)(i) and 9(B)(ii) above or submitting a claim in the Winding-Up of the Issuer will be available to the Trustee or the Bondholders.
- (v) No Bondholder shall be entitled either to institute proceedings for the Winding-Up of the Issuer or to submit a claim in such Winding-Up, except that if the Trustee, having become bound to institute such proceedings as aforesaid, fails to do so, or, being able and bound to submit a claim in such Winding-Up, fails to do so, in each case within a reasonable period and such failure is continuing, then any such Bondholder may, on giving an indemnity and/or security and/or pre-funding satisfactory to the Trustee, in the name of the Trustee (but not otherwise), himself institute Winding-Up Proceedings and/or submit a claim in the Winding-Up of the Issuer to the same extent (but not further or otherwise) that the Trustee would have been entitled to do.

10 MEETINGS OF BONDHOLDERS, MODIFICATIONS AND SUBSTITUTIONS

(A) Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including without limitation the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed and the Agency Agreement. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Trustee if requested in writing to do so by Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or

representing Bondholders whatever the aggregate principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Bonds or any date for payment of interest on the Bonds, (ii) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Bonds, (iii) to reduce the rate or rates of interest in respect of the Bonds or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any interest in respect of the Bonds, (iv) to vary any method of, or basis for, calculating the relevant redemption amount, (v) to vary the currency or currencies of payment or denomination of the Bonds, or (vi) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 66 2/3 per cent., or at any adjourned meeting not less than 25 per cent., in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on the Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by or on behalf of the Bondholders of not less than 90 per cent. in aggregate principal amount of the Bonds for the time being outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(B) Modifications and Waivers

(i) *Modification*

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (a) any modification of any of the provisions of the Trust Deed, the Agency Agreement or these Conditions that in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law, and (b) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, the Agency Agreement and/or these Conditions that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders, and unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer to the Bondholders as soon as practicable.

(ii) *Substitution*

The Trust Deed contains provisions permitting (but not obliging) the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Bondholders, to the substitution of the Issuer's successor in business or any Subsidiary of the Issuer or its successor in business or any holding company of the Issuer or any other subsidiary of any such holding company or their respective successor in business in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed, the Agency Agreement and the Bonds.

(C) Entitlement of the Trustee

In connection with the performance and exercise of its functions, powers, rights and discretions (including but not limited to those referred to in this Condition 10), the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to, or be responsible for, the consequences of such exercise for individual Bondholders and the Trustee, acting for and on behalf of Bondholders, shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer or the Trustee any indemnification or payment in each case in respect of any tax consequence of any such exercise upon individual Bondholders.

11 NOTICES

Notices given to the Bondholders pursuant to these Conditions shall be mailed to them by uninsured mail at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday, a Sunday or a public holiday) after the date of mailing and, so long as the Bonds are listed on a stock exchange or admitted to trading by another relevant authority and the rules of that exchange or a relevant authority so require, published in a daily newspaper having general circulation in the place or places required by those rules. If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Asia. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

So long as the Bonds are represented by a Global Certificate and such Global Certificate is held on behalf of Euroclear or Clearstream or any other clearing system, notices to the Bondholders shall be validly given by the delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

12 INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee and its affiliates are entitled to enter into business transactions with the Issuer and/or any entity related (directly or indirectly) to the Issuer without accounting for any profit.

The Trustee and the Agents may rely conclusively, and may act without liability to Bondholders or any other person on any report, confirmation, information or certificate from or any advice or opinion of any legal counsel, accountants, financial advisers, auditors, valuers, auctioneers, surveyors, brokers, financial institution or any other expert, whether or not obtained by or addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely conclusively on any such report, confirmation, certificate, information, advice or opinion, in which event such report, confirmation, certificate, information, advice or opinion shall be binding on the Issuer and the Bondholders.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision or giving any such direction, to seek

directions from the Bondholders or clarification of any directions by way of Extraordinary Resolution, and the Trustee shall not be responsible for any loss or liability incurred by the Issuer, the Bondholders or any other person as a result of any delay in it exercising such discretion or power, taking such action, making such decision or giving such direction as a result of seeking such direction or clarifications from the Bondholders or in the event that no direction or clarification is given to the Trustee by the Bondholders.

None of the Trustee or any of the Agents shall be responsible or liable for the performance by the Issuer and any other person appointed by the Issuer in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Bondholder, the Issuer or any other person for any action taken by the Trustee in accordance with the instructions of the Bondholders. The Trustee shall be entitled to rely on any direction, request or resolution of Bondholders given by Bondholders holding the requisite principal amount of Bonds then outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed.

The Trustee shall have no obligation to monitor or supervise the functions or performance of any other person under the Bonds, the Trust Deed, the Agency Agreement or these Conditions or whether an Event of Default has occurred, and shall not be liable to the Bondholders or any other person for not doing so.

Each Bondholder shall be solely responsible for making and continuing to make its own independent appraisal of and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Trustee shall not at any time have any responsibility for the same and each Bondholder shall not rely on the Trustee in respect thereof.

13 REPLACEMENT OF CERTIFICATES

If a Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of any Transfer Agent and of the Registrar, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Certificate is subsequently presented for payment, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Certificates) and otherwise as the Issuer may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

14 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

15 GOVERNING LAW AND SUBMISSION TO JURISDICTION

(A) Governing Law

The Trust Deed, the Bonds and any non-contractual obligations arising out of or in connection with the Trust Deed and the Bonds are governed by, and shall be construed in accordance with, English law, save that the subordination provisions set out in Condition 3(B) (and related provisions of the Trust Deed) shall be governed by, and construed in accordance with, the laws of Hong Kong.

(B) Submission to Jurisdiction

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Bonds and accordingly any legal action or proceedings arising out of or in connection with any Bonds (a “**Dispute**”) may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

(C) Appointment of Process Agent

The Issuer has irrevocably appointed Law Debenture Corporate Services Limited for the time being in England, currently at 8th Floor, 100 Bishopsgate, London, EC2N 4AG, United Kingdom as its agent for service of process in any proceedings before the English courts in relation to any Dispute. Such service shall be deemed completed on delivery to such process agent (whether or not forwarded to and received by the Issuer). The Issuer agrees that, in the event of such agent being unable or unwilling for any reason so to act, the Issuer will immediately appoint another person as its agent for service of process in England in respect of any Dispute and will notify the Trustee of such new process agent within 30 days of such agent becoming unable or unwilling for any reason so to act. Nothing herein shall affect the right to serve process in any other manner permitted by law.

16 HEADINGS

Headings are for convenience only and do not affect the interpretation of these Conditions.