



招商永隆銀行
CMB WING LUNG BANK

**USD130,000,000 undated non-cumulative subordinated
additional tier 1 capital securities
(Issued on 29 December 2014)**

**美元 130,000,000 元永續型非累積後償額外一級資本證券
(二〇一四年十二月二十九日發行)**

US\$130,000,000 UNDATED NON-CUMULATIVE SUBORDINATED

ADDITIONAL TIER 1 CAPITAL SECURITIES

WING LUNG BANK LIMITED

Summary of Undated Non-Cumulative Additional Tier 1 Capital Securities

The following set out the summary of the key terms and conditions of the Capital Securities for reference only. For details, please refer to the attached terms and conditions

1	Issuer:	Wing Lung Bank Limited
2	(i) Series Number:	2
	(ii) Tranche Number	1
3	Specified Currency or Currencies:	US dollars
4	Aggregate Nominal Amount:	
	(i) Series:	USD\$130,000,000
	(ii) Tranche:	USD\$130,000,000
5	(i) Issue Price:	100 per cent. of the Aggregate Nominal Amount
	(ii) Net proceeds:	USD\$130,000,000
6	(i) Issue Date:	29 December 2014
	(ii) First Call Date:	30 December 2019
	(iii) Distribution Commencement Date:	Issue date
7	Maturity Date:	Undated

8	(i) Distribution Basis:	5.8 per cent. per annum for the period from, and including, the Issue Date to, but excluding the First Call Date
		U.S. Treasury Rate plus the Spread for the period from, and including, the First Call Date and each Distribution Reset Date thereafter to, but excluding, the immediately following Distribution Reset Date
	(ii) Spread	4.13 per cent. per annum
	(iii) Distribution Payment Date:	29 December and 29 June in each year
9	Redemption/Payment Basis:	Redemption at par
10	Change of Interest or Redemption/ Payment Basis:	Not Applicable
11	Put/Call Options:	Issuer Call (further particulars specified in Schedule A)
12	Tax Call:	As set out in Condition 6.2
13	Status of the Capital Securities:	Additional Tier 1 Capital Instrument (further particulars specified in Schedule A)
14	Listing:	Not Applicable
15	Method of distribution:	Private Placement

US\$130,000,000 UNDATED NON-CUMULATIVE SUBORDINATED

ADDITIONAL TIER 1 CAPITAL SECURITIES

TERMS AND CONDITIONS OF THE CAPITAL SECURITIES

WARNING

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

The issue of these Capital Securities was authorized by a resolution of the Board of Directors of the Issuer passed on 30 May 2014.

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Capital Securities are issued in registered form in the denomination of USD100,000 (referred to as the **principal amount** of a Capital Security). The principal amount of a Capital Security is subject to adjustment following the occurrence of a Non-Viability Event (as defined in Condition 4C) in accordance with Condition 4C and references in the Conditions to the **principal amount** of a Capital Security shall mean the principal amount of a Capital Security as so adjusted. A certificate (each a **Certificate**) will be issued to the Securityholder in respect of its registered holding of Capital Securities. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Securityholders which the Issuer will procure to be kept by the Registrar and at the office of the Issuer.

The Capital Securities are not issuable in bearer form.

1.2 Title

Title to the Capital Securities passes only by registration in the register of Securityholders. The Securityholder of any Capital Security will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the Securityholder.

2. TRANSFERS OF REGISTERED CAPITAL SECURITIES

2.1 Transfers of interests in Registered Capital Securities

The Issuer shall not transfer all or any of its rights or obligations under the Capital Securities without the consent of the Securityholder.

The beneficial interests in Capital Securities shall not be transferable by the Securityholder unless prior consent from the Issuer is obtained.

2.2 Cost of Registration

The Securityholder will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

2.3 Closed Periods

The Securityholder may not require the transfer of a Capital Security to be registered (i) during the period of 15 days prior to (and including) the due date of any payment of principal or Distributions in respect of the Capital Securities or (ii) during the period commencing on the date of the Non-Viability Event Notice (as defined in Condition 4C below) and ending on (and including) the close of business in Hong Kong on the effective date of the related Write-off.

3. STATUS OF THE CAPITAL SECURITIES

(a) Provision relating to the Capital Securities

The Capital Securities constitute direct, 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 Securityholder are subordinated in the manner described below.

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 of the Securityholder to payment of principal and Distributions on the Capital Securities and any other obligations in respect of the Capital Securities will rank (x) subordinate and junior in right of payment to, and of all claims of, (i) all unsubordinated creditors of the Issuer (including its depositors), (ii) creditors in respect of Tier 2 Capital Securities of the Issuer, and (iii) all other Subordinated Creditors of the Issuer whose claims are stated to rank senior to the Capital Securities or rank senior to the Capital Securities by operation of law or contract; (y) pari passu in right of payment to and of all claims of Parity Obligations; and (z) senior in right of payment to and of all claims of Junior Obligations.

In the event of a Winding-Up that requires the Securityholder to provide evidence of their claim to principal or Distribution under the Capital Securities, such claims of the Securityholder will only be satisfied after all senior ranking obligations of the Issuer have been satisfied in whole. No amount may be claimed in respect of any Distribution that has been cancelled pursuant to a Mandatory Distribution Cancellation Event or an Optional Distribution Cancellation Event (as defined in Condition 4B).

For the purposes of these Conditions:

Capital Regulations means capital regulations applicable to the regulatory capital of Authorised Institutions incorporated in Hong Kong as published by the Monetary Authority.

Junior Obligation means the Shares, and any other class of the Issuer's share capital and any instrument or other obligation (including without limitation any preference share) issued or guaranteed by the Issuer that ranks or is expressed to rank junior to the Capital Securities by operation of law or contract.

Monetary Authority means the Monetary Authority appointed under section 5A of the Exchange Fund Ordinance (Cap 66 of the Laws of Hong Kong) or any successor thereto or such other authority having primary bank supervisory authority with respect to the Issuer.

Parity Obligation means save and except for ordinary shares of the Issuer, any instrument or other obligation issued, entered into, or guaranteed by the Issuer that constitutes or qualifies as Additional Tier 1 Capital (or its equivalent), , under applicable Capital Regulations or that ranks or is expressed to rank pari passu with the Capital Securities by operation of law or contract.

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 Capital Securities.

Shares means the ordinary share capital of the Issuer.

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 the claims of depositors and other unsubordinated creditors of the Issuer other than those whose claims rank or is expressed to rank by operation of law or contract pari passu with, or junior to, the claims of the Securityholder of the Capital Securities. For this purpose indebtedness shall include all liabilities, whether actual or contingent.

Tier 2 Capital Securities means instruments categorised as Tier 2 capital pursuant to the Capital Regulations that rank or are expressed to rank senior to the Capital Securities by operation of law or contract.

Winding-Up means a final and effective order or resolution for the bankruptcy, winding up, liquidation, receivership, or similar proceedings in respect of the Issuer.

(b) Set-off

Subject to applicable law, the Securityholder may not exercise, claim or plead any right of setoff, counter-claim or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Capital Securities and the Securityholder shall, by virtue of

being the Securityholder of any Capital Security be deemed to have waived all such rights of such set-off, counter-claim or retention.

In the event that the Securityholder 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 Capital Securities, other than in accordance with this Condition 3, the Securityholder 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 the Securityholder, by virtue of becoming a Securityholder or any Capital Security, shall be deemed to have so agreed and undertaken with and to the Issuer and all depositors and other unsecured creditors of the Issuer for good consideration.

4A. DISTRIBUTION

(a) Non-Cumulative Distribution

Subject to Condition 4B below, the Capital Securities confer a right to receive distributions (each a **Distribution**) on the principal amount (subject to adjustments following the occurrence of a Non-Viability Event in accordance with Condition 4C) from, and including, the Issue Date at the applicable Distribution Rate, payable semi-annually in arrears (each a **Distribution Payment Date**).

Distributions will not be cumulative and Distributions which are not paid in accordance with these Conditions will not accumulate or compound and the Securityholder will have no right to receive such Distributions at any time, even if subsequent Distributions are paid in the future, or be entitled to any claim in respect thereof against the Issuer. Unless otherwise provided in these Conditions, each Capital Security will cease to confer the right to receive any Distribution from the due date for redemption unless, upon surrender of the Certificate representing such Capital Security, payment of principal is improperly withheld or refused. In such event Distribution shall continue to accrue at such rate (both before and after judgment) until the date on which all amounts due in respect of such Capital Security have been paid.

The Securityholder shall not have any claim in respect of any Distribution or part thereof cancelled and/or not due or payable pursuant to Condition 4A and Condition 4B below. Accordingly, such Distribution shall not accumulate for the benefit of the Securityholder or

entitle the Securityholder to any claim in respect thereof against the Issuer.

(b) Distribution Rate

The rate of distribution (the **Distribution Rate**) applicable to the Capital Securities shall be:

- (i) in respect of the period from, and including, the Issue Date to, but excluding, the first calendar date after the fifth anniversary following the Issue Date (the **First Call Date**), the percentage per annum as agreed between the Issuer and the Securityholder and defined in Schedule B of each issue;
- (ii) in respect of the period from, and including, the First Call Date and each Distribution Reset Date thereafter to, but excluding, the immediately following Distribution Reset Date, the Reset Distribution Rate.

For the purposes of these Conditions:

Calculation Agent means Wing Lung Bank Limited and shall include any successor as calculation agent.

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

Calculation Date means, in relation to a Reset Interest Period, the Calculation Business Day preceding the Distribution Reset Date on which such Reset Interest Period commences.

Distribution Determination Date means the day falling two business days prior to a Distribution Payment Date.

Distributable Reserves means the amounts for the time being available to the Issuer for distribution as a distribution in compliance with section 297 of the Companies Ordinance (Cap. 622) of Hong Kong, as amended or modified from time to time, as at the Issuer's latest audited balance sheet, and subject to the Monetary Authority's then current capital conservation requirements as applicable to the Issuer on the relevant Distribution Payment Date (the **Available Amount**); provided that if the Issuer reasonably determines that the Available Amount as at any Distribution Determination Date is lower than the Available Amount as at the date of the Issuer's latest audited balance sheet and is insufficient to pay the

Distributions and any payments on Parity Obligations on the relevant Distribution Payment Date, then on certification by two Directors and the Auditors of such revised amount, the Distributable Reserves shall for the purposes of Distribution mean the Available Amount as set forth in such certificate.

As at the date hereof, pursuant to section 297(1) of the Companies Ordinance (Cap.622), the Issuer may only make a distribution out of profits available for distribution. For the purposes of section 297 of the Companies Ordinance (Cap.622), the Issuer's profits available for distribution are its accumulated, realised profits, so far as not previously utilised by distribution or capitalisation, less its accumulated, realised losses, so far as not previously written off in a reduction or reorganization of capital.

Distribution Reset Date means the First Call Date and each anniversary falling five years thereafter.

Reset Distribution Rate means, in relation to a Reset Interest Period, 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.

Reset Interest Period means the period from, and including, a Distribution Reset Date to, but excluding, the immediately following Distribution Reset Date.

Spread means the percentage per annum as agreed between the Issuer and the Securityholder and defined in Schedule B of each issue.

U.S. Treasury Rate means the rate in percentage per annum notified by the Calculation Agent to the Issuer and the Securityholder equal to the yield on U.S. Treasury securities having a maturity of five years as is displayed on Bloomberg on the Calculation Date.

(c) Calculation of Distribution and Relevant Reset Distribution Rate

The Calculation Agent will calculate the amount of Distribution in respect of any period by applying the applicable Distribution Rate to the principal amount. If Distribution is required to be paid in respect of a Capital Security on any date other than the Distribution Payment Date, it shall be calculated by applying the applicable Distribution Rate to the principal amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting

figure to the nearest cent (half a cent being rounded upwards), 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 12 30-day months).

The Calculation Agent will, on the Calculation Date prior to each Distribution Reset Date, calculate the applicable Reset Distribution Rate payable in respect of each Capital Security. The Calculation Agent will cause the Distribution and applicable Reset Distribution Rate determined by it to be as soon as reasonably practicable notified to the Issuer and Securityholder.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4A by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer and the Securityholder and (subject as aforesaid) no liability to any such person will attach to the Calculation Agent in connection with the exercise or nonexercise by it of its powers, duties and discretions for such purposes.

(d) Publication of Relevant Reset Distribution Rate

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

(e) Determination or Calculation by Successor Calculation Agent

If the Calculation Agent does not at any time for any reason so determine the applicable Reset Distribution 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 4A, 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.

4B Distribution Restrictions

(a) Optional Distribution Cancellation Event

Unless a Distribution has already been cancelled in full pursuant to a Mandatory Distribution Cancellation Event, prior to any Distribution Payment Date the Issuer may, at its sole discretion, elect to cancel any payment of Distribution, in whole or in part, by giving a notice to the Securityholder signed by two Directors of the Issuer, which shall be conclusive and binding on the Securityholder (such notice, a **Distribution Cancellation Notice**) of such election to the Securityholder in accordance with Condition 11 at least 10 business days prior to the relevant Distribution Payment Date. The Issuer shall have no obligation to pay any Distribution on any Distribution Payment Date if it validly elects not to do so in accordance with this Condition 4B and any failure to pay such Distribution shall not constitute an Event of Default. Distributions are non-cumulative and any Distribution that is cancelled shall therefore not be payable at any time thereafter, whether in a Winding-Up or otherwise.

(b) Mandatory Distribution Cancellation Event

Notwithstanding that a Distribution Cancellation Notice has not been given, the Issuer will not be obliged to pay, and will not pay, any Distribution on the applicable Distribution Payment Date, in whole or in part, as applicable, if and to the extent that:

- (i) the Distribution scheduled to be paid together with any dividends, distributions or other payments scheduled to be paid or made during the Issuer's then current fiscal year on any Parity Obligations or any instruments which effectively rank pari passu with any Parity Obligations shall exceed Distributable Reserves as at such Distribution Determination Date; or
- (ii) the Monetary Authority so directs the Issuer to cancel such Distribution (in whole or in part) or applicable Hong Kong banking regulations or other requirements of the Monetary Authority prevent the payment in full of dividends or other distributions when due on Parity Obligations (a **Mandatory Distribution Cancellation Event**).

The Issuer shall have no obligation to pay a Distribution on any Distribution Payment Date if such non-payment is in accordance with this Condition 4B(b) and any failure to pay such Distribution shall not constitute an Event of Default. Distributions are non-cumulative and any Distribution which is cancelled shall therefore not be payable at any time thereafter whether in a Winding-Up or otherwise.

(c) Distributable Reserves

Any Distribution may only be paid out of Distributable Reserves.

(d) Dividend Stopper

If, on any Distribution Payment Date, payment of Distribution scheduled to be paid is not made in full by reason of this Condition 4B, the Issuer shall not:

- (i) declare or pay in cash any distribution or dividend or make any other payment in cash on, and will procure that no distribution or dividend in cash or other payment in cash is made on, any Shares; or
- (ii) purchase, cancel or otherwise acquire any Shares or permit any of its subsidiaries to do so,

in each case, unless or until the earlier of: (A) the Distribution scheduled to be paid on any subsequent Distribution Payment Date (which, for the avoidance of doubt, shall exclude any Distribution that has been cancelled in accordance with these Conditions prior to such subsequent Distribution Payment Date) has been paid in full (I) to Securityholder or (II) irrevocably to a designated third party trust account for the benefit of the Securityholder pending payment by the Issuer thereof to the Securityholder on such subsequent Distribution Payment Date, or (B) the redemption or purchase and cancellation of the Capital Securities in full, or reduction of the principal amount of the Capital Securities to zero, or (C) the Issuer is permitted to do so by the Securityholder.

(e) No default

Notwithstanding any other provision in these Conditions, the cancellation or non-payment of any Distribution in accordance with this Condition 4B shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 9.1) on the part of the Issuer.

4C Non-Viability Loss Absorption

If a Non-Viability Event occurs and is continuing, the Issuer shall, upon the provision of a Non-Viability Event Notice, irrevocably (without the need for the consent of the Securityholder of the Capital Securities) reduce the then principal amount of, and cancel any accrued but unpaid Distribution in respect of, each Capital Security (in each case in whole or in part) by an amount equal to the Non-Viability Event Write-off Amount per Capital Security (such reduction and cancellation, and the reduction and cancellation of any other

Subordinated Capital Securities, in accordance with their terms, so reduced and cancelled 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 notice of a Non-Viability Event, the Issuer shall procure unless otherwise directed by the Monetary Authority, that a similar notice be given in respect of other loss absorbing regulatory capital instruments in accordance with their terms.

For the avoidance of doubt, any Write-off pursuant to this provision will not constitute an Event of Default under the Capital Securities.

Any Series of Capital Securities may be subject to one or more Write-offs in part (as the case may be), except where such Series of Capital Securities has been Written-off in its entirety. Any references in the Conditions to principal in respect of the Capital Securities shall thereafter refer to the principal amount of the Capital Securities reduced by any applicable Write-off(s).

Once the principal amount of, and any accrued but unpaid Distribution under, the Capital Securities 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 Securityholder may exercise, claim or plead any right to any amount that has been Written-off, and each Securityholder shall, by virtue of his holding of any Capital Securities, be deemed to have waived all such rights to such amount that has been Written-off.

For the purposes of this Condition 4C:

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; and
- (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.

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 Securityholder of the Capital Securities, in accordance with the Conditions and which shall state in reasonable detail the nature of the relevant Non-Viability Event and the Non-Viability Event Write-off Amount per Capital Security and each other Subordinated Capital Security in accordance with their terms.

Non-Viability Event Write-off Amount means the amount of interest and/or principal 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 Capital Securities 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) 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 Capital Security will be calculated based on a percentage of the principal amount of that Capital Security.

5. PAYMENTS

5.1 Method of payment

Payments in US dollars will be made by credit or transfer to an account in US dollar maintained by the payee with, or at the option of the payee, by a cheque in US dollar drawn on, a bank in Hong Kong.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.

5.2 Payment Day

If the date for payment of any amount in respect of any Capital Security is not a Payment Day (as defined below), the Securityholder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further Distribution or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 8) is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign

exchange and foreign currency deposits) in Hong Kong.

6. REDEMPTION AND PURCHASE

6.1 No Fixed Redemption Date

The Capital Securities are perpetual securities in respect of which there is no fixed redemption date. The Capital Securities may not be redeemed at the option of the Issuer other than in accordance with this Condition.

6.2 Redemption for tax reasons

Subject to Condition 6.6, the Capital Securities 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 Securityholder in accordance with Condition 11 (which notice shall be irrevocable), if the Issuer satisfies the Securityholder immediately before the giving of such notice that (a) on the occasion of the next payment due under the Capital Securities, the Issuer has or will become obliged to pay additional amounts as provided or referred to in 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 the Issue Date and such change or amendment was not foreseeable at the time of the issuance of the Capital Securities and (b) such obligation 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 Capital Securities then due.

Prior to the giving of any notice of redemption pursuant to this Condition 6.2, the Issuer shall deliver to the Securityholder (i) a certificate signed by two Directors of the Issuer stating that the requirement referred to in (a) above will apply on the next Distribution Payment Date; and (ii) a copy of the written consent of the Monetary Authority as referred to in Condition 6.6, in which event it shall be conclusive and binding on the Securityholder.

Capital Securities redeemed pursuant to this Condition 6.2 will be redeemed at their outstanding principal amount together (if appropriate) with Distributions accrued to (but excluding) the date of redemption, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 4C.

6.3 Redemption for tax deduction reasons

Subject to Condition 6.6, the Capital Securities 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 Securityholder in accordance with Condition 11, (which notice shall be irrevocable, subject to Condition 4C, and shall specify the date fixed for redemption), following the occurrence of a Tax Deduction Event.

For the purposes of this Condition 6.3, a **Tax Deduction Event** occurs if the Issuer satisfies the Securityholder immediately before the giving of such notice that:

- (a) in respect of the Distribution payable on the Capital Securities, 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 subsequent to any official ruling (a **Tax Ruling**) issued after the Issue Date by the relevant tax authorities in Hong Kong determining that Distributions are tax deductible; and
- (b) such non tax deductibility cannot be avoided by the Issuer taking reasonable measures available to it, provided that: (i) the Conditions for Redemption set out in Condition 6.6 have been satisfied and (ii) 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 Distribution payable on the Capital Securities as provided in paragraph (a) 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 subsequent to a Tax Ruling issued after the Issue Date by the relevant tax authorities in Hong Kong determining that Distributions are tax deductible.

Prior to the giving of any notice of redemption pursuant to this Condition 6.3, the Issuer shall deliver to the Securityholder (i) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption ; and (ii) a copy of the written consent of the Monetary Authority as referred to in Condition 6.6, in which event it shall be conclusive and

binding on the Securityholder.

Capital Securities redeemed pursuant to this Condition 6.3 will be redeemed at their outstanding principal amount together (if appropriate) with Distributions accrued to (but excluding) the date of redemption, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 4C.

At the Issue Date, there is no Tax Ruling from the relevant tax authorities in Hong Kong determining that Distributions are tax deductible. Redemption for tax deduction reasons may only be exercised if, following a Tax Ruling determining that Distributions are tax deductible, subsequently Distributions become no longer tax deductible 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 applicable or official interpretation of such laws or regulations.

6.4 Redemption of the Capital Securities for regulatory reasons

Subject to Condition 6.6, the Capital Securities 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 Securityholder in accordance with Condition 11 (which notice shall be irrevocable) following the occurrence of a Capital Event.

For the purposes of this Condition 6.4, a **Capital Event** occurs if the Issuer satisfies the Securityholder immediately before the giving of the notice of redemption referred in this Condition 6.4 that (a) the Capital Securities, after having qualified as such, will no longer qualify (in whole or in part) as Additional Tier 1 Capital (or equivalent) of the Issuer and/or (b) the Capital Securities 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, Banking (Capital) Rules (Cap. 155L), or any successor legislation, or any statutory guidelines issued by the Monetary Authority in relation thereto and such change or amendment was not foreseeable at the time of the issuance of the Capital Securities, 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 the giving any notice of redemption pursuant to this Condition 6.4, the Issuer shall deliver to the Securityholder (i) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption; and (ii) a copy of the written consent of the Monetary Authority as referred to in Condition 6.6, in which event it shall be conclusive and binding on the Securityholder.

Capital Securities redeemed pursuant to this Condition 6.4 will be redeemed at their outstanding principal amount together (if appropriate) with Distributions accrued to (but excluding) the date of redemption, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 4C.

6.5 Redemption at the option of the Issuer (Issuer Call)

Subject to Condition 6.6, the Issuer may, having given not less than 15 nor more than 45 days' notice to the Securityholder in accordance with Condition 11, (which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all but not some only of the Capital Securities then outstanding on the First Call Date or any Distribution Payment Date thereafter, at their outstanding principal amount together (if appropriate) with Distributions accrued to (but excluding) the date of redemption, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 4C.

For the avoidance of doubt, the Issuer does not provide any undertaking that it will call the Capital Securities at any time.

6.6 Conditions for Redemption and Purchase in respect of the Capital Securities

Notwithstanding any other provision in these Conditions, the Issuer shall not redeem any of the Capital Securities (other than pursuant to Condition 9.1) and neither the Issuer nor an affiliate of the Issuer over which the Issuer exercises control or significant influence (excluding the holding company of the Issuer) shall purchase any of the Capital Securities unless the prior written consent of the Monetary Authority thereto shall have been obtained, provided however, that if from time to time the consent of the Monetary Authority is not a requirement of any such Capital Securities to constitute Additional Tier 1 Capital (or equivalent) of the Issuer for the purposes of, and as defined in, the Banking Ordinance (Cap. 155) of Hong Kong, or any successor legislation, then the condition to the redemption or purchase and cancellation of the relevant Capital Securities set out in this Condition 6.6 shall not apply for so long as such consent is not required.

For the avoidance of doubt, this provision shall not apply to the Issuer or any of its Subsidiaries holding the Capital Securities in a purely nominee capacity.

7. TAXATION

All payments of principal and Distribution in respect of the Capital Securities by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of Hong Kong or any political subdivision or any authority thereof or therein having power to tax, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Capital Securities after such withholding or deduction shall equal the respective amounts of principal and Distribution which would otherwise have been receivable in respect of the Capital Securities in the absence of the withholding or deduction; except that no such additional amounts shall be payable with respect to any Capital Security;

- (a) to on behalf of, a holder who is liable to the Taxes in respect of such Capital Security by reason of his having some connection with Hong Kong other than the mere holding of such Capital Security; or
- (b) 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 a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a business day.

As used in these Conditions, **Relevant Date** means the date on which the payment first becomes due.

8. PRESCRIPTION

Claims against the Issuer for payment in respect of the Capital Securities will become void unless made within a period of 10 years (in the case of principal) and five years (in the case of Distribution) after the Relevant Date (as defined in Condition 7) therefor.

9. EVENTS OF DEFAULT AND ENFORCEMENT

9.1 Events of Default and Winding-up Proceedings

If default is made in the payment of any amount of principal or Distribution in respect of the Capital Securities 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 Distribution (each, an **Event of Default**) then in order to enforce the obligations of the Issuer, the Securityholder may institute a Winding-Up Proceeding against the Issuer. For the avoidance of doubt, no Distribution will be due and payable if such Distribution has been cancelled or is deemed cancelled (in each case, in whole or in part) in accordance with these Conditions. Accordingly, no default in payment under the Capital Securities will have occurred or be deemed to have occurred for the non-payment of any Distribution that has been so cancelled or deemed cancelled.

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 Securityholder may give written notice to the Issuer declaring the Capital Securities to be immediately due and payable, whereupon they shall become immediately due and payable at their outstanding principal amount together (if appropriate) with Distributions accrued to (but excluding) the date of actual payment, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 4C, without further action or formality.

In these Conditions:

Winding-Up Proceedings shall mean, with respect to the Issuer, proceedings in Hong Kong in respect of the Issuer for the bankruptcy, liquidation, winding-up, receivership, or other similar proceeding of the Issuer.

9.2 Enforcement

- (a) Without prejudice to Condition 9.1, the Securityholder may at any time and if the Issuer fails to perform, observe or comply with any obligation, condition or provision relating to the Capital Securities binding on it under these Conditions (other than any obligation of the Issuer for the payment of any principal or Distributions in respect of the Capital Securities), subject as provided below, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce such obligation, condition or provision provided that the Issuer shall not as a consequence of such

proceedings be obliged to pay any sum or sums representing or measured by reference to principal or Distributions in respect of the Capital Securities sooner than the same would otherwise have been payable by it.

- (b) Subject to applicable laws, no remedy (including the exercise of any right of set-off or analogous event) other than those provided for in Conditions 9.1 and 9.2(a) above or submitting a claim in the Winding-Up of the Issuer will be available to the Securityholder.

10. REPLACEMENT OF CAPITAL SECURITIES

Should any Certificate be lost, stolen, mutilated, defaced or destroyed, it may be replaced upon payment to the Issuer by the Securityholder of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

11. NOTICES

Any notice to be given for any purposes under this Agreement shall be given in writing and, unless otherwise stated, may be made by hand delivery, courier or by facsimile. Any such notice shall be given as follows:

To the Issuer:

Wing Lung Bank Limited
45 Des Voeux Road Central
Hong Kong

Attention: Chief Financial Officer
Facsimile number: (852) 2868-5807

To the Securityholder:

Name of Securityholder
Address of Securityholder

Attention: Name of contact person of Securityholder
Facsimile number of Securityholder

or to such other address or facsimile number as shall have been notified (in accordance with this Condition 11) to the other party. Any notice delivered by hand or sent by courier as set out above shall be deemed to have been given when received and any notice sent by facsimile transmission as set out above shall be deemed to have been given when received and confirmed by an activity report confirming such transmission was successfully completed.

12. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of these Capital Securities under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

13. GOVERNING LAW AND SUBMISSION TO JURISDICTION

13.1 Governing law

The Capital Securities and any non-contractual obligations arising out of or in connection with the Capital Securities are governed by, and shall be construed in accordance with, English law, except that the subordination provisions set out in Condition 3(a) shall be governed by and construed in accordance with the laws of Hong Kong Special Administrative Region (“Hong Kong”).

13.2 Submission to jurisdiction

The Hong Kong courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Capital Securities, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Capital Securities (a **Dispute**) and all Disputes will be submitted to the exclusive jurisdiction of the Hong Kong courts.