



永隆銀行
WING LUNG BANK

HK\$1,500,000,000 subordinated fixed rate notes due 2021

港幣1,500,000,000元定息後償票據(二〇二一年到期)

HK\$1,500,000,000 SUBORDINATED FIXED RATE NOTE DUE 2021

Terms and Conditions of the Notes

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 the Notes was authorised by a resolution of the Board of Directors of Wing Lung Bank Limited (the “**Issuer**”) dated 4 December 2009. A fiscal agency agreement dated 28 December 2009 (the “**Fiscal Agency Agreement**”) has been entered into in relation to the Notes between the Issuer, Wing Lung Bank Limited as fiscal agent, CMU lodging agent and paying agent. The fiscal agent, the CMU lodging agent and any paying agents for the time being are referred to below respectively as the “**Fiscal Agent**”, the “**CMU Lodging Agent**” and the “**Paying Agents**” (which expression shall include the Fiscal Agent). The Fiscal Agency Agreement includes the form of the Notes and the coupons relating to them (the “**Coupons**”). Copies of the Fiscal Agency Agreement are available for inspection during normal business hours at the specified offices of the Paying Agents. The holders of the Notes (the “**Noteholders**”) and the holders of the Coupons (whether or not attached to the relevant Notes) (the “**Couponholders**”) are deemed to have notice of all the provisions of the Fiscal Agency Agreement applicable to them.

1 Form, Denomination and Title

- (a) **Form and denomination:** The Notes are serially numbered and in bearer form in the denomination of HK\$500,000, each with Coupons attached on issue.
- (b) **Title:** Title to the Notes and Coupons passes by delivery. The holder of any Note or Coupon 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 in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

2 Status

- (a) **Subordination:**
 - (i) The Notes and the Coupons constitute direct, unsecured and, in accordance with Condition 2(a)(ii) below, subordinated obligations of the Issuer, ranking *pari passu* without any preference among themselves.
 - (ii) The claims of the holders of the Notes and the Coupons will, in the event of the winding up of the Issuer, be subordinated in right of payment to the claims of depositors and all other unsubordinated creditors of the Issuer. Accordingly, in the event of the winding up of the Issuer, (x) depositors and all other unsubordinated creditors of the Issuer will be entitled to be paid in full before any payment is made to the Noteholders or Couponholders in respect of the Notes; (y) claims of the holders of the Notes and the Coupons will rank at least *pari passu* in right of payment with all other Subordinated Indebtedness, present and future, of the Issuer; and (z) claims in respect of the Notes and the Coupons will

rank in priority to the rights and claims of holders of subordinated liabilities which by their terms rank or are expressed to rank in right of payment junior to the Notes and of all classes of equity securities of the Issuer, including holders of preference shares, if any.

- (b) **Waiver of Set-Off:** Claims in respect of any Notes or Coupons may not be set-off, or be the subject of a counterclaim, by the holder against or in respect of any obligations of the holder to the Issuer or to any other persons and the holder of any Note or Coupon shall, by virtue of being the holder of any Note or Coupon, be deemed to have waived all such rights of set-off and counterclaim to the fullest extent permitted by applicable law.
- (c) **Definition:** For the purposes of this Condition 2, “**Subordinated Indebtedness**” means all indebtedness 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, and for this purpose indebtedness shall include all liabilities, whether actual or contingent.

3 Interest

The Notes bear interest from and including 28 December 2009 at the rate of 5.70 per cent. per annum, payable quarterly in arrear on 28 March, 28 June, 28 September and 28 December in each year (each an “**Interest Payment Date**”). Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Fiscal Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these terms and conditions (the “**Conditions**”)).

In these Conditions, the period beginning on and including 28 December 2009 and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an “**Interest Period**”.

Interest in respect of any Note shall be calculated per HK\$500,000 in principal amount of the Notes (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall be equal to the product of 5.70 per cent., the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards). “**Day Count Fraction**” for the relevant period means the actual number of days elapsed in the relevant Interest Period divided by 365.

4 Redemption and Purchase

- (a) **Final redemption:** Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 28 December 2021. The Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition.
- (b) **Redemption for taxation reasons:** Subject to Condition 4(g), the Notes 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 Noteholders (which notice shall be irrevocable), at their principal amount, (together with interest accrued to the date fixed

for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 6 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 having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 23 December 2009, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, 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 were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 4(b), the Issuer shall deliver to the Fiscal Agent a certificate signed by two directors 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 so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

- (c) **Redemption at the option of the Issuer:** Subject to Condition 4(g), the Issuer may, at any time on 28 December 2016, on giving not less than 30 nor more than 60 nor less than 30 days' irrevocable notice to the Noteholders, redeem all, but not some only, of the Notes at their principal amount, together with interest accrued to the date fixed for redemption.
- (d) **Notice of redemption:** All Notes in respect of which any notice of redemption is given under this Condition shall be redeemed on the date specified in such notice in accordance with this Condition.
- (e) **Purchase:** The Issuer and its Subsidiaries (as defined in the Fiscal Agency Agreement) may at any time purchase Notes in the open market or otherwise at any price (provided that, if they should be cancelled under Condition 4(f) below, they are purchased together with all unmatured Coupons relating to them). The Notes so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 10(a).
- (f) **Cancellation:** All Notes so redeemed or purchased and any unmatured Coupons attached to or surrendered with them will be cancelled and may not be re-issued or resold.
- (g) **Conditions for redemption and purchase:** Notwithstanding any other provision in these Conditions, the Notes (subject as provided below) may not be redeemed (other than pursuant to Condition 4(a) or Condition 7) or purchased by the Issuer or any of its Subsidiaries without the prior written consent of the Hong Kong Monetary Authority or any successor thereto (the "HKMA"). Accordingly, the Issuer shall not redeem any of the Notes (other than pursuant to Condition 4(a) or Condition 7) and the Issuer or any of its Subsidiaries shall not purchase any of the Notes unless the prior written consent of the HKMA thereto shall have been obtained. For the avoidance of doubt, this provision shall not apply to the Issuer or any of its Subsidiaries holding the Notes in a purely nominee capacity.

5 Payments

- (a) **Method of Payment:** In respect of any Notes which are not held by the CMU Service, payments of principal and interest will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of Notes or the appropriate Coupons (as the case may be) at the specified office of any Paying Agent by Hong Kong dollar cheque drawn on, or by transfer to a Hong Kong dollar account maintained by the payee with, a bank in Hong Kong. Payments of interest due in respect of any Note other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Note.

In respect of Notes which are held by the CMU Service, principal and interest will be paid by the Fiscal Agent or a Paying Agent to the person(s) for whose account(s) the relevant interests in such Note(s) is/are credited as being held by the CMU Service at the relevant time as notified to the Fiscal Agent by the CMU Service in a relevant CMU Instrument Position Report (as defined in the CMU Rules) or any other relevant notification by the CMU Service.

- (b) **Payments subject to fiscal laws:** All payments are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 6. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (c) **Surrender of unmatured Coupons:** Each Bond should be presented for redemption together with all unmatured Coupons relating to it, failing which the amount of any such missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon not later than 10 years after the Relevant Date (as defined in Condition 6) for the relevant payment of principal.
- (d) **Payments on business days:** A Note or Coupon may only be presented for payment on a day which is a business day in the place of presentation (and, in the case of payment by transfer to a Hong Kong dollar account, in Hong Kong. No further interest or other payment will be made as a consequence of the day on which the relevant Note or Coupon may be presented for payment under this Condition falling after the due date. In this Condition “business day” means (i), if the relevant Note(s) is/are not lodged with the CMU Service, any day on which banks are open for business in the relevant place or, if the relevant Note(s) is/are lodged with the CMU Service, any day on which the CMU Service is operating and (ii), in the case of payment by transfer to a Hong Kong dollar account as referred to above, any day on which commercial banks and foreign exchange markets are open in Hong Kong.
- (e) **Paying Agents:** The initial Paying Agents and their initial specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, provided that it will maintain (i) a Fiscal Agent and (ii) a Paying Agent having a specified office in Hong Kong. Notice of any change in the Paying Agents or their specified offices will promptly be given to the Noteholders.

6 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for, any 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. In that event the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders 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 in respect of any Note or Coupon presented for payment:

- (a) **Other connection:** by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with Hong Kong other than the mere holding of the Note or Coupon or
- (b) **Presentation more than 30 days after the Relevant Date:** 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 such Note or Coupon for payment on the last day of such period of 30 days or
- (c) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive or
- (d) **Payment by another Paying Agent:** by or on behalf of a Noteholder who would have been able to avoid such withholding or deduction by presenting the relevant Definitive Certificate to another Paying Agent in a European Union member state.

“**Relevant Date**” means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received in Hong Kong by the Fiscal Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Noteholders. Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition.

7 Events of Default

- (a) **Non-Payment:** If default is made in the payment of principal or interest due in respect of the Notes or any of them and the default continues for a period of five Business Days in Hong Kong (in the case of principal) or 10 Business Days in Hong Kong (in the case of interest) (each such event, an “**Event of Default**”), then any Noteholder at its discretion may, after giving the Issuer five days’ notice, institute proceedings for the winding-up of the Issuer in Hong Kong, but may take no further action in respect of such default (but without prejudice to Condition 7(b) below).
- (b) **Winding-up:** If an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution of the Issuer in Hong Kong (except for the purposes of a reconstruction, amalgamation or reorganisation the terms of which have previously been approved by an Extraordinary Resolution of the Noteholders) (such event also, an

“**Event of Default**”), then any Noteholder may, by written notice to the Issuer at the specified office of the Fiscal Agent, effective upon the date of receipt thereof by the Fiscal Agent, declare any Notes held by that Noteholder be forthwith due and repayable at their principal amount together with accrued interest (if any) to the date of repayment, without presentation, demand, protest or other notice of any kind.

8 Prescription

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 5 within a period of 10 years in the case of principal and five years in the case of interest from the appropriate Relevant Date.

9 Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Fiscal Agent subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

10 Meetings of Noteholders and Modification

- (a) **Meetings of Noteholders:** The Fiscal Agency Agreement contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Notes or the dates on which interest is payable in respect of the Notes, (ii) to reduce or cancel the principal amount of, or interest on or to vary the method of calculating the rate of interest on, the Notes, (iii) to change the currency of payment of the Notes or the Coupons, (iv) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more persons holding or representing not less than $66\frac{2}{3}$ per cent, or at any adjourned meeting not less than $33\frac{1}{3}$ per cent, in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Fiscal Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in principal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders 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 Noteholders.

- (b) **Modification of Fiscal Agency Agreement:** The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Fiscal Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.
- (c) **Substitution:** The Issuer, or any previous substituted company, may at any time, subject to the prior written approval of the HKMA (if and to the extent then required) but without the consent of the Noteholders or the Couponholders, substitute for itself as principal debtor under the Notes and the Coupons such company (the “**Substitute**”) as is specified in the Fiscal Agency Agreement, provided that no payment in respect of the Notes or the Coupons is at the relevant time overdue. The substitution shall be made by a deed poll (the “**Deed Poll**”), to be substantially in the form exhibited to the Fiscal Agency Agreement, and may take place only if (i) the Substitute shall, by means of the Deed Poll, agree to indemnify each Noteholder and Couponholder against any tax, duty, assessment or governmental charge which is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute’s residence for tax purposes and, if different, of its incorporation with respect to any Note or Coupon and which would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution, (ii) the obligations of the Substitute under the Deed Poll, the Notes and the Coupons shall be unconditionally guaranteed by the Issuer by means of the Deed Poll, (iii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Notes and Coupons represent valid, legally binding and enforceable obligations of the Substitute and in the case of the Deed Poll of the Issuer have been taken, fulfilled and done and are in full force and effect, (iv) the Substitute shall have become party to the Fiscal Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it, (v) legal opinions addressed to the Noteholders shall have been delivered to them (care of the Fiscal Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (i) above and in England as to the fulfilment of the preceding conditions of this Condition 10(c) and the other matters specified in the Deed Poll and (vi) the Issuer shall have given at least 14 days’ prior notice of such substitution to the Noteholders, stating that copies, or pending execution the agreed text, of all documents in relation to the substitution which are referred to above, or which might otherwise reasonably be regarded as material to Noteholders, will be available for inspection at the specified office of each of the Paying Agents. References in Condition 7 to obligations under the Notes shall be deemed to include obligations under the Deed Poll, and, where the Deed Poll contains a guarantee, the events listed in Condition 7 shall be deemed to include that guarantee not being (or being claimed by the guarantor not to be) in full force and effect and the provisions of Condition 7(b) shall be deemed to apply in addition to the guarantor.

11 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such

further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes.

12 Notices

Notices to Noteholders will be valid if published in a leading newspaper having general circulation in Hong Kong (which is expected to be the *South China Morning Post*) or, if such publication shall not be practicable, in an English language newspaper of 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 on the first date on which publication is made. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition.

13 Governing Law

- (a) **Governing Law:** The Fiscal Agency Agreement, the Notes and the Coupons are governed by and shall be construed in accordance with Hong Kong law.
- (b) **Jurisdiction:** The courts of Hong Kong are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes, or the Coupons and accordingly any legal action or proceedings arising out of or in connection with the Notes, or the Coupons ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. All service of process in any Proceedings in Hong Kong shall be to the Issuer's principal place business at 45 Des Voeux Road Central, Hong Kong.