

THIS MASTER TERMS AGREEMENT is dated 28 May 2019

BETWEEN:

- (1) **THE HONGKONG AND SHANGHAI BANKING COPORATION LIMITED (“HBAP”)**; and
- (2) **HANG SENG BANK, LIMITED (“HASE”)**.

IT IS AGREED:

This Agreement sets out the terms whereby HBAP will enter into certain loans (each a “**Loan**”) with HASE.

Each Loan will be made by HBAP as lender and HASE as borrower pursuant to a loan agreement (each a “**Loan Agreement**”) in the form set out in Schedule 2 to this Agreement.

The terms of each Loan will be formed by (a) the Master Terms and Conditions (the “**Master Terms and Conditions**”) set out in Schedule 1 to this Agreement, which Master Terms and Conditions shall be fully incorporated by reference into each Loan Agreement as if fully set out therein and (b) the relevant loan particulars (“**Loan Particulars**”) set out in the Loan Agreement. Each Loan will be made on the drawdown date specified in the Loan Particulars.

This Agreement may be executed in counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

If any provision in or obligation under this Agreement is or becomes invalid, illegal or unenforceable in any respect under the law of any jurisdiction, that will not affect or impair (i) the validity, legality or enforceability under the law of that jurisdiction of any other provision in or obligation under this Agreement, and (ii) the validity, legality or enforceability under the law of any other jurisdiction of that or any other provision in or obligation under this Agreement.

THIS AGREEMENT has been entered into on the date stated at the beginning of this Agreement.

THE HONGKONG AND SHANGHAI BANKING COPORATION LIMITED

By:

HANG SENG BANK, LIMITED

By:

SCHEDULE 1 - MASTER TERMS AND CONDITIONS

In relation to the Loan, terms used but not defined in the section headed “*Definitions*” shall have the meaning ascribed to them in the relevant Loan Particulars.

Provisions concerning ranking and type of the Loan

Type of Loan

Any Loan designated as an **AT1 Loan** in the applicable Loan Particulars is intended to qualify as (i) Additional Tier 1 capital of the Borrower under the Banking (Capital) Rules and (ii) a “LAC debt instrument” under the LAC Rules.

Any Loan designated as a **T2 Loan** in the applicable Loan Particulars is intended to qualify as (i) Tier 2 Capital of the Borrower under the Banking (Capital) Rules and (ii) as a “LAC debt instrument” under the LAC Rules.

Any Loan designated as a **LAC Loan** in the applicable Loan Particulars is intended to qualify as a “LAC debt instrument” of the Borrower which is a “non-capital LAC liability” under the LAC Rules.

Status of AT1 Loans

In the case of a winding-up of the Borrower, claims against the Borrower in respect of an AT1 Loan shall be subordinated to the claims of all Relevant Creditors. Accordingly, in the case of a winding-up of the Borrower, claims in respect of the AT1 Loan will only be satisfied after the claims of Relevant Creditors.

Except in the case of a winding-up of the Borrower, the Borrower's obligations to repay principal or pay interest or any other amounts in respect of an AT1 Loan are conditional upon its being able to make such repayment or payment and the Borrower remaining Solvent immediately thereafter.

Status of T2 Loans

In the case of a winding-up of the Borrower, claims against the Borrower in respect of a T2 Loan shall be:

- (a) subordinated to the claims of (i) all Senior Creditors of the Borrower, (ii) all LAC Loans and (iii) any other instrument ranking *pari passu* with a LAC Loan; and
- (b) rank ahead of claims in respect of AT1 Loans.

Accordingly, in the case of a winding-up of the Borrower, claims in respect of the T2 Loan will only be satisfied after the claims of Senior Creditors, all LAC Loans and any other instrument ranking *pari passu* with a LAC Loan.

Status of LAC Loans

In the case of a winding-up of the Borrower, claims against the Borrower in respect of a LAC Loan shall be subordinated to the claims of all Unsubordinated Creditors of the Borrower. Accordingly, in the case of a winding-up of the Borrower, claims in respect of the LAC Loan will only be satisfied after the claims of Unsubordinated Creditors.

No Security and Set-off

No security is required to be provided by the Borrower in respect of any of its assets or undertakings in connection with its liability under the Loan.

The Lender hereby waives, to the fullest extent permitted by applicable law, any right to set-off any amount of interest, principal or any other amounts due under the Loan against any amounts owed to the Borrower by the Lender and waives, to the fullest extent permitted by applicable law, any right to counterclaim for any amount of interest, principal or any other amounts due under the Loan in any action by the Borrower against the Lender in respect of any amount owed to the Borrower by the Lender. If the Lender recovers any amount in respect of principal, interest or any other amounts due on the Loan (the “**original debt**”) by virtue of the application of any relevant rules of mandatory set-off applicable under Hong Kong law in circumstances where the claims of as the case may be any Relevant Creditors (in the case of an AT1 Loan) or Senior Creditors (in the case of a T2 Loan) or Unsubordinated Creditors (in the case of a LAC Loan) remain outstanding, the Lender shall pay an amount equal to whichever is the lesser of the amount so recovered and the aggregate amount of the claims of Relevant Creditors (in the case of an AT1 Loan) or Senior Creditors (in the case of a T2 Loan) or Unsubordinated Creditors (in the case of a LAC Loan) then remaining outstanding to the liquidator of the Borrower upon trust for such Relevant Creditors (in the case of an AT1 Loan) or Senior Creditors (in the case of a T2 Loan) or Unsubordinated Creditors (in the case of a LAC Loan). The Lender may rely upon a certificate of the liquidator for the purpose of determining whether or not any claims of Relevant Creditors (in the case of an AT1 Loan) or Senior Creditors (in the case of a T2 Loan) or Unsubordinated Creditors (in the case of a LAC Loan) remain outstanding and if so their amount or aggregate amount. The Lender shall not be obliged to concern itself with the distribution by the liquidator of any payment so made to the liquidator. To the extent of any payment so made, the original debt shall be treated as if it had not been discharged.

Provisions concerning interest

The relevant Loan Particulars will specify whether the Loan is Fixed Rate (a "**Fixed Rate Loan**") or Floating Rate (a "**Floating Rate Loan**") or Fixed Rate to Floating Rate (a "**Fixed to Floating Rate Loan**").

The rate of interest (the "**Rate of Interest**") applicable to the Loan for each Interest Period in respect of a:

- (i) Fixed Rate Loan (or in respect of the period during which a fixed rate of interest applies to a Fixed to Floating Rate Loan) and for any period shorter than a complete Interest Period for the Loan shall be specified in the Loan Particulars; and
- (ii) Floating Rate Loan (or in respect of the period during which a floating rate of interest applies to a Fixed to Floating Rate Loan) and for any period shorter than a complete Interest Period for the Loan shall be calculated as a Benchmark Interest Rate as specified in the Relevant Loan Particulars plus a margin being the percentage specified in the Loan Particulars as being added to the Benchmark Interest Rate. If the relevant Benchmark Interest Rate is not available, then the Benchmark Interest Rate for the relevant Interest Period shall be determined on such other basis as the Borrower and the Lender may agree.

The amount of interest payable in relation to any period shall be calculated by applying the Rate of Interest to the principal amount of the Loan, multiplying the product by the relevant Day Count Fraction applicable to such period and rounding the resulting figure in the Specified Currency to the nearest Yen or in the case of AUD, HKD, SGD or USD the nearest cent (half a Yen or cent being rounded upwards).

All payments of principal and interest pursuant to the Loan shall be made to such bank account as may be agreed between the Borrower and Lender from time to time. The Loan will bear interest on its principal amount from the Drawdown Date specified in the relevant Loan Particulars. Subject as provided under "*Provisions concerning ranking of the Loan*", "*Discretionary Interest Payments for ATI Loans*" and "*Restrictions on Interest Payments for ATI Loans*" interest will:

- (i) be due and payable in arrear on the interest payment dates specified in the relevant Loan Particulars (each an "**Interest Payment Date**"); and
- (ii) cease to accrue on the Loan on its Repayment Date (if any) unless upon such due date, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue (as well after as before any judgment) up to and including the date on which payment in full is made.

Payment days

In respect of a Floating Rate Loan or in respect of any Interest Payment Date or Repayment Date occurring when a floating rate of interest applies to a Fixed to Floating Rate Loan, if any Interest Payment Date or Repayment Date would otherwise fall on a date which is not a Business Day, it will be postponed to the next Business Day unless it would thereby fall into the next calendar month, in which case it will be brought forward to the preceding Business Day.

In respect of a Fixed Rate Loan or in respect of any Interest Payment Date or Repayment Date occurring when a fixed rate of interest applies to a Fixed to Floating Rate Loan, if any Interest Payment Date or Repayment Date would otherwise fall on a date which is not a Business Day, it will not be postponed to the next Business Day for the purposes of the definition of Interest Period but any amount due on the unadjusted Interest Payment Date or Repayment Date will be paid on the next Business Day without any additional interest as result of the delay, unless it would thereby fall into the next calendar month, in which case it will be brought forward to the preceding Business Day without any reduction in interest as a result of the change.

Discretionary Interest Payments for ATI Loans

In the case of an ATI Loan, the Borrower may elect at its full discretion at any time and for any reason to cancel (in whole or in part) the interest otherwise scheduled to be paid on an Interest Payment Date, specified

Interest Payment Dates or for an unlimited period. If the payment of interest scheduled on an Interest Payment Date is so cancelled, the Borrower shall have no obligation to make such interest payment on such Interest Payment Date and the failure to pay such amount of interest or part thereof shall not constitute an event of default by the Borrower for any purpose whether under the AT1 Loan or otherwise. Any such interest will not accumulate or be payable at any time thereafter (or be due) and the Lender shall have no right thereto whether in a winding up of the Borrower or otherwise.

Restrictions on Interest Payments for AT1 Loans

Except to the extent permitted in the following paragraph in respect of partial interest payments, in respect of an AT1 Loan, the Borrower shall not be required to make (and shall not make) an interest payment on any Interest Payment Date (and such interest payment will therefore be deemed to have been cancelled and thus will not be due and payable on such Interest Payment Date) if (i) the Borrower does not have sufficient Distributable Items on such Interest Payment Date, (ii) the Monetary Authority directs the Borrower to cancel such interest payment (in whole or in part) or (iii) applicable Hong Kong banking regulations or other requirements of the Monetary Authority prevent the payment in full of such interest payment when due.

The Borrower may, in its sole discretion but subject to (ii) and (iii) above, elect to make a partial interest payment on an AT1 Loan on any Interest Payment Date, only to the extent that such partial interest payment may be made from any Distributable Items on such Interest Payment Date. For the avoidance of doubt, the portion of interest not paid on the relevant Interest Payment Date will be deemed to have been cancelled and thus will not be due and payable on such Interest Payment Date.

Provisions concerning repayment

Maturity date

If the Loan is an AT1 Loan it is perpetual and has no fixed maturity or fixed repayment date.

If the Loan is a T2 Loan or a LAC Loan, the Borrower shall repay the Loan in one amount on the Final Repayment Date specified in the relevant Loan Particulars, subject always as provided in *Status of T2 Loans* and *Status of LAC Loans*.

Optional Early Repayment

Subject to “*Regulatory Consent*” below, the Borrower may, at its option, repay the outstanding principal amount of the Loan, in whole or in part, together with any accrued but unpaid interest thereon, on any Optional Early Repayment Date. Such option may be exercised by the Borrower giving notice in writing to the Lender, being not less than 10 Business Days’ notice. Following any partial repayment(s), the principal amount of the Loan will be reduced by the amount(s) so repaid and the use of “principal” and “principal amount” in the Loan shall be interpreted accordingly. The notice referred to above shall specify the due date for repayment.

Early Repayment for Taxation Reasons

Subject to “*Regulatory Consent*” below, if a Taxation Event occurs, the Borrower may, at its option, on giving at least 10 Business Days’ notice in writing to the Lender, repay the Loan in whole but not in part, together with any accrued but unpaid interest thereon, on the date (which shall be a Business Day) fixed for repayment in such notice, provided that no such notice shall be given earlier than 90 days prior to the earliest date on which the Borrower would be obliged to pay such additional amounts or (if applicable) is unable to make a deduction, were a payment in respect of the Loan then due.

Early Repayment following Capital Disqualification for AT1 Loans or T2 Loans

Subject to “*Regulatory Consent*” below, if a Capital Disqualification Event occurs and has not been cured or deemed to have been cured through alterations made under “*Alteration to loan terms following Capital Disqualification Event or Loss Absorption Disqualification Event*”, the Borrower may, at its option, within 90 days of the occurrence of the relevant Capital Disqualification Event, on giving at least 10 Business Days’ notice in writing to the Lender, repay the AT1 Loan or T2 Loan in whole but not in part, together with any accrued but unpaid interest thereon, on the date (which shall be a Business Day) fixed for repayment in such notice.

Early Repayment following Loss Absorption Disqualification Event

Subject to “*Regulatory Consent*” below, if a Loss Absorption Disqualification Event occurs and has not been cured or deemed to have been cured through alterations made under “*Alteration to loan terms following Capital Disqualification Event or Loss Absorption Disqualification Event*”, the Borrower may, at its option, within 90 days of the occurrence of the relevant Loss Absorption Disqualification Event, on giving at least 10 Business Days’ notice in writing to the Lender, repay the Loan in whole but not in part, together with any accrued but unpaid interest thereon, on the date (which shall be a Business Day) fixed for repayment in such notice.

Regulatory Consent

The Borrower may only exercise its right to repay the Loan pursuant to “*Optional Early Repayment*”, “*Early Repayment for Taxation Reasons*”, “*Early Repayment following Capital Disqualification for AT1 Loans or T2 Loans*” and “*Early Repayment following Loss Absorption Disqualification Event*” if:

- (i) it has obtained prior written permission from the Monetary Authority for the repayment of the Loan, if and to the extent such permission is required by the Banking (Capital) Rules at such time in the case of an AT1 Loan or T2 Loan and/or by the LAC Rules at such time in the case of a LAC Loan; and
- (ii) the Borrower has complied with any other requirements then in force which relate to the repayment of the Loan contained in the Banking (Capital) Rules in the case of an AT1 Loan or T2 Loan and/or in the LAC Rules in the case of a LAC Loan.

Other Provisions

Hong Kong Resolution Authority Power

Notwithstanding any other term of the Loan, or any other agreement or arrangement, by agreeing to the terms of the Loan, the Lender shall be bound by and its rights subject to, and shall be deemed to agree and acknowledge that it is bound by and its rights are subject to, 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:

- (i) the reduction or cancellation of all or a part of the principal amount of, or interest on, the Loan;
- (ii) the conversion of all or a part of the principal amount of, or interest on, the Loan into shares or other securities or other obligations of the Borrower 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 Loan; and
- (iii) the amendment or alteration of the maturity of the Loan or amendment or alteration of the amount of interest payable on the Loan, or the date on which the interest becomes payable, including by suspending payment for a temporary period or modification or form change of the Loan, or any other amendment or alteration of the terms of the Loan.

With respect to (i), (ii) and (iii) above, references to principal and interest shall include payments of principal and interest that have become due and payable, but which have not been paid, prior to the exercise of any Hong Kong Resolution Authority Power. The rights of the Lender under the Loan 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 principal amount of the Loan or payment of interest on the Loan 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 with respect to the Loan 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 Borrower under the laws and regulations applicable to the Borrower and the Group.

Upon the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Loan, the Borrower shall provide a notice in writing to the Lender as soon as practicable regarding such exercise of the Hong Kong Resolution Authority Power.

Neither the reduction or cancellation, in part or in full, of the principal amount of, or interest on the Loan, the conversion thereof into another security or obligation of the Borrower or another person, or any other amendment or alteration of the terms of the Loan as a result of the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Borrower nor the exercise of the Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Loan shall constitute an event of default.

Non-Viability

Upon the occurrence of a Non-Viability Event, the Borrower shall irrevocably (without the need for the consent of the Lender) reduce the then prevailing principal amount and any accrued but unpaid interest of the Loan to nil or other such amount as directed by the Monetary Authority (such reduction being referred to herein as the “**Write-off**”, and “**Written-off**” shall be construed accordingly).

Once the principal amount of, and any accrued but unpaid interest under, the Loan has been Written-off, it shall not be restored under any circumstances, including where the relevant Non-Viability Event ceases to continue.

Following any Write-off, the Lender will be automatically deemed to waive irrevocably its right to receive, and no longer has any rights against the Borrower with respect to, any repayment or payment of any amount of principal or (as the case may be) interest under the Loan which has been so Written-off and the Borrower shall have no obligation to repay or pay any such amount of principal or (as the case may be) interest in respect of the Loan.

The Borrower shall notify the Lender upon the occurrence of a Non-Viability Event as soon as it becomes aware that a Non-Viability Event will occur. Such notice (a “**Non-Viability Event Notice**”) will include details of the Non-Viability Event and details of the Write-off including the date on which Write-off is to occur. Failure by the Borrower to deliver a Non-Viability Event Notice to the Lender shall not invalidate any Write-off.

Default

The only events that will constitute an “**event of default**” applicable to the Loan will be the occurrence of (i) a Winding-up Event or (ii) a Non-payment Event. A Non-Viability Event will not constitute an event of default.

Upon the occurrence of a Non-payment Event, the Lender’s sole remedy will be to petition for the winding-up of the Borrower, and to prove in the winding-up of the Borrower and/or claim in the liquidation of the Borrower, in Hong Kong and the Lender waives all other remedies, including without limitation, any right to institute any other proceedings, in respect of any interest or principal or any other amounts due under the Loan or in respect of any breach by the Borrower of any obligation, condition or provision of the Loan.

Upon the occurrence of a Winding-up Event, the Lender’s sole remedy will be to prove in the winding-up of the Borrower and/or claim in the liquidation of the Borrower for payment of the principal amount of the Loan and any other amounts due under the Loan.

In a winding up of the Borrower that requires the Lender to provide evidence of its claim to principal and interest under the Loan, such claim will only be satisfied after the satisfaction in full of Relevant Creditors in the case of an AT1 Loan, Senior Creditors in the case of a T2 Loan or Unsubordinated Creditors in the case of a LAC Loan.

Taxation

All payments by the Borrower of interest in respect of the Loan will be made without withholding or deduction for or on account of any taxes, duties, assessments or governmental charges of whatever nature, present or future, as are imposed or levied by or on behalf of Hong Kong (or any authority or political subdivision therein or thereof having power to tax) unless the Borrower is required by law to withhold or deduct any such taxes, duties, assessments or governmental charges.

In that event, the Borrower will pay such additional amounts in respect of any payments of interest in respect of the Loan as may be necessary in order that the net amounts of interest in respect of the Loan received by the Lender after such withholding or deduction shall equal the respective amounts of interest which would have been received in respect of the Loan in the absence of such withholding or deduction.

Alteration

The terms of the Loan may be altered at any time by mutual agreement between the Borrower and the Lender, but subject to the prior written consent of the Monetary Authority if and to the extent such permission is required by the Banking (Capital) Rules and/or the LAC Rules, as applicable.

Alteration to loan terms following Capital Disqualification Event or Loss Absorption Disqualification Event

If any provision of the Loan has caused or (in the opinion of the Borrower) is likely to cause the occurrence of a Capital Disqualification Event (for AT1 Loans or T2 Loans) or a Loss Absorption Disqualification Event,

the Lender shall approve such amendments or modifications to the Loan as the Borrower deems necessary and/or desirable to cause the relevant Capital Disqualification Event or Loss Absorption Disqualification Event (as applicable) to cease to occur or to be avoided as the case may be (such approval not to be unreasonably withheld or refused). Any such amendments or modifications shall be made in accordance with “Alteration” and, once the amendments or modifications have been so made, the Capital Disqualification Event or Loss Absorption Disqualification Event (as applicable) shall be deemed to have ceased to occur, where applicable. For the avoidance of doubt, the Borrower may not seek to amend the interest rate applicable to the Loan, the term of the Loan or any repayment options in respect of the Loan by virtue of the foregoing.

Rights of Third Parties

A person who is not a party to a Loan including other parties to the Agreement creating the Loan has no right under the Contracts (Rights of Third Parties) Ordinance (cap 623) to enforce any term of the Loan, but this does not affect any right or remedy of a third party which exists or is available apart from that ordinance.

Governing Law

The Loan shall be governed by, and construed in accordance with, Hong Kong law. The courts of Hong Kong have exclusive jurisdiction to settle any dispute (a “**Dispute**”), arising out of or in connection with the Loan (including a dispute regarding the existence, validity or termination of the Loan or any non-contractual obligation arising out of or in connection with the Loan) or the consequences of its nullity. The Borrower and the Lender agree that the courts of Hong Kong are the most appropriate and convenient courts to settle any Dispute and, accordingly, that shall not argue to the contrary.

Definitions

“**Assets**” means the Borrower's unconsolidated gross assets, as shown in the latest published balance sheet having the benefit of an unqualified auditors' report.

“**Additional Tier 1 capital instrument**” has the meaning given to it by the Banking (Capital) Rules.

“**Banking (Capital) Rules**” means the Banking (Capital) Rules (Cap. 155 sub leg. L) made by the Monetary Authority under section 97C of the Banking Ordinance (Cap. 155) of Hong Kong, as amended, superseded or replaced from time to time .

“**Benchmark Interest Rate**” means 3M USD LIBOR, 12M USD LIBOR, BBSW, 3M JPY LIBOR, 6M JPY LIBOR, 3M HKD HIBOR, 12M HKD HIBOR or 3M SGD SIBOR as specified in the Loan Particulars.

“**BBSW**” means the Australian Bank Bill Swap Rate being the rate for prime bank eligible securities having a tenor closest to three months which is designated as the “**AVG MID**” (or any designation which replaces this designation) on the Reuters Screen BBSW Page (the “**Relevant Screen Page**”) at approximately 10:15 a.m. (or such other time at which BBSW customarily appears on the Relevant Screen Page), Sydney time, on the first day of the relevant Interest Period. BBSW will be expressed as a percentage rate per annum and will be rounded up, if necessary, to the next higher one ten-thousandth of a percentage point (0.0001 per cent.).

“**Business Day**” means a day on which commercial banks are open for business and making payments in Hong Kong, London and:

- (i) in the case of a Loan whose Specified Currency is AUD, in Sydney;
- (ii) in the case of a Loan whose Specified Currency is JPY, in Tokyo;
- (iii) in the case of a Loan whose Specified Currency is SGD, in Singapore; and
- (iv) in the case of a Loan whose Specified Currency is USD, in New York City.

A “**Capital Disqualification Event**” shall be deemed to have occurred in a respect of an AT1 Loan or a T2 Loan if the Borrower determines, at any time after the Drawdown Date, that there is a change in the regulatory treatment of the Loan that results in or will result in:

- (i) its exclusion in whole or in part from the regulatory capital of the Group;
- (ii) in the case of an AT1 Loan its reclassification in whole or in part as a form of regulatory capital of the Group that is lower than Tier 1 capital as defined in the Banking (Capital) Rules (if any);
or
- (iii) its ceasing to be eligible as an Additional Tier 1 capital instrument in the case of a AT1 Loan or as a Tier 2 Capital Instrument in the case of a Tier 2 Loan,

provided however, that a Capital Disqualification Event shall not occur where the exclusion of a T2 Loan from being counted toward meeting minimum regulatory capital requirement(s) is due to the remaining maturity of the T2 Loan being less than any period prescribed by any applicable eligibility criteria for Tier 2 capital under the Banking (Capital) Rules on the Drawdown Date.

“**Day Count Fraction**” means, in respect of the calculation of an amount for any period of time (the “**Calculation Period**”) such day count fraction as may be specified in the relevant Loan Particulars and:

- (i) if "Actual/360" is so specified, means the actual number of days in the Calculation Period in respect of which payment is being made divided by 360;
- (ii) if "30/360" is so specified, means the number of days in the Calculation Period in respect of which payment is being made in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)$
360

where:

"Y1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D1" is the first calendar day of the Calculation Period, expressed as a number, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (iii) if "Actual/365" is so specified, means the actual number of days in the Calculation Period in respect of which payment is being made divided by 365; or
- (iv) if "Actual/Actual(ICMA)" is so specified:
 - a. where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the Regular Period Number; and
 - b. where the Calculation Period is longer than one Regular Period, the sum of:
 - i. the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - ii. the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year.

If no day count fraction is specified, the day count fraction shall be calculated as:

	For a Floating Rate Loan or the floating rate period of a Fixed to Floating Rate Loan	For a Fixed-Rate Loan or the fixed rate period of a Fixed to floating Rate Loan
USD	Actual/360	30/360
JPY	Actual/365	Actual/Actual (ICMA)
SGD	Actual/365	Actual/365
AUD	Actual/365	Actual/Actual (ICMA)
HKD	Actual/365	Actual/365

“**Distributable Items**” means:

- (i) the amounts for the time being available to the Borrower 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, and subject to the Monetary Authority’s then current Banking (Capital) Rules as applicable to the Borrower on the relevant Interest Payment Date; or
- (ii) such other amounts available for the payment of interest on the Loan pursuant to the Banking (Capital) Rules as at the relevant Interest Payment Date.

“**FIRO**” means the Financial Institutions (Resolution) Ordinance (Cap 628), as amended, superseded or replaced from time to time.

“**Group**” means the Borrower and its consolidated subsidiaries.

“**3M HKD HIBOR**” or “**12M HKD HIBOR**” means, in relation to any Interest Period, the rate for 3-month deposits in the case of 3M HKD HIBOR or for 12 month deposits in the case of 12M HKD HIBOR, in each case in HKD which appears on the fixing line of the page designated “HKABHIBOR” of Thomson Reuters Eikon (or such other page or service as may replace the appropriate page or service for the purpose of displaying Hong Kong inter-bank offered rates of leading banks for Hong Kong dollars) as of approximately 11.00 a.m. (Hong Kong time) on the first day of that Interest Period.

“**Hong Kong Resolution Authority Power**” means any power which may exist from time to time under FIRO (including for the avoidance of doubt, powers under Part 4 and Part 5 of the FIRO), or any other laws, regulations, rules or requirements relating to 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 Borrower or other members of the Group, as the same may be amended from time to time (whether pursuant to the FIRO or otherwise), and pursuant to which assets and/or 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.

“**Interest Period**” means each period beginning on (and including) the Drawdown Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date.

“**3M JPY LIBOR**” or “**6M JPY LIBOR**” means, in relation to any Interest Period, the rate for 3-month deposits in the case of 3M JPY LIBOR or for 6-month deposits in the case of 6M JPY LIBOR in each case in Yen which appears on the display page designated LIBOR01 on Reuters (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying comparable rates) at approximately 11.00 a.m. (or such other time at which 3M JPY LIBOR or 6M JPY LIBOR customarily appears) London time on the second day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London before- the first day of that Interest Period.

“**LAC debt instrument**” has the meaning given to it by the LAC Rules.

“**LAC Rules**” means the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements- Banking Sector) Rules made by the Monetary Authority under section 19(1) of FIRO, as amended, superseded or replaced from time to time.

“**Liabilities**” means the Borrower's unconsolidated gross liabilities, as shown in the latest published balance sheet having the benefit of an unqualified auditors' report, but with such adjustments as the auditors, or if the Borrower is in winding up, the liquidator, shall determine.

A “**Loss Absorption Disqualification Event**” shall be deemed to have occurred if the Borrower determines that the Loan becomes fully or partially ineligible to meet the Borrower's and/or the Group's minimum requirements for loss absorbing capacity instruments under the LAC Rules as a result of any amendment to, or change in, the LAC Rules or FIRO or any change in the application or official interpretation of the LAC Rules or FIRO, in any such case becoming effective on or after the Drawdown Date.

“**Monetary Authority**” means the person appointed under section 5A of the Exchange Fund Ordinance (Cap. 66) of Hong Kong.

A “**Non-payment Event**” will occur if default is made for a period of 14 days or more in the payment of any interest or repayment of any principal due on the Loan. For the avoidance of doubt, no interest will be due and payable if such interest has been cancelled or deemed to be cancelled (in each case, in whole or in part) in accordance with the terms of the Loan or following the exercise of any Hong Kong Resolution Authority Power (and no Non-payment Event will occur or be deemed to have occurred as a result of such cancellation or deemed cancellation (in each case, in whole or in part)).

“**Non-Viability Event**” means:

- (i) in the case of a Loan that is a LAC Loan, the Monetary Authority notifying the Borrower in writing that the Monetary Authority is satisfied that the Borrower has ceased, or is likely to cease, to be viable and there is no reasonable prospect that private sector action outside of resolution (as defined in the LAC Rules) would result in it again becoming viable within a reasonable period (in both cases, without taking into account the write-down of the Loan or the write-down or conversion into ordinary shares of any other LAC debt instruments (as defined in the LAC Rules)); and
- (ii) in the case of an AT1 Loan or a T2 Loan, the earlier of:
 - a. the Monetary Authority notifying the Borrower in writing that the Monetary Authority is of the opinion that a Write-off is necessary, without which the Borrower would become non-viable; and
 - b. the Monetary Authority notifying the Borrower 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 Borrower would have become non-viable.

Any “**Optional Early Repayment Date**” means any date specified as such in the relevant Loan Particulars.

“**Regular Period**” means each period from (and including) a Regular Date falling in any year to (but excluding) the next Regular Date, where “Regular Date” means the day and month (but not the year) on which any Interest Payment Date during the Interest Period falls.

“**Regular Period Number**” means:

- (i) where annual interest payments are being made during the Calculation Period, one;
- (ii) where semi-annual interest payments are being made during the Calculation Period, two; and
- (iii) where quarterly interest payments are being made during the Calculation Period, four.

“**Relevant Creditors**” means any depositors, general creditors of the Borrower and any subordinated creditors of the Borrower (including any creditors in respect of Tier 2 Capital Instruments and the lender under any LAC Loan made pursuant to this Agreement to the Borrower) other than those whose claims are expressed to rank *pari passu* or junior to the claims of the Lender under an AT1 Loan.

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

“**Repayment Date**” means the Final Repayment Date, if any, or any due date for the repayment of the Loan pursuant to a right to repay on an Optional Early Repayment Date or a right to repay pursuant to any *Early Repayment for Taxation Reasons* above or *Early Repayment following Capital Disqualification* above or *Early Repayment following Loss Absorption Disqualification Event* above.

“**Senior Creditors**” means all depositors, if any, and all other creditors of the Borrower other than claimants whose claims rank or are expressed to rank *pari passu* with or junior to the T2 Loan

“**3M SGD SIBOR**” means, in relation to any Interest Period, the rate for 3-month deposits in SGD which appears on the display page designated Reuters Screen ABSIRFIX01 Page under the caption “ABS SIBOR FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11.00 HRS SINGAPORE TIME” and the column headed “SGD SIBOR” (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying comparable rates) as of approximately 11.00 a.m. Singapore on the second day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in Singapore before the first day of that Interest Period.

“**Specified Currency**” means the currency, being one of AUD, HKD, JPY, SGD or USD, in which the principal amount of the Loan is specified in the relevant Loan Particulars.

“**Solvent**” means, in relation to the Borrower, that:

- (i) it is able to pay its debts as they fall due; and
- (ii) its Assets exceed its Liabilities (excluding its liabilities to creditors who are not Relevant Creditors) and excluding also (for the avoidance of doubt) its liabilities in respect of principal and interest in respect of the Loan)).

A “**Taxation Event**” shall be deemed to occur if (as a result a Tax Law Change):

- (i) on a subsequent date for the payment of interest on the Loan, the Borrower would be required to pay any additional amounts in accordance with the provisions of “*Taxation*”;
- (ii) if the Borrower were to seek to repay the Loan (for which purpose no regard shall be had as to whether or not the Borrower would otherwise be entitled to repay the Loan), the Borrower would be required to pay any additional amounts in accordance with the provisions of “*Taxation*”; or
- (iii) on a subsequent date for the payment of interest on the Loan, the deductibility of interest payments (or funding costs of the Borrower as recognised in its accounts) under or with respect to the Loan is adversely impacted for Hong Kong profits tax purposes.

A “**Tax Law Change**” means a 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 the Drawdown Date.

“**Tier 2 Capital Instruments**” means any instruments issued by the Borrower or subordinated loans (including T2 Loans) entered into by the Borrower as borrower which qualify as Tier 2 capital instruments under the Banking (Capital) Rules.

“**3M USD LIBOR**” or “**12M USD LIBOR**” means, in relation to any Interest Period, the rate for 3-month deposits in the case of 3M USD LIBOR or for 12 month deposits in the case of 12M USD LIBOR in each case in United States Dollars which appears on the display page designated LIBOR01 on Reuters (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying comparable rates) as of 11.00 a.m. (London time) on the second day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London before the first day of that Interest Period.

“**Unsubordinated Creditors**” means all depositors, if any, and all other creditors of the Borrower other than claimants whose claims rank or are expressed to rank *pari passu* with or junior to the LAC Loan.

A “**Winding-up Event**” will occur if:

- (i) a court of competent jurisdiction in Hong Kong makes an order for the Borrower’s liquidation or winding-up which is not successfully appealed within 30 calendar days of the making of such order; or
- (ii) the Borrower’s ordinary shareholders adopt an effective resolution for its winding-up,

other than, in the case of either (i) or (ii), under or in connection with a scheme of reconstruction, merger or amalgamation not involving a bankruptcy or insolvency.

SCHEDULE 2 - FORM OF LOAN AGREEMENT

THIS LOAN AGREEMENT is dated ● 2019

BETWEEN:

- (1) THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (“HBAP”); and
- (2) HANG SENG BANK, LIMITED (“HASE”).

IT IS AGREED:

This Agreement constitutes a loan (the “Loan”) being made between HBAP as lender and HASE as borrower. The loan particulars (the “Loan Particulars”) set out below will apply to the Loan. The Loan is made on the Drawdown Date specified in the Loan Particulars and the terms of the Loan are formed by the master terms and conditions (the “Master Terms and Conditions”) set out in Schedule 1 to the Master Terms Agreement between the parties dated 27 May 2019 which Master Terms and Conditions are incorporated by reference in this Agreement as if fully set out herein and (b) the Loan Particulars.

Terms and expressions used in this Agreement have the same meanings as given to them in the section headed “Definitions” of the Master Terms and Conditions.

To the extent there is an inconsistency between (a) the Master Terms and Conditions and (b) the Loan Particulars, the Loan Particulars shall prevail.

Loan Particulars

Borrower: HASE

Lender: HBAP

Type of Loan: [AT1/T2/LAC]

Principal amount: [AUD/HKD/JPY/SGD/USD] ●,000,000

Drawdown Date: [●]

Rate of Interest:

Fixed: [●] per cent.

Fixed to Floating: [●] per cent. until [●-five years after issue if AT1 or T2, or one year before maturity if LAC] and thereafter [3M USD LIBOR / 12M USD LIBOR / BBSW / 3M JPY LIBOR / 6M JPY LIBOR/ 3M HKD HIBOR / 12M HKD HIBOR/ 3M SGD SIBOR] plus [●-no step up] per cent.

Floating: 3M USD LIBOR / 12M USD LIBOR / BBSW / 3M JPY LIBOR / 6M JPY LIBOR/ 3M HKD HIBOR / 12M HKD HIBOR/ 3M SGD SIBOR] plus [●-no step up] per cent.

Interest Payment Dates: [●] [until [●] and thereafter [●],[●],[●] and [●].

Final Repayment Date: [●]/Not applicable.

Optional Early Repayment Date: [●- five years after issue if AT1 or T2, or one year before maturity if LAC] or any Interest Payment Date thereafter.

Other terms if different from terms embedded in Master Terms and Conditions:

Day Count Fraction: ●

This Agreement may be executed in counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

If any provision in or obligation under this Agreement is or becomes invalid, illegal or unenforceable in any respect under the law of any jurisdiction, that will not affect or impair (i) the validity, legality or enforceability under the law of that jurisdiction of any other provision in or obligation under this Agreement, and (ii) the validity, legality or enforceability under the law of any other jurisdiction of that or any other provision in or obligation under this Agreement.

THIS AGREEMENT has been entered into on the date stated at the beginning of this Agreement.

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED

By:

HANG SENG BANK, LIMITED

By: