

Dated 20 March 2020



**INFORMATION MEMORANDUM
FOR RETAIL ISSUES**

under

**THE HK\$60,000,000,000 CERTIFICATE OF DEPOSIT PROGRAMME
BANK OF COMMUNICATIONS CO., LTD.**

**(incorporated in the People's Republic of China with limited
liability)**

**acting by and through its Hong Kong Branch
as Issuer**

IMPORTANT NOTICE

This Information Memorandum describes the terms applicable to certificates of deposit (“CDs”) that may be issued to customers of Bank of Communications Co., Ltd. (the “Bank” or “BOCOM”) acting by and through its Hong Kong Branch under its Certificate of Deposit Programme (the “Programme”).

This Information Memorandum does not itself constitute an offer of, or an invitation by or on behalf of the Bank acting by and through its Hong Kong Branch to any person to subscribe for or purchase any CDs or any interests in CDs issued by the Bank acting by and through its Hong Kong Branch. The distribution of this Information Memorandum and the offering of the CDs in certain jurisdictions may be restricted by law. Persons who come into possession of this Information Memorandum are required to inform themselves of and to observe any such restrictions. No person to whom the CDs are offered or this Information Memorandum is sent shall make any offer or sale (directly or indirectly) of any CDs, or distribute or cause to be distributed any document or other material in connection with the CDs in any country or jurisdiction, except in such manner and in such circumstances as will comply with any applicable laws or regulations of such country or jurisdiction.

This Information Memorandum must not be reproduced in any form, in whole or in part, for any purpose whatsoever and it must not be transmitted to any other person.

Each investor purchasing CDs should determine for themselves the relevance of the information contained in this Information Memorandum and the necessity for additional credit review, and their interest in purchasing CDs should be based upon whatever independent credit investigations and evaluations of the Bank they consider necessary.

If an investor buys a CD and does not hold the CD to maturity, but instead sells it in the market, the investor may incur a loss on his initial investment. This is because, during the term of the CD, the market price of the CD may fluctuate. The market price of a CD may move up or down, compared with the amount of the initial purchase price, depending on many factors, including movements in prevailing interest rates, changes in the perceived credit standing of the Bank and factors generally affecting the market for similar securities or deposits. An investor is as likely to incur losses as to realise profits as a result of these market price movements. An investor should carefully consider whether the purchase of a CD is a suitable investment in light of the investor’s financial position and investment objectives, particularly if he may wish to sell the CD before its stated maturity.

The Bank acting by and through its Hong Kong Branch has provided, and accepts responsibility for the information contained in this Information Memorandum. To the best of the knowledge and belief of the Bank acting by and through its Hong Kong Branch as at the date of this Information Memorandum, the facts contained in this Information Memorandum are true and correct in all material respects and there are no other material facts or omissions that would alter the information contained herein.

This Information Memorandum should be read and construed with any relevant amendment or supplement and the most recently published financial statements (which shall be deemed to be incorporated in, and form part of, this Information Memorandum and, in relation to any Series (as defined herein) of CDs, should be read and construed together with the relevant Issue Terms (if any). If at any time during the duration of the Programme there is a significant change affecting any matter contained in this Information Memorandum, the Bank acting by and through its Hong Kong Branch may prepare an amendment or supplement to this Information Memorandum which will be deemed to be incorporated as part of this Information Memorandum. References to this “Information Memorandum” shall be taken to mean this document and all the documents from time to time incorporated by reference herein and forming part hereof. Each customer must read the entire Information Memorandum and any amendments or supplements carefully before making an investment decision. Customers should contact the Bank’s Hong Kong Branch to confirm that any relevant amendment or supplement to this Information Memorandum has been made available to them.

No person has been authorised by the Bank acting by and through its Hong Kong Branch to give any information or to make any representation not contained in or inconsistent with this Information Memorandum. Any such information given or representation made by or attributed to the Bank acting by and through its Hong Kong Branch, whether in the public domain or otherwise, should not be relied upon as having been authorised by the Bank acting by and through its Hong Kong Branch.

THE CDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) AND ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, NEITHER THE CDS NOR ANY INTERESTS IN THEM MAY BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OF, U.S. PERSONS.

In this Information Memorandum, unless otherwise indicated, references to “U.S.” and “United States” are to the United States of America, references to “U.S. dollars”, “U.S.\$” and “US\$” are to United States dollars, references to “China” or the “PRC” are to the People’s Republic of China, references to “Renminbi”, “RMB” or “CNY” are to the lawful currency of China, references to “Hong Kong” are to the Hong Kong Special Administrative Region of the PRC, references to “HK\$” are to Hong Kong dollars, all

statistical information in this Information Memorandum relating to China or the PRC excludes information with respect to Hong Kong, the Macau Special Administrative Region of PRC and Taiwan.

LIMITATION ON PRC DISTRIBUTION AND PURCHASE

PRC Securities Law Restrictions

The CDs are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan) or to the residents of the PRC unless such offer or sale is made in compliance with all applicable laws and regulations of the PRC.

Deemed Representations from Customers

You will comply with all laws, regulations and restrictions that may be applicable in the PRC, you have obtained or will obtain any consent, approval or authorisation required for you to subscribe for and accept delivery of the CDs and you acknowledge and agree that none of the Bank or its affiliates shall have any responsibility in this regard.

You are either (a) not a (i) legal person or (ii) natural person, in the PRC, or (b) you have been approved by the PRC competent authorities, or otherwise authorised by relevant PRC laws and regulations to subscribe and purchase the securities described in this document.

You will not copy or otherwise distribute this document to any third party.

RISK DISCLOSURE

Bank of Communications (Hong Kong) Limited (Merger) Ordinance (Cap. 1182) of Hong Kong (the “Merger Ordinance”)

Pursuant to the Merger Ordinance, the retail banking business and private banking business of the Bank's Hong Kong Branch has been merged into, and succeeded by, Bank of Communications (Hong Kong) Limited (交通銀行(香港)有限公司) (“**BOCOMMHK LTD.**”), as of 29 January 2018 (the “**Appointed Day**”). BOCOMMHK LTD., a company incorporated in Hong Kong, is a wholly owned subsidiary of the Bank and is an institution authorised under the Banking Ordinance (Cap 155) of Hong Kong.

By the operation of the Merger Ordinance, any debt instrument account maintained by a customer of the retail banking business or private banking business of the Bank's Hong Kong Branch to hold the CDs has been transferred to BOCOMMHK LTD. as of the Appointed Day. Accordingly, as of such day, a customer who originally held the CDs directly with the Bank's Hong Kong Branch will hold the CDs through its account with BOCOMMHK LTD. and therefore will be subject to the credit risk of BOCOMMHK LTD. as an intermediary.

The CDs are not protected deposits

The CDs are NOT equivalent to, nor should they be treated as a substitute for, time deposits. The CDs are NOT protected deposits and are NOT protected by the Deposit Protection Scheme established under the Deposit Protection Scheme Ordinance (Cap. 581) of Hong Kong. When a customer gives an instruction to make the deposit, please provide the Bank's Hong Kong Branch with an acknowledgement that the customer understands that the CDs are not protected deposits and are not protected by the Deposit Protection scheme in Hong Kong. A customer should not invest in the CDs unless it understands how the CDs work and is willing to assume the associated risks.

The CDs are not covered by the investor compensation fund.

As the CDs are not listed, a customer is not covered by the investor compensation fund if its Distributor or any other intermediary defaults.

When a customer buys the CDs, the customer will be relying on the Bank's creditworthiness. A customer may get nothing back if the Bank becomes insolvent or defaults on its obligations under the CDs.

A customer must rely on the Bank's creditworthiness when the customer buys the CDs. The CDs represent the Bank's general unsecured contractual obligations and are not secured on any of the Bank's assets.

There is no assurance of protection against a default by the Bank in respect of its payment or delivery obligations under the CDs. A customer may get nothing back if the Bank becomes insolvent or defaults on its obligations under the CDs.

The Financial Institutions (Resolution) Ordinance may adversely affect the CDs.

On 7 July 2017, the Financial Institutions (Resolution) Ordinance (Cap. 628) of Hong Kong (the “**FIRO**”) came into operation. The FIRO provides for, among other things, the establishment of a resolution regime for authorised institutions and other within scope financial institutions in Hong Kong which may be designated by the relevant resolution authorities, which includes the Bank acting by and through its Hong Kong Branch as the issuer of the CDs. The resolution regime seeks to provide the relevant resolution authorities with administrative powers to bring about timely and orderly resolution in order to stabilise and secure continuity for a failing authorised institution or within scope financial institution in Hong Kong. In particular, subject to certain safeguards, the relevant resolution authority is provided with powers to affect contractual and property rights as well as payments (including in respect of any priority of payment) that creditors would receive in resolution. These may include, but are not limited to, powers to cancel, write off, modify, convert or replace all or a part of the CDs or the principal amount of, or interest on, the CDs, and powers to amend or alter the contractual provisions of the CDs, all of which may adversely affect the value of the CDs, and the holders thereof may suffer a loss of some or all of their investment as a result. Holders of CDs may become subject to and bound by the FIRO. The implementation of FIRO remains untested and certain detail relating to FIRO will be set out through secondary legislation and supporting rules. Therefore, the Bank is unable to assess the full impact of FIRO on the financial system generally, the Bank's counterparties, the Bank, any of its consolidated subsidiaries, its operations and/or its financial position.

The CDs may not be a suitable investment for all customers.

Each potential customer in the CDs must determine the suitability of that investment in light of the customer's own circumstances. In particular, each potential customer should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant CDs, the merits and risks of investing in the relevant CDs and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement;
- (ii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant CDs, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential customer's currency;
- (iii) understand thoroughly the terms of the relevant CDs and be familiar with the behaviour of any relevant financial markets; and
- (iv) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect the customer's investment and the customer's ability to bear the applicable risks.

Some CDs may be complex financial instruments and such instruments may be purchased by customers as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential customer should not invest in CDs which are complex financial instruments unless that customer has the expertise (either alone or with the help of a financial adviser) to evaluate how the CDs will perform under changing conditions, the resulting effects on the value of such CDs and the impact this investment will have on the potential customer's overall investment portfolio.

A customer should be prepared to invest his or her funds in the CDs for the full investment tenor; a customer could lose part or all of his or her investment if the customer chooses to sell his or her CDs prior to the maturity date.

The CDs are designed for customers who intend to hold their CDs until maturity.

If a customer tries to sell his or her CDs before the maturity date the customer may receive an offer which is less than the original amount he or she invested or the customer may not be able to enjoy the same rate of return if he or she re-invests in other investments or the customer may not be able to sell his or her CDs at all. This is because during the term of the CDs, the market price of the CDs may fluctuate, compared with the initial purchase price of the CDs, depending on many factors, including market interest rate movements, the Bank's financial condition and results of operations, the market's view of the Bank's credit quality and the market for similar securities.

A customer should carefully consider whether the purchase of the CDs is a suitable investment in light of the customer's financial position and investment objectives, especially if he or she may wish to sell the CDs before maturity or may need access to the money he or she invests before the maturity of the CDs.

Claims by the investors of the CDs are structurally/effectively subordinated to other debt.

Payments under the CDs are structurally or effectively subordinated to all the Bank's secured debt to the extent of the value of the assets securing such debt, and to the debt and other liabilities of our subsidiary companies. The effect of this subordination is that, in the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding involving the Bank, the assets of the affected entity could not be used to pay an investor of the CDs until after:

- all secured claims against the affected entity have been fully paid; and
- if the affected entity is our subsidiary, all other claims against such subsidiary, including trade payables, have been fully paid.

If the Bank is unable to comply with the restrictions and covenants contained in its debt agreements, including the CDs, an event of default could occur under the terms of such agreements, which could cause repayment of such debt to be accelerated.

If the Bank is unable to comply with its current or future debt and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Bank, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, whichever the case may be. Furthermore, some of Bank's debt agreements may contain cross-acceleration or cross-default provisions. As a result, the Bank's default under one debt agreement may cause the acceleration of debt or result in a default under its other debt agreements. If any of these events occur, the Bank cannot assure you that the Bank's assets and cash flow would be sufficient to repay in full all of our indebtedness, or that the Bank would be able to find alternative financing. Even if the Bank could obtain alternative financing, the Bank cannot assure you that it would be on terms that are favourable or acceptable to the Bank.

A customer should be prepared to rely on the Distributor (as defined below) to ensure that payments on the customer's CDs are credited to his or her account with the Distributor after the Distributor receives the payment from

the Bank, and to ensure that notices from the Bank's Hong Kong Branch reach the customer and notices from the customer reach the Bank's Hong Kong Branch. A customer does not have direct contractual rights to enforce the CDs.

The CDs will be represented by a single Global CD and no individual bearer certificates will be issued to you with respect to your holding of the CDs. The CDs will be held in the Central Moneymarkets Unit Service (the “**CMU Service**”), which is a clearing system run by the Hong Kong Monetary Authority. Individual investors cannot open a personal account at the CMU Service: it serves only institutions, which means each customer has to select a bank, which may be BOCOMMHK LTD. itself or a distributor of the Bank through which the CDs are sold (the “**Distributor**”), who will arrange to hold the CDs for the customer in an account at the CMU Service — either the Distributor's own account or the account of the Distributor's direct or indirect custodian with the CMU Service.

The Bank acting by and through its Hong Kong Branch will pay interest and principal on the CDs to the Distributor through the Bank's paying agent or the CMU Service and the customer will have to rely on the Distributor to ensure that payments on the customer's CDs are credited to the customer's account with the Distributor. Any notice the Bank acting by and through its Hong Kong Branch gives after the CDs are issued will also be given through the Bank's paying agent or the CMU Service: the customer will also have to rely on the Distributor to ensure that the notices from the Bank's Hong Kong Branch reach him or her. Similarly, the customer will have to rely on the Distributor to forward any notices from the customer to the Bank's Hong Kong Branch through the Bank's paying agent or the CMU Service.

As a result, a customer does not have any direct contractual rights against the Bank if the Bank acting by and through its Hong Kong Branch fails to pay any amount under the CDs in accordance with the terms and conditions of the CDs. To assert any customer's rights as an investor in the CDs, the customer will have to rely on its Distributor to take action against the Bank, which is subject to the contractual terms between the Distributor and the customer.

However, if the customer's Distributor fails to enforce any rights against the Bank on the customer's behalf, or if the customer's Distributor becomes insolvent or defaults on its obligations, the customer will need to take action against its Distributor subject to the terms of the account agreement or customer agreement or term of business between the customer and its Distributor. The Distributor will be able to explain to its customer its rights against the Distributor in this regard. When a customer buys the CDs the customer is required to confirm that it understands and agrees that the Bank acting by and through its Hong Kong Branch accepts no responsibility for the provision of bank services and custody services by the Distributors or for any consequences of, or arising from, the use of the bank account and investment account or custody services of such Distributors.

Investing in CDs may involve risks related to the secondary market generally

The CDs have no established trading market and will not be listed and cannot be traded on The Stock Exchange of Hong Kong Limited or any other securities exchange. The Bank is not responsible for the establishment or maintenance of a secondary trading market in the CDs. The value of the CDs will fluctuate depending on factors such as market interest movements, the Bank's financial condition and results of operations, the market's view of the Bank's credit quality and the market price for similar investments. In addition, the price of the CDs could be affected if there are only very few potential buyers in the market for the CDs. Therefore, customers may not be able to sell their CDs easily or at prices that will provide them with a yield comparable to investments that have a developed secondary market. This is particularly the case for CDs that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of CDs generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of the CDs.

The CDs may have features which contain particular risks for potential customers

A wide range of CDs may be issued under the Programme. CDs may have features which contain particular risks for potential customers. Potential customers should read carefully the risks disclosure for the series of CDs they are interested in and ensure they fully understand the risks involved. Set out below is a description of two such common features:

CDs subject to optional redemption by the Bank acting by and through its Hong Kong Branch

An optional redemption feature is likely to limit the market value of CDs. During any period when the Bank acting by and through its Hong Kong Branch may elect to redeem the CDs, the market value of those CDs generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Bank acting by and through its Hong Kong Branch may redeem CDs which have an optional redemption feature when its cost of borrowing is lower than the interest rate on the CDs. At those times, a customer generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the CDs being redeemed and may only be able to do so at a significantly lower rate. Potential customers should consider reinvestment risk in light of other investments available at that time.

Tax Call

Where the Bank acting by and through its Hong Kong Branch has or will become obliged to pay additional amounts as a result of any change in, or amendment to, the laws or regulations of Hong Kong or the PRC or any authority in Hong Kong or the PRC 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 Deposit Date and the obligation can not be avoided by the Bank taking reasonable measures to it, then, subject to certain notice requirements, the Bank may early redeem the CDs.

Fixed rate CDs

The fixed rate CDs carry a fixed interest rate which is paid in arrears. Upon maturity, the Bank acting by and through its Hong Kong Branch will pay holders of the CDs the principal amount of the CDs plus any unpaid accrued interest. The maximum return on an investment in the CDs is limited to these interest payments. As the fixed rate CDs are fixed income securities which are structured to provide investors with returns primarily through regular interest payments thereon, holders of the CDs who hold the CDs through to maturity or who dispose of the CDs in the secondary market may not realize any capital gain due to the subsequent changes in market interest rates after the Issue Date: for example, if market interest rates rise, the value of a fixed rate CD will usually fall.

In particular, in respect of fixed rate CDs denominated in Renminbi, such CDs will carry a fixed interest rate. A customer's investment in such CDs is subject to interest rate risks. The PRC government has gradually liberalized the regulation of interest rates over the years. Further liberation may increase interest rate volatility. Consequently, the trading price of such CDs will vary with the fluctuations in the Renminbi interest rates. If a customer tries to sell its CDs before their maturity, it may receive an offer that is less than the amount it has invested.

Floating Rate CDs

Floating Rate CDs have returns that are variable as a result of the method by which the interest is calculated. The rate of interest is not fixed and is tied to the performance of an underlying benchmark. The rate of interest can periodically go down and therefore return on the CDs is not guaranteed and may in a worst case become zero.

Investing in CDs may involve exchange rate risk

A series of CDs may be issued in a currency other than Hong Kong dollars. Where necessary, the Bank acting by and through its Hong Kong Branch will convert one currency into another at a specified or prevailing exchange rate in making calculations under the CDs. In addition, if the currency denomination of the CDs is not the customer's home currency and the customer chooses to convert payments made on the CDs back to his or her home currency, the amount the customer receives will be determined by reference to the prevailing exchange rate between the currency in which the CDs are denominated and the customer's home currency. Potential customers should note that the prevailing exchange rate may fluctuate as a result of market conditions and economic factors and that may have an adverse impact on the financial return on the CDs.

Risk relating to benchmark reforms

Reference rates and indices, including interest rate benchmarks, such as the London Interbank Offered Rate ("**LIBOR**"), which are used to determine the amounts payable under financial instruments or the value of such financial instruments ("**Benchmarks**"), have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or to be discontinued. Any change in the performance of a Benchmark or its discontinuation, could have a material adverse effect on any CDs referencing or linked to such Benchmark.

Benchmark Events include (amongst other events) permanent discontinuation of a Reference Rate. If a Benchmark Event occurs, the Bank acting by and through its Hong Kong Branch shall use its reasonable endeavours to appoint an Independent Adviser. The Independent Adviser or (where the Bank acting by and through its Hong Kong Branch is unable to appoint an Independent Adviser or the Independent Adviser fails to determine a Successor Rate or Alternative Reference Rate) the Bank acting by and through its Hong Kong Branch shall endeavour to determine a Successor Rate or Alternative Reference Rate to be used in place of the original Reference Rate. The use of any such Successor Rate or Alternative Reference Rate to determine the rate of interest is likely to result in CDs initially linked to or referencing the Reference Rate performing differently (which may include payment of a lower rate of interest) than they would do if the Reference Rate were to continue to apply in its current form.

Furthermore, if a Successor Rate or Alternative Reference Rate for the Reference Rate is determined by the Independent Adviser or the Bank acting by and through its Hong Kong Branch (as applicable), the Conditions provide that the Independent Adviser or the Bank acting by and through its Hong Kong Branch (as applicable) may vary the Conditions, as necessary to

ensure the proper operation of such Successor Rate or Alternative Reference Rate, without any requirement for consent or approval of the holders of CDs.

If a Successor Rate or Alternative Reference Rate is determined by the Independent Adviser or the Bank acting by and through its Hong Kong Branch (as applicable), the Conditions also provide that an Adjustment Spread will be determined by the Independent Adviser or the Bank acting by and through its Hong Kong Branch (as applicable) and applied to such Successor Rate or Alternative Reference Rate.

The Adjustment Spread is the spread, formula or methodology which is (i) in the case of a Successor Rate, formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; (ii) if no such recommendation has been made, or in the case of an Alternative Reference Rate, the spread, formula or methodology which the Independent Adviser or the Bank acting by and through its Hong Kong Branch (acting in a reasonable manner) (as applicable) determines, is customarily applied to the relevant Successor Rate or the Alternative Reference Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Reference Rate; or (iii) if the Independent Adviser or the Bank acting by and through its Hong Kong Branch (acting in a reasonable manner) (as applicable) determines that no such spread is customarily applied, the spread, formula or methodology which the Independent Adviser or the Bank acting by and through its Hong Kong Branch (acting in a reasonable manner) (as applicable) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as the case may be).

Accordingly, the application of an Adjustment Spread may result in the CDs performing differently (which may include payment of a lower rate of interest) than they would do if the Reference Rate were to continue to apply in its current form.

Where the Bank acting by and through its Hong Kong Branch is unable to determine a Successor Rate or Alternative Reference Rate before the next Interest Determination Date, the rate of interest for the next succeeding Interest Period will be the rate of interest applicable as at the last preceding Interest Period, or, where there has not been a first Interest Payment Date, the rate of interest will be the initial rate of interest.

Applying the initial rate of interest, or the rate of interest applicable as at the last preceding Interest Period is likely to result in CDs linked to or referencing the relevant benchmark performing differently (which may include payment of a lower rate of interest) than they would do if the relevant benchmark were to continue to apply, or if a Successor Rate or Alternative Reference Rate could be determined.

Where the Floating Rate Benchmark specified is an "IBOR", the rate of interest may be determined by reference to the relevant screen rate or the rate determined on the basis of quotations from certain banks. If the relevant IBOR is permanently discontinued and the relevant screen rate or quotations from banks (as applicable) are not available, the operation of these provisions may lead to uncertainty as to the rate of interest that would be applicable, and may, adversely affect the value of, and return on, the floating rate CDs.

Renminbi is not completely freely convertible and may adversely affect the liquidity of RMB-denominated CDs.

In respect of CDs denominated in Renminbi, customers should remember that the Renminbi is not a freely convertible currency. The Bank is subject to PRC government controls on currency conversion. The PRC government continues to regulate conversion between Renminbi and foreign currencies, despite the significant reduction over the years by the PRC government of control over trade transactions involving import and export of goods and services as well as other routine foreign exchange transactions. These transactions are known as current account items. While regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account activity items are developing gradually, remittance of Renminbi by foreign investors into the PRC for the purposes of capital account items, such as capital contributions, is currently generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system.

Although starting from 1st October, 2016, the Renminbi has been added to the Special Drawing Rights basket created by the International Monetary Fund and policies further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies were implemented by the People's Bank of China ("PBOC") in 2018, there is no assurance that the PRC government will liberalise its control over cross-border Renminbi remittances in the future or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC.

All payments in respect of RMB-denominated CDs will be made solely by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. It is the customer's responsibility to establish and maintain such an account. The Bank cannot be required to make payment by any other means (including in banknotes or by transfer to a bank account in the PRC or anywhere else outside Hong Kong). In addition, there can be no assurance that access to Renminbi funds for the purposes of making payments on the CDs or generally may remain or may not become restricted.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of Renminbi CDs and the Bank's ability to source Renminbi outside the PRC to service such Renminbi CDs

As a result of the restrictions imposed by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside of the PRC is limited. While the PBOC has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the “**Renminbi Clearing Banks**”), including but not limited to Hong Kong, and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the “**Settlement Arrangements**”), the current size of Renminbi-denominated financial assets outside the PRC is limited.

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

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the settlement agreements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of the RMB-denominated CDs. To the extent the Bank acting by and through its Hong Kong Branch is required to source Renminbi in the offshore market to service its RMB-denominated CDs, there is no assurance that the Bank acting by and through its Hong Kong Branch will be able to source such Renminbi on satisfactory terms, if at all.

In respect of CDs denominated in Renminbi, gains on the transfer of the CDs may become subject to income taxes under PRC tax laws.

Under the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and the relevant implementing rules, as amended from time to time, any gain realised on the transfer of RMB CDs by non-PRC resident enterprise or individual holders may be subject to PRC enterprise income tax (“**EIT**”) or PRC individual income tax (“**IIT**”) if such gain is regarded as income derived from sources within the Chinese Mainland. The PRC Enterprise Income Tax Law levies EIT at the rate of 20 per cent. of the gains derived by such non-PRC resident enterprise or individual holder from the transfer of RMB-denominated CDs but its implementation rules have reduced the enterprise income tax rate to 10 per cent. The PRC Individual Income Tax Law levies IIT at a rate of 20 per cent. of the gains derived by such non-PRC resident or individual holder from the transfer of RMB-denominated CDs.

However, uncertainty remains as to whether the gain realised from the transfer of RMB-denominated CDs by non-PRC resident enterprise or individual holders would be treated as income derived from sources within the Chinese Mainland and become subject to the EIT or IIT. This will depend on how the PRC tax authorities interpret, apply or enforce the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and the relevant implementing rules. According to the arrangement between the Chinese Mainland and Hong Kong, for avoidance of double taxation, holders who are residents of Hong Kong, including enterprise holders and individual holders, will not be subject to EIT or IIT on capital gains derived from a sale or exchange of RMB-denominated CDs.

Therefore, if non-PRC enterprise or individual resident holders are required to pay PRC income tax on gains derived from the transfer of RMB-denominated CDs, unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-PRC enterprise or individual resident holders of RMB-denominated CDs reside that reduces or exempts the relevant EIT or IIT, the value of their investment in RMB-denominated CDs may be materially and adversely affected.]

TRANSACTIONS

Depending on the terms and conditions governing the relationship of the Bank acting by and through its Hong Kong Branch with a customer, if the Bank acting by and through its Hong Kong Branch quotes terms for a CD, whether orally or in writing, and the customer accepts those terms, whether orally or in writing, that acceptance may constitute a binding transaction. Accordingly, the customer may be bound to place, and the Bank acting by and through its Hong Kong Branch may be bound to accept, the deposit on the terms agreed. That transaction may not be subject to receipt of any written confirmation and if the customer fails to place a deposit after the terms are agreed, the customer may be liable for the Bank (acting by and through its Hong Kong Branch)'s costs and losses, including the cost of unwinding any hedging position taken by the Bank acting by and through its Hong Kong Branch to cover the deposit.

After agreeing the terms for a CD issue and sale, the Bank acting by and through its Hong Kong Branch may deliver to a customer a written confirmation of the terms of that CD issue and sale. The confirmation will be deemed to be agreed by the customer unless the customer notifies the Bank's Hong Kong Branch in writing of any errors within the time frame stipulated in the confirmation.

INDEPENDENT DECISION

Each customer is deemed to have made its own independent decision to make each deposit to be evidenced by a CD and must not rely on any communication (written or oral) from the Bank acting by and through its Hong Kong Branch or any of its employees as a recommendation or as investment advice.

By applying to the Bank (acting by and through its Hong Kong Branch) to purchase CDs, a customer represents and warrants to the Bank (acting by and through its Hong Kong Branch) the following:

- The customer fully understands and accepts the risks and returns associated with the CDs.
- The customer acknowledges that the risk disclosure statements have been provided in a language of the customer's choice and the customer has been invited to read the risk disclosure statements, to ask questions and take independent advice if the customer wishes.
- The customer has made his or her own independent judgment and decision without relying on the Bank acting by and through its Hong Kong Branch or its employees to enter into any dealings in the CDs ("**Transactions**") and the customer fully understand the risks and consequences in doing so and agrees to bear all consequences of Transactions. The Bank acting by and through its Hong Kong Branch and its employees shall have no liability whatsoever in respect of the customer's entering into any or all of the Transactions.
- The customer has full power and authority to enter into these terms and conditions and to exercise the customer's rights and perform the customer's obligations under these terms and conditions.

Attention: Do not invest in CDs unless you fully understand and are willing to assume the risks associated with the CDs. SECURITIES LAW RESTRICTIONS

The CDs have not been and will not be registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain exceptions, neither the CDs nor any interests in them may be offered, sold or delivered within the United States or to, or for the account of, U.S. persons.

By applying to the Bank acting by and through its Hong Kong Branch to purchase CDs the customer represents and warrants to the Bank acting by and through its Hong Kong Branch that:

- the customer is not a U.S. Person
- the customer has not been and does not anticipate or expect to be present in the United States for 183 or more days in aggregate during the calendar year
- the gains from the customer's purchase, sale or other transactions carried out pursuant to the CDs are not effectively connected or related to any U.S. Person or any U.S. trade or business which the customer is engaged in or plans to engage in during the calendar year
- the customer will not acquire or hold any CDs beneficially by or for any other person, or in violation of any applicable law and the customer will be at all times the beneficial owner of all CDs held by the Bank or any nominee on account for the customer and
- the customer is the person ultimately responsible for originating all instructions and no other person stands to gain the commercial or economic benefit or bear the commercial or economic risk thereof.

BUSINESS DESCRIPTION

BANK OF COMMUNICATIONS CO., LTD.

Background

BOCOM is one of the largest five commercial banks in the PRC by total assets. It was founded in 1908 and was a major national bank and note-issuing bank in the early days. Following the State Council's decision in 1986, the Bank was reconstituted in 1987 and became the first joint-stock commercial bank in China with investment from the central government and State enterprises.

BOCOM is rated A2 by Moody's and A- by Standard & Poor's and ranked 11th in terms of Tier 1 capital among the top 1,000 banks in the world by the 2018 issue of "The Banker". In June 2005, BOCOM became the first PRC joint stock commercial bank listed as the H-shares on the Main Board of the Hong Kong Stock Exchange (Stock Code: 3328). The Bank's A Shares were also listed on the Shanghai Stock Exchange on May 15, 2007 (Stock Code: 601328).

In June 2004, with the banking reform in China well under way, the State Council of China approved BOCOM's general plan on deepening the reform of its shareholding structure in a bid to further develop BOCOM into a modern banking enterprise. Through the reform, BOCOM has completed financial reorganisation, successfully introduced mainland and overseas strategic investors like The Hongkong and Shanghai Banking Corporation Limited, the national Social Security Fund and China SAFE Investment Ltd., and enhanced its organisational structure. Now BOCOM has grown into a well-established modern commercial bank operating under a century old national brand with its well-defined development strategy, perfected corporate governance, well developed banking network, advanced operation and management, quality banking service and sound financial status.

Financial Highlights of BOCOM

In view of the competition brought by the country's economic restructuring and the opportunities in cross border trade business, the Bank made an important step in strengthening business innovations and enhancing management efficiency. Good progress was achieved in various areas including corporate business, retail business, international business and fee-based business. As of 30 June 2019, the Bank's total assets reached RMB9,886,608 billion. Total deposit outstanding was RMB6,054.728 billion and total loans outstanding stood at RMB5,130.612 billion. Total shareholders' equity reached RMB723,748 billion.

Overseas Branches and Organizations

Apart from its nationwide network, BOCOM has also set up overseas subsidiaries, branches and representative offices in Hong Kong, New York, Tokyo, Singapore, Seoul, Frankfurt, Macau, Ho Chi Minh City, San Francisco, Sydney, Taipei, Toronto, Brisbane, Melbourne, Prague, Luxembourg, London, Paris and Roman so as to provide a comprehensive range of banking and financial services to clients around the world.

The Hong Kong Branch

With its foundation laid in Hong Kong, Bank of Communications Co., Ltd. Hong Kong Branch ("**BOCOM HK**") has been serving the city since 1934. From 14 April 1998, BOCOM HK has ceased to be a member of the Bank of China Group and operated its business independently. Apart from being monitored and supervised by the local regulatory body, the Hong Kong Monetary Authority, it is also under the close monitoring of the Head Office of Bank of Communications Co., Ltd. and the People's Bank of China.

BOCOM HK is dedicated to serving the people of Hong Kong and its customers in China and overseas, offers a comprehensive range of banking and financial services including but not limited to deposits and loans, trade finance, SMEs finance, corporate internet banking services and treasury services. As of, 30 June 2019, the total assets of the Hong Kong Branch reached HKD497.325 billion.

To further strengthen the relationship with its customers and to satisfy their evolving needs, BOCOM HK also provides other financial services such as insurance under the name "China BOCOM Insurance Co., Ltd.", a wholly-owned subsidiary of BOCOM. In November 1999, BOCOM HK was selected as one of the receiving banks for the Tracker Funds jointly with three other note-issuing banks in Hong Kong by the financial consultant of the Government of the Hong Kong Special Administrative Region. All these have further raised BOCOM HK's reputation. Aiming at developing integrated and comprehensive business, BOCOM HK presents a new image by being market-orientated with customers as its prime concern.

SUMMARY OF THE PROGRAMME

Issuer:	Bank of Communications Co., Ltd. (incorporated with limited liability in the People's Republic of China) (the " Bank ") acting by and through its Hong Kong Branch.
Currencies:	CDs may be denominated in:- Hong Kong dollars (" HK\$ "); United States dollars (" US\$ "); Renminbi (" CNY ") or other freely convertible currencies (each an " Alternate Currency ").
Series:	CDs will be issued in series (each a " Series ") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest). The CDs of each Series will be interchangeable with all other CDs of that Series.
Conditions:	Each CD will be subject to and will benefit from general terms and conditions (the " Conditions ") in the form set out on Pages 20 to 34 (<i>Form of Conditions</i>) of this Information Memorandum. Each Series, and each CD in a Series, will additionally be subject to, and will benefit from, the specific terms set out at the front of a CD (the " Issue Terms "). If there is any conflict, the Issue Terms for a CD will prevail over the Conditions. A form explaining the key Issue Terms that will apply to a CD is set out on Pages 18 to 19 (<i>Important Issue Terms</i>) of this Information Memorandum.
Fixed Rate CDs:	Fixed Rate CDs may be issued which bear fixed rate interest, payable in arrear on the date or dates specified in the CDs.
Floating Rate CDs:	Floating Rate CDs may be issued which bear floating rate interest, payable in arrear at rates set separately for each Series. Interest Periods may be of 1, 3, 6 or 12 months or as otherwise provided.
Discounted CDs:	Discounted CDs may be issued at their principal amount or at a discount which do not bear interest.
Form:	CDs will be represented initially by a global CD (a " Global CD ") representing notional interests in definitive CDs. A Global CD will, in very limited circumstances, be exchangeable for bearer CDs in definitive form (" Definitive CDs ").
Custody and Clearing Systems:	Global CDs may be retained in safe custody (on behalf of Relevant Accountholders as defined in the Conditions) by the Bank or a Nominated Custodian (as defined in the Conditions). Global CDs may be lodged with the Hong Kong Monetary Authority as operator of the Central Moneymarkets Unit Service (the " CMU Service ") or with Clearstream Banking SA (" Clearstream ") or Euroclear Bank SA/NV as operator of the Euroclear System (the " Euroclear "). CDs may be cleared through the CMU Service and/or Clearstream and/or the Euroclear.
Issue Price:	Subject to any applicable regulatory restrictions, CDs may be issued at their principal amount or at a discount or premium to their principal amount.
Tenor of CDs:	Subject to any applicable regulatory restrictions, CDs may be issued for maturities of at least 7 days.

Interest Payment Dates:	To be determined for each issue of Fixed Rate CDs and Floating Rate CDs.
Interest Rate:	To be determined for each issue of Fixed Rate CDs. Interest Rates for Floating Rate CDs will be expressed as a margin to HIBOR (in relation to HK\$) or LIBOR (in relation to U.S.\$) or SHIBOR or CNH HIBOR (in relation to Renminbi) determined by reference to either Reuters Markets 3000, Moneyline Telerate or http://www.shibor.org or as otherwise agreed for a particular issue and set out in the relevant CD.
Interest and Withholding Tax:	If taxes, duties or other governmental charges of whatsoever nature are imposed or levied by or on behalf of Hong Kong or the PRC or any authority in Hong Kong or the PRC on any payments of principal or interest under a CD, deductions or withholdings may be made to those payments to satisfy those taxes, duties or charges.
Tax Call:	If the Bank is or will be obliged to make any additional payment as provided above in respect of any CDs and that obligation cannot be avoided by the Bank taking reasonable measures available to it, then, subject to certain notice requirements, it may redeem those CDs on the next Interest Payment Date subject to certain notification requirements.
Stamp Duty:	Stamp duties, if any, levied in connection with any issue under this CD Programme will be for the Bank's account. Under present Hong Kong law and PRC law, no stamp duty is payable on the issue or upon any subsequent transfer or delivery of the CDs.
Status of the CDs:	<p>The Deposits to be evidenced by the CDs will constitute the direct, unconditional, unsubordinated and unsecured obligations of the Bank and will at all times, under the laws of the PRC and Hong Kong, rank equally and rateably without preference or priority among themselves, equally and rateably in all respects with the obligations of the Bank with respect to all other present and future deposits and at least equally and rateably in all respects with all other present and future unsubordinated and unsecured obligations of the Bank except (in each case) for Small Deposit Priorities, obligations in respect of taxes and other obligations subject to statutory liens or preferences.</p> <p>"Deposit Protection" on page 36 of this Information Memorandum describes how repayment obligations owed to each depositor with a bank of up to HK\$500,000 will be preferred ("Small Deposit Priorities").</p>
Denominations of Definitive CDs:	To be determined for each issue of CDs
Custody of Global CDs:	<p>Each Global CD representing a Series will usually either be held by the Bank or a nominated custodian or it will be lodged with a custodian for the CMU Service and will be cleared through the CMU Service and (through the links they have to the CMU Service) Clearstream and the Euroclear. Only CMU Members can hold direct interests in a Global CD lodged with the CMU Service. Global CDs may also be lodged with a common depository for the Euroclear and Clearstream.</p> <p>Each subscriber for CDs must be able to nominate an account with the CMU Service to which its initial subscription of CDs can be credited. If the subscriber is a customer of Bank of Communications (Hong Kong) Limited ("BOCOMMHK LTD."), a wholly owned subsidiary of the Bank, it may open a debt instrument account (each a "Debt Instrument Account") with BOCOMMHK LTD. to hold the CDs through the CMU Service for the customer.</p> <p>Secondary market trades of interests in a Global CD held through the CMU Service must be effected by the Bank on behalf of a customer through the CMU Service. Where a Global CD is held by the Bank or a nominated custodian, there may be restrictions prohibiting the customers from transferring their interests in the CDs.</p> <p>These arrangements are described in more detail on page 17 (<i>Custody, Settlement and Clearing</i>).</p>

Payments:

If the CDs are held for a customer through its Debt Instrument Account, payments of principal and interest made under the CDs (and receipts from the sale of CDs made on behalf of a CD holder) will be credited to the specified settlement account with the Bank designated by the customer in accordance with the terms and conditions specified for that account.

For CDs that are not held by the Bank as custodian, the Bank will pay principal and interest on each relevant payment date to the CMU Member whose account is credited with an interest in the relevant CDs as notified to the Bank by the CMU Service. These payments may be made by cheque or banker's draft or otherwise in accordance with customary practice.

In respect of CNY CDs, payment shall be made by credit to a Renminbi bank account maintained in accordance with applicable laws and regulations at a bank in Hong Kong.

Acceleration Events:

If any of the following occurs it will be a "Default":

- (i) **Non-Payment (For Fixed Rate CDs and Floating Rate CDs):** The Bank fails to pay any principal or interest on a CD when due and that failure continues for a period of 7 days.
- (ii) **Insolvency:** The Bank is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Bank.
- (iii) **Winding-up:** An order is made or an effective resolution passed for the winding-up or dissolution of the Bank, or the Bank ceases or threatens to cease to carry on all or a material part of its business or operations except for the purpose of and followed by a solvent reconstruction, amalgamation, reorganisation, merger or consolidation.

If a Default occurs, the holder of a CD can declare, by notice in writing given to the Bank, CDs to be immediately due and payable and at that time those CDs will become immediately due and payable at their principal amount:

- (i) for a Fixed Rate CD and a Floating Rate CD, together with accrued interest or
- (ii) for a Discounted CD, subject to a deduction from the Global Principal Amount (for a Global CD) or Nominal Definitive Principal Amount (for each Definitive CD) to represent the unamortised amount of the Deposit calculated by reference to the Discounted Bid Rate and on the basis of the actual number of days remaining from the date fixed for redemption to the Maturity Date and in accordance with the relevant Day Count Fraction

without further formality unless that repayment event will have been remedied before the receipt of the notice by the Bank or Paying Agent

Put Options:

A Series of CDs may be issued on the basis that the holder(s) can require redemption on one or more dates before the stated Maturity Date subject to certain notification requirements.

Call Options: A Series of CDs may be issued on the basis that the Bank can redeem the whole Series on one or more dates (“**Call Option Exercise Dates**”) before the stated Maturity Date subject to certain notification requirements.

If the CDs are redeemed by the Bank on a Call Option Exercise Date, the customer may not be able to enjoy the same return when reinvesting in other instruments or markets.

Notices: The Bank may publish notices regarding the CDs either to customers in accordance with the general terms and conditions applying to those customers or by publication in a leading Hong Kong English or Chinese language daily newspaper.

Market Making: The Bank may, on reasonable request by a customer, quote prices at which it would be prepared to purchase CDs from the customer. The Bank is not obliged to purchase or redeem any CD before a Call Option Exercise Date (where the Bank has given notice exercising its call option), the Maturity Date or the Extended Maturity Date (where the Bank has exercised the option to extend the Maturity Date). The pricing which is offered will depend on a number of factors, including prevailing interest rates and market conditions.

The Bank may at any time purchase CDs in the open market or otherwise and at any price. Any CDs purchased by the Bank may be resold by it in the open market or cancelled or otherwise.

Determinations: Any determination made by the Bank under the Conditions will be conclusive and binding in the absence of manifest error.

Deed of Covenant: The Bank has entered into the Deed of Covenant dated 15 July 2003 as amended and restated on 21 December 2010 and 20 March 2020 (and as may be further amended, restated or supplemented from time to time) for the benefit of the Relevant Accountholders. Copies of the Deed of Covenant are available for inspection by Relevant Accountholders during normal business hours at the offices of the Bank or any applicable Paying Agent.

Governing Law: Hong Kong law

This is a summary of some of the terms and conditions set out in the Programme. More detailed documents relating to the Programme are available for inspection at the Bank’s offices on request.

CUSTODY, SETTLEMENT AND CLEARING

CDs will be issued initially in global form. The Global CDs represent interests in Definitive CDs having the denominations applicable for a particular Series, but there are very limited situations where a Global CD may be exchanged for Definitive CDs.

Each Global CD representing a Series will be lodged with a sub-custodian for the CMU Service. Only CMU Members can hold interests in the Global CD.

Secondary market trades of interests in a Global CD must be effected through the CMU Service.

IMPORTANT ISSUE TERMS

These are the important Issue Terms which may apply for each Series:

Identification

- 1 Series Identification** : *Each CD will form part of an identified series*
- 2 Initial Custody Arrangements** : *Each CD will usually either be held by the Bank or a nominated custodian or it will be lodged with a custodian for the CMU Service, the Euroclear and Clearstream*

Amount and Tenor

- 3 Initial Global Principal Amount (of Global CD)** : *Each Series will have a total aggregate size (although this may be increased or decreased after the issue date)*
- 4 Currency** : *¹Issues to customers can be denominated in any specified currency*
- 5 Deposit Date** : *This is the original issue date for a Series. Interest (if any) will accrue from This date*
- 6 Maturity Date** : *This is the final repayment date*

Type of CD and Yield

- 7 Interest Rate Basis** : *Whether Fixed or Floating or Discounted or any combination of these*
- 8 Interest Rate (Fixed Rate)** : *This will specify the interest rate for any Fixed Rate CD*
- 9 Floating Rate Benchmark (Floating Rate)** : *This will usually be HIBOR for HK\$ issues, LIBOR for US\$ issues and SHIBOR or CNH HIBOR for CNY issues*
- 10 Margin (Floating Rate)** : *This is the percentage which will be payable above or below the Floating Rate Benchmark*
- 11 Interest Payment Dates** : *Interest (if applicable) will be payable at the end of each relevant interest period: Interest periods will usually be 1 week, 1 month, 3 months or 6 months but other interest periods may apply.*
- 12 Discounted Bid Rate (Discounted)** : *Discounted (or "zero coupon") CDs which are repaid before their Maturity Date will be subject to a discount based on this rate*
- 13 Initial Purchase Price (Discounted)** : *Initial Purchase Price means the price initially paid for a Discounted CD*

Put and Call Features

- 14 Put Option** : *This will state whether a Put Option applies*
- 15 Put Option Exercise Date(s)** : *This will specify the exercise date(s) for Put Options*
- 16 Put Option Exercise Window** : *This will specify the time period when Put Options can be exercised*

¹ In respect of CDs denominated in Renminbi, purchasers of the CDs should note that the Renminbi is not a freely convertible currency. All payments in respect of the CDs will be made solely by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. The Bank cannot be required to make payment by any other means (including in banknotes or by transfer to a bank account in the PRC or anywhere else outside Hong Kong). In addition, there can be no assurance that access to Renminbi funds for the purposes of making payments on the CDs or generally may remain or may not become restricted.

FORM OF CONDITIONS

These are the Conditions applicable to CDs issued under the HK\$60,000,000,000 Certificate of Deposit Programme for Bank of Communications Co., Ltd., acting by and through its Hong Kong Branch.

1 Payments and status

- 1.1** Principal is repayable and interest is payable on each Global CD and Definitive CD (to or to the order of the holder):
- (i) for a CD held by the CMU Service, to the relevant CMU Accountholder(s)
 - (ii) for a CD held by the Bank acting by and through its Hong Kong Branch or a Nominated Custodian, to the Relevant Accountholders and
 - (iii) for a CD not held by the CMU Service, the Bank acting by and through its Hong Kong Branch or a Nominated Custodian, to the holder of that CD on presentation or surrender of that CD to the Bank acting by and through its Hong Kong Branch at the address specified in that CD (or, if one is specified in the Issue Terms, to the Paying Agent instead of the Bank acting by and through its Hong Kong Branch at the address specified for it in the Issue Terms).
- 1.2** If a CD is held by the CMU Service payment of interest or principal by the Bank acting by and through its Hong Kong Branch (or, if one is specified in the Issue Terms, the Paying Agent instead of the Bank acting by and through its Hong Kong Branch) to the CMU Accountholder(s) at the relevant time as notified to the Bank acting by and through its Hong Kong Branch by a relevant Position Report or, if applicable, the Paying Agent will discharge the obligations of the Bank acting by and through its Hong Kong Branch in respect of that payment. For these purposes, a notification from the CMU Service will be conclusive evidence of the records of the CMU Service unless there is manifest error.
- 1.3** If a Global CD or Definitive CD is not held by the CMU Service a record of an interest payment on the Schedule to that CD titled "Interest Payments" and signed by an authorised signatory of the Bank acting by and through its Hong Kong Branch (or, if one is specified in the Issue Terms, the Paying Agent instead of the Bank acting by and through its Hong Kong Branch) will be conclusive evidence of the discharge of the obligations of the Bank acting by and through its Hong Kong Branch in respect of the interest payment in question.
- 1.4** If a CD is held by the Bank acting by and through its Hong Kong Branch or a Nominated Custodian, payment to a Relevant Accountholder in accordance with the terms and conditions governing the relationship between the Bank acting by and through its Hong Kong Branch and that Relevant Accountholder will discharge the obligations of the Bank acting by and through its Hong Kong Branch in respect of that payment.
- 1.5** In the event that the Bank acting by and through its Hong Kong Branch fails to honour its obligations under or in connection with the CDs, the holders of the CDs and the Relevant Accountholders may enforce such obligations against the Bank acting by and through its Hong Kong Branch and all of its assets.
- 1.6** All payments of principal and interest in respect of a CNY CD will be made solely by credit to a Renminbi bank account maintained in accordance with applicable laws and regulations at a bank in Hong Kong.
- 1.7** Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 5 (*Taxes*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 5 (*Taxes*)) any law implementing an intergovernmental approach thereto.
- 1.8** **Status:** The CDs, all principal and interest payments in respect of the CDs, constitute direct, unconditional, unsubordinated and unsecured obligations of the Bank acting by and through its Hong Kong Branch and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Bank acting by and through its Hong Kong Branch under the CDs shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally and rateably with all its other present and future unsecured and unsubordinated obligations including liabilities in respect of deposits.

2 Interest Payment Dates and Interest Periods

- 2.1** The Deposit bears interest from the Deposit Date and (if this CD is expressed to be Fixed Rate or Floating Rate and subject to Condition 2.2) the interest will be payable on each Interest Payment Date.

- 2.2** If any Interest Payment Date, including the Maturity Date, would otherwise fall on a day which is not a Business Day it shall be adjusted in accordance with the Business Day Convention specified in the Issue Terms.
- 2.3** The period from and including the Deposit Date to but excluding the first Interest Payment Date and each subsequent period from and including an Interest Payment Date to but excluding the next Interest Payment Date are each referred to as an "Interest Period".
- 2.4** Interest or amortisation for any period of time (whether or not constituting an Interest Period, the "Calculation Period") will be calculated by reference to the applicable Day Count Fraction specified in the Issue Terms.

3 Rates of Interest (For Fixed Rate CDs and Floating Rate CDs)

- 3.1** For a Fixed Rate CD, interest will accrue at the Fixed Rate.
- 3.2** For a Floating Rate CD, the rate of interest per annum ("**Interest Rate**") payable on the Deposit in respect of each Interest Period will be calculated by the Bank acting by and through its Hong Kong Branch (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank acting by and through its Hong Kong Branch) as the aggregate of the Margin and the Floating Rate Benchmark, calculated in accordance with Condition 3.3, 3.4, 3.5 or 3.6 in effect on the Interest Determination Date for a period equivalent to that Interest Period.
- 3.3** If the Floating Rate Benchmark is HIBOR, "**HIBOR**" will be the rate determined by the Bank acting by and through its Hong Kong Branch (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank acting by and through its Hong Kong Branch) on the following basis:
- (a) If, at or about 11:00 a.m. (or as soon as available after that time) on the Interest Determination Date an averaged offered rate for Hong Kong dollar deposits for the same period as the relevant Interest Period (or, if the periods are not the same, such period, if any, as the Bank acting by and through its Hong Kong Branch (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank acting by and through its Hong Kong Branch) determines to be substantially the same) is quoted on the fixing line of the page HKABHIBOR of Reuters Markets 3000, if the Floating Rate Benchmark is "**HIBOR/Reuters**" (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), then HIBOR for the relevant Interest Period will, except as provided below, be that rate.
 - (b) If on any Interest Determination Date the average offered rate so appearing is replaced by the corresponding rates of more than one bank or financial institution the rate will be the arithmetic mean of the respective rates so appearing (rounded, if necessary, to five decimal places, with 0.000005 being rounded upwards).
 - (c) If on any Interest Determination Date the rates described in Condition 3.3(a) or 3.3(b) do not appear, the Bank acting by and through its Hong Kong Branch (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank acting by and through its Hong Kong Branch) will request each of the Reference Banks to provide the Bank acting by and through its Hong Kong Branch or the Calculation Agent (as applicable) with its offered quotation to leading banks for Hong Kong dollar deposits in Hong Kong for a period equivalent or approximately equivalent to the relevant Interest Period in the amount equal or approximately equal to the Nominal Definitive Principal Amount as at or about 11:00 a.m. on the Interest Determination Date in question and HIBOR for the relevant Interest Period will, subject as provided below, be the arithmetic mean (rounded, if necessary, to five decimal places, with 0.000005 being rounded upwards) of those offered quotations, as determined by the Bank acting by and through its Hong Kong Branch (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank acting by and through its Hong Kong Branch).
 - (d) If on any Interest Determination Date one or two only of the Reference Banks, when requested to do so, provide(s) the Bank's Hong Kong Branch or Calculation Agent (as applicable) with such offered quotations, HIBOR for the Interest Period concerned will, subject as provided below, be determined as in Condition 3.3(c) on the basis of the offered quotations of those Reference Banks providing those quotations.
 - (e) If on any Interest Determination Date none of the Reference Banks when requested to do so provides the Bank's Hong Kong Branch (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank's Hong Kong Branch) with the offered quotations, HIBOR will, subject as provided below, be HIBOR in effect for the last preceding Interest Period to which Conditions 3.3(a) to 3.3(d) applied; provided that if at any time during the relevant Interest Period, the Bank acting by and through its Hong Kong Branch (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank acting by and through its Hong Kong Branch) determines that

a rate can once again be determined in accordance with any of Conditions 3.3(a) to 3.3(d) above the Bank acting by and through its Hong Kong Branch (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank acting by and through its Hong Kong Branch) will determine the rate and references to an Interest Period will be construed as being references to the period from such date of determination until the next succeeding Interest Payment Date.

3.4 If the Floating Rate Benchmark is LIBOR, "**LIBOR**" will be the rate determined by the Bank acting by and through its Hong Kong Branch (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank acting by and through its Hong Kong Branch) on the following basis:

- (a) LIBOR for the relevant Interest Period will be the arithmetic mean (rounded, if necessary, to five decimal places, with 0.000005 being rounded upwards) of the respective rates which are quoted at or about 11:00 a.m. (London time) on the Interest Determination Date on the "**LIBOR01**" page on Reuters Markets 3000 (or such other page or service as may replace it for the purpose of displaying London inter-bank offered rates of leading banks for US dollars) as being the interest rate(s) offered in the London inter-bank market for US dollar deposits for the same period as the relevant Interest Period (or, if the periods are not the same, such period, if any, as the Bank acting by and through its Hong Kong Branch (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank acting by and through its Hong Kong Branch) determines to be substantially the same) but if no, or only one, such offered quotation appears, the relevant arithmetic mean (rounded as mentioned above) will be determined on the basis of the respective rates (as quoted to the Bank acting by and through its Hong Kong Branch or, the Calculation Agent as applicable) at which each of the Reference Banks is offering US dollar deposits for the relevant Interest Period in an amount equal or approximately equal to the Nominal Definitive Principal Amount to leading banks in the London inter-bank market at or about 11 a.m. (London time) on the Interest Determination Date.
- (b) If no Reference Bank provides such a quotation LIBOR will be the rate of interest in effect for the last preceding Interest Period in which interest could be determined in any of the methods set out in Condition 3.4(a), until such date that the Bank acting by and through its Hong Kong Branch (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank acting by and through its Hong Kong Branch) determines that a rate can once again be determined in accordance with any of the provisions in Condition 3.4(a), in which case the Bank acting by and through its Hong Kong Branch (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank acting by and through its Hong Kong Branch) will determine such a rate and references to an Interest Period will be construed as being references to the period from such date of determination until the next succeeding Interest Payment Date.

3.5 If the Floating Rate Benchmark is SHIBOR, "**SHIBOR**" will be the rate determined by the Bank acting by and through its Hong Kong Branch (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank acting by and through its Hong Kong Branch) on the following basis:

Shibor.org:

- (a) If, at or around 11:30 a.m. (Beijing time) on the Interest Determination Date, a relevant SHIBOR is published on <http://www.shibor.org>, then the relevant SHIBOR will be that rate; and for the purposes of these Conditions, the relevant SHIBOR means SHIBOR in a critical term corresponding to the relevant Interest Period.
- (b) If for any reason the relevant SHIBOR is not published in respect of a certain Interest Determination Date, the relevant SHIBOR in respect of the business day immediately preceding that Interest Determination Date shall be applied in place thereof.

3.6 If the Floating Rate Benchmark is CNH HIBOR, "**CNH HIBOR**" will be the rate determined by the Bank acting by and through its Hong Kong Branch (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank acting by and through its Hong Kong Branch) on the following basis:

- (a) If, at or about 11.15 a.m. (or if at that time it is notified that a fixing will be published at 2.30 p.m., then at or about 2.30 p.m., or as soon as available after either of those times) on the Interest Determination Date an averaged offered rate for deposits in CNY deliverable in Hong Kong for the same period as the relevant Interest Period (or, if the periods are not the same, such period, if any, as the Bank acting by and through its Hong Kong Branch (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank acting by and through its Hong Kong Branch) determines to be substantially the same) is quoted on Thomson Reuters index

page <CNHHIBORFIX01> (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 CNY deliverable in Hong Kong), then CNH HIBOR for the relevant Interest Period will, except as provided below, be that rate.

- (b) If on any Interest Determination Date the average offered rate so appearing is replaced by the corresponding rates of more than one bank or financial institution the rate will be the arithmetic mean of the respective rates so appearing (rounded to five decimal places, with 0.000005 being rounded upwards).
- (c) If on any Interest Determination Date the rates described in paragraph (a) or (b) do not appear, the Bank acting by and through its Hong Kong Branch (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank acting by and through its Hong Kong Branch) will request each of the Reference Banks to provide the Bank acting by and through its Hong Kong Branch or the Calculation Agent (as applicable) with its offered quotation to prime banks in the Hong Kong interbank market for deposits in CNY deliverable in Hong Kong for a period equivalent or approximately equivalent to the relevant Interest Period in the amount equal or approximately equal to the Nominal Definitive Principal Amount as at or about 11.00 a.m. on the Interest Determination Date in question and CNH HIBOR for the relevant Interest Period will, subject as provided below, be the arithmetic mean (rounded upwards to five decimal places, with 0.000005 being rounded upwards) of those offered quotations, as determined by the Bank acting by and through its Hong Kong Branch (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank acting by and through its Hong Kong Branch).
- (d) If on any Interest Determination Date one or two only of the Reference Banks, when requested to do so, provide(s) the Bank acting by and through its Hong Kong Branch or Calculation Agent (as applicable) with such offered quotations, CNH HIBOR for the Interest Period concerned will, subject as provided below, be determined as in paragraph (c) on the basis of the offered quotations of those Reference Banks providing those quotations.
- (e) If on any Interest Determination Date none of the Reference Banks when requested to do so provides the Bank acting by and through its Hong Kong Branch (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank acting by and through its Hong Kong Branch) with the offered quotations, CNH HIBOR will, subject as provided below, be CNH HIBOR in effect for the last preceding Interest Period to which paragraphs (a) to (d) applied; provided that if at any time during the relevant Interest Period, the Bank acting by and through its Hong Kong Branch (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank acting by and through its Hong Kong Branch) determines that a rate can once again be determined in accordance with any of paragraphs (a) to (d) above the Bank acting by and through its Hong Kong Branch (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank acting by and through its Hong Kong Branch) will determine the rate and references to an Interest Period will be construed as being references to the period from such date of determination until the next succeeding Interest Payment Date.

3.7 The Bank acting by and through its Hong Kong Branch (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank acting by and through its Hong Kong Branch) will, as soon as practicable after 11:00 a.m. on each Interest Determination Date calculate the amount of interest payable in respect of each CD for the relevant Interest Period (the "**Interest Amount**").

3.8 A certificate from the Bank acting by and through its Hong Kong Branch (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank acting by and through its Hong Kong Branch) as to the amount on which and the rate at which interest accrues during any Interest Period and as to the amount of interest accrued in respect of any Interest Period or part of an Interest Period will be conclusive and binding on the holder of a CD and each Relevant Accountholder.

3.9 The Bank acting by and through its Hong Kong Branch (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank acting by and through its Hong Kong Branch) will as soon as practicable after the receipt of a request (in accordance with the rules of the relevant Clearing System or the general terms and conditions governing the relationship between the Bank acting by and through its Hong Kong Branch and that holder of a CD or that Relevant Accountholder) from a holder of a CD or Relevant Accountholder certify to that holder or Relevant Accountholder the Interest Rate in respect of any Interest Period and the Interest Amount payable in respect of that Interest Period.

3.10 If full repayment is improperly withheld or refused on any due date interest will continue to accrue on the Deposits at a rate calculated by reference to the Margin and the Interest Rate determined by the Bank acting by and through its Hong Kong Branch (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank acting by and through its Hong Kong Branch), on the basis of interest periods having approximately the same length as the Interest Periods.

4 Benchmark Replacement

Notwithstanding the provisions above in Condition 3 (*Rates of Interest (For Fixed Rate CDs and Floating Rate CDs)*), if the Bank acting by and through its Hong Kong Branch determines that a Benchmark Event has occurred in relation to the relevant Reference Rate specified in the relevant Issue Terms when any rate of interest (or the relevant component part thereof) remains to be determined by such Reference Rate, then the following provisions shall apply:

- 4.1** the Bank acting by and through its Hong Kong Branch shall use all reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine (acting in a reasonable manner), no later than five Business Days prior to the relevant Interest Determination Date relating to the next succeeding Interest Period (the “**IA Determination Cut-off Date**”), a Successor Rate or, alternatively, if there is no Successor Rate, an Alternative Reference Rate for the purposes of determining the rate of interest (or the relevant component part thereof) applicable to the CDs. In making such determination, the Independent Adviser appointed pursuant to this Condition 4.1 shall act in good faith as an expert;
- 4.2** if the Bank acting by and through its Hong Kong Branch (acting in a reasonable manner) is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Reference Rate prior to the IA Determination Cut-off Date, the Bank acting by and through its Hong Kong Branch (acting in a reasonable manner) may determine a Successor Rate or, if there is no Successor Rate, an Alternative Reference Rate;
- 4.3** if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, an Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Interest Periods (subject to the subsequent operation of, and to adjustment as provided in, this Condition 4 (*Benchmark Replacement*)); provided, however, that if Condition 4.2 applies and the Bank acting by and through its Hong Kong Branch (acting in a reasonable manner) is unable to or does not determine a Successor Rate or an Alternative Reference Rate prior to the relevant Interest Determination Date, the rate of interest applicable to the next succeeding Interest Period shall be equal to the rate of interest last determined in relation to the CDs in respect of the immediately preceding Interest Period (or alternatively, if there has not been a first Interest Payment Date, the rate of interest shall be the initial rate of interest) (subject, where applicable, to substituting the Margin that applied to such preceding Interest Period for the Margin that is to be applied to the relevant Interest Period); for the avoidance of doubt, the proviso in this Condition 4.3 shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 4 (*Benchmark Replacement*);
- 4.4** if the Independent Adviser or the Bank acting by and through its Hong Kong Branch (acting in a reasonable manner) determines a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) in accordance with the above provisions, the Independent Adviser or the Bank acting by and through its Hong Kong Branch (acting in good faith and in a commercially reasonable manner) (as applicable), may also specify changes to these Conditions, including but not limited to the Day Count Fraction, Business Day Convention, Business Days, Interest Determination Date and/or the definition of Reference Rate applicable to the CDs, and the method for determining the fallback rate in relation to the CDs, if such changes are necessary to ensure the proper operation of such Successor Rate, Alternative Reference Rate and/or Adjustment Spread (as applicable). If the Independent Adviser (in consultation with the Bank acting by and through its Hong Kong Branch) or the Bank acting by and through its Hong Kong Branch (acting in a reasonable manner) (as applicable), determines that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser or the Bank acting by and through its Hong Kong Branch (acting in a reasonable manner) (as applicable) is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread. For the avoidance of doubt, the Calculation Agent shall, at the direction and expense of the Bank acting by and through its Hong Kong Branch, effect such consequential amendments to the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 4 (*Benchmark Replacement*). Consent of holders of CDs shall not be required in connection with effecting the Successor Rate or Alternative Reference Rate (as applicable) or such other changes, including for the execution of any documents or other steps by the Calculation Agent (if required); and
- 4.5** the Bank acting by and through its Hong Kong Branch shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable), give notice thereof to the Calculation Agent and holders of CDs, which shall specify the effective date(s) for such Successor Rate or Alternative Reference Rate (as applicable) and any consequential changes made to these Conditions. The Calculation Agent shall be entitled to rely on such notice (without liability to any person) as sufficient evidence thereof. The Successor Rate, Alternative Reference Rate and any consequential changes made to these Conditions specified in such notice will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Reference Rate and the Adjustment Spread (if any) and without prejudice to the

Calculation Agent's ability to rely on such notice as aforesaid) be binding on the Bank acting by and through its Hong Kong Branch, the Calculation Agent, and the holders of CDs,

provided that the determination of any Successor Rate or Alternative Reference Rate, and any other related changes to the CDs, shall be made in accordance with applicable law.

4.6 Survival of original Reference Rate

Without prejudice to the obligations of the Bank acting by and through its Hong Kong Branch under Conditions 4.1, 4.2, 4.3, 4.4 and 4.5, the original Reference Rate provided for in Condition 3 (*Rates of Interest (For Fixed Rate CDs and Floating Rate CDs)*) will continue to apply unless and until a Benchmark Event has occurred.

4.7 In these Conditions:

"Adjustment Spread" means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Reference Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to holders of CDs as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Reference Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Reference Rate);
- (ii) the Independent Adviser or the Bank acting by and through its Hong Kong Branch (acting in a reasonable manner) (as applicable) determines, is customarily applied to the relevant Successor Rate or the Alternative Reference Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Reference Rate; or (if the Independent Adviser or the Bank acting by and through its Hong Kong Branch (acting in a reasonable manner) (as applicable) determines that no such spread is customarily applied);
- (iii) the Independent Adviser or the Bank acting by and through its Hong Kong Branch (acting in a reasonable manner) (as applicable) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as the case may be).

"Alternative Reference Rate" means the rate that the Independent Adviser or the Bank acting by and through its Hong Kong Branch (as applicable) determines has replaced the relevant Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest in respect of CDs denominated in the relevant currency and of a comparable duration to the relevant Interest Period, or, if the Independent Adviser or the Bank acting by and through its Hong Kong Branch (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or the Bank acting by and through its Hong Kong Branch (as applicable) determines in its discretion (acting in a reasonable manner) is most comparable to the relevant Reference Rate.

"Benchmark Event" means:

- (i) the Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or
- (ii) a public statement by the administrator of the Reference Rate that it has ceased or that it will, by a specified date within the following six months, cease publishing the Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the Reference Rate, that the Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Reference Rate as a consequence of which the Reference Rate will be prohibited from being used either generally, or in respect of the CDs, in each case within the following six months; or
- (v) it has become unlawful for the Calculation Agent or the Bank acting by and through its Hong Kong Branch to calculate any payments due to be made to any holder of a CD using the Reference Rate;

provided that in the case of sub-paragraphs (ii), (iii) and (iv), the Benchmark Event shall occur on the date of the cessation of publication of the Reference Rate, the discontinuation of the Reference Rate, or the prohibition of use of the Reference Rate, as the case may be, and not the date of the relevant public statement.

"Independent Adviser" means an independent financial institution of international repute or other independent financial adviser of recognised standing and with appropriate expertise, in each case appointed by the Bank acting by and through its Hong Kong Branch at its own expense.

"Reference Rate" means the specified benchmark used to determine the rate of interest (or any component part thereof) on the CDs.

"Relevant Nominating Body" means, in respect of a benchmark:

- (i) the central bank for the currency to which the benchmark relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark, (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

"Successor Rate" means the rate that the Independent Adviser or the Bank acting by and through its Hong Kong Branch (as applicable) determines is a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

5 Taxes

All payments of principal and interest (if any) under a CD will be made free and clear of and without deduction or withholding for or on account of any present or future taxes, duties or other governmental charges of whatsoever nature imposed or levied by or on behalf of Hong Kong or the PRC or any authority in Hong Kong or the PRC having power to tax unless the Bank acting by and through its Hong Kong Branch is required by law to deduct or withhold any such taxes, duties or other governmental charges, in which event the Bank acting by and through its Hong Kong Branch will pay in like manner and at the same time such additional amounts as will be necessary in order to ensure that the net amounts received by the holder of a CD or the Relevant Accountholder which has an interest in a CD (in each case a **"Payee"**) after that deduction or withholding will equal the respective amounts of principal and interest which would have been receivable by that Payee if no such deduction or withholding had been required to be made except that no such additional amounts will be payable in respect of any payment to be made:

- (i) to the extent that a Payee is liable to those taxes, duties or governmental charges in respect of its interest in that CD by reason of its having some connection with the PRC other than the mere holding of, or of an interest in, that CD or
- (ii) where withholding or deduction could be avoided by the Payee making a declaration of non-residence or other similar claim for exemption to the appropriate authority or by providing other reasonable information regarding the Payee's identity or
- (iii) more than 30 days after the Relevant Date except to the extent that the Bank acting by and through its Hong Kong Branch would have been required to pay such additional amounts on the last day of the period of 30 days.

6 Tax Call

6.1 The Bank acting by and through its Hong Kong Branch may at its option redeem all Deposits comprising a Series at any time in whole, but not in part, on giving not less than 30 and not more than 45 days' irrevocable notice to all holders and Relevant Accountholders in respect of that Series (provided that the notice must expire on an Interest Payment Date if this is a Fixed Rate CD or a Floating Rate CD), at its principal amount, if:

- (i) the Bank acting by and through its Hong Kong Branch has or will become obliged to pay additional amounts under the Condition titled **"Taxes"** as a result of any change in, or amendment to, the laws or regulations of Hong Kong or the PRC or any authority in Hong Kong or the PRC 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 Deposit Date and
- (ii) that obligation cannot be avoided by the Bank acting by and through its Hong Kong Branch taking reasonable measures available to it,

provided that no notice of redemption will be given earlier than 90 days before the earliest date on which the Bank acting by and through its Hong Kong Branch would be obliged to pay such additional amounts were a payment in respect of the CDs then due.

6.2 After issuing a notice under Condition 6.1, the Bank acting by and through its Hong Kong Branch will be obliged to repay all the Deposits in the Series:

- (i) for each Fixed Rate CD and Floating Rate CD in a Series, together with any unpaid interest accrued on the CD in accordance with these Conditions or
- (ii) for each Discounted CD in a Series, subject to a deduction from the Global Principal Amount (for a Global CD) or Nominal Definitive Principal Amount (for each Definitive CD) to represent the unamortised amount of the Deposit calculated by reference to the Discounted Bid Rate and on the basis of the actual number of days remaining from the date fixed for redemption to the Maturity Date and in accordance with the relevant Day Count Fraction,

on the date provided in the relevant notice on surrender of this CD, if this CD is not held by the CMU Service, or by transfer of the interest in this CD to the Bank's Hong Kong Branch, or, if one is specified in the Issue Terms, the Paying Agent, if this CD is held by the CMU Service.

Notice will be deemed to have been given to a holder and a Relevant Accountholder when published in accordance with the Condition titled "Notices" below.

7 Put Option

7.1 If the Issue Terms specify that a Put Option is applicable for a CD the Bank acting by and through its Hong Kong Branch will redeem the CD on any Put Option Exercise Date specified in the Issue Terms on the following basis:

- (a) If the CD is held by the CMU Service, a CMU Accountholder wishing to exercise the Put Option must:
 - (i) deliver to the Bank's Hong Kong Branch (or, if one is specified in the Issue Terms, the Paying Agent instead of the Bank's Hong Kong Branch) a duly completed Redemption Notice on any Business Day during the relevant Put Option Exercise Window and
 - (ii) transfer the relevant part of its interest in the CD to the Bank's Hong Kong Branch's or, if applicable, the Paying Agent's account with the CMU Service as specified in the form of Redemption Notice provided by the Bank acting by and through its Hong Kong Branch or, if applicable, the Paying Agent.
- (b) If the Put Option is being exercised for a Global CD which is held by or on behalf of a Clearing System other than the CMU Service:
 - (i) the Relevant Accountholders must (in accordance with the rules of that Clearing System) instruct the Clearing System through which they hold their interests in the Global CD and, on receiving those instructions, the holder of the Global CD must deliver to the Bank's Hong Kong Branch (or, if one is specified in the Issue Terms, the Paying Agent instead of the Bank's Hong Kong Branch) one or more Redemption Notices on any Business Day during the relevant Put Option Exercise Window, specifying in each case the aggregate Nominal Definitive Principal Amount(s) for which the Put Option is being exercised and
 - (ii) the holder of the Global CD must present the Global CD to the Bank's Hong Kong Branch or, if applicable, the Paying Agent at the same time as delivering a Redemption Notice so that the Global CD may be annotated on the Put Option Exercise Date to record that the relevant interests have been repaid.
- (c) If the Put Option is being exercised for a Global CD which is held by the Bank acting by and through its Hong Kong Branch or a Nominated Custodian:
 - (i) a Relevant Accountholder must (in accordance with the terms and conditions governing the relationship between the Bank acting by and through its Hong Kong Branch and that Relevant Accountholder) deliver to the Bank acting by and through its Hong Kong Branch a Redemption Notice on any Business Day during the Put Option Exercise Window, specifying the aggregate Nominal Definitive Principal Amount(s) for which the Put Option is being exercised and

- (ii) The Bank acting by and through its Hong Kong Branch is entitled to prohibit any transfers by a Relevant Accountholder of an interest in a Global CD for which a Redemption Notice has been received until the relevant Put Option Exercise Date.
- (d) If the Put Option is being exercised in respect of a Definitive CD which is not held by or on behalf of a Clearing System:
 - (i) the holder of the CD must deliver to the Bank acting by and through its Hong Kong Branch (or, if one is specified in the Issue Terms, the Paying Agent instead of the Bank acting by and through its Hong Kong Branch) a duly completed Redemption Notice on any Business Day during the relevant Put Option Exercise Window and
 - (ii) the holder of the CD must deposit that Definitive CD with the Bank acting by and through its Hong Kong Branch (or, if applicable, the Paying Agent) at the same time as delivering the Redemption Notice.

7.2 To the extent that the procedures in paragraphs 7.1(a), (b), (c) or (d) are followed, the Bank acting by and through its Hong Kong Branch will repay each relevant Deposit on the relevant Put Option Exercise Date in accordance with the directions given to the Bank's Hong Kong Branch or, if applicable, the Paying Agent in the relevant Redemption Notice and the relevant CD(s), or interest in the relevant CD(s), will be surrendered.

7.3 Any Redemption Notice issued pursuant to Condition 7.1(a) or 7.1(b) should be given not less than fifteen Business Days prior to the relevant Put Option Exercise Date. Any Redemption Notice received by the Bank's Hong Kong Branch or, if applicable, the Paying Agent will be irrevocable and will bind both the Bank acting by and through its Hong Kong Branch and each relevant holder and Relevant Accountholder.

7.4 Any CD so deposited may not be withdrawn and any transfer so made may not be reversed without the prior consent of the Bank acting by and through its Hong Kong Branch.

7.5 On the relevant Put Option Exercise Date, the CD (or interest in a CD) for which the Redemption Notice has been received will become immediately due and payable:

- (a) for a Fixed Rate CD and a Floating Rate CD, at its principal amount together with accrued interest; or
- (b) for a Discounted CD, subject to a deduction from the Global Principal Amount (for a Global CD) or Nominal Definitive Principal Amount (for each Definitive CD) to represent the unamortised amount of the Deposit calculated by reference to the Discounted Bid Rate and on the basis of the actual number of days remaining from the Put Option Exercise Date to the Maturity Date and in accordance with the relevant Day Count Fraction.

8 Call Option

8.1 If the Issue Terms specify that a Call Option is applicable for a CD the Bank acting by and through its Hong Kong Branch may at its option repay all the Deposits comprising a Series in whole but not in part on any Call Option Exercise Date specified in the Issue Terms on giving prior written notice on any day during the Call Option Exercise Window to each holder and Relevant Accountholder of its intention to exercise the option, which notice will be irrevocable and will be binding on both the Bank acting by and through its Hong Kong Branch and each holder and Relevant Accountholder.

8.2 Any notice issued pursuant to Condition 8.1 should be given not less than five Business Days prior to the relevant Call Option Exercise Date. After issuing a notice under Condition 8.1, the Bank acting by and through its Hong Kong Branch will be obliged to repay all the Deposits comprising a Series on the relevant Call Option Exercise Date on surrender of the relevant CDs, in respect of the CDs not held by the CMU Service, or by transfer of the interest in the relevant CD(s) to the Bank's Hong Kong Branch (or, if one is specified in the Issue Terms, the Paying Agent instead of the Bank's Hong Kong Branch) in respect of CDs held by the CMU Service.

8.3 Notice will be deemed to have been given to each holder and Relevant Accountholder when published in accordance with the Condition titled "Notices" below.

8.4 On the relevant Call Option Exercise Date, the Deposits in the Series will become immediately due and payable:

- (a) for Fixed Rate CDs and Floating Rate CDs, at their principal amount together with accrued interest; or
- (b) for a Discounted CD, subject to a deduction from the Global Principal Amount (for a Global CD) or Nominal Definitive Principal Amount (for each Definitive CD) to represent the unamortised amount of the Deposit calculated by reference to the Discounted Bid Rate and on the basis of the actual number of days remaining from the Call Option Exercise Date to the Maturity Date and in accordance with the relevant Day Count Fraction.

9 Default

If any of the following occurs:

- (i) **Non-Payment:** The Bank acting by and through its Hong Kong Branch fails to pay any principal or interest on this CD when due and that failure continues for a period of 7 days; or
- (ii) **Insolvency:** The Bank is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of those debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Bank; or
- (iii) **Winding-up:** an order is made or an effective resolution passed for the winding-up or dissolution of the Bank, or the Bank ceases or threatens to cease to carry on all or a material part of its business or operations except for the purpose of and followed by a solvent reconstruction, amalgamation, reorganisation, merger or consolidation;

then a holder can declare, by notice in writing given to the Bank's Hong Kong Branch (or, if one is specified in the Issue Terms, the Paying Agent instead of the Bank's Hong Kong Branch) at its specified office, that a Definitive CD or any interest in a Definitive CD represented by a Global CD is immediately due and payable and at that time it will become immediately due and payable:

- (i) for a Fixed Rate CD and a Floating Rate CD, at its principal amount together with accrued interest; or
- (ii) for a Discounted CD, subject to a deduction from the Global Principal Amount (for a Global CD) or Nominal Definitive Principal Amount (for each Definitive CD) to represent the unamortised amount of the Deposit calculated by reference to the Discounted Bid Rate and on the basis of the actual number of days remaining from the date fixed for redemption to the Maturity Date and in accordance with the relevant Day Count Fraction

without further formality unless that repayment event is remedied before the Bank acting by and through its Hong Kong Branch or, if one is specified in the Issue Terms, the Paying Agent receives the notice.

10 Notices

10.1 Subject to Conditions 10.2, 10.3 and 10.4 below, notices may be published in the South China Morning Post or any other leading daily newspaper published in the English language in Hong Kong:

- (a) specifying any appointment or change of Paying Agent or Calculation Agent,
- (b) giving notice under the Conditions titled "Tax Call" and "Call Option" above or
- (c) giving notice in respect of any other matters for which a notice is to be given under the Conditions as soon as is practicable.

Any notice will be deemed duly given on the date it is published or, if published more than once, the first date of that publication.

10.2 If a CD is held by the CMU Service notices may be made to CMU Accountholders in accordance with the CMU Rules.

10.3 If a CD is held on behalf of the Euroclear or Clearstream, notices may be given by their being delivered to the Euroclear or Clearstream, as the case may be, or otherwise to the holder of the CD.

10.4 If the Bank acting by and through its Hong Kong Branch or a Nominated Custodian holds an interest in a CD on behalf of a person, notice may be given to that person in accordance with any arrangements that apply between the Bank acting by and through its Hong Kong Branch and that person (which, for a customer of the Bank acting by and through its Hong Kong Branch, may include any arrangements for giving notice in accordance with terms and conditions applying to that customer).

11 Further Issues

The Bank acting by and through its Hong Kong Branch may from time to time without the consent of any holder or Relevant Accountholder take deposits evidenced by further CDs having the same terms and conditions as this CD in all respects and so that such further issue will be consolidated and form a single series with the outstanding CDs of this Series.

References in a CD to any such deposits or Series include (unless the context requires otherwise) any other deposits evidenced by other certificates of deposit issued under this Condition and forming a single series with that CD.

12 Purchases

The Bank acting by and through its Hong Kong Branch may at any time purchase CDs in the open market or otherwise and at any price. Any CDs purchased by the Bank acting by and through its Hong Kong Branch may be resold by it in the open market or cancelled or otherwise.

13 Definitions

In a CD:

"Alternate Currency" means, for any Series, Renminbi or any freely transferable and available currencies other than Hong Kong dollars or US dollars that may be specified in the Issue Terms for a CD.

"Alternate Currency CDs" means CDs denominated or to be denominated in an Alternate Currency.

"Business Day" means:

- (a) in relation to a CNY CD, (i) if the CNY CD is lodged with the CMU Service, a day (other than a Saturday, a Sunday or a public holiday) on which the CMU Service is operating; and (ii) a day (other than a Saturday, a Sunday or a public holiday) on which commercial banks in Hong Kong and any Additional Financial Centre specified in the Issue Terms are open for business; and
- (b) in relation to any other CD (other than a CNY CD), a day (other than a Saturday, a Sunday or a public holiday) on which commercial banks and foreign exchange markets are open for business in Hong Kong and any Additional Financial Centre specified in the Issue Terms; and:
 - (i) for a U.S.\$ CD, on which banks and foreign exchange markets are open for business in London and New York City;
 - (ii) for an Alternate Currency CD, in the principal financial centre on which dealings in the Alternate Currency are carried out and on which, if the Alternate Currency CD is a Floating Rate CD, the relevant Floating Rate Benchmark can be determined; and
 - (iii) if the CD is held by a Clearing System, on which that Clearing System is operating.

"Business Day Convention" means:

- (i) if **"Floating Rate"** is specified in the Issue Terms, the relevant date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event:
 - (x) such date shall be brought forward to the immediately preceding Business Day and
 - (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment
- (ii) if **"Following"** is specified in the Issue Terms, the relevant date shall be postponed to the next day that is a Business Day
- (iii) if **"Modified Following"** is specified in the Issue Terms, the relevant date shall be postponed to the next day that is a Business Day unless it would then fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or
- (iv) if **"Preceding"** is specified in the Issue Terms, the relevant date shall be brought forward to the immediately preceding Business Day.

"CD" means any Global CD, Definitive CD or Temporary Global CD.

"Clearing System(s)" means any of Clearstream, the CMU Service and the Euroclear.

"Clearstream" means Clearstream Banking, S.A..

"CMU Accountholder" means, for any CD held by the CMU Service, any person or persons for whose account(s) interests in that CD are credited in accordance with the CMU Rules.

"**CMU Rules**" means the agreements, rules and regulations from time to time governing the operation of the CMU Service.

"**CMU Service**" means the Hong Kong Monetary Authority acting as operator of the Central Moneymarkets Unit Service.

"**CNY**" means the lawful currency of the PRC.

"**CNY CD**" means a CD (to be) denominated in Renminbi.

"**Day Count Fraction**" is the method for calculating interest or unamortised amounts payable by the Bank acting by and through its Hong Kong Branch in certain circumstances for any period of time and will be calculated by reference to:

- (i) if "**Actual/actual**" is specified in the Issue Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (a) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (b) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (ii) if "**Actual/365 (Fixed)**" is specified in the Issue Terms, the actual number of days in the Calculation Period divided by 365
- (iii) if "**Actual/360**" is specified in the Issue Terms, the actual number of days in the Calculation Period divided by 360
- (iv) if "**30/360**" is specified in the Issue Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

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, expressed as a number, of the Calculation Period, 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; and

- (v) if "**30E/360**" is specified in the Issue Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

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, expressed as a number, of the Calculation Period, 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, in which case D₂ will be 30.

"Deed of Covenant" means the deed of covenant dated 15 July 2003 and executed by the Bank acting by and through its Hong Kong Branch in relation to Relevant Accountholders, as amended and restated on 21 December 2010 and on 20 March 2020, and as may be further amended, restated and/or supplemented from time to time.

"Definitive CDs" means any definitive certificate of deposit issued or required to be issued under the terms of a Global CD, substantially in the form attached to that Global CD, subject to any necessary changes.

"Deposit" means:

- (i) for a CD specified to be Fixed Rate or Floating Rate, the Initial Global Principal Amount of a Global CD or the Nominal Definitive Principal Amount of a Definitive CD and
- (ii) for a CD specified to be Discounted, a principal amount which, together with interest accrued thereon, will amount on the Maturity Date to the Global Principal Amount of any relevant Global CD or Nominal Definitive Principal Amount of a Definitive CD and to which a discount would be applied in respect of any repayment before the Maturity Date in accordance with the Conditions to reflect the unamortised amount of that interest at the relevant time.

"Direct Rights" has the meaning given to it in the Deed of Covenant.

"Entry" means any entry relating to any Global CD (or to the relevant part of it) or the Definitive CDs represented by it which is or has been made in an account of any account holder with a Clearing System, the Bank acting by and through its Hong Kong Branch or a Nominated Custodian and **"Entries"** shall have a corresponding meaning.

"Euroclear" means Euroclear Bank SA/NV.

"Exchange Date" has the meaning given to it in the Condition in a Global CD titled "Exchange for Definitive CDs".

"Global CD" means a permanent global certificate of deposit issued under the Programme which is specified as a "Global CD".

"Global Principal Amount" means the Initial Global Principal Amount as reduced by reason of purchase and cancellation, exchanges for Definitive CDs, the creation of Direct Rights or early redemptions in accordance with the terms and conditions of a Global CD.

"Hong Kong" means the Hong Kong Special Administrative Region of the PRC.

"HK\$" and "Hong Kong dollars" means the lawful currency of Hong Kong.

"Interest Determination Date" means:

- (i) if the Currency is HK\$, the first day of an Interest Period
- (ii) if the Currency is US\$, the second London Business Day before the first day of an Interest Period and
- (iii) if the Currency is Renminbi, the Business Day before the first day of an Interest Period, or if the Currency is an Alternate Currency (other than Renminbi), the date specified in the Issue Terms or, if none is specified, the day determined by the Bank acting by and through its Hong Kong Branch or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank acting by and through its Hong Kong Branch, on which Interest Rate quotations are obtained, for the purposes of Condition 3.2, in respect of that Alternate Currency CD.

"Issuing Agent", "Paying Agent" or "Calculation Agent" means any person specified as any of these in the Issue Terms of any relevant CD.

"London Business Day" means a day (other than a Saturday, a Sunday or a public holiday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London.

"Nominated Custodian" means any person appointed by the Bank acting by and through its Hong Kong Branch to act as custodian of a Temporary Global CD or Global CD which is not held by or on behalf of a Clearing System.

"Position Report" means an Instrument Position Report issued by the CMU Service or such other notification issued from time to time by the CMU Service, in accordance with the CMU Rules, to confirm the interests of CMU Accountholders in a CD.

"PRC" means the People's Republic of China which, for the purpose of these Conditions, shall exclude Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan.

"Programme" means the certificate of deposit programme established by the Bank acting by and through its Hong Kong Branch on 15 July 2003, initially for an aggregate amount of HK\$3,000,000,000 or its equivalent, and subsequently being amended to increase the aggregate amount to HK\$60,000,000,000 or its equivalent.

"Redemption Notice" means a notice based on the form set out in the Deed of Covenant.

"Reference Banks" means the principal offices of three major banks active in the relevant inter bank market for the relevant Currency in

- (i) Hong Kong (if the Currency is HK\$),
- (ii) London (if the Currency is US\$) or
- (iii) the principal financial centre of any Currency which is an Alternate Currency, as selected by the Bank acting by and through its Hong Kong Branch or, if one is specified in the Issue Terms, the Calculation Agent.

"Relevant Accountholder" means, in respect of a Global CD at any Relevant Time:

- (i) each CMU Accountholder credited with an interest in that Global CD or the Definitive CDs represented by it at the Relevant Time in accordance with the CMU Rules, except for a CMU Accountholder which is credited with that interest in its capacity as a Clearing System
- (ii) each holder of one or more accounts with a Clearing System (other than the CMU Service) credited with an Entry or Entries in that Global CD or the Definitive CDs represented by it except for any Clearing System which holds that account in its capacity as a Clearing System or
- (iii) where a Global CD is held by the Bank acting by and through its Hong Kong Branch or a Nominated Custodian and has not been lodged with a Clearing System, each person who has been recorded by the Bank acting by and through its Hong Kong Branch or the Nominated Custodian as being credited with an Entry or Entries in that Global CD or the Definitive CDs represented by that Global CD except for any Clearing System which is credited with that interest in its capacity as a Clearing System.

"Relevant Date" means whichever is the later of

- (i) the date on which payment first becomes due under a CD and is available for payment and
- (ii) where a Paying Agent is specified in the Issue Terms, if the full amount payable has not been received in Hong Kong by the Paying Agent on or before the due date, the date on which, the full amount has been so received and notice to that effect has been given to the payee.

"Relevant Time" means the time when Direct Rights take effect as contemplated by the Condition in a Global CD titled "Exchange for Direct Rights" and by the Deed of Covenant.

"Renminbi" or **"RMB"** means the lawful currency of the PRC.

"Series" means each series of CDs which are all issued on the same terms and conditions (except, in some circumstances, only for Deposit Date) and which are all expressed to form part of the same Series.

"Temporary Global CD" means a temporary global certificate of deposit which is specified as a Temporary Global CD and which is exchangeable in accordance with its terms for interests in a Global CD or for Definitive CDs or Direct Rights.

"United States" or **"U.S."** means the United States of America, including the states and the District of Columbia and its **"possessions"** include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

"US\$" and "US dollars" means the lawful currency of the United States.

"US\$ CD" means a CD (to be) denominated in US dollars.

References to a **time of the day** are, except where the context requires otherwise, to Hong Kong time.

TAXATION

Withholding tax

Under present Hong Kong law, no withholding tax will be deductible from interest paid on the deposits represented by CDs.

Tax on Sale

Where a holder of an interest in a CD (whether an individual or a corporation) carrying on a trade, profession or business in Hong Kong disposes of its interest in the CD and makes a profit or loss, that profit or loss, in the case of a corporation, will be taken into account for profits tax purposes and, in the case of an individual, will be taken into account for profits tax purposes where those profits or losses relate to the funds of that trade, profession or business.

Tax on Yield

Any interest on a CD received or accrued by a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112)) of Hong Kong will be subject to profits tax.

Any interest received by or accrued to a corporate holder or an individual holder carrying on a trade, profession or business in Hong Kong, where that interest is in respect of the funds of that trade, profession or business, will not be subject to profits tax (so long as that holder is not a financial institution and the CD is not used to secure borrowings from the Bank).

Stamp Duty

The CDs are not subject to Hong Kong stamp duty or bearer instrument duty either on issue or on any subsequent transfer.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Hong Kong) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the CDs, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the CDs, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the CDs, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payment are published in the U.S. Federal Register, and CDs characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date.

However, if additional CDs that are not distinguishable from previously issued CDs are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all CDs, including the CDs offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA.

Holders should consult their own tax advisors regarding how these rules may apply to their investment in the CDs. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the CDs, no person will be required to pay additional amounts as a result of the withholding.

Holders or intending holders including holders who have an establishment or premise in the PRC who are in doubt as to their own tax position are urged to consult their own professional advisers regarding the possible tax consequences under the laws of the jurisdictions that apply to them.

DEPOSIT PROTECTION

Small Deposit Priorities

Under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, where a bank which is a company is wound up in Hong Kong, each depositor on the date that the winding up commences will rank as a priority creditor for a maximum of HK\$500,000, regardless of the number of deposits.

Deposit Protection Scheme

The Certificates of Deposit are not protected deposits and are not protected by the Deposit Protection Scheme established under the Deposit Protection Scheme Ordinance (Cap. 581) of Hong Kong.

The Certificates of Deposit are obligations of the Bank alone. Purchasers of the CDs rely on the creditworthiness of the Bank.

If English is not your preferred language, you may request for the Chinese version of this Information Memorandum from our sales staff. 倘若英文並非閣下屬意的語言，閣下可向本行的銷售人員索取本資料備忘錄的中文版本。

The contents of this Information Memorandum are based on Hong Kong law as at 20 March 2020.

For any further information, including as to the availability of amendments or supplements to this Information Memorandum, please contact the Bank's Hong Kong Branch.