

Dated 7th July, 1986

THE HONGKONG AND SHANGHAI BANKING CORPORATION

U.S.\$400,000,000

**Primary Capital Undated Floating Rate Notes
(Third Series)**

AGENCY AGREEMENT

**Norton, Rose, Botterell & Reche
London**

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THIS AGENCY AGREEMENT is dated 7th July, 1986 and made BETWEEN:-

- (1) THE HONGKONG AND SHANGHAI BANKING CORPORATION whose head office is at 1 Queen's Road Central, Hong Kong;
- (2) CITIBANK, N.A. at its specified office in London as principal paying agent, and CITIBANK, N.A., CITICORP BANK (LUXEMBOURG) S.A. and CITICORP BANK (SWITZERLAND) at their respective specified offices referred to in Clause 11 as initial paying agents;
- (3) CITIBANK, N.A. at its specified office in London as agent bank; and
- (4) THE LAW DEBENTURE TRUST CORPORATION p.l.c. of Estates House, 66 Gresham Street, London EC2V 7HX.

WHEREAS:-

- (A) The Hongkong and Shanghai Banking Corporation (the "Bank") will issue U.S.\$400,000,000 Primary Capital Undated Floating Rate Notes (Third Series) (the "Notes") pursuant to a Trust Deed to be dated 9th July, 1986 (the "Trust Deed") between the Bank and The Law Debenture Trust Corporation p.l.c. (the "Trustee").
- (B) The Notes will initially be represented by a temporary Global Note. The Notes in definitive form will be available not earlier than 90 days after completion of the distribution of the Notes, as determined by Morgan Guaranty Ltd.
- (C) The Notes in definitive form will be issued in bearer form in the denominations of U.S.\$5,000 and U.S.\$100,000 each with Coupons for interest (and one talon for further coupons) attached. The Notes and Coupons will be substantially in the respective forms set out in Part I and Part II of the First Schedule to the Trust Deed and the Bank will procure that specimens thereof are sent to the Principal Paying Agent as soon as practicable.
- (D) The parties hereto wish to provide for payment and other arrangements in connection with the Notes on the terms and conditions set out below.

NOW IT IS HEREBY AGREED as follows:-

1. DEFINITIONS

- 1.01 Words and expressions defined in the Trust Deed (including the Schedules thereto) and not otherwise defined herein shall have the same meanings when used in this Agreement but so that in Clauses 4 and 5 the expression "Coupons" shall exclude "Talons".
- 1.02 The table of contents and clause headings are for ease of reference only and shall be ignored in the interpretation of this Agreement. References to Clauses are, unless the context requires otherwise, references to clauses of this Agreement.

2. APPOINTMENT OF INITIAL AGENTS

2.01 The Bank hereby appoints:

- (a) Citibank, N.A. at its specified office in London as principal paying agent of the Bank (in such capacity the "Principal Paying Agent"), Citibank, N.A. at its specified office in each of Brussels and Hong Kong, Citicorp Bank (Luxembourg) S.A. at its specified office in Luxembourg and Citicorp Bank (Switzerland) at its specified office in Zurich as paying agents for the payment of principal and interest on the Notes (together in such capacities the "Paying Agents"); and
- (b) Citibank, N.A. at its specified office in London as the Agent Bank for the purpose of calculating the Rate of Interest and the Coupon Amounts (in such capacity the "Agent Bank"),

and the Principal Paying Agent, the Paying Agents and the Agent Bank accept such appointments on the terms and conditions set out in this Agreement.

2.02 The Principal Paying Agent, the Paying Agents and the Agent Bank are together hereinafter referred to as the "Agents". The expressions "Principal Paying Agent", "Paying Agents", "Agent Bank" and "specified office" as used in this Agreement shall be deemed to mean and include the Principal Paying Agent, the Paying Agents, the Agent Bank and the office or offices specified in this Agreement, respectively, or such other principal paying agent, paying agents, agent bank or specified office or offices as may be notified to the Noteholders from time to time in accordance with the Conditions and Clause 10. References in this Agreement to the "Conditions" are to the terms and conditions of the Notes as set out in Part II of the First Schedule to the Trust Deed and references to a particular "Condition" shall be construed accordingly.

2.03 Except where the context otherwise requires, references hereafter in this Agreement to a Paying Agent are references to that Paying Agent acting solely through its specified office. The obligations of the Paying Agents hereunder are several and not joint.

3. EXCHANGE OF TEMPORARY GLOBAL NOTE; PAYMENTS

3.01 As soon as the Bank shall have been advised by Morgan Guaranty Ltd of the Exchange Date the Bank shall so notify the Principal Paying Agent and the Principal Paying Agent shall give notice thereof through CEDEL and the Euroclear Operator, at the expense of the Bank. Not later than five business days prior to the Exchange Date the Bank shall deliver to or to the order of the Principal Paying Agent Notes in definitive form, duly executed on behalf of the Bank, with Coupons attached having an aggregate principal amount of U.S.\$400,000,000 and after the Exchange Date the temporary Global Note shall be surrendered to or to the order of the Principal Paying Agent to be exchanged for Notes in definitive form. In exchange for such temporary Global Note (which shall be cancelled by the

Principal Paying Agent), the Principal Paying Agent shall authenticate or cause to be authenticated the Notes and shall deliver or procure the delivery of the Notes to the Depository, but only upon presentation to or to the order of the Principal Paying Agent of a certificate with respect to the Notes or portions thereof being exchanged, signed by CEDEL or the Euroclear Operator, substantially in the terms specified in Clause 5(D) of the Trust Deed.

3.02

In order to provide for the payment of the principal of and interest on the Notes, the Bank shall pay through the New York Clearing House Interbank Payments System to an account specified by the Principal Paying Agent at its office at 111 Wall Street, New York, N.Y. 10043, U.S.A. or at such other office or bank in New York City as the Principal Paying Agent may from time to time notify to the Bank, in dollars in New York same day funds:-

- (a) not later than 10 a.m. (New York City time) on each date for the payment of interest on the Notes (being a Compulsory Interest Payment Date, an Optional Interest Payment Date in relation to which the Bank has given notice of its election to pay interest in accordance with Condition 3(b) and any other date on which interest is payable on the Notes in accordance with the Conditions) an amount sufficient to pay the interest becoming due in respect of all the Notes outstanding on such date; and
- (b) (whenever the Bank shall elect or be required to redeem some or all of the Notes then outstanding) not later than 10 a.m. (New York City time) on such redemption date an amount sufficient to pay the redemption price of all the Notes so to be redeemed.

3.03

The Bank shall by 10 a.m. (London time) on the business day prior to each Compulsory Interest Payment Date confirm to the Principal Paying Agent that it has issued irrevocable payment instructions for the transfer of the relevant sum due on that date to the account of the Principal Paying Agent. In addition, in the case of an Optional Interest Payment Date the Bank shall by 10 a.m. (London time) on the preceding business day notify the Principal Paying Agent whether the Bank proposes to make a payment of interest on such date and, if so, in what amount (if less than the full amount otherwise payable).

3.04

The Bank hereby authorizes and directs the Principal Paying Agent to make, or cause to be made, and the Principal Paying Agent hereby agrees to make or cause to be made, from the amounts so paid to it, the payment of the principal of and interest on the Notes in accordance with the terms of this Agreement and the Conditions. Provided that:

- (1) if, having regard to Condition 5(a), it would be proper for a Paying Agent or the Principal Paying Agent to refuse any payment to a Noteholder or Couponholder the Agent in question shall so refuse and shall notify the Bank and the Trustee accordingly, giving appropriate details of the serial number of

each Note and/or Coupon in question. Any amount so withheld shall be placed on deposit on terms agreed between the Principal Paying Agent and the Bank and the interest so earned shall be paid to or to the order of the Bank but so that the amount so deposited may be withdrawn by the Principal Paying Agent without further reference to or authority from the Bank whenever required for the purpose of making payment in respect of the relevant Note or Coupon;

- (2) where a Note presented for redemption is not so presented together with all unmatured Coupons appertaining thereto, the Paying Agent to whom such Note is surrendered shall make payment only against an indemnity in a form satisfactory to the Bank.

3.05 The Principal Paying Agent shall notify by telex or cable each of the Paying Agents and the Trustee (i) by the close of business in New York City on each date on which any payment of principal and/or interest in respect of the Notes or Coupons becomes due if it has not received unconditionally the full amount in U.S. dollars required for such payment and (ii) forthwith if it receives unconditionally the full amount of any sum due in respect of the Notes or Coupons after the due date for payment thereof. The Principal Paying Agent will, at the expense of the Bank, forthwith upon receipt of any amount as described in (ii) above cause notice thereof to be published in accordance with Condition 12.

3.06 Subject to the payments to the Principal Paying Agent provided for in Clause 3.02 being duly made, the Agents (other than the Agent Bank in such capacity) will act as paying agents of the Bank in respect of the Notes and pay or cause to be paid on behalf of the Bank on and after each due date therefor the amounts of principal and/or interest then due in respect of the Notes or Coupons. If any payment provided for in Clause 3.02 is made late but otherwise in accordance with the terms of this Agreement, the Agents (other than as aforesaid) shall nevertheless act as paying agents as aforesaid. However, if any other default is made by the Bank in respect of such payment such that the amount of such payment is insufficient to satisfy any claim for principal of, or interest on, the Notes then becoming due, unless and until the full amount of the payment has been made in accordance with the terms of this Agreement (except as to the time of making the same) or other arrangements satisfactory to the Principal Paying Agent have been made and the Paying Agents have been notified thereof, none of the Agents shall be bound to act as such paying agents as aforesaid. Each of the Principal Paying Agent and the Paying Agents undertakes with the Bank that it will require any person presenting a Note or a Coupon for payment to provide such certificate or information as may be required to satisfy any applicable requirements of the United States federal income tax laws as contemplated by Condition 5(a).

3.07 In respect of any Interest Payment Date falling prior to the Exchange Date the Principal Paying Agent shall, subject to the payments set out above being duly made, as paying banker for and as agent of the

Bank pay or cause to be paid on or after such Interest Payment Date to Euro-clear and CEDEL in the respective proportions in which the Notes are held by each of them the amount of interest due on such Interest Payment Date in respect of the aggregate principal amount of the temporary Global Note outstanding on such Interest Payment Date against presentation thereof by the Depository and in accordance with the temporary Global Note. Such interest shall not be credited by Euro-clear or CEDEL to the account of any person for whom the Depository holds such temporary Global Note (and no such person shall be entitled to receive any such interest) unless there shall have been delivered to Euro-clear or CEDEL, as the case may be, the relevant certificate substantially in the form set out in Clause 5(E) of the Trust Deed dated on or prior to such Interest Payment Date (and in the case of a certificate dated prior to the relevant Interest Payment Date, Euro-clear or CEDEL, as the case may be, has not been notified that the statements in such certificate are no longer correct). Interest in respect of any portion of the temporary Global Note payable on or prior to the Exchange Date, but as to which no such certificate has been presented, will be so credited on the date such portion is exchanged for Notes in definitive form to the account holders of record on such date without further declaration of interest.

3.08

At any time after a Relevant Event shall have occurred as specified in the Trust Deed, the Trustee may:-

- (a) by notice in writing to the Bank, the Principal Paying Agent and the Paying Agents, require the Principal Paying Agent and the Paying Agents:-
 - (i) thereafter to act as Principal Paying Agent and Paying Agents respectively of the Trustee in relation to payments to be made by or on behalf of the Trustee under the terms of the Trust Deed mutatis mutandis on the terms provided in this Agreement (save that the Trustee's liability under any provisions contained in this Agreement for the indemnification of the Agents shall be limited to the amounts for the time being held by the Trustee in respect of the Notes on the trusts of the Trust Deed) and to hold all Notes and Coupons and all sums, documents and records held by them in respect of Notes and Coupons on behalf of the Trustee; and/or
 - (ii) to deliver all Notes and Coupons and all sums, documents and records held by them in respect of the Notes and Coupons to the Trustee or as the Trustee shall direct in such notice provided that such notice shall be deemed not to apply to any documents or records which an Agent is obliged not to release by any law or regulation; and
- (b) by notice in writing to the Bank require all subsequent payments in respect of the Notes and Coupons to be made to or to the order of the Trustee and not to the Principal Paying Agent.

- 3.09 The Principal Paying Agent will charge the account referred to in Clause 3.02 for all payments made by it as aforesaid and will credit or transfer to the respective accounts of the Paying Agents the amount of all payments made by them in accordance with the Conditions immediately upon notification from them of any such amount, subject in each case to any laws or regulations applicable thereto.
- 3.10 If the Bank shall decide to redeem Notes under Conditions 4(a) or (b) (subject, in the case of Condition 4(a), to the satisfaction of the Trustee), the Bank shall give notice to the Principal Paying Agent of such decision at least 7 days before the relevant notice is required to be given to the Noteholders. The Principal Paying Agent shall publish a notice in accordance with Condition 12 not more than 45 days (or, in the case of redemption under Condition 4(b), 60 days) nor less than 30 days prior to the relevant Interest Payment Date, specifying, (a) the date fixed for redemption, (b) (in the case of partial redemption) the principal amount of Notes to be redeemed, (c) any Arrears of Interest, (d) that Notes are being redeemed at 100 per cent. of their principal amount (plus accrued interest), (e) the place or places of payment, (f) that payment of interest in respect of Notes will be made upon presentation and surrender of Coupons maturing on or before the date fixed for redemption, (g) that on and after the said date, unless payment is improperly withheld or refused or is not made by reason of Condition 2, interest in respect of the Notes will cease to accrue, (h) that Coupons maturing after the said date shall be void and (i) that payments of principal of the Notes together with accrued interest will be made upon surrender of the Notes and unmatured Coupons as provided in Condition 5. In the case of a partial redemption of Notes, the Notes to be redeemed shall be selected by the Principal Paying Agent individually by lot and otherwise in a manner approved by the Trustee not more than 75 days prior to the date fixed for redemption. A list of such Notes, identifying them by serial number, will be set out in the notice of redemption published by the Principal Paying Agent pursuant to this Clause 3.10.
- 3.11 If the Bank shall, in respect of any payment of principal or interest in respect of the Notes, be required to withhold or deduct any amount for or on account of taxes or duties as contemplated by Condition 6, the Bank shall give notice thereof to the Principal Paying Agent as soon as it becomes aware of the requirement to make such withholding or deduction and shall give to the Principal Paying Agent such information as the Principal Paying Agent shall require to enable it to comply with such requirement.
- 3.12 Each of the Agents will enforce Notes or Coupons in the manner provided in Clause 14 of the Trust Deed on production to them of the relevant Notes or Coupons.
4. CANCELLATION AND RECORDS
- 4.01 (A) Subject to Clause 4.02, all Notes which are redeemed or purchased by or on behalf of the Bank or any of its subsidiaries (other than purchases falling within the exception to Condition

- 4) together with all unmatured Coupons attached thereto or delivered therewith, all Coupons which are paid and all Talons which are received in exchange for new Coupon sheets shall be cancelled by the Agent by which they are paid or received or, in the case of purchase, by the Bank or the purchasing subsidiary, as the case may be.
- (B) Each of the Paying Agents shall give to the Principal Paying Agent details of all payments made by it and shall deliver all cancelled Notes and Coupons to the Principal Paying Agent (or as the Principal Paying Agent may designate).
- (C) Where any Notes are purchased pursuant to Condition 4(c) (other than as aforesaid), the Bank shall procure that, promptly after such purchase, all Notes, together with all Coupons appertaining thereto and surrendered therewith are cancelled, that all relevant details are given to the Principal Paying Agent and that all Notes and Coupons so cancelled are delivered to the Principal Paying Agent (or as the Principal Paying Agent may designate).
- (D) A certificate stating (i) the aggregate principal amount of Notes which have been redeemed together with details of all unmatured Coupons attached thereto or delivered therewith, (ii) the amounts paid in respect of Notes redeemed and Coupons paid, (iii) the serial numbers of the related Notes, (iv) the aggregate amount paid in respect of Coupons, (v) the total numbers by maturity date of such Coupons and (vi) the number of Talons, together with their serial numbers, which have been exchanged for further Coupon sheets shall be given to the Bank and the Trustee by the Principal Paying Agent as soon as reasonably possible, and in any event within three months after the date of such redemption, payment or exchange as the case may be.
- (E) Subject to being duly notified in due time, the Principal Paying Agent shall give a certificate to the Trustee, within three months of the date of purchase of Notes pursuant to Condition 4(c) and their cancellation, stating (a) the principal amount of Notes so purchased and cancelled, (b) the serial numbers of such Notes, and (c) the total number and maturity dates of the Coupons appertaining thereto and so purchased and cancelled.
- 4.02 Subject to receipt of instructions to that effect from the Bank the Principal Paying Agent shall or shall procure that a person designated for this purpose by it shall destroy all cancelled Notes, Coupons and Talons and furnish the Bank and the Trustee with a certificate of destruction containing written particulars of the serial numbers of the Notes and the Coupons (including Talons) attached thereto or delivered therewith, the total number by maturity date of Coupons and the total number of Talons and their serial numbers.
- 4.03 The Principal Paying Agent shall keep a full and complete record of all Notes and Coupons (other than serial numbers of Coupons), of

their redemption or purchase (subject to notification thereof to the Principal Paying Agent as provided above), and of all Notes or Coupons (including their serial numbers) issued by way of replacement for lost, stolen, mutilated or destroyed Notes or Coupons. The Principal Paying Agent shall at all reasonable times make such record available to the Bank and the Trustee.

5. REPLACEMENT OF NOTES, COUPONS AND TALONS; SURRENDER OF TALONS

- 5.01 The Bank will cause a sufficient quantity of additional Notes, Coupons and Talons to be available, upon request, to the Principal Paying Agent at its specified office for the purpose of issuing replacement Notes, Coupons and Talons.
- 5.02 The Principal Paying Agent will, subject to and in accordance with Condition 11 and the following provisions of this Clause 5, cause to be delivered replacement Notes, Coupons or Talons in place of Notes, Coupons or Talons which have been lost, stolen, mutilated or destroyed.
- 5.03 In the case of a mutilated Note, the Principal Paying Agent shall ensure that (unless otherwise covered by such indemnity as the Bank may require) any replacement Note will only have attached to it Coupons and the Talon corresponding to those attached to the mutilated Note which is presented for replacement.
- 5.04 The Principal Paying Agent will obtain verification, in the case of an allegedly lost, stolen or destroyed Note or Coupon in respect of which the serial number is known, that such Note or Coupon has not previously been redeemed or paid. The Principal Paying Agent shall not issue any replacement Note, Coupon or Talon unless and until the applicant therefor shall have:-
- (a) paid such costs as may be incurred in connection therewith;
 - (b) furnished it with such evidence, indemnity and security as the Bank and the Principal Paying Agent may require; and
 - (c) in the case of any mutilated Note or Coupon, surrendered it to the Principal Paying Agent.
- 5.05 The Principal Paying Agent shall cancel any mutilated Notes, Coupons or Talons in respect of which replacements have been issued pursuant to this Clause 5 and shall furnish the Bank and the Trustee with a certificate stating the serial numbers of the Notes, Coupons and Talons cancelled.
- 5.06 The Principal Paying Agent shall promptly notify the Paying Agents of the amounts, serial numbers and maturity dates of any Notes, Coupons and Talons reported lost, stolen or destroyed and of all replacement Notes, Coupons and Talons issued.

- 5.07 The Principal Paying Agent shall keep a full and complete record of all replacement Notes, Coupons and Talons issued and shall make such record available at all reasonable times to the Bank and the Trustee.
- 5.08 Whenever any of the Notes or Coupons (other than Talons) for which a replacement has been issued shall be presented to any of the Paying Agents for payment, the Paying Agent shall immediately send notice thereof to the Bank and the Principal Paying Agent and shall withhold payment on such Note or Coupon until such time as the Bank or the Principal Paying Agent shall instruct it to make such payment.
- 5.09 The Bank will cause a sufficient quantity of Coupons and Talons to be available upon request to the Agents (other than the Agent Bank in such capacity) at their respective specified offices for the purpose of issuing further Coupons and Talons. Each Agent (other than as aforesaid) shall, subject to and in accordance with Condition 3(a) and this Clause 5.09, cause to be delivered further Coupons and one further Talon against presentation of the relevant maturing Talon appertaining to any of the Notes. The Coupons and further Talons so delivered shall bear the same serial numbers as the serial number of the surrendered Talons. All Talons which are so surrendered shall be cancelled by the relevant Agent which shall, forthwith after such cancellation, forward the same to the Principal Paying Agent (or as it may direct) for destruction and the Principal Paying Agent (or the person designated by it for this purpose) shall destroy the same and furnish the Bank and the Trustee with a certificate of destruction containing written particulars of the serial numbers of the Talons so destroyed. The Principal Paying Agent shall keep a full and complete record of all Talons (including the serial numbers thereof) including their surrender or replacement or cancellation and shall at all reasonable times make such record available to the Bank and the Trustee.

6. INSPECTION, VOTING AND NOTICES TO NOTEHOLDERS

- 6.01 The Agents shall hold copies of the Trust Deed and this Agreement available for inspection. For this purpose, the Bank shall furnish the Agents with sufficient copies of each of such documents.
- 6.02 Each of the Agents (other than the Agent Bank in such capacity) on the request of any Noteholder shall issue voting certificates and block voting instructions (together, if required by the Trustee, with proof satisfactory to the Trustee of due execution thereof on behalf of the Agent) in accordance with the Second Schedule to the Trust Deed and shall forthwith give notice to the Bank by telex or cable of any revocation or amendment of a block voting instruction. Each such Agent will keep a full and complete record of all voting certificates and block voting instructions issued by it and will not later than 24 hours before the time (as notified to the Agents by the Bank) appointed for holding a meeting or adjourned meeting deposit at such place as may be notified to the Agents by the Bank and approved by the Trustee for the purpose full particulars of all voting certificates and block voting instructions issued by it in respect of such meeting or adjourned meeting.

6.03 On behalf of and at the request of the Bank, the Principal Paying Agent will forthwith cause to be published all notices required to be given by the Bank in accordance with the Conditions. The reasonable cost of publishing such notices shall be reimbursed by the Bank to the Principal Paying Agent.

7. DETERMINATION OF RATE OF INTEREST; REFERENCE BANKS

7.01 On or as soon as practicable after each Interest Determination Date (the first of which shall, unless otherwise instructed by the Bank, be 7th July, 1986) the Agent Bank shall determine the Rate of Interest and calculate the Coupon Amounts for the next Interest Period in the manner set out in Condition 3 and shall notify the Bank, the Principal Paying Agent, the Trustee and The Stock Exchange by telex or cable of the Rate of Interest, the Coupon Amounts and the relevant Interest Payment Date specifying, where appropriate, to the Bank the offered quotations upon which the same are based. In any event the Agent Bank shall notify the Trustee before 14.00 hours (London time) on each Interest Determination Date that either:-

(a) it has established or is in the process of establishing the Rate of Interest and Coupon Amounts; or

(b) it has not established and is not in the process of establishing the Rate of Interest and Coupon Amounts, together with its reasons therefor.

7.02 The Agent Bank shall use its best endeavours to cause the Rate of Interest and Coupon Amounts for each Interest Period, together with the relative Interest Payment Date, to be published in accordance with the provisions of Conditions 3 and 12 as soon as possible after their determination but in no event later than four business days after the commencement of the relevant Interest Period.

7.03 The Bank shall discharge its obligations under Condition 3(h) in relation to the appointment of Reference Banks. Forthwith upon any change in the identity of the Reference Banks named in Condition 3(h) the Bank shall notify the Agent Bank of such change. Pending receipt of any such notification the Agent Bank shall be entitled to assume that the Reference Banks are those named in Condition 3(h) as modified by any change of which notification has theretofore been received by the Agent Bank.

8. COMMISSIONS, INDEMNITY AND TAXES

8.01 (A) The Bank will pay to the Principal Paying Agent and the Agent Bank such commissions in respect of the services of the Agents under this Agreement as shall be agreed between the Bank, the Principal Paying Agent and the Agent Bank respectively. The Bank shall not be concerned with the apportionment of such commissions between the Agents.

(B) In respect of the said commissions the Bank shall also pay to the Principal Paying Agent and the Agent Bank respectively

such sum as shall be appropriate in respect of value added tax together with all reasonable expenses (including, inter alia, legal, advertising, telex and postage expenses) incurred by the Agents in connection with their said services.

(C) The commissions under Clause 8.01(A) will be paid in U.S. dollars. The Principal Paying Agent will arrange for payment of the commissions due to the Paying Agents and arrange for the reimbursement of their expenses promptly after receipt of the relevant moneys from the Bank.

(D) At the request of the Principal Paying Agent or the Agent Bank, the parties hereto may from time to time during the continuance of this Agreement review the commissions agreed initially pursuant to Clause 8.01(A) with a view to determining whether the parties hereto can mutually agree upon changes therein.

8.02

The Bank agrees to indemnify and keep indemnified each of the Agents against any losses, liabilities, costs, expenses, claims, actions or demands (other than legal fees and expenses incurred by an Agent as contemplated by Clause 9.06 otherwise than in relation to the enforcement of this Agreement against the Bank) which it may incur or which may be made against it as a result of or in connection with its appointment or the exercise of its powers and duties under this Agreement except such as may result from its own wilful default, negligence or bad faith or that of its officers, employees or agents, or breach by it of the terms of this Agreement. In the event of any such action, claim or demand or other proceedings in respect of which an indemnity may be sought from the Bank, the Agent concerned shall promptly notify the Bank in writing, and the Bank shall have the option to assume the defence thereof, including the employment of its own legal advisers. Any Agent shall have the right to employ separate legal advisers in any such action and defend the same or participate in the defence thereof, but the fees and expenses of such legal advisers shall be at the expense of such Agent, unless the employment thereof has been specifically authorised by the Bank, or the Bank has failed to assume such defence and employ legal advisers for such purpose. The Bank shall not be liable to indemnify any person for any settlement of any such action, proceeding, claim or demand effected without its consent, provided that such consent is not unreasonably withheld or delayed but without prejudice to the right of the Bank to defend as aforesaid.

8.03

The Bank agrees to pay any and all stamp and other documentary taxes or duties which may be payable in connection with the execution, delivery, performance and enforcement of this Agreement and the issue of the Notes.

9.

THE AGENTS

9.01

In acting hereunder and in connection with the Notes and Coupons, the Agents shall act solely as agents of the Bank or, for the purposes of Clause 3.08, of the Trustee and will not thereby assume any

obligations towards or relationship of agency or trust for or with any of the owners or holders of the Notes or Coupons except that (i) the Principal Paying Agent shall, pending exchange in accordance with Clause 3.01, hold the definitive Notes for the benefit of the persons entitled thereto and (ii) all funds held by the Principal Paying Agent for payment of principal of or interest on the Notes shall be held in trust (but need not be segregated from other funds except as required by law) for the holders of the Notes or Coupons, the Bank recognising, however, that its covenant to pay interest on, or principal of, the Notes contained in the Trust Deed will be satisfied only by actual payment to the Noteholders and Couponholders.

- 9.02 A copy of all communications relating to the subject matter of this Agreement between the Bank and any of the Paying Agents shall be sent to the Principal Paying Agent.
- 9.03 Except as ordered by a court of competent jurisdiction or required by law or otherwise instructed by the Bank with the approval of the Trustee, each of the Agents shall be entitled (to the fullest extent permitted by applicable laws) to treat the holder of any Note or Coupon as the absolute owner thereof (notwithstanding any notice of ownership or other writing thereon) and shall not be required to obtain any proof thereof or as to the identity of the bearer.
- 9.04 The Agents shall be obliged to perform such duties and only such duties as are specifically set out in this Agreement and the Trust Deed, and no implied duties or obligations shall be read into this Agreement or the Trust Deed against the Agents.
- 9.05 The Principal Paying Agent and the Agent Bank may consult with legal and other professional advisers and the opinion of such advisers shall be full and complete protection in respect of any action taken, omitted or suffered under this Agreement in good faith and in accordance with the opinion of such advisers.
- 9.06 Each of the Agents shall be protected and shall incur no liability for or in respect of any action taken, omitted or suffered in reliance upon any instruction, request or order from the Bank or the Trustee, or any Note or Coupon, or any form of exchange, notice, resolution, direction, consent, certificate, affidavit, statement, cable, telex or other paper or document which it reasonably believes to be genuine and to have been delivered, signed or sent by the proper party or parties or upon written instructions from the Bank or the Trustee.
- 9.07 Any of the Agents and their officers, directors and employees, may become the owner of, or acquire any interest in, any Notes or Coupons with the same rights that it or he would have if the Agent concerned were not appointed hereunder, and may engage or be interested in any financial or other transaction with the Bank or any of its subsidiaries and may act on, or as depositary, trustee or agent for, any committee or body of holders of Notes or Coupons or other obligations of the Bank or any of its subsidiaries as freely as if such Agent were not appointed hereunder.

- 9.08 No amount received or held by or on behalf of the Principal Paying Agent pursuant to this Agreement to provide for the payment of principal or interest in respect of the Notes or Coupons shall (except as provided in Clause 10.03) be required to be paid other than to the Noteholders or Couponholders as the case may be except (i) to the extent that such amount relates to Notes or Coupons which have become void pursuant to Condition 8 and (ii) where the Bank or any of its subsidiaries surrenders a Note or Coupon to the Principal Paying Agent. In any of such circumstances the Principal Paying Agent shall forthwith repay to the Bank on demand sums equivalent to the amounts which would otherwise have been payable on the relevant Notes and Coupons. In addition, if any amounts received or held by or on behalf of the Principal Paying Agent pursuant to this Agreement to provide for the payment of principal or interest in respect of the Notes are still unclaimed by Noteholders or Couponholders on the date falling one month after the payment date on which the amounts were so received or held, the Principal Paying Agent shall place the unclaimed balance on deposit on terms approved by the Bank and shall account to the Bank for interest on such unclaimed balance in such manner as the Bank may from time to time agree with the Principal Paying Agent but so that the amount so deposited may be withdrawn by the Principal Paying Agent without further reference to or authority from the Bank whenever required for the purpose of making payment in respect of the Notes or Coupons. Save as aforesaid, and subject to the proviso to Clause 3.04, none of the Agents shall have any liability for interest on any moneys at any time received by them for the Bank pursuant to this Agreement either to the Bank or to the Noteholders or Couponholders.
10. TERMINATION, APPOINTMENT AND RESIGNATION OF AGENTS
- 10.01 The Bank may, with the approval of the Trustee, terminate the appointment of any Agent at any time and/or appoint additional or other Agents by giving to the Trustee, the Principal Paying Agent, the Agent Bank and the person(s) whose appointment is concerned at least 90 days' prior written notice to that effect Provided always that so long as any of the Notes is outstanding (i) such notice shall not expire less than 45 days before an Interest Payment Date, (ii) in the case of termination of the appointment of the Principal Paying Agent or the Agent Bank no such notice shall take effect until a new Principal Paying Agent or Agent Bank (as the case may be) approved by the Trustee to exercise the powers and undertake the duties hereby conferred and imposed upon such person has been appointed on terms approved by the Trustee, (iii) the Bank shall ensure that there is at all times a Paying Agent with a specified office in Continental Europe and, so long as the Notes are listed on The Stock Exchange, there is at all times a Paying Agent with a specified office in London and (iv) notice shall be given in accordance with Condition 12 at least 30 days prior to any removal or appointment of an Agent. The termination of the appointment of any Agent hereunder shall not entitle such person to any amount by way of compensation but shall be without prejudice to any amount then accrued due.

- 10.02 All or any of the Agents may resign their respective appointments hereunder at any time by giving to the Trustee, the Bank and (except in the case of resignation of the Principal Paying Agent) the Principal Paying Agent at least 90 days' prior written notice to that effect. Provided always that so long as any of the Notes is outstanding (i) in the case of resignation of the Principal Paying Agent or the Agent Bank no such resignation shall take effect until a new Principal Paying Agent or Agent Bank (as the case may be) approved by the Trustee shall have been appointed by the Bank on terms approved by the Trustee to exercise the powers and undertake the duties hereby conferred and imposed upon such person and (ii) no such resignation by an Agent shall take effect unless upon the expiry of the notice there is at least one Paying Agent with a specified office in Continental Europe and, so long as the Notes are listed on The Stock Exchange, one Paying Agent with a specified office in London. Following receipt of a notice of resignation from any Agent, the Bank shall promptly give notice thereof to the Noteholders in accordance with Condition 12.
- 10.03 If the appointment of the Principal Paying Agent hereunder is terminated (whether by the Bank or by the resignation of the Principal Paying Agent), the Principal Paying Agent shall, on the date on which such termination takes effect and subject to payment to it of its fees and expenses then accrued but unpaid, pay to its successor Principal Paying Agent, without deduction by way of set-off or lien, the amounts held by it in respect of the Notes or Coupons which have become due and payable but which have not been presented for payment and deliver to the successor Principal Paying Agent all Notes and Coupons surrendered to it but not yet destroyed and all records concerning the Notes and Coupons maintained by the Principal Paying Agent (except such documents and records as it is obliged by law or regulation to retain or not to release), but shall have no other duties or responsibilities under this Agreement thereafter.
- 10.04 If the Principal Paying Agent, any of the other Paying Agents, or the Agent Bank shall change its specified office, it shall give the Bank, the Principal Paying Agent (if applicable) and the Trustee not less than 45 days' prior written notice to that effect giving the address of the new specified office. As soon as practicable thereafter and in any event at least 30 days prior to such change, the Principal Paying Agent shall give to the Noteholders on behalf of and at the expense of the Bank notice of such change and the address of the new specified office in accordance with Condition 12, it being acknowledged by the Principal Paying Agent that the cost of publication of such notice should be minimised so far as practicable and, if appropriate, such notification would be incorporated in another notice falling to be published in connection with the Notes at that time.
- 10.05 The Bank will forthwith give notice to the Principal Paying Agent of any change in the person or persons comprising the Trustee.

11. NOTICES

11.01 Any notice required to be given hereunder to any of the parties hereto shall be delivered in person or sent by first-class pre-paid post or by cable or telex. Any notice sent by post shall be deemed to have been given, made or served three days in the case of inland post or 14 days in the case of overseas post after despatch and any notice sent by cable or telex as provided in this Clause 11 shall be deemed to have been given, made or served 24 hours after despatch. Any notice given, made or served hereunder shall be addressed to the relevant party as follows:-

The Bank: 1 Queen's Road Central,
Hong Kong

Telex No: 73201 HKBG HX
Attention: The Secretary

The Principal
Paying Agent
and the Paying
Agents the respective addresses set
out in the First Schedule to
the Trust Deed

The Agent Bank: Citibank House,
336 Strand,
London WC2R 1HB
Telex No: 896581
Attention: C.S.S.I. Department

The Trustee: Estates House,
66 Gresham Street,
London EC2V 7HX

Telex No: 888347
Attention: The Secretary

or such other address of which notice in writing has been given to the parties hereto in accordance with the provisions of this Clause 11.

12. AMENDMENT

12.01 This Agreement may be amended by the parties hereto, including the Trustee, but without the consent of any Noteholder or Couponholder for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained herein or in any other manner which the parties may mutually deem necessary or desirable and which shall not be inconsistent with the Conditions or the provisions of the Trust Deed and which shall, in the opinion of the Trustee, not be materially prejudicial to the interests of the Noteholders and the Couponholders.

13. LAW AND JURISDICTION

13.01 This Agreement shall be governed by and construed in accordance with English law.

IN WITNESS whereof this Agreement has been entered into the day and year first above written.

SIGNED for and on behalf of
THE HONGKONG AND SHANGHAI
BANKING CORPORATION in the
presence of:-

)
) *Alv...*
)
)

S.T. Cambridge
Kempson House
Camomile Street
London EC3A 7AN.
Solicitor.

SIGNED for and on behalf of
CITIBANK, N.A. in the presence of:-

)
) *[Signature]*
)

[Signature]
Hobbs
C. Hobbs
As Below

SIGNED for and on behalf of
CITICORP BANK (LUXEMBOURG) S.A.)
in the presence of:-

)
) *[Signature]*
)

[Signature]
Hobbs
C. Hobbs
As Below

SIGNED for and on behalf of
CITICORP BANK (SWITZERLAND)
in the presence of:-

)
) *[Signature]*
)

[Signature]
Hobbs
C. Hobbs
As Below

SIGNED for and on behalf of
THE LAW DEBENTURE TRUST
CORPORATION p.l.c.
in the presence of:-

)
) *[Signature]*
)
)

[Signature]
Hobbs
C. Hobbs,
Kempson House,
Camomile Street,
London EC3A 7AN.