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本条款与条件乃根据银监会《商业银行资本管理办法（试行）》的相关要求进行公开。

Neither this Terms and Conditions nor any copy thereof may be released into or distributed in the United States or any other jurisdiction where such release or distribution might be unlawful. The Bonds have not been and will not be registered under the Securities Act or the securities laws of any State of the United States or other jurisdiction, and the Bonds may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable State or local securities laws. The securities have been offered and sold only in offshore transactions in reliance on Regulation S and in accordance with any other applicable law. There is no intention to register any portion of any securities described herein in the United States or to conduct a public offering of securities in the United States.

This Terms and Condition are made public as required by the Measures on Capital Management of Commercial Banks (Trial) issued by the China Banking Regulatory Commission.

## TERMS AND CONDITIONS OF THE BONDS

*The following, subject to modification and other than the words in italics, is the text of the terms and conditions of the Bonds which will appear on the reverse of each of the definitive certificates evidencing the Bonds:*

The issue of the CNY2,000,000,000 4.90 per cent. Tier 2 Dated Capital Bonds due 2024 (the “**Bonds**”) by China Construction Bank Corporation (the “**Issuer**”) was authorised by a resolution of the Board of Directors of the Issuer on 23 August 2013. Except as otherwise provided in these Conditions, the Bonds are 10-year bonds with a right at the Issuer’s option to redeem the Bonds on 12 November 2019. The Bonds are constituted by a Trust Deed (the “**Trust Deed**”) dated 12 November 2014 between the Issuer and The Bank of New York Mellon, Hong Kong Branch (the “**Trustee**” which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for itself and the holders of the Bonds.

These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds.

Copies of the Trust Deed, and of the Agency Agreement (the “**Agency Agreement**”) dated 12 November 2014 relating to the Bonds between the Issuer, the Trustee, The Bank of New York Mellon, Hong Kong Branch as CMU lodging agent (the “**CMU Lodging Agent**”), The Bank of New York Mellon, Hong Kong Branch as Calculation Agent (the “**Calculation Agent**”), The Bank of New York Mellon, Hong Kong Branch as registrar (the “**Registrar**”), The Bank of New York Mellon, Hong Kong Branch as transfer agent (the “**Transfer Agent**”) and The Bank of New York Mellon, Hong Kong Branch as initial principal paying agent (the “**Principal Paying Agent**”), and any other agents named in it, are available for inspection during usual business hours at the principal place of business of the Trustee (presently at Level 24, Three Pacific Place, 1 Queen’s Road East, Hong Kong) and at the specified office of the Principal Paying Agent for the time being. “**Agents**” means the Principal Paying Agent, the CMU Lodging Agent, the Calculation Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time with respect to the Bonds. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

The net proceeds from the issue of the Bonds will be used to boost the Tier 2 capital of the Issuer in accordance with the applicable laws and for the purposes approved by the regulatory authorities.

Unless otherwise specified, capitalised terms in these Conditions shall have the meanings given to them in Condition 16.

### 1 Form, Specified Denomination and Title

The Bonds are issued in the specified denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof.

The Bonds are represented by registered certificates (“**Certificates**”) and each Certificate shall represent the entire holding of Bonds by the same holder.

Title to the Bonds shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Bond shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder. The Trust Deed and the Agency Agreement contain provisions regarding the transfer of the Bonds.

In these Conditions, “**Bondholder**” and “**holder**” means the person in whose name a Bond is registered.

*Upon issue, the Bonds will be represented by a global certificate (the “**Global Certificate**”) registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as operator (the “**Operator**”) of the Central Moneymarkets Unit Service (“**CMU**”). The Conditions are modified by certain provisions contained in the Global Certificate. See “Summary of Provisions Relating to the Bonds in Global Form”.*

*Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.*

## **2 Status of Bonds**

The Bonds constitute direct, unsecured and subordinated obligations of the Issuer, ranking *pari passu* without any preference among themselves. The rights and claims of the Bondholders are subordinated as described in Condition 3(a).

## **3 Subordination and Non-Viability Event**

### **(a) Subordination**

The claims of the Bondholders for payment of principal and any interest under the Bonds will, in the event of the Winding-Up of the Issuer, be subordinated to the claims of depositors and general creditors of the Issuer and shall rank in priority to the claims of all holders of equity capital, Additional Tier 1 Capital Instruments and hybrid capital bonds of the Issuer, present or future, and will rank at least *pari passu* with the claims under any other Subordinated Indebtedness of the Issuer, present or future (including any other Tier 2 Capital Instruments expressed to rank *pari passu* with the Bonds which may be issued in the future by the Issuer). Neither the Trustee nor the Bondholders shall have any right to accelerate any payment of principal or interest under the Bonds other than upon the initiation of any cessation of business, bankruptcy or other Winding-up Proceedings of the Issuer.

*Under the Circular Regarding the Issuance Of Hybrid Capital Bonds by Commercial Banks as Supplemental Capital (the “**Circular**”) (中国银行业监督管理委员会关于商业银行发行混合资本债券补充附属资本有关问题的通知) issued by CBRC, a PRC commercial bank was permitted to issue hybrid capital bonds as supplemental capital. As at the Issue Date (as defined below), the Issuer does not have any such hybrid capital bonds outstanding and any new issues of regulatory capital instruments will need to comply with the requirements under the CBRC Capital Regulations and all other applicable laws.*

### **(b) Set-off**

Subject to applicable law, no Bondholder may exercise, claim or plead any right of set-off, counter-claim or retention in respect of any amount owned to it by the Issuer arising under or in connection with the Bonds and each Bondholder shall, by virtue of being the holder of any Bond, be deemed to have waived all such rights of such set-off, counter-claim or retention. Notwithstanding the preceding sentence, if any of the amounts owing to any Bondholder by the Issuer in respect of, or arising under or in connection with, the Bonds is discharged by set-off or otherwise, such Bondholder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its Winding-up, the liquidator of the Issuer) and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer (or the liquidator of the Issuer (as the case may be)) and accordingly any such discharge shall be deemed not to have taken place.

*(c) Write off on a Non-Viability Event*

If a Non-Viability Event occurs, the Issuer has the right (without any requirement for the consent of the Bondholders) to, on giving notice to the Bondholders, the Trustee and the Agents, irrevocably cancel the principal amount of the Bonds (in whole but not in part) and cease payment of any accrued but unpaid interest under the Bonds, in each case with effect from the next day following the Non-Viability Event Occurrence Date (such cancellation and cessation of payment, where applicable, being referred to herein as a “**Write-off**”, and “**Written-off**” shall be construed accordingly). Once the Bonds have been Written-off, they shall cease to be payable and shall be cancelled permanently and will not be restored or become payable again (whether in whole or in part) in any circumstances, including where the relevant Non-Viability Event ceases to continue.

The Issuer shall give a Non-Viability Event Notice to the Bondholders, the Trustee and the Agents and concurrently make a public announcement of the details of such Non-Viability Event Notice within two business days in the PRC and Hong Kong following the Non-Viability Event Occurrence Date.

In accordance with the preceding paragraph of this Condition 3(c) in respect of the Write-off of the Bonds, such Write-off and any conversion into equity or cancellation or reduction of other Additional Tier 1 Capital Instruments and other Tier 2 Capital Instruments that have been issued and are capable of being converted, cancelled or reduced (which the principal amount being capable of being Written-off) will take place as follows:

- (i) the Bonds shall be Written-off following the conversion into equity, or the cancellation or reduction in full of the principal amount (or equivalent) and all accrued but unpaid amounts of all Additional Tier 1 Capital Instruments that are capable of being converted, cancelled or reduced; and
- (ii) the Bonds shall be Written-off concurrently with the conversion into equity, or the cancellation or reduction in full of the principal amount (or equivalent) and all accrued but unpaid amounts of all other Tier 2 Capital Instruments that are capable of being converted, cancelled or reduced.

For the avoidance of doubt, any cancellation of the principal amount of the Bonds upon the occurrence of a Non-Viability Event under this Condition 3(c) shall be of the entire principal amount and no partial cancellation shall be undertaken by the Issuer, the Trustee and/or the Agents under any circumstances.

Each Bondholder shall be deemed to have authorised, directed and requested the Trustee, the Registrar and the other Agents, as the case may be, to take any and all necessary action to give effect to any Non-Viability Event and the Write-off of the Bonds following the occurrence of such Non-Viability Event.

#### **4 Interest**

*(a) Interest*

The Bonds bear interest on their outstanding principal amount from, and including, 12 November 2014 (the “**Issue Date**”) at the applicable Interest Rate in accordance with this Condition 4. Interest shall be payable semi-annually in arrear on 12 May and 12 November in each year (each an “**Interest Payment Date**”) commencing on 12 May 2015 provided that if any Interest Payment Date would otherwise fall on a day which is not a business day (as defined below in Condition (4e)), it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding business day.

Each Bond will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at the applicable Interest Rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Trustee has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

The period beginning on (and including) the Issue Date and ending on (and excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (and excluding) the next succeeding Interest Payment Date is called an “**Interest Period**”.

Any payment of interest on the Bonds will be subject to the prevailing regulatory requirements of the relevant regulatory authorities in effect at the time of such payment. All payments of interest shall be made from the available resources of the Issuer.

*See “Risk Factors – The provisions on available resources in the CBRC Capital Regulations are subject to interpretation by the relevant regulatory authorities and the application of relevant laws, rules and regulations.” for more details about available resources.*

**(b) Interest Rate**

The rate of interest (the “**Interest Rate**”) applicable to the Bonds shall be:

- (i) in respect of the period from, and including, the Issue Date to, but excluding, the First Reset Date, 4.90 per cent. per annum; and
- (ii) in respect of the period from, and including, the First Reset Date and each Reset Date falling thereafter to, but excluding, the immediately following Reset Date, the applicable Reset Interest Rate.

*The applicable interest rate of the Bonds shall be determined as stipulated below and shall not be subject to any step up nor contain any incentive to redeem. The applicable interest rate is not linked to any credit rating of the Issuer and shall not be adjusted according to changes in the credit rating of the Issuer in the future.*

*Interest on the Bonds will be calculated on a simple interest basis per annum, payable semi-annually in arrear. The Bonds do not require any overdue interest to be compounded and do not provide for any increased default interest.*

**(c) Interest Rate Determination**

The Calculation Agent will, on the second Determination Date prior to each Reset Date, determine the applicable Reset Interest Rate to the relevant 12 months period payable in respect of the Bonds. The Calculation Agent will cause the applicable Reset Interest Rate determined by it to be notified to the Trustee, each of the Paying Agents and the Bondholders as soon as possible after their determination but in no event later than the fourth business day thereafter. If the Bonds become due and payable under Condition 8, the Reset Interest Rate and interest accrued per Calculation Amount shall nevertheless continue to be determined by the Calculation Agent in accordance with this Condition 4 but no publication of the Reset Interest Rate so calculated need be made. All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Trustee, the Agents and the Bondholders and (subject as aforesaid) no liability will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

**(d) Calculation of Interest**

Interest in respect of any Bond shall be calculated per CNY10,000 in principal amount of the Bonds (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any Interest Period shall be the product of (i) the rate of interest specified in Condition 4(b), (ii) the Calculation Amount and (iii) the actual number of days in the Interest Period concerned divided by 365, and rounding the resulting figure to the nearest CNY0.01 (CNY0.005 or greater being rounded upwards).

**(e) Business Day**

In this Condition 4, the expression “**business day**” means a day (other than Saturdays, Sundays or public holiday) on which commercial banks in Hong Kong are open for business and settle Renminbi payments and, if on that day a payment is to be made, banks in Beijing, PRC are not authorised or obligated by law or executive order to be closed.

## 5 Redemption, Substitution, Variation and Purchase

### *(a) Final Redemption*

Unless previously redeemed, or Written-off, the Bonds will be redeemed at their outstanding principal amount, together with accrued interest, on 12 November 2024 (the “**Maturity Date**”).

Except as otherwise provided in these Conditions, the Issuer does not have the option to repay the Bonds prior to the Maturity Date. In addition, the Bondholders do not have the right to require the Issuer to repay the Bonds prior to the Maturity Date.

### *(b) Redemption for Regulatory Reasons*

Subject to no violation of all applicable regulatory requirements, the satisfaction of the Redemption Conditions, and the obtaining of prior written consent of the CBRC, the Issuer may, on giving the Redemption Notice to the Bondholders with not less than 30 nor more than 60 days’ prior notice (which notice shall be irrevocable, and with a copy to be provided to the Trustee and the Principal Paying Agent) and concurrently making a public announcement of the details of such Redemption Notice, redeem at its option all but not some only of the Bonds at any time (whether before or following the Call Date) at their principal amount together with interest accrued to but excluding the date fixed for redemption, if a change in the CBRC Capital Regulations or regulations made thereunder occurs on or after the Issue Date having the effect that all of the Bonds, after having qualified as such, will be fully disqualified as Tier 2 Capital of the Issuer under the CBRC Capital Regulations (other than as a result of any discounting or amortisation requirements as to the eligibility of the Bonds for such inclusion pursuant to the relevant law and regulation in force as at the Issue Date) (the “**Regulatory Redemption Event**”), provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which it is determined that a Regulatory Redemption Event has occurred.

Concurrent with the giving of any Redemption Notice pursuant to the foregoing paragraph of this Condition 5(b), the Issuer shall deliver to the Trustee (i) a copy of the written opinion of the CBRC consenting to such redemption, certified as a true copy of the original by the Issuer, and (ii) an opinion of reputable legal advisers of recognised standing addressed to the Trustee to the effect that a Regulatory Redemption Event has occurred and the Redemption Conditions have been satisfied. The Trustee shall be entitled to rely on any such opinion without investigation and, in such event, shall not be liable to the Bondholders or any other person for doing so.

### *(c) Redemption at the Option of the Issuer*

Subject to the following provisions of this Condition 5(c), the Bonds are redeemable at the option of the Issuer on an one-time basis prior to the Maturity Date. Subject to the satisfaction of the Redemption Conditions and the obtaining of prior consent of the CBRC, the Issuer may, on giving the Redemption Notice to the Bondholders with not less than 30 nor more than 60 days’ prior notice (which notice shall be irrevocable, and with a copy to be provided to the Trustee and the Principal Paying Agent) and concurrently making a public announcement of the details of such Redemption Notice, redeem at its option all but not some only of the Bonds on 12 November 2019 (the “**Call Date**”), at their principal amount together with accrued interest to but excluding the date fixed for redemption.

Concurrent with the giving of any such Redemption Notice pursuant to the preceding paragraph of this Condition 5(c), the Issuer shall deliver to the Trustee (i) a copy of the written opinion of the CBRC consenting to such redemption, certified as a true copy of the original by the Issuer, and (ii) an opinion of reputable legal advisers of recognised standing addressed to the Trustee to the effect that the Redemption Conditions have been satisfied. The Trustee shall be entitled to rely on any such opinion without investigation and, in such event, shall not be liable to the Bondholders or any other person for doing so.

**(d) Substitution or Variation**

Subject to the prior written consent of the CBRC, the Issuer may (without any requirement for consent of the Bondholders), having given not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable, and with a copy to be provided to the Trustee and the Principal Paying Agent), at any time (whether before or following the Call Date) substitute all but not some only of the Bonds for, or vary the terms of the Bonds so that they remain or, as appropriate, become, Qualifying Tier 2 Capital Instruments. Prior to the publication of any notice of substitution or variation, the Issuer shall deliver to the Trustee (i) a copy of the written opinion of the CBRC consenting to such substitution or variation, certified as a true copy of the original by the Issuer, and (ii) an opinion of reputable legal advisers of recognised standing addressed to the Trustee to the effect that the relevant substituted bonds or varied bonds (as the case may be) will as of their effective date remain or, as appropriate, become, Qualifying Tier 2 Capital Instruments. The Trustee shall be entitled to rely on any such opinion without investigation and, in such event, shall not be liable to the Bondholders or any other person for doing so.

Any such substitution or variation shall be effected by a trust deed supplemental to the Trust Deed and such other documentation (including legal opinions) as may be required by the Trustee.

**(e) Purchase**

The Issuer undertakes that:

- (i) neither it nor any affiliates controlled by it or over which it has significant influence shall purchase any Bonds; and
- (ii) it shall not directly or indirectly provide any financing for any Bondholder to purchase any Bonds.

**(f) Redemption Conditions**

In these Conditions, "**Redemption Conditions**" means the following conditions precedent to the exercise of the right of the Issuer to redeem the Bonds prior to their stated maturity:

- (i) the capital of the Issuer will be replenished by substitution of the Bonds with capital instruments of the same or superior loss absorption quality to the Bonds and such substitution shall only be made at a time at which the Issuer has a sustainable income generating capability; or
- (ii) the capital position of the Issuer immediately after redemption of the Bonds will remain significantly higher than the regulatory capital requirements prescribed by the CBRC.

**6 Payments**

**(a) Method of Payment**

- (i) Payments of principal shall be made (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Bonds represented by such Certificates) in Renminbi by transfer to the registered account of the Bondholder.
- (ii) Interest on each Bond shall be paid to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Bond shall be made in Renminbi by transfer to the registered account of the Bondholder.

- (iii) For the purposes of this Condition 6, a Bondholder's "**registered account**" means the Renminbi account maintained by or on behalf of it with a bank in Hong Kong, details of which appear on the Register at the close of business on the fifth Payment Business Day before the due date for payment.
- (iv) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest so paid.

*Regarding the Record Date while the Bonds are in global form, see "Summary of Provisions relating to the Bonds in Global Form".*

*For so long as any of the Bonds are represented by the Global Certificate, payments of interest or principal will be made to, or to the order of, the persons for whose account a relevant interest in the Global Certificate is credited as being held by the Operator at the relevant time, as notified to the CMU Lodging Agent by the Operator in a relevant CMU instrument position report (as defined in the rules of the CMU) or in any other relevant notification by the Operator. Such payment will discharge the Issuer's obligations in respect of that payment. Any payments by the CMU participants to indirect participants will be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants.*

**(b) Payments subject to Fiscal Laws**

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in Hong Kong or other place of payment, but without prejudice to the provisions of Condition 7 and 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 7) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders in respect of such payments.

**(c) Payment Initiation**

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date, or if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated on the due date for payment or, in the case of payments of principal where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on a Payment Business Day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.

**(d) Appointment of Agents**

The Principal Paying Agent, the Registrar, the CMU Lodging Agent, the Calculation Agent and the Transfer Agent initially appointed by the Issuer and their respective specified offices are listed below. The Principal Paying Agent, the Registrar, the CMU Lodging Agent, the Calculation Agent and the Transfer Agents act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Principal Paying Agent, the Registrar, the CMU Lodging Agent, the Calculation Agent or any Transfer Agent

and to appoint additional or other Agents, provided that the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar with a specified office outside the United Kingdom, (iii) a Transfer Agent, (iv) a Calculation Agent where the Conditions so require, and (v) such other agents as may be required by any other stock exchange on which the Bonds may be listed, in each case, as approved in writing by the Trustee.

Notice of any such change or any change of any specified office shall promptly be given to the Bondholders.

*(e) Delay in Payment*

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day, or if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so).

*(f) Payment Business Days*

In this Condition 6, “**Payment Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong and banks in Beijing, PRC are not authorised or obligated by law or executive order to be closed and (if surrender of the relevant Certificate is required) the relevant place of presentation.

## **7 Taxation and Withholding**

All payments of principal and/or interest in respect of the Bonds will be made free and clear of, and without withholding or deduction for or on account of any present or future tax, duty, assessments or governmental charges of whatsoever nature imposed or levied by or on behalf of the PRC or any political subdivision or any authority thereof or therein having power to levy tax in the PRC, unless such withholding or deduction is required by the laws of the PRC. In that event, the Issuer shall pay such additional amounts as will result in the receipt by the Bondholders of such amounts as would have been received by them if no such withholding or deduction had been required, provided, however, that no such additional amounts shall be payable in respect of any Bond:

- (i) to a Bondholder which is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of its having some connection with the PRC other than the mere holding of such Bond; or
- (ii) to a Bondholder who would not be liable for or subject to such withholding or deduction by making a declaration of identity, non-residence or other similar claim for exemption to the relevant tax authority if, after having been requested to make such a declaration or claim, such holder fails to do so within any applicable period prescribed by such relevant tax authority; or
- (iii) in respect of which the Certificate representing it is prescribed for more than 30 days after the Relevant Date except to the extent that the relevant Bondholder would have been entitled to such additional amounts if it had presented such Bond on the last day of such period of 30 days.

“**Relevant Date**” means whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been paid on or prior to such due date, the date on which the full amount has been paid and notice to that effect has been given to the Bondholders.

For the avoidance of doubt, the Issuer’s obligation to pay additional amounts in respect of taxes, duties, assessments and other governmental charges will not apply to (a) any estate, inheritance, gift, sales, transfer, personal property or any similar tax, duty, assessment or other governmental charge or (b) any tax, duty, assessment or other governmental charge which is payable otherwise than by deduction or withholding from payments of principal of, or interest on the Bonds; provided that the Issuer shall pay all

stamp or other taxes, duties, assessments or other governmental charges, if any, which may be imposed by the PRC or any political subdivision thereof or any taxing authority thereof or therein, with respect to the Trust Deed or as a consequence of the issuance of the Bonds.

Any reference to principal or interest with respect to the Bonds will be deemed to include any additional amounts payable by the Issuer in respect of such principal or interest under this Condition 7.

## **8 Enforcement Event; Limited Right of Acceleration**

### ***(a) Enforcement Event***

Notwithstanding any other provisions of the Bonds, neither the Trustee nor the Bondholders shall have any right to declare any payment of principal or interest under the Bonds or the Trust Deed immediately due and payable other than upon the initiation of any Winding-up Proceedings in respect of the Issuer.

### ***(b) Proceedings for Winding-Up***

If any Winding-up Proceedings in respect of the Issuer are initiated, the Bonds shall immediately become, due and payable at their principal amount together with accrued interest without further formality, and the Trustee may prove and claim in the Winding-up of the Issuer.

### ***(c) Enforcement***

Without prejudice to Condition 8(b), the Trustee may without further notice to the Issuer institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Bonds or the Trust Deed (including any payment due under or arising from the Bonds or the Trust Deed, including, without limitation, payment of any principal or interest in respect of the Bonds or the Trust Deed and any damages awarded for breach of any obligations but excluding any right to declare the Bonds immediately due and payable prior to the initiation of any Winding-up Proceedings in respect of the Issuer) and in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

### ***(d) Entitlement of Trustee***

The Trustee shall not be bound to take any of the actions referred to in Conditions 8(a), 8(b) or 8(c) above against the Issuer to enforce the terms of the Trust Deed or the Bonds unless (i) it shall have been so requested by an Extraordinary Resolution of the Bondholders or in writing by the holders of at least 25 per cent. in principal amount of the Bonds then outstanding and (ii) it shall have been indemnified and/or pre-funded and/or secured to its satisfaction.

## **9 Meetings, Modification of Conditions and Waiver**

### ***(a) Meeting of Bondholders***

The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee, and shall be convened by the Trustee at the request in writing of Bondholders holding not less than 10 per cent. in principal amount of the Bonds for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bonds whatever the principal amount of the

Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, or interest on, or to vary the method of calculating the rate of interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify the ranking of the Bonds, or (v) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on all Bondholders (whether or not they were present at the meeting at which such resolution was passed). The agreement or approval of the Bondholders shall not be required (x) in the case of any Write-off of any principal amount or accrued but unpaid interest to be made in the circumstances described in Condition 3(c) or (y) in the case of any substitution or variation of these Conditions and/or the Trust Deed required to be made in the circumstances described in Condition 5(d) in connection with the substitution or variation of the Bonds so that they remain or, as appropriate, become, Qualifying Tier 2 Capital Instruments.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in principal amount of the Bonds for the time being outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

***(b) Modification and Waiver***

The Trustee may agree, without the consent of the Bondholders, to (i) any modification of any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement, that in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee otherwise agrees, such modification, waiver or authorisation shall be notified by the Issuer to the Bondholders as soon as practicable.

***(c) Entitlement of the Trustee***

In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those referred to in this Condition 9), the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

**10 Prescription**

The right of a Bondholder to receive any payment under the Bonds shall become void 10 years (in the case of principal) or six years (in the case of interest) after the due date for such payment.

**11 Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer or any affiliate of the Issuer or any other person without accounting for any profit.

The Trustee may rely without liability to Bondholders on any report, information, opinion, confirmation or certificate or advice of any accountants, financial advisers, financial institution or any other expert,

whether or not obtained by and/or addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such information, opinion, report, confirmation or certificate or advice and, if it does so, such report, information, opinion, confirmation or certificate or advice shall be binding on the Issuer and the Bondholders.

## **12 Notices**

Any notice to the holder of any Bonds shall be validly given if published (i) in the South China Morning Post in Hong Kong or, if that newspaper shall cease to be published or timely publication therein shall not be practicable, in another English language newspaper with general circulation in Hong Kong; and (ii) in the Hong Kong Economic Journal in Hong Kong or, if that newspaper shall cease to be published or timely publication therein shall not be practicable, in another Chinese language newspaper with general circulation in Hong Kong. Any such notice shall be deemed to have been given on the date of first publication in an English or Chinese language newspaper.

*So long as the Global Certificate is held on behalf of the Operator, any notice to the Bondholders shall be validly given by the deliver of the relevant notice to the accountholder shown in a CMU instrument position report issued by the CMU on the second clearing system business day preceding the date of dispatch of such notice as holding interest in the Global Certificate, rather than by publication as required by the Conditions.*

## **13 Further Issues**

The Issuer may from time to time without the consent of the Bondholders create and issue further Bonds either having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition 13 and forming a single series with the Bonds. Any further securities forming a single series with the outstanding securities of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of securities of other series where the Trustee so decides.

## **14 Replacement of Certificates**

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or any Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Bondholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer or the Registrar or such Transfer Agent may require (provided that the requirement is reasonable in light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

## **15 Governing Law and Jurisdiction**

### ***(a) Governing Law***

The Trust Deed and the Bonds are governed by, and shall be construed in accordance with, Hong Kong law, save that the provisions of Condition 3(a) relating to subordination of the Bonds are governed by, and shall be construed in accordance with, PRC law.

### ***(b) Jurisdiction***

The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out

of or in connection with the Trust Deed or the Bonds (“**Proceedings**”) may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

*(c) Agent for Service of Process*

The Issuer has irrevocably appointed in the Trust Deed an agent in Hong Kong to receive service of process in any Proceedings in Hong Kong based on any of the Bonds.

*(d) Waiver of Immunity*

The Issuer further irrevocably agrees that no immunity (to the extent that it may now or hereafter exist, whether on the grounds of sovereignty or otherwise) from any Proceedings or from execution of judgment shall be claimed by or on behalf of it or with respect to its assets, any such immunity being irrevocably waived by the Issuer, and the Issuer irrevocably consents generally in respect of any such Proceedings to the giving of any relief or the issue of any process in connection with any such Proceedings including, without limitation, the making, enforcement or execution against any property whatsoever of any order or judgment which may be made or given in such Proceedings.

## 16 Definitions

For the purposes of these Conditions:

“**Additional Tier 1 Capital Instruments**” means any equity security or any other similar obligation issued by (a) the Issuer or (b) any Subsidiary of the Issuer that, in each case, constitutes Additional Tier 1 Capital (其他一级资本)(as defined under the CBRC Capital Regulations) of (i) the Issuer, on an unconsolidated basis, or (ii) the Group, on a consolidated basis, pursuant to the relevant requirements set out in Paragraph 2 of Schedule 1 (or its successor) of the CBRC Capital Regulations or, for the purpose of Condition 3(a) only, which ranks equally with any such equity security or other similar obligation although it does not itself constitute such Additional Tier 1 Capital (其他一级资本).

“**Benchmark Rate**” means (i) the rate expressed as a percentage per annum notified by the Calculation Agent to the Issuer and the Bondholders (in accordance with the Conditions) equal to the offered rate for 12 month deposits in Renminbi in Hong Kong as at 11.15 a.m. (Hong Kong time) or if, at or around that time it is notified that the fixing will be published at 2.30 p.m. (Hong Kong time), then as at 2.30 p.m., on the relevant Determination Date, as displayed on the display designated as page “CNHHIBORFIX01” on the Reuters Monitor Money Rates Service (or any successor or replacement page), or (ii) if such offered rate does not so appear, or if the relevant page is unavailable, the Calculation Agent will, on such Determination Date, request the principal Hong Kong office of the Reference Banks to provide the Calculation Agent with its offered quotation to (expressed as percentage per annum) for 12 month deposits in Renminbi in the Hong Kong interbank market as at 11:00 a.m. (Hong Kong time) on such Determination Date and either (x) if at least two of the Reference Banks provide the Calculation Agent with such offered quotations, then the Benchmark Rate for the relevant Reset Date shall be the rate determined by the Calculation Agent to be the arithmetic mean (rounded if necessary to the nearest one hundred thousandth of a percentage point (0.000005 per cent. or greater being rounded upwards)) of such offered quotations or (y) if one only or none of the Reference Banks provides the Calculation Agent with such a quotation, the Benchmark Rate for the relevant Reset Date shall be the rate which the Calculation Agent determines to be the arithmetic mean (rounded, if necessary, to the nearest one hundred thousandth of a percentage point (0.000005 per cent. or greater being rounded upwards)) of the Renminbi lending rates which leading banks in Hong Kong selected by the Calculation Agent are quoting, on such Determination Date, to other leading banks in Hong Kong for a period of 12 months or (iii) if the Benchmark Rate cannot be determined in accordance with the foregoing provisions of this definition, the Benchmark Rate shall be determined by the Calculation Agent acting in good faith and in a commercially reasonable manner.

“**CBRC**” means the China Banking Regulatory Commission of the PRC or any successor entity.

“**CBRC Capital Regulations**” means the Administrative Measures for the Capital of Commercial Banks of the PRC (for Trial Implementation) (商业银行资本管理办法(试行)) issued by CBRC, as amended, novated, supplemented, restated or replaced from time to time.

“**Core Tier 1 Capital Instruments**” means any equity security or any other similar obligation issued by the Issuer or any Subsidiary of the Issuer that, in each case, constitutes Core Tier 1 Capital (核心一级资本) (as defined under the CBRC Capital Regulations) of (i) the Issuer, on an unconsolidated basis, or (ii) the Group, on a consolidated basis, pursuant to the relevant requirements set out in Paragraph 1 of Schedule 1 (or its successor) of the CBRC Capital Regulations.

“**Determination Date**” means a day (other than Saturdays and Sundays) on which commercial banks in Hong Kong are open for business and settle Renminbi payments.

“**Extraordinary Resolution**” has the meaning given to it in the Trust Deed.

“**First Reset Date**” means the Interest Payment Date falling on or nearest to 12 November 2019.

“**Group**” means the Issuer and its Subsidiaries taken as a whole.

“**Margin**” means 1.538 per cent.

“**Non-Viability Event**” means the occurrence of the earlier of either:

- (i) the CBRC having decided that a Write-off is necessary, without which the Issuer would become non-viable; or
- (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable.

*As at the Issue Date, to the Issuer’s knowledge, pursuant to Paragraph 2(3) of the Guiding Opinions on Innovation of Capital Instruments of Commercial Banks issued by the CBRC [Yinjianfa [2012] No.56] (中国银监会关于商业银行资本工具创新的指导意见) (the “2012 Guiding Opinions”), the relevant authorities regarding paragraph (ii) in the definition above are those which may determine whether a public sector injection of capital or equivalent support is necessary, which include the State Council, CBRC and PBOC. In making such determination (regarding paragraph (ii) in the definition above), the relevant authorities may consult each other and/or seek joint agreement among themselves. As new regulations, the CBRC Capital Regulations and the 2012 Guiding Opinions will be subject to interpretation and application by the CBRC and the relevant authorities.*

“**Non-Viability Event Occurrence Date**” means, in respect of a Non-Viability Event, the date on or by which the CBRC or the relevant authority (as the case may be) has decided a Non-Viability Event has occurred and has notified the Issuer of such Non-Viability Event and made a public announcement of such Non-Viability Event.

“**Non-Viability Event Notice**” means the notice which shall be given by the Issuer within two business days in the PRC and Hong Kong following a Non-Viability Event Occurrence Date, to the Bondholders, the Trustee and the Agents in accordance with the Conditions and which shall state the details of the relevant Non Viability Event, the amount of the Bonds to be Written-off, the method used to calculation the amount to be Written-off, the effective date of the Write-off and the manner in which the Write-of will be effected and procedures of the Write-off.

“**PRC**” means the People’s Republic of China, excluding, for purpose of these Conditions only, the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan;

“**Qualifying Tier 2 Capital Instruments**” means securities issued directly or indirectly by the Issuer that:

- (i) have terms not materially less favourable to an investor than the terms of the Bonds (including, without limitation, that (A) they shall contain terms which comply with the then current requirements of the CBRC in relation to Tier 2 Capital (二级资本); (B) they shall include terms which provide for at least the same interest rate from time to time applying to the Bonds; (C) they shall rank at least *pari passu* with the Bonds (or would so rank if the Bonds remained outstanding); (D) payments made in respect of such securities will be made without withholding on account of taxes in the PRC or be subject to grossing up on at least the same terms as in the Bonds; and (E) such securities shall preserve any existing rights under the Conditions to any accrued interest which has not been paid); and
- (ii) are, to the extent the Bonds are listed on a stock exchange at the time of such modification or variation, listed on The Hong Kong Stock Exchange or such other internationally recognised and reputable stock exchange as selected by the Issuer.

“**Redemption Notice**” means, in respect of any exercise by the Issuer of its redemption option, the redemption notice to be given by the Issuer to the Bondholders in accordance with these Conditions and such notice shall include details of the date fixed for redemption, the principal amount of the Bonds to be redeemed, the manner in which the redemption will be effected and the method and time of payment of the redemption amounts.

“**Reference Banks**” means the principal Hong Kong office of four major banks dealing in Renminbi in the Hong Kong interbank market.

“**Reset Date**” means the First Reset Date and each Interest Payment Date falling on or nearest to each anniversary after 12 November 2019.

“**Reset Interest Rate**” means the interest rate per annum equal to the sum of the Benchmark Rate with respect to the relevant Reset Date plus the Margin.

“**Subordinated Indebtedness**” means any indebtedness which is subordinated, in the event of a Winding-up of the Issuer, in right of payment to the claims of depositors and general creditors of the Issuer, and for this purpose indebtedness shall include all liabilities, whether actual or contingent.

“**Subsidiary**” means any entity whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with these of the Issuer.

“**Tier 1 Capital Instruments**” means Core Tier 1 Capital Instruments and Additional Tier 1 Capital Instruments.

“**Tier 2 Capital Instruments**” means any security or other similar obligation issued by (a) the Issuer or (b) any Subsidiary of the Issuer that, in each case, constitutes Tier 2 Capital (二级资本) of (i) the Issuer, on an unconsolidated basis, or (ii) the Group, on a consolidated basis, pursuant to the relevant requirements set out in Paragraph 3 of Schedule 1 (or its successor) of the CBRC Capital Regulations.

“**Winding-Up**” shall mean, with respect to the Issuer, a final and effective order or resolution for the insolvency, cessation of business, bankruptcy, winding-up, dissolution, administration or similar proceeding in respect of the Issuer (except for the purposes of a reconstruction, consolidation, amalgamation, merger or reorganisation the terms of which have previously been approved by an Extraordinary Resolution of the Bondholders).

“**Winding-Up Proceedings**” shall mean, with respect to the Issuer, proceedings in respect of the Issuer for the insolvency, cessation of business, bankruptcy, winding-up, dissolution, administration, or other similar proceeding in respect of the Issuer (except for the purposes of a reconstruction, consolidation, amalgamation, merger or reorganisation the terms of which have previously been approved by an Extraordinary Resolution of the Bondholders).