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**中国建设银行**

China Construction Bank

中國建設銀行股份有限公司

*China Construction Bank Corporation*

*(A joint stock company incorporated in the People's Republic of China with limited liability)  
(Stock Code: 939)*

**Announcement on  
the Resolutions of the Meeting of the Board of Directors  
(12 December 2014)**

The meeting of the board of directors of China Construction Bank Corporation (the “**Bank**”) (the “**Meeting**”) was held onsite on 12 December 2014 in Beijing. The Bank circulated the notice of the Meeting in written form on 28 November 2014. The Meeting was chaired by Mr. Wang Hongzhang, the chairman of the board of directors. Fourteen directors were entitled to be present at the Meeting and twelve directors attended the Meeting in person. Mr. Chung Shui Ming Timpson, appointed Mr. Zhang Long, as his proxy to attend and vote on his behalf. Mr. Wim Kok, appointed Ms. Elaine La Roche, as his proxy to attend and vote on his behalf. Some members of the board of supervisors and senior management were present at the Meeting. The Meeting was convened in compliance with the provisions of the *Company Law of the People's Republic of China*, the *Articles of Association of China Construction Bank Corporation* and other relevant rules.

The following resolutions were considered and approved at the Meeting:

**I. Proposal on the Budget of 2015 Fixed Assets Investment of the Bank**

Voting results of the proposal: voted in favour: 14 votes, voted against: 0 vote, abstained from voting: 0 vote.

It is resolved that this proposal be submitted to the general meeting of the Bank for consideration. More details will be disclosed in the circular of the general meeting.

**II. Proposal on the amendments to the *Articles of Association of the Bank***

Voting results of the proposal: voted in favour: 14 votes, voted against: 0 vote, abstained from voting: 0 vote.

It was resolved that the the *Articles of Association of China Construction Bank Corporation* (the “**Articles of Association**”) was approved and it shall be submitted to the general meeting of the Bank for approval, and resolution shall be proposed at the general meeting to authorize the board of directors to further amend the Articles of Association according to the opinions of the relevant regulatory authorities, and to amend the *Rules of the General Meetings* of the Bank and other corporate governance documents according to the Articles of Association as approved by the regulatory authorities. <sup>1</sup>

It is resolved that this proposal be submitted to the general meeting of the Bank for consideration.

For a comparative table of the amendments to the Articles of Association, please refer to Appendix 1 to this announcement.

### **III. Proposal on the plan of issuance of domestic preference shares by the Bank**

Voting results of the proposal: voted in favour: 14 votes, voted against: 0 vote, abstained from voting: 0 vote.

In order to improve the overall competitiveness of the Bank and to strengthen the business continuity of the Bank, the Bank plans to issue domestic preference shares in a non-public manner. According to the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *State Council Guidance Opinion on the Launch of Preference Shares Pilot Scheme*, the *Administrative Measures on the Pilot Scheme of Preference Shares*, the *Administrative Measures on the Pilot Scheme of Capital of Commercial Banks*, the *Guidance Opinion on Preference Shares Issuance of Commercial Banks to Replenish Tier-1 Capital*, and other laws, regulations and regulatory documents, the Bank has fulfilled the conditions for issuance of domestic preference shares in a non-public manner.

The *Plan of Issuance of Domestic Preference Shares by China Construction Bank Corporation (“Domestic Issuance Plan”)* and the *Proposal of Non-public Issuance of Domestic Preference Shares by China Construction Bank Corporation (“Issuance Proposal”)* were approved.

The independent non-executive directors issued their opinions on the impacts on different classes of shareholders resulting from the non-public issuance of domestic preference shares. For details, please refer to relevant information published on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)).

It is resolved that the Domestic Issuance Plan be submitted to the general meeting, A share class shareholders general meeting, and H share class shareholders general meeting of the Bank for consideration, and resolution shall be proposed at the general meeting to authorize the board of directors (who may in turn fully delegate authority to the Chairman, President or other senior management members of the Bank) to individually or jointly handle all matters in respect of this issuance of domestic preference shares according to the Domestic Issuance Plan.

For the Domestic Issuance Plan, please refer to Appendix 2 to this announcement. For details of the Issuance Proposal, please refer to relevant information published on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)).

### **IV. Proposal on the plan of issuance of offshore preference shares by the Bank**

Voting results of the proposal: voted in favour: 14 votes, voted against: 0 vote, abstained from voting: 0 vote.

In order to improve the overall competitiveness of the Bank and to strengthen the business continuity of the Bank, the Bank plans to issue offshore preference shares in a non-public manner. According to the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *State Council Guidance Opinion on the Launch of Preference Shares Pilot Scheme*, the *Administrative Measures on the Pilot Scheme of Capital of Commercial Banks*, the *Guidance on Preference Shares Issuance of Commercial Banks to Replenish Tier-1 Capital*, the *Listing Rules of the Stock Exchange of Hong Kong Limited*, and other laws, regulations, and regulatory documents, the Bank has fulfilled the conditions for non-public issuance of offshore preference shares.

The independent non-executive directors issued their opinions on the impacts on different classes of shareholders resulting from the non-public issuance of offshore preference shares. For details, please refer to relevant information published on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)).

It is resolved that this proposal be submitted to the general meeting, A share class shareholders general meeting and H share class shareholders general meeting of the Bank for consideration, and resolution shall be proposed at the general meeting to authorize the board of directors (who may in turn fully delegate authority to the Chairman, President or other senior management members of the Bank) to individually or jointly handle all matters in respect of this issuance of offshore preference shares according to the *Plan of Issuance of Offshore Preference Shares by China Construction Bank Corporation* (“**Offshore Issuance Plan**

For the Offshore Issuance Plan, please refer to Appendix 3 to this announcement.

#### **V. Proposal on the formulation of the *Returns to Shareholders Plan of 2015 to 2017 by the Bank***

Voting results of the proposal: voted in favour: 14 votes, voted against: 0 vote, abstained from voting: 0 vote.

Opinion of the independent non-executive directors: Agreed.

It is resolved that this proposal be submitted to the general meeting of the Bank for consideration.

For details of the *Returns to Shareholders Plan of 2015 to 2017 by the Bank*, please refer to Appendix 4 to this announcement.

#### **VI. Proposal on the impacts on dilution of current returns of the issuance of preference shares by the bank and remedial measures**

Voting results of the proposal: voted in favour: 14 votes, voted against: 0 vote, abstained from voting: 0 vote.

It is resolved that this proposal be submitted to the general meeting of the Bank for consideration.

For the *Impacts on Dilution of Current Returns of The Issuance of Preference Shares by the Bank and Remedial Measures*, please refer to Appendix 5 to this announcement.

## **VII. Proposal on amendments to the *Administrative Measures of the Bank of Deposit and Use of Raised Funds***

Voting results of the proposal: voted in favour: 14 votes, voted against: 0 vote, abstained from voting: 0 vote.

The *Administrative Measures of Deposit and Use of Raised Funds of the Bank (2014 amendments)* was approved. For details, please refer to the relevant information published on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)).

## **VIII. Proposal on the *Capital Plan of 2015 to 2017 of the Bank***

Voting results of the proposal: voted in favour: 14 votes, voted against: 0 vote, abstained from voting: 0 vote.

It is resolved that this proposal be submitted to the general meeting of the Bank for consideration.

## **IX. Proposal on the establishment of a branch in Switzerland**

Voting results of the proposal: voted in favour: 14 votes, voted against: 0 vote, abstained from voting: 0 vote.

1. The establishment of a branch in Switzerland was approved;
2. The senior management was authorized to deal with matters in respect of the establishment of the branch in Switzerland.

## **X. Proposal on the appointment of Mr. Murray Horn as the chairman of the risk management committee of the Bank**

Voting results of the proposal: voted in favour: 13 votes, voted against: 0 vote, abstained from voting: 1 vote.

It was resolved at the Meeting that Mr. Murray Horn be appointed as the chairman of the risk management committee of the board of directors of the Bank effective from 1 January 2015. Ms. Margaret Leung Ko May Yee has resigned as chairman of the risk management committee of the board of directors of the Bank due to personal reasons effective from 1 January 2015. Mr. Murray Horn abstained from voting on this resolution for the following reason: Mr. Murray Horn was, to a certain extent, interested in the resolution. To ensure the utmost fairness of the voting results, he abstained from voting on this resolution.

## **XI. Proposal on the nomination of Mr. Li Jun as a non-executive director of the bank**

Voting results of the proposal: voted in favour: 14 votes, voted against: 0 vote, abstained from voting: 0 vote.

Opinion of the independent non-executive directors: Agreed.

Mr. Li Jun, aged 55, is of Chinese nationality. Mr. Li has served as non-executive director of Industrial and Commercial Bank of China Limited since December 2008. He joined Central Huijin Investment Ltd. in July 2008. Mr. Li previously served as assistant representative of Beijing Representative Office of the Bank of Credit and Commerce International, deputy representative of BNP Paribas China Representative Office, consultant of the International Banking Department of Banco Bilbao Vizcaya Argentaria, Deputy Director of the Research Centre of China Technology Trust and Investment Company, general manager of the Research Department of China Sci-Tech Securities, and professor of the Finance Department of the School of Economics and Management of the University of Science and Technology Beijing. At present, Mr. Li concurrently serves as a non-executive director of Shenyin & Wanguo Securities Co., Ltd. He graduated from University of Madrid in Spain in November 1995 and received a Doctorate degree in Business Management.

Save as disclosed above, Mr. Li Jun has no other relationship with the directors, supervisors, senior management, substantial shareholders or controlling shareholder of the Bank. Mr. Li Jun has no interest in shares of the Bank within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Mr. Li Jun is not in possession of any information that is required to be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(v) of the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*, nor is he being involved or has been involved in any activity that shall be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(v) of the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*. Mr. Li Jun did not hold any directorship in any other listed company in the last three years, nor does he hold any positions in any members of the group. There is no other issue that shall be brought to the attention of the shareholders of the Bank.

It is resolved that this proposal be submitted to the general meeting of the Bank for consideration. Mr. Li Jun will take office upon the approval by both the general meeting of the Bank and China Banking Regulatory Commission (“CBRC”). The term of his office will terminate on the annual general meeting for the year of 2017. Non-executive directors (excluding independent non-executive directors) of the Bank do not get remuneration from the Bank.

## **XII. Proposal on the nomination of Ms. Hao Aiqun as non-executive director of the Bank**

Voting results of the proposal: voted in favour: 14 votes, voted against: 0 vote, abstained from voting: 0 vote.

Opinion of the independent non-executive directors: Agreed.

Ms. Hao Aiqun, aged 58, is of Chinese nationality. Ms. Hao has served as deputy director of the Non-bank Financial Institutions Department of the CBRC since April 2003, concurrently deputy director and inspector of the Banking Supervision Department I of the CBRC. Ms. Hao was consecutively deputy division-chief and division-chief of the Supervision Bureau of the People’s Bank of China (“PBOC”), researcher of the Cooperation Bureau of the PBOC, and deputy inspector and deputy director-general of the Non-bank Financial Institutions Department of the PBOC from April 1983 to March 2003. Ms. Hao obtained a bachelor’s degree in Finance from Central University of Finance and Economics in July 1982. Ms. Hao is an EMBA candidate at Advanced Institute of Finance of Shanghai Jiao Tong University. Ms. Hao is a certified public accountant and a senior economist.

Save as disclosed above, Ms. Hao Aiqun has no other relationship with the directors, supervisors, senior management, substantial shareholders or controlling shareholder of the Bank. Ms. Hao Aiqun has no interest in shares of the Bank within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Ms. Hao Aiqun is not in possession of any information that is required to be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(v) of the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*, nor is she being involved or has been involved in any activity that shall be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(v) of the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*. Ms. Hao Aiqun did not hold any directorship in any other listed company in the last three years, nor does she hold any positions in any members of the group. There is no other issue that shall be brought to the attention of the shareholders of the Bank.

It is resolved that this proposal be submitted to the general meeting of the Bank for consideration. Ms. Hao Aiqun will take office upon the approval by both the general meeting of the Bank and CBRC. The term of her office will terminate on the annual general meeting for the year of 2017. Non-executive directors (excluding independent non-executive directors) of the Bank do not get remuneration from the Bank.

### **XIII. Proposal on amendments to the *Implementation Rules on Management of Related Party Transactions of the Bank***

Voting results of the proposal: voted in favour: 14 votes, voted against: 0 vote, abstained from voting: 0 vote.

The *Implementation Rules on Management of Related Party Transactions of the Bank (amendments)* was approved. For details, please refer to the relevant information published on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)).

By order of the Board of Directors  
**China Construction Bank Corporation**  
**Zhang Jianguo**  
*Vice Chairman, Executive Director and President*

12 December 2014

*As at the date of this announcement, the executive directors of the Bank are Mr. Wang Hongzhang, Mr. Zhang Jianguo, Mr. Zhu Hongbo and Mr. Hu Zheyi; the non-executive directors of the Bank are Ms. Chen Yuanling, Mr. Xu Tie, Mr. Guo Yanpeng and Mr. Dong Shi; and the independent non-executive directors of the Bank are Mr. Zhang Long, Ms. Elaine La Roche, Mr. Chung Shui Ming Timpson, Mr. Wim Kok, Mr. Murray Horn and Ms. Margaret Leung Ko May Yee.*

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| Appendix 1 | Comparative Table of the Amendments to <i>the Articles of Association of China Construction Bank Corporation</i>                         |
| Appendix 2 | Plan of Issuance of Domestic Preference Shares by China Construction Bank Corporation  |
| Appendix 3 | Plan of Issuance of Offshore Preference Shares by China Construction Bank Corporation  |
| Appendix 4 | Returns to Shareholders Plan of 2015 to 2017 by China Construction Bank Corporation  |
| Appendix 5 | Impacts on Dilution of Current Returns of The Issuance of Preference Shares by China Construction Bank Corporation and Remedial Measures |

## Appendix 1

### Comparison Table on Revisions to the Articles of Association of China Construction Bank Corporation

| SN | Existing articles  | Suggested revisions  | Revision basis  |
|----|--|--|---|
| 1. | Article 6 The capital of the Bank shall be divided into shares of equal value. The shareholders shall be responsible for the Bank to the extent of the shares held by them. The Bank shall bear the liabilities for its debts with all its assets.   | Article 6 The capital of the Bank shall be divided into shares of equal value. The shareholders of the Bank shall be responsible for the Bank to the extent of the shares held by them. The Bank shall bear the liabilities for its debts with all its assets.   | The par value of preference shares is different from that of ordinary shares, and preference shares are not equal to ordinary shares in value.  |
| 2. | Article 15 The Bank shall have ordinary shares at all time. Ordinary shares issued by the Bank shall include domestic shares and overseas foreign shares. With the approval of competent authorities authorized by the State Council, the Bank may have other classes of shares in accordance with the actual needs.   | Article 15 The Bank shall have ordinary shares at all time. Ordinary shares issued by the Bank shall include domestic shares and overseas foreign shares. With the approval of competent authorities authorized by the State Council, the Bank may have other classes of shares such as preference shares in accordance with the actual needs.<br><br><u>Preference shares herein refer to other types of shares specified rather than ordinary shares under general rules in accordance with the Company Law. Preference shareholders enjoy profit distribution and remaining properties prior to ordinary shareholders, however their voting rights and other rights about participating in the Bank's decision-making and management are subject to restriction.</u><br><br><u>Unless otherwise specified, share and stock referred in Chapter 3 to Chapter 26 and Chapter 28 herein indicate ordinary share and stock, and shareholder referred in Chapter 3 to Chapter 26 and Chapter 28 herein indicates ordinary shareholder.</u> | Article 1 (i) of the <i>Guidance Opinion on the Launch of Preference Shares Pilot Scheme by the State Council</i><br><br>Article 2 of the <i>Trial Administrative Measures on Preference Shares</i> |
| 3. | Article 18 Shares issued by the Bank to domestic investors and subscribed for in RMB shall be referred to as "domestic shares". Domestic shares listed in the PRC shall be referred to as "domestic listed shares".<br><br>Shares issued by the Bank to overseas investors and subscribed for in foreign currency shall be referred to as "overseas foreign shares". Overseas foreign shares listed abroad shall be referred to as "overseas-listed foreign investment shares". The "foreign currency" mentioned above refers to any legal currency of other countries or regions other than RMB that is approved by the State's | Article 18 Shares issued by the Bank to domestic investors and subscribed for in RMB shall be referred to as "domestic shares". Domestic shares listed in the PRC shall be referred to as "domestic listed shares".<br><br>Shares issued by the Bank to overseas investors and subscribed for in foreign currency shall be referred to as "overseas foreign shares". Overseas foreign shares listed abroad shall be referred to as "overseas-listed foreign investment shares". The "foreign currency" mentioned above refers to any legal currency of other countries or regions other than RMB that is approved by the State's   | Revision is due to the setting of preference shares   |

| SN | Existing articles   | Suggested revisions  | Revision basis   |
|----|---|--|--|
|    | <p>mentioned above refers to any legal currency of other countries or regions other than RMB that is approved by the State's regulatory authority of foreign exchange and may be used to pay as the share capital to the Bank. Domestic shares that are approved by the State Council or the competent authorities authorized by the State Council to be listed in overseas stock exchange and overseas listed foreign shares shall be of the same category and be collectively referred to as "overseas listed shares".</p>  | <p>regulatory authority of foreign exchange and may be used to pay as the share capital to the Bank. Domestic shares that are approved by the State Council or the competent authorities authorized by the State Council to be listed in overseas stock exchange and overseas listed foreign shares shall <del>be of the same category and</del> be collectively referred to as "overseas listed shares".</p>  |  |
| 4. | <p>Article 64 The Shareholders' General Meeting shall legally exercise functions and powers on the following matters:</p> <p>.....</p> <p>(17) to review the share incentive plan;</p> <p>(18) to review other matters that shall be decided by the Shareholders' General Meeting according to the laws, regulations, rules, regulations issued by the local securities regulatory authorities where shares of the Bank are listed and the Articles.</p> <p>Resolutions made by the Shareholders' General Meeting shall not violate the provisions in relevant laws, administrative regulations, rules, regulations issued by the local securities regulatory authorities where shares of the Bank are listed and the Articles.</p> | <p>Article 64 The Shareholders' General Meeting shall legally exercise functions and powers on the following matters:</p> <p>.....</p> <p>(17) to review the share incentive plan;</p> <p><u>(18) to decide the issuance of preference shares; to decide or authorize the Board of Directors to decide the matters relating to the issuance of preference shares by the Bank, including but without limitation to repurchase, conversion and dividend distribution etc.;</u></p> <p>(198) to review other matters that shall be decided by the Shareholders' General Meeting according to the laws, regulations, rules, regulations issued by the local securities regulatory authorities where shares of the Bank are listed and the Articles.</p> <p>Resolutions made by the Shareholders' General Meeting shall not violate the provisions in relevant laws, administrative regulations, rules, regulations issued by the local securities regulatory authorities where shares of the Bank are listed and the Articles.</p> | <p>Article 40 of the <i>Guidelines for Articles of Association of Listed Companies</i></p> <p>Article 11 of the <i>Trial Administrative Measures on Preference Shares</i></p>  |
| 5. | <p>Article 147 The Board of Directors of the Bank shall have the Strategy Development Committee, the Audit Committee, the Risk Management Committee, the Nomination and Remuneration Committee and the Related Party Transactions Control Committee. The Board of Directors may set up other special committees whenever necessary. Special committees under the Board of Directors shall be responsible to and report to the Board of Directors, and assist the Board of Directors in performing its duties and powers according to the authorization of the Board of Directors. Special committees shall maintain communication and co-operation. Special committees of the</p>   | <p>Article 147 The Board of Directors of the Bank shall have the Strategy Development Committee, the Audit Committee, the Risk Management Committee, the Nomination and Remuneration Committee and the <del>Related Party Transactions Control Committee</del> Social Responsibility &amp; Related Party Transactions Committee. The Board of Directors may set up other special committees whenever necessary. Special committees under the Board of Directors shall be responsible to and report to the Board of Directors, and assist the Board of Directors in performing its duties and powers according to the authorization of the Board of Directors. Special committees shall maintain communication and co-operation. Special committees of the Board of Directors</p>   | <p>According to the <i>Proposal on Changing the Related Party Transactions Control Committee to Social Responsibility &amp; Related Party Transactions Committee</i> reviewed and approved at the meeting of the Board of Directors on March 28, 2014, relevant part of the Articles of Association is adjusted accordingly.</p> |

| SN | Existing articles  | Suggested revisions  | Revision basis  |
|----|--|--|---|
|    | Board of Directors shall establish a follow-up implementation mechanism to ensure the implementation of professional opinions and requirements of the committees.  | shall establish a follow-up implementation mechanism to ensure the implementation of professional opinions and requirements of the committees.   |   |
| 6. | <p>Article 152 The Related Party Transactions Control Committee shall consist of at least three (3) directors, and the chairman shall be assumed by an Independent Director. Non-executive directors shall account for majority of the committee. Members of the Related Party Transactions Control Committee shall not include directors nominated by controlling shareholders.</p> <p>The Related Party Transactions Control Committee shall apply a withdrawal system in discussion, but if necessary, a resolution on no withdrawal may be made when the committee is reviewing specific matters.</p> <p>Main duties and powers of the Related Party Transactions Control Committee include:</p> <ul style="list-style-type: none"> <li>(1) to confirm related parties of the Bank, report them to the Board of Directors and the Board of Supervisors, and timely notify relevant bank staff of related parties confirmed;</li> <li>(2) to conduct preliminary examination on major related party transactions, submit them to the Board of Directors for approval, and report to the Board of Supervisors at the same time;</li> <li>(3) to review and approve general related party transactions or accept the filing of general connected transactions;</li> <li>(4) other responsibilities authorized by the Board of Directors.</li> </ul> | <p>Article 152 The <del>Related Party Transactions Control Committee</del> Social Responsibility &amp; Related Party Transactions Committee shall consist of at least three (3) directors, and the chairman shall be assumed by an Independent Director. Non-executive directors shall account for majority of the committee. Members of the <del>Related Party Transactions Control Committee</del> Social Responsibility &amp; Related Party Transactions Committee shall not include directors nominated by controlling shareholders.</p> <p>The <del>Related Party Transactions Control Committee</del> Social Responsibility &amp; Related Party Transactions Committee shall apply a withdrawal system in discussion, but if necessary, a resolution on no withdrawal may be made when the committee is reviewing specific matters.</p> <p>Main duties and powers of the <del>Related Party Transactions Control Committee</del> Social Responsibility &amp; Related Party Transactions Committee include:</p> <ul style="list-style-type: none"> <li>(1) to confirm related parties of the Bank, report them to the Board of Directors and the Board of Supervisors, and timely notify relevant bank staff of related parties confirmed;</li> <li>(2) to conduct preliminary examination on major related party transactions, submit them to the Board of Directors for approval, and report to the Board of Supervisors at the same time;</li> <li>(3) to review and approve general related party transactions or accept the filing of general connected transactions;</li> <li>(4) <u>to study and prepare the Bank's social responsibility strategies and policies;</u></li> <li>(5) <u>to review the credit policies with respect to environment and sustainable development;</u></li> <li>(6) <u>supervise, inspect and assess the Bank's performance on social responsibility;</u></li> <li>(7) <u>to study and prepare strategies, policies and targets on the Bank's protection</u></li> </ul> | <p>Article 17 of the <i>Guidelines on Banking Consumers' Rights Protection</i></p> <p>According to the <i>Proposal on Changing the Related Party Transactions Control Committee to Social Responsibility &amp; Related Party Transactions Committee</i> reviewed and approved at the meeting of the Board of Directors on March 28, 2014, relevant part of the Articles of Association is adjusted accordingly.</p> |

| SN  | Existing articles  | Suggested revisions   | Revision basis   |
|---|--|---|--|
|   |  | <u>of consumers' rights and interests, to supervise and assess the Bank's protection of consumers' rights and interests;</u><br><u>(8) other responsibilities authorized by the Board of Directors.</u>   |  |
| 7.  | <p>Article 231 The after-tax profit of the Bank shall be distributed in the following order of priority:</p> <ol style="list-style-type: none"> <li>(1) to make up for previous year's losses;</li> <li>(2) to set aside ten percent (10%) to statutory reserve;</li> <li>(3) to set aside general reserve;</li> <li>(4) to set aside discretionary reserve;</li> <li>(5) to pay dividends to shareholders .</li> </ol> <p>No further contribution may be required when the accumulated amount of the statutory reserve of the Bank reaches fifty percent (50%) of its registered capital. The Shareholders' General Meeting shall decide on whether to set aside discretionary reserve after setting aside statutory reserve and general reserve.</p> <p>Shares held by the Bank shall not participate in the distribution of profit.</p> | <p>Article 231 The after-tax profit of the Bank shall be distributed in the following order of priority:</p> <ol style="list-style-type: none"> <li>(1) to make up for previous year's losses;</li> <li>(2) to set aside ten percent (10%) to statutory reserve;</li> <li>(3) to set aside general reserve;</li> <li>(4) to set aside discretionary reserve;</li> <li>(5) to pay dividends to shareholders .</li> </ol> <p>No further contribution may be required when the accumulated amount of the statutory reserve of the Bank reaches fifty percent (50%) of its registered capital. The Shareholders' General Meeting shall decide on whether to set aside discretionary reserve after setting aside statutory reserve and general reserve.</p> <p>Shares held by the Bank shall not participate in the distribution of profit.</p> <p><u>The dividend payment of preference shares shall be implemented in accordance with laws, administrative regulations, rules, and relevant provisions in the listing place of the Bank's shares and issuance place of preference shares or of securities regulatory authorities in the listing place, as well as the Articles of Association.</u></p> | Article 44 of the <i>Accounting Rules of the Financial Enterprises</i><br><br>I (ii) of the <i>Guidance Opinion on the Launch of Preference Shares Pilot Scheme by the State Council</i> |
| <b>Chapter 27 Special Provisions on Preference Shares</b> |  |   |  |
| 8.  |  | <u>Article 287 Unless otherwise specified in applicable laws, administrative regulations, ministerial rules, provisions of the local securities regulatory authorities where the Bank's shares are listed and the chapter, rights and obligations of the preference shareholders and management of the preference shares shall be consist with pertinent regulations of the Articles of Association on ordinary shares.</u>   | I (i) of the <i>Guidance Opinion on the Launch of Preference Shares Pilot Scheme by the State Council</i>  |

| SN  | Existing articles | Suggested revisions  | Revision basis   |
|-----|-------------------|--|--|
| 9.  |                   | <u>Article 288 Preference shares issued by the Bank shall not exceed 50% of the Bank's total ordinary shares, and proceeds from issuance of preference shares shall not exceed 50% of the Bank's net asset prior to the issuance. Preference shares that have been repurchased or converted into ordinary shares are not included into the scope of preference shares during calculation.</u>  | Article 21 of the <i>Guidelines for Articles of Association of Listed Companies</i><br><br>II (ix) of the <i>Guidance Opinion on the Launch of Preference Shares Pilot Scheme by the State Council</i><br><br>Article 23 of the <i>Trial Administrative Measures on Preference Shares</i>  |
| 10. |                   | <u>Article 289 Pursuant to the capital regulation rules, the Bank shall set down the conditions in which preference shares will be forced to be converted into ordinary shares, i.e. when the trigger event occurs, the Bank will convert preference shares into ordinary shares based on the conversion price and quantity specified during issuance of the preference shares. In case that the circumstance of converting preference shares into ordinary shares occurs, the Bank shall report it to the banking regulatory institution of the State Council for approval and decision.</u>  | Article 1 (ix), of the <i>Guidance Opinion on the Launch of Preference Shares Pilot Scheme by the State Council</i><br><br>Article 33 of the <i>Trial Administrative Measures on Preference Shares</i><br><br>Article 7 of the <i>Guidance Opinion on Issuance of Preference Shares by Commercial Banks for Supplementing Tier 1 Capital</i> |
| 11. |                   | <u>Article 290 Preference shares issued by the Bank shall not be sold back. The Bank has the right to redeem all or part of the preference shares at least five years after conclusion of the issuance on the condition that it obtains approval of the banking regulatory institution of the State Council and meets the pertinent requirements. The redemption period of preference shares shall start on the starting date of redemption specified when the preference shares are issued and end on the date that all of the preference shares are redeemed or converted into ordinary shares.</u><br><u>The Bank's exercise of the redemption rights over preference shares shall meet the following conditions:</u><br><u>(1) The Bank uses same or higher-quality capital tool to replace the redeemed preference shares, and can only implement replacement of the capital tools when</u> | II (vi), (vii) of the Appendix I "Standards for Eligible Capital Instruments" to the <i>Regulation Governing Capital of Commercial Banks (Provisional)</i><br><br>Article 13 of the <i>Trial Administrative Measures on Preference Shares</i><br><br>Article 23 of the <i>Guidelines for Articles of Association of Listed Companies</i>     |

| SN  | Existing articles | Suggested revisions   | Revision basis  |
|-----|-------------------|---|---|
|     |                   | <p><u>its income capability is sustainable; or</u></p> <p><u>(2) After exercise of the redemption rights, the Bank's capital level is still noticeably higher than the regulatory capital requirement of the banking regulatory institution of the State Council.</u></p> <p><u>The redemption price of preference shares issued in the domestic market is the par value plus dividends payable but not yet distributed for the period.</u></p> <p><u>The redemption price of preference shares issued in the overseas market is the issuance price plus dividends payable but not yet distributed for the period.</u></p>  |   |
| 12. |                   | <p><u>Article 291 The Bank's preference shareholders enjoy the following rights:</u></p> <p><u>(1) to participate in distribution of the dividend in preference to the ordinary share holders;</u></p> <p><u>(2) to participate in distribution of the Bank's remaining property in preference to the ordinary share holders when the Bank is liquidated;</u></p> <p><u>(3) to attend the Shareholder's General Meeting of the Bank with voting rights in case that circumstance specified in Article 293 of the Articles of Association occurs;</u></p> <p><u>(4) to restore the voting rights based on manners specified in Article 294 of the Articles of Association in case that circumstance specified in it occurs;</u></p> <p><u>(5) to bring forward advices or enquiries on the Bank's operating activities;</u></p> <p><u>(6) to review the Bank's articles of association, register of shareholders, the counterfoil bank of bonds issued by the Bank, minutes of Shareholders' General Meeting, resolutions of meetings of the Board of Directors and the Board of Supervisors, and financial accounting reports;</u></p> <p><u>(7) other rights the preference shareholders shall enjoy pursuant to laws, administrative regulations, rules and the articles of associations.</u></p> | <p>I (i), (ii), (iii), (v) and (vi) of the <i>Guidance Opinion on the Launch of Preference Shares Pilot Scheme by the State Council</i></p> <p>Articles 8, 12 of the <i>Trial Administrative Measures on Preference Shares</i></p> <p>Article 97 of the <i>Company Law of PRC</i></p> |
| 13. |                   | <p><u>Article 292 In calculating the percentages of shares held during the following events, only the ordinary shares and the preference shares that have been restored of the voting rights are accounted:</u></p> <p><u>(1) to request for convening of the extraordinary Shareholders' General Meeting;</u></p> <p><u>(2) to convene and chair the Shareholders' General Meeting;</u></p>  | <p>I (vii), II (xiv) of the <i>Guidance Opinion on the Launch of Preference Shares Pilot Scheme by the State Council</i></p> <p>Article 15 of the <i>Trial Administrative Measures on Preference Shares</i></p>   |

| SN  | Existing articles | Suggested revisions  | Revision basis   |
|-----|-------------------|--|--|
|     |                   | <p>(3) to submit proposals to the Shareholders' General Meeting or the Extraordinary Shareholders' General Meeting;</p> <p>(4) to propose candidates for directors, and non-employee representative supervisors of the Bank;</p> <p>(5) to identify the controlling shareholder pursuant to Article 57 of the Articles of Association;</p> <p>(6) to identify the circumstances of being restricted from assuming as independent directors pursuant to Article 140 of the Articles of Association;</p> <p>(7) to identify the list of top 10 shareholders by the number of shares held in the Bank, the number of shares held and the shareholders that holds more than 5% stake in the Bank pursuant to provisions of the Securities Law; and</p> <p>(8) other circumstance given by the laws, administrative regulations, rules and the Articles of Association.</p>   |  |
| 14. |                   | <p>Article 293 Except in the following circumstance, the Bank's preference shareholders shall not attend the Shareholders' General Meeting and the shares they hold do not have voting rights:</p> <p>(1) to amend contents of the Articles of Association that are relevant to preference shares;</p> <p>(2) to reduce the Bank's registered capital by more than 10% in an one-off or cumulative manner;</p> <p>(3) to consolidate, split up, dissolve or change the corporate form of the Bank;</p> <p>(4) to issue preference shares; and</p> <p>(5) other circumstance given in the Articles of Association that is related to change or revocation of rights of the preference shareholders.</p> <p>In any of the abovementioned circumstances, the preference shareholders shall be informed of convening of the Shareholders' General Meeting in accordance with the procedures given in the Articles of Association on issuing notice to the ordinary share holders. Preference shareholders shall be separated from ordinary share holders in voting on the abovementioned matters, and they enjoy one vote for every preference share held. Nonetheless, preference shares of the Bank held by the Bank do not enjoy the voting rights.</p> <p>Resolutions on the abovementioned matters shall be approved by more than 2/3</p> | Article 10 of the <i>Trial Administrative Measures on Preference Shares</i><br>I (v) of the <i>Guidance Opinion on the Launch of Preference Shares Pilot Scheme by the State Council</i><br>Article 23 of the <i>Rules of Procedures for the Shareholders' General Meeting</i> |

| SN  | Existing articles | Suggested revisions  | Revision basis   |
|-----|-------------------|--|--|
|     |                   | <u>of the voting shares represented by the preference shareholders attending the meeting (excluding the preference shareholders with restored voting rights) in addition to being approved by more than 2/3 of the voting rights represented by the ordinary share holders attending the meeting (including the preference shareholders with restored voting rights).</u>  |  |
| 15. |                   | <p><u>Article 294 In case that the Bank fails to pay out dividend on the preference shares according to provisions for cumulatively three accounting years or two consecutive accounting years, the preference shareholders shall have the right to attend the Shareholders' General Meeting and vote together with the ordinary share holders on the next date after the Shareholders' General Meeting approves not to distribute profit for the year in accordance with provisions. For the holders of non-accumulative preference shares, their voting rights shall be restored until the Bank pays out dividend for the year in full.</u></p> <p><u>Voting rights to be exercised by preference shareholders are calculated according to the following manner:</u></p> <p><u>Ordinary share voting rights of the overseas preference shares being restored of voting right are calculated according to the following manner:</u></p> <p><u>R*=W*/E*×conversion exchange rate, wherein the shares being restored of the voting right shall be rounded down to integral times of one.</u></p> <p><u>Wherein, R* represents the number of overseas preference shares held by every overseas preference shareholder and being restored of the voting rights for ordinary H-shares; W* represents the value of overseas preference shares held by every overseas preference shareholder; the conversion price E* represents the average price of the Bank's ordinary H-shares during the 20 trading days prior to announcement of the Board of Directors' resolutions on reviewing and approving the overseas preference share issuance plan; and the conversion exchange rate shall be based on the middle price of RMB exchange rate announced by the China Foreign Exchange Trade System one trading day prior to announcement of the Board of Directors' resolution on reviewing and approving the overseas preference share issuance plan for the Hong Kong dollar and currency of the overseas preference shares.</u></p> <p><u>Ordinary share voting rights enjoyed by domestic preference shares being restores of the voting right are calculated as follows</u></p> <p><u>R=W/E, wherein the shares being restored of the voting right shall be rounded</u></p> | <p>I (vi) of the <i>Guidance Opinion on the Launch of Preference Shares Pilot Scheme by the State Council</i></p> <p>Article 11 of the <i>Trial Administrative Measures on Preference Shares</i></p> |

| SN  | Existing articles | Suggested revisions   | Revision basis   |
|-----|-------------------|---|--|
|     |                   | <p><u>down to integral times of one.</u></p> <p><u>Wherein, R represents the number of domestic preference shares held by every domestic preference shareholder and being restored of the voting rights for ordinary A-shares; W represents the value of domestic preference shares held by every domestic preference shareholder; and the conversion price E represents the average price of the Bank's ordinary A-shares during the 20 trading days prior to announcement of the Board of Directors' resolutions on reviewing and approving the domestic preference share issuance plan.</u></p> <p><u>In case that the Articles of Association provide other special restrictions on the shareholders' voting rights, the special restrictions shall prevail.</u></p>  |  |
| 16. |                   | <p><u>Article 295 Yield rate of the outstanding preference shares issued by the Bank may be adjusted by stages. The dividend yield equates to the benchmark interest rate plus a fixed interest margin. In other words, the dividend yield remains consistent during a certain period after the preference shares are issued. After that, the benchmark interest rate is adjusted once every period of time, and the dividend yield keeps consistent during every adjustment cycle.</u></p> <p><u>Preference shareholders take precedence over ordinary share holders in participating in the Bank's profit distribution pursuant to the given dividend yield and profit distribution clauses. The Bank pays out dividend to preference shareholders in the form of cash, and is prohibited from distributing profit to ordinary share holders pursuant to Article 131 of the Articles of Association before announcing the prescribed dividend for preference shares and withdrawing the discretionary surplus fund pursuant to resolutions of the Shareholders' General Meeting.</u></p> <p><u>Holders of preference shares issued by the Bank to replenish the tier-1 capital shall not participate in distribution of the Bank's remaining profit together with ordinary share holders after participating in the dividend distribution based on the prescribed dividend yield. Pursuant to the capital regulatory regulations for commercial banks, the Bank has the right to cancel or partly cancel the payment of dividend on preference shares and this won't constitute any default. Dividend that the Bank fails to pay to the preference shareholders in full are not accumulated in the next accrual year.</u></p> | <p>I (ii) of the <i>Guidance Opinion on the Launch of Preference Shares Pilot Scheme by the State Council</i></p> <p>Articles 16, 32 of the <i>Trial Administrative Measures on Preference Shares</i></p> <p>Article 5 of the <i>Guidance Opinion on Issuance of Preference Shares by Commercial Banks for Supplementing Tier 1 Capital</i></p> <p>II (ix) of the Appendix I "Standards for Eligible Capital Instruments" to the <i>Regulation Governing Capital of Commercial Banks (Provisional)</i></p> |
| 17. |                   | <p><u>Article 296 In case that the Bank is liquidated due to dissolution or bankruptcy, the Bank's remaining property after being liquidated pursuant to the laws, regulations and the Articles of Association shall be first used to pay the principal</u></p>   | <p>I (iii) of the <i>Guidance Opinion on the Launch of Preference Shares Pilot Scheme by the State Council</i></p>   |

| SN  | Existing articles  | Suggested revisions   | Revision basis                                      |
|-----|--|---|---|
|     |  | <u>of and the dividends payable but not yet distributed and outstanding preference shares. In case that the Bank's remaining property is inadequate to pay the abovementioned principal and dividend, the domestic and overseas preference shareholders shall be paid out in proportions.</u>   | <i>Scheme by the State Council</i>                  |
| 18. | Article 287 “ordinary shares” refer to shares which have ordinary rights with respect to the Bank’s operation and management as well as distribution of the Bank’s profit and property. Holders of such shares shall have the right to enjoy the Bank’s surplus distribution with unfixed dividend after the Bank makes up for losses, sets aside reserve, and general reserve and pays dividends of preference shares. After the liquidation of the Bank, holders of ordinary shares shall acquire the Bank’s remaining property following shareholders of preference shares. Holders of ordinary shares shall have right to attend or entrust a proxy to attend the Shareholders’ General Meeting and exercise voting rights with one share having equal voting right. “Ordinary share” is generally opposite to “preference share”. Shares of the Bank referred to in the Articles are all ordinary shares. | Article 287 “ordinary shares” refer to shares which have ordinary rights with respect to the Bank’s operation and management as well as distribution of the Bank’s profit and property. Holders of such shares shall have the right to enjoy the Bank’s surplus distribution with unfixed dividend after the Bank makes up for losses, sets aside reserve, and general reserve and pays dividends of preference shares. After the liquidation of the Bank, holders of ordinary shares shall acquire the Bank’s remaining property following shareholders of preference shares. Holders of ordinary shares shall have right to attend or entrust a proxy to attend the Shareholders’ General Meeting and exercise voting rights with one share having equal voting right. “Ordinary share” is generally opposite to “preference share”. <del>Shares of the Bank referred to in the Articles are all ordinary shares.</del> | Revision is due to the setting of preference shares |

## **Appendix 2**

### **Plan of Issuance of Domestic Preference Shares by China Construction Bank Corporation**

#### **I. Type and Number of Preference Shares to be Issued**

The type of securities to be issued are domestic preference shares (the “preference shares” or the “domestic preference shares”). The domestic preference shares to be issued will not exceed 600 million shares (inclusive) or RMB60billion (inclusive), which shall be determined within the above limit by the Board of Directors (whose authority may be sub-delegated) under the authorization of the Shareholders’ General Meeting.

#### **II. Par Value and Issuance Price**

The preference shares to be issued have a par value of RMB100 per share and will be issued at par.

#### **III. Maturity date**

The preference shares have no maturity date.

#### **IV. Use of Proceeds**

Upon approval by relevant regulators, all proceeds from the issuance will, after deduction of expenses relating to the issuance, be used to replenish additional tier 1 capital of the Bank.

#### **V. Issuance Method and Investors**

Subject to the approval of China Banking Regulatory Commission (“CBRC”), China Securities Regulatory Commission ("CSRC") and relevant regulators, the preference shares will be issued in a non-public manner in one or multiple tranches, according to relevant procedures. If the preference shares are issued in multiple tranches, each issuance will not need to separately obtain the approval of any issued and outstanding preference shareholders of the Bank.

Investors of the preference shares shall be qualified investors defined in the Measures for the Administration of the Pilot Program of Preference Shares. The number of investors for each issuance of preference shares shall not exceed 200, and the number of investors for issuances of preference shares with the same terms shall not exceed 200 in aggregate. The Board of Directors (whose authority may be sub-delegated) will, subject to the authorization of the Shareholders’ General Meeting, and the relevant regulations of CSRC, determine the investors of to be issued preference shares in accordance with the rules on issuances in the domestic market. All investors must purchase the preference shares in cash.

#### **VI. Profit Distribution Method for Preference Shareholders**

##### **1. Principles for determining dividend rate**

The preference shares may adopt a dividend rate that is adjusted at different intervals. The dividend rate is the benchmark interest rate plus a fixed interest margin, i.e. the dividend rate of the preference shares will remain unchanged within a fixed period after issuance of the preference shares and will be adjusted once after each specified period thereafter (with the dividend rate remaining unchanged during each such specified period).

The dividend rate at the time of issuance of any preference shares will be determined by market inquiry or other methods as recognized by regulators. Subject to the authorization of the Shareholders' General Meeting, the Board of Directors (whose authority may be sub-delegated) shall make a final determination on the dividend rate with reference to national policy, market conditions, specific circumstances of the Bank, investors' demand and other factors at the time of issuance. The dividend rate of the preference shares shall not be higher than the weighted average return on equity of the Bank in most recent two financial years<sup>1</sup>.

## 2. Conditions for dividend distribution

(1) The Bank may distribute dividends to its preference shareholders on the condition that its capital position meets the regulatory capital requirements for commercial banks and if the Bank has distributable after-tax profit<sup>2</sup> after making up losses in accordance with law and setting aside statutory common reserve and general reserve. Domestic and offshore preference shareholders have the same ranking as the offshore preference shares in dividend distribution, both having priority over ordinary shareholders. Dividend payment shall not be linked to or vary with the Bank's ratings.

(2) The Bank shall be entitled to cancel the dividend distribution for the preference shares without being deemed as default. The Bank may use the dividends for preference shares so cancelled to repay other matured debts at its discretion.

(3) If the Bank fully or partly cancels dividends for the preference shares, it will not distribute profits to ordinary shareholders from the next day following the resolution is adopted at the Shareholders' General Meeting to cancel such dividends to the day when the payment of dividends has been resumed in full<sup>3</sup>. Except for the restrictions on the distribution of profits on ordinary shares, cancellation of dividend distribution for preference shares shall not have any other restrictions on the Bank.

## 3. Method of dividend payment

Dividends for the preference shares shall be calculated based on the total par value of the relevant series of preference shares issued and outstanding. Dividends for the preference shares shall be paid annually in cash. Dividends shall be calculated from the payment due date of the relevant series of preference shares. Taxes payable on the dividend income of the preference shareholders shall be borne by them according to relevant laws and regulations.

## 4. Method of dividend accumulation

Dividends of the preference shares are non-cumulative. Any amount of dividends not fully distributed to the preference shareholders in any year will not be accumulated to the next year.

## 5. Distribution of remaining profit

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1 Weighted average return on equity is determined according to the Rules for Compilation of Information Disclosure by Companies Offering Securities to the Public No. 9: Calculation and Disclosure of Return on Equity and Earnings per Share (2010 Revision) and calculated on the basis of profits attributable to ordinary shareholders.

2 Distributable after-tax profit is the retained profit in the financial statements of the Bank prepared in accordance with the PRC Accounting Standards for Business Enterprises or the International Financial Reporting Standards, whichever is lower.

3 Payment of dividends has been resumed in full when the Bank decides to resume the payment of dividends in full to preference shareholders after any period where the payment of dividends have been cancelled. Since payment of dividends on the preference shares are non-cumulative, the above circumstance does not mean the Bank will pay dividends which have been cancelled in previous years.

Except for the specified dividends that the preference shareholders are entitled to, the preference shareholders shall not participate in the distribution of any remaining profit with the ordinary shareholders.

## **VII. Mandatory Conversion**

### 1. Trigger conditions for mandatory conversion

(1) Upon the occurrence of an Additional Tier 1 Capital Trigger Event (that is, the core tier 1 capital adequacy ratio falling to 5.125% (or below)), the Bank shall have the right to convert (without the consent of the preference shareholders) in whole or in part the issued and outstanding preference shares into A ordinary shares according to their terms, so as to restore the Bank's core equity tier 1 capital adequacy ratio to above the trigger point (i.e. 5.125%). In the case of partial conversion, the preference shares shall be converted ratably and on the same conditions. After the preference shares have been converted into A ordinary shares, such A ordinary shares shall not be converted back into preference shares in any event.

(2) Upon the occurrence of a Tier 2 Capital Trigger Event, the Bank has the right to convert (without the consent of the preference shareholders) all of the issued and outstanding preference shares into A ordinary shares according to their terms. After the preference shares have been converted into A ordinary shares, such A ordinary shares shall not be converted back into preference shares in any event. A Tier 2 Capital Trigger Event means either of the following circumstances occurs (whichever is earlier): a. the CBRC having decided that a conversion or write-off is necessary, without which the Bank would become non-viable; or b. any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Bank would become non-viable.

Upon the occurrence of any event requiring the mandatory conversion of the preference shares into ordinary shares, the Bank shall report such event to CBRC for review and determination, and shall comply with the relevant obligations for information disclosure, including interim reports and announcements, according to the *Securities Law of the People's Republic of China* and relevant requirements of CSRC.

### 2. Mandatory conversion term

The mandatory conversion period of the preference shares commences on the first trading day after completion of the issuance and ends on the date when the preference shares are wholly redeemed or converted.

### 3. Mandatory conversion price

The initial mandatory conversion price of the preference shares shall be the average trading price of the A ordinary shares of the Bank for the 20 trading days preceding the date of publication of the Board resolution in respect of the issuance plan of the preference shares.

Average trading price of the A ordinary shares of the Bank for the 20 preceding trading days = Total trading amount of A ordinary shares of the Bank for the 20 preceding trading days/Total trading volume of A ordinary shares of the Bank for the 20 preceding trading days, i.e. RMB5.20 per share.

Assuming the maximum number of preference shares under the issuance plan are all issued in one tranche and the preference shares are issued at a par value of RMB100 per share, then based on the initial mandatory conversion price and assuming the preference shares are converted in full, the maximum number of A ordinary shares that would be issued is 11,538,461,538 shares.

After the issuance plan for the preference shares is approved by the Board of Directors, in the event that the Bank distributes bonus shares, recapitalizes, issues new shares at a price lower than the market price (excluding any increase in share capital due to conversion of financing instruments issued by the Bank and which are convertible into ordinary shares) or makes a rights issue in respect of the A ordinary shares, the Bank will adjust the mandatory conversion price to reflect each of the events above on a cumulative basis and in the order of occurrence; however, the adjustment shall not be made for the distribution of cash dividends for ordinary shares. Specific adjustment method is as follows:

Distribution of bonus shares or recapitalization:  $P_1 = P_0 \times N / (N + n)$ ;

Issuance of new A ordinary shares at a price lower than the market price or by a rights issue:  $P_1 = P_0 \times (N + k) / (N + n)$ ;  $k = n \times A / M$ ;

Where,  $P_0$  denotes the mandatory conversion price effective before such adjustment;  $N$  denotes the total number of A ordinary shares of the Bank prior to such distribution of bonus shares, recapitalization, issuance of new shares or rights issue;  $n$  denotes the number of A ordinary shares issued in such distribution of bonus shares, recapitalization, issuance of new shares or rights issue;  $A$  denotes the price of new A ordinary shares issued in such issuance of new shares or rights issue;  $M$  denotes the closing price of A ordinary shares on the trading day immediately preceding the announcement of such issuance of new shares or rights issue (being the announcement on such issuance or rights issue that has taken effect and is irrevocable);  $P_1$  denotes the mandatory conversion price effective after such adjustment.

In the event of cancellation of repurchased shares, merger, division or other circumstances that may lead to changes in the Bank's share class, number and/or shareholders' equity and thereby affect the rights and interests of the preference shareholders, the Bank shall have the right to adjust the mandatory conversion price in a fair and equitable manner so as to fully protect and balance the rights and interests of the preference shareholders and the ordinary shareholders. In that event the mandatory conversion price adjustment mechanism shall be determined in accordance with relevant requirements.

#### 4. Mandatory conversion rate, number and determination principles

In the event of mandatory conversion of the preference shares, the number of shares to be converted is calculated according to the formula:  $Q = V / P$ .

Where,  $Q$  denotes the number of A ordinary shares that shall be mandatorily converted from the domestic preference shares held by each domestic preference shareholder;  $V$  denotes the total par value of domestic preference shares held by each domestic preference shareholder that is subject to mandatory conversion as determined under the principle that losses will be absorbed ratably between the domestic preference shares and offshore preference shares;  $P$  denotes the effective mandatory conversion price at the time of mandatory conversion.

Any fractional share arising from the mandatory conversion of the preference shares shall be handled by the Bank according to relevant regulatory requirements.

Upon the occurrence of a trigger event, the issued and outstanding preference shares shall be mandatorily converted into A ordinary shares in whole or in part (as determined in accordance with the principle that any losses will be absorbed ratably) according to the formula above.

#### 5. Attribution of relevant dividends in the year of any mandatory conversion

The A ordinary shares issued by the Bank upon the mandatory conversion of the preference shares shall be entitled to the same rights to those of existing A ordinary shares. All the ordinary shareholders (including the holders of A ordinary shares converted from preference shares) registered on the shareholder register by the record date for any dividend distribution on ordinary shares may participate in the relevant dividend distribution for the current period.

## **VIII. Conditional Redemption**

### **1. Terms of conditional redemption**

The preference shares have no maturity date. In accordance with the relevant regulations of CBRC, the Bank currently has no plan to exercise the redemption right for the preference shares and the investors shall not have any expectation that the redemption right for the preference shares shall be exercised. Any exercise of the redemption right shall be subject to the prior approval of CBRC.

Subject to approval of CBRC and compliance with applicable requirements, the Bank may redeem the preference shares in whole or in part at least after five years following completion of the issuance of the preference share. The Shareholders' General Meeting is requested to authorize the Board of Directors (whose authority may be sub-delegated) to determine the specific redemption period applicable for any redemption of the preference shares in accordance with market conditions. The redemption period for the preference shares commences from the issue date to the date when all the preference shares have been wholly redeemed or converted.

The Bank's exercise of such redemption right shall be subject to the following requirements: a. the capital of the Bank will be replenished by substitution of the Preference Shares with capital instruments of the same or superior loss absorption quality to the preference shares, and such substitution shall only be made at a time at which the Bank has a sustainable income generating capability; or b. the capital position of the Bank immediately after redemption of the preference shares will remain significantly higher than the regulatory capital requirements prescribed by CBRC.

### **2. Redemption price**

During the redemption period, the Bank is entitled to redeem the preference shares in whole or in part at amount equal to the par value of the preference shares plus any dividends payable<sup>4</sup> for the period.

### **3. Holder of the redemption right**

The redemption right for the preference shares is at the option of the Bank, subject to the prior approval of CBRC. The preference shareholders shall not require the Bank to redeem the preference shares. The preference shares shall not contain any investor option to put back the preference shares to the Bank. The preference shareholders shall not have any right to require the Bank to repurchase their preference shares.

## **IX. Voting Right Restrictions and Restoration**

### **i. Voting right restrictions**

Pursuant to the Articles of Association, the preference shareholders generally have no right to attend any Shareholders' General Meeting, nor shall they have voting rights for the preference shares they hold. If any of the following circumstances occur, the preference shareholders will be entitled to attend Shareholders' General Meetings and vote on the following matters at a separate class meeting of preference shareholders. If any of the following circumstances occur, the preference shareholders

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<sup>4</sup> Mean the dividends payable but not yet paid.

will have one vote for every preference share they hold, but the preference shares held by the Bank will not have any voting rights:

- (1) Amendments to the Articles of Association of the Bank that relates to preference shares;
- (2) The Bank reduces its registered capital by more than 10% on an individual or cumulative basis;
- (3) A merger, division, dissolution or change of corporate form of the Bank;
- (4) The Bank issues preference shares; or
- (5) Other events specified in the Articles of Association that change or abrogate the rights of preference shareholders.

Resolutions on the matters above shall require the approval of more than two thirds of the votes held by the preference shareholders present at the meeting (excluding the preference shareholders with restored voting rights) in addition to the approval of more than two thirds of the votes held by the ordinary shareholders present at the meeting (including the preference shareholders with restored voting rights).

## 2. Restoration of voting rights

According to the Articles of Association, if the Bank fails to pay the agreed dividends to the preference shareholders for three financial years in aggregate or two consecutive financial years during the time the preference shares remain outstanding, the preference shareholders will have the right to attend Shareholders' General Meetings and exercise voting rights together with the ordinary shareholders from the next day after the Shareholders' General Meeting resolves that the Bank will not pay the agreed dividend for such year. The voting rights of domestic preference shareholders with restored voting rights shall be calculated according to the formula below:

R=W/E, with the restored voting rights rounded down to the nearest whole number.

Where, R denotes the A ordinary share voting rights restored from domestic preference shares held by each domestic preference shareholder; W denotes the total par value of domestic preference shares held by such domestic preference shareholder; E denotes the restored voting right conversion price, being the average trading price of A ordinary shares of the Bank for the 20 trading days preceding the date of publication of the Board resolution in respect of the issuance plan of the preference shares. Average trading price of A ordinary shares of the Bank for the 20 preceding trading days = Total trading amount of A ordinary shares of the Bank for the 20 preceding trading days /Total trading volume of A ordinary shares of the Bank for the 20 preceding trading days (RMB5.20 per A ordinary share).

## 3. Cancellation of voting right restoration

After restoration of the voting rights of the preference shares, the voting rights shall remain restored until the date when the Bank pays the dividend on the preference share in full for the relevant year. Articles of Association may provide for other circumstances where the voting rights for preference shares may be restored.

## **X. Repayment Priority and Manner of Liquidation**

According to the Articles of Association, after the payment of liquidation expenses, employees' salary, social labour insurance premiums and statutory compensation, principal and interest of individual deposits, outstanding taxes and the Bank's other debts out of the property of the Bank, the Bank's remaining property after liquidation shall be first used to pay the preference shareholders an amount being the sum of the total principal value and any dividends payable but not yet paid on the

issued and outstanding preference shares. If the remaining property of the Bank is insufficient to pay all such amounts payable to the preference shareholders, the domestic and offshore preference shareholders shall be paid ratably. The Bank's remaining property after such liquidation will be distributed to the ordinary shareholders of the Bank according to the proportion of ordinary shares held by such ordinary shareholders.

## **XI. Rating**

The preference shares' rating shall be determined according to relevant laws and regulations and relevant market conditions.

## **XII. Security**

No security will be provided for the preference shares.

## **XIII. Trading or Transfer Restriction**

### 1. Lock-up period

The preference shares have no lock-up period.

### 2. Restrictions on investor eligibility

The investment eligibility standards applicable to any trading or transfer of the preference shares will be the same as those applicable at the time of issuance. The total number of investors holding preference shares of the same series after any transfer or trading shall not exceed 200.

## **XIV. Trading Arrangement**

The Bank will apply for non-public transfer and trading of the preference shares on Shanghai Stock Exchange.

## **XV. Effective Period of the Resolution on Issuance of Preference Shares**

The resolution on the issue of the preference shares shall have an effective period of 36 months (or such other effective period required by applicable laws or any regulatory authorities, which shall not exceed 36 months), commencing from the date when such resolution is approved by the Shareholders' General Meeting. Issuances of preference shares under the issuance plan of the preference shares approved by the Shareholders' General Meeting and within the effective period of such resolution will not require additional approval by the holders of then issued and outstanding preference shares.

## **XVI. Preference Share Authorization**

### 1. Authorization relating to the preference share issuance

In order to ensure the successful issuance of the preference shares, the Shareholders' General Meeting is requested to authorize the Board of Directors to deal with all matters relating to the issuance of preference shares based on the framework and principles approved by the Shareholders' General Meeting, within the effective period of the resolution on the preference shares (or such other effective period as otherwise required by the regulatory authorities in respect of the authorization given to the Board of Directors by the Shareholders' General Meeting, which shall not exceed the effective period of the resolution on the preference shares). These matters include but are not limited to:

(1) Drafting and implementing the final issuance plan of the preference shares, including but without limitation, determining of the number of issuances and the issuance size each time within the approved total issuance size, the method for determining the dividend rate and specific dividend rate,

the time of issuance and target investors, determining the specific commencement date of the redemption period with reference to the market conditions prior to issuance, rating arrangements, the special account for issuance proceeds and all other matters relating to the issuance plan;

(2) Making necessary amendments to the issuance plan of the preference shares in accordance with the latest regulatory requirements or regulatory policies and market conditions, except for such matters that must be approved again by the Shareholders' General Meeting according to relevant laws and regulations and the Articles of Association of the Bank;

(3) Preparing, revising, signing and submitting the reports and documents in relation to the issuance and transfer of the preference shares, and dealing with related matters;

(4) Revising, signing, implementing, submitting and publishing all the agreements, contracts and documents (including but not limited to sponsorship and underwriting agreements, agreements relating to the issuance proceeds, subscription agreements with investors, announcements, circulars and other information disclosure documents) in relation to the issuance of the preference shares;

(5) Revising the provisions of the Articles of Association that relate to the issuance of preference shares to the extent permitted by laws and regulations and in accordance with the views of the relevant regulatory authorities and taking into account the Bank's conditions and dealing with matters in relation to filing and registration with the relevant administration for industry and commerce and other matters; and;

(6) Other matters relating to the issuance of preference shares.

The above matters may be delegated by the Board of Directors to the Chairman, the President or other senior management members of the Bank to individually or jointly handle.

## 2. Other authorization relating to the preference share issuance

So long as the preference shares remain outstanding, the Shareholders' General Meeting is requested to delegate full authority to the Board of Directors to deal with the following matters according to laws and regulations, the Articles of Association and the relevant regulatory authorities and in compliance with the framework and principles approved by the Shareholders' General Meeting:

(1) Dealing with all matters relating to mandatory conversion of the preference shares with full authority when a trigger event of mandatory conversion takes place during the conversion term of the preference shares. The matters include but are not limited to determination of conversion period, conversion ratio and procedures for conversion, issuance of A ordinary shares on a mandatory conversion, amending the relevant provisions of the Articles of Association and completing the relevant regulatory approval formalities and the registration formalities with the relevant administration for industry and commerce for change of registered capital and other matters;

(2) Deciding on any redemption of preference shares during the redemption period with reference to market conditions and other factors and dealing with all matters relating to redemption of preference shares as approved by CBRC; and

(3) Determining and dealing with matters in relation to dividend payment to preference shareholders in accordance with the requirements of the issuance documents. However, cancellation of preference share dividends in whole or in part shall still require the approval of the Shareholders' General Meeting.

## **XVII. Relationship between Domestic Issuance and Offshore Issuance**

The domestic issuance and offshore issuance of preference shares are independent and not conditional upon each other.

## **XVIII. Application and Approval Procedures to Be Performed for the Issuance**

The issuance plan on the preference share is still subject to approval of the Shareholders' General Meeting and separate class meetings of ordinary shareholders. The Board of Directors requests the Shareholders' General Meeting and the separate class meetings of ordinary shareholders to approve the issuance plan of the domestic preference shares by means of special resolution. After shareholder approval has been obtained, the Bank will need to obtain the approval of CBRC and make a submission to CSRC for approval. Upon approval by CSRC, the Bank will apply to SSE and CSDC for issuance and transfer of the preference shares, and complete all the approval formalities necessary for the issuance.

## **Appendix 3**

### **Plan of Issuance of Offshore Preference Shares by China Construction Bank Corporation**

#### **I. Type and Number of Preference Shares to Be Issued**

The type of securities to be issued are offshore preference shares (the “preference shares” or the “offshore preference shares”). The offshore preference shares to be issued will not exceed 200 million shares (inclusive) or an equivalent of RMB20 billion, which shall be determined within the above amount by the Board of Directors (whose authority may be sub-delegated) under the authorization of the Shareholders’ General Meeting.

#### **II. Par Value and Issuance Price**

The preference shares to be issued have a par value of RMB100 per share. The preference shares will be issued at par or premium. The Shareholders’ General Meeting is requested to authorize the Board of Directors (whose authority may be sub-delegated) to determine the final issuance currency and issuance price in accordance with applicable laws, regulations and market practice as well as the market conditions at the time of issuance.

#### **III. Maturity Date**

The preference shares have no maturity date.

#### **IV. Use of Proceeds**

Upon approval by relevant regulators, all proceeds from the issuance will, after deduction of expenses relating to the issuance, be used to replenish additional tier 1 capital of the Bank.

#### **V. Issuance Method and Investors**

The preference shares will be offered by private placement according to relevant rules, and will be issued, subject to the approval by regulatory authorities, in one or multiple tranches according to relevant procedures. If the preference shares are issued in multiple tranches, each issuance will not need to separately obtain the approval of any issued and outstanding preference shareholders of the Bank.

Investors of the preference shares shall be qualified investors meeting relevant regulatory requirements and other laws and regulations, and the number of investors for each issuance of preference shares shall not exceed 200. All investors must subscribe for the preference shares in cash.

#### **VI. Profit Distribution Method for Preference Shareholders**

##### **1. Principles for determining dividend rate**

The preference shares may adopt a dividend rate that is adjusted at different intervals (such dividend rate calculated based on the preference share issuance price, which shall be similarly construed hereinafter). The dividend rate is the benchmark interest rate plus a fixed interest margin i.e. the dividend rate of the preference shares will remain unchanged within a fixed period after issuance of

the preference shares and will be adjusted after each specified period thereafter (with the dividend rate remaining unchanged during each such specified period).

The Bank will determine the dividend rate of the preference shares according to the market pricing. Subject to the authorization of the Shareholders' General Meeting, the Board of Directors (whose authority may be sub-delegated) shall make a final determination on the dividend rate with reference to market conditions, specific circumstances of the bank and investors' requirements and other factors at the time of issuance. The dividend rate of the preference shares shall not be higher than the weighted average return on equity of the Bank in most recent two financial years<sup>5</sup>.

## 2. Conditions for dividend distribution

(1) The Bank may distribute dividends to its preference shareholders on the condition that its capital position meets the regulatory capital requirements for commercial banks and if the Bank has distributable after-tax profit<sup>6</sup> after making up losses in accordance with law and setting aside statutory common reserve and general reserve. The offshore preference shareholders have the same ranking as the domestic preference shares in dividend distribution, both having priority over ordinary shareholders. Dividend payment shall not be linked to or vary with the Bank's ratings.

(2) The Bank shall be entitled to cancel the dividend distribution for the preference shares without being deemed as default. The Bank may use the dividends for preference shares so cancelled to repay other matured debts at its discretion.

(3) If the Bank fully or partly cancels dividends for the preference shares, it will not distribute profits to ordinary shareholders from the next day following the resolution is adopted at the Shareholders' General Meeting to cancel such dividends to the day when the payment of dividends has been resumed in full<sup>7</sup>. Except for the restrictions on the distribution of profits on ordinary shares, cancellation of dividend distribution for preference shares shall not have any other restrictions on the Bank.

## 3. Method of dividend payment

Dividends of the preference shares shall be calculated based on the total amount of the relevant series of offshore preference shares issued and outstanding (i.e. the product of the issuance price of the offshore preference shares and the number of offshore preference shares in the relevant series that are issued and outstanding, which shall be similarly construed hereinafter). Dividends for the preference shares shall be paid annually in cash and are denominated and announced in RMB. Dividends shall be calculated from the payment due date of the relevant series of offshore preference shares.

## 4. Method of dividend accumulation

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5 Weighted average return on equity is determined according to the Rules for Compilation of Information Disclosure by Companies Offering Securities to the Public No. 9: Calculation and Disclosure of Return on Equity and Earnings per Share (2010 Revision) and calculated on the basis of profits attributable to ordinary shareholders.

6 Distributable after-tax profit is the retained profit in the financial statements of the Bank prepared in accordance with the PRC Accounting Standards for Business Enterprises or the International Financial Reporting Standards, whichever is lower.

7 Payment of dividends has been resumed in full when the Bank decides to resume payment of dividends in full to preference shareholders after any period where the payment of dividends have been cancelled. Since the payment of dividends on the preference shares are non-cumulative, the above circumstance does not mean the Bank will pay dividends which have been cancelled in previous years.

Dividends of the preference shares are non-cumulative. Any amount of dividends not fully distributed to the preference shareholders in any year will not be accumulated to the next year.

## 5. Distribution of remaining profit

Except for the specified dividends that the preference shareholders are entitled to, the preference shareholders shall not participate in the distribution of any remaining profit to the ordinary shareholders.

## VII. Mandatory Conversion

### 1. Trigger conditions for mandatory conversion

(1) Upon the occurrence of an Additional Tier 1 Capital Trigger Event (that is, the core tier 1 capital adequacy ratio falling to 5.125% (or below)), the Bank shall have the right to convert (without the consent of the preference shareholders) in whole or in part the issued and outstanding preference shares into H ordinary shares according to their terms, so as to restore the Bank's core equity tier 1 capital adequacy ratio to above the trigger point (i.e. 5.125%). In the case of partial conversion, the preference shares shall be converted ratably and on the same conditions. After the preference shares have been converted into H ordinary shares, such H ordinary shares shall not be converted back into preference shares in any event.

(2) Upon the occurrence of a Tier 2 Capital Trigger Event, the Bank has the right to convert (without the consent of the preference shareholders) all of all the issued and outstanding preference shares into H ordinary shares according to their terms. After the preference shares have been converted into H ordinary shares, such H ordinary shares shall not be converted back into preference shares in any event. A Tier 2 Capital Trigger Event means either of the following circumstances occurs (whichever is earlier): a. the CBRC having decided that a conversion or write-off is necessary, without which the Bank would become non-viable; or b. any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Bank would become non-viable.

Upon the occurrence of any event requiring the mandatory conversion of the preference shares into ordinary shares, the Bank shall report such event to the CBRC for review and determination, and shall comply with the relevant obligations for information disclosure, including interim reports and announcements, according to the relevant regulatory requirements.

### 2. Mandatory conversion term

The mandatory conversion period of the preference shares commences on the first trading day after completion of the issuance and ends on the date when the preference shares are wholly redeemed or converted.

### 3. Mandatory conversion price

The initial mandatory conversion price of the preference shares shall be the average trading price of H ordinary shares of the Bank for the 20 trading days preceding the date of publication of the Board resolution in respect of the issuance plan of the preference shares.

Average trading price of the H ordinary shares of the Bank for the 20 preceding trading days = Total trading amount of H ordinary shares of the Bank for the 20 preceding trading days /Total trading volume of H ordinary shares of the Bank for the 20 preceding trading days, i.e. HKD5.98 per share.

Assuming the maximum number of preference shares under the issuance plan are all issued in one tranche and the preference shares are issued at a par value of RMB100 per share, then based on the

initial mandatory conversion price and assuming the preference shares are converted in full, the maximum number of H ordinary shares that would be issued is 4,239,424,014 shares.

After the issuance plan for the preference shares is approved by the Board of Directors, in the event that the Bank distributes bonus shares, recapitalizes, issues new shares at a price lower than the market price (excluding any increase in share capital due to conversion of financing instruments that are issued by the Bank and which are convertible into ordinary shares) or makes a rights issue in respect of the H ordinary shares, the Bank will adjust the mandatory conversion price to reflect each of the events above on a cumulative basis and in the order of occurrence; however, the adjustment shall not be made for the distribution of cash dividends for ordinary shares. Specific adjustment method is as follows:

Distribution of bonus shares or recapitalization:  $P1^* = P0^* \times N^* / (N^* + n^*)$ ;

Issuance of new H ordinary shares at a price lower than the market price or by a rights issue:  $P1^* = P0^* \times (N^* + k^*) / (N^* + n^*)$ ;  $k^* = n^* \times A^* / M^*$ ;

Where,  $P0^*$  denotes the mandatory conversion price effective before such adjustment;  $N^*$  denotes the total number of H ordinary shares of the Bank prior to such distribution of bonus shares and recapitalization, issuance of new shares or rights issue;  $n^*$  denotes the number of H ordinary shares issued in such distribution of bonus shares, recapitalization, issuance of new shares or rights issue;  $A^*$  denotes the price of new H ordinary shares issued in such issuance of new shares or rights issue;  $M^*$  denotes the closing price of H ordinary shares on the trading day immediately preceding the announcement of such issuance of new shares or rights issue (being the announcement on such issuance or rights issue that has taken effect and is irrevocable);  $P1^*$  denotes the mandatory conversion price effective after such adjustment.

In the event of cancellation of repurchased shares, merger, division or other circumstances that may lead to changes in the Bank's share class, number and/or shareholders' equity and thereby affect the rights and interests of the preference shareholders, the Bank shall have the right to adjust the mandatory conversion price in a fair and equitable manner so as to fully protect and balance the rights and interests of the preference shareholders and the ordinary shareholders. In that event the mandatory conversion price adjustment mechanism shall be determined in accordance with relevant requirements.

#### 4. Mandatory conversion rate, number and determination principles

In the event of mandatory conversion of the preference shares, the number of shares to be converted is calculated according to the formula:  $Q^* = V^* / P^* \times \text{conversion exchange rate}$ .

Where,  $Q^*$  denotes the number H ordinary shares that shall be mandatorily converted from the offshore preference shares held by each offshore preference shareholder;  $V^*$  denotes the total par value of offshore preference shares held by each offshore preference shareholder that is subject to mandatory conversion and subject to the mandatory conversion as determined under the principle that losses will be absorbed ratably between the domestic preference shares and offshore preference shares;  $P^*$  denotes the effective mandatory conversion price at the time of mandatory conversion,. Conversion exchange rate is calculated based on the rate between Hong Kong dollars and the currency in which the offshore preference shares are denominated based on the CNY Central Parity Rate published by China Foreign Exchange Trading Center on the trading day prior to announcement of the Board of Directors' resolution in respect of the issuance plan of the offshore preference shares.

Any fractional share arising from the mandatory conversion of the preference shares shall be handled by the Bank according to relevant regulatory requirements.

Upon the occurrence of a trigger event, the issued and outstanding preference shares shall be mandatorily converted into H ordinary shares in whole or in part (as determined in accordance with the principle that any losses will be absorbed ratably) according to the formula above.

##### 5. Attribution of relevant dividends in the year of mandatory conversion

The H ordinary shares issued by the Bank upon the mandatory conversion of the preference shares shall be entitled to the same rights to those of existing H ordinary shares. All the ordinary shareholders (including the holders of H ordinary shares converted from preference shares) registered on the shareholder register by the record date for any dividend distribution on ordinary shares may participate in the relevant dividend distribution for the current period.

## **VIII. Conditional Redemption**

### 1. Terms of conditional redemption

The preference shares have no maturity date. In accordance with the relevant regulations of CBRC, the Bank currently has no plan to exercise the redemption right for the preference shares and investors shall not have any expectation that the redemption right for the preference shares shall be exercised. Any exercise of the redemption right shall be subject to the prior approval of CBRC.

Subject to approval of CBRC and compliance with applicable requirements, the Bank may redeem the preference shares in whole or in part at least after five years following completion of the issuance of the preference share. The Shareholders' General Meeting is requested to authorize the Board of Directors (whose authority may be sub-delegated) to determine the specific redemption period applicable for any redemption of the preference shares in accordance with market conditions. the redemption period for the preference shares commences from the issue date to the date when all the preference shares have been wholly redeemed or converted.

The Bank's exercise of such redemption right shall be subject to the following requirements: a. the capital of the Bank will be replenished by substitution of the Preference Shares with capital instruments of the same or superior loss absorption quality to the preference shares, and such substitution shall only be made at a time at which the Bank has a sustainable income generating capability; or b. the amount of capital position of the Bank immediately after redemption of the preference shares will remain significantly higher than the regulatory capital requirements prescribed by CBRC.

### 2. Redemption price

During the redemption period, the Bank is entitled to redeem the preference shares in whole or in part at an amount equal to the issuance price of the preference shares plus any dividends payable<sup>8</sup>for the period.

### 3. Holder of the redemption right

The redemption right for the preference shares is at the option of the Bank, subject to the prior approval of CBRC. The preference shareholders shall not require the Bank to redeem the preference shares. The preference shares shall not contain any investor option to put back the preferences shares to the Bank. The preference shareholders shall not have any right to require the Bank to repurchase their preference shares.

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<sup>8</sup> Mean the dividends payable but not yet paid.

## **IX. Voting Right Restrictions and Restoration**

### i. Voting right restrictions

Pursuant to the Articles of Association, the preference shareholders generally have no right to attend any Shareholders' General Meeting, nor shall they have voting rights for the preference shares they hold. If any of the following circumstances occur, the holders of preferred shares will be entitled to attend Shareholders' General Meetings and vote on the following matters at a separate class meeting of preference shareholders. If any of the following circumstances occur, the holders of preferred shares will have one vote for each share they hold, but preference shares held by the Bank will not have any voting rights.

- (1) Amendments to the Articles of Association of the Bank that relates to preference shares;
- (2) The Bank reduces its registered capital by more than 10% on an individual or cumulative basis;
- (3) A merger, division, dissolution or change of corporate form of the Bank;
- (4) The Bank issues preference shares; or
- (5) Other events specified in the Articles of Association that change or abrogate the rights of preference shareholders.

Resolutions on the matters above shall require the approval of more than two thirds of the votes held by the preference shareholders present at the meeting (excluding the preference shareholders with restored voting rights) in addition to the approval of more than two thirds of the votes held by the ordinary shareholders present at the meeting (including the preference shareholders with restored voting rights).

### 2. Restoration of voting rights

According to the Articles of Association, if the Bank fails to pay the agreed dividends to the preference shareholders for three financial years in aggregate or two consecutive financial years during the time the preference shares remain outstanding, the preference shareholders will have the right to attend Shareholders' General Meetings and exercise voting rights together with the ordinary shareholders from the next day after the Shareholders' General Meeting resolve that the Bank will not pay the agreed dividend for such year. The voting rights of offshore preference shareholders with restored voting rights shall be calculated according to the formula below:

$R^* = W^*/E^* \times \text{conversion exchange rate}$ , with the restored voting rights rounded down to the nearest whole number.

Where,  $R^*$  denotes the H ordinary share voting rights restored from offshore preference shares held by each offshore preference shareholder;  $W^*$  denotes the total amount of offshore preference shares held by such offshore preference shareholder;  $E^*$  denotes the restored voting right conversion price, being the average trading price of H ordinary shares of the Bank in 20 trading days preceding the date of publication of the Board resolution in respect of the issuance plan of the preference shares; conversion exchange rate is calculated based on the rate between Hong Kong dollars and the currency in which the offshore preference shares are denominated based on the CNY Central Parity Rate published by China Foreign Exchange Trading Center on the trading day prior to announcement of the Board of Directors' resolution in respect of the issuance plan of the offshore preference shares.

Average trading price of H ordinary shares of the Bank for the 20 preceding trading days = Total trading amount of H ordinary shares of the Bank for the 20 preceding trading days/Total trading volume of H ordinary shares of the Bank for the 20 preceding trading days, i.e. HKD5.98 per share.

### 3. Cancellation of voting right restoration

After restoration of the voting rights of the preference shares, the voting rights shall remain restored until the date when the Bank pays the dividend on the preference share in full for the relevant year. Articles of Association may provide for other circumstances where the voting rights for preference shares may be restored.

## **X. Repayment Priority and Manner of Liquidation**

According to the Articles of Association, after the payment of liquidation expenses, employees' salary, social labour insurance premium and statutory compensation, principal and interest on individual deposits, outstanding taxes and the Bank's other debts out of the property of the Bank, the Bank's remaining property after liquidation shall be first used to pay the preference shareholders an amount being equal to the total principal value and any dividends payable but not yet paid on the issued and outstanding preference share. If the remaining property of the Bank is insufficient to pay all such amounts payable to the preference shareholders, the domestic and offshore preference shareholders shall be paid ratably. The Bank's remaining property after such liquidation will be distributed to the ordinary shareholders of the Bank according to the proportion of ordinary shares held by such ordinary shareholders.

## **XI. Rating**

The preference shares' rating shall be determined according to relevant laws, regulations and the relevant market conditions.

## **XII. Security**

No security will be provided for the preference shares.

## **XIII. Lock-up period**

The preference shares have no lock-up period.

## **XIV. Effective Period of the Resolution on Issuance of Preference Shares**

The resolution on the issue of the preference shares shall have an effective period of 36 months (or such other effective period required by applicable laws or any regulatory authorities, which shall not exceed 36 months), commencing from the date when such resolution is approved by the Shareholders' General Meeting. Issuances of preference shares under the issuance plan of the preference shares approved by the Shareholders' General Meeting and within the effective period of such resolution will not require additional approval by the holders of then issued and outstanding preference shares.

## **XV. Trading/Listing Arrangement**

The trading/listing arrangement for the preference shares will be specified in the issuance documents.

## **XVI. Preference Share Authorization**

### 1. Authorization relating to the preference share issuance

In order to ensure the successful issuance of the preference shares, the Shareholders' General Meeting is requested to authorize the Board of Directors to deal with all matters relating to the issuance of preference shares based on the framework and principles approved by the Shareholders'

General Meeting, within the effective period of the resolution on the preference shares (or such other effective period as otherwise required by the regulatory authorities in respect of the authorization given to the Board of Directors by the Shareholders' General Meeting, which shall not exceed the effective period of the resolution on the preference shares). These matters include but are not limited to:

- (1) Drafting and implementing the final issuance plan of the preference shares, including but without limitation, determining the number of issuances and the issuance size each time within the approved total issuance size, the method of determining the dividend rate and specific dividend rate, the relevant tax arrangements in respect of dividend payments, the time of issuance and target investors, determining the issuance price at par or at premium with reference to the market conditions prior to issuance, issuance currency, subscription currency, determining the specific commencement date of the redemption period and the specific issuance method, rating arrangements, the special account for issuance proceeds, and all the other matters relating to the issuance plan;
- (2) Making necessary adjustments to the issuance plan of the preference shares in accordance with the latest regulatory requirements or regulatory policies and market conditions, except for the such matters that must be approved again by the Shareholders' General Meeting according to relevant laws, regulations and the Articles of Association of the Bank;
- (3) Preparing, revising, signing and submitting the reports and documents in relation to the issuance and transfer of the preference shares, and dealing with the matters relating to listing of preference shares;
- (4) Revising, signing, implementing, submitting and publishing all the agreements, contracts and documents (including but not limited to sponsorship and underwriting agreements, agreements relating to the issuance proceeds, subscription agreements signed with investors, announcements, circulars and other information disclosure documents) in relation to the issuance of preference shares;
- (5) Revising the provisions of the Articles of Association that relate to the issuance of preference shares to the extent permitted by laws and regulations and in accordance with the views of the relevant regulatory authorities and taking into account the Bank's conditions and dealing with matters in relation to filing and registration with the relevant administration for industry and commerce and other matters; and
- (6) Other matters relating to the issuance of preference shares.

The above matters may be delegated by the Board of Directors to the Chairman, the President or other senior management members of the Bank to individually or jointly handle.

## 2. Other authorization relating to the issuance of preference shares

So long as the preference shares remain outstanding, the Shareholders' General Meeting is requested to delegate full authority to the Board of Directors to deal with the following matters according to laws, regulations, the Articles of Association and the relevant regulatory authorities and in compliance with the framework and principles approved by the Shareholders' General Meeting:

- (1) Dealing with all matters relating to mandatory conversion of the preference shares with full authority when a trigger event of mandatory conversion takes place during the conversion term of the preference shares. The matters include but are not limited to determination of conversion period, conversion ratio and procedures for conversion, issuance of H ordinary shares on a mandatory conversion, amending the relevant provisions of the Articles of Association and completing the

relevant regulatory approval formalities and the registration formalities with the relevant administration for industry and commerce for change of registered capital;

(2) Deciding on any redemption of preference shares during the redemption period with reference to market conditions and other factors and dealing with all matters relating to redemption of preference shares as approved by CBRC; and

(3) Determining and dealing with matters in relation to dividend payment to preference shareholders in accordance with the requirements of the issuance documents. However, cancellation of preference share dividends in whole or in part shall still require the approval of the Shareholders' General Meeting.

## **XVII. Relationship between Domestic Issuance and Offshore Issuance**

The domestic issuance and offshore issuance of preference shares are independent and not conditional upon each other.

## **XVIII. Application and Approval Procedures to Be Performed for the Issuance**

The issuance plan on the preference share is still subject to approval by the Shareholders' General Meeting and separate class meetings of ordinary shareholders. The Board of Directors requests the Shareholders' General Meeting and the separate class meetings of ordinary shareholders to approve the issuance plan of the offshore preference shares by means of special resolution. After shareholder approval has been obtained, the Bank will need to obtain the approval of CBRC and make a submission to CSRC for approval.

## **Appendix 4**

### **Returns to Shareholders Plan of 2015 to 2017 by China Construction Bank Corporation**

In order to further enhance the sense of shareholder return and improve and effectively implement the cash dividend policy, the Board of Directors formulated the shareholder return plan for the next three years (2015-2017) (the “*Plan*”) in accordance with the *Company Law*, the *Securities Law*, the *Notice of China Securities Regulatory Commission on Further Implementing Matters regarding Cash Dividend Distribution of Listed Companies* and the *Guideline No. 3 for Supervision of Listed Companies - Cash Dividend Distribution of Listed Companies*.

#### **I. Basic Principles**

- (1) Attach great importance to the reasonable return to shareholders and also have due regard to the long-term interests of the Bank, overall interests of all shareholders and sustainable development of the Bank;
- (2) Distribute profit in accordance with the articles specified in the *Articles of Association*;
- (3) Distribute profit in the form of cash dividend first;
- (4) Maintain the continuity and stability of the profit distribution policy.

#### **II. Shareholder Return Plan for 2015-2017**

- (1) The Bank may distribute dividend in cash, shares or a combination of cash and shares. The Bank stresses reasonable return to shareholders in profit distribution. The Bank distributes profit in the form of cash dividend first;
- (2) The Bank should maintain the continuity and stability of the profit distribution policy, having due regard to the long-term interests of the Bank, overall interests of all shareholders and sustainable development of the Bank.
- (3) Unless in special circumstances, the Bank distributes dividend in cash if it makes a profit in the current year and cumulative retained earnings are positive. The profit distributed in cash by the Bank in a financial year shall not be less than 10% of the Group-wide net profit attributable to common shareholders of the Bank in the year. Special circumstances include the following: general reserves and capital adequacy ratios do not meet requirements of China Banking Regulatory Commission (CBRC) or other regulatory authorities; CBRC or other regulatory authorities impose restrictions on dividend distribution by the Bank; dividend distribution is otherwise inappropriate under laws, regulations, ordinances and rules of the securities regulators where the Bank’s shares are publicly traded.

#### **III. Decision and Supervision Mechanism for Plan Development, Execution and Adjustment**

- (1) The Board of Directors of the Bank developed this Plan in accordance with relevant laws, regulations, normative documents, the *Articles of Association* and the actualities of the Bank, taking into account the opinions of shareholders (especially small and medium shareholders), independent directors and supervisors. After being adopted by the Board of Directors, this Plan will be submitted to the General Meeting of Shareholders for approval prior to implementation.
- (2) The Bank may adjust the profit distribution policy to reflect major changes in regulatory policy, material effects of external business environment changes on the operation of the Bank or significant changes in operating conditions of the Bank. If the Bank adjusts the profit distribution plan, the

Board of Directors shall develop a written report that includes detailed reason for adjustment, on which independent directors shall give an opinion. The report shall be submitted to the General Meeting of Shareholders for adoption by special resolution. In deliberation on the adjustment of profit distribution plan, the Bank will provide shareholders with online voting options.

(3) If the cash dividend is not distributed in the proportion specified in the Articles of Association in the above special circumstances, the Board of Directors shall specify the reason in the proposal to the General Meeting of Shareholders. If the Bank does not distribute cash dividend in the above special circumstances, the Board of Directors shall make a special statement of the specific reason for non-distribution, specific purpose of retained earnings and anticipated return on investment. After independent directors give an opinion on it, the statement shall be submitted to the General Meeting of Shareholders for review and disclosed on the media outlets designated by the Bank.

(4) The Bank encourages small and medium shareholders and institutional investors to take part in the decision making on profit distribution matters of the Bank. Independent directors of the Bank may seek opinions from small and medium shareholders and submit a proposal on dividend distribution directly to the Board of Directors for review. Before reviewing on the cash dividend distribution plan, the General Meeting of Shareholders should communicate and exchange ideas with shareholders, in particular small and medium shareholders, listen to all comments and demands of small and medium shareholders and promptly respond to concerns of small and medium shareholders through multiple channels.

#### **IV. Return to Preference Shareholders**

The return to shareholders as referred to in this Plan means return to common shareholders. The return to preference shareholders will be handled in accordance with the *Articles of Association* and the preference share issuance plan of the Bank.

Any matters not covered by this Plan are subject to relevant laws, regulations, normative documents and the *Articles of Association*. This Plan is subject to interpretation by the Board of Directors and becomes effective upon adaptation by the General Meeting of Shareholders of the Bank.

## **Appendix 5**

### **Impacts on Dilution of Current Returns of The Issuance of Preference Shares by China Construction Bank Corporation and Remedial Measures**

Pursuant to the *Opinion of the General Office of the State Council on Further Strengthening Protection of Legitimate Interests of Small and Medium Investors in the Capital Market* (G.B.F. [2013] No. 110) and *Rule No. 33 on the Content and Format for Information Disclosure of Companies Issuing Public Securities – Proposal and Report for Issuance of Preference Shares*, where refinancing of a listed company dilutes immediate return, the listed company shall promise and implement specific offsetting measures. The Bank analyzes the possible effect of the preference share issuance on the interests of and immediate return to small and medium shareholders and puts forward specific offsetting measures taking into account actualities of the Bank.

#### **I. Analysis of Impact of the Proposed Preference Share Issuance**

Pursuant to the *Opinion of the General Office of the State Council on Further Strengthening Protection of Legitimate Interests of Small and Medium Investors in the Capital Market* (G.B.F. [2013] No. 110), a listed company whose refinancing or merger, acquisition or reorganization dilutes the immediate return shall promise and implement specific offsetting measures. The *Regulation Governing Capital of Commercial Banks* sets forth stricter requirements on the capital quality and capital adequacy ratios of commercial banks. The Bank plans to raise funds by issuing preference shares and use all the raised funds for replenishing additional tier 1 capital, with the aim of further optimizing capital structure and support stronger business development of the Bank.

With the raised funds in place, the Bank will effectively allocate capital resources to achieve a reasonable level of return on capital. If the Bank effectively invests raised funds to support its principal activities immediately after capital replenishment, normally immediate comprehensive income will be generated in current period. Given the special nature of commercial banking, however, the income from raised funds cannot be measured separately.

Pursuant to the *Accounting Standard for Business Enterprises No. 34 – Earnings Per Share*, the *Rule No. 9 on the Preparation of Information Disclosure of Companies Issuing Public Securities – Calculation and Disclosure of Return on Equity and Earnings Per Share* (revised in 2010) and the *Provisions on Distinction between Financial Liabilities and Equity Instruments and Relevant Accounting Treatment*, when return on equity and basic earnings per share are calculated, net profit and equity shall be measured based on the relevant data attributable to common shareholders.

That is, the numerator in the calculation formula shall be net profit attributable to common shareholders (net profit attributable to parent company in the current year net of preference share dividend declared for the current period). Therefore, if the benefits from raised funds support development are not considered at all, the proposed preference share issuance will have some dilutive effect on the immediate return on common shareholders of the Bank. Specifically speaking, statically the return on equity and basic earnings per share will decline after the preference share issuance.

However, if the Bank maintains the current efficiency of capital operation, the benefits from the raised funds support development will increase operating income and net profit. As the dividend rate of preference shares is lower than average return on equity of the Bank, from a dynamic point of

view, preference share issuance will increase weighted average return on equity and basic earnings per share for common shareholders.

The Bank makes static simulation and calculation of possible effects on the above indicators under assumptions in relevant issue documents. Taking into account the specific nature of commercial banking and the Bank's actualities, the proposed issuance have a minor effect on relevant indicators.

## **II. Offsetting Measures of the Board of Directors**

The Bank makes no performance commitments regarding the proposed preference share issuance. In order to effectively use raised funds from the proposed financing, fully protect interests of common shareholders of the Bank, in particular small and medium shareholders, the Bank will observe and take the following principles and measures to further boost operating results of the Bank, seek to increase the return to shareholders in medium and long terms and offset the dilutive effect of the proposed preference share issuance on common shareholders and the return to them.

1. Regulate the management and use of raised funds and maximize the benefits of it. Given the special nature of commercial banking, raised funds are used for capital replenishment other than specific projects. Therefore, the use and benefits of raised funds cannot be measured separately. The Bank will strengthen management of raised funds, maximize the benefits and leverage effect of raised funds, create a reasonable return on capital, seek a positive effect on return on equity, earnings per share and other financial indicators, effectively offset the dilative effect of the proposed preference share issuance on common shareholders and their return and support sustainable development.

2. Strengthen the accumulation of internal capital. The Bank will adopt measures like accelerating diversified operation, vigorously developing intermediary business, promoting product innovation, improving service quality and controlling costs and expenditures will be used to enhance the profitability and keep balanced dividend distribution ratio, to enhance retained earnings and the accumulation of internal capital.

3. Improve the capital constraint and transmission mechanism, optimize business and income structure. The Bank will step up the adjustment of business and income structure and improve the capital constraint and incentive mechanism under the strategy of "diversification, multifunction and intensification", thereby boosting the capital allocation efficiency and the return on capital. During the planning period, it will keep a balanced capital growth rate; further improve the on- and off-balance sheet asset structure, encourage the development of capital-efficient business like retail banking business and small and micro enterprise businesses, and properly control the growth of on- and off-balance sheet assets with high risk weight; constantly improve the income structure, promote the steady development of capital-efficient intermediary business and lower the dependence on capital-intensive business in increasing profits. Meanwhile, internal management should be further refined and the constraint role of capital should be strengthened in the marketing, risk pricing, resource allocation and performance evaluation to improve the efficiency of capital use.

4. Vigorously push forward the implementation and application of advanced capital management approaches. Taking the implementation of advanced capital management approaches as an opportunity, the Bank will keep on working to be compliance with the advanced approach, improve the models and parameters of capital measurement, more accurately evaluate and quantify risks and continue the overall application of measurement results in risk management, business management and capital management. The internal capital adequacy assessment will be improved to cover all risks. Information disclosure about capital management will be strengthened to ensure the compliance with regulatory requirements.

5. Maintain continuous stability of the shareholder return policy. The Bank attaches great importance to the reasonable return to shareholders in profit distribution and distributes cash dividend to

shareholders continuously. The Board of Directors shows full respect for the opinions and claims of shareholders in developing the profit distribution plan, protects interests of small and medium investors and submits the profit distribution plan to the General Meeting of Shareholders for approval. The Bank will continue to maintain the continuity and stability of the profit distribution policy and persistently create long-term value for shareholders.

The proposed issuance helps the Bank fortify capital base, optimize capital structure, meet requirements on capital management of commercial banks and promote healthy and sustainable development of the Bank.