
CORNERSTONE INVESTORS

THE CORNERSTONE PLACING

The Bank has entered into cornerstone investment agreements (each, a “**Cornerstone Investment Agreement**”) with certain investors (the “**Cornerstone Investors**”, each, a “**Cornerstone Investor**”), pursuant to which the Cornerstone Investors have agreed to purchase at the Offer Price certain H Shares of the Bank (the “**Cornerstone Placing**”).

The total subscription price payable by all the Cornerstone Investors based on the number of Offer Shares subscribed for and the assumption of the following Offer Price is set out below (or where applicable, the actual total subscription price as stated in the relevant Cornerstone Investment Agreement and subject to the rounding down to the nearest whole board lot of 1,000 H Shares):

Offer Price (HK\$)	Number of H Shares to be subscribed	Total subscription amount (HK\$ in millions)	Approximate percentage of the Shares in issue immediately following the Global Offering (assuming that the Over-allotment Option is not exercised)	Approximate percentage of the Shares in issue immediately following the completion of the Global Offering (assuming that the Over-allotment Option is fully exercised)	Approximate percentage of the H Shares in issue immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised)	Approximate percentage of the H Shares in issue immediately following the completion of the Global Offering (assuming that the Over-allotment Option is fully exercised)	Approximately percentage of the International Offer Shares initially offered under the International Offering (assuming that the Over-allotment Option is not exercised)	Approximately percentage of the International Offer Shares initially offered under the International Offering (assuming that the Over-allotment Option is fully exercised)
4.54 (being the low-end of the indicative Offer Price range stated in this prospectus)	210,000,000	953.4	5.4%	5.3%	31.8%	27.7%	35.4%	30.3%
4.65 (being the mid-point of the indicative Offer Price range stated in this prospectus)	210,000,000	976.5	5.4%	5.3%	31.8%	27.7%	35.4%	30.3%
4.76 (being the high-end of the indicative Offer Price range stated in this prospectus)	208,651,000	993.2	5.4%	5.2%	31.6%	27.5%	35.1%	30.1%

The Cornerstone Placing will form part of the International Offering and none of such Cornerstone Investors will subscribe for any Offer Share under the Global Offering (other than and pursuant to their respective Cornerstone Investment Agreements). The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the other fully paid H Shares in issue upon completion of the Global Offering and will be counted towards the public float of the Bank. Immediately following the completion of the Global Offering, none of the Cornerstone Investors will have any board representation in the Bank, nor will any of the Cornerstone Investors become a substantial shareholder of the Bank (as defined under the Hong Kong Listing Rules). The Offer Shares to be subscribed for by the Cornerstone Investors will not be affected by any reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section headed “Structure of the Global Offering—The Hong Kong Public Offering”.

To the best knowledge of the Bank, each of the Cornerstone Investors is an independent third party and independent of other Cornerstone Investors, not a connected person and not an existing shareholder or close associates of the Group.

Pursuant to Rule 8.08(3) of the Hong Kong Listing Rules, no more than 50% of the H Shares in public hands on the Listing Date can be beneficially owned by the three largest public shareholders of

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H Shares. In the event that the Offer Price is set at the low-end of the indicative Offer Price range set out in this prospectus, to satisfy the requirement under Rule 8.08(3) of the Hong Kong Listing Rules, pursuant to the Cornerstone Investment Agreements, the relevant representative under the Cornerstone Investment Agreements can adjust the allocation of the number of the H Shares to the Cornerstone Investors to satisfy the requirements under Rule 8.08(3) of the Hong Kong Listing Rules.

Details of the allocations to the Cornerstone Investors will be disclosed in the announcement of results of allocations in the Hong Kong Public Offering to be published on or around January 11, 2017.

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The Bank has entered into the Cornerstone Investment Agreements with the following Cornerstone Investors in respect of the Cornerstone Placing:

Assuming that the final Offer Price is fixed at HK\$4.54 per H Share (being the low-end of the indicative Offer Price range stated in this prospectus) and based on the number of Offer Shares to be subscribed by each Cornerstone Investor (or where applicable, the actual total subscription price as stated in the relevant subscription agreement and subject to the rounding down to the nearest whole board lot of 1,000 H Shares), the total subscription amount payable by each Cornerstone Investor is set out below:

Cornerstone Investor	Based on the Offer Price of HK\$4.54 (being the low-end of the Offer Price range)					
	Investment Amount (HK\$ in millions)	Number of H Shares to be subscribed	Approximate percentage of the Shares in issue immediately following the Global Offering (assuming that the Over-allotment Option is not exercised)	Approximate percentage of the Shares in issue immediately following the completion of the Global Offering (assuming that the Over-allotment Option is fully exercised)	Approximate percentage of the H Shares in issue immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised)	Approximate percentage of the H Shares in issue immediately following the completion of the Global Offering (assuming that the Over-allotment Option is fully exercised)
China Create Capital Limited	499.4	110,000,000	2.8%	2.8%	16.7%	14.5%
Suhang Investment Holdings Limited ⁽¹⁾	454.0	100,000,000	2.6%	2.5%	15.2%	13.2%

Note:

(1) Suhang Investment Holdings Limited has agreed to subscribe for 100,000,000 H Shares, and the investment amount shall be calculated based on the Offer Price accordingly. However, if the investment amount calculated based on the Offer Price is more than RMB420,000,000, the number of the H Shares to be subscribed by Suhang Investment Holdings Limited shall be adjusted to (a) the Hong Kong dollars equivalent of RMB420,000,000 (calculated at the exchange rate published by The Hongkong Shanghai Banking Corporation after the close of business on the business day immediately prior to the Price Determination Date) divided by (b) the Offer Price (excluding brokerage of 1%, SFC transaction levy of 0.0027% and the Hong Kong Stock Exchange trading fee of 0.005% which Suhang Investment Holdings Limited will pay in respect of such H Shares), rounded down to the nearest whole board lot of 1,000 H Shares. Based on the exchange rate of RMB0.89441 to HK\$1.00000 (being the middle exchange rate set by the PBOC prevailing on December 20, 2016), if the Offer Price is fixed at HK\$4.54 per H Share (being the low-end of the indicative Offer Price range in this prospectus), the total investment amount payable by Suhang Investment Holdings Limited for 100,000,000 H Shares is less than RMB420,000,000. Therefore, if the final Offer Price is set at HK\$4.54 per H Share, the number of the H Shares to be subscribed by Suhang Investment Holdings Limited will be 100,000,000.

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Assuming that the final Offer Price is fixed at HK\$4.76 per H Share (being the high-end of the indicative Offer Price range stated in this prospectus) and based on the number of Offer Shares to be subscribed by each Cornerstone Investor (or where applicable, the actual total subscription price as stated in the relevant subscription agreement and subject to the rounding down to the nearest whole board lot of 1,000 H Shares), the total subscription amount payable by each Cornerstone Investor is set out below:

Cornerstone Investor	Based on the Offer Price of HK\$4.76 (being the high-end of the Offer Price range)					
	Investment Amount (HK\$ in millions)	Number of H Shares to be subscribed	Approximate percentage of the Shares in issue immediately following the Global Offering (assuming that the Over- allotment Option is not exercised)	Approximate percentage of the Shares in issue immediately following the completion of the Global Offering (assuming that the Over- allotment Option is fully exercised)	Approximate percentage of the H Shares in issue immediately following the completion of the Global Offering (assuming that the Over- allotment Option is not exercised)	Approximate percentage of the H Shares in issue immediately following the completion of the Global Offering (assuming that the Over- allotment Option is fully exercised)
China Create Capital Limited	523.6	110,000,000	2.8%	2.8%	16.7%	14.5%
Suhang Investment Holdings Limited ⁽¹⁾	469.6	98,651,000	2.5%	2.5%	14.9%	13.0%

Note:

- (1) Suhang Investment Holdings Limited has agreed to subscribe for 100,000,000 H Shares, and the investment amount shall be calculated based on the Offer Price accordingly. However, if the investment amount calculated based on the Offer Price is more than RMB420,000,000, the number of the H Shares to be subscribed by Suhang Investment Holdings Limited shall be adjusted to (a) the Hong Kong dollars equivalent of RMB420,000,000 (calculated at the exchange rate published by The Hongkong Shanghai Banking Corporation after the close of business on the business day immediately prior to the Price Determination Date) divided by (b) the Offer Price (excluding brokerage of 1%, SFC transaction levy of 0.0027% and the Hong Kong Stock Exchange trading fee of 0.005% which Suhang Investment Holdings Limited will pay in respect of such H Shares), rounded down to the nearest whole board lot of 1,000 H Shares. Based on the exchange rate of RMB0.89441 to HK\$1.00000 (being the middle exchange rate set by the PBOC prevailing on December 20, 2016), if the Offer Price is fixed at HK\$4.76 per H Share (being the high-end of the indicative Offer Price range in this prospectus), the total investment amount payable by Suhang Investment Holdings Limited for 100,000,000 H Shares is more than RMB420,000,000. Therefore, if the final Offer Price is set at HK\$4.76 per H Shares, the number of the H Shares to be subscribed by Suhang Investment Holdings Limited will be adjusted to 98,651,000 as calculated in accordance with the aforesaid formula.

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Assuming that the final Offer Price is fixed at HK\$4.65 per H Share (being the mid-point of the indicative Offer Price range stated in this prospectus) and based on the number of Offer Shares to be subscribed by each Cornerstone Investor (or where applicable, the actual total subscription price as stated in the relevant subscription agreement and subject to the rounding down to the nearest whole board lot of 1,000 H Shares), the total subscription amount payable by each Cornerstone Investor is set out below:

Based on the Offer Price of HK\$4.65 (being the mid-point of the Offer Price range)						
Cornerstone Investor	Investment Amount (HK\$ in millions)	Number of H Shares to be subscribed	Approximate percentage of the Shares in issue immediately following the Global Offering (assuming that the Over- allotment Option is not exercised)	Approximate percentage of the Shares in issue immediately following the completion of the Global Offering (assuming that the Over- allotment Option is fully exercised)	Approximate percentage of the H Shares in issue immediately following the completion of the Global Offering (assuming that the Over- allotment Option is not exercised)	Approximate percentage of the H Shares in issue immediately following the completion of the Global Offering (assuming that the Over- allotment Option is fully exercised)
China Create Capital Limited	511.5	110,000,000	2.8%	2.8%	16.7%	14.5%
Suhang Investment Holdings Limited ⁽¹⁾	465.0	100,000,000	2.6%	2.5%	15.2%	13.2%

Note:

(1) Suhang Investment Holdings Limited has agreed to subscribe for 100,000,000 H Shares, and the investment amount shall be calculated based on the Offer Price accordingly. However, if the investment amount calculated based on the Offer Price is more than RMB420,000,000, the number of the H Shares to be subscribed by Suhang Investment Holdings Limited shall be adjusted to (a) the Hong Kong dollars equivalent of RMB420,000,000 (calculated at the exchange rate published by The Hongkong Shanghai Banking Corporation after the close of business on the business day immediately prior to the Price Determination Date) divided by (b) the Offer Price (excluding brokerage of 1%, SFC transaction levy of 0.0027% and the Hong Kong Stock Exchange trading fee of 0.005% which Suhang Investment Holdings Limited will pay in respect of such H Shares), rounded down to the nearest whole board lot of 1,000 H Shares. Based on the exchange rate of RMB0.89441 to HK\$1.00000 (being the middle exchange rate set by the PBOC prevailing on December 20, 2016), if the Offer Price is fixed at HK\$4.65 per H Share (being the mid-point of the indicative Offer Price range in this prospectus), the total investment amount payable by Suhang Investment Holdings Limited for 100,000,000 H Shares is less than RMB420,000,000. Therefore, if the final Offer Price is set at HK\$4.65 per H Share, the number of the H Shares to be subscribed by Suhang Investment Holdings Limited will be 100,000,000.

Set forth below is a brief introduction of the Bank's Cornerstone Investors.

China Create Capital Limited (“China Create Capital”)

China Create Capital is a company incorporated in the British Virgin Islands and is wholly owned by Mr. Zhang Wei (張偉). The principal business of China Create Capital is investment holding.

China Create Capital may obtain external financing by entering into a loan facility with CCB International Securities Limited (the “CCBI Lender”) to finance its subscription of the Offer Shares. The ultimate beneficial owner of the CCBI Lender is China Construction Bank Corporation, a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 939) and the Shanghai Stock Exchange (stock code: 601939). The loan, if obtained, will be on normal commercial terms after arm's length negotiations with no other direct or indirect benefits given by the CCBI Lender. All or some of the Offer Shares to be subscribed for by China Create Capital may be charged

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to the CCBI Lender as security for the loan facility. Under the financing arrangement, upon the occurrence of certain customary events of default, China Create Capital may be required to repay the loan before its maturity. The CCBI Lender may therefore have the right to enforce the security interest in the Offer Shares subject to such charge at any time upon the occurrence of certain customary events of default, save that each of China Create Capital and the CCBI Lender agrees and undertakes the Bank to procure the CCBI Lender not to and/or not to dispose of the collateral shares under the financing arrangement (as the case may be) at any time during the period of six months following the Listing Date.

Suhang Investment Holdings Limited (“Suhang Investment”)

Suhang Investment Holdings Limited, a wholly-owned subsidiary of China Huarong International Holdings Limited, is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. China Huarong International Holdings Limited is a subsidiary of China Huarong Asset Management Co., Ltd, a company listed on the Hong Kong Stock Exchange (stock code: 2799). The principal business segments of China Huarong Asset Management Co., Ltd. are (1) distressed asset management, (2) financial services, and (3) asset management and investment.

CONDITIONS PRECEDENT

The subscription obligation of each Cornerstone Investor is subject to, amongst other things, the following conditions precedent:

- a. the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into, having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in these underwriting agreements;
- b. neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement having been terminated;
- c. the Listing Committee of the Hong Kong Stock Exchange having granted the listing of, and permission to deal in, the H Shares and such approval or permission not having been revoked by no later than 180 days after the date of the relevant Cornerstone Investment Agreement;
- d. no laws, statutes, legislation, ordinances, rules, regulations, guidelines, opinions, notices, circulars, official directives, requests, orders, judgments, decrees or rulings of any court, government, governmental, intergovernmental, supranational body, agency, department or of regulatory, self-regulatory or other authority or organization (including, without limitation, the Hong Kong Stock Exchange and the SFC) of all relevant jurisdictions having been enacted or promulgated by any governmental authority which prohibits the consummation of the closing of the relevant Cornerstone Investment Agreement and there being no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting the consummation of the closing of the relevant Cornerstone Investment Agreement; and
- e. the respective representations, warranties, undertakings, acknowledgements and confirmations of the Cornerstone Investor in the relevant Cornerstone Investment Agreement being (as of the date of the relevant Cornerstone Investment Agreement) and

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will be (as of the closing of the Cornerstone Placing) accurate and true in all material respects and there being no material breach of the relevant Cornerstone Investment Agreement on the part of the Cornerstone Investor.

RESTRICTIONS ON THE CORNERSTONE INVESTORS' INVESTMENT

Each of the Cornerstone Investors has agreed that, without the prior written consent of the Bank and the Joint Global Coordinators, it will not, and will cause its affiliates not to, whether directly or indirectly, at any time during the period of six months following the Listing Date, dispose of (as defined in the relevant Cornerstone Investment Agreement) any of the relevant H Shares or any interest in any company or entity holding any of the relevant H Shares, other than in certain limited circumstances such as transfers to any wholly-owned subsidiary of such Cornerstone Investor provided that, amongst other requirements, such wholly-owned subsidiary undertakes to, and the Cornerstone Investor undertakes to procure that such subsidiary will abide by such restrictions imposed on the Cornerstone Investor.