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

(Stock Code: 939)

(USD Preference Shares Stock Code: 4606)

Overseas Regulatory Announcement

This announcement is published pursuant to rule 13.09(2) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

In accordance with relevant laws and regulations of People's Republic of China, the Bank published the Announcement on the Amendment to the Impact of Diluted Immediate Return from Preference Share Issuance of China Construction Bank Corporation and Measures to Make up the Return on the website of Shanghai Stock Exchange on 29 April 2016. Please refer to the above-mentioned announcement attached below.

By order of the Board
China Construction Bank Corporation
Wang Zuji
Vice Chairman, Executive Director and President

29 April 2016

As at the date of this announcement, the executive directors of the Bank are Mr. Wang Hongzhang, Mr. Wang Zuji, Mr. Pang Xiusheng and Mr. Zhang Gengsheng; the non-executive directors of the Bank are Mr. Li Jun, Ms. Chen Yuanling, Ms. Hao Aiqun, Mr. Xu Tie, Mr. Guo Yanpeng and Mr. Dong Shi; and the independent non-executive directors of the Bank are Mr. Zhang Long, Mr. Chung Shui Ming Timpson, Mr. Wim Kok, Mr. Murray Horn and Ms. Margaret Leung Ko May Yee.

Announcement on the Amendment to the Impact of Diluted Immediate Return from Preference Share Issuance of China Construction Bank Corporation and Measures to Make up the Return

The board of the Bank and all members of its board of directors warrant that the content of this announcement is true, accurate and complete and that they shall assume joint and several liability for any false statement, misleading representation or material omission contained in this announcement.

On 15 June 2015, the 2014 Shareholders' annual general meeting of the Bank considered and approved the proposal on the Impact of Diluted Immediate Return from Preference Share Issuance of China Construction Bank Corporation and Measures to Make up the Return. CSRC promulgated the Guidance on Matters Regarding Dilution of Immediate Return by IPO and Refinancing, Major Assets Restructuring (No. 31 Announcement of CSRC in 2015) on December 30, 2015. In accordance with the latest regulatory requirements, the Board considered and approved the proposal on the Amendment to the Impact of Diluted Immediate Return from Preference Share Issuance of China Construction Bank Corporation and Measures to Make up the Return on 29 April 2016 and will submit it to the 2015 annual general meeting for consideration and approval. Please refer to the amended Impact of Diluted Immediate Return from Preference Share Issuance of China Construction Bank Corporation and Measures to Make up the Return below:

In order to further increase the capital adequacy ratio, optimize capital structure and meet the prudent regulatory capital requirements, China Construction Bank Corporation ("CCB" or the "Bank") was advancing the related work of domestic private placement of preference shares recently. According to the Guidelines of the State Council on Further Promoting the Healthy Development of Capital Market (G.F.[2014] No. 17), the Guidelines of the General Office of the State Council on Further Strengthening the Protection of Legitimate Rights and Interests of Small and Medium Investors in the Capital Market (G.B.F. [2013] No. 110) and the Guidance on Matters Regarding Dilution of Immediate Return by IPO and Refinancing, Major Assets Restructuring (No. 31 Announcement of CSRC in 2015), the Bank earnestly analyzed the impact of the preference share issuance on dilution of immediate return, for the purpose of optimizing investment return mechanism and protecting the legitimate rights and interests of small and medium investors. A statement of the measures to be made for making up the return is set forth below:

I. Impact of the Diluted Immediate Return from the Private Placement of Preference Shares on Major Financial Indicators

i. Assumptions and preconditions

1. Assume that there are no material adverse changes in such operating environment as macroeconomic environment and industrial policy;

2. Assume that the net profit attributable to the Bank's shareholders in 2016 is RMB216,738 million, RMB228,145 million and RMB239,552 million or RMB214,902 million, RMB226,213 million and RMB237,524 million after deducting extraordinary profit and loss, in 2016;

3. Assume the total proceeds of the preference share issuance is RMB60 billion, if not considering the effect of issuance expenses;

4. Assume not considering the impact of the proceeds of the issuance on the Bank's operating status and financial position;

5. Assume that the preference shares were already issued (illustrative only and not indicating the time when the Bank's preference shares are actually issued) in early 2016, and dividends for a dividend year will be distributed in the year, with a dividend rate of 4.5% (illustrative only and not indicating the expected dividend rate of the preference shares of the Bank);

6. The total equity of the Bank is measured based on 250,011 million shares before the private placement of preference shares, without consideration of changes in equity caused by other factors.

7. The measurement only considers the impact of the domestic preference shares on dilution of immediate return, but does not consider the other factors including payable dividends on outstanding overseas preference shares in 2016.

ii. Impact of the dilution of immediate return by the issuance on major financial indicators

Based on the assumptions and preconditions above, the impact of the dilution of immediate return by the private placement of preference shares on the Bank's major financial indicators is as follows:

1. Scenario 1: Assume that the net profit attributable to the Bank's shareholders and net profit attributable to the Bank's shareholders after extraordinary items in 2016 are RMB216,738 million and RMB214,902 million respectively in 2016.

Major financial data and indicators	**2015**	**2016**	
		Not consider the issuance	**Consider the issuance**
Net profit attributable to the Bank's shareholders (RMB1 million)	228,145	216,737.75	214,037.75
Net profit attributable to the Bank's shareholders after extraordinary items (RMB1 million)	226,213	214,902.35	212,202.35
Basic earnings per share before extraordinary items (RMB)	0.91	0.87	0.86
Diluted earnings per share before extraordinary items (RMB)	0.91	0.87	0.86
Basic earnings per share after extraordinary items (RMB)	0.90	0.86	0.85
Diluted earnings per share after extraordinary items (RMB)	0.90	0.86	0.85

2. Scenario 2: Assume that the net profit attributable to the Bank's shareholders and net profit attributable to the Bank's shareholders after extraordinary items in 2016 are RMB228,145 million and RMB226,213 million respectively in 2016.

Major financial data and indicators	**2015**	**2016**	
		Not consider the issuance	**Consider the issuance**
Net profit attributable to the Bank's shareholders (RMB1 million)	228,145	228,145.00	225,445.00
Net profit attributable to the Bank's shareholders after extraordinary items (RMB1 million)	226,213	226,213.00	223,513.00
Basic earnings per share before extraordinary items (RMB)	0.91	0.91	0.90
Diluted earnings per share before extraordinary items (RMB)	0.91	0.91	0.90
Basic earnings per share after extraordinary items (RMB)	0.90	0.90	0.89
Diluted earnings per share after extraordinary items (RMB)	0.90	0.90	0.89

3. Scenario 3: Assume that the net profit attributable to the Bank's shareholders and net profit attributable to the Bank's shareholders after extraordinary items in 2016 are RMB239,552 million and RMB237,524 million respectively in 2016.

Major financial data and indicators	**2015**	**2016**	
		Not consider the issuance	**Consider the issuance**
Net profit attributable to the Bank's shareholders (RMB1 million)	228,145	239,552.25	236,852.25
Net profit attributable to the Bank's shareholders after extraordinary items (RMB1 million)	226,213	237,523.65	234,823.65
Basic earnings per share before extraordinary items (RMB)	0.91	0.96	0.95
Diluted earnings per share before extraordinary items (RMB)	0.91	0.96	0.95
Basic earnings per share after extraordinary items (RMB)	0.90	0.95	0.94
Diluted earnings per share after extraordinary items (RMB)	0.90	0.95	0.94

iii. Statement of the measurement

1. The above assumption analysis in relation to the measurement of the Bank shall not be considered as its profit forecast, nor shall it be relied upon by investors when making investment decisions. The Bank will not be liable for any losses that an investor may suffer from the investment decisions made on basis of the assumption analysis;

2. The total proceeds of the private placement of preference shares are estimated, and the assumption that the preference shares were already issued in early 2016 and the dividend rate are illustrative only, and the actual proceeds, completion time of issuance and dividend rate shall be subject to the approval by CSRC.

II. Risk Alert of the Dilution of Immediate Return by the Private Placement of Preference Shares

Since the holders of preference shares shall take precedence of the holders of ordinary shares in profit distribution, if not considering the benefits arising from the support for business development with proceeds, the basic EPS and diluted EPS of the Bank are likely to decrease in a short term, posing the risk of dilution of immediate return to the holders of ordinary shares after the proceeds are in place.

After the proceeds of the private placement are in place, the Bank will try to attain a reasonable capital return by effective allocation of capital resource. If the Bank utilizes the raised fund in its principal operations after capital replenishment in a timely and effective way, the investment will bring comprehensive income immediately under normal circumstances. If the Bank maintains current capital operation efficiency, the benefits from the proceeds to business development will lift the operating income and the net profit accordingly. As the dividend ratio for preference shares is below the Bank's ROA, dynamically speaking, it is good for the common share holders in that the preference share issuance will increase the weighted ROA and the basic EPS.

We remind investors of the risk arising from the dilution of immediate return by the private placement of preference shares. The Bank will continuously disclose in its regular reports the completion of measures to make up the diluted immediate return and the fulfillment of commitments by related parties.

III. Necessity and Reasonableness of Private Placement of Preference Shares

i. Preference share issuance will facilitate the Bank's continuous business development and quickening of strategic transformation and further support the development of the real economy

In 2015, global economy shambled towards recovery, regional differentiation intensified and domestic economic downturn pressure remained huge. In the face of the complicated domestic and overseas economic environment and fierce market competition, the Bank persisted in serving the real economy, fulfilled the transformative development plan, and exerted every effort to prevent and control risks and promote reform. It quickened the pace of strategic transformation, and studied and combed its reform and transformative development ideas. Against the backdrop, the Bank should continuously improve capital replenishment mechanism, reasonably utilize exogenous capital replenishment tools like preference shares while adhering to endogenous capital accumulation, and keep improving capital quality and CAR, in a bid to sustain its business development, expedite strategic transformation and strengthen the capability of serving the real economy. The Bank had issued USD3.05 billion of overseas preference shares by December 2015. The domestic issuance of preference shares will further step up the Bank's capital strength, sustainable development capability and ability to serve the real economy.

ii. ***Preference share issuance will help the Bank continuously optimize capital structure and maintain stable equity structure***

The Bank has been dedicated to effectively balancing capital supply and demand, and taking means of increasing retained profit, maintaining reasonable asset growth, optimizing asset structure, enhancing refined management and appropriately adopting market financing to ensure adequate capital and high capital quality, based on the principle of "focusing on internal capital accumulation coupled with external capital replenishment". However, the Bank's capital is mainly composed of core tier-1 capital and tier-2 capital, lacking additional tier-1 capital. Such a capital structure is less diversified. On the one hand, preference shares help maintain the stability of equity structure of the Bank, as the holders of such shares, in general, do not have voting right, nor do they directly participate in operation or management. On the other hand, the financing cost of preference shares is lower than that of core tier-1 capital, which will help the Bank optimize its capital structure and further improve its profitability.

iii. ***Preference share issuance will help broaden capital replenishment channels of the Bank, ease the pressure of financing by ordinary shares and safeguard the stability of domestic capital market***

At present, the secondary market of ordinary shares remained volatile, and massive issuance of ordinary shares will pose a certain impact on the stable operation of the capital market. However, preference shares, as a fixed income product, are widely accepted by investors. As viewed from the practice of commercial banks, preference share issuance did not have an obvious influence on the stock market. Meanwhile, the dilution of EPS of ordinary shares by preference shares is limited. The Bank can improve its capital efficiency and increase its market capitalization and corporate value by reasonably using proceeds of the preference share issuance. Compared with ordinary shares, preference shares have the attributes of stocks and bonds. In consideration of low P/B ratio of banks, it is inadvisable to raise capital by massive issuance of ordinary shares. Preference share issuance can guarantee the stable operation of domestic capital market, and meet the Bank's capital replenishment needs.

iv. ***Preference share issuance helps the Bank increase CAR, cement capital base and continuously meet regulatory capital requirements***

Since the financial crisis, domestic and overseas regulators have continuously intensified supervision of CAR of commercial banks. In 2013, commercial banks in China started to implement the Regulation Governing Capital of Commercial Banks (Trial), and face huge pressure in capital management as they must meet the minimum requirements including 8.5% of core tier-1 CAR, 9.5% of tier-1 CAR and 11.5% of CAR. In November 2015, the Financial Stability Board ("FSB") intensified the Bank as a global systematically important bank (G-SIB). In the future, FSB will implement stricter capital requirements for G-SIBs. On the one hand, preference shares can replenish additional tier-1 capital, raise CAR and optimize capital structure. On the other hand, preference shares help innovate in capital instruments, boost the development of financial market and conform to policy orientation. Therefore, preference share issuance will help the Bank enhance capital strength and continuously meet regulatory requirements.

IV. Relationship between the Investment Projects of Proceeds and the Bank's Existing Business and the Bank's Reserves in Personnel, Technology and Market with Respect to the Investment Projects

The proceeds of the preference share issuance are not more than RMB60 billion, which, after deducting the issuance expenses according to applicable laws and regulations, will be fully used to replenish the Bank's additional tier-1 capital, raise CAR and optimize capital structure. The proceeds of the preference share issuance will help meet the Bank's capital demand for continuous and stable development of business and asset size and broaden its financing channel.

In line with its transformative development, the Bank provided classified and tiered training for staff, focusing on internationalization, corporate credit and emerging business. According to the requirements of transformative development on the post and competence of employees, the Bank highlighted the key points of training for various employees, assigned posts to frontline employees at grass-root level with certificates, authenticated the qualifications of professional technicians and fully enhanced the capability of operation and management personnel. Furthermore, the Bank gave full play to the incentive and restrictive role of performance-based remuneration. It adhered to the remuneration growth inclined towards gross-root institutions, frontline departments and posts directly creating value; it strengthened the remuneration management of overseas institutions and controlled subsidiaries; it further reinforced the orientation of performance assessment to make remuneration consistent with performance contributions.

The Bank continuously enhanced the support and guarantee in respects of IT support and big data application capability, improved IT services and led the industry in terms of secure operation. Information system remained stable, and availability ratio of all important systems reached 100%. The peak trading value of important systems went up. The Bank maintained a leading position in the industry in terms of trading value, trading volume and number of customers, as well as such technical indicators as system processing capacity, transaction success rate, average response time and batch processing efficiency. It continuously optimized existing systems to meet business development needs.

The Bank has an extensive distribution network. Through branches, customer self-service equipment, specialized service entities across the country and electronic banking service platform, the Bank provides its customers with convenient and high-quality banking services. With respect to domestic institutions, the Bank put stress on the regional layout in megalopolises, central cities and prosperous counties and towns, kept improving physical environment of outlets and customer experience, and pushed forward the construction of diversification of outlets. It innovated in the diversified operation pattern of outlets, improved the resource use efficiency of outlets, and enhanced comprehensive customer service capability. It furthered the transformation of outlets with single functions, popularized comprehensive teller system, and established the comprehensive outlet marketing service system of "one-point marketing, coordinated services and comprehensive solution", so as to provide convenient and rapid services for customers. Moreover, in terms of internet banking, the Bank gave priority to mobile banking in terms of product deployment and user development, showing a good trend of quick development.

V. Measures to Make up the Dilution of Immediate Return by the Private Placement of Preference Shares

i. Operating status and development trend of the Bank's existing business and major risks it faces and improvement measures

The Bank's major business segments are corporate banking, personal banking, treasury business, and others including overseas operations and affiliated companies.

In respect of corporate banking, while strengthening the maintenance of existing customers, the Bank attached importance to the application and innovation of deposit product portfolio, and provided special support for the development of the real economy. The size of corporate deposits steadily grew and corporate loan extension remained stable and balanced. Furthermore, the Bank treated financial services for small and micro enterprises as the important strategic business to support the real economy, and continuously pushed forward the small-value, standardized and intensive business transformation. In respect of personal banking, the Bank strengthened deposit taking capability by quality and efficient products and services. At the same time, it stepped up product innovation and process optimization of personal loans to actively meet the credit demands in the field of people's livelihood. In addition, credit card business developed healthily, and core business indicators maintained a leading position in the industry. In respect of treasury business, the Bank actively drove the transformation and development of financial market business, continuously improved trading activity and market influence, advanced product innovation and cemented customer base. Its profitability and risk management steadily improved. The Bank quickened the pace of transformation and innovation of asset management, and kept improving customer experience and bettering brand image. Investment banking developed quickly, facilitating the Bank to transform from a provider of pure credit funds to an organizer of funds and provider of comprehensive solutions to customers.

Besides, the Bank's overseas layout progressed remarkably, and international business developed quickly. The Bank actively integrated it into the world market to participate in international competition. It has preliminarily had business presence in major overseas markets, with service network continuously expanding. Following the strategy of helping Chinese enterprise going global, the Bank established specialized institutions or teams in free trade zones, regions along the "Belt and Road" and border areas opened up to foreign investors, so as to reinforce domestic and overseas coordinated services. In respect of diversified operations, the Bank has basically formed a diversified operation framework, with diversified financial service functions gradually improved. In non-bank financial fields, the Bank has subsidiaries including CCB Principal Asset Management, CCB Financial Leasing, CCB Trust, CCB Life, CCB Futures, CCB International and CCB Pension Management; in the specific areas and regions, the Bank has set up certain banking institutions providing professional and differentiated services. The overall development of diversified operation subsidiaries was in good shape with steady business expansion and sound asset quality.

The major risks the Bank faced in business operation include credit risk, liquidity risk, market risk and operational risk. The Bank effectively reinforced comprehensive risk management of the whole Group, pushed forward the review, monitoring, transfer and implementation of risk appetite, enhanced risk management of overseas institutions and subsidiaries and improved uniform risk management and control of the Group. The Bank attached importance to the implementation, monitoring and review of risk appetite. By practicing risk appetite transfer mechanism, the Bank intensified the policy guidance with respect to risk selection and risk asset allocation; it monitored, analyzed and reported risk appetite implementation on a quarterly basis; in consideration of changes in the risk rule under the new normal of macroeconomy, it initiated the review and revision of risk appetite of the Group; subsidiaries fulfilled the Bank's risk management requirements by corporate governance mechanism, and established and improved internal risk appetite, risk management system and risk policy.

ii. Detailed measures to improve the daily operation efficiency and business performance and reduce operating cost of the Bank

The Bank has never made any commitment on the business performance with respect to the preference share issuance. In order to effectively utilize the proceeds, fully protect the interests of ordinary shareholders, especially minority shareholders, the Bank will follow and take the following principles and measures to future improve its operating results, and increase returns to shareholders in a long and medium term, so as to mitigate the influence of the issuance on ordinary shareholders and return to them.

1. Standardize the proceeds management and use and give full play to the proceeds benefits. Given the special nature of commercial banking, raised funds are used for capital replenishment other than specific investment projects. Thus the use and efficiency of proceeds cannot be separately measured. The Bank will strengthen the management of proceeds, give full play to the use benefits and leverage role of the proceeds, achieve reasonable return on capital and positive influence on ROE, EPS and other financial indicators, effectively cover the influence of the preference share issuance on ordinary shareholders and their return, and support the Bank's sustainable development.

2. Enhance internal capital accumulation. The Bank improved its profitability by speeding up diversified operation, energetically developing fee-based business, promoting product innovation and bettering service quality. It effectively controlled costs and expenses, maintained reasonable dividend payout ratio, and continuously increased retained profit and internal capital accumulation.

3. Improve capital constraint and transfer mechanism, and optimize business and income structure. The Bank will stick to the strategic orientation of "diversified, multi-functional and intensive operations", continuously reinforce capital constraint and incentive mechanism and improve capital allocation efficiency and return on capital. Within the planning period, the Bank will maintain reasonable asset growth; further optimize the structure of on- and off-balance-sheet assets, encourage business development of retail banking and small and micro enterprises with low capital charges, and moderately control the growth of on- and off-balance-sheet assets with a high risk weight; continue to advance structural optimization of income, promote the healthy development of fee-based business with low capital charges, and lower the dependence of profit growth on

business with high capital charges. Meanwhile, the Bank will continuously refine internal management, highlight the restrictive role of capital in the operation and management activities like business marketing, risk pricing, resource allocation and performance assessment, and further improve capital use efficiency.

4. Vigorously push forward the implementation and application of the advanced capital management approach. Taking the opportunity of implementing the advanced capital management approach, the Bank will further ensure the continuous upgrade and compliance of advanced approach, and optimize capital measurement models and parameters. It will assess and quantify risks more accurately, and continue to enhance the application of measurement achievements to risk management, business management and capital management. It will improve internal capital adequacy assessment procedures to effectively cover various risks. It will constantly intensify disclosure of information on capital management to meet regulatory requirements.

5. Maintain constant and stable shareholder return policy. In the profit distribution, the Bank attaches great importance to the reason investment return to shareholders, and constantly pays cash dividends to shareholders. During the process of drafting the profit distribution plan, the Board extensively collected the opinions and requests from the shareholders, protected the legal rights and interests of the small and medium investors, and submitted the profit distribution plan to the Shareholders' General Meeting for approval. The Bank will continue ensuring the continuity and stability of profit distribution policy and persist in creating long-term value for shareholders.

VI. Commitments of the Bank's Directors and Senior Management on Effective Implementation of the Measures to Make up the Return

The Bank's Directors and Senior Management will faithfully and diligently perform their duties and safeguard the legitimate rights and interests of the Bank and its shareholders. In order to ensure the measures to make up the return can be effectively implemented, the Bank's Directors and Senior Management make the commitments pursuant to relevant provisions of CSRC, which include but are not limited to:

i. Not funneling interests to any other entity or individual for free or under unfair conditions, or damaging the company's interests by other means;

ii. Undertaking to regulate the post-related consumption;

iii. Undertaking not to engage in investment or consumption activities unrelated to their performance of duties using the company's assets;

iv. Undertaking to link the remuneration system developed by the Board of Directors or the Remuneration Committee to the implementation of the Bank's measures for making up the return; and

v. Undertaking to link the conditions for exercising the equity incentive to be published by the company to the implementation of the Bank's measures for making up the return if the Bank releases equity incentive policy in the future.

VII. Commitments Made by Controlling Shareholders

In order to ensure the measures to make up the return can be effectively implemented, Central Huijin Investment Ltd., a controlling shareholder of the Bank, makes the following commitments pursuant to relevant provisions of CSRC:

Not to interfere with the Bank's operation and management activities or encroach the Bank's interests.

VIII. Authorization

The Shareholders' General Meeting is requested to authorize the Board of Directors to further demonstrate the impact of the domestic preference share issuance on the immediate return of shareholders according to applicable laws and regulations, formulate and amend relevant makeup measures and handle other matters concerned, if there are latest requirements of pertinent laws and regulations in the future on refinancing to make up immediate return.

Announcement of the captioned matters is hereby given.

Board of Directors of China Construction Bank Corporation

29 April 2016