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中信銀行股份有限公司

**China CITIC Bank Corporation Limited**

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

**(Stock code: 998)**

**ANNOUNCEMENT**

## **PROPOSED ISSUANCE OF A SHARE CONVERTIBLE CORPORATE BONDS**

The Board is pleased to announce that the issuance of A share convertible corporate bonds was approved by the Board as at the date of this announcement, in order to increase the capital adequacy ratio, strengthen the comprehensive competitiveness and the sustainability of the Bank. The details of the proposal are set forth below:

### **I. PROPOSAL OF ISSUANCE**

#### **1. Types of securities to be issued**

The type of the securities to be issued by the Bank is A Share Convertible Bonds. The Convertible Bonds and A Shares to be converted into will be listed in Shanghai Stock Exchange.

#### **2. Size of the Issuance**

The total amount of the Convertible Bonds will be not more than RMB 40 billion (40 billion inclusive). It will be proposed at the EGM and Class Meetings of the Bank to authorize the Board to determine the actual size of the Issuance within the above scope.

#### **3. Par value and issue price**

The Convertible Bonds will be issued at par with a nominal value of RMB100 each.

#### **4. Term**

The term of the Convertible Bonds will be six years from the date of Issuance.

#### **5. Interest rate**

It will be proposed at the EGM and Class Meetings to authorize the Board, and the Board shall determine the methods for determination of nominal interest and actual annual interest rate for the interest accrual year with reference to the PRC government policies, market conditions and the actual conditions of the Bank, prior to the Issuance of the Convertible Bonds.

## **6. Method and timing of interest payment**

### **(1) Calculation of annual interest**

The interest of each interest accrual year means the interest accrued to the holders of the CB Holders in each year on each anniversary of the date of Issuance of the Convertible Bonds, calculated based on the aggregate nominal value of the Convertible Bonds.

The formula for calculating the annual interest:  $I = B \times i$

"I": denotes the annual interest;

"B": denotes the aggregate nominal value of the Convertible Bonds held by a CB Holder as at the Record date of the interest accrual year; and

"i": denotes the interest rate of the Convertible Bonds of that year.

### **(2) Method of interest payment**

- i. Interest of the Convertible Bonds will be paid annually, accruing from the date of Issuance of the Convertible Bonds.
- ii. Interest payment date: The interest is payable annually on each anniversary of the date of Issuance of the Convertible Bonds. If such day falls on a statutory holiday or rest day, the interest payment date shall be postponed to the first working day immediately thereafter, provided that no additional interest will be accrued during the period of postponement. The period between an interest payment date and the immediately following interest payment date will be an interest accrual year.
- iii. Record date for interest payment: The record date for interest payment in each year will be the last trading date preceding the interest payment date. The Bank will pay the interest accrued in that year within five trading days from the interest payment date. The Bank will not pay any interest for that year and subsequent interest accrual years to the CB Holders whose Convertible Bonds have been applied to be converted into the A Shares of the Bank on or before the record date for interest payment.
- iv. Tax payable on the interest income of a CB Holder shall be borne by such CB Holder.

## **7. Conversion period**

The conversion period of the Convertible Bonds commences on the first trading day immediately following the expiry of the six-month period after the date of Issuance of the Convertible Bonds and ends on the maturity date of the Convertible Bonds.

## **8. Determination and adjustment of the Conversion Price**

### **(1) Basis for determining the initial CB Conversion Price**

The initial Conversion Price shall not be lower than the average trading price of A Shares of the Bank for the 30 trading days or the 20 trading days preceding the date of publication of the Offering Document (in the event that during such 20 or 30 trading days, the share price has been adjusted due to ex-rights or ex-dividend, the price of each of these trading days before adjustment shall be adjusted with reference to the ex-rights or ex-dividend share price), the average trading price of A Shares of the Bank on the trading day preceding the date of the Offering Document of the Convertible Bonds and the latest audited nominal value per Share or the net asset value per Share. The actual initial Conversion Price shall be determined by the Board with reference to the market conditions, subject to the authorisation at the general meeting.

(2) Method and calculation formulae of adjustments to Conversion Price

Upon the occurrence of certain events that affect the share capital of the Bank, such as distribution of share dividend, capitalization, issuance of new shares or allotment of shares (excluding any increase in the share capital as a result of conversion of the Convertible Bonds) or the occurrence of distribution of cash dividend, the Bank will adjust the Conversion Price based on the actual situation and in accordance with the principles of fairness, justice, equity so as to fully protect the CB Holders' interests. The details of the calculation formulae of adjustments to Conversion Price will be determined by the Board in the Offering Document.

Upon occurrence of any of the abovementioned changes in the shareholdings and/or Shareholder's interests of the Bank, the Conversion Price will be adjusted in a way finally determined by the Bank, and an announcement of the change of Conversion Price shall be made on the publications designated by CSRC. Such announcement will indicate the date of adjustment to the Conversion Price, adjustment method and suspension period of share conversion (if necessary). The announcement shall also be published in Hong Kong market (if required) in accordance with the Hong Kong Listing Rules as amended and the Articles of Association. If the Conversion Price adjustment date is on or after the date on which a CB Holder applies for conversion of his Convertible Bonds, but before the date of registration of the shares to be issued upon such conversion, then such conversion will be effected based on the adjusted Conversion Price.

In the event that the CB Holder's rights and benefits, or the interests derived from the share conversion are affected by the change in the Bank's share class, quantity and/or Shareholders' interests due to any possible share repurchase, merger, division or any other action which may be undertaken by the Bank, the Bank will adjust the Conversion Price based on the actual situation and in accordance with the principles of fairness, justice, equity so as to fully protect the CB Holders' interests. The details of adjustments to Conversion Price and its implementation measures shall be determined in accordance with the then relevant PRC laws and regulations and the relevant provisions of the securities regulatory authorities.

## **9. Downward adjustment to Conversion Price**

(1) Authorization of Adjustment and Range of Adjustment

If, during the term of the Convertible Bonds issued hereunder, the closing prices of the A Shares of the Bank in any 15 trading days out of any 30 consecutive trading days are lower than 80% of the prevailing Conversion Price, the Board may propose a downward adjustment to the Conversion Price to the Shareholders for their consideration and approval at a general meeting of the Bank.

In the event that an adjustment to the Conversion Price is made during the aforementioned trading days, in respect of the trading days prior to the adjustment, the calculation shall be based on the unadjusted Conversion Price and the closing price of the shares on each such day, and in respect of the trading days after the adjustment, the calculation shall be based on the adjusted Conversion Price and the closing price of the shares on each such day.

The abovementioned proposal is subject to approval of two-thirds of the participating Shareholders with voting rights. Shareholders who hold the Convertible Bonds issued hereunder should abstain from voting. The adjusted Conversion Price should be no less than the average trading price of the A Shares of the Bank for the 30 trading days or 20 trading days or the trading day immediately prior to the aforementioned general meeting, and should be also no less than the net asset value per Share based on the latest audited financial statement and the nominal value per Share.

## (2) Procedure of Adjustment

If the Bank has determined to make downward adjustment to the Conversion Price, an announcement on the Board resolutions will be published on the media designated by CSRC for disclosing information of listed companies. Such announcement will indicate the range of adjustment to the Conversion Price, equity record date and suspension period of Share conversion (if necessary). Such announcement will also be published in the Hong Kong market in accordance with the Hong Kong Listing Rules as amended and the Articles of Association (if necessary). Application for conversion of CB with adjusted Conversion Price shall be resumed upon the first trading day after the equity record date, i.e. the Conversion Price adjustment date.

Should the Conversion Price adjustment date be on or after the date of application for conversion of CB and prior to the registration date of the Share conversion, such application for conversion of CB shall be executed based on the adjusted Conversion Price.

## **10. Method for determining the number of Shares for conversion**

Where a CB Holder applies to convert the Convertible Bonds held by him during the conversion period, the formula for calculating number of the Shares to be issued upon conversion:  $Q = V/P$ . Any fractional Share shall be rounded down to the nearest whole number. In the aforesaid formula, "V" denotes the aggregate nominal value of the Convertible Bonds in respect of which the CB Holders apply for conversion; and "P" denotes the prevailing Conversion Price as at the date of application for conversion.

Within five trading days from the conversion of the Convertible Bonds, the Bank will pay the CB Holders in cash an amount equal to the nominal value of the remaining balance of such Convertible Bonds which are insufficient to be converted into one Share and the interest accrued on such balance in accordance with the relevant requirements of the Shanghai Stock Exchange and such other authorities (please refer to Clause 12 "Terms of redemption" for details of the method of calculation of the interest accrued).

## **11. Entitlement to Dividend of the year of conversion**

The new shares of the Bank to be issued as a result of the conversion of the Convertible Bonds shall rank *pari passu* with all the existing issued shares of the Bank, and all Shareholders whose

names are recorded on the register of members of the Bank on the record date for dividend entitlement shall be entitled to receive the dividend for that year.

## **12. Terms of redemption**

### **(1) Terms of redemption at maturity**

Within five trading days upon the maturity of the Convertible Bonds issued hereunder, the Bank will redeem all the Convertible Bonds from CB Holders which have not been converted into the Shares by then, at a price calculated at a premium (including the interest accrued in the last interest accrual year) in addition to the nominal value of the Convertible Bonds. It will be proposed at the EGM and Class Meetings to authorize the Board to determine the actual premium with reference to the market conditions.

### **(2) Terms of conditional redemption**

During the conversion period of the Convertible Bonds issued hereunder, if the closing price of the A Shares of the Bank in at least 15 trading days out of 30 consecutive trading days is equal to or higher than 130% of the prevailing Conversion Price, the Bank, as permitted by relevant authorities (if necessary), shall have the right to redeem all or part of the outstanding Convertible Bonds which have not been converted into the Shares, at a price equal to the nominal value of the Convertible Bonds plus the interest accrued. In the event that an adjustment to the Conversion Price is made during the aforementioned trading days due to certain events such as ex-right or ex-dividend, in respect of the trading days prior to the adjustment, the calculation shall be based on the unadjusted Conversion Price and the closing price on each such day, and in respect of the trading days after the adjustment, the calculation shall be based on the adjusted Conversion Price and the closing price on each such day.

In addition, if the balance of Convertible Bonds not converted is less than RMB30 million, the Bank will be entitled to redeem all Convertible Bonds not converted at the par value plus the accrued interest for the current period.

Formula for calculating then accrued interest is:

$$IA = B \times i \times t/365$$

IA: Accrued interest for the current period;

B: Aggregate nominal value of the Convertible Bonds issued hereunder that are held by the CB Holders and will be redeemed;

i: Interest rate of the Convertible Bonds for current year; and

t: Number of days on which interest is accrued, meaning the actual number of calendar days from the last interest payment date to the redemption date of the current interest accrual year (excluding the redemption date).

## **13. Terms of sale back**

If the actual use of the proceeds from the Issuance of the Convertible Bonds by the Bank differs from the description of the use of proceeds set out by the Bank in the Offering Document, and such change is considered by the CSRC as a deviation in the use of proceeds, the CB Holders

will be entitled to a one-off right to sell the Convertible Bonds back to the Bank at the nominal value plus the interest accrued. Under this scenario, the CB Holders may sell their Convertible Bonds back to the Bank during the sale back declaration period after it is announced by the Bank. If the CB Holders do not exercise their sale back rights during the sale back declaration period, such rights to sell back the Convertible Bonds shall automatically lapse. Save as the aforesaid, the Convertible Bonds cannot be sold back at the option of the CB Holders.

#### **14. Method of Issuance and target subscribers**

The specific method of the Issuance of the Convertible Bonds will be determined by the Board which is authorised by the general meeting. The target investors of the Issuance are natural persons, legal persons, securities investment funds and other investors in compliance with legal requirements who have maintained securities accounts with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited (excluding those prohibited by state laws and regulations).

#### **15. Subscription arrangement for the existing Shareholders**

The existing A Shareholders are entitled to preferential rights to subscribe for the Issuance of A Share Convertible Bonds. It will be proposed at the EGM and Class Meetings to authorize the Board to determine the actual amount to be preferentially allocated in accordance with the actual market conditions, and shall be disclosed in the Offering Document of the Convertible Bonds. Such preferential subscription shall be subject to the PRC Company Law, Hong Kong Listing Rules as amended and any other applicable laws, regulations and rules (including but not limited to any rules and requirements regarding connected transactions) of any government or regulatory authorities.

#### **16. CB Holders and CB Holders' meetings**

##### **(1) Rights and obligations of CB Holders**

##### **i. Rights of CB Holders**

- a) to receive agreed interests based on the number of Convertible Bonds held by the CB Holders;
- b) to convert the Convertible Shares held by the CB Holders into the shares of the Bank on agreed conditions;
- c) to exercise the right of sale back on agreed conditions;
- d) to transfer, donate or pledge the Convertible Shares held by the CB Holders in accordance with laws, administrative regulations and the Articles of Association;
- e) to receive relevant information in accordance with the laws and the Articles of Association;
- f) to request the Bank to repay the principal and interest of the Convertible Bonds within the agreed term and by the agreed methods;

g) other rights as the creditors of the Bank prescribed by applicable laws, administrative regulations and the Articles of Association.

ii. Obligations of CB Holders

- a) to abide by the terms of Convertible Bonds;
- b) to pay the subscription amount in accordance with the number of Convertible Bonds subscribed for;
- c) not to request the Bank to repay the principle and interest of the Convertible Bonds before maturity, unless otherwise required by applicable laws and regulations or otherwise agreed in the offering document of the Convertible Bonds;
- d) other obligations of the CB Holders prescribed by applicable laws, administrative regulations and the Articles of Association.

(2) CB Holder's meetings

i. Circumstances under which CB Holders' meeting shall be convened

A CB Holders' meeting shall be convened by the Board upon the occurrence of any of the following events:

- a) the Bank proposes to change the terms of the offering document;
- b) the Bank defaults in paying principal amount and interests under the Convertible Bonds on time;
- c) the Bank undertakes a capital reduction, merger, division, dissolution or files for bankruptcy;
- d) other matters which may affect the material interests of the CB Holders.

The following entities or persons may propose a CB Holders' meeting:

- a) the Board;
- b) upon written proposal by holders of 10% or more of total par value of the outstanding Convertible Bonds;
- c) other entities or persons prescribed by CSRC.

ii. Convening of CB Holders' meeting

- a) A CB Holder's meeting shall be convened and presided over by the Board;
- b) the Board shall, within thirty (30) days after the proposal of the meeting has been raised or received by the Board, convene a CB Holders' meeting. The Board shall,

at least fifteen (15) days before the meeting, publish the meeting notice on no less than one designated newspapers or websites, which shall indicate, among others, the specific time, venue, agenda and method of the meeting as confirmed by the Board.

iii. Attendees of the CB Holders' meeting

Unless otherwise required by applicable laws and regulations, a CB Holder may attend the CB Holders' meeting in person or by a proxy and exercise his/her voting right.

The following entity or person may attend the CB Holders' meeting as a non-voting attendee and submit proposals for discussion and decision by the meeting:

- a) issuer of the Convertible Bond;
- b) other key connected parties.

The Board shall engage attorneys to attend the CB Holders' meeting and issue legal opinions on matters such as the convening, voting procedures and qualification of attendees of the CB Holders' meeting.

iv. Procedures of CB Holders' meeting

- a) The chairperson of the meeting shall firstly announce the rules of procedure of the meeting, nominate and announce a controller of ballot and read out the proposals. Votes will be cast after discussion of proposals and the resolution will be effective upon witness by attorneys;
- b) a CB Holders' meeting shall be presided over by the chairman of the Board. In the absence of such chairman, the meeting shall be presided over by a director authorized by the Board chairman; if neither the Board chairman nor any director authorized by the Board chairman is able to preside over the meeting, the meeting shall be presided over by a CB Holder elected by CB Holders representing at least 50% (exclusive of 50%) of par value of Convertible Bonds present at the meeting;
- c) the convener of the meeting shall prepare a signature book for attendees, which shall indicate the name (or the name of the attendee's entity), ID card number and domicile, of the attendees, the par value of the Convertible Bonds held or represented by the attendees and the name (or the entity name ) of their proxies.

v. Voting and resolutions of CB Holders' meeting

- a) Each Convertible Bond represents one vote in the CB Holders' meeting;
- b) CB Holders shall vote by open ballot in the CB Holders' meeting;
- c) a resolution of the CB Holders' meeting shall be valid upon the affirmative votes representing at least two-third of par value of Convertible Bonds present at the meeting;



- d) different proposals or different items contained in one proposal shall be discussed and voted separately in the CB Holders' meeting;
  - e) a resolution of CB Holders' meeting shall be adopted by vote, provided that, if the approval of CSRC or other competent authorities are required, it shall become effective on the date of approval or other date confirmed by such approval;
  - f) unless expressly agreed that special compensation shall be made to the CB Holders voting against the resolution or failing to attend the meeting, a resolution shall have equal effect on all CB Holders;
  - g) after a resolution is adopted by the CB Holders' meeting, the Board shall notify the CB Holders by announcement and implement such resolution.
- vi. CB Holders who subscribe the CB or hold such CB in other ways will be deemed to have agreed to the CB Holders' meeting's rules mentioned above.

### **17. Use of proceeds**

The proceeds from the Issuance of the Convertible Bonds are intended to be applied towards the future expansion of business of the Bank. Such proceeds will be used to replenish the core tier-1 capital of the Bank after conversion, in accordance with the relevant regulatory requirements.

### **18. Guarantee and security**

There is no guarantee or security in relation to the Issuance of Convertible Bonds.

### **19. The validity period of the resolution**

The resolution of the Issuance of the Convertible Bonds will be valid for 12 months from the date on which the resolution is approved at the EGM and Class Meetings.

## **II. AUTHORISATION TO THE BOARD BY THE GENERAL MEETING TO HANDLE MATTERS REGARDING THE ISSUANCE AND LISTING OF THE CONVERTIBLE BONDS**

To ensure smooth implementation of the Issuance of the Convertible Bonds, it will be proposed at the EGM and Class Meetings to authorise the Board (delegatable) to handle matters regarding the Issuance of the Convertible Bonds with full discretion, including:

### **1. Authorisation in Connection with the Issuance**

To ensure smooth implementation of the Issuance, it will be proposed at the EGM and Class Meetings to authorise the Board, and the Board will then delegate the authority to the Chairperson and the President to separately or jointly exercise the full power to handle matters related to the Issuance of the Convertible Bonds under the framework and principles as deliberated and adopted by the Shareholders at the general meeting. The validity period of the authorisation is 12 months from the date on which the resolution is approved at the EGM and Class Meetings. The Board will, in accordance with the actual conditions of the Issuance,

propose to the general meeting and class meeting of the Bank before the expiry of the validity of such authorisation to seek for new mandate. The specific content and scope of the authorisation shall include, among other matters, the following:

(1) To the extent permitted by the relevant laws and regulations and the resolutions of the general meeting, and in accordance with the requirements of the relevant regulatory authorities, to determine the exact issue terms and plan, to devise and implement the final plan of the Issuance, including but not limited to, determining the issue size, issue method, target subscribers, interest rate, terms of conversion, terms of redemption, amounts of preferential allotment to existing Shareholders, rating arrangements, etc., and to determine the timing of the Issuance and any other matters in relation to the Issuance.

(2) To the extent permitted by state laws and regulations, to make appropriate amendment, adjustment and supplement to the exact plan of the Issuance in accordance with the opinion of the regulatory authorities and the actual conditions of the Bank and the Market, in the event that there are changes in the laws, regulations, Convertible Bonds policies of the relevant regulatory authorities and market conditions, save for matters that require the re-approval of the general meeting pursuant to the relevant laws, regulations and Articles of Association or required by regulatory authorities.

(3) To establish accounts dedicated to the proceeds to be raised in the Issuance.

(4) To handle the matters in relation to the Issuance such as the listing of the Convertible Bonds, to amend relevant provisions of the Articles of Association in accordance with the conditions of the Issuance, and to handle matters such as the application for approval by relevant authorities and filing with the Administration of Industry and Commerce on the amendment of the Articles of Association and the change in the registered capital.

(5) In accordance with the relevant laws, regulations and the requirement of regulatory authorities, to analyze, study and demonstrate the dilutive impact on immediate return of the Issuance, to determine and implement the relevant measures to make up for the immediate returns, to amend, supplement and perfect relevant analysis and measures under the original framework in accordance with any new laws, regulations, policies, implementing rules or self-disciplining standards to be issued in the future, and handle any other matter in relation thereto with full power.

(6) To determine the agents to be engaged in relation to the Issuance, to implement matters such as the filing of the Issuance in accordance with the requirements of the regulatory authorities, to formulate, amend, supplement, execute and suspend contracts, agreements and any other important documents in relation to the Issuance (including but not limited to sponsorship agreement, underwriting agreement, monitoring agreement of the proceeds raised and the engagement agreement with agents), and to handle the information disclosure matters in relation to the Issuance in accordance with the regulatory requirements.

(7) To the extent permitted by laws and regulations, to make appropriate amendment, adjustment and supplement to the terms of the Issuance of Convertible Bonds in accordance with the opinion of the relevant regulatory authorities and the actual conditions of the Bank.

(8) To the extent permitted by relevant laws and regulations, to take all necessary actions to determine or handle any other matters in relation to the Issuance.

## **2. Other Authorisations in Relation to the Convertible Bonds**

During the term of the Convertible Bonds, it will be proposed to the EGM and Class Meetings to authorise the Board to handle the following matters under the framework and principles as deliberated and adopted by the EGM and Class Meetings:

(1) Matters in connection with redemption: to handle all matters in relation to the redemption, including but not limited to the timing of redemption, the percentage of redemption and the execution procedure, in accordance with the laws, regulations, approvals of relevant regulatory authorities (if necessary), the regulations of the Articles of Association and the market condition;

(2) Matters in connection with conversion to shares: in accordance with the requirements under laws, regulations and the Articles of Association, and the conditions of the market, to handle all matters in relation to the conversion, including but not limited to the adjustment of Conversion Price; timely amendment to the provisions of the Articles of Association related to the registered capital in accordance with the condition of the Convertible Bonds, the application for approval of regulatory authorities and filing with the Administration Industry and Commerce on matters such as amendment of the Articles of Association and change of registered capital, etc.

### **III. PROPOSAL ON FEASIBILITY OF THE USE OF PROCEEDS OF THE ISSUANCE OF A SHARE CONVERTIBLE BONDS TOWARDS INVESTMENT PROJECTS**

The total amount of proceeds proposed to be raised in the public Issuance of Convertible Bonds shall not exceed RMB40 billion (RMB40 billion inclusive). After deduction of the expenses incurred for the Issuance, the proceeds will be applied to support the future expansion of business, and replenish the core tier 1 capital of the Bank after the conversion into shares, in accordance with the relevant regulatory requirements.

The details of the use of Proceeds of the Issuance of the A Share Convertible Bonds are stated in the Feasibility Report, the full text of which will be set out in the circular to be dispatched to the Shareholders.

### **IV. REPORT ON THE ACTUAL USE OF PREVIOUSLY RAISED PROCEEDS**

In accordance with the circular issued by the China Securities Regulatory Commission on Regulations on Reporting the Utilization Situation of the Previously Raised Fund (Zheng Jian Fa Xing Zi [2007] No.500), the full text of the report on the actual use of the previously raised proceeds will be stated in a circular to be dispatched to the Shareholders later.

### **V. DILUTION OF IMMEDIATE RETURNS AND RECOMMENDED REMEDIAL MEASURES OF THE ISSUANCE**

In accordance with the Several Opinions of the State Council on Further Promoting the Healthy Development of the Capital Market (Guo Fa [2014] No.17), Opinions of the General Office of the State Council on Further Strengthening the Protection of Small and Medium Investors' Legitimate Interests in the Capital Market (Guo Ban Fa [2013] No.110), Guiding Opinions on Matters relating to the Dilution of Immediate Returns in Initial Public Offering, Refinancing and Major Assets Restructuring (Announcement of the China Securities Regulatory Commission [2015] No.31), the Bank has analyzed the dilutive impact of the A Share Issuance

on the immediate returns, and proposed the measures to make up for immediate returns. The full text of the report will be set out in the circular to be dispatched to the Shareholders in due course.

## **VII. RECENT EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

On 31 December 2015, the Bank made a private offering of 2,148 million shares to China Tobacco Corporation, raising net proceeds of RMB11.888 billion after deducting issuance costs including but not limited to underwriting and sponsor fees. The details of which have been set out in the circular dated 16 November 2015 issued by the Bank.

Save as disclosed above, the Bank did not conduct any equity fund raising activities in the past twelve months immediately before the date of this announcement.

## **VII. IMPLICATIONS OF THE PROPOSED ISSUANCE OF CONVERTIBLE BONDS UNDER THE PRC REGULATORY REQUIREMENTS**

The proposed Issuance of Convertible Bonds by the Bank may lead to Issuance of new A Shares due to the exercise of the conversion right. The actual quantity of A Shares to be issued due to the conversion of Convertible Bonds depends on various factors, including the Conversion Price of Convertible Bonds. The Board considers that conversion of the Convertible Bonds into new A Shares will result in dilution of the interests of the existing Shareholders in the share capital of the Bank.

According to the relevant PRC laws and regulations, the proposed Issuance of Convertible Bonds shall only take effect upon the approval from the Shareholders in the EGM and the PRC regulatory authorities.

## **VIII. IMPLICATIONS OF THE PROPOSED ISSUANCE OF CONVERTIBLE BONDS UNDER THE HONG KONG REGULATORY REQUIREMENTS**

According to the proposed Issuance of A Share Convertible Bonds, A Share Convertible Bonds will be first offered to all existing A Shareholders. The actual amount of preferential allotment to existing A Shareholders will be determined by the Board in accordance to the authorization of the EGM and Class Meetings, which will be disclosed in the offering circular of the Issuance. The Board expects that the Bank will continue to maintain sufficient public float to meet the minimum requirement applicable to the Bank in the HK Listing Rules.

## **IX. EGM AND CLASS MEETINGS**

Certain proposals in relation to the proposed Issuance of A Share Convertible Bonds are subject to the approval from Shareholders at the EGM and Class Meetings respectively. A circular containing (among other things) the details of the proposed Issuance of Convertible Bonds and the notices of EGM and class meeting for holders of H Shares will be dispatched to H Shareholders in due course.

**Shareholders and potential investors should be aware that obtaining the above-mentioned approvals for the proposed Issuance of Convertible Bonds is subject to various factors including the conditions of the market. As the Issuance of Convertible Bonds may or may not take place, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## DEFINITIONS

Unless the context otherwise requires, the following terms used in this announcement have the meanings as set out below:

" A Share(s)"	domestic ordinary share(s) of RMB1.00 each issued by the Company which is/are subscribed for by domestic investors and are listed for trading on the Shanghai Stock Exchange (Stock code: 601988)
"A Shareholder(s)"	holder(s) of A Shares
"Articles of Association"	the articles of association of the Bank as amended from time to time
"Bank"	China CITIC Bank Corporation Limited
"Board"	the board of directors of the Bank.
"CB Holder(s)"	holders of the Convertible Bonds proposed to be issued
"Convertible Bonds" or "CB"	convertible corporate bonds in the total amount of no more than RMB 40 billion (RMB40 billion inclusive) which are convertible into new A Shares, proposed to be issued by the Company
"Conversion Price"	the price at which the new A Shares will be issued upon conversion of the A Share Convertible Bonds, as may be adjusted from time to time
"CSRC"	China Securities Regulatory Commission
"Director(s)"	the director(s) of the Bank
"H Shares"	Hong Kong listed shares of RMB1.00 each in the ordinary share capital of the Company which are listed on the Hong Kong Stock Exchange (Stock code: 0998)
"H Shareholder(s)"	holder(s) of H Shares
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules"	Rules Governing the Listing of Securities on the Hong Kong Stock Exchange

"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Issuance"	the Issuance of A Share Convertible Bonds approved by the Board on the date of this announcement
"Offering Document"	the offer memorandum in relation to the proposed issuance of the Convertible Bonds
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	the ordinary share(s) of the Company with a nominal value of RMB1.00 each, including A Share(s) and H Share(s)
"Shareholder(s)"	registered holder(s) of Share(s) of the Company

By Order of the Board  
**China CITIC Bank Corporation Limited**  
**Li Qingping**  
*Chairperson*

Beijing, PRC

25 August 2016

*As at the date of this announcement, the Executive Directors of the Bank are Ms. Li Qingping (Chairperson) and Mr. Sun Deshun (President); the Non-executive Directors are Mr. Chang Zhenming, Mr. Zhu Xiaohuang and Mr. Wan Liming; and the Independent Non-executive Directors are Ms. Wu Xiaoqing, Mr. Wong Luen Cheung Andrew, Mr. He Cao and Ms. Chen Lihua.*