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中國工商銀行股份有限公司

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED

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

(Stock Code: 1398)

**PROPOSED ISSUANCE OF U.S.\$2,940,000,000 6.00%,
EUR600,000,000 6.00% AND RMB12,000,000,000 6.00%
NON-CUMULATIVE, NON-PARTICIPATING,
PERPETUAL OFFSHORE PREFERENCE SHARES**

Sole Global Coordinator

ICBC 工银国际

Joint Lead Managers and Joint Bookrunners

ICBC 工银国际

**Goldman
Sachs**

UBS

BofA Merrill Lynch

The Bank has entered into the Purchase Agreement with the Sole Global Coordinator and the Joint Lead Managers, pursuant to which the Joint Lead Managers have agreed to procure subscribers to subscribe and pay for, or in the case of certain of the Joint Lead Managers to subscribe and pay for, the Offshore Preference Shares to be issued by the Bank, subject to the terms and conditions of the Purchase Agreement. Each Offshore Preference Share has a par value of RMB100. The USD Preference Shares will be purchased at a price equal to 100% of the aggregate liquidation preference of the USD Preference Shares (U.S.\$2,940,000,000). The EUR Preference Shares will be purchased at a price equal to 100% of the aggregate liquidation preference of the EUR Preference Shares (EUR600,000,000). The RMB Preference Shares will be purchased at a price equal to 100% of the aggregate liquidation preference of the RMB Preference Shares (RMB12,000,000,000). Beneficial owners of USD Preference Shares will receive all payments in U.S. dollars. Beneficial owners of EUR Preference Shares will receive all payments in Euros. Beneficial owners of RMB Preference Shares will receive all payments in Renminbi.

The Offshore Preference Shares are to be issued pursuant to the Articles, the Shareholder Resolutions and the authorisation of the chairman, vice-chairman or the president of the Bank. The Offshore Preference Shares when issued will qualify as Additional Tier 1 Capital of the Bank pursuant to the Capital Management Rules issued by the CBRC.

Upon liquidation of the Bank, the claims of the Offshore Preference Shareholders on the residual assets of the Bank will rank (i) junior to (x) all liabilities of the Bank including subordinated liabilities and (y) instruments issued or guaranteed by the Bank ranking senior to the Offshore Preference Shares, (ii) equally in all respects with each other and with the holders of Parity Obligations, and (iii) in priority to the Ordinary Shareholders. On a Winding-Up, the assets of the Bank available to the Shareholders shall be applied in respect of the claims of Offshore Preference Shareholders equally in all respects with the rights against the Bank in such circumstances in respect of the Parity Obligations (which term, for the avoidance of doubt, includes domestically-issued preference shares of the Bank) and in priority to any payment to the Ordinary Shareholders.

The Offshore Preference Shares are perpetual and have no maturity date. The Bank will only have the right to redeem the Offshore Preference Shares as described in the Conditions. The Offshore Preference Shares are not redeemable at the option of the Offshore Preference Shareholders, and the Offshore Preference Shareholders do not have the right to put back the Offshore Preference Shares to the Bank. However, the Bank may, subject to obtaining CBRC approval and compliance with the Redemption Preconditions, redeem all or some of the Offshore Preference Shares on the First Redemption Date and on any Dividend Payment Date thereafter. There shall be paid on each Offshore Preference Share so redeemed the aggregate of an amount equal to its Liquidation Preference plus any dividends accrued but unpaid in respect of the period from (and including) the immediately preceding Dividend Payment Date to (but excluding) the date scheduled for redemption. Further details are described in the Conditions.

Subject as provided under the Conditions, each Offshore Preference Share shall entitle the holder thereof to receive a non-cumulative dividend accrued on their Liquidation Preference from (and including) the Issue Date at the rate of: (a) 6.00% per annum for USD Preference Shares, 6.00% per annum for EUR Preference Shares and 6.00% per annum for RMB Preference Shares (as the case may be), in respect of the period from (and including) the Issue Date to (but excluding) the First Redemption Date; and (b) thereafter, in respect of the period from (and including) the relevant First Redemption Date and each Reset Date falling thereafter to (but excluding) the immediately following Reset Date, the relevant Reset Dividend Rate. Subject to a resolution to be passed at a Shareholders' general meeting of the Bank on each such occasion, the Bank may elect to cancel (in whole or in part) any dividend otherwise scheduled to be paid on a Dividend Payment Date in the manner set out in the Conditions. Each dividend will be payable, subject as provided under the Conditions, annually in arrear on 10 December in each year. The first such Dividend Payment Date will be 10 December 2015.

If an Additional Tier 1 Capital Trigger Event or a Non-Viability Trigger Event occurs, the Offshore Preference Shares shall be subject to compulsory conversion into H Shares in accordance with the Conditions (having reported to and obtained the consent from the CBRC but without the need for the consent of Offshore Preference Shareholders or Ordinary Shareholders).

Based on the CNY Central Parity Rate published by the China Foreign Exchange Trading Centre on 3 December 2014, the gross proceeds from the offering of the Offshore Preference Shares will be approximately RMB34.607 billion. The Bank expects the net proceeds from the offering of the Offshore Preference Shares, after deducting commissions and offering related expenses, to be approximately RMB34.486 billion. The Bank will use the proceeds from the issuance of the Offshore Preference Shares, after deduction of the expenses relating to the issuance, for replenishment of the Bank's Additional Tier 1 Capital.

The Offshore Preference Shares and the H Shares issuable upon conversion of the Offshore Preference Shares have not been, and will not be, registered under the Securities Act or under any State securities laws of the United States. Unless they are registered, the Offshore Preference Shares may not be offered or sold except pursuant to an exemption from or in a transaction not subject to the registrations requirements of the Securities Act and applicable U.S. State securities laws. The Offshore Preference Shares may be sold in other jurisdictions only in compliance with applicable laws and regulations.

The Offshore Preference Shares are offered to professional investors only and are not suitable for retail investors. Investors should not purchase the Offshore Preference Shares in the primary or secondary markets unless they are professional investors. The Offshore Preference Shares are not intended to be sold and should not be sold to retail investors in the European Economic Area, as defined in the rules set out in the Temporary Marketing Restriction (Contingent Convertible Securities) Instrument 2014 (as amended or replaced from time to time) other than in circumstances that do not and will not give rise to a contravention of those rules by any person. The USD Preference Shares will be available and transferable in minimum amounts of U.S.\$200,000 (or 10,000 USD Preference Shares) and integral multiples of U.S.\$1,000 (or 50 USD Preference Shares) in excess thereof. The EUR Preference Shares will be available and transferable in minimum amounts of EUR150,000 (or 10,000 EUR Preference Shares) and integral multiples of EUR1,500 (or 100 EUR Preference Shares) in excess thereof. The RMB Preference Shares will be available and transferable in minimum amounts of RMB1,000,000 (or 10,000 RMB Preference Shares) and integral multiples of RMB10,000 (or 100 RMB Preference Shares) in excess thereof.

An application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Offshore Preference Shares. A further announcement will be made before listing of and dealings in the Offshore Preference Shares commence.

The Bank has been assigned a long-term rating of “A1” by Moody’s and a long-term rating of “A” by Standard & Poor’s, whereas the Offshore Preference Shares have been rated “Ba2” by Moody’s and “BB” by Standard & Poor’s. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. Prospective investors should evaluate each rating independently of any other rating of the Offshore Preference Shares or other securities of the Bank.

The Articles and the Conditions are written in Chinese. In the event of any inconsistency between (i) on the one hand, the Articles and the Conditions in Chinese and (ii) on the other hand, any translations of the Articles and the Conditions, the Chinese versions of the Articles and the Conditions shall prevail. In addition, in the event of any inconsistency between the Articles and the Conditions, the Articles shall prevail.

Completion of the Purchase Agreement and issue of the Offshore Preference Shares is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Purchase Agreement and issue of the Offshore Preference Shares may be terminated in certain circumstances. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the H Shares.

The Bank has entered into the Purchase Agreement with the Sole Global Coordinator and the Joint Lead Managers, pursuant to which the Joint Lead Managers have agreed to procure subscribers to subscribe and pay for, or in the case of certain of the Joint Lead Managers to subscribe and pay for, the Offshore Preference Shares to be issued by the Bank, subject to the terms and conditions of the Purchase Agreement.

The Offshore Preference Shares are to be issued pursuant to the Articles, the Shareholder Resolutions and the authorisation of the chairman, vice-chairman or the president of the Bank. The Offshore Preference Shares when issued will qualify as Additional Tier 1 Capital of the Bank pursuant to the Capital Management Rules issued by the CBRC.

Beneficial owners of USD Preference Shares will receive all payments in U.S. dollars. Beneficial owners of EUR Preference Shares will receive all payments in Euros. Beneficial owners of RMB Preference Shares will receive all payments in Renminbi.

The Offshore Preference Shares and the H Shares issuable upon conversion of the Offshore Preference Shares have not been, and will not be, registered under the Securities Act or under any State securities laws of the United States. Unless they are registered, the Offshore Preference Shares, may not be offered or sold except pursuant to an exemption from or in a transaction not subject to the registrations requirements of the Securities Act and applicable U.S. State securities laws. The Offshore Preference Shares may be sold in other jurisdictions only in compliance with applicable laws and regulations.

THE PURCHASE AGREEMENT

Date

3 December 2014

Parties

- (i) the Bank (as issuer);
- (ii) ICBCI Capital (as Sole Global Coordinator); and
- (iii) ICBCI Securities, GS, UBS and Merrill Lynch (as Joint Lead Managers)

Purchase

Subject to the fulfilment of the conditions set out below in the section headed “Conditions Precedent”, the Joint Lead Managers have agreed to procure subscribers to subscribe and pay for, or in the case of certain of the Joint Lead Managers to subscribe and pay for, the Offshore Preference Shares to be issued by the Bank. The Bank expects that the issuance of the Offshore Preference Shares will be completed on the Issue Date.

The USD Preference Shares will be purchased at a price equal to 100% of the aggregate liquidation preference of the USD Preference Shares (U.S.\$2,940,000,000). The EUR Preference Shares will be purchased at a price equal to 100% of the aggregate liquidation preference of the EUR Preference Shares (EUR600,000,000). The RMB Preference Shares will be purchased at a price equal to 100% of the aggregate liquidation preference of the RMB Preference Shares (RMB12,000,000,000).

Purchasers

To the best of the Bank's knowledge, information and belief, the Joint Lead Managers are not connected persons (as defined in the Hong Kong Listing Rules) of the Bank.

The Joint Lead Managers have informed the Bank that no less than 6 qualified placees are intended to be procured by them for the Offshore Preference Shares but subject to a maximum limit of 200 qualified placees for the Offshore Preference Shares of each currency for each issuance. To the best of the Bank's knowledge, information and belief, each of the placees (and its respective ultimate beneficial owners) are not connected persons (as defined in the Hong Kong Listing Rules) of the Bank.

The Offshore Preference Shares are offered to professional investors only and are not suitable for retail investors. Investors should not purchase the Offshore Preference Shares in the primary or secondary markets unless they are professional investors. The Offshore Preference Shares are not intended to be sold and should not be sold to retail investors in the European Economic Area, as defined in the rules set out in the Temporary Marketing Restriction (Contingent Convertible Securities) Instrument 2014 (as amended or replaced from time to time) other than in circumstances that do not and will not give rise to a contravention of those rules by any person. The USD Preference Shares will be available and transferable in minimum amounts of U.S.\$200,000 (or 10,000 USD Preference Shares) and integral multiples of U.S.\$1,000 (or 50 USD Preference Shares) in excess thereof. The EUR Preference Shares will be available and transferable in minimum amounts of EUR150,000 (or 10,000 EUR Preference Shares) and integral multiples of EUR1,500 (or 100 EUR Preference Shares) in excess thereof. The RMB Preference Shares will be available and transferable in minimum amounts of RMB1,000,000 (or 10,000 RMB Preference Shares) and integral multiples of RMB10,000 (or 100 RMB Preference Shares) in excess thereof.

Conditions Precedent

The obligations of the Joint Lead Managers under the Purchase Agreement, including the obligation to subscribe and pay for or to procure purchasers to purchase the Offshore Preference Shares, are conditional on the following conditions precedent:

1. *The Global Certificates and the Agency Agreement:* the execution and delivery (on or before the Issue Date) of the Global Certificates and the Agency Agreement by the Bank;
2. *Auditors' Letters:* on each of the date of the Offering Circular and the Issue Date, there having been delivered to the Joint Lead Managers a letter, in form and substance satisfactory to the Joint Lead Managers, dated the date of the Offering Circular and the Issue Date (as the case may be) and addressed to the Joint Lead Managers from each of Ernst & Young and KPMG, auditors of the Bank;
3. *Compliance:* on the Issue Date (a) the representations and warranties of the Bank in the Purchase Agreement being true, accurate and correct at, and as if made on, the Issue Date, and (b) the Bank having performed all of its obligations under the Purchase Agreement to be performed on or before the Issue Date and there having been delivered to the Joint Lead Managers a certificate, dated the Issue Date, signed by a duly authorised officer of the Bank to such effect;

4. *Material Adverse Change*: after the date of the Purchase Agreement up to and at the Issue Date, there shall not have occurred any change or development or event likely to involve a prospective change, in the condition (financial or otherwise), prospects, results of operations or general affairs of the Bank, which is material and adverse in the context of the offering, sale or delivery of the Offshore Preference Shares;
5. *Legal Opinions*: on or before the Issue Date, there having been delivered to Joint Lead Managers, in form and substance reasonably satisfactory to the Joint Lead Managers, dated the Issue Date of:
 - (i) a disclosure letter and an opinion as to New York law from Allen & Overy, legal advisers to the Joint Lead Managers;
 - (ii) a disclosure letter and an opinion as to New York law from Linklaters, legal advisers to the Bank;
 - (iii) a disclosure letter and an opinion as to PRC law from Jun He Law Offices, PRC legal advisers to the Joint Lead Managers; and
 - (iv) a disclosure letter and an opinion as to PRC law from King & Wood Mallesons, PRC legal advisers to the Bank;
6. *Listing*: the Hong Kong Stock Exchange having agreed, subject to any conditions reasonably satisfactory to the Joint Lead Managers, to list such Offshore Preference Shares, and upon conversion of any such Offshore Preference Shares to new H Shares, such new H Shares; and
7. *Rating*: on or before the Issue Date, there having been delivered to the Joint Lead Managers, confirmations from Moody's that it has assigned the rating of Ba2 to the Offshore Preference Shares and Standard & Poor's that it has assigned the rating of BB to the Offshore Preference Shares,

provided, however, that the Joint Lead Managers may, at their discretion and upon such terms as they think fit, waive compliance with the whole or any part of the conditions precedent specified in the paragraphs above other than the execution and delivery of the Global Certificates and the Agency Agreement.

Termination

The Joint Lead Managers may give a termination notice to the Bank at any time prior to the payment of gross proceeds of the issue of the Offshore Preference Shares to the Bank on the Issue Date if:

1. *Inaccuracy of representation*: any representation and warranty by the Bank in the Purchase Agreement is or proves to be untrue or incorrect on the date of the Purchase Agreement or on any date on which it is deemed to be repeated;
2. *Breach of obligation*: the Bank fails to perform any of its obligations under the Purchase Agreement;

3. *Failure of condition precedent*: any of the conditions precedent specified in the paragraphs above is not satisfied or waived by the Joint Lead Managers on or prior to the Issue Date; or
4. *Force majeure, moratorium on banking activities, suspension of trading and hostilities*: since the date of the Purchase Agreement and in the opinion of the Joint Lead Managers (after consultation with the Bank to the extent practicable), (i) there has been such a change or any development involving a prospective change, in national or international financial, political or economic conditions or currency exchange rates or exchange controls; (ii) there shall have occurred a general moratorium on, or disruption in, commercial banking activities, securities settlement or clearance services in the United Kingdom, the United States, New York State, Hong Kong or the PRC or by any United Kingdom, United States, New York State, Hong Kong or PRC authorities; (iii) there shall have occurred a suspension or material limitation of trading of securities of the Bank on the Hong Kong Stock Exchange or the Shanghai Stock Exchange or a suspension or material limitation of trading in securities generally on the New York Stock Exchange, the London Stock Exchange, the Hong Kong Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or on any other exchange or over-the-counter market; or (iv) there shall have occurred any event or series of events (including, but not limited to, the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic), which, in each case, would in their view be likely to prejudice materially the success of the offering and distribution of the Offshore Preference Shares or dealings in the Offshore Preference Shares in the secondary market.

PRINCIPAL TERMS OF THE OFFSHORE PREFERENCE SHARES

The Articles and the Conditions are written in Chinese. In the event of any inconsistency between (i) on the one hand, the Articles and the Conditions in Chinese and (ii) on the other hand, any translations of the Articles and the Conditions, the Chinese versions of the Articles and the Conditions shall prevail. In addition, in the event of any inconsistency between the Articles and the Conditions, the Articles shall prevail.

The principal terms of the Offshore Preference Shares are summarised as follows:

<i>Bank</i>	Industrial and Commercial Bank of China Limited
<i>The Offering</i>	The U.S.\$2,940,000,000 6.00%, EUR600,000,000 6.00% and RMB12,000,000,000 6.00% Non-Cumulative, Non-Participating, Perpetual Preference Shares will be issued by Industrial and Commercial Bank of China Limited.
<i>Liquidation Preference</i>	The USD Preference Shares will be issued fully paid in U.S. dollars so that the total paid up amount of each USD Preference Share will be U.S.\$20 (the “ USD Liquidation Preference ”).

The EUR Preference Shares will be issued fully paid in Euros so that the total paid up amount of each EUR Preference Share will be EUR15 (the “**EUR Liquidation Preference**”).

The RMB Preference Shares will be issued fully paid in Renminbi so that the total paid up amount of each RMB Preference Share will be RMB100 (the “**RMB Liquidation Preference**”).

The Offshore Preference Shares will have a par value of RMB100 according to regulatory requirements. The USD Liquidation Preference, EUR Liquidation Preference and RMB Liquidation Preference amounts have been set to enable minimum denomination and integral multiples to align more closely with market practice.

Issue Price

USD Preference Shares: 100%

EUR Preference Shares: 100%

RMB Preference Shares: 100%

Issue Date

10 December 2014.

Book-entry and Denomination

While the Offshore Preference Shares are in the clearing systems, the Offshore Preference Shares will be recorded, transferred and/or converted on the basis of their nominal amounts and not units.

The USD Preference Shares will be issued in registered form and available and transferable in minimum amounts of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.

The EUR Preference Shares will be issued in registered form and available and transferable in minimum amounts of EUR150,000 and integral multiples of EUR1,500 in excess thereof.

The RMB Preference Shares will be issued in registered form and available and transferable in minimum amounts of RMB1,000,000 and integral multiples of RMB10,000 in excess thereof.

Maturity Date

The Offshore Preference Shares are perpetual and have no maturity date. The Bank will only have the right to redeem the Offshore Preference Shares as described in the Conditions. The Offshore Preference Shares are not redeemable at the option of the Offshore Preference Shareholders, and the Offshore Preference Shareholders do not have the right to put back the Offshore Preference Shares to the Bank.

Currencies for Settlement

Beneficial owners of USD Preference Shares will receive all payments in U.S. dollars.

Beneficial owners of EUR Preference Shares will receive all payments in Euros.

Beneficial owners of RMB Preference Shares will receive all payments in RMB.

Dividends

Subject as provided under the Conditions, each Offshore Preference Share shall entitle the holder thereof to receive a non-cumulative dividend.

Each dividend will be payable, subject as provided under the Conditions, annually in arrear on 10 December in each year. The first such Dividend Payment Date will be 10 December 2015.

Dividends in respect of a full year period shall be calculated by multiplying the relevant Dividend Rate by the Liquidation Preference of the Offshore Preference Shares and rounding the resultant figure to the nearest cent.

Dividend Rate

The USD Preference Shares will accrue dividends on their Liquidation Preference:

- (a) from (and including) the Issue Date to (but excluding) 10 December 2019, at the rate of 6.00% per annum; and
- (b) thereafter, in respect of the period from (and including) the USD First Redemption Date and each Reset Date falling thereafter to (but excluding) the immediately following Reset Date, at the relevant USD Reset Dividend Rate.

The EUR Preference Shares will accrue dividends on their Liquidation Preference:

- (a) from (and including) the Issue Date to (but excluding) 10 December 2021, at the rate of 6.00% per annum; and

- (b) thereafter, in respect of the period from (and including) the EUR First Redemption Date and each Reset Date falling thereafter to (but excluding) the immediately following Reset Date, at the relevant EUR Reset Dividend Rate.

The RMB Preference Shares will accrue dividends on their Liquidation Preference:

- (a) from (and including) the Issue Date to (but excluding) 10 December 2019, at the rate of 6.00% per annum; and
- (b) thereafter, in respect of the period from (and including) the RMB First Redemption Date and each Reset Date falling thereafter to (but excluding) the immediately following Reset Date, at the relevant RMB Reset Dividend Rate.

Conditions to Distribution of Dividends

The payment of dividend is subject to, on any Dividend Payment Date:

- (a) the Bank having distributable profits (which are based on the retained profits of the Bank as determined in accordance with the Generally Accepted Accounting Principles of the PRC or the International Financial Reporting Standards, whichever is the lower, as shown in the audited financial statements of the Bank in respect of the immediately preceding financial year), after making up for previous years' losses, contributing to the statutory reserve and making general provision; and
- (b) the Capital Adequacy Ratio of the Bank meeting the requirements of the Capital Management Rules and other applicable regulatory rules.

Further, subject to a resolution to be passed at a Shareholders' general meeting of the Bank on each such occasion, the Bank may elect to cancel (in whole or in part) any dividend otherwise scheduled to be paid on a Dividend Payment Date in the manner set out in the Conditions. The Bank may at its discretion use the funds arising from the cancellation of such dividend to repay other indebtedness due and payable.

The cancellation of any amount of dividend shall not constitute a default for any purpose on the part of the Bank. Dividend payments are non-cumulative, and the Offshore Preference Shareholders shall have no right to any cancelled dividend amount, whether on a Winding-Up or otherwise.

*Restrictions Following
Cancellation of Dividends*

If the Bank elects to cancel (in whole or in part) any dividend otherwise scheduled to be paid on a Dividend Payment Date (but not where such dividend has been cancelled as a result of a conversion of the Offshore Preference Shares), the cancellation of any dividend (in whole or in part) on the Offshore Preference Shares will require a resolution to be passed at a Shareholders' general meeting. The Bank undertakes that any Shareholders' resolution that cancels a dividend (in whole or in part) on the Offshore Preference Shares will be a Parity Obligation Dividends Cancellation Resolution and undertakes that it will not propose to any Shareholders' general meeting a resolution to cancel any dividend on the Offshore Preference Shares that is not a Parity Obligation Dividends Cancellation Resolution.

If, on any Dividend Payment Date, payment of a dividend scheduled to be paid is not made in full, the Bank shall not declare or pay in cash any distribution or dividend or make any other payment in cash on, and will procure that no distribution or dividend in cash or other payment in cash is made on, any Ordinary Shares or on any other class of shares or obligations that ranks or is expressed to rank junior to the Offshore Preference Shares unless or until the earlier of: (i) the dividend scheduled to be paid on any subsequent Dividend Payment Date is paid in full to the Offshore Preference Shareholders; or (ii) the redemption or purchase and cancellation of the Offshore Preference Shares in full or the Conversion in full of the aggregate Liquidation Preference of the Offshore Preference Shares.

Conversion

If an Additional Tier 1 Capital Trigger Event or a Non-Viability Trigger Event occurs, the Bank shall (having reported to and obtained the consent from the CBRC but without the need for the consent of Offshore Preference Shareholders or Ordinary Shareholders):

- (a) cancel any dividend in respect of the relevant Loss Absorption Amount that is accrued and unpaid up to (and including) the Conversion Date; and

- (b) irrevocably and compulsorily convert with effect from the Conversion Date all or some only of the Offshore Preference Shares into such number of H Shares as is equal to the Loss Absorption Amount in respect of that Offshore Preference Shareholder's Offshore Preference Shares divided by the Conversion Price rounded down (to the extent permitted by applicable laws and regulations) to the nearest whole number of H Shares, and the portion of the Liquidation Preference of any fractional shares less than one H Share resulting from the Conversion shall be settled by the Bank in cash.

The H Shares issuable upon Conversion shall be issued to a nominee appointed by the Bank to hold for Offshore Preference Shareholders in accordance with the Conditions.

Conversion Price

The initial conversion price will be U.S.\$0.6451 in respect of the USD Preference Shares, EUR0.4793 in respect of the EUR Preference Shares and RMB3.9725 in respect of the RMB Preference Shares. The Conversion Price is subject to adjustment as described in the Conditions.

The initial conversion price is equal to the average trading price of the H Shares of the Bank for the 20 trading days preceding 25 July 2014, the date of publication of the Board resolution in respect of the issuance plan of the Offshore Preference Shares, i.e. HK\$5.00 per share, converted into U.S. dollars, Euros and Renminbi based on the relevant cross rate between Hong Kong dollars and U.S. dollars or Euros, or the exchange rate between Hong Kong dollars and Renminbi (as applicable) of RMB6.1579 to US\$1.00 and RMB8.2876 to EUR1.00 and RMB0.79449 to HK\$1.00.

Subject to the Conditions, the Conversion Price shall be adjusted if and whenever:

- (a) the Bank shall issue any H Shares credited as fully paid up to the Ordinary Shareholders (at any time following 25 July 2014, and subject to the Capital Management Rules and any other applicable laws and regulations) by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve);

- (b) the Bank shall issue (at any time following 25 July 2014, and subject to the Capital Management Rules and any other applicable laws and regulations), wholly for cash or for no consideration, any H Shares (other than H Shares issued on the exercise of conversion rights or on the exercise of any rights of conversion into, or exchange or subscription for, or purchase of, H Shares) or issue or grant, wholly for cash or for no consideration, any options, warrants or other rights to subscribe for or purchase any H Shares (other than the Offshore Preference Shares), in each case at a price per H Share which is less than the current market price per H Share on the trading day immediately preceding the date of the first public announcement of the terms of such issue or grant; and
- (c) there shall be consolidation, subdivision or reclassification or redesignation affecting the number of Ordinary Shares (at any time following 25 July 2014, and subject to the Capital Management Rules and any other applicable laws and regulations).

Optional Redemption

The Bank may, subject to obtaining CBRC approval and compliance with the Redemption Preconditions, upon not less than 30 nor more than 60 days' notice to the Offshore Preference Shareholders, the Registrar and the Fiscal Agent, redeem all or some of the Offshore Preference Shares on the First Redemption Date and on any Dividend Payment Date thereafter. There shall be paid on each Preference Share so redeemed the aggregate of an amount equal to its Liquidation Preference plus any dividends accrued but unpaid in respect of the period from (and including) the immediately preceding Dividend Payment Date to (but excluding) the date scheduled for redemption.

Rights upon Liquidation

Upon liquidation of the Bank, the claims of the Offshore Preference Shareholders on the residual assets of the Bank will rank (i) junior to (x) all liabilities of the Bank including subordinated liabilities and (y) instruments issued or guaranteed by the Bank ranking senior to the Offshore Preference Shares, (ii) equally in all respects with each other and with the holders of Parity Obligations, and (iii) in priority to the Ordinary Shareholders. On a Winding-Up, the assets of the Bank available to the Shareholders shall be applied in respect of the claims of Offshore Preference Shareholders equally in all respects with the rights against the Bank in such circumstances in respect of the Parity Obligations (which term, for the avoidance of doubt, includes domestically-issued preference shares of the Bank) and in priority to any payment to the Ordinary Shareholders.

Taxation

All payments of Liquidation Preference and/or dividends in respect of the Offshore Preference Shares will be made free and clear of, and without withholding or deduction for or on account of, any present or future tax, duty, assessments or governmental charges of whatsoever nature imposed or levied by or on behalf of the PRC or any political subdivision or any authority thereof or therein having power to levy tax in the PRC, unless such withholding or deduction is required by the law of the PRC. In that event, subject to certain limited circumstances, the Bank shall pay such additional amounts as will result in the receipt by the Offshore Preference Shareholders of such amounts as would have been received by them if no such withholding or deduction had been required.

Voting Rights

Offshore Preference Shareholders shall not be entitled to receive notice of or to attend any general meeting of the Shareholders of the Bank except as described below.

Only under certain circumstances as specified in the Articles and the Conditions may the Offshore Preference Shareholders be entitled to attend Shareholders' general meetings and vote at a separate class meeting, in which case the Offshore Preference Shareholders will be entitled to one vote in respect of each outstanding Offshore Preference Share. The Offshore Preference Shares held by, or on behalf of, the Bank shall have no voting rights.

If a Voting Rights Restoration Event occurs, as from the day immediately following the date on which the Shareholders' general meeting resolves that the Bank will not pay such dividend which triggers the Voting Rights Restoration Event, each Offshore Preference Shareholder shall, to the extent permitted by applicable laws, be entitled to attend and vote upon any resolution proposed at any general meeting as if they were Ordinary Shareholders.

Governing Law

The creation and issue of the Offshore Preference Shares and the rights and obligations (including non-contractual rights and obligations) attached to them are governed by, and shall be construed in accordance with, PRC law.

Language

The Articles and the Conditions are written in Chinese. In the event of any inconsistency between (i) on the one hand, the Articles and the Conditions in Chinese and (ii) on the other hand, any translations of the Articles and the Conditions, the Chinese versions of the Articles and the Conditions shall prevail. In addition, in the event of any inconsistency between the Articles and the Conditions, the Articles shall prevail.

Rating

The Bank has been assigned a long-term rating of "A1" by Moody's and a long-term rating of "A" by Standard & Poor's, whereas the Offshore Preference Shares have been rated "Ba2" by Moody's and "BB" by Standard & Poor's. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. Prospective investors should evaluate each rating independently of any other rating of the Offshore Preference Shares or other securities of the Bank.

*The relationship with the
Domestic Preference Shares*

The proposed issuance of the Domestic Preference Shares approved by the Shareholder Resolutions and the offering of the Offshore Preference Shares are independent from each other and are not conditional upon each other.

APPLICATION FOR LISTING

An application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Offshore Preference Shares. A further announcement will be made before listing of and dealings in the Offshore Preference Shares commence.

REASONS FOR THE ISSUANCE AND USE OF PROCEEDS

The Bank ranks first in the PRC banking industry in terms of each of total assets, market share of loans and market share of deposits, and has maintained a leading position among PRC commercial banks in most of its core and emerging businesses. The Bank provides customers with a wide range of financial products and services and has formed a cross-market, internationalised and integrated business model with a focus on commercial banking. The principal businesses of the Bank include corporate banking (including corporate deposits and loans, SME business, institutional banking business, settlement and cash management, international settlement and trade finance and investment banking), personal banking (such as savings deposits, personal loans, private banking, bank cards and personal wealth management), financial asset services (among others, wealth management services, asset custody services, pension services, precious metal business, franchise treasury business, asset securitisation business and agency services) and treasury operations (e.g., money market activities and investment and financing businesses).

Based on the CNY Central Parity Rate published by the China Foreign Exchange Trading Centre on 3 December 2014, the gross proceeds from the offering of the Offshore Preference Shares will be approximately RMB34.607 billion. The Bank expects the net proceeds from the offering of the Offshore Preference Shares, after deducting commissions and offering related expenses, to be approximately RMB34.486 billion. The Bank will use the proceeds from the issuance of the Offshore Preference Shares, after deduction of the expenses relating to the issuance, for replenishment of the Bank's Additional Tier 1 Capital.

The Board considers that the proposed issuance of the Offshore Preference Shares is in the interests of the Bank and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Bank has not carried out any issue of equity securities for fund-raising purposes during the 12 months immediately preceding the date of this announcement.

The issuance of Domestic Preference Shares approved at the Shareholders' general meeting on 19 September 2014 and the issuance of the Offshore Preference Shares are independent from each other, and one does not constitute a condition for the other. If either of the issuances fails, this will not have any impact on the implementation of the other issuance.

GENERAL MANDATE

By the Shareholder Resolutions, the Bank granted a general mandate to the Board to allot and issue up to 20% of the aggregate number of then existing H Shares, being 17,358,808,910 H Shares. The H Shares issuable upon a compulsory conversion of the Offshore Preference Shares will be issued under such general mandate. At the date of this announcement, there has been no issue of H Shares under such general mandate.

An application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the H Shares to be issued upon conversion of the Offshore Preference Shares pursuant to the Conditions.

CAPITAL POSITION OF THE BANK

Impacts on Share Capital

If there is no Additional Tier 1 Capital Trigger Event or Non-Viability Trigger Event for Conversion, the issuance of the Offshore Preference Shares will not affect the ordinary share capital of the Bank. However, if Conversion is triggered, the Bank's ordinary share capital will be increased.

Assuming that the total amount of Offshore Preference Shares to be issued does not exceed the maximum amount of RMB35 billion as approved by the Shareholder Resolutions, and the simulated Conversion Price of the Conversion and voting right recovery were the average trading price of the H Shares of the Bank for the 20 trading days preceding the publication of the Board resolution approving the issuance plan of the Offshore Preference Shares (being the total trading value of the H Shares of the Bank for such 20 preceding trading days divided by the total trading volume of the H Shares for the same 20 trading days, i.e. HK\$5.00 per share (equivalent to approximately RMB3.9725 per share, using the exchange rate as at 24 July 2014 of RMB0.79449 to HK\$1.00), the Offshore Preference Shares to be converted to H Shares would not exceed 8,810,572,687 H Shares. For illustrative purposes only, the table below sets forth the impact on the Bank's share capital structure if all the Offshore Preference Shares under the proposed issuance were converted into H Shares pursuant to the Conversion:

Share Capital	As at 31 October 2014		After Conversion of all the Offshore Preference Shares	
	Shares	Percentage of share capital (%)	Shares	Percentage of share capital (%)
A Share.	264,717,809,400	75.31	264,717,809,400	73.47
H Share.	86,794,044,550	24.69	95,604,617,237	26.53
Total	<u>351,511,853,950</u>	<u>100.00</u>	<u>360,322,426,637</u>	<u>100.00</u>

As at 31 October 2014, Huijin and the MOF, the controlling shareholders of the Bank, held 124,155,852,951 A Shares and 123,316,451,864 A Shares, respectively, of the Bank, accounting for 35.32% and 35.08%, respectively, of the total issued share capital of the Bank. After the Conversion of the Offshore Preference Shares into H Shares based on the above-mentioned assumptions, Huijin's and the MOF's shareholding would decrease to 34.46% and 34.22%, respectively. Huijin and the MOF would remain the controlling shareholders of the Bank.

Impacts on Net Assets

The Offshore Preference Shares are considered equity instruments. Upon completion of the issuance of the Offshore Preference Shares, the net assets of the Bank will increase.

Impacts on Debt to Asset Ratio

The Offshore Preference Shares are considered equity instruments. Upon completion of the issuance of the Offshore Preference Shares, the debt to asset ratio of the Bank will decrease.

Impacts on Return on Equity and Earnings Per Ordinary Share Attributable to Equity Holders of the Parent Company

As the dividend payments to the Offshore Preference Shareholders will reduce the net profit after tax attributable to the equity holders of the parent company, the return on equity to the equity holders of the parent company and the earnings per Ordinary Share attributable to the equity holders of the parent company will decrease. However, the issuance of the Offshore Preference Shares will support the growth of interest generating assets of the Bank and increase revenue for the Bank. Therefore, since the proceeds from the offering of the Offshore Preference Shares are classified as Additional Tier 1 Capital, if the Bank maintains the current level of capital management efficiency, the issuance of the Offshore Preference Shares may have a positive impact on the return on equity to the equity holders of the parent company and the earnings per Ordinary Share attributable to equity holders of the parent company.

Impacts on the Bank's Regulatory Capital Indicators

The Capital Management Rules were implemented on 1 January 2013, which required commercial banks to satisfy the stipulated regulatory requirements on Capital Adequacy Ratio, including the minimum capital requirement, the reserve capital requirement, the countercyclical capital requirement, the supplementary capital requirement on systemically important banks and the pillar 2 capital requirement, as detailed in the following table:

Regulatory Requirements

Minimum capital requirement

Core Tier 1 Capital Adequacy Ratio . . . 5%

Tier 1 Capital Adequacy Ratio 6%

Capital Adequacy Ratio 8%

Reserve capital requirement The reserve capital requirement will be gradually introduced during the transition period, which is 0.5% at the end of 2013, 0.9% at the end of 2014, 1.3% at the end of 2015, 1.7% at the end of 2016, 2.1% at the end of 2017 and 2.5% at the end of 2018. It is satisfied through Core Tier 1 Capital.

Countercyclical capital requirement. . . In certain circumstances, commercial banks are required to set aside funds for the account of the countercyclical capital beyond the minimum capital requirement and the reserve capital requirement. The countercyclical capital requirement is equal to 0–2.5% of the risk-weighted assets and it is satisfied through Core Tier 1 Capital.

Supplementary capital requirement on systemically important banks. . . . For domestic systemically important banks: 1% of the risk-weighted assets and to be satisfied through Core Tier 1 Capital; and

For global systemically important banks: to be determined by the Basel Committee on Banking Supervision.

Pillar 2 capital requirement. To be determined by CBRC under the pillar 2 framework.

Pursuant to the aforesaid requirements, the Core Tier 1 Capital Adequacy Ratio, the Tier 1 Capital Adequacy Ratio and the Capital Adequacy Ratio requirements for PRC commercial banks are 7.5%, 8.5% and 10.5%, respectively, at the end of 2018. For systemically important banks, the Core Tier 1 Capital Adequacy Ratio, the Tier 1 Capital Adequacy Ratio and the Capital Adequacy Ratio requirements are 8.5%, 9.5% and 11.5%, respectively. As at 30 June 2014, we achieved a Core Tier 1 Capital Adequacy Ratio, Tier 1 Capital Adequacy Ratio and Capital Adequacy Ratio of 11.36%, 11.36% and 13.67%, respectively.

The following table sets out, for illustrative purposes only, information on certain of the Bank's regulatory capital indicators on an actual basis and as adjusted to give effect to the following assumptions: (i) that the issuance of the Offshore Preference Shares was completed on 1 January 2014 with an issue size of RMB35 billion and (ii) that dividends at a dividend rate of 6.0% (such dividend rate is only for the purpose of illustrative calculation and is not the Bank's expected Dividend Rate of the Offshore Preference Shares to be issued) were fully paid, without taking into account any gains that may be generated from the use of proceeds or deducting any dividends paid to Offshore Preference Shareholders before tax.

	As at 30 June 2014			
	Actual	Adjusted		
	Group	Parent Company	Group	Parent Company
	<i>(in RMB millions, unless otherwise specified)</i>			
Net Core Tier 1 Capital ⁽¹⁾	1,346,946	1,262,953	1,344,846	1,260,853
Net Tier 1 Capital ⁽²⁾	1,347,009	1,262,953	1,379,909	1,295,853
Net capital base ⁽²⁾	1,620,616	1,529,939	1,653,516	1,562,839
Core Tier 1 Capital Adequacy Ratio . .	11.36%	11.28%	11.34%	11.26%
Tier 1 Capital Adequacy Ratio	11.36%	11.28%	11.64%	11.57%
Capital Adequacy Ratio	13.67%	13.66%	13.94%	13.96%

Notes:

- (1) The calculation of the as adjusted net Core Tier 1 Capital has considered the effect of the expense of dividends on the Offshore Preference Shares for the current year on non-distributed profit, but has not considered the financial return of the proceeds from the issuance of the Offshore Preference Shares.
- (2) The calculation of the as adjusted net tier 1 capital and net capital base has considered the effect of the expense of dividends on the Offshore Preference Shares for the current year on non-distributed profit, as well as the effect of the amount of RMB35 billion, which has been contributed to the other tier 1 capital.

As calculated based on the financial information of the Bank as at 30 June 2014, after the issuance of the Offshore Preference Shares, the Group's Tier 1 Capital Adequacy Ratio will increase by 0.28 percentage points to 11.64%, and its Capital Adequacy Ratio will increase by 0.27 percentage points to 13.94%. Overall, the issuance of the Offshore Preference Shares should assist the Bank in continuing to meet the minimum capital requirements and raise its Tier 1 Capital Adequacy Ratio and Capital Adequacy Ratio. In addition, the issuance of the Offshore Preference Shares helps the Bank develop supplementary sources of funds to replenish its tier 1 capital as opposed to satisfying the Tier 1 Capital Adequacy Ratio requirement solely through the Core Tier 1 Capital of the Bank. Moreover, the issuance of the Offshore Preference Shares is conducive to alleviating the dilution effect on the equity interests of the Shareholders from funds raised through the issuance of Ordinary Shares, thereby optimising the capital structure of the Bank.

WAIVER FROM STRICT COMPLIANCE WITH THE HONG KONG LISTING RULES

In connection with the listing of the Offshore Preference Shares, the Bank has applied to, and has been granted applicable waivers by, the Hong Kong Stock Exchange from strict compliance with a number of provisions of the Hong Kong Listing Rules.

Those waivers are applied for the following basis:

- The Offshore Preference Shares are more akin to fixed income products such as a quasi-debt securities and they have more characteristics in common with debt securities than with equity securities. In particular, the Offshore Preference Shares have a fixed dividend rate and in the event of a redemption, the Offshore Preference Shares will be redeemed at 100% of their issue price. The Offshore Preference Shares may be converted to H Shares but such conversion will be mandatory and will only occur when there is an Additional Tier 1 Capital Trigger Event or if the Bank reaches a point of financial non-viability.
- The Offshore Preference Shares will be offered to institutional and professional investors only by way of a private placement and will not be made accessible to retail investors. The Offshore Preference Shares are structured in a way that they will not be Eligible Securities under the Hong Kong Listing Rules and will not be admitted to Central Clearing and Settlement System operated by HKSCC for clearance and settlement. Trading of the Offshore Preference Shares is not expected to take place on the Hong Kong Stock Exchange either on issue or in the secondary market. The Offshore Preference Shares are therefore designed never to trade on, or otherwise use the facilities of, the Hong Kong Stock Exchange.

In light of the above, the Bank has applied for a suite of waivers in order to enable the Offshore Preference Shares, which are by their nature fixed income securities similar to debt instruments designed to be offered and traded only by institutional and professional investors, to be listed on the Hong Kong Stock Exchange under the Hong Kong Listing Rules that are applicable to equity securities.

The waivers being sought by and granted to the Bank are broadly classified into the following categories:

- those in relation to qualifications of listing that are required to cater for the fact that the Offshore Preference Shares are fixed income securities offered only to professional investors;
- those that are required to enable the Offshore Preference Shares to be offered only to institutional and professional investors and not retail investors;
- those that are required to enable the Offshore Preference Shares to be structured in a way that meets the expectations of institutional and professional investors for these type of securities to allow for a plausible offering; and
- those that are required in order to enable the Bank not subject to compliance obligations that do not commensurate with the offering and listing of securities similar to debt securities that are made available only to institutional and professional investors.

The waivers being sought by and granted to the Bank are listed below:

- Rule 2.07A(2): Requirements for an express, positive confirmation in writing from each holder of the Offshore Preference Shares that corporate communications may be made available using electronic means, and all corporate communications be sent to holders of the Offshore Preference Shares
- Rule 2.07A(3): Requirement for providing the right of holder of the Offshore Preference Shares to request corporation communications in printed hardcopy form
- Rules 2.07C(1)(b)(i), 2.07C(4)(b), 2.07C(6) and 11.14: Requirements that the listing document should be made available to the public and be accompanied by a Chinese translation
- Rule 7.10: Placing guidelines in respect of placements of the Offshore Preference Shares to the general public
- First part of paragraph 3 and paragraphs 4, 5, 6, 8 and 10 of Appendix 6: Placing guidelines in respect of placements of the Offshore Preference Shares to the general public
- Rule 8.07: Requirement of adequate market and sufficient public interest for the Offshore Preference Shares
- Rule 8.08: Requirement of an open market for the Offshore Preference Shares

- Rules 8.13A and 9.21(2): Admission of the Offshore Preference Shares as Eligible Securities (as defined in the Hong Kong Listing Rules) by HKSCC
- Rules 8.16 and 19A.13(3)(a): Appointment of an approved share registrar to maintain the register of members for the Offshore Preference Shares in Hong Kong
- Rule 9.23(2)(a): Requirement for marketing statements from the lead broker, any distributors and every Exchange Participant (as defined in the Hong Kong Listing Rules) with the Offshore Preference Shares to be placed
- Rule 9.23(2)(b) and paragraph 11 of Appendix 6: Submission of placee lists in respect of the Offshore Preference Shares
- Rules 11.12, 19A.26(1) and paragraph 2 of Appendix 1B: Requirement for a directors' statement of responsibility in respect of information contained in the listing document
- Rules 12.03, 12.04, 12.05 and 12.07: Requirements in respect of the timing, publication format and information to be disclosed in the formal notice for placing of the Offshore Preference Shares, and that the formal notice should be made available to the public and be made in both English and Chinese language
- Paragraphs 6(1), 6(3), 13, 30, 32, 39, 40(1) and 40(2) of Appendix 1B: Certain specific disclosure requirements in the listing documents:
 - Paragraphs 6(1) and 6(3): details of the exchanges on which other debt securities are listed, and particulars of the dealing and settlement arrangements on each such exchange and between such exchanges
 - Paragraph 13: a statement of the net tangible asset backing for the Offshore Preference Shares
 - Paragraph 30: a working capital statement by the directors in respect of a period of at least 12 months
 - Paragraph 32: a statement of no material adverse change provided by the directors
 - Paragraph 39: particulars of directors' service contracts
 - Paragraphs 40(1) and 40(2): particulars of interests of directors in assets of the Bank and contracts or arrangements of significance
- Paragraph 5 of Appendix 8: Payment of transaction levy on the issuance of the Offshore Preference Shares
- Paragraph 6 of Appendix 8: Payment of trading fee on the issuance of the Offshore Preference Shares

Completion of the Purchase Agreement and issue of the Offshore Preference Shares is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Purchase Agreement and issue of the Offshore Preference Shares may be terminated in certain circumstances. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the H Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings when used herein:

“A Shares”	ordinary share(s) of par value RMB1.00 each in the share capital of the Bank, which are listed on the Shanghai Stock Exchange under the stock code 601398 and traded in RMB
“Additional Tier 1 Capital”	has the meaning given to it (or any equivalent or successor term) in the Capital Management Rules
“Additional Tier 1 Capital Trigger Event”	means that the Core Tier 1 Capital Adequacy Ratio of the Bank has fallen to 5.125% or below
“Articles”	the articles of association of the Bank
“Bank”	Industrial and Commercial Bank of China Limited
“Board”	the board of directors of the Bank
“Capital Adequacy Ratio”	has the meaning given to it in the Capital Management Rules
“Capital Management Rules”	the Rules Governing Capital Management of Commercial Banks (Provisional) (商業銀行資本管理辦法(試行)) issued by the CBRC on 7 June 2012, which became effective on 1 January 2013
“CBRC”	the China Banking Regulatory Commission
“Clearstream”	Clearstream Banking, <i>société anonyme</i>
“Conditions”	the terms and conditions of the Offshore Preference Shares
“Conversion”	a reduction in the Liquidation Preference of Offshore Preference Shares by the relevant Loss Absorption Amount and issuance of such number of H Shares as is equal to the Loss Absorption Amount divided by the Conversion Price rounded down (to the extent permitted by applicable laws and regulations) to the nearest whole number of H Shares

“Conversion Date”	<p>the next day following:</p> <ul style="list-style-type: none"> (a) in respect of any Additional Tier 1 Capital Trigger Event, the date (whichever occurs later) on or by which (i) the CBRC or the relevant authority (as the case may be) has decided such Additional Tier 1 Capital Trigger Event has occurred and notified the Bank of such Additional Tier 1 Capital Trigger Event and (ii) the Bank has made a public announcement of such Additional Tier 1 Capital Trigger Event, provided that the Bank shall make such a public announcement as soon as practicable following the receipt of such notice from the CBRC; or (b) in respect of any Non-Viability Trigger Event, the date (whichever occurs later) on or by which (i) the CBRC or the relevant authority (as the case may be) has decided such Non-Viability Trigger Event has occurred and notified the Bank of such Non-Viability Trigger Event and (ii) the Bank has made a public announcement of such Non-Viability Trigger Event, provided that the Bank shall make such a public announcement as soon as practicable following the receipt of such notice from the CBRC
“Conversion Price”	either the initial conversion price or the conversion price so adjusted in accordance with the Conditions
“Core Tier 1 Capital”	has the meaning given to it in the Capital Management Rules
“Core Tier 1 Capital Adequacy Ratio”	has the meaning given to it in the Capital Management Rules
“Dividend Payment Date”	10 December in each year
“Dividend Rate”	<ul style="list-style-type: none"> (a) in respect of the USD Preference Shares, 6.00% per annum and/or the applicable USD Reset Dividend Rate, as the case may be; (b) in respect of the EUR Preference Shares, 6.00% per annum and/or the applicable EUR Reset Dividend Rate, as the case may be; and (c) in respect of the RMB Preference Shares, 6.00% per annum and/or the applicable RMB Reset Dividend Rate, as the case may be.

“Domestic Preference Shares”	the preference shares of an aggregate amount of not more than RMB45 billion, proposed to be issued by the Bank in the PRC pursuant to the Proposal in respect of Issuance of Domestic Preference Shares by Industrial and Commercial Bank of China Limited as approved by the Shareholder Resolutions
“DTC”	The Depository Trust Company
“EUR”	Euros, the lawful currency of the Eurozone
“EUR First Redemption Date”	10 December 2021
“EUR Liquidation Preference”	the total paid up amount of each EUR Preference Share, which will be EUR15
“EUR Preference Shares”	the EUR600,000,000 6.00% Non-Cumulative, Non-Participating, Perpetual Preference Shares to be issued by the Bank
“EUR Reset Dividend Rate”	in respect of any Reset Period, the sum of the 5-year EUR Mid-Swap Rate in relation to that Reset Period and 5.37% per annum
“Euroclear”	Euroclear Bank SA/NV
“Fiscal Agent”	The Bank of New York Mellon in respect of the USD Preference Shares, The Bank of New York Mellon, London Branch in respect of the EUR Preference Shares and the RMB Preference Shares or both, as the context so requires
“First Redemption Date”	each, separately and not together, of the USD First Redemption Date, the EUR First Redemption Date and the RMB First Redemption Date
“Global Certificates”	the global certificates representing the Offshore Preference Shares
“GS”	Goldman Sachs (Asia) L.L.C.
“Group”	the Industrial and Commercial Bank of China Limited and its subsidiaries
“HKD”	Hong Kong Dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited

“H Shares”	overseas listed foreign share(s) of par value RMB1.00 each in the share capital of the Bank, which are listed on the Hong Kong Stock Exchange under the stock code 1398 and traded in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Huijin”	Central Huijin Investment Ltd.
“ICBCI Capital”	ICBC International Capital Limited
“ICBCI Securities”	ICBC International Securities Limited
“Issue Date”	10 December 2014
“Joint Lead Managers”	ICBCI Securities, GS, UBS and Merrill Lynch
“Liquidation Preference”	means: (a) in respect of any USD Preference Share, the USD Liquidation Preference; or (b) in respect of any EUR Preference Share, the EUR Liquidation Preference; or (c) in respect of any RMB Preference Share, the RMB Liquidation Preference
“Loss Absorption Amount”	<p>the aggregate Liquidation Preference of the Offshore Preference Shares to be converted, with such aggregate number of Offshore Preference Shares to be converted being:</p> <p>(a) in respect of an Additional Tier 1 Capital Trigger Event:</p> <p>(i) the number of Offshore Preference Shares that (together with the write-down and/or conversion of any loss absorbing instruments) would be sufficient to restore the Bank’s Core Tier 1 Capital Adequacy Ratio to above 5.125%; or</p> <p>(ii) if the conversion of all the Offshore Preference Shares (together with the write-down and/or conversion of any loss absorbing instruments) would be insufficient to restore the Bank’s Core Tier 1 Capital Adequacy Ratio to above 5.125%, all of the Offshore Preference Shares; and</p>

(b) in respect of a Non-Viability Trigger Event, all of the Offshore Preference Shares

“Merrill Lynch”	Merrill Lynch International
“MOF”	Ministry of Finance of the People’s Republic of China
“Moody’s”	Moody’s Investors Service Limited
“Non-Viability Trigger Event”	<p>the earlier of:</p> <p>(a) the supervisory authority deciding that a Conversion is necessary, without which the Bank would become non-viable; and</p> <p>(b) any relevant authority deciding that a public sector injection of capital or equivalent support is necessary, without which the Bank would become non-viable</p>
“Offering Circular”	an offering circular dated 3 December 2014 for use in connection with the offer of the Offshore Preference Shares and the listing of the Offshore Preference Shares on the Hong Kong Stock Exchange and setting forth information concerning the Bank and the Offshore Preference Shares
“Offshore Preference Shares”	each, separately, of the USD Preference Shares, the EUR Preference Shares and the RMB Preference Shares
“Offshore Preference Shareholders”	holders of the Offshore Preference Shares
“Ordinary Shares”	the H Shares and the A Shares
“Ordinary Shareholders”	holders of the Ordinary Shares
“Parity Obligation Dividends Cancellation Resolution”	a resolution of the Shareholders that resolves irrevocably to cancel payment (and if in part, then on a <i>pari passu</i> basis) of each dividend falling due for distribution or scheduled for payment on the Offshore Preference Shares, and on outstanding Parity Obligations on the date the resolution is passed, during the period of 12 months (or such longer period in integral multiples of 12 months on excess thereof as the resolution specifies) following the date of such resolution
“Parity Obligations”	(a) in respect of the USD Preference Shares, the EUR Preference Shares and the RMB Preference Shares;

- (b) in respect of the EUR Preference Shares, the USD Preference Shares and the RMB Preference Shares; and
- (c) in respect of the RMB Preference Shares, the USD Preference Shares and the EUR Preference Shares, and

any other class of preference shares in the capital of the Bank from time to time and any other obligations ranking or expressed to rank *pari passu* with the Offshore Preference Shares (either issued directly by the Bank or by a subsidiary where the terms of such obligations benefit from a guarantee or support agreement ranking or expressed to rank *pari passu* to the Offshore Preference Shares), which shall include the domestically-issued preference shares

“PRC”

the People’s Republic of China, excluding, for purposes of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC, or Macau, and the region of Taiwan

“Purchase Agreement”

a purchase agreement entered into by and between the Bank, the Sole Global Coordinator and the Joint Lead Managers dated 3 December 2014

“Redemption Preconditions”

in relation to any redemption of the Offshore Preference Shares:

- (a) that the regulatory capital of the Bank will be replenished by substitution of the Offshore Preference Shares with securities of the same or superior loss absorption quality to the Offshore Preference Shares, and such substitution shall only be made at a time at which the Bank has a sustainable income generating capability; or
- (b) that the amount of regulatory capital of the Bank immediately after redemption of the Offshore Preference Shares will remain significantly higher than the regulatory capital requirements prescribed by the supervisory authority

“Registrar”

The Bank of New York Mellon in respect of the USD Preference Shares, The Bank of New York Mellon (Luxembourg) S.A. in respect of the EUR Preference Shares and the RMB Preference Shares or both, as the context so requires

“Reset Date”	the First Redemption Date and each date that falls five, or a multiple of five, years following the First Redemption Date
“Reset Dividend Rate”	the USD Reset Dividend Rate in respect of the USD Preference Shares, the EUR Reset Dividend Rate in respect of the EUR Preference Shares and the RMB Reset Dividend Rate in respect of the RMB Preference Shares.
“Reset Period”	the period from (and including) the First Redemption Date to (but excluding) the next Reset Date, and each successive period from (and including) a Reset Date to (but excluding) the next succeeding Reset Date
“RMB”	Renminbi, the lawful currency of the PRC
“RMB First Redemption Date”	10 December 2019
“RMB Liquidation Preference”	the total paid up amount of each RMB Preference Share, which will be RMB100
“RMB Preference Shares”	the RMB12,000,000,000 6.00% Non-Cumulative, Non-Participating, Perpetual Preference Shares to be issued by the Bank
“RMB Reset Dividend Rate”	the sum of the 5-year Chinese Treasury Rate in relation to the relevant Reset Period and 2.463% per annum
“Securities Act”	the U.S. Securities Act of 1933
“Shareholders”	holders of the Ordinary Shares and/or preference shares
“Shareholder Resolutions”	the resolutions adopted at the Shareholders’ general meeting of the Bank held on 19 September 2014
“Sole Global Coordinator”	ICBCI Capital
“Standard & Poor’s”	Standard & Poor’s Ratings Group
“Tier 1 Capital Adequacy Ratio”	has the meaning given to it in the Capital Management Rules
“UBS”	UBS AG, Hong Kong Branch
“United States”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“U.S.\$”, “USD” or “U.S. dollars”	the United States dollars, the lawful currency of the United States

“USD First Redemption Date”	10 December 2019
“USD Liquidation Preference”	the total paid up amount of each USD Preference Share, which will be U.S.\$20
“USD Preference Shares”	the U.S.\$2,940,000,000 6.00% Non-Cumulative, Non-Participating, Perpetual Preference Shares to be issued by the Bank
“USD Reset Dividend Rate”	the sum of the 5-year U.S. Treasury Rate in relation to the relevant Reset Period and 4.382% per annum
“Voting Rights Restoration Event”	means the following circumstances: <ul style="list-style-type: none"> (a) the dividend on the Offshore Preference Shares has not been paid in full in respect of the then most recent two dividend Periods; or (b) a total of three dividend payments have not been paid in full at any time since the Issue Date, or the most recent date on which voting rights of the Offshore Preference Shareholders were cancelled pursuant to the Conditions
“Winding Up”	proceedings in respect of the Bank for insolvency, cessation of business, bankruptcy, winding-up, dissolution, administration or other similar proceeding in respect of the Bank (except for the purposes of a reconstruction, consolidation, amalgamation, merger or reorganisation the terms of which have previously been approved by an extraordinary resolution of the Offshore Preference Shareholders)

**The Board of Directors of
Industrial and Commercial Bank of China Limited**

Beijing, PRC
4 December 2014

As at the date of this announcement, the board of directors comprises Mr. JIANG Jianqing, Mr. YI Huiman and Mr. LIU Lixian as executive directors, Ms. WANG Xiaoya, Ms. GE Rongrong, Mr. LI Jun, Mr. WANG Xiaolan and Mr. FU Zhongjun as non-executive directors, Mr. WONG Kwong Shing, Frank, Sir Malcolm Christopher McCARTHY, Mr. Kenneth Patrick CHUNG, Mr. OR Ching Fai, Mr. HONG Yongmiao and Mr. YI Xiqun as independent non-executive directors.