



中华人民共和国财政部  
MINISTRY OF FINANCE PEOPLE'S REPUBLIC OF CHINA

**RMB3,000,000,000 3.28% Bonds due 2019**

**ISSUE PRICE: 100.00%**

The 3.28% Bonds due 2019 in the aggregate principal amount of RMB3,000,000,000 (the “**Bonds**”) will be issued by The Ministry of Finance of the People’s Republic of China (the “**Ministry of Finance**”).

The Bonds will bear interest from and including 2 June 2016 (the “**Issue Date**”) at the rate of 3.28 per cent. per annum. Interest on the Bonds will be payable semi-annually in arrear on the Interest Payment Dates (as defined in the Terms and Conditions of the Bonds) falling on or nearest to 2 June and 2 December in each year, commencing on 2 December 2016. Payments on the Bonds will be made in Renminbi without withholding or deduction for taxes of the People’s Republic of China (the “**PRC**” or “**China**”) or any authority in the PRC or of the PRC having power to tax to the extent described under “*Terms and Conditions – Taxation and Withholding*”. The Bonds will mature on the Interest Payment Date falling on or nearest to 2 June 2019 at their principal amount.

The full faith and credit of the Central People’s Government of the People’s Republic of China (the “**Central People’s Government**”) is pledged for the due and punctual payment of the Bonds and for the due and timely performance of all obligations of the Central People’s Government with respect thereto.

The Bonds and Coupons constitute direct, unconditional and unsecured obligations of the Central People’s Government, and rank and will rank *pari passu*, without preference among themselves, with all other unsecured Public Indebtedness (as defined in the Terms and Conditions of the Bonds) of the Central People’s Government, from time to time outstanding, provided, further, that the Central People’s Government shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other Public Indebtedness and, in particular, shall have no obligation to pay other Public Indebtedness at the same time or as a condition of paying sums due on the Bonds or the Coupons and vice versa. This Offering Circular has been approved by the United Kingdom Financial Conduct Authority (the “**FCA**”) in its capacity as competent authority under the Financial Services and Markets Act 2000, as amended (“**FSMA**”). This Offering Circular comprises listing particulars given in compliance with the United Kingdom Listing Authority’s listing rules under Part VI of the FSMA.

Application has been made for the Bonds to be admitted to listing on the Official List of the FCA (the “**Official List**”) and to trading on the Professional Securities Market (the “**PSM**”) of the London Stock Exchange plc (the “**London Stock Exchange**”). The PSM is not a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments.

For a more detailed description of the Bonds, see “*Overview of the Offering*” beginning on page 2.

The Bonds will be issued in denominations of RMB1,000,000 and integral multiples of RMB10,000 in excess thereof (up to RMB1,990,000).

**The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”). The Bonds may not be offered or sold within the United States unless pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the applicable state or local securities laws. The Bonds are being offered outside the United States in reliance on Regulation S under the Securities Act (“Regulation S”).**

For a description of these and certain further restrictions on offers and sales of the Bonds and the distribution of this Offering Circular, see “*Subscription and Sale*”.

The Bonds will initially be represented by a Global Bond, without interest coupons, which will be deposited with a common depository on behalf of Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”) on the Issue Date. The Global Bond will be exchangeable for definitive Bonds in bearer form in the denomination of RMB1,000,000 and integral multiples of RMB10,000 in excess thereof (up to RMB1,990,000) in the limited circumstances set out in it.

The Bonds have not been rated by any rating agency.

*Managers*

**Bank of China**

**HSBC**

Offering Circular dated 27 May 2016

## IMPORTANT NOTICE

This Offering Circular has been prepared by the Ministry of Finance solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. The Ministry of Finance accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Ministry of Finance (which has taken all reasonable care to ensure that such is the case), the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Ministry of Finance and Bank of China (UK) Limited and HSBC Bank plc (collectively, the “**Managers**”) to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds or redemption of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions including the United States and the United Kingdom, and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Bonds and distribution of this Offering Circular, see “*Subscription and Sale*”.

No person has been or is authorised to give any information or to make any representation concerning the Ministry of Finance or the Bonds other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Ministry of Finance, the Managers, HSBC Bank plc (the “**Fiscal Agent**”) or other agents as appointed by the Ministry of Finance (together with the Fiscal Agent, the “**Agents**”). Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the PRC since the date hereof or create any implication that the information contained herein is correct as of any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of, the Ministry of Finance, the Managers or the Agents to subscribe for or purchase any of the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

No representation or warranty, express or implied, is made or given by the Managers or the Agents as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Managers or the Agents. None of the Managers or the Agents have independently verified any of the information contained in this Offering Circular and can give no assurance that this information is accurate, true or complete. To the fullest extent permitted by law, none of the Managers or the Agents assume responsibility for the contents, accuracy or completeness of any such information or for any other statement, made or purported to be made by the Managers or the Agents or on their behalf in connection with the Ministry of Finance or the issue and offering of the Bonds. Each of the Managers and the Agents accordingly disclaims all and any liability whether arising in tort or contract or otherwise which they might otherwise have in respect of this Offering Circular or any such statement. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Ministry of Finance, the Managers or the Agents that any recipient of this Offering Circular should purchase the Bonds.

The Bonds are governed by the laws of England and Wales. The Ministry of Finance has agreed that the courts of England and Wales have exclusive jurisdiction to settle any dispute in connection with the Bonds and appointed Bank of China (UK) Limited (currently at 1 Lothbury, London EC2R 7DB, United Kingdom)

as its agent to accept service of process in any Proceedings (as defined in the Terms and Conditions of the Bonds).

To the extent that the Ministry of Finance may claim for itself immunity from any Proceedings, and to the extent that in any such jurisdiction there may be attributed to the Ministry of Finance such immunity (whether or not claimed), the Ministry of Finance hereby agrees not to claim and hereby waives and will waive such immunity; provided, however, that the Ministry of Finance has not waived, and shall not waive, its sovereign and other immunity with respect to assets of the PRC wherever located from execution or attachment, whether in aid of execution, before judgment or otherwise.

**IN CONNECTION WITH THE ISSUE OF THE BONDS, ANY MANAGER (OR PERSONS ACTING ON BEHALF OF SUCH MANAGER) MAY EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT SUCH MANAGER (OR PERSONS ACTING ON BEHALF OF SUCH MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY SUCH MANAGER (OR PERSONS ACTING ON BEHALF OF SUCH MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.**

Unless otherwise specified or the context requires, all references herein to “**the Ministry of Finance**” and words of similar import regarding the description of the Bonds are to The Ministry of Finance of the PRC itself, and references herein to “**RMB**” and “**Renminbi**” are to the lawful currency of the PRC.

References to “**Hong Kong**” are to the Hong Kong Special Administrative Region of the PRC; and references to “**U.S.**” and the “**United States**” mean the United States of America.

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## OVERVIEW OF THE OFFERING

*This following overview contains certain information on the Bonds and the offering and is qualified in its entirety by the remainder of this Offering Circular. Any decision to invest in the Bonds should be based on a consideration of this Offering Circular as a whole. For a more complete description of the terms of the Bonds, see the Terms and Conditions of the Bonds.*

*Words and expressions defined in the Terms and Conditions of the Bonds or elsewhere in this Offering Circular have the same meanings in this overview.*

Issuer .....	The Ministry of Finance of the People's Republic of China.
Bonds offered .....	RMB3,000,000,000 3.28% Bonds due 2019.
Issue date .....	2 June 2016 (the " <b>Issue Date</b> ").
Maturity date.....	The Interest Payment Date falling on or nearest to 2 June 2019.
Issue price .....	100.00% of the principal amount.
Interest rate .....	The Bonds bear interest from and including the Issue Date at the rate of 3.28 per cent. per annum.
Interest payment dates .....	Semi-annually in arrear on 2 June and 2 December of each year, beginning on 2 December 2016. If any Interest Payment Date would otherwise fall on a day which is not a business day, it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding business day.
Final redemption.....	Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date.
Ranking .....	The Bonds are the direct, unconditional and unsecured obligations of the Central People's Government and rank and will rank <i>pari passu</i> , without preference among themselves, with all other unsecured Public Indebtedness of the Central People's Government, from time to time outstanding, provided, further, that the Central People's Government shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other Public Indebtedness and, in particular, shall have no obligation to pay other Public Indebtedness at the same time or as a condition of paying sums due on the Bonds or the Coupons and vice versa.
Listing .....	Application has been made for the Bonds to be admitted to listing on the Official List and to trading on the PSM of the London Stock Exchange.

Denomination .....	The denomination of the Bonds is RMB1,000,000 and integral multiples of RMB10,000 in excess thereof (up to RMB1,990,000).
Form .....	The Bonds will be issued in bearer form and will initially be represented by a global bond.
Rating.....	The Bonds have not been rated by any rating agency.
Clearing Systems .....	Euroclear and Clearstream. The ISIN and Common Code for the Bonds are XS1425436729 and 142543672 respectively.
Payment of principal and interest .....	Principal and interest on the Bonds will be payable in Renminbi.
Fiscal agent .....	HSBC Bank plc.
Governing law .....	English law.
Use of proceeds .....	The net proceeds from the sale of the Bonds will be used by the Ministry of Finance for general governmental purposes.
Selling restrictions .....	The Bonds have not been and will not be registered under the United States Securities Act of 1933 and may not be offered, sold, pledged or transferred within the United States. For a description of certain restrictions on offers, sales and deliveries of Bonds and on the distribution of offering material in certain jurisdictions, see the “ <i>Subscription and Sale</i> ” section below.

## **RISK FACTORS**

*The Ministry of Finance believes that the risk factor described below represents the principal risk inherent in investing in the Bonds, but there may be other market-related risks associated with the Bonds which may not be considered significant risks by the Ministry of Finance based on information currently available to it or which it may not currently be able to anticipate. The risk factor described below is a contingency which may or may not occur. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular to reach their own views prior to making any investment decision.*

### **The Bonds carry a fixed interest rate.**

The Bonds carry a fixed interest rate. The market prices of the Bonds may decrease if Renminbi interest rates increase during the term of the Bonds. Under this situation, investors may incur a loss from the decrease in the market price if they sell the Bonds before final maturity.

## TERMS AND CONDITIONS

*The following are the terms and conditions (except for the sentences in italics) substantially in the form in which they will be endorsed on the definitive bonds.*

The RMB3,000,000,000 3.28 per cent. bonds due 2019 (the “**Bonds**”) of the Ministry of Finance of the People’s Republic of China (the “**Ministry of Finance**”) are the subject of a fiscal agency agreement dated on or about 2 June 2016 (the “**Fiscal Agency Agreement**”) between the Ministry of Finance and HSBC Bank plc as the fiscal agent, principal paying agent, calculation agent and authentication agent. The fiscal agent, principal paying agent and calculation agent for the time being and the paying agents to be appointed by the Ministry of Finance in the future are referred to below respectively as the “**Fiscal Agent**”, the “**Principal Paying Agent**”, the “**Calculation Agent**” and the “**Paying Agents**” (which expression shall include the Fiscal Agent).

The Fiscal Agency Agreement includes the form of the Bonds and the coupons relating to them (the “**Coupons**”). Copies of the Fiscal Agency Agreement are available for inspection during normal business hours at the specified office of the Fiscal Agent. The holders of the Bonds (the “**Bondholders**”) and the holders of the Coupons (whether or not attached to the Bonds) (the “**Couponholders**”) are deemed to have notice of all the provisions of the Fiscal Agency Agreement applicable to them.

Words and expressions defined in the Fiscal Agency Agreement shall have the same meanings where used in these terms and conditions (the “**Conditions**”) unless the context otherwise requires or unless otherwise stated.

### 1 Form, Denomination and Title

#### (a) Form and denomination

The Bonds will be serially numbered and in bearer form in the denomination of RMB1,000,000 and integral multiples of RMB10,000 in excess thereof (up to and including RMB1,990,000) each with Coupons attached on issue.

#### (b) Title

Title to the Bonds and Coupons appertaining thereto will pass by delivery. The Ministry of Finance, the Fiscal Agent and the Paying Agents may deem and treat the bearer of any Bonds (and any Coupon appertaining thereto) as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership, trust or any interest in it, or writing thereon or notice of any previous loss or theft thereof) for all purposes.

### 2 Status of Bonds

The full faith and credit of the Central People’s Government (the “**Central People’s Government**”) of the People’s Republic of China (the “**PRC**”) is pledged for the due and punctual payment of the Bonds and for the due and timely performance of all obligations of the Central People’s Government with respect thereto.

The Bonds and the Coupons are the direct, unconditional and unsecured obligations of the Central People’s Government and rank and will rank *pari passu*, without preference among themselves, with all other unsecured Public Indebtedness of the Central People’s Government, from time to time outstanding, *provided, further*; that the Central People’s Government shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other Public Indebtedness and, in particular, shall have no obligation to pay other Public Indebtedness at the same time or as a condition of paying sums due on the Bonds or the Coupons and vice versa.



In this Condition:

- (a) “**Public Indebtedness**” means Indebtedness represented or evidenced by notes, bonds or other similar instruments of the kind customarily offered in the public securities markets and of the kind customarily subject to listing and trading on securities exchanges (without regard, however, to whether or not the instruments are offered through public distributions or in private placements); and
- (b) “**Indebtedness**” means any indebtedness for money borrowed or any guarantee of indebtedness for money borrowed which, in either case: (i) has an original maturity in excess of one year; and (ii) is backed by the full faith and credit of the Central People’s Government and shall not include the borrowings of any state-owned corporation or in the name of any agency or instrumentality of the PRC (whether or not such corporation, agency or instrumentality has, under the laws of the PRC, a separate legal existence).

### 3 Interest

- (a) Interest Payment Dates

The Bonds bear interest from and including 2 June 2016 (the “**Issue Date**”) at the rate of 3.28 per cent. per annum, payable semi-annually in arrear on 2 June and 2 December in each year (each an “**Interest Payment Date**”), provided that if any Interest Payment Date would otherwise fall on a day which is not a business day (as defined below), it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding business day. In these Conditions, the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is called an “**Interest Period**”.

- (b) Interest Payments

Each Bond will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest on the principal amount in respect of which payment has been improperly withheld or refused in accordance with this Condition (both before and after judgment) until the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder.

- (c) Calculation of Interest

Interest in respect of any Bond shall be calculated by the Calculation Agent per RMB10,000 in principal amount of Bonds (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for an Interest Period shall be the product of (i) 3.28 per cent., (ii) the Calculation Amount and (iii) the actual number of days in the Interest Period concerned divided by 365, and rounding the resulting figure to the nearest RMB0.01 (RMB0.005 being rounded upwards).

- (d) Business day

In these Conditions, the expression “**business day**” means a day (other than Saturdays and Sundays) upon which (i) commercial banks in Beijing, Hong Kong and London are generally open for business and settle Renminbi payments, and (ii) if on that day a payment is to be made, banks in Beijing, the PRC are not authorised or obligated by law or executive order to be closed.

#### 4 Redemption and Purchase

(a) Final redemption

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Interest Payment Date falling on or nearest to 2 June 2019 (the “**Maturity Date**”).

(b) Purchases

The Ministry of Finance may at any time purchase Bonds in the open market or through designated lawful institutions at any price. Any Bonds purchased pursuant to this Condition 4(b) may be held, reissued, resold or surrendered to the Fiscal Agent for cancellation. Without limiting the provisions of paragraph (i) (*Bonds controlled by the Ministry of Finance*) of Condition 7, the Bonds so purchased, while held by or on behalf of the Ministry of Finance, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of determining quorums at meetings of the Bondholders or for the purposes of Condition 7.

#### 5 Payments

(a) Method of Payment:

Payments of principal in respect of Bonds will (subject as provided below) be made in Renminbi against presentation or surrender, as the case may be, of Bonds and payments of interest in respect of the Bonds will (subject as provided below) be made in Renminbi against presentation or surrender, as the case may be, of Coupons, in each case at the specified office of any Paying Agent by transfer to a Renminbi account maintained by the payee with a bank in London.

(b) Unmatured Coupons:

Bonds should be presented for payment together with all unmaturing Coupons appertaining thereto. Upon the date on which any such Bond becomes due and payable, unmaturing Coupons relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

(c) Payments on business days:

A Bond or Coupon may only be presented for payment and payment will only be made on a day which is a business day in the place of presentation. No further interest or other payment will be made as a consequence of the day on which the relevant Bond or Coupon may be presented for payment under this paragraph falling after the due date.

(d) Paying Agents

The initial Paying Agent and its initial specified office are listed below. The Ministry of Finance reserves the right at any time to vary or terminate the appointment of any Paying Agent or the Calculation Agent and appoint additional or other Paying Agents or appoint another Calculation Agent, provided that it will maintain a Paying Agent having a specified office in London. Notice of any change in the Paying Agent or the Calculation Agent or its specified office will promptly be given to the Bondholders in accordance with Condition 11.

#### 6 Taxation and Withholding

All payments (whether in respect of principal, interest or otherwise) in respect of the Bonds and the Coupons will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or on behalf of the PRC, or any political subdivision or any authority thereof or therein having power to tax, unless such

withholding or deduction is required by law. In that event, the Ministry of Finance shall pay such additional amounts as will result in the receipt by the Bondholder or Couponholder of such amounts as would have been received by such Bondholder or Couponholder if no such withholding or deduction had been required.

For the avoidance of doubt, the obligation of the Ministry of Finance to pay additional amounts in respect of taxes, duties, assessments and other governmental charges will not apply to (a) any estate, inheritance, gift, sales, transfer, personal property or any similar tax, duty, assessment or other governmental charge or (b) any tax, duty, assessment or other governmental charge which is payable otherwise than by deduction or withholding from payments of principal of, or interest on, the Bonds; provided that the Ministry of Finance shall pay all stamp or other taxes, duties, assessments or other governmental charges, if any, which may be imposed by the PRC or any political subdivision thereof or any taxing authority thereof or therein, with respect to the Fiscal Agency Agreement or as a consequence of the issuance of the Bonds.

Except as specifically provided in this Condition 6, the Ministry of Finance shall not be required to make any payment with respect to any stamp or other taxes, duties, assessments or other governmental charges, if any, imposed by any government or any political subdivision or taxing authority thereof or therein. Whenever in these Conditions there is a reference, in any context, to the payment of the principal of, or interest on, or in respect of, the Bonds, such mention shall be deemed to include mention of the payment of additional amounts provided for in this Condition 6 to the extent that, in such context, additional amounts are, were or would be payable in respect thereof pursuant to the provisions of this Condition 6 and express mention of the payment of additional amounts (if applicable) in any provision hereof shall not be construed as excluding additional amounts in those provisions hereof where such express mention is not made.

## **7 Meetings of Bondholders, Written Resolutions**

### **(a) Convening Meetings of Bondholders, Conduct of Meetings of Bondholders, Written Resolutions**

- (i) The Ministry of Finance may convene a meeting of the Bondholders at any time in respect of the Bonds in accordance with the Fiscal Agency Agreement. The Ministry of Finance will determine the time and place of the meeting. The Ministry of Finance will notify the Bondholders of the time, place and purpose of the meeting not less than 21 and not more than 45 days before the meeting.
- (ii) The Ministry of Finance will convene a meeting of Bondholders if the holders of at least 10 per cent. in principal amount of the outstanding Bonds (as defined in the Fiscal Agency Agreement and described in paragraph (i) (*Bonds controlled by the Ministry of Finance*)) have delivered a written request to the Ministry of Finance setting out the purpose of the meeting and the Ministry of Finance is indemnified and/or secured and/or prefunded to its satisfaction against all costs and expenses. The Fiscal Agent will agree the time and place of the meeting with the Ministry of Finance promptly. The Ministry of Finance will notify the Bondholders within 10 days of receipt of such written request of the time and place of the meeting, which shall take place not less than 21 and not more than 45 days after the date on which such notification is given.
- (iii) The Ministry of Finance will set the procedures governing the conduct of any meeting in accordance with the Fiscal Agency Agreement. If the Fiscal Agency Agreement does not include such procedures, or additional procedures are required, the Ministry of Finance will agree such procedures as are customary in the market and in such a manner as to facilitate any multiple series aggregation, if in relation to a Reserved Matter the Ministry of Finance proposes any modification to the terms and conditions of, or action with respect to, two or more series of debt securities issued by it.

- (iv) The notice convening any meeting will specify, inter alia;
  - (A) the date, time and location of the meeting;
  - (B) the agenda and the text of any Extraordinary Resolution to be proposed for adoption at the meeting;
  - (C) the record date for the meeting, which shall be no more than five business days before the date of the meeting;
  - (D) the documentation required to be produced by a Bondholder in order to be entitled to participate at the meeting or to appoint a proxy to act on the Bondholder's behalf at the meeting;
  - (E) any time deadline and procedures required by any relevant international and/or domestic clearing systems or similar through which the Bonds are traded and/or held by Bondholders;
  - (F) whether paragraph (b) (*Modification of this Series of Bonds only*), or paragraph (c) (*Multiple Series Aggregation – Single limb voting*) or paragraph (d) (*Multiple Series Aggregation – Two limb voting*) shall apply and, if relevant, in relation to which other series of debt securities it applies;
  - (G) if the proposed modification or action relates to two or more series of debt securities issued by it and contemplates such series of debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group of debt securities;
  - (H) such information that is required to be provided by the Ministry of Finance in accordance with paragraph (f) (*Information*);
  - (I) the identity of the Aggregation Agent and the Voting Calculation Agent (as defined below), if any, for any proposed modification or action to be voted on at the meeting, and the details of any applicable methodology referred to in paragraph (g) (*Claims Valuation*); and
  - (J) any additional procedures which may be necessary and, if applicable, the conditions under which a multiple series aggregation will be deemed to have been satisfied if it is approved as to some but not all of the affected series of debt securities.
- (v) In addition, the Fiscal Agency Agreement contains provisions relating to Written Resolutions. All information to be provided pursuant to paragraph (a)(iv) (*Convening Meetings of Bondholders, Conduct of Meetings of Bondholders, Written Resolutions*) shall also be provided, *mutatis mutandis*, in respect of Written Resolutions.
- (vi) A “**record date**” in relation to any proposed modification or action means the date fixed by the Ministry of Finance for determining the Bondholders and, in the case of a multiple series aggregation, the holders of debt securities of each other affected series that are entitled to vote on a Multiple Series Single Limb Extraordinary Resolution or a Multiple Series Two Limb Extraordinary Resolution, or to sign a Multiple Series Single Limb Written Resolution or a Multiple Series Two Limb Written Resolution.

- (vii) An “**Extraordinary Resolution**” means any of a Single Series Extraordinary Resolution, a Multiple Series Single Limb Extraordinary Resolution and/or a Multiple Series Two Limb Extraordinary Resolution, as the case may be.
  - (viii) A “**Written Resolution**” means any of a Single Series Written Resolution, a Multiple Series Single Limb Written Resolution and/or a Multiple Series Two Limb Written Resolution, as the case may be.
  - (ix) Any reference to “**debt securities**” means Public Indebtedness.
  - (x) “**Debt Securities Capable of Aggregation**” means those debt securities which include or incorporate by reference this Condition 7 and Condition 8 or provisions substantially in these terms which provide for the debt securities which include such provisions to be capable of being aggregated for voting purposes with other series of debt securities.
- (b) Modification of this Series of Bonds only
- (i) Any modification of any provision of, or any action in respect of, these Conditions or the Fiscal Agency Agreement may be made or taken if approved by a Single Series Extraordinary Resolution or a Single Series Written Resolution as set out below.
  - (ii) A “**Single Series Extraordinary Resolution**” means a resolution passed at a meeting of Bondholders duly convened and held in accordance with the procedures prescribed by the Ministry of Finance pursuant to paragraph (a) (*Convening Meetings of Bondholders, Conduct of Meetings of Bondholders, Written Resolutions*) by a majority of:
    - (A) in the case of a Reserved Matter, at least 75 per cent. of the aggregate principal amount of the outstanding Bonds; or
    - (B) in the case of a matter other than a Reserved Matter, more than 50 per cent. of the aggregate principal amount of the outstanding Bonds.
  - (iii) A “**Single Series Written Resolution**” means a resolution in writing signed or confirmed in writing by or on behalf of the holders of:
    - (A) in the case of a Reserved Matter, at least 75 per cent. of the aggregate principal amount of the outstanding Bonds; or
    - (B) in the case of a matter other than a Reserved Matter, more than 50 per cent. of the aggregate principal amount of the outstanding Bonds.

Any Single Series Written Resolution may be contained in one document or several documents in the same form, each signed or confirmed in writing by or on behalf of one or more Bondholders.
  - (iv) Any Single Series Extraordinary Resolution duly passed or Single Series Written Resolution approved shall be binding on all Bondholders and all Couponholders, whether or not they attended any meeting, whether or not they voted in favour thereof and whether or not they signed or confirmed in writing any such Single Series Written Resolution, as the case may be, and on all Couponholders.
- (c) Multiple Series Aggregation – Single limb voting
- (i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of

Aggregation may be made or taken if approved by a Multiple Series Single Limb Extraordinary Resolution or by a Multiple Series Single Limb Written Resolution as set out below, provided that the Uniformly Applicable condition is satisfied.

- (ii) A “**Multiple Series Single Limb Extraordinary Resolution**” means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Ministry of Finance pursuant to paragraph (a) (*Convening Meetings of Bondholders, Conduct of Meetings of Bondholders, Written Resolutions*), as supplemented if necessary, which is passed by a majority of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate).
- (iii) A “**Multiple Series Single Limb Written Resolution**” means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate). Any Multiple Series Single Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Bondholders or one or more holders of each affected series of debt securities.
- (iv) Any Multiple Series Single Limb Extraordinary Resolution duly passed or Multiple Series Single Limb Written Resolution approved shall be binding on all Bondholders and all Couponholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Single Limb Written Resolution, as the case may be, and on all Couponholders and couponholders of each other affected series of Debt Securities Capable of Aggregation.
- (v) The “**Uniformly Applicable**” condition will be satisfied if:
  - (A) the holders of all affected series of Debt Securities Capable of Aggregation are invited to exchange, convert, or substitute their debt securities, on the same terms, for (x) the same new instrument or other consideration; or (y) a new instrument, new instruments or other consideration from an identical menu of instruments or other consideration; or
  - (B) the amendments proposed to the terms and conditions of each affected series of Debt Securities Capable of Aggregation would, following implementation of such amendments, result in the amended instruments having identical provisions (other than provisions which are necessarily different, having regard to different currency of issuance).
- (vi) It is understood that a proposal under paragraph (c)(i) above will not be considered to satisfy the Uniformly Applicable condition if each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation (or, where a

menu of instruments or other consideration is offered, each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation electing the same option from such menu of instruments).

- (vii) Any modification or action proposed under paragraph (c)(i) may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this paragraph (c) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

(d) Multiple Series Aggregation – Two limb voting

- (i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Two Limb Extraordinary Resolution or by a Multiple Series Two Limb Written Resolution as set out below.
- (ii) A “**Multiple Series Two Limb Extraordinary Resolution**” means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Ministry of Finance pursuant to paragraph (a) (*Convening Meetings of Bondholders, Conduct of Meetings of Bondholders, Written Resolutions*), as supplemented if necessary, which is passed by a majority of:
  - (A) at least 66 2/3 per cent. of the aggregate principal amount of the outstanding debt securities of affected series of Debt Securities Capable of Aggregation (taken in aggregate); and
  - (B) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).
- (iii) A “**Multiple Series Two Limb Written Resolution**” means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of:
  - (A) at least 66 2/3 per cent. of the aggregate principal amount of the outstanding debt securities of all the affected series of Debt Securities Capable of Aggregation (taken in aggregate); and
  - (B) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

Any Multiple Series Two Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Bondholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

- (iv) Any Multiple Series Two Limb Extraordinary Resolution duly passed or Multiple Series Two Limb Written Resolution approved shall be binding on all Bondholders and Couponholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Two Limb Written Resolution, as the case may be, and on all Couponholders and couponholders of each other affected series of Debt Securities Capable of Aggregation.
  - (v) Any modification or action proposed under paragraph (d)(i) may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this paragraph (d) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.
- (e) Reserved Matters

In these Conditions, “**Reserved Matter**” means any proposal:

- (i) to change the date, or the method of determining the date, for payment of principal, interest or any other amount in respect of the Bonds or the Coupons, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the Bonds or the Coupons or to change the method of calculating the amount of principal, interest or any other amount payable in respect of the Bonds or the Coupons on any date;
- (ii) to change the currency in which any amount due in respect of the Bonds or the Coupons is payable or the place in which any payment is to be made;
- (iii) to change the majority required to pass an Extraordinary Resolution, a Written Resolution or any other resolution of Bondholders or the number or percentage of votes required to be cast, or the number or percentage of Bonds required to be held, in connection with the taking of any decision or action by or on behalf of the Bondholders or the Couponholders or any of them;
- (iv) to change this definition, or the definition of “**Extraordinary Resolution**”, “**Single Series Extraordinary Resolution**”, “**Multiple Series Single Limb Extraordinary Resolution**”, “**Multiple Series Two Limb Extraordinary Resolution**”, “**Written Resolution**”, “**Single Series Written Resolution**”, “**Multiple Series Single Limb Written Resolution**” or “**Multiple Series Two Limb Written Resolution**”;
- (v) to change the definition of “**debt securities**” or “**Debt Securities Capable of Aggregation**”;
- (vi) to change the definition of “**Uniformly Applicable**”;
- (vii) to change the definition of “**outstanding**” or to modify the provisions of paragraph (i) (*Bonds controlled by the Ministry of Finance*);
- (viii) to change the legal ranking of the Bonds or the Coupons;
- (ix) to change the law governing the Bonds or the Coupons, the courts to the jurisdiction of which the Ministry of Finance has submitted in the Bonds or the Coupons, any of the arrangements specified in the Bonds or the Coupons to enable proceedings to be taken or the Ministry of Finance's waiver of immunity, in respect of Proceedings (as defined in Condition 15) brought by any Bondholder or Couponholder, set out in Condition 15;



- (x) to impose any condition on or otherwise change the Ministry of Finance's obligation to make payments of principal, interest or any other amount in respect of the Bonds or the Coupons, including by way of the addition of a call option;
- (xi) to modify the provisions of this paragraph (e);
- (xii) to exchange or substitute all the Bonds for, or convert all the Bonds into, other obligations or securities of the Ministry of Finance or any other person, or to modify any provision of these Conditions in connection with any exchange or substitution of the Bonds for, or the conversion of the Bonds into, any other obligations or securities of the Ministry of Finance or any other person, which would result in the Conditions as so modified being less favourable to the Bondholders or the Couponholders which are subject to the Conditions as so modified than:
  - (A) the provisions of the other obligations or debt securities of the Ministry of Finance or any other person resulting from the relevant exchange or substitution or conversion; or
  - (B) if more than one series of other obligations or debt securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series of debt securities having the largest aggregate principal amount.

(f) Information

Prior to or on the date that the Ministry of Finance proposes any Extraordinary Resolution or Written Resolution pursuant to paragraph (b) (*Modification of this Series of Bonds only*), paragraph (c) (*Multiple Series Aggregation – Single limb voting*) or paragraph (d) (*Multiple Series Aggregation – Two limb voting*), the Ministry of Finance shall publish in accordance with Condition 8, and provide the Fiscal Agent with the following information:

- (i) a description of the Ministry of Finance's economic and financial circumstances which are, in the Ministry of Finance's opinion, relevant to the request for any potential modification or action, a description of the Ministry of Finance's existing debts and a description of its broad policy reform programme and provisional macroeconomic outlook;
- (ii) if the Ministry of Finance shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, a description of any such arrangement or agreement. Where permitted under the information disclosure policies of the multilateral or such other creditors, as applicable, copies of the arrangement or agreement shall be provided;
- (iii) a description of the Ministry of Finance's proposed treatment of external debt securities that fall outside the scope of any multiple series aggregation and its intentions with respect to any other debt securities and its other major creditor groups; and
- (iv) if any proposed modification or action contemplates debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group, as required for a notice convening a meeting of the Bondholders in paragraph (a)(iv)(G) (*Convening Meetings of Bondholders, Conduct of Meetings of Bondholders, Written Resolutions*).

(g) Claims Valuation

For the purpose of calculating the par value of the Bonds and any affected series of debt securities which are to be aggregated with the Bonds in accordance with paragraph (c) (*Multiple Series Aggregation – Single limb voting*) and paragraph (d) (*Multiple Series Aggregation – Two limb voting*),

the Ministry of Finance may appoint a separate calculation agent (the “**Voting Calculation Agent**”). The Ministry of Finance shall, with the approval of the Aggregation Agent and any appointed Voting Calculation Agent, promulgate the methodology in accordance with which the par value of the Bonds and such affected series of debt securities will be calculated. In any such case where a Voting Calculation Agent is appointed, the same person will be appointed as the Voting Calculation Agent for the Bonds and each other affected series of debt securities for these purposes, and the same methodology will be promulgated for each affected series of debt securities.

(h) Manifest error, etc.

The Bonds, the Coupons, these Conditions and the provisions of the Fiscal Agency Agreement may be amended without the consent of the Bondholders or the Couponholders to correct a manifest error. In addition, the parties to the Fiscal Agency Agreement may agree to modify any provision thereof, but the Ministry of Finance shall not agree, without the consent of the Bondholders or the Couponholders, to any such modification unless it is of a formal, minor or technical nature or it is not materially prejudicial to the interests of the Bondholders or the Couponholders.

(i) Bonds controlled by the Ministry of Finance

For the purposes of (x) determining the right to attend and vote at any meeting of Bondholders, or the right to sign or confirm in writing, or authorise the signature of, any Written Resolution and (y) this Condition 7, any Bonds which are for the time being held by or on behalf of the Central People’s Government (including the Ministry of Finance) or by or on behalf of any person which is owned or controlled directly or indirectly by the Central People’s Government or by any public sector instrumentality of the Central People’s Government shall be disregarded and be deemed not to remain outstanding, where:

- (i) “**public sector instrumentality**” means the People’s Bank of China, any other department, ministry or agency of the government of the PRC or any corporation, trust, financial institution or other entity owned or controlled by the government of the PRC or any of the foregoing; and
- (ii) “**control**” means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or through contractual control or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity.

A Bond will also be deemed to be not outstanding if the Bond has previously been cancelled or delivered for cancellation or held for reissuance but not reissued, or, where relevant, the Bond has previously been called for redemption in accordance with its terms or previously become due and payable at maturity or otherwise and the Ministry of Finance has previously satisfied its obligations to make all payments due in respect of the Bond and any related Coupons in accordance with its terms.

In advance of any meeting of Bondholders, or in connection with any Written Resolution, the Ministry of Finance shall provide to the Fiscal Agent a copy of the certificate prepared pursuant to paragraph (d) (*Certificate*) of Condition 8, which includes information on the total number of Bonds which are for the time being held by or on behalf of the Central People’s Government (including the Ministry of Finance) or by or on behalf of any person which is owned or controlled directly or indirectly by the Central People’s Government or by any public sector instrumentality of the Central People’s Government and, as such, such Bonds shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any meeting of Bondholders or the right to sign, or authorise the signature of, any Written Resolution in respect of any such meeting. The Fiscal

Agent shall make any such certificate available for inspection during normal business hours at its specified office and, upon reasonable request, will allow copies of such certificate to be taken.

(j) Publication

The Ministry of Finance shall publish all Extraordinary Resolutions and Written Resolutions which have been determined by the Aggregation Agent to have been duly passed in accordance with paragraph (g) (*Manner of publication*) of Condition 8.

(k) Exchange and Conversion

Any Extraordinary Resolutions or Written Resolutions which have been duly passed and which modify any provision of, or action in respect of, the Conditions may be implemented at the Ministry of Finance's option by way of a mandatory exchange or conversion of the Bonds and each other affected series of debt securities, as the case may be, into new debt securities containing the modified terms and conditions if the proposed mandatory exchange or conversion of the Bonds is notified to Bondholders at the time notification is given to the Bondholders as to the proposed modification or action. Any such exchange or conversion shall be binding on all Bondholders and Couponholders.

## **8 Aggregation Agent, Aggregation Procedures**

(a) Appointment

The Ministry of Finance will appoint an Aggregation Agent to calculate whether a proposed modification or action has been approved by the required principal amount outstanding of Bonds, and, in the case of a multiple series aggregation, by the required principal amount of outstanding debt securities of each affected series of debt securities. In the case of a multiple series aggregation, the same person will be appointed as the Aggregation Agent for the proposed modification of any provision of, or any action in respect of, these Conditions or the Fiscal Agency Agreement and in respect of the terms and conditions or bond documentation in respect of each other affected series of debt securities. The Aggregation Agent shall be independent of the Ministry of Finance.

(b) Extraordinary Resolutions

If an Extraordinary Resolution has been proposed at a duly convened meeting of Bondholders to modify any provision of, or action in respect of, these Conditions and other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as practicable after the time the vote is cast, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Bonds and, where relevant, each other affected series of debt securities, have voted in favour of the Extraordinary Resolution such that the Extraordinary Resolution is passed. If so, the Aggregation Agent will determine that the Extraordinary Resolution has been duly passed.

(c) Written Resolutions

If a Written Resolution has been proposed under the terms of these Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as reasonably practicable after the relevant Written Resolution has been signed or confirmed in writing, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Bonds and, where relevant, each other affected series of debt securities, have signed or confirmed in writing in favour of the Written Resolution such that the Written Resolution is passed. If so, the Aggregation Agent will determine that the Written Resolution has been duly passed.

(d) Certificate

For the purposes of paragraph (b) (*Extraordinary Resolutions*) and paragraph (c) (*Written Resolutions*), the Ministry of Finance will provide a certificate to the Aggregation Agent up to three days prior to, and in any case no later than, with respect to an Extraordinary Resolution, the date of the meeting referred to in paragraph (b) (*Modification of this Series of Bonds only*), paragraph (c) (*Multiple Series Aggregation – Single limb voting*) or paragraph (d) (*Multiple Series Aggregation – Two limb voting*) of Condition 7, as applicable, and, with respect to a Written Resolution, the date arranged for the signing of the Written Resolution.

The certificate shall:

- (i) list the total principal amount of Bonds and, in the case of a multiple series aggregation, the total principal amount of each other affected series of debt securities outstanding on the record date; and
- (ii) clearly indicate the Bonds and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities which shall be disregarded and deemed not to remain outstanding as a consequence of paragraph (i) (*Bonds controlled by the Ministry of Finance*) of Condition 7 on the record date identifying the holders of the Bonds and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities.

The Aggregation Agent may rely upon the terms of any certificate, notice, communication or other document believed by it to be genuine.

(e) Notification

The Aggregation Agent will cause each determination made by it for the purposes of this Condition 8 to be notified to the Ministry of Finance as soon as practicable after such determination. Notice thereof shall also promptly be given to the Bondholders.

(f) Binding nature of determinations; no liability

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Aggregation Agent and any appointed Voting Calculation Agent will (in the absence of manifest error) be binding on the Ministry of Finance, the Fiscal Agent, the Bondholders and the Couponholders and (subject as aforesaid) no liability to any such person will attach to the Aggregation Agent or the Voting Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(g) Manner of publication

The Ministry of Finance will publish all notices and other matters required to be published pursuant to the Fiscal Agency Agreement including any matters required to be published pursuant to Condition 7 and this Condition 8:

- (i) through Euroclear Bank S.A./N.V. or Clearstream Banking, *société anonyme* or any Alternative Clearing System (as defined in the Fiscal Agency Agreement);
- (ii) in such other places and in such other manner as may be required by applicable law or regulation; and
- (iii) in such other places and in such other manner as may be customary.

## **9 Waiver or Authorisation of Breach of Fiscal Agency Agreement**

Notwithstanding any provision of Condition 7, the Ministry of Finance shall only permit any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Fiscal Agency Agreement, without the consent of the Bondholders or the Couponholders, if to do so could not reasonably be expected to be prejudicial to the interests of the Bondholders.

## **10 Prescription**

The right of a Bondholder or Couponholder to receive any payment under the Bonds shall become void ten years (in the case of principal) or six years (in the case of interest) after the due date for payment thereof.

## **11 Notices**

Any notice to the holder of any definitive Bond shall be validly given if published in a leading newspaper having a general circulation in London (which is expected to be the *Financial Times*) or, if that newspaper shall cease to be published or timely publication therein shall not be practicable, in another English language newspaper with general circulation in London or, in either case, in such other manner as the Ministry of Finance shall determine. Any such notice shall be deemed to have been given on the date of first publication in an English language newspaper. Couponholders (if any) will be deemed for all purposes to have notice of the contents of any notice given to the holders of Bonds in accordance with this Condition 11.

## **12 Replacement of Bonds and Coupons**

Any Bond (including for the purposes of this Condition any Coupon) which is lost, stolen, mutilated, defaced or destroyed may be replaced (if it is in definitive form) at the specified offices of the Paying Agents upon payment by the claimant of the expense incurred in connection therewith and on such terms as to evidence, indemnity, security or otherwise as the Ministry of Finance may require. Mutilated or defaced Bonds or Coupons must be surrendered before replacements will be issued.

## **13 Further Issues**

The Ministry of Finance may from time to time, without the consent of holders of the Bonds or Coupons, create and issue further bonds having the same terms and conditions as the Bonds in all respects, except for the issue date, issue price and the first payment of interest thereon. Additional bonds issued in this manner will be consolidated with and will form a single series with the Bonds.

## **14 Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

## **15 Governing Law and Jurisdiction**

### **(a) Governing law**

The Bonds and the Coupons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

### **(b) Jurisdiction**

The courts of England and Wales are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Bonds and/or the Coupons and accordingly any suit, action or proceedings arising out of or in connection with the Bonds and/or the Coupons (together referred to as “**Proceedings**”) may be brought in such courts. The Ministry of Finance irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in any such courts whether on the

ground of venue or on the ground that the Proceedings have been brought in an inconvenient or inappropriate forum. This submission is made for the benefit of each of the Bondholders and Couponholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction.

(c) Agent for Service of Process

The Ministry of Finance hereby appoints Bank of China (UK) Limited (currently at 1 Lothbury, London EC2R 7DB, United Kingdom) as its agent in England to receive service of process in any Proceedings in England based on the Fiscal Agency Agreement, the Bonds and the Coupons.

(d) Waiver of immunity

To the extent that the Ministry of Finance may in any jurisdiction claim for itself immunity from any such Proceedings, and to the extent that in any such jurisdiction there may be attributed to the Ministry of Finance such immunity (whether or not claimed), the Ministry of Finance hereby agrees not to claim and hereby waives and will waive such immunity; provided, however, that the Ministry of Finance has not waived, and shall not waive, its sovereign and other immunity with respect to assets of the PRC wherever located from execution or attachment, whether in aid of execution, before judgment or otherwise.

## **SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM**

The Fiscal Agency Agreement and the Global Bond contain provisions which apply to the Bonds while they are in global form, some of which modify the effect of the terms and conditions of the Bonds set out in this Offering Circular. The following is a summary of certain of those provisions. Capitalised terms used but not defined in this section have the meanings given to them in the Fiscal Agency Agreement.

### **1 Principal Amount and Exchange**

The principal amount of the Bonds shall be the aggregate amount from time to time entered in the records of Euroclear Bank S.A/N.V. (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”) or any alternative clearing system (the “**Alternative Clearing System**”) (each a “**relevant Clearing System**”). The records of such relevant Clearing System shall be conclusive evidence of the principal amount of Bonds represented by the Global Bond and a statement issued by such relevant Clearing System at any time shall be conclusive evidence of the records of that relevant Clearing System at that time.

The Global Bond is exchangeable in whole or, in certain circumstances, in part, for Definitive Bonds as described in the Global Bond.

### **2 Payments**

Payments of principal and interest in respect of Bonds represented by the Global Bond will be made to its holder. The Ministry of Finance shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant Clearing System and, in the case of payments of principal, the principal amount of the Bonds will be reduced accordingly. Each payment so made will discharge the Ministry of Finance’s obligations in respect thereof. For the purposes of any payments made in respect of the Global Bond and Condition 5(a) (*Methods of Payment*), payments will be made by transfer to a Renminbi account maintained by the payee with a bank in Hong Kong or London. No person shall however be entitled to receive any payment on the Global Bond (or such part of the Global Bond which is required to be exchanged) falling due after any Exchange Date, unless exchange of the Global Bond for Definitive Bonds is improperly withheld or refused by or on behalf of the Ministry of Finance or the Ministry of Finance does not perform or comply with any one or more of what are expressed to be its obligations under any Definitive Bonds. Any failure to make the entries in the records of the relevant Clearing System shall not affect such discharge. For the purpose of any payments made in respect of a Global Bond, Condition 5(c) (*Payments on business days*) shall not apply, and all such payments shall be made on a day on which commercial banks and foreign exchange markets are open for business and settle Renminbi payments in Beijing, Hong Kong and London.

### **3 Notices**

So long as the Bonds are represented by the Global Bond and the Global Bond is held on behalf of a relevant Clearing System, notices to Bondholders may be given by delivery of the relevant notice to that relevant Clearing System rather than by publication as required by the Conditions.

### **4 Meetings**

The holder of the Global Bond shall (unless the Global Bond represents only one Bond) be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and, at any such meeting, as having one vote in respect of each RMB10,000 in principal amount of Bonds.

### **5 Default**

If principal in respect of any Bonds is not paid when due and payable (but subject as provided in the Global Bond), the holder of the Global Bond may from time to time elect that Direct Rights under the provisions of

the Global Bond shall come into effect. Such election shall be made in the manner described in the Global Bond.

## **6 Electronic Consent and Written Resolution**

While the Global Bond is held on behalf of a relevant Clearing System, then:

- (a) approval of a resolution proposed by the Ministry of Finance given by way of electronic consents communicated through the electronic communications systems of the relevant Clearing System(s) in accordance with their operating rules and procedures (i) by or on behalf of the holders who for the time being are entitled to receive notice of a Meeting under the Fiscal Agency Agreement or (ii) (where such holders have been given at least 21 days' notice of such resolution) by or on behalf of persons holding at least the relevant percentage of the aggregate principal amount of the outstanding Bonds as provided in the Fiscal Agency Agreement, shall, for all purposes take effect as a resolution in accordance with the Fiscal Agency Agreement and shall be binding on all relevant Bondholders and Couponholders whether or not they participated in such Electronic Consent; and
- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Terms and Conditions) has been validly passed, the Ministry of Finance shall be entitled to rely on consent or instructions given in writing directly to the Ministry of Finance by accountholders in the relevant Clearing System with entitlements to such Global Bond or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement beneficially held, subject to and in accordance with the provisions as further set out in the Fiscal Agency Agreement.



## THE ISSUER

### General

The Ministry of Finance of the People's Republic of China (the "**Ministry of Finance**") is the issuer of the Bonds. The full faith and credit of the Central People's Government of the People's Republic of China (the "**Central People's Government**") is pledged for the due and punctual payment of the Bonds and for the due and timely performance of all obligations of the Central People's Government with respect to the Bonds. The State Council, that is, the Central People's Government, is the executive body of the highest organ of state power; it is the highest organ of State administration. The Ministry of Finance is one of the governmental bodies that form the State Council. The address of the Ministry of Finance is No.3 Sanlihe Nansanxiang, Xicheng District, Beijing, China, and its contact number is +86 10 68551114.

The Bonds have been included in the 2016 Treasury Bond Issuance Plan approved by the National People's Congress of the People's Republic of China. Treasury bonds are the principal component of the Central People's Government's indebtedness. With the approval of the Standing Committee of the National People's Congress, treasury bonds have been managed based on their outstanding balance since 2006. In 2016, the limit on the outstanding balance of the Central People's Government's treasury bonds is RMB12,590.835 billion. Proceeds from treasury bond issues are used mainly for developing agricultural infrastructures, improving the well-being of rural residents, developing housing projects for the low-income population, education, medical and health care, adjusting the industry structure, financing energy conservation, emissions reduction and ecological conservation, supporting independent innovation and technological advancement of enterprises, developing service industries as well as financing infrastructure facilities such as railways, highways, airports and ports.

### Geographical location

China is located in the east of the Asian continent, on the western shore of the Pacific Ocean. China is bordered by North Korea to the east; Mongolia to the north; Russia to the northeast; Kazakhstan, Kyrgyzstan and Tajikistan to the northwest; Afghanistan, Pakistan, India, Nepal and Bhutan to the west and southwest; and Myanmar, Laos and Vietnam to the south. Across the seas to the east and southeast are the Republic of Korea, Japan, the Philippines, Brunei, Malaysia and Indonesia.

### Economy

China's economy has continued to develop rapidly in the last 5 years and its gross domestic product ("**GDP**") has increased, on average, by 7.8% year on year since 2010. The size of China's economy ranks second in the world by annual GDP. In addition, China has become the largest foreign trade country and is one of the key global players in making outbound investments. Significant progress has been achieved in making structural changes to the country's economy and the services industry has become the country's largest industry. There has also been a significant drive towards promoting the use of information technology in the country's main industries and increasing China's overall agricultural production capacity.

Based on the preliminary accounting results, China's GDP was RMB63,591 billion in 2014 and RMB67,670.8 billion in 2015. Of the RMB67,670.8 billion in GDP in 2015, RMB6,086.3 billion was attributable to the primary industry (an increase of 3.9% from 2014); RMB27,427.8 billion was attributable to the secondary industry (an increase of 6.0% from 2014) and RMB 34,156.7 billion was attributable to the tertiary industry (an increase of 8.3% from 2014).

## **Political system**

China is a socialist state under the people's democratic dictatorship led by the working class and based on the alliance of workers and peasants. The socialist system is the fundamental system of China.

All power in the People's Republic of China belongs to the people. The National People's Congress and the local people's congresses at various levels are the organs through which the people exercise state power.

The National People's Congress and the local people's congresses at various levels are constituted through democratic elections. They are responsible to the people and subject to their supervision. All administrative, judicial and procuratorial organs of the State are created by the people's congresses to which they are responsible and by which they are supervised.

## **Taxation system**

Since 1994, as a result of a series of tax regulations aimed at allocating tax between different levels of government, China has established two separate tax administration systems split between the central and local governments.

Currently, China has 18 categories of tax, including value added tax, consumption tax, business tax, enterprise income tax, individual income tax, resource tax, urban land use tax, real estate tax, urban maintenance and construction tax, farmland occupation tax, land value added tax, automobile sales tax, vehicle and vessel tax, stamp duty tax, deed tax, tobacco tax, custom tax and tonnage tax.

China has rolled out a nationwide pilot program to replace business tax with value-added tax from 1 May 2016, which was approved by the State Council. All the business tax taxpayers including construction, real estate, financial services and lifestyle services which were business sectors that used to fall under the business tax regime shall pay value-added tax instead of business tax. Current business tax taxpayers in China should all pay value-added tax.

## **Budgetary system**

China's state budget comprises the central government's general public budget and the local governments' general public budget. The local governments' budget includes the general budgets of provinces, autonomous regions and municipalities (the lower levels of government) under the direct jurisdiction of the State Council.

The central government's general public budget includes the budget for government departments at the central level (including the departments under the direct jurisdiction of the central government) and the tax rebates and transfer payments from the central government to the local governments. Revenue in the central government's general public budget includes revenue at the central level and the revenue provided by the local governments to the central government. Expenditure from the central government's general public budget includes expenditures at the central level and the tax rebates and transfer payments from the central government to the local governments.

The local governments' general public budget includes the budget for the departments of local governments (including the departments under the direct jurisdiction of the local governments) and the tax rebates and transfer payments from the local governments to the lower levels of government. Revenue in the local governments' general public budget includes revenue at the local level and rebates and transfer payments from the higher levels of government to the local governments and the revenue provided by the lower levels of government. Expenditure from the local governments' general public budget includes expenditures at the local level, expenditures provided to the higher level of government and the tax rebates and transfer payments to the lower levels of government.

## **Public debt**

As at the end of 2014 and 2015, the public debt balance was RMB9,565.545 billion and RMB10,659.959 billion, respectively.

In terms of the maturity of domestic public debt, the short term domestic debt and the long term domestic debt were RMB962.1 billion and RMB8505.5 billion, respectively, as at the end of 2014; and the short term domestic debt and the long term domestic debt were RMB1,306 billion and RMB9,240.7 billion, respectively, as at the end of 2015.

In terms of the maturity of foreign public debt, the long term foreign debt was 97.9 billion as at the end of 2014 and the long term foreign debt was RMB113.2 billion as at the end of 2015.

In terms of the denominated currency of the public debt, public debt in domestic currency and foreign currency were RMB9,548.1 billion and RMB17.4 billion, respectively, as at the end of 2014 and public debt in domestic currency and foreign currency were RMB10,642.1 billion and RMB17.8 billion, respectively, as at the end of 2015.

Since the establishment of the People's Republic of China in 1949, the central government has always paid, when due, the full amount of principal of, any interest and premium on, and any amortisation or sinking fund requirements of, external and internal indebtedness incurred by it.

## **Foreign Trade**

China's total value of imports and exports was RMB26,433.4 billion and RMB24,574.1 in 2014 and 2015 respectively. The balance (being equal to the value of exports less imports) was RMB2,348.9 billion and RMB3,677.0 billion in 2014 and 2015 respectively.

## **Foreign exchange reserves**

As at the end of 2014 and 2015, China's foreign exchange reserves totalled USD3,843.0 billion and USD3,330.4 billion, respectively.

## **Income and expenditure**

In 2014, revenue in general public budgets nationwide totalled RMB14,034.974 billion and the total revenue reached RMB14,134.974 billion; expenditures in general public budgets nationwide amounted to RMB15,166.154 billion and total expenditures reached RMB 15,484.974 billion. In 2015, revenue in general public budgets nationwide totalled RMB15,221.665 billion and the total revenue reached RMB16,027.177 billion; expenditures in general public budgets nationwide amounted to RMB17,576.778 billion and total expenditures reached RMB 17,647.177 billion.

## **Audit process**

The State Council has established an auditing body to supervise the audit of the revenue and expenditure of all departments under the State Council and the local governments at various levels, and the revenue and expenditure of all financial and monetary organisations, enterprises and institutions of China.

## **USE OF PROCEEDS**

The net proceeds from the sale of the Bonds will be used by the Ministry of Finance for general governmental purposes.

## **TAXATION**

*The following summary of certain taxation provisions under the PRC laws is based on current law and practice. It does not purport to be comprehensive and does not constitute legal or tax advice. Prospective investors should consult their own tax advisers regarding the tax consequences of an investment in the securities.*

The Bonds are not subject to any individual or enterprise income tax or stamp duty in the PRC.

## **SUBSCRIPTION AND SALE**

The Ministry of Finance and the Managers have entered into a subscription agreement dated on or about 27 May 2016 (the “**Subscription Agreement**”) pursuant to which the Ministry of Finance has agreed to sell to the Managers, and the Managers have jointly and severally agreed to subscribe and pay for or procure subscribers to subscribe and pay for the Bonds at their issue price of 100.00 per cent. of their principal amount.

The Ministry of Finance is entitled to be released and discharged from its obligations under the Subscription Agreement prior to the closing of the issue of the Bonds.

### **United States**

The Bonds have not been and will not be registered under the Securities Act and the Bonds are subject to U.S. tax law requirements. Subject to certain exceptions, the Bonds may not be offered, sold or delivered within the United States. Each Manager has agreed that it will not offer, sell or deliver any Bonds within the United States.

In addition, until 40 days after the commencement of the offering of the Bonds, an offer or sale of the Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### **United Kingdom**

Each Manager has represented, warranted and undertaken that it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the U.K.

### **Hong Kong**

Each Manager has represented and agreed that it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

### **People’s Republic of China**

The Bonds are not intended to be offered directly or indirectly within the PRC (except in Hong Kong and otherwise permissible under applicable PRC laws). This Offering Circular has not been and will not be submitted to or approved by or registered with any governmental authorities in the PRC and may not be supplied to the public in the PRC. This Offering Circular does not constitute an offer to sell or the solicitation of an offer to sell any Bonds in the PRC. The Bonds may only be offered to PRC investors which are authorised to invest in the Bonds.

Each Manager has represented, warranted and agreed that it has not made, and will not make, any offers, promotions, solicitations for sales of or for any Bonds in the PRC, except where permitted by applicable PRC law.

### **Taiwan**

The Bonds will not be offered or sold directly or indirectly in Taiwan or sold to any related person of the Ministry of Finance (as defined in the International Accounting Standard No. 24) or any person listed in

Article 36 of the Taiwan Securities Association Regulations Governing Underwriting and Resale of Securities by Securities Firms.

### **Macau**

Each Manager has represented, warranted and agreed that the Bonds may not be promoted, distributed, sold or delivered in Macau, or any document relating to the Bonds be distributed or circulated in Macau, except under the terms of and in compliance with the Financial Services Authority and any other laws in Macau that may apply to the offer and sale of the Bonds in Macau. The Bonds are not authorised for public offer in Macau under the Financial Services Authority, thus may not be offered or sold in Macau, unless such offer is made by Macau licensed entities according to the Financial Services Authority and upon their communication to the Monetary Authority of Macau, in observation of the guidelines and recommendations issued by the Monetary Authority of Macau from time to time.

### **Singapore**

Each Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has represented and agreed that it has not offered or sold any Bonds or caused such Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell such Bonds or cause such Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Bonds, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

## **Republic of Italy**

The offering of the Bonds has not been registered with the *Commissione Nazionale per le Società e la Borsa* (“**CONSOB**”) pursuant to Italian securities legislation and, accordingly, no Bonds may be offered, sold or delivered, nor may copies of this Offering Circular or of any other document relating to any Bonds be distributed in the Republic of Italy, except, in accordance with any Italian securities, tax and other applicable laws and regulations.

Each Manager has represented and agreed that it has not offered, sold or delivered and will not offer, sell or deliver the Bonds, and has not distributed and will not distribute copies of this Offering Circular or any other document relating to the Bonds in the Republic of Italy, except: (i) to qualified investors (*investitori qualificati*), as defined in Article 100 of Legislative Decree No. 58 of February 24, 1998 (the “**Financial Services Act**”) and Article 34-*ter*, paragraph 1, letter (b) of CONSOB regulation No. 11971 of 14 May 1999 (the “**Issuers Regulation**”), all as amended from time to time; or (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Issuers Regulation.

In any event, any offer, sale or delivery of the Bonds or distribution of copies of this Offering Circular or any other document relating to the Bonds in the Republic of Italy under (i) or (ii) above must be: (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of October 29, 2007 (as amended from time to time) and Legislative Decree No. 385 of September 1, 1993, as amended (the “**Banking Act**”); and (b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time; and (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

## **Switzerland**

The Bonds offered hereby are being offered in Switzerland on the basis of a private placement only. This Offering Circular does not constitute a prospectus within the meaning of Art. 652A of the Swiss Federal Code of Obligations.

## **General**

Each Manager has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Bonds or possesses, distributes or publishes this Offering Circular or any other offering material relating to the Bonds. Persons into whose hands this Offering Circular comes are required by the Ministry of Finance and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Bonds or possess, distribute or publish this Offering Circular or any other offering material relating to the Bonds, in all cases at their own expense.



## GENERAL INFORMATION

1. **Clearing Systems:** The Bonds have been accepted for clearance through Euroclear and Clearstream . The securities codes for the Bonds are as follows:  
  
Common Code: 142543672  
  
ISIN: XS1425436729  
  
The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg.
2. **Authorisations:** The Ministry of Finance has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Bonds.
3. **Listing:** The listing of the Bonds on the Official List will be expressed as a percentage of their principal amount (exclusive of accrued interest). It is expected that listing of the Bonds on the Official List and admission of the Bonds to trading on the PSM of the London Stock Exchange will be granted on or about 3 June 2016, subject only to the issue of a Global Bond. Prior to official listing and admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day after the day of the transaction. The expenses related to the admission to trading of the Bonds are expected to be approximately £4,200.
4. **Significant Change:** Saved as disclosed in “The Issuer - Taxation system” section in this Offering Circular, there has been no significant change in the PRC’s tax and budgetary systems, gross public debt, foreign trade and balance of payments, foreign exchange reserves, financial position and resources and income and expenditure figures since 31 December 2015.
5. **Legal Proceedings:** There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Ministry of Finance is aware) during the 12 months preceding the date of this Offering Circular which may have, or have had in the recent past, significant effects on the financial position of the Ministry of Finance.
6. **Yield:** The yield of the Bonds is 3.28 per cent. on an annual basis. The yield is calculated as at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
7. **Available Documents:** From the date hereof and for so long as any of the Bonds remains outstanding, copies (and English translations where the documents in question are not in English) of the government budget for the current fiscal year, will be available for inspection at the specified office of the Fiscal Agent at 8 Canada Square, London, E14 5HQ, United Kingdom, during normal business hours.
8. **Immunity:** To the extent that the Ministry of Finance may claim for itself immunity from any Proceedings (as defined in the Terms and Conditions of the Bonds), and to the extent that in any such jurisdiction there may be attributed to the Ministry of Finance such immunity (whether or not claimed), the Ministry of Finance hereby agrees not to claim and hereby waives and will waive such immunity; provided, however, that the Ministry of Finance has not waived, and shall not waive, its sovereign and other immunity with respect to assets of the PRC wherever located from execution or attachment, whether in aid of execution, before judgment or otherwise.

**ISSUER**

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