

## **Offering Arrangements of China Development Bank (CDB) 2020 Financial Bond (Series 12)**

Arrangements contained herein are made in accordance with relevant approval documents from the People's Bank of China (PBOC).

### **Section 1: Basic Information of the Bonds**

The 2020 Bonds (Series 12) (“the Bonds”) offered hereby shall have a tenor of 5 years and a fixed amount of interests thereof shall be paid annually. The base case offering amount is Renminbi 10 billion, the upper case offering amount is Renminbi 12 billion, the lower case offering amount is Renminbi 8 billion. The actual offering amount will depend on the amount of bids actually awarded. The issue and settlement date is May 6<sup>th</sup>, 2021, the listing date is May 8<sup>th</sup>, 2021, the value date is July 14<sup>th</sup>, 2020, the first interest payment date is July 14<sup>th</sup>, 2021, the maturity date is July 14<sup>th</sup>, 2025, and the coupon rate is 3.34%. In case of public holidays, any said date will be the working day immediately following the holiday.

The issuer hereby retains the right to reopening in respect of the Bonds.

Trading of bonds listed through such a reopening shall be consolidated with the original offering.

Proceeds raised through this offering will be used to support renovation of urban run-down areas, construction of urban infrastructure and other related projects.

The issuer hereby retains the right to modify the bond type, the offering date or any other arrangements in the event of any major change in the market situation.

## Section 2: Offering Arrangements

### 1. Bidders

Bidder Syndicates could participate in this issue and bid directly without distribution responsibility and underwriting fee as well.

### 2. Tender and Bidding

#### (1) Auction Method

The Bonds shall have a fixed par value and will be offered by way of **an auction with a single price (Dutch auction)**.

#### (2) Floating Offering Amount

The base case offering amount of this issue is 10bn, the upper case offering amount is 12bn, the lower case offering amount is 8bn. The upper case offering amount trigger ratio  $T=2.5x$  and lower case offering amount trigger ratio  $t=1.5x$ .

If the bid multiple exceeds 2.5, the final issuance size rises to 12bn.

If the bid multiple is between 1.5 and 2.5, the final issuance size equal to the base case offering amount.

If the bid multiple is below 1.5, the final issuance size falls to 8bn.

If the minimum offering amount is not filled up, the final issuance amount is the actual bidding amount.

#### (3) Bidding Requirement

The bidder shall place the bid in compliance with terms specified in the Invitation to Tender; otherwise, the bid shall be deemed invalid.

**The bidder may bid by non-consecutive price points within a certain range,** and the number of basic price points (consecutive price points as per the increment stipulated in the Invitation to Tender) between the highest and the lowest valid bid prices shall not exceed a certain quantity (the highest and the lowest valid bid prices included). **The increments shall be determined by CDB and announced prior to the offering.**

### (3) Risk Warning

Bidder Syndicates should fully understand the risk of adjustment of issue amount by adopting dynamic conditional auction method.

### **3. Terms in the Invitation to Tender**

The bond type, the amount, the minimum bid amount, the increment of interest rate (spread) or price, the maximum to bid, the tenor, the issue and settlement date, etc. shall be specified.

### **4. Technical System**

The tender and the bidding will be conducted via the PBOC Bond Issuance System (“the System”), with no fixed physical location. The tender will be offered by CDB in Beijing. Bidders in possession of the User Terminal may place their bids via their User Terminal as designated by the System.

### **5. Bidding Method for Bidders with no Connection to the System**

Bidders with no possession of the User Terminal may place their bids in the bidding hours through the fax system of China Central Depository & Clearing Co., Ltd. (CCDC). The bidder shall fill in the Price Table for Tender of China Development Bank Financial Bonds and Bid Proposal of Domestic and Overseas Direct Investors (“the Direct Investor Bid”), and fax to the System in the bidding hours.

### **6. Emergency Operation**

Where the System fails to function due to technical reasons or any other force majeure, the bidder shall fill in the Price Table for Tender of China Development Bank Financial Bonds and Emergency Bid Proposal (“the Emergency Bid”) with the reserved seal affixed and the authentication code provided, and send the same to the System in the bidding hours as stipulated.

### **7. Offering Results**

The Offering Results will be published through relevant media, disclosing the offering amount, the tenor, the tender and bidding methods, the coupon rate, the redemption method and other necessary information.

## **8. Timeframe**

**The tender will be offered at 9:00 am on April 28<sup>th</sup>, 2021. Bids will be accepted between 9:00 and 10:00, and the Emergency Bid and the Direct Investor Bid will be accepted by fax between 9:00 and 10:00.** The offering results will be confirmed before 11:00am.

CCDC will process registration of bond holdings for bidders as per the awarded bids confirmed by CDB. Bonds subscribed by members of Bidder Syndicate who have not opened an account directly with CCDC shall be registered in the name of their designated custodian institution. The certificate of bond holdings issued by the designated custodian institution is the legal proof that investors enjoy the rights and interests of securities.

The Offering Results will be published on April 29<sup>th</sup>,2021.

Winning bidders shall transfer the payment for the Bonds to the account designated as follows on May 6<sup>th</sup>, 2021. Name of recipient: China Development Bank Head Office, Account No.: 110400373, Bank Name: China Development Bank Head Office. Funds transfer thereto shall be made via China National Automatic Payment System (CNAPS) and the clearing bank number in CNAPS is 201100000017. Foreign investors shall transfer the payment via Cross-border Interbank Payment System(CIPS). Name of recipient: China Development Bank, SWIFT code: SDBCCNBJXXX, Account No.: 2626100210001233986.

CDB will provide CCDC with the Confirmation on Payment for the Bonds on May 7<sup>th</sup>, 2021. Where a bidder fails to pay the full amount in time, its corresponding bond holdings will be cancelled as per relevant regulations of PBOC.

CCDC will provide CDB with the List of Bond Holders on May 7<sup>th</sup>, 2021.

## **Section 3: Payment**

The awarded bidders shall transfer the payment to our account in full amount and on time.

After the payment and confirmed by the registered custodian, the bidder may

have the right to hold the bonds. The delayed will be considered a breach of contract.

If the awarded bidder fails to transfer the payment to CDB in full and on time, it shall immediately make up the amount in full and pay the interest to the issuer according to the interest rate of the current issue; If the payment is overdue for more than one working day (excluding), we shall have the right to charge the bidder a penalty at the daily interest rate of 2.01‰. If the payment is overdue for more than three working days (excluding), We will have the right to dispose of all the bonds of the awarded bidder, and the defaulting bidder shall be obliged to compensate us or the relevant institution for all losses suffered as a result. If the awarded bidder completes the payment in advance or in excess of the amount, it shall submit an application for refund and we shall return the excess payment to the bidder within 3 working days but shall have the right not to return the accrued interest during the detention period of the funds at the same time.

#### **Section 4: Liabilities of breach of contract**

In case of any dispute or conflict between the member of Bidder Syndicate and the issuer, both parties shall settle such dispute through negotiation. If no agreement can be reached through consultation, the case shall be settled through litigation in the people's court of the place where the issuer has domicile.

**An investor's bid for the current bond shall be deemed to be an endorsement of all the terms of this Offering Method, and the investor shall consult his legal counsel or other relevant professional advisers on matters relating to his bid for the current offering of the bond, and shall be solely responsible for the legality and compliance of the subscription to the current offering of the bond.**