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YOUR WEALTH MANAGEMENT BANK

交通銀行股份有限公司
Bank of Communications Co., Ltd.

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

(Stock code: 03328)

PROPOSED CHANGE OF AUDITORS
AND
PROPOSED ISSUE OF ELIGIBLE TIER-2 CAPITAL
INSTRUMENTS WITH WRITE-DOWN FEATURE

The Board announces that it resolved at a meeting held on 20 January 2014 to propose the appointment of PricewaterhouseCoopers as the international auditor and PricewaterhouseCoopers Zhong Tian LLP as the domestic auditor of the Bank for the year 2014, and not to reappoint Deloitte Touche Tohmatsu and Deloitte Touche Tohmatsu CPA LLP as the international auditor and domestic auditor, respectively at the conclusion of the 2013 annual general meeting of the Bank. According to the Articles of Association, the aforesaid proposed change of auditors is subject to the approval by the shareholders at the general meeting of the Bank. Relevant resolution will be put forward at the 2013 annual general meeting of the Bank for shareholders' consideration and approval.

The Board also resolved at such meeting to propose the issue of eligible tier-2 capital instruments with write-down feature up to RMB40 billion equivalent, which is subject to the shareholders' approval at the general meeting of the Bank pursuant to the Articles of Association. An extraordinary general meeting of the Bank will be convened to seek the approval of the shareholders in this regard, and a notice of the extraordinary general meeting together with detailed information of the relevant resolution will be despatched to the shareholders in due course.

Proposed Change of Auditors

Pursuant to the regulatory rules promulgated by the Ministry of Finance of the PRC in relation to the management of the bidding process of the appointment of accounting firms by PRC financial institutions, the same accounting firm cannot be engaged by a financial institution for more than 10 consecutive years. Therefore, Bank of Communications Co., Ltd. (the “**Bank**”) will not reappoint Deloitte Touche Tohmatsu and Deloitte Touche Tohmatsu CPA LLP at the 2013 annual general meeting of the Bank.

As such, the board of directors of the Bank (the “**Board**”) resolved at a meeting held on 20 January 2014 (the “**Meeting**”) to propose the appointment of PricewaterhouseCoopers as the international auditor and PricewaterhouseCoopers Zhong Tian LLP as the domestic auditor of the Bank for the year 2014 for the provision of auditing services and other relevant services to the Bank for a total remuneration of RMB27.8 million, and with a term commencing from the date of approval at the annual general meeting for the year 2013 and ending on the date of conclusion of the annual general meeting for the year 2014.

According to the articles of association of the Bank (the “**Articles of Association**”), the above-mentioned proposed change of auditors is subject to the approval by the shareholders at the general meeting of the Bank. Relevant resolution will be put forward at the 2013 annual general meeting of the Bank for shareholders’ consideration and approval.

Deloitte Touche Tohmatsu and Deloitte Touche Tohmatsu CPA LLP have both confirmed to the Board that there are no matters in relation to the proposed change of auditors that they considered should be brought to the attention of the shareholders of the Bank. The Board also confirms that, save as the reasons disclosed above, there are no other matters in connection with the proposed change of auditors that need to be brought to the attention of the shareholders of the Bank.

Proposed Issue of Eligible Tier-2 Capital Instruments with Write-down Feature

In order to further replenish the capital base and enhance the capability of sustainable development of the Bank, the Board also resolved at the Meeting to propose the issue of eligible tier-2 capital instruments with write-down feature in accordance with the relevant regulatory rules issued by China Banking Regulatory Commission (the “**CBRC**”) as follows:

Principal amount:	up to RMB40 billion equivalent
Capital instruments type:	eligible tier-2 capital instruments with write-down feature, which comply with the requirements of the Regulation Governing Capital of Commercial Banks (Provisional) issued by the CBRC and can be used to replenish the capital of commercial banks
Target market:	domestic and overseas market
Maturity:	due in not less than five years

Loss absorption method: in the occurrence of the triggering event as specified in the offering document, losses will be absorbed by way of write-downs

Interest rate: to be determined with reference to the market rate

Use of proceeds: to replenish tier-2 capital of the Bank

Term of validity of the shareholders' resolution: for a period commencing from the date of the resolution being approved by the general meeting of the Bank and ending on 31 December 2016

Pursuant to the Articles of Association, the proposed issue of eligible tier-2 capital instruments with write-down feature is subject to the approval by the shareholders at the general meeting of the Bank.

It will also be submitted to the general meeting of the Bank to authorize the Board, who will further authorize the senior management of the Bank, to determine detailed terms of the issuance of the eligible tier-2 capital instruments with write-down feature, and to deal with all relevant matters (including but not limited to write down the eligible tier-2 capital instruments with write-down feature as agreed immediately following the occurrence of the triggering event) in accordance with the above proposal of the issuance as well as the rules and approval requirements issued by relevant regulatory authorities. The term of validity of such authorization, if granted, will be a period commencing from the date of the resolution being approved by the general meeting of the Bank and ending on 31 December 2016.

An extraordinary general meeting of the Bank will be convened to seek the approval of the shareholders on the proposed issue of eligible tier-2 capital instruments with write-down feature, and a notice of the extraordinary general meeting together with detailed information of the relevant resolution will be despatched to the shareholders in due course.

By order of the Board of
Bank of Communications Co., Ltd.
Du Jianglong
Company Secretary

Shanghai, the PRC
20 January 2014

As at the date of this announcement, the directors of the Bank are Mr. Niu Ximing, Mr. Peng Chun, Mr. Qian Wenhui, Ms. Yu Yali, Mr. Hu Huating, Ms. Du Yuemei*, Mr. Wang Taiyin*, Mr. Wong Tung Shun, Peter*, Ms. Fung Yuen Mei, Anita*, Mr. Ma Qiang*, Mr. Lei Jun*, Ms. Zhang Yuxia*, Mr. Wang Weiqiang#, Mr. Peter Hugh Nolan#, Mr. Chen Zhiwu#, Mr. Choi Yiu-kwan#, Mr. Liu Tinghuan# and Mr. Yu Yongshun#.*

* Non-executive directors

Independent non-executive directors