

NAFMII PLEDGE PERFORMANCE ASSURANCE  
DOCUMENT  
(2009 VERSION)

(English Translation)

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At the instruction of NAFMII, Linklaters , a member of the Drafting Panel for the 2009 NAFMII Master Agreement documentation has prepared the draft English translation and has worked with the representatives from other members of the Drafting Panel, including Allen & Overy LLP, China Foreign Exchange Trade System, Credit Suisse, Deutsche Bank (China) Co. Ltd., Global Law Office, Industrial and Commercial Bank of China, JunZeJun Law Offices, Mallesons Stephen Jaques, and Zhong Yin Law Firm to finalise this English translation.

## Statement

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# NAFMII PLEDGE PERFORMANCE ASSURANCE DOCUMENT

## Standard Terms

This pledge performance assurance document (this "**Document**") is a Performance Assurance Document entered into between the parties for the purpose of performing their respective obligations under the *NAFMII Master Agreement (2009 Version)* (the "**Master Agreement**"). This Document consists of the Standard Terms and the Supplemental Terms.

### Section 1 Interpretations and Hierarchy

Any defined term provided in this Document shall have the meaning specified in the Master Agreement for the same defined term, and any defined term specifically provided in this Document shall have the meaning specified in Section 13 of the Standard Terms.

The parties may make amendments and supplements to the contents of this Document, such as the definitions, in the Supplemental Terms, but they shall not amend or exclude the definition of "PRC Laws", Sections 12(VII) and 12 (VIII) of the Standard Terms and the contents of this sentence. Subject to the aforesaid:

1. in the event that there is any inconsistency between the Standard Terms and the Supplemental Terms, the Supplemental Terms shall prevail;
2. in the event that there is any inconsistency between the Master Agreement or the Supplement and this Document, with respect to this Document, the relevant terms of this Document shall prevail;
3. in the event there is any inconsistency between the Effective Transaction Agreement and this Document, with respect to a specific Transaction, that Effective Transaction Agreement shall prevail.

### Section 2 Scope of Security

The Pledgor shall create a pledge over the agreed Eligible Performance Assuring Asset in favour of the Pledgee in accordance with the terms of this Document. The pledge is to secure all the Obligations to be performed by the Pledgor.

### Section 3 Delivery Amount and Return Amount

#### (I) Delivery Amount

If, on a Valuation Date, the Delivery Amount is equal to or exceeds the Minimum Transfer Amount applicable to the Pledgor, the Pledgee may give a notice to the Pledgor demanding the Pledgor to pledge, in accordance with the Delivery Amount, the Eligible Performance Assuring Asset to the Pledgee. The Pledgor shall ensure that the Value of the pledged Eligible Performance Assuring Asset, as of the date on which the pledge is created, is not less than the applicable Delivery Amount (which shall be rounded pursuant to the Supplemental Terms).

Unless otherwise agreed by the parties, in respect of any Valuation Date, the Delivery Amount applicable to the Pledgor shall be calculated in accordance with the following formula:

$$\text{Delivery Amount} = \text{Adjusted Risk Exposure of the Pledgee} - \text{Value of the Pledgor's Pledged Performance Assuring Asset as of the Valuation Date}$$

(II) Return Amount

If, on a Valuation Date, the Return Amount is equal to or exceeds the Minimum Transfer Amount applicable to the Pledgee, the Pledgor may give a notice to the Pledgee demanding the Pledgee to release, in accordance with the Return Amount, the pledge created by the Pledgor over the Pledged Performance Assuring Asset in favour of the Pledgee. The Pledgee shall ensure that the Value of the released Pledged Performance Assuring Asset which has been released, as of the date on which the pledge is released, is close to the applicable Return Amount (which shall be rounded up or down pursuant to the Supplemental Terms), but the Value of the released Pledged Performance Assuring Asset, as of the date on which the pledge is released, need not be higher than the applicable Return Amount.

Unless otherwise agreed by the parties, in respect of any Valuation Date, the Return Amount applicable to the Pledgee shall be calculated in accordance with the following formula:

$$\text{Return Amount} = \text{Value of the Pledgor's Pledged Performance Assuring Asset as of the Valuation Date} - \text{Pledgee's Adjusted Risk Exposure}$$

(III) Relevant interpretations

For the calculation of the above-mentioned Delivery Amount or Return Amount:

$$\text{Adjusted Risk Exposure of the Pledgee} = \text{Risk Exposure of the Pledgee as of the aforesaid Valuation Date} + \text{Independent Amount applicable to the Pledgor} - \text{Independent Amount applicable to the Pledgee} - \text{Threshold Amount applicable to the Pledgor}$$

If the Adjusted Risk Exposure of the Pledgee, as calculated above, is a negative number, it shall be deemed to be zero.

When calculating the Value of the Pledged Performance Assuring Asset as of a Valuation Date, any previous Delivery Amount for which the formalities for creating a pledge are being carried out but the relevant pledge has not yet been formally created on or prior to that Valuation Date (or where there is a dispute as to the Delivery Amount, any portion relating to that Delivery Amount which is undisputed for which the formalities for creating a pledge are being carried out but the relevant pledge has not been formally created) shall

be included in the calculation of the Value of the Pledged Performance Assuring Asset. On the other hand, any previous Return Amount for which the formalities for releasing a pledge are being carried out but the relevant pledge has not been formally released on or prior to that Valuation Date (or where there is a dispute as to the Return Amount, any portion of the Return Amount which is undisputed for which the formalities for releasing a pledge are being carried out but the relevant pledge has not been formally released) shall be excluded from the calculation of the Value of the Pledged Performance Assuring Asset.

#### **Section 4 Circumstances not Requiring Performance of Obligations**

**(I) Circumstances where performance of obligations by the Pledgor is not required**

If an Event of Default, a Potential Event of Default or a Specified Circumstance occurs in relation to the Pledgee, and as a result of which an Early Termination Date has occurred or has been designated (other than in the case where there is no outstanding payment obligation as of such Early Termination Date), or in the case where an Early Termination Date has not occurred or has not been designated but the Event of Default, the Potential Event of Default, or the Specified Circumstance is then continuing, the Pledgor shall not be required to perform any of the obligations that it would have been required to perform under Sections 3, 6 and 8 of the Standard Terms in relation to the creation of the pledge.

**(II) Circumstances where performance of obligations by the Pledgee is not required**

If an Event of Default, a Potential Event of Default or a Specified Circumstance occurs in relation to the Pledgor, and as a result of which an Early Termination Date has occurred or has been designated (other than in the case where there is no outstanding payment obligation as of such Early Termination Date), or in the case where an Early Termination Date has not occurred or been designated but the Event of Default, the Potential Event of Default, or the Specified Circumstance is then continuing, the Pledgee shall not be required to perform any of the obligations that it would have been required to perform under Sections 3, 6, 7, 8 and 9 of the Standard Terms in relation to the release of the pledge or the transfer.

#### **Section 5 Calculation and Valuation**

The Valuation Party shall calculate the Value and Risk Exposure based on the information that it obtains as of the relevant Valuation Time. The Valuation Party shall notify both parties of the calculation results no later than 17:00 (Beijing Time) on the applicable Valuation Date (or on the sixth Business Day from the effectiveness of the objection notice as under Section 8 of the Standard Terms).

#### **Section 6 Methods for Creation and Release of Pledge**

After a notice delivered by one party to the other party pursuant to Section 3 of the Standard Terms takes effect, the other party shall create or release the relevant pledge pursuant to the following methods:

**(I) Method for creation of pledge**

Unless otherwise agreed by the parties, in relation to the Eligible Performance Assuring Asset in the form of cash, the Pledgor shall remit the Eligible Performance Assuring Asset in such form, by way of account transfer no later than 17:00 (Beijing Time) on the relevant Completion Date, into a specific purpose account designated by the Pledgee; and in

relation to the Eligible Performance Assuring Asset in the form of book-entry debt securities, the Pledgor and the Pledgee shall promptly carry out the relevant formalities for the creation of the pledge in accordance with the rules of the relevant depository and clearing institution. The confirmation document (if any) formed by the parties in respect of each creation of the pledge over the Eligible Performance Assuring Asset shall constitute an integral part of the pledge contract.

If the Pledgor is required to create a pledge over the relevant Eligible Performance Assuring Asset in favour of the Pledgee in accordance with the terms of this Document, the Pledgor has an obligation to ensure that the pledge is created over such Eligible Performance Assuring Asset in favour of the Pledgee no later than 17:00 (Beijing Time) on the relevant Completion Date.

(II) **Method for release of pledge**

Unless otherwise agreed by the parties, in relation to the Pledged Performance Assuring Asset in the form of cash, the Pledgee shall remit the Pledged Performance Assuring Asset in such form, by way of account transfer no later than 17:00 (Beijing Time) on the relevant Completion Date, into a specific purpose account designated by the Pledgor; and in relation to the Pledged Performance Assuring Asset in the form of book-entry debt securities, the Pledgor and the Pledgee shall promptly carry out the formalities for the release of the pledge in accordance with the rules of the relevant depository and clearing institution. The confirmation document (if any) formed by the parties in respect of each release of the pledge over the Pledged Performance Assuring Asset shall constitute the contract for the release of the pledge over the relevant Pledged Performance Assuring Asset.

If the Pledgee is required to release the pledge created over the relevant Pledged Performance Assuring Asset in its favour in accordance with the terms of this Document, the Pledgee has an obligation to ensure that the pledge created over such Pledged Performance Assuring Asset in its favour by the Pledgor is released no later than 17:00 (Beijing Time) on the relevant Completion Date.

## **Section 7 Substitution**

The Pledgor may give notice to the Pledgee proposing to substitute the Eligible Performance Assuring Asset specified in the notice (hereinafter referred to as the “**New Performance Assuring Asset**”) for the Pledged Performance Assuring Asset specified in the notice (hereinafter referred to as the “**Original Performance Assuring Asset**”).

If the Pledgee gives notice to the Pledgor (which can be by way of telephone) of its consent to the substitution, then:

1. the Pledgor shall create a pledge over the New Performance Assuring Asset in favour of the Pledgee no later than 17:00 (Beijing Time) on the relevant Completion Date;
2. provided that none of the circumstances set out in Section 4(II) of the Standard Terms has occurred in relation to the Pledgor, upon the confirmation by the Pledgee that a pledge has been created over the New Performance Assuring Asset, the Pledgee shall release the pledge over the Original Performance Assuring Asset no later than 17:00 (Beijing Time) on the relevant Completion Date.

The Pledgee shall ensure that the Value of the released Original Performance Assuring Asset, as of the date on which the pledge is released, is close to the Value of the New Performance Assuring Asset as of that day, but need not be higher than the Value of the New Performance Assuring Asset as of that day.

## **Section 8 Resolution of Disputes as to Calculation and Valuation**

Where a party (the “**Disputing Party**”) disputes (A) the Delivery Amount or the Return Amount calculated by the Valuation Party or (B) the Value of any pledged Eligible Performance Assuring Asset or any released Pledged Performance Assuring Asset, such dispute shall be resolved pursuant to the following methods:

1. In the case of (A), the Disputing Party shall issue a notice of dispute to the other party and the Valuation Party no later than 17:00 (Beijing Time) on the first Business Day following the receipt of the notice given by the other party pursuant to Section 3 of the Standard Terms; in the case of (B), the Disputing Party shall issue a notice of dispute to the other party and the Valuation Party no later than 17:00 (Beijing Time) on the first Business Day following the relevant Completion Date.
2. In the case of (A), the party obliged to pledge the Eligible Performance Assuring Asset (or to release the pledge over the Pledged Performance Assuring Asset) shall pledge the undisputed portion of the Eligible Performance Assuring Asset in favour of the other party (or shall release the pledge created over the undisputed portion of the Pledged Performance Assuring Asset) no later than 17:00 (Beijing Time) on the relevant Completion Date.
3. In respect of any disputed portion in the case of (A) or (B), the parties shall resolve the dispute through consultations within five Business Days after the notice of dispute takes effect.
4. If the parties fail to resolve their dispute within the time limit mentioned above and:
  - (1) if the dispute is in relation to the Delivery Amount or the Return Amount, the Valuation Party shall calculate the Risk Exposure and the Value as of the Re-calculation Date on the following basis:
    - (a) any calculation of that portion of the Risk Exposure attributable to the undisputed Transaction under this Agreement shall be used;
    - (b) if the parties agree in this Agreement to adopt the replacement transaction method, the Valuation Party shall ask the third persons (and if the parties have agreed to a specific meaning of a third person for the replacement transaction method, then a third person with such specific meaning) for four actual mid-market quotations, and shall calculate the Risk Exposure attributable to the disputed Transaction under this Agreement by using the arithmetic mean of such quotations;
    - (c) if the parties agree in this Agreement to adopt the market quotation method, the Valuation Party shall ask for four actual mid-market quotations from the Reference Market Makers, and shall calculate the Risk Exposure attributable to the disputed Transaction under this Agreement by using the arithmetic mean of such quotations;

- (d) where four quotations cannot be obtained for a Transaction, fewer than four quotations may be used; where no quotation can be obtained for a Transaction, the original calculation made by the Valuation Party shall be used for such Transaction;
    - (e) for any dispute in relation to the Value of the then existing Pledged Performance Assuring Asset, the Value shall be recalculated in the manner as set out in the Supplemental Terms.
  - (2) if the dispute is in relation to the Value of any pledged Eligible Performance Assuring Asset or the Value of any released Pledged Performance Assuring Asset, the Valuation Party shall recalculate the Value of the Eligible Performance Assuring Asset or the Pledged Performance Assuring Asset as of the relevant Completion Date in accordance with the terms of the Supplemental Terms.
- 5. The Valuation Party shall notify the parties of the result of the recalculation or revaluation performed in the manner as set out above (where a party acts as the Valuation Party, such party shall notify the other party of the same) no later than 17:00 (Beijing Time) on the sixth Business Day after the notice of dispute takes effect. The relevant party shall create or release the pledge in accordance with the terms of this Document after its receipt of the subsequent notice given by the other party.

## **Section 9 Interest Amount**

Unless otherwise agreed by the parties and subject to Section 4 of the Standard Terms, in respect of the Pledged Performance Assuring Asset in the form of cash that is in the possession (or deemed to be in the possession in accordance with the market practice) of the Pledgee, the Pledgee is entitled to retain any interest accruing on any of such Pledged Performance Assuring Asset in the form of cash without transferring the same to the Pledgor, but the Pledgee shall transfer the Interest Amount to the Pledgor no later than 17:00 (Beijing Time) on the Interest Transfer Date immediately following the end of the relevant Interest Period. The obligation of the Pledgee to transfer the Interest Amount is subject to the condition that no Delivery Amount (which shall be calculated by the Valuation Party and for this purpose, the date on which the calculation is made shall be deemed as a Valuation Date) shall be created or increased as a result thereof.

## **Section 10 Events of Default and Non-default Circumstances**

### **(I) Events of default**

The occurrence of any of the following circumstances in respect of a party shall constitute an Event of Default as referred to in Section 6(II) of the Master Agreement with such party being the Defaulting Party:

1. in respect of any Eligible Performance Assuring Asset, Pledged Performance Assuring Asset or Interest Amount, such party fails to duly perform any of its transfer obligation, or any of its obligation to create or release the pledge in accordance with the terms of this Document, and such failure continues in existence as of the end of the third Business Day after notice of such failure from the other party takes effect.
2. such party fails to comply with or perform any agreement or obligation as required under this Document in accordance with the terms of this Document (other than the failure to comply with or perform any obligation as set out in item 1 of this

subsection), and such failure continues in existence as of the end of the thirtieth Business Day after notice of such failure from the other party takes effect.

(II) Non-default circumstances

Unless otherwise agreed by the parties, if a party continues to perform its obligations under the dispute resolution procedures as set out in Section 8 of the Standard Terms, the failure by a party to carry out the creation or release of the pledge in relation to any disputed portion as referred to in Section 8 of the Standard Terms shall not constitute an Event of Default or a Potential Event of Default in respect of such party as referred to in Section 6(II) of the Master Agreement.

## **Section 11 Remedies and Rights Available to the Pledgor and the Pledgee**

(I) Remedies and rights available to the Pledgee

If an Event of Default or a Specified Circumstance in respect of the Pledgor occurs and is continuing, or an Early Termination Date has occurred or has been designated as a result of the occurrence of an Event of Default or a Specified Circumstance in respect of the Pledgor, except where the Pledgor has satisfied all of its Obligations which are due and payable, the Pledgee is entitled to exercise one or several of the following remedies and rights:

1. to offset the Pledged Performance Assuring Asset in the form of cash which is possessed by the Pledgee against any amount payable by the Pledgor in respect of any of its Obligations;
2. without separately obtaining the consent of the Pledgor, to dispose of the Pledged Performance Assuring Asset through auction, sale or conversion into money, so as to repay any amount payable by the Pledgor in respect of any of its Obligations;
3. other remedies and rights available to the Pledgee in respect of the relevant Pledged Performance Assuring Asset under the applicable Laws.

(II) Remedies and rights available to the Pledgor

If an Early Termination Date has occurred or has been designated as a result of the occurrence of an Event of Default or a Specified Circumstance in respect of the Pledgee (other than where such Early Termination Date only relates to a portion of the Transactions under this Agreement and the Pledgee has satisfied all its Obligations which are due and payable under Sections 9 and 10 of the Master Agreement):

1. the Pledgee shall immediately release the pledge over the Pledged Performance Assuring Asset created by the Pledgor in favour of the Pledgee, and immediately transfer the Interest Amount to the Pledgor;
2. if the Pledgee fails to release the relevant pledge or fails to transfer the Interest Amount to the Pledgor in accordance with the terms of item 1 of this subsection, the Pledgor may:
  - (1) suspend payment of any remaining amount that would have been payable by the Pledgor in respect of any of its Obligations (limited to an amount no greater than the Value of the remaining Pledged Performance Assuring Asset) until the Pledgee has released the pledge created by the Pledgor over such Pledged Performance Assuring Asset in favour of the Pledgee; and

- (2) offset the Pledged Performance Assuring Asset in the form of cash which is possessed by the Pledgee against any amount payable by the Pledgor in respect of any of its Obligations;
3. the Pledgor may exercise other remedies and rights available to it in respect of the relevant Pledged Performance Assuring Asset under the applicable Laws.

(III) **Shortfalls and surpluses**

Subject to any remains of the Pledged Performance Assuring Asset being available after the exercising of any remedies or rights under Sections 11(I) and 11(II), if no amount is payable by the Pledgor in respect of any of its Obligations, the Pledgee shall release, as soon as possible, the pledge over such remaining Pledged Performance Assuring Asset created by the Pledgor in favour of the Pledgee. If there is an outstanding amount payable by the Pledgor after the exercising of any remedies or rights under Sections 11(I) and 11(II), the Pledgor shall in any event be obliged to make such payment.

(IV) **Final return**

If no amount is or will be payable by the Pledgor in respect of any of its Obligations, the Pledgee shall release, as soon as possible, the pledge over all of the Pledged Performance Assuring Asset created by the Pledgor in favour of the Pledgee, and shall transfer to the Pledgor the Interest Amount (if any) accruing on the Pledged Performance Assuring Asset in the form of cash that is in the possession (or deemed to be in the possession in accordance with the market practice) of the Pledgee which has not been transferred to the Pledgor.

## **Section 12 Miscellaneous Provisions**

(I) **Representations**

A party makes the following representations to the other party (the representing party shall make the representations set out in item 1 of this sub-section on the date of execution of this Document as well as the date of its performance of any of its obligations under this Document, and shall make the representations set out in item 2 of this sub-section as of each date it pledges the Eligible Performance Assuring Asset in the capacity of a Pledgor):

1. it has the power to execute, and to perform any of its obligations under, this Document and it has taken all necessary actions to authorize such execution and performance; and
2. it has complete ownership of any Eligible Performance Assuring Asset pledged by it and no third person interest has been created over such Eligible Performance Assuring Asset.

(II) **Expenses**

Each party shall bear its own expenses incurred by its performance of obligations under this Document.

However, upon the request of the Non-defaulting Party, the Defaulting Party shall, in accordance with Section 20 of the Master Agreement, fully indemnify the Non-defaulting Party against all reasonable costs and expenses arising from the exercise of any remedies or rights under Section 11 of the Standard Terms by the Pledgor or the Pledgee.

(III) **Liquidated damages**

If the Pledgee fails to release the pledge over the Pledged Performance Assuring Asset created in its favour no later than 17:00 (Beijing time) on the relevant Completion Date in accordance with the terms of this Document (except for circumstances set out in Section 10(II) of the Standard Terms), or fails to transfer to the Pledgor the relevant Interest Amount generated from the relevant Pledged Performance Assuring Asset in the form of cash that is in its possession no later than 17:00 (Beijing time) on the relevant Interest Transfer Date, it shall pay the Pledgor interest at the Default Rate in respect of the Value of the relevant assets described above as of the relevant Valuation Date, the Interest Transfer Date or (in the circumstances where the Pledgee fails to timely release the pledge over the Original Performance Assuring Asset in accordance with the terms of paragraph 2 of Section 7 of the Standard Terms) the date on which the relevant pledge is created over the New Performance Assuring Asset. The Valuation Party (or the Pledgor, if the Valuation Party being the Pledgee) shall be responsible for determining the Value of the assets described above as of such date. The Value shall be determined on the basis of information it obtained as of 17:00 (Beijing Time) on the Business Day immediately preceding such date. The Interest Period shall start from (and including) such due date and shall end on (but excluding) the date on which the relevant pledge is actually released (or the relevant Interest Amount is actually transferred). The interest shall be calculated on the basis of daily compounding in accordance with the actual number of days elapsed on which interest accrues.

(IV) **Segregation of assets**

Without prejudice to the remedies and rights available to the Pledgee pursuant to this Document, the Pledgee shall adopt all necessary measures to ensure the segregation of any Pledged Performance Assuring Asset from the assets owned by the Pledgee or its custodian.

(V) **Principles of good faith and commercial reasonableness**

The parties shall perform all of their obligations under this Document in accordance with the principles of good faith and commercial reasonableness.

(VI) **Notices**

Unless otherwise agreed by the parties, the terms of Section 19 of the Master Agreement shall apply to notices and their effectiveness thereof given by a party under this Document (except for the telephone notice given by the Pledgee in accordance with the terms of Section 7 of the Standard Terms).

(VII) **Governing law**

This Document is governed by and construed in accordance with the PRC Laws.

(VIII) **Dispute resolution**

Any disputes, disagreements or claim between the parties under or in connection with this Document shall be resolved in accordance with the dispute resolution method as agreed between the parties in this Agreement, unless otherwise agreed by the parties in the Supplemental Terms.

The parties may agree in the Supplemental Terms on the dispute resolution method applicable to this Document. If the parties have agreed to resolve the dispute by litigation, either party may only initiate the legal proceedings at the people's court. Where the parties have agreed to resolve the dispute by arbitration, the arbitration institution selected by the

parties shall be an arbitration institution lawfully incorporated and validly existing within the territory of the People's Republic of China (which, for the purpose of this Document, does not include the Hong Kong Special Administrative Region, the Macao Special Administrative Region or Taiwan area) and the place of arbitration shall be located within the territory of the People's Republic of China (which, for the purpose of this Document, does not include the Hong Kong Special Administrative Region, the Macao Special Administrative Region or Taiwan area).

### **Section 13 Definitions**

In this Document, the following terms shall have the meaning as follows:

**"Re-calculation Date"** means the Valuation Date on which a dispute arises under Section 8 of the Standard Terms. If any subsequent Valuation Date arises under Section 3 of the Standard Terms prior to the dissolution of the dispute, the Re-calculation Date refers to the last occurring Valuation Date arising under Section 3 of the Standard Terms.

**"Pledgor"** means the party who creates a pledge over the Eligible Performance Assuring Asset. The Pledgor may be either one of the parties.

**"Independent Amount"** means, in respect of a party, any amount (expressed in Renminbi) as provided in the Supplemental Terms to be applicable to such party and named as such. Unless otherwise agreed by the parties, the Independent Amount applicable to either party is zero.

**"Return Amount"** means any amount as specified in Section 3(II) of the Standard Terms and named as such.

**"Risk Exposure"** means, in respect of any Valuation Date or any other date on which the Risk Exposure is calculated, and subject to Section 8 of the Standard Terms, where disputes have arisen, assuming that all Transactions between the parties under this Agreement are terminated at the relevant Valuation Time, the amount (using Renminbi as the Termination Currency) payable by the other party to the Pledgee (expressed as a positive number) or payable by the Pledgee to the other party (expressed as a negative number), in accordance with paragraph 1 of Section 10(IV) of the Master Agreement and assuming that the Pledgee is not the Affected Party. If the parties agree in this Agreement to adopt the replacement transaction method, the Termination Amount shall be determined by the Valuation Party on behalf of the Pledgee; the Valuation Party shall determine such Termination Amount by using the amount which is required for payment under a transaction having the same economic equivalent of the major terms of such Transaction, and such amount shall be determined on the basis of the estimated mid-market price. If the parties agree in this Agreement to adopt the market quotation method, the Market Quotation shall be determined by the Valuation Party on behalf of the Pledgee; the Valuation Party shall determine the Market Quotation for the Transaction mentioned above by using the amount which is required for payment for a replacement transaction (as described in the definition of Market Quotation), and such amount shall be determined on the basis of the estimated mid-market price.

**"Valuation Percentage"** means, in respect of a category of the Eligible Performance Assuring Asset, the percentage applicable to that category of the Eligible Performance Assuring Asset as agreed under the Supplemental Terms. If the Supplemental Terms do not specify the percentage applicable to such category of the Eligible Performance Assuring Asset, the percentage shall be 100%.

**“Valuation Party”** means the entity as provided in the Supplemental Terms and named as such. The Valuation Party may be one of the parties or both parties, or a third person jointly appointed by both parties.

**“Valuation Date”** means any date as provided in the Supplemental Terms and named as such.

**“Valuation Time”** means any time as provided in the Supplemental Terms and named as such. If it is not provided by the parties, the Valuation Time shall be 17:00 (Beijing Time) on the Business Day immediately preceding the Valuation Date.

**“Eligible Performance Assuring Asset”** means (A) any cash and (B) any debt securities in book-entry form issued and traded within the territory of the People’s Republic of China (which, for the purpose of this Document, does not include the Hong Kong Special Administrative Region, the Macau Special Administrative Region or Taiwan area), as agreed by the parties in the Supplemental Terms to be Eligible Performance Assuring Asset.

**“Value”** means in respect of any Valuation Date or any other date for the calculation of Value, means (unless otherwise set out in Section 8 of the Standard Terms):

1. in relation to an amount of the Eligible Performance Assuring Asset or Pledged Performance Assuring Asset in the form of Renminbi cash, such amount;
2. in relation to an amount of the Eligible Performance Assuring Asset or Pledged Performance Assuring Asset in the form of cash in any other currency, the RMB Equivalent of such amount multiplied by the applicable Valuation Percentage;
3. in relation to the Eligible Performance Assuring Asset or Pledged Performance Assuring Asset in the form of book-entry debt securities, the RMB Equivalent of the purchase price obtained by the Valuation Party multiplied by the applicable Valuation Percentage.

**“Delivery Amount”** means any amount as set out under 3(l) of the Standard Terms and named as such.

**“Interest Rate”** means, in respect of a currency, the interest rate applicable to such currency as provided in the Supplemental Terms.

**“Interest Amount”** means, in respect of an Interest Period, the total amount of the RMB Equivalent of the aggregate interest, for each currency, accrued on the principal amount of the Pledged Performance Assuring Asset in the form of cash during such Interest Period. The interest accrued on the principal amount of the cash in each currency on each day during such Interest Period shall be determined by the Valuation Party pursuant to the methods as follows:

1. the amount of cash in that currency on that day;  
multiplied by
2. the relevant Interest Rate as of that day; and  
divided by
3. 365 (where the currency is Pound Sterling or Hong Kong Dollars) or 360 (where the currency is any currency other than the Pound Sterling or Hong Kong Dollars).

**“Interest Period”** means the period starting from (and including) the previous Interest Transfer Date (or, where no Interest Amount has been transferred, the Business Day on which a pledge was created over the Pledged Performance Assuring Asset in the form of cash in favour of the Pledgee) and ends on (but excluding) the current Interest Transfer Date.

**“Interest Transfer Date”** means, for purpose of transferring the Interest Amount, the date as agreed by the parties in the Supplemental Terms and named as such. If it has not been agreed by the parties, the Interest Transfer Date shall be the last Business Day of each calendar month.

**“Threshold Amount”** means, in respect of either party, any amount (expressed in Renminbi) applicable to such party as provided in the Supplemental Terms and named as such. Unless otherwise agreed by the parties, the Independent Amount applicable to either party shall be zero.

**“RMB Equivalent”** means, in respect of any amount as of a Valuation Date, such amount; if the currency unit of the amount is expressed in a currency other than Renminbi, the amount of Renminbi that is necessary for purchasing, to the extent not contravening PRC Laws, the equivalent amount of such other currency on that Valuation Date as determined by the Valuation Party in accordance with the principles of good faith and commercial reasonableness.

**“Specified Circumstance”** means, in respect of a party, any event applicable to such party as provided in the Supplemental Terms and named as such.

**“Completion Date”** means, unless otherwise agreed by the parties, in relation to item 1 of Section 7 of the Standard Terms, the first Business Day following the date on which the Pledgor receives the notice of consent to the substitution from the Pledgee; in relation to item 2 of Section 7 of the Standard Terms, the first Business Day following the date on which the relevant pledge over the New Performance Assuring Asset is created; and in relation to other provisions of this Document, the first Business Day following the date on which the notice received by the Pledgor takes effect, under which the Pledgor is required to create a pledge over the Eligible Performance Assuring Asset, or the notice received by the Pledgee takes effect, under which the Pledgee is required to release the pledge over the Pledged Performance Assuring Asset. In determining the relevant Completion Date, if the notice is received on a day that is not a Business Day, or if the notice is received after 17:00 (Beijing Time) on a Business Day, the first following Business Day shall be the date on which the notice is deemed to be received.

**“Obligation”** means any existing or future obligation of a party under this Agreement and this Document.

**“Pledged Performance Assuring Asset”** means the aggregate amount of any Eligible Performance Assuring Asset (or, if the Eligible Performance Assuring Asset is in the form of book-entry debt securities and such book-entry debt securities mature or are redeemed early by the issuer during the subsistence of the pledge, any principal amount derived from the Eligible Performance Assuring Asset which has not been obtained by the Pledgor) over which a pledge has been created by the Pledgor in favour of the Pledgee and such pledge has not been released by the Pledgee, together with all the Interest Amount that has accrued on such Eligible Performance Assuring Asset in the form of cash during the subsistence of the pledge, which have not been received by the Pledgor.

**“Pledgee”** means the party who demands for a pledge to be created over the Eligible Performance Assuring Asset (or is entitled to receive the Eligible Performance Assuring Asset). The Pledgee may be either one of the parties.

**“Minimum Transfer Amount”** means, in respect of a party, any amount (expressed in Renminbi) applicable to such party as provided in the Supplemental Terms and named as such. Unless otherwise agreed by the parties, the Minimum Transfer Amount applicable to either party is Renminbi One Hundred Thousand only.

# NAFMII PLEDGE PERFORMANCE ASSURANCE DOCUMENT

## Supplemental Terms

This **Document** is entered into by and between

\_\_\_\_\_ (“**Party A**”)

and

\_\_\_\_\_ (“**Party B**”)

on, and becomes effective as of, \_\_\_\_\_.

It is agreed by the parties that the Standard Terms of this Document shall be modified, amended and supplemented as follows:

(I) Delivery Amount, Return Amount and Adjusted Risk Exposure of the Pledgee

1. The Delivery Amount has the meaning provided in Section 3(I) of the Standard Terms, unless otherwise specified here:

2. The Return Amount has the meaning provided in Section 3(II) of the Standard Terms, unless otherwise specified here:

3. The Adjusted Risk Exposure of the Pledgee has the meaning provided in Section 3(III) of the Standard Terms, unless otherwise specified here:

(II) Eligible Performance Assuring Asset and its Valuation Percentage

The Eligible Performance Assuring Asset and its Valuation Percentage applicable to a party are as follows:

	<b>Eligible Performance Assuring Asset</b>	<b>Party A</b>	<b>Party B</b>	<b>Valuation Percentage</b>
<b>1</b>	cash in Renminbi	✓	✓	100%
<b>2</b>	Eligible Performance Assuring Asset in the form of cash in any currency other than Renminbi			
	[Currency 1]	[ ]	[ ]	[ ]%
	[Currency 2]	[ ]	[ ]	[ ]%
		[ ]	[ ]	[ ]%
<b>3</b>	legally transferrable treasury debt securities in book-entry form with an outstanding maturity of no more than 1 year	[ ]	[ ]	[ ]%

	<b>Eligible Performance Assuring Asset</b>	<b>Party A</b>	<b>Party B</b>	<b>Valuation Percentage</b>
<b>4</b>	legally transferrable treasury debt securities in book-entry form with an outstanding maturity of over 1 year but no more than 5 years	[ ]	[ ]	[ ]%
<b>5</b>	legally transferrable treasury debt securities in book-entry form with an outstanding maturity of over 5 years but no more than 10 years	[ ]	[ ]	[ ]%
<b>6</b>	legally transferrable treasury debt securities in book-entry form with an outstanding maturity of over 10 years	[ ]	[ ]	[ ]%
<b>7</b>	others	[ ]	[ ]	[ ]%

(III) Independent Amount, Threshold Amount and Minimum Transfer Amount

1. In respect of Party A, the Independent Amount is:
2. In respect of Party B, the Independent Amount is:
3. In respect of Party A, the Threshold Amount is:
4. In respect of Party B, the Threshold Amount is:
5. In respect of Party A, the Minimum Transfer Amount is:
6. In respect of Party B, the Minimum Transfer Amount is:

(IV) Rounding

The Delivery Amount and the Return Amount shall [be rounded down to the nearest integral multiple of \_\_\_\_\_] / [be rounded up or down to the nearest integral multiple of \_\_\_\_\_].

(V) Valuation

1. Valuation Party

Under Sections 3 and 8 of the Standard Terms, the Valuation Party means the party issuing the notice in accordance with Section 3 of the Standard Terms; under Section 9 of the Standard Terms, the Valuation Party means the Pledgee, unless otherwise specified here:

2. Valuation Date

3. Valuation Time

The Valuation Time shall be 17:00 (Beijing Time) on the Business Day preceding the Valuation Date, unless otherwise specified here:

(VI) Completion Date

The Completion Date has the meaning provided in Section 13 of the Standard Terms, unless otherwise specified here:

(VII) Specified Circumstance

The following Termination Events are Specified Circumstances applicable to a party (if such an event occurs in respect of a party, such party shall be the Affected Party):

In respect of Party A, the Specified Circumstance means:

In respect of Party B, the Specified Circumstance means:

(VIII) Supplemental provisions for Section 6

The parties hereby supplement Section 6 of the Standard Terms, or agree otherwise, as follows:

(IX) Dispute resolution for Calculation and Valuation

Under item 4 of Section 8 of the Standard Terms, the Value of the Eligible Performance Assuring Asset or of the Pledged Performance Assuring Asset shall be calculated as follows:

(X) Interest Transfer Date

In respect of Party A, the Interest Transfer Date means:

In respect of Party B, the Interest Transfer Date means:

(XI) Interest Amount

The parties agree to transfer the Interest Amount and dispose of the interest accruing on the Pledged Performance Assuring Asset in the form of cash which is in the possession (or deemed to be in the possession, in accordance with market practices) of the Pledgee in accordance with the terms of Section 9 of the Standard Terms, unless otherwise specified here:

The Interest Amount shall be calculated by simple interest, unless otherwise specified here:

(XII) Interest Rate

The Interest Rates applicable to cash in each currency as set out below are:

Currency	Interest Rate
Renminbi	

(XIII) Notice

The details for notice to Party A are:

Address:

Attention:

Postal code:

Telephone:

Facsimile:

Electronic messaging system:

The details for notice to Party B are:

Address:

Attention:

Postal code:

Telephone:

Facsimile:

Electronic messaging system:

(XIV) Dispute resolution

Any dispute, controversy or claim between the parties arising from or in relation to this Document shall be resolved in accordance with the dispute resolution method as agreed between the parties in this Agreement, unless otherwise specified here:

(XV) Miscellaneous

**Signing Block**

**Party A:**

**Party B:**

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Signature of authorized representative:

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Signature of authorized representative:

Title of authorized representative:

Title of authorized representative:

Company chop:

Company chop: