



# **CAPITAL** China 2006

The easy way to invest in China

Product Disclosure Statement

Issued by Commonwealth Bank of Australia ABN 48 123 123 124, AFSL 234945  
Issue date 28 August 2006

Everything for the DIY investor

## Disclosures and important information

**Product Disclosure Statement:** This Product Disclosure Statement (“PDS”) sets out general information relating to Capital China 2006, and the terms and conditions of sale. You should read the entire PDS before deciding whether to invest in Capital China 2006. This PDS has been prepared by Commonwealth Bank of Australia (“Commonwealth Bank”), the issuer of Capital China 2006. This PDS does not constitute an offer for sale or issue of any securities by Commonwealth Bank that requires disclosure under Chapter 6D of the Corporations Act 2001 (Cth).

**Terms of Sale:** Investments in Capital China 2006 are not bank deposits. They are contracts entered into between Investors and Commonwealth Bank on the terms set out in the Terms of Sale. It is important that Investors read the Terms of Sale in full which are contained in pages 31 to 37 of this PDS. Capitalised words and phrases which are used in this PDS have the meaning given to those words and phrases as set out in the Definitions in the Terms of Sale (and in the Schedule of Terms).

**Investment Decisions:** It is impossible in a document of this type to take into account the investment objectives, financial situation and particular needs of each reader. Accordingly, nothing in this PDS should be construed as a recommendation by Commonwealth Bank, or any associate of it or any other person concerning investment in Capital China 2006, the Delivery Asset or any other security. Readers should not rely on this PDS as the sole or principal basis of a decision to invest in Capital China 2006, the Delivery Asset or any other security and should seek independent financial and taxation advice before making a decision whether to invest in Capital China 2006. No person is authorised by Commonwealth Bank to give any information or to make any representation not contained in this PDS. Any information or representation not contained in this PDS must not be relied upon as having been authorised by or on behalf of the Commonwealth Bank. Nothing in this PDS is, or may be relied upon as, a representation as to the future performance of Capital China 2006 or of the Index or the Delivery Asset.

**Preparation of this PDS:** Commonwealth Bank has taken all reasonable care to ensure that the information contained in this PDS is true and accurate in all material respects and that, to the best of its knowledge and belief, such information does not omit anything likely to affect its scope. Commonwealth Bank has prepared this PDS only from publicly available information, which Commonwealth Bank has not verified. No Relevant Asset Provider has been a party to its preparation or furnished any information specifically to Commonwealth Bank for the purpose of its preparation.

**Changes to Information in the PDS:** This PDS is current at the time of issue. Information in this PDS is subject to change from time to time. Where information is not materially adverse to Investors, Commonwealth Bank will update the information by posting a notice on its website at [www.commsec.com.au](http://www.commsec.com.au). You can request a paper copy of updated information by telephoning **13 15 20**.

**Cooling-off:** No cooling-off rights apply to the issue of Capital China 2006. This means that, in most circumstances, you cannot withdraw an application for Capital China 2006 once it has been made. If you withdraw your application for Capital China 2006, the Early Termination provisions will apply.

**Jurisdiction and Selling Restrictions:** This PDS is not an offer or invitation in relation to Capital China 2006 in any place outside Australia.

**Registration with the Australian Securities and Investments Commission:** This PDS has not been lodged with the Australian Securities and Investments Commission (“ASIC”) and is not required by the Corporations Act 2001 (Cth) to be lodged with ASIC. ASIC takes no responsibility for the contents of this PDS.

**Associations and Relevant Interests:** You should obtain professional advice as to whether by acquiring an interest in Capital China 2006 you will be subject to the relevant interest, substantial shareholding or takeover provisions of the Corporations Act 2001 (Cth). The acquisition and Completion of Capital China 2006 could also have implications for investors under the Foreign Acquisitions and Takeovers Act 1975 (Cth) and other legislation that may affect shareholdings in certain types of companies. You should obtain your own advice in this regard.

This PDS does not take into account the investment objectives, financial situation or particular needs of any particular investor. Investors should assess whether Capital China 2006 is appropriate to their own investment objectives, financial situation and needs, and should consider taking professional advice, before investing.

Capital China 2006 is an index-linked product. As a result, Commonwealth Bank has not taken into account any labour standards or environmental, social or ethical considerations in the selection, retention or realisation of the investment.

Any person receiving this PDS electronically should note that applications can only be accepted if the Issuer receives a completed, current Application Form which accompanied the electronic or paper copy of the PDS. Paper copies of the PDS (with attached Application Form) will be sent to any person who requests by the Issuer free of charge. To obtain a paper copy free of charge, please call **13 15 20**.

**Examples:** The assumed Reference Index values included in the examples in this PDS are for illustrative purposes only and do not reflect Commonwealth Bank’s views on future events.

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Administered by Commonwealth Securities Limited (‘CommSec’) ABN 60 067 254 399, AFSL 238814

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## Key Features

<p><b>Capital China 2006</b></p>	<p>Capital China 2006 is a 6 year investment that seeks to provide capital growth based on the price performance of the Hang Seng China Enterprises Index (“HSCEI”). The HSCEI is made up of all H Shares in Hang Seng Composite Index. H Shares are securities of companies incorporated in the People’s Republic of China and traded on the Hong Kong Stock Exchange. They are quoted and traded in Hong Kong dollars. H Shares can be traded by both residents and non-residents, without restriction. The HSCEI represents the largest companies by market capitalisation of those incorporated in the People’s Republic of China and listed on the Hong Kong Stock Exchange. All of the companies in the HSCEI derive 50% or more of their sales revenue from mainland China. The HSCEI is a freefloat adjusted market capitalisation weighting with a cap of 15% for the H-share segment of each constituent company for index calculation. The companies in the HSCEI cover a wide variety of market sectors. Together, they represent a broad cross-section of the mainland Chinese market.</p> <p>At the Start Date you will have an exposure to the HSCEI. At the Maturity Date, if the Final Reference Level (the average of the Closing Levels of the HSCEI on 13 October 2009, 13 October 2010, 13 October 2011 and 15 October 2012) is higher than the Initial Reference Level, the Maturity Value will equal your Investment Amount + (your Investment Amount x the Index Return x the Participation Rate). The Participation Rate is the rate determined on the Start Date at which you will participate in any positive Index Return. At the commencement of Capital China 2006 the minimum Participation Rate will be 150%*. If the Final Reference Level is higher than the Initial Reference Level the Maturity Value will be higher than your Investment Amount. The Participation Rate will magnify the Maturity Value in this instance.</p> <p>At the Maturity Date, if the Final Reference Level is equal to or lower than the Initial Reference Level, the Maturity Value will equal your Investment Amount + (your Investment Amount x the Index Return). If the Final Reference Level is lower than the Initial Reference Level the Maturity Value will be lower than your Investment Amount. The Participation Rate is not used to calculate the Maturity Value in this instance so it will not magnify your loss.</p> <p>The key market risk to you is the potential loss of 100% of your Investment Amount. Capital China 2006 is not a “capital protected” product. The return on your Investment may still be negative even if the Final Reference Level is higher than the Initial Reference Level because the Application Fee, Brokerage fee on the sale of the Delivery Parcel and any additional costs such as Break Costs and the Early Termination Fee may exceed any capital gain.</p> <p>Capital China 2006 is structured as a deferred purchase agreement between you, the Investor, and Commonwealth Bank. When you invest, you agree to purchase the Delivery Parcel from Commonwealth Bank. The Delivery Parcel is a number of Delivery Assets, depending on the Maturity Value.</p> <p>At the commencement of Capital China 2006 the Delivery Asset is one ordinary fully paid share in BHP Billiton Limited (“BHP”). Delivery of the Delivery Parcel is deferred for six years. The number of Delivery Assets you receive (that is, the Delivery Parcel) at the end of that time depends on the Maturity Value.</p> <p>We may substitute the Delivery Asset for another Delivery Asset at any time, but the substituted Delivery Asset must be quoted and trading on ASX.</p>
<p><b>Significant benefits</b></p>	<p>You have the potential to receive capital growth based on the price performance of the HSCEI.</p> <p>Any return on your Investment reflects the performance of the HSCEI avoiding the need for analysing and monitoring the performance of individual Chinese companies and helping to reduce volatility. Meanwhile, you have the security and convenience of dealing exclusively with Commonwealth Bank, one of Australia’s leading financial institutions.</p> <p>At the Start Date you will have an exposure to the HSCEI. At the Maturity Date, the Final Reference Level (the average of the Closing Levels of the HSCEI on 13 October 2009, 13 October 2010, 13 October 2011 and 15 October 2012) is calculated and used to determine the Maturity Value. This average price mechanism should reduce your exposure to a sharp fall in the HSCEI in the period leading up to the Maturity Date.</p>

\* See “Factors affecting the rate of the Participation Rate” on page 7 of this PDS.

<p><b>Significant benefits (continued)</b></p>	<p>At the Maturity Date, if the Final Reference Level is higher than the Initial Reference Level, the Maturity Value will equal your Investment Amount + (your Investment Amount x the Index Return x the Participation Rate). The Participation Rate is the rate determined on the Start Date at which you will participate in any positive Index Return. At the commencement of Capital China 2006 the minimum Participation Rate will be 150%*. If the Final Reference Level is higher than the Initial Reference Level the Maturity Value will be higher than your Investment Amount. The Participation Rate will magnify the Maturity Value in this instance.</p> <p>There is no currency risk associated with your Investment, as Capital China 2006 is denominated in Australian Dollars.</p> <p>You have a choice at maturity of Capital China 2006:</p> <ul style="list-style-type: none"> <li>(i) you can choose to accept physical delivery of the Delivery Parcel, or</li> <li>(ii) you can choose to receive a cash payment (by using our Delivery Asset Sale Service).</li> </ul> <p>If you choose to accept physical delivery of the Delivery Parcel you will then have an investment in the Delivery Assets, which will be an investment in BHP, if at maturity the ordinary fully paid shares in BHP have not been substituted as the Delivery Asset. This may be a benefit to you.</p> <p>If you choose to accept physical delivery of the Delivery Parcel there may be tax benefits to you, depending on your specific taxation circumstances. In particular, you may be eligible for the capital gains tax discount on the disposal of the resulting Delivery Assets. For more information on this subject, please refer "Tax Considerations" on page 17 of this PDS.</p> <p>Your Investment should not be subject to accruals taxation or the Foreign Investment Fund regime.</p>
<p><b>Significant disadvantages</b></p>	<p>There is no cooling off period available to you in respect of your Investment in Capital China 2006.</p> <p>You have a choice at maturity of Capital China 2006:</p> <ul style="list-style-type: none"> <li>(i) you can choose to accept physical delivery of the Delivery Parcel; or</li> <li>(ii) you can choose to receive a cash payment (by using our Delivery Asset Sale Service) in which case we will deliver to you the Sale Proceeds.</li> </ul> <p>You are warned that if you choose to accept physical delivery of the Delivery Parcel you will have exposure to the performance of BHP: this may not be advantageous to you.</p> <p>You are warned that if you choose to receive a cash payment (by using our Delivery Asset Sale Service) you will incur a Brokerage fee of 0.55% (including GST) of the Maturity Value for the use of the Delivery Asset Sale Service.</p> <p>You are warned that if you choose to receive a cash payment (by using our Delivery Asset Sale Service) there may be tax disadvantages for you. In particular, you may be treated as holding your Investment on revenue account and you may not be eligible for any capital gains tax discount on the disposal of the resulting Delivery Assets. For more information on this subject, please refer "Tax Considerations" on page 17 of this PDS.</p>
<p><b>Significant risks</b></p>	<p>Capital China 2006 may not be suitable for you. You need to ensure that you understand all of the risks of investing before applying. We recommend that you obtain independent financial advice on your Investment.</p> <p>At the Maturity Date, if the Final Reference Level is equal to or lower than the Initial Reference Level, the Maturity Value will equal your Investment Amount + (your Investment Amount x the Index Return). If the Final Reference Level is lower than the Initial Reference Level the Maturity Value will be lower than your Investment Amount. The Participation Rate is not used to calculate the Maturity Value in this instance so it will not magnify your loss.</p> <p>The key market risk to you is the potential loss of 100% of your Investment Amount. Capital China 2006 is not a "capital protected" product. The return on your Investment may still be negative even if the Final Reference Level is higher than the Initial Reference Level because the Application Fee, Brokerage fee on the sale of the Delivery Parcel and any additional costs such as Break Costs and the Early Termination Fee may exceed any capital gain.</p>

\* See "Factors affecting the rate of the Participation Rate" on page 7 of this PDS.

**Significant risks  
(continued)**

Commonwealth Bank cannot guarantee the performance of the HSCEI nor your Investment.

The average price mechanism may be a disadvantage to you if any of the Closing Levels of the HSCEI on 13 October 2009, 13 October 2010, 13 October 2011 and 15 October 2012 are below its Initial Reference Level.

The average price mechanism may also be a disadvantage to you if the Closing Level of the HSCEI is at its highest on 15 October 2012.

Capital China 2006 is not a listed investment. It cannot be traded on a market.

If your Investment in Capital China 2006 is terminated prior to the Maturity Date, the Early Termination Value may be less than your Investment Amount. This is why Capital China 2006 is a hold to maturity investment. We recommend that you only invest funds which you will not require for other purposes during the life of your Investment. Please refer to "Early Termination" on page 11 of this PDS for more information.

The performance of Capital China 2006 and the Final Reference Level are not affected by the performance of the Delivery Asset over the Investment Term. However, if you elect to accept physical delivery of the Delivery Parcel at maturity you should be aware that following purchase of the Delivery Parcel on the Trade Date by Commonwealth Bank, the value of the Delivery Parcel will be affected by changes in the price of the Delivery Asset as traded on ASX.

You are warned that the obligation of Commonwealth Bank to pay you the Maturity Value is an unsecured obligation of Commonwealth Bank which ranks equally with other unsecured obligations of Commonwealth Bank. If, for example, in the unlikely event Commonwealth Bank were wound up, there would be a risk you may not receive the Maturity Value.

Any change to the tax law, Australian Taxation Office ("ATO") interpretation of the tax law or in the way your Investment affects your tax position could affect the value of your Investment.

If you do not intend to take physical delivery of the Delivery Parcel to realise a long term return or intend to terminate early, there may be different tax consequences which you should consider. For more information, please refer "Tax Considerations – Investors who do not take physical delivery of the Delivery Parcel or who terminate early" on page 19 of this PDS.

At the commencement of Capital China 2006 the Delivery Asset is one ordinary fully paid share in BHP. Circumstances may arise where we consider it appropriate to substitute the Delivery Asset for another Delivery Asset. You are warned that we may substitute the Delivery Asset with any other security quoted and trading on ASX and deliver that substituted security as the Delivery Asset. You are warned of this and should take this into account when considering your Investment. You will be notified if a substitution occurs.

At the commencement of Capital China 2006 the Reference Index is the HSCEI. Certain events may occur affecting the use or suitability of either the Delivery Asset or the Reference Index for Capital China 2006. You are warned that if these events occur we may substitute the Delivery Asset with another Delivery Asset, or substitute the Reference Index with another index or other indices. For more information on adjustment, see clause 10 of the Terms of Sale and the definition of "Adjustment Event" in clause 15.1 of the Terms of Sale. You are warned of this and should take this into account when considering your Investment. If we determine in our reasonable opinion that any adjustments we make are not appropriate to deal with the occurrence of an Adjustment Event we may make alterations to clause 10 of the Terms of Sale or any other term that we consider is reasonably appropriate; or we can nominate the Adjustment Event as an Early Termination Event and deal with it accordingly. We may also adjust or amend any variable, formulae, amount or calculation set out or used in the Terms of Sale and/or the Schedule of Terms. You will be notified if an adjustment occurs.

<p><b>Significant risks (continued)</b></p>	<p>If we determine that any Early Termination provision in clause 9 of the Terms of Sale is not appropriate in any particular circumstances, or that any event which is not dealt with in clause 9 of the Terms of Sale should have been dealt with, we may make any alterations to the provisions of clause 9 of the Terms of Sale or any other Term in the Terms of Sale that we consider appropriate.</p> <p>We may from time to time make any modification, variation, alteration or deletion of, or addition to, the Terms of Sale ("Amendment") by sending you written notice describing the amendments where:</p> <p>(a) the Amendment is one determined by us as being required under either of clauses 9 or 10 of the Terms of Sale;</p> <p>(b) the Amendment is necessary or desirable in the reasonable opinion of us to comply with any statutory or other requirement of law; or</p> <p>(c) the Amendment is desirable to correct an inconsistency or error in these Terms of Sale (but only if such Amendment does not, in our opinion, prejudice your interests).</p> <p>Commonwealth Bank may in its absolute discretion change the Start Date and the Closing Date (and time) in which case you acknowledge that the Investment Term will be less than 6 years.</p>
<p><b>Minimum Investment Amount</b></p>	<p>Your Minimum Investment Amount is \$5,000.00 with increments of \$1,000.00 thereafter.</p>
<p><b>Term</b></p>	<p>The term is 6 years.</p>
<p><b>Costs</b></p>	<p>An Application Fee of 2.00% of your Investment Amount is payable at the start of your Investment, reflecting the costs of establishing a position on the HSCEI. Some or all of the Application Fee may be paid to your financial adviser.</p> <p>Brokerage fee on the sale of the Delivery Parcel of 0.55% (including GST) of the Maturity Value (if you use our Delivery Asset Sale Service).</p> <p>An Early Termination Fee of 1.50% of the Early Termination Value on sale before maturity.</p>
<p><b>At maturity</b></p>	<p>You will receive Delivery Assets at maturity to the value of the Maturity Value as follows:</p> <ul style="list-style-type: none"> <li>➤ If the Final Reference Level (the average of the Closing Levels of the HSCEI on 13 October 2009, 13 October 2010, 13 October 2011 and 15 October 2012) is higher than the Initial Reference Level, the Maturity Value will equal your Investment Amount + (your Investment Amount x the Index Return x the Participation Rate). The Participation Rate is the rate determined on the Start Date at which you will participate in any positive Index Return. At the commencement of Capital China 2006 the minimum Participation Rate will be 150%*. If the Final Reference Level is higher than the Initial Reference Level the Maturity Value will be higher than your Investment Amount. The Participation Rate will magnify the Maturity Value in this instance.</li> <li>➤ If the Final Reference Level is equal to or lower than the Initial Reference Level, the Maturity Value will equal your Investment Amount + (your Investment Amount x the Index Return). If the Final Reference Level is lower than the Initial Reference Level, the Maturity Value will be lower than your Investment Amount. The Participation Rate is not used to calculate the Maturity Value in this instance so it will not magnify your loss.</li> </ul>
<p><b>Speculative financial product</b></p>	<p>Capital China 2006 is a speculative financial product and its returns may be less than the return you could earn on other investments.</p>
<p><b>Early Termination</b></p>	<p>You are warned that Capital China 2006 is a hold to maturity investment and that if you terminate early the costs may be significant. You must pay the Early Termination Fee and you must pay Break Costs if they are not in your favour. There may be adverse tax consequences for you.</p>
<p><b>Prevailing market variables and the Participation Rate</b></p>	<p>The Participation Rate determined on the Start Date will be based on prevailing market variables which include factors such as volatility in the HSCEI and Australian Dollar interest rates. Nevertheless the minimum Participation Rate will be 150%*.</p>
<p><b>Defined terms</b></p>	<p>Terms not defined elsewhere have the meanings given them in the Terms of Sale (including the Schedule of Terms).</p>

\* See "Factors affecting the rate of the Participation Rate" on page 7 of this PDS.

## Key Dates and Information

<b>Opening date</b>	<b>28 August 2006</b>
<b>Closing Date</b>	<b>29 September 2006 12 noon Sydney time</b>
<b>Start Date</b> The Closing Level of the HSCEI on this date is used as the Initial Reference Level.	<b>13 October 2006</b>
<b>Acceptance notices mailed</b>	<b>27 October 2006</b>
<b>Maturity Date</b> The date we calculate the Maturity Value.	<b>15 October 2012</b>
<b>Trade Date</b> The date we purchase the Delivery Parcel.	<b>22 October 2012</b>
<b>Settlement Date</b> The date we physically deliver the Delivery Parcel or Sale Proceeds to you.	<b>25 October 2012</b>

We (Commonwealth Bank) reserve the right to amend the Start Date and the Closing Date (and time) of this invitation or, if insufficient subscriptions are received, to enable us to effectively manage the issue, or withdraw this invitation completely. This means that we may decide to change the Opening Date or Closing Date to lengthen or shorten the period of time this invitation is open for. We are likely to exercise this right where there has been very high demand for Capital China 2006 or if a large number of customers ask us to extend the period of time that this invitation is open. However, we would always act reasonably and have regard to standard market practice in making any decision on whether to extend or reduce the length of time that this invitation is open. If we do change the Start Date or the Closing Date the Investment Term will be less than 6 years.

## What is Capital China 2006?

Capital China 2006 is a 6 year investment that seeks to provide capital growth based on the price performance of the Hang Seng China Enterprises Index ("HSCEI"). The HSCEI is made up of all H Shares in Hang Seng Composite Index. H Shares are securities of companies incorporated in the People's Republic of China and traded on the Hong Kong Stock Exchange. They are quoted and traded in Hong Kong dollars. H Shares can be traded by both residents and non-residents, without restriction. The HSCEI represents the largest companies by market capitalisation of those incorporated in the People's Republic of China and listed on the Hong Kong Stock Exchange. All of the companies in the HSCEI derive 50% or more of their sales revenue from mainland China. The HSCEI is a freefloat adjusted market capitalisation weighting with a cap of 15% for the H-share segment of each constituent company for index calculation. The companies in the HSCEI cover a wide variety of market sectors. Together, they represent a broad cross-section of the mainland Chinese market.

At the Start Date you will have an exposure to the HSCEI. At the Maturity Date, if the Final Reference Level (the average of the Closing Levels of the HSCEI on 13 October 2009, 13 October 2010, 13 October 2011 and 15 October 2012) is higher than the Initial Reference Level, the Maturity Value will equal your Investment Amount + (your Investment Amount x the Index Return x the Participation Rate). The Participation Rate is the rate determined on the Start Date at which you will participate in any positive Index Return. At the commencement of Capital China 2006 the minimum

Participation Rate will be 150%\*. If the Final Reference Level is higher than the Initial Reference Level the Maturity Value will be higher than your Investment Amount. The Participation Rate will magnify the Maturity Value in this instance.

At the Maturity Date, if the Final Reference Level is equal to or lower than the Initial Reference Level, the Maturity Value will equal your Investment Amount + (your Investment Amount x the Index Return). If the Final Reference Level is lower than the Initial Reference Level the Maturity Value will be lower than your Investment Amount. The Participation Rate is not used to calculate the Maturity Value in this instance so it will not magnify your loss.

The key market risk to you is the potential loss of 100% of your Investment Amount. Capital China 2006 is not a "capital protected" product. The return on your Investment may still be negative even if the Final Reference Level is higher than the Initial Reference Level because the Application Fee, Brokerage fee on the sale of the Delivery Parcel and any additional costs such as Break Costs and the Early Termination Fee may exceed any capital gain.

There is no currency risk associated with your Investment, as Capital China 2006 is denominated in Australian Dollars.

Capital China 2006 is structured as a deferred purchase agreement between you, the Investor, and Commonwealth Bank. When you invest, you agree to purchase the Delivery Parcel from Commonwealth Bank. The Delivery Parcel is a number of Delivery Assets, equal in value to the Maturity

\* See "Factors affecting the rate of the Participation Rate" on page 7 of this PDS.

Value. At the commencement of Capital China 2006 the Delivery Asset is one ordinary fully paid share in BHP Billiton Limited ("BHP"). Delivery of the Delivery Parcel is deferred for six years. The number of Delivery Assets you receive at the end of that time (that is, the Delivery Parcel) depends on the Maturity Value.

Prior to making your Investment in Capital China 2006 you can view the performance of the HSCEI at the website [www.hsi.com.hk](http://www.hsi.com.hk). Information about the HSCEI is also contained in the section "Information about the Reference Index and the Delivery Asset" on page 15 of this PDS. You can obtain information about BHP from the website [www.bhpbilliton.com](http://www.bhpbilliton.com).

#### Factors affecting the Participation Rate

The factors that affect the Participation Rate are market variables that are constantly changing. These factors include volatility in the HSCEI and Australian Dollar interest rates.

The actual Participation Rate cannot be calculated until all Investment Amounts from Investors in Capital China 2006 have been received and are available for investment on the Start Date. Once this has occurred, we will set the Participation Rate based on the prevailing market variables that includes volatility in the HSCEI and Australian Dollar interest rates. The Participation Rate will be the same for all Investors in Capital China 2006.

The minimum Participation Rate will be 150%.

## Who is Capital China 2006 suitable for?

Capital China 2006 is suitable for individuals, companies, trusts and superannuation funds looking to:

- diversify their investment portfolio by gaining a leveraged exposure to the HSCEI without needing to have the knowledge or resources to pick stocks directly;
- gain access to the Chinese market without the complications of direct investment on the Hong Kong Stock Exchange. Under Capital China 2006 you have the security and convenience of dealing exclusively with Commonwealth Bank, one of Australia's leading financial institutions; and
- invest without capital protection. That is you understand that the key market risk to you is the potential loss of 100% of your Investment Amount.

You have a choice at maturity of Capital China 2006:

- (i) you can accept physical delivery of the Delivery Parcel, or
- (ii) you can receive a cash payment (by using our Delivery Asset Sale Service).

If you choose to accept delivery of the Delivery Parcel, you will then have an investment in the Delivery Asset. You will then no longer have an investment linked to the HSCEI. At the commencement of Capital China 2006 the Delivery Asset is one ordinary fully paid share in BHP. You should consider whether an investment in the Delivery Asset, at that time, is suitable for you. You can obtain information about BHP from the website [www.bhpbilliton.com](http://www.bhpbilliton.com).

If the Delivery Asset is substituted, the substituted asset must still be a security quoted and trading on ASX. If you choose to accept delivery of the Delivery Parcel, and the Delivery Asset at the commencement of Capital China 2006 has been substituted, you will still have an investment in an asset quoted and trading on ASX.

If you do not consider that an investment in the Delivery Asset, at that time, is suitable for you, you may choose to receive a cash payment from us by using our Delivery Asset Sale Service. If you do so, you will incur a Brokerage fee of 0.55% (including GST) of the Maturity Value for the use of the Delivery Asset Sale Service.

Whether at maturity you choose to accept delivery of the Delivery Parcel or to receive a cash payment (by using our Delivery Asset Sale Service) your choice may have different tax consequences for you, depending on your specific taxation circumstances. You should consider the tax consequences and whether these make Capital China 2006 suitable for you. Please refer "Tax Considerations" on page 17 of this PDS. You should seek your own independent tax advice on your Investment in Capital China 2006.

# How does Capital China 2006 work?

## Application

You send us your completed Application Form, Investment Amount and Application Fee in cleared funds, prior to the Closing Date. Once your application has been received we will, on or after the Closing Date debit your nominated account for your Investment Amount and Application Fee. Any interest on these funds in the period between the date which we debit your nominated account and the Start Date will be retained by Commonwealth Bank. You should ensure that you have sufficient cleared funds in your nominated account by the Closing Date.

If you do not have sufficient cleared funds in your nominated account this may result in your application not being accepted. If your application is not accepted, any money that you have paid to us will be returned to you. Any interest on these funds will be retained by Commonwealth Bank.

## Tracking your Investment

Each year you will receive a letter from us that sets out how your Investment is performing.

You can also track the performance of the HSCEI by visiting the website [www.hsi.com.hk](http://www.hsi.com.hk).

Alternatively please contact CommSec on **13 15 20**, your investment adviser or your relationship manager.

## Completion Notice

A month before your Investment matures, we will send you a Completion Notice to fill out and return to us. In your Completion Notice you must indicate whether:

1. you wish to accept physical delivery of the Delivery Parcel, which will be described in the Completion Notice; or
2. you wish to use our Delivery Asset Sale Service and receive a cash payment.

There may be different tax implications for you depending on which of the above you choose. For more information, see "Tax Considerations" on page 17 of this PDS.

You should also specify your broker sponsored account and your Holder Identification Number (HIN).

If we do not receive your Completion Notice by 5pm (Sydney time) on the Maturity Date we will arrange for physical delivery of the Delivery Parcel to you.

If you choose to use the Delivery Asset Sale Service, you instruct us or our nominee to sell the Delivery Parcel on your behalf and forward the Sales Proceeds to you. If your holding includes any partial unit, you will receive the relevant dollar value of the partial unit in cash. We charge a Brokerage fee of 0.55% (including GST) of the Maturity Value for the use of the Delivery Asset Sale Service.

# What happens at maturity?

The levels used in these examples are given by way of example only and do not represent, and should not be taken as representing, our view of what the levels on those days might be, or what you should expect the levels to be on those days, or the manner in which the levels might move between those days.

## Examples of calculating the Maturity Value

TABLE A	HSCEI
Initial Reference Level	6,700
Closing Level on 13/10/2009	8,375
Closing Level on 13/10/2010	10,385
Closing Level on 13/10/2011	9,782
Closing Level on 15/10/2012	11,390
Final Reference Level	9,983
Index Return	<b>49.00%</b>
Participation Rate	150.00%

**Example Setting out the steps – Refer Table A.**

- Step 1** We determine the Initial Reference Level for the HSCEI.
- Step 2** We determine the Closing Levels of the HSCEI on 13 October 2009, 13 October 2010, 13 October 2011 and 15 October 2012.
- Step 3** We calculate the Final Reference Level. The Final Reference Level is the average of the Closing Levels of the HSCEI on 13 October 2009, 13 October 2010, 13 October 2011 and 15 October 2012. In this example the Final Reference Level for the HSCEI is 9,983  $((8,375 + 10,385 + 9,782 + 11,390) / 4)$ .
- Step 4** We calculate the Index Return. The Index Return is the percentage change from the Initial Reference Level to the Final Reference Level. This can also be expressed by the formula:  $(\text{Final Reference Level} - \text{Initial Reference Level}) / \text{Initial Reference Level}$  (expressed as a percentage). In this example the Index Return is 49.00%  $((9,983 - 6,700) / 6,700)$ .
- Step 5** We calculate the Maturity Value. The Maturity Value is your Investment Amount + (your Investment Amount x Index Return x Participation Rate). The Participation Rate is the rate determined on the Start Date at which you will Participate in any positive Index Return. Note that the Participation Rate is only used where the Index Return is above 0%.

Assuming the following information for the examples below:

Investment Amount	\$ 100,000.00
Participation Rate	150%

**Example 1****The Index Return is 49.00%.**

If you invested \$100,000.00 and the Index Return is 49.00%, the Maturity Value of your Investment would be \$173,500.00.

Maturity Value is your Investment Amount + (your Investment Amount x Index Return x Participation Rate).

$$\begin{aligned}
 &= \$100,000.00 + (\$100,000.00 \times 49.00\% \times 150\%) \\
 &= \$100,000.00 + \$73,500.00 \\
 &= \$173,500.00
 \end{aligned}$$

**Result:** There would be capital growth in your Investment. Depending on your choice, you will receive either physical delivery of the Delivery Parcel to the value of \$173,500.00, or a cash payment (the Sale Proceeds) to the value of \$173,500.00. If you choose to receive Sale Proceeds, the Brokerage fee will be charged to you separately.

**Example 2****The Index Return is 0%.**

If you invested \$100,000.00 and the Index Return is 0%, the Maturity Value of your Investment would be \$100,000.00.

Maturity Value is your Investment Amount + (your Investment Amount x Index Return).

$$\begin{aligned}
 &= \$100,000.00 + (\$100,000.00 \times 0\%) \\
 &= \$100,000.00 + \$0 \\
 &= \$100,000.00
 \end{aligned}$$

**Result:** There would not be any capital growth in your Investment. Depending on your choice, you will receive either physical delivery of the Delivery Parcel to the value of \$100,000.00, or a cash payment (the Sale Proceeds) to the value of \$100,000.00. If you choose to receive Sale Proceeds, the Brokerage fee will be charged to you separately.

**Example 3****The Index Return is -50%.**

If you invested \$100,000.00 and the Index Return is -50%, the Maturity Value of your Investment would be \$50,000.00.

Maturity Value is your Investment Amount + (your Investment Amount x Index Return).

$$\begin{aligned}
 &= \$100,000.00 + (\$100,000.00 \times -50\%) \\
 &= \$100,000.00 - \$50,000.00 \\
 &= \$50,000.00
 \end{aligned}$$

**Result:** The Maturity Value of \$50,000.00 is less than your Investment Amount of \$100,000.00. You would have lost \$50,000.00. Note that the Participation Rate is not used to calculate the Maturity Value in this instance so it will not magnify your loss. Depending on your choice, you will receive either physical delivery of the Delivery Parcel to the value of \$50,000.00, or a cash payment (the Sale Proceeds) to the value of \$50,000.00. If you choose to receive Sale Proceeds, the Brokerage fee will be charged to you separately.

**Maturity Value and Delivery Parcel**

If at maturity of Capital China 2006 you choose to accept physical delivery of the Delivery Parcel you will receive Delivery Assets equivalent in value to the Maturity Value. The Delivery Parcel is the number of Delivery Assets which you receive.

**Settlement**

On the Trade Date, we will purchase the Delivery Parcel for you. The Trade Date will be five business days after the Maturity Date.

On the Settlement Date, we will either physically deliver the Delivery Parcel to you or, if you have elected to use our Delivery Asset Sales Service, we will pay you the Sale Proceeds. The Settlement Date will be eight Business Days after the Maturity Date.

If you are taking physical delivery of the Delivery Parcel, we will transfer the Delivery Parcel to your broker-sponsored account and Holder Identification Number (HIN) nominated in your Completion Notice. If the broker-sponsored account and HIN have not been nominated, or are otherwise invalid, we will transfer the Delivery Asset to an Issuer-sponsored account in the same name as your Investment.

If you are taking physical delivery of the Delivery Parcel and your holding includes any partial unit, you will receive the relevant dollar value of the partial unit in cash. For example, if the Maturity Value is \$155,000.00 and the Delivery Asset is trading at \$30.00 we will buy you 5,166 ordinary fully paid shares in BHP for a value of \$154,980.00 we will forward the residual amount of \$20.00 to you (\$155,000.00 - \$154,980.00). Note that if the amount does not exceed \$20.00, we are under no obligation to you to make any payment for the fractional security or unit (as applicable) that comprise the Delivery Asset.

If you are using our Delivery Asset Sale Service we will credit Sale Proceeds to your nominated account as indicated in your Application Form. There may be different tax implications to you if you use the Delivery Asset Sale

Service and you should seek your own independent tax advice in this situation. For more information, see "Tax Considerations - Investors who do not take physical delivery of the Delivery Assets or who terminate early" on page 19 of this PDS.

## Alternative Delivery Asset

If in the Completion Notice you elect to accept physical delivery of the Delivery Parcel, we may at our discretion substitute an alternative Delivery Asset. Instead of the then current Delivery Asset, you may receive any other security quoted and trading on ASX.

Circumstances may arise where we consider it appropriate to substitute the Delivery Asset for another Delivery Asset. We may substitute the Delivery Asset with any other security quoted and trading on ASX and deliver that substituted security as the Delivery Asset.

At the commencement of Capital China 2006 the Delivery Asset is one ordinary fully paid share in BHP. When in this PDS we refer to one ordinary fully paid share in BHP as the Delivery Asset at maturity we are assuming that there will be no substitution. However, this may not be the case. You are warned of this and should take this into account when considering your Investment.

You will be notified if a substitution occurs.

## What are the costs

<b>Application Fee</b>	An Application Fee of 2.00% of your Investment Amount is payable at the start of your Investment, reflecting the costs of establishing a position on the HSCEI. Some or all of the Application Fee may be paid to your financial adviser.
<b>Brokerage Fee</b>	Brokerage on the sale of the Delivery Asset of 0.55% (including GST) of the Maturity Value at maturity.
<b>Early Termination Fee</b>	An Early Termination Fee of 1.50% of the Early Termination Value on sale before maturity.

## Making an application for Capital China 2006

### How to apply

Applications may be made only on the Application Form attached to the back of this PDS. All Applications must be received by Commonwealth Bank by no later than 12.00pm noon (Sydney time) on the Closing Date, as specified in this PDS. You should return completed Applications to us.

You may apply for any amount of this product, subject to a Minimum Investment Amount and minimum increments

as specified in the Schedule of Terms. You should make payment with your applications by cheque or direct debit.

The sum you send us is called the Application Amount. We will deduct from this an Application Fee as shown in the Schedule of Terms.

The amount invested by you is your Investment Amount. This is the Application Amount, less the Application Fee. No stamp duty is payable by you under Capital China 2006.

## Acceptance of Applications

We may in our absolute discretion refuse or reject any Application (wholly or in part) without giving you a reason. We also reserve the right at any time to close the invitation early. If an Application is rejected or accepted only in part, we will return the Application Amount to you, without interest.

If we decide that we will accept an Application, acceptance of your offer will take place on the Start Date, as specified in the Terms of Sale. Within 10 Business Days of the Start Date, we will provide you with a notice, acknowledging acceptance.

## Who may apply for Capital China 2006?

Application for Capital China 2006 is open to:

- › Australian residents
- › Companies registered in Australia
- › Trust entities registered in Australia
- › Superannuation Funds registered in Australia

## Early Termination

Capital China 2006 is a hold to maturity investment. However, your Investment may be terminated prior to the Maturity Date by:

- (a) agreement between you and Commonwealth Bank; or
- (b) Commonwealth Bank in accordance with the Terms of Sale.

At the time of termination we will calculate the Early Termination Value. In doing so we will take into account the Break Costs associated with unwinding the hedge arrangements Commonwealth Bank established in connection with your Investment (which may be an addition (that is, in your favour) or a deduction (that is, not in your favour) in the calculation of the Early Termination Amount).

“Break Costs” are defined in clause 15.1 of the Terms of Sale. They represent the cost to the Bank of terminating your Investment before maturity. The Break Costs could be in your favour, in which case they will be added in determining the Early Termination Value; or they could not be in your favour, in which case they will be deducted in determining the Early Termination Value. This is what we mean by saying we will take Break Costs into account: they may be added or deducted in calculating the Early Termination Value.

Break Costs may be significant. They are only payable if your Investment is terminated prior to the Maturity Date. If your Investment is terminated prior to the Maturity Date, the Early Termination Value may be less than your Investment

## You are bound by the Terms of Sale when you make an Application

Commonwealth Bank issues Capital China 2006 on the Terms of Sale set out in the section headed “Terms of Sale”. You should ensure that you read and understand the Terms of Sale. Signing and lodging an Application Form will bind you to the Terms of Sale. The Terms of Sale include the Schedule of Terms.

## Additional information about Capital China 2006

Please contact your financial adviser or Commonwealth Bank if you have any questions about:

- (a) how to invest in Capital China 2006 ; or
- (b) how to complete the attached Application Form.

Amount. Break Costs payable by you could be a factor in this. This, and the fact an Early Termination Fee is payable, is why Capital China 2006 is a hold to maturity investment.

It is not possible to forecast the amount of Break Costs on your Investment. You should therefore not enter Capital China 2006 if you may need your funds prior to the Maturity Date.

You should be aware than an Early Termination Fee (being 1.50% of the Early Termination Value) is also payable by you on Early Termination.

The table below provides an indication of how changes in some variables can affect Break Costs. The table assumes all other variables remain constant.

### How changes in some variables affect Break Costs.

Variable	Change in Variable	Break Costs
HSCEI	↑	↓
HSCEI Volatility	↑	↓
AUD interest rates	↑	↑

There may be different tax implications if you elect Early Termination. You should seek your own independent tax advice in this situation. For more information, see “Tax Considerations – Investors who do not take physical delivery of the Delivery Parcel or who terminate early” on page 19 of this PDS.

We may elect Early Termination following the occurrence of an Early Termination Event. In clause 15.1 of the Terms of Sale “Early Termination Event” is defined to mean:

- (a) you are or become Insolvent; or
- (b) any actual or proposed Adjustment Event of which, in our reasonable opinion, it is not possible or desirable for that event to be dealt with in accordance with clause 10; or
- (c) any actual or proposed event which may reasonably in our opinion be expected to lead to any of the events in (a) and (b) above occurring.

## What are the significant benefits?

You have the potential to receive capital growth based on the price performance of the HSCEI.

Any return on your Investment reflects the performance of the HSCEI, avoiding the need for analysing and monitoring the performance of individual Chinese companies and helping to reduce volatility. Meanwhile, you have the security and convenience of dealing exclusively with Commonwealth Bank, one of Australia's leading financial institutions.

At the Start Date you will have an exposure to the HSCEI. At the Maturity Date, the Final Reference Level (the average of the Closing Levels of the HSCEI on 13 October 2009, 13 October 2010, 13 October 2011 and 15 October 2012) is calculated and used to determine the Maturity Value. This average price mechanism should reduce your exposure to a sharp fall in the HSCEI in the period leading up to the Maturity Date.

At the Maturity Date, if the Final Reference Level is higher than the Initial Reference Level, the Maturity Value will equal your Investment Amount + (your Investment Amount x the Index Return x the Participation Rate). The Participation Rate is the rate determined on the Start Date at which you will participate in any positive Index Return. At the commencement of Capital China 2006 the minimum Participation Rate will be 150%. If the Final Reference Level is higher than the Initial Reference Level the Maturity Value will be higher than your Investment Amount. The Participation Rate will magnify the Maturity Value in this instance.

There is no currency risk associated with your Investment, as Capital China 2006 is denominated in Australian Dollars.

You have a choice at maturity of Capital China 2006:

- (i) you can choose to accept physical delivery of the Delivery Parcel, or
- (ii) you can choose to receive a cash payment (by using our Delivery Asset Sale Service).

If you choose to accept delivery of the Delivery Parcel, you will then have an investment in the Delivery Asset, which will be an investment in BHP if at maturity the ordinary fully paid shares in BHP have not been substituted as the Delivery Asset.

If you choose to accept physical delivery of the Delivery Parcel there may be tax benefits to you, depending on your specific taxation circumstances. In particular, you may be eligible for the capital gains tax discount on disposal of the resulting Delivery Assets. For more information on this subject, please refer "Tax Considerations" on page 17 of this PDS.

An investment in the Delivery Asset gives you exposure to the performance of BHP: this may be of benefit to you. You can obtain Information about BHP from the website [www.bhpbilliton.com](http://www.bhpbilliton.com).

Your Investment should not be subject to accruals taxation or the Foreign Investment Fund regime.

## What are the significant disadvantages?

There is no cooling off period available to you in respect of your Investment.

You have a choice at maturity of Capital China 2006:

- (i) you can choose to accept physical delivery of the Delivery Parcel, or
- (ii) you can choose to receive a cash payment (by using our Delivery Asset Sale Service).

If you intend to invest for only the six year term and do not intend to choose to accept physical delivery of the Delivery Parcel at the end of the six year term then you are warned of the following:

- (a) if at maturity you intend to receive a cash payment (by using our Delivery Asset Sale Service) or intend to terminate early, there may be tax consequences for you. You should seek your own independent tax advice in this situation. For more information on taxation, see "Tax Considerations" on page 17 of this PDS.
- (b) If at maturity you intend to receive a cash payment (by using our Delivery Asset Sale Service) you will incur a Brokerage fee of 0.55% (including GST) of the Maturity Value for the use of the Delivery Asset Sale Service.

If you choose to accept physical delivery of the Delivery Parcel you will have exposure to the performance of BHP; this may not be advantageous to you.

If you choose to accept a cash payment (by using our Delivery Asset Sale Service) there may be tax disadvantages

for you. In particular, you may be treated as holding your Investment on revenue account and may not be eligible for any capital gains discount on the disposal of the resulting Delivery Assets. For more information on this subject, please refer "Tax Considerations" on page 17 of this PDS.

## What are the significant risks?

Capital China 2006 may not be suitable for you. You need to ensure that you understand all of the risks of investing before applying. We recommend that you obtain independent financial advice on your Investment.

Starting from the time at which you make your Investment, risk factors may lead to changes in the financial outcomes that are unfavourable to you. Monitoring of any risks associated with this product is your responsibility (subject to the responsibility of Commonwealth Bank for its own operational processes, please refer "Operational risk" on page 14 of this PDS).

### Market risk

At the Maturity Date, if the Final Reference Level is equal to or lower than the Initial Reference Level, the Maturity Value will equal your Investment Amount + (your Investment Amount x the Index Return). If the Final Reference Level is lower than the Initial Reference Level the Maturity Value will be lower than your Investment Amount. The Participation Rate is not used to calculate the Maturity Value in this instance so it will not magnify your loss.

The key market risk to you is the potential loss of 100% of your Investment Amount. Capital China 2006 is not a "capital protected" product. The return on your Investment may still be negative even if the Final Reference Level is higher than the Initial Reference Level because the Application Fee, Brokerage fee on the sale of the Delivery Parcel and any additional costs such as Break Costs and the Early Termination Fee may exceed any capital gain.

You will only receive a return on your Investment on the Settlement Date if on the Maturity Date the Final Reference Level of the HSCEI is higher than the Initial Reference Level. Commonwealth Bank cannot guarantee the performance of the HSCEI nor your Investment.

The average price mechanism may be a disadvantage to you if any of the Closing Levels of the HSCEI on 13 October 2009, 13 October 2010, 13 October 2011 and 15 October 2012, are below the Initial Reference Level. For example, if the Initial Reference Level was 6,700 and the Closing Level was 8,000 on 13 October 2009, 6,000 on 13 October 2010 (below the Initial Reference Level), 9,000 on 13

October 2011 and 12,000 on 15 October 2012, the Final Reference Level would be  $8,750 ((8,000 + 6,000 + 9,000 + 12,000) / 4)$  which includes the Closing Level of 6,000 on 13 October 2010.

The average price mechanism may also be a disadvantage to you if the Closing Level of the HSCEI is at its highest on 15 October 2012. For example, if the Initial Reference Level was 6,700 and the Closing Level was 8,000 on 13 October 2009, 6,000 on 13 October 2010 (below the Initial Reference Level), 9,000 on 13 October 2011 and 12,000 on 15 October 2012, the Final Reference Level would be:

- 8,750 with the average price mechanism  $(8,000 + 6,000 + 9,000 + 12,000 / 4)$ ; or
- 12,000 without it, as only the level of 12,000 on 15 October 2012 would be used to calculate the Final Reference Level.

Capital China 2006 is not a listed investment. It cannot be traded on a market.

If your Investment is terminated prior to the Maturity Date, the Early Termination Value may be less than your Investment Amount. Break Costs payable by you could be a factor in this. "Break Costs" are defined in clause 15.1 of the Terms of Sale. They represent the cost to Commonwealth Bank of terminating your Investment before maturity. The Break Costs could be in your favour, in which case they will be added in determining the Early Termination Value; the Break Costs could not be in your favour, in which case they will be deducted in determining the Early Termination Value. Break Costs may be significant. Break Costs are only payable if your Investment is terminated prior to the Maturity Date. This, together with the fact that an Early Termination Fee is payable on Early Termination, is why Capital China 2006 is a hold to maturity investment. We recommend that you only invest funds which you will not require for other purposes during the life of your Investment. Please refer to "Early Termination" on page 11 of this PDS for more information.

The performance of Capital China 2006 and the Final Reference Level are not affected by the performance of the Delivery Asset, which at the commencement of Capital China 2006 is one ordinary fully paid share in BHP, or any

substituted alternative Delivery Asset, over the Investment Term. However, if you elect to accept physical delivery of the Delivery Parcel at maturity you should be aware that following purchase by Commonwealth Bank of the Delivery Parcel on the Trade Date, the value of the Delivery Parcel will be affected by changes in the price of the Delivery Asset. Capital China 2006 is a speculative financial product and its returns may be less than the return you could earn on other investments.

Circumstances may arise where we consider it appropriate to substitute the Delivery Asset for another Delivery Asset. We may substitute the Delivery Asset with any other security quoted and trading on ASX and deliver that substituted security as the Delivery Asset. The substitute Delivery Asset must be a security quoted and trading on the ASX. At the commencement of Capital China 2006 the Delivery Asset is one ordinary fully paid share in BHP. However, if substitution occurs the Delivery Asset will change. When in this PDS we refer to one ordinary fully paid share in BHP as the Delivery Asset at maturity we are assuming that there will be no substitution. However, this may not be the case. You are warned of this and should take this into account when considering your Investment. You will be notified if a substitution occurs.

## Financial risk

Any change to the tax law, Australian Taxation Office (“ATO”) interpretation of the tax law or in the way an investment in Capital China 2006 affects your tax position could affect the value of your Investment.

If you do not intend to take physical delivery of the Delivery Parcel to realise a long term return or intend to terminate early, there may be different tax consequences which you should consider. For more information, please refer “Tax Considerations – Investors who do not take physical delivery of the Delivery Parcel or who terminate early” on page 19 of this PDS.

## Credit risk

Credit risk is common to all investment products that you may hold with Commonwealth Bank. In all cases, you are reliant on the ability of Commonwealth Bank to meet its obligations to you under the terms of each transaction. This risk is sometimes described as “counterparty risk”.

You are warned that the obligation of Commonwealth Bank to pay you the Maturity Value is an unsecured obligation of Commonwealth Bank which ranks equally with other unsecured obligations of Commonwealth Bank. If, for example, in the unlikely event Commonwealth Bank were wound up, there would be a risk you may not receive the Maturity Value.

## Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or external events.

You are reliant on the ability of Commonwealth Bank to price and settle your Investment in a timely and accurate manner. Commonwealth Bank in turn is dependent on the reliability of its own operational processes that include communications, computers and computer networks. Disruptions in Commonwealth Bank’s processes may lead to delays in the execution and settlement of your Investment. Such disruptions may result in outcomes that are less favourable to you. However, once you have made your Investment the management of risks associated with its own operational processes is the responsibility of Commonwealth Bank.

## Adjustment Events and other changes to the Terms of Sale

Certain events may occur affecting the use or suitability of the Delivery Asset or the Reference Index for Capital China 2006. If these events occur we may substitute the Delivery Asset with another Delivery Asset, or substitute the Reference Index with another index or other indices. For more information on adjustment, see clause 10 of the Terms of Sale and the definition of “Adjustment Event” in clause 15.1 of the Terms of Sale.

At the commencement of Capital China 2006 the Delivery Asset is one ordinary fully paid share in BHP, and the Reference Index is the HSCEI. However, if adjustment occurs the Delivery Asset and/or the Reference Index will change. When in this PDS we refer to one ordinary fully paid share in BHP as the Delivery Asset at maturity and the Reference Index as the HSCEI we are assuming that there will be no adjustment. However, this may not be the case. You are warned of this and should take this into account when considering your Investment. If we determine in our reasonable opinion that any adjustments we make are not appropriate to deal with the occurrence of an Adjustment Event we may make alterations to clause 10 of the Terms of Sale or any other term that we consider is reasonably appropriate; or we can nominate the Adjustment Event as an Early Termination Event and deal with it accordingly. We may also adjust or amend any variable, formulae, amount or calculation set out or used in the Terms of Sale and/or the Schedule of Terms. You will be notified if an adjustment occurs.

If we determine that any Early Termination provision in clause 9 of the Terms of Sale is not appropriate in any particular circumstances, or that any event which is not dealt with in clause 9 of the Terms of Sale should have been dealt with, we may make any alterations to these provisions or any other Term in the Terms of Sale that we consider appropriate.

We may from time to time make any modification, variation, alteration or deletion of, or addition to, these Terms of Sale ("Amendment") by sending you written notice describing the amendments where:

- (a) the Amendment is one determined by us as being required under either of clauses 9 or 10 of the Terms of Sale;
- (b) the Amendment is necessary or desirable in the reasonable opinion of us to comply with any statutory or other requirement of law; or

- (c) the Amendment is desirable to correct an inconsistency or error in these Terms of Sale (but only if such Amendment does not, in our opinion, prejudice your interests).

The risks described here may not include all risk considerations that may be relevant to you when making an investment. Please also refer to "What are the significant disadvantages?" on page 12 of this PDS. Before transacting in Capital China 2006 you should be satisfied that Capital China 2006 is suitable for you. We recommend that you consult your investment adviser or obtain other independent advice on your Investment.

### Change of dates and times

Commonwealth Bank may in its absolute discretion change the Start Date and the Closing Date (and time) in which case you acknowledge that the Investment Term will be less than six years.

## Information about the Reference Index and the Delivery Asset

### Role of the Reference Index

The return you receive at maturity from your Investment is dependent on the performance of the Reference Index. Under Capital China 2006 the Reference Index is the HSCEI.

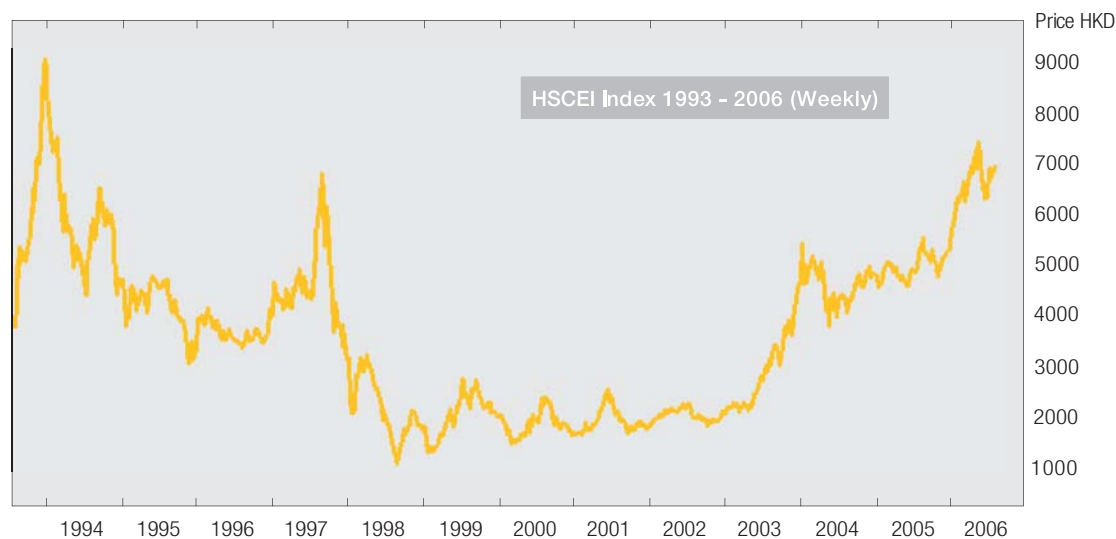
### Hang Seng China Enterprises Index

The HSCEI is made up of all H Shares in Hang Seng Composite Index. H Shares are securities of companies incorporated in the People's Republic of China and traded on the Hong Kong Stock Exchange. They are quoted and traded in Hong Kong dollars. H Shares can be traded by both residents and non-residents, without restriction. The HSCEI represents the largest companies by market capitalisation of those incorporated in the People's Republic of China and listed on the Hong Kong Stock Exchange. All of the companies in the HSCEI derive 50% or more of their sales revenue from mainland China. The HSCEI is a freefloat adjusted market capitalisation weighting with a cap of 15% for the H-share segment of each constituent company for index calculation. The companies in the HSCEI cover a wide variety of market sectors. Together, they represent a broad cross-section of the mainland Chinese market.

The companies in the HSCEI are selected by HSI Services Limited ("HSI"). Capital China 2006 is not sponsored, endorsed, sold or promoted by HSI and HSI does not make any representation, condition or warranty, express or implied, to investors in Capital China 2006 or any member of the public regarding the advisability of investing in securities generally or in Capital China 2006 particularly, or the ability of the HSCEI to track general share market performance.

The HSCEI is determined, composed, calculated, compiled, published and managed, as the case may be, by HSI without regard to Commonwealth Bank or Capital China 2006. HSI has no obligation to take the needs of Commonwealth Bank or investors in Capital China 2006 into consideration in determining, composing, calculating, compiling, publishing or managing, as the case may be, any index. HSI is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of Capital China 2006 to be issued or in the determination or calculation of the equation by which Capital China 2006 is to be converted into cash. HSI has no obligation or liability in connection with the administration or marketing of Capital China 2006.

The historical values of the HSCEI shown in the graph below.



The historical values of the HSCEI

Source: Bloomberg.

Note that past performance is not a reliable indicator of future performance.

## The constituents of the HSCEI at 17 July 2006

Name
Air China Ltd
Aluminum Corp of China Ltd
Angang New Steel Co Ltd
Anhui Conch Cement Co Ltd
Bank of Communications Co Ltd
Beijing Capital International Airport Co
Byd Co Ltd
China Construction Bank
China Life Insurance Co Ltd
China Oilfield Services Ltd
China Petroleum & Chemical Corp
China Shenhua Energy Co Ltd
China Shipping Container Lines Co Ltd
China Shipping Development Co Ltd
China Southern Airlines Co Ltd
China Telecom Corp Ltd
COSCO Holdings
Datang International Power Generation Co
Dongfeng Motor Group Co Ltd
Guangshen Railway Co Ltd
Guangzhou R&F Properties Co Ltd
Huadian Power International Co
Huaneng Power International Inc

Jiangsu Express
Jiangxi Copper Co Ltd
Maanshan Iron & Steel
PICC Property & Casualty Co Ltd
Ping An Insurance Group Co of China Ltd
Shanghai Electric Group Co Ltd
Sinopec Shanghai Petrochemical Co Ltd
Sinotrans Ltd
Tsingtao Brewery Co Ltd
Weiqiao Textile Co
Yanzhou Coal Mining Co Ltd
Zhejiang Expressway Co Ltd
Zijin Mining Group Co Ltd
ZTE Corp

## The Delivery Asset

At the commencement of Capital China 2006 the Delivery Asset is one ordinary fully paid share in BHP. You can obtain information about BHP from the website [www.bhpbilliton.com](http://www.bhpbilliton.com).

## Role of the Delivery Asset Issuer – the Delivery Asset Issuer has had no involvement in this PDS

References in this PDS to BHP are included solely for the purpose of identification of the securities to which Capital China 2006 relates. These references are not an express or implied endorsement of Capital China 2006 by BHP or any related body corporate of BHP. Neither BHP nor any related body corporate of BHP has had any involvement in the preparation of any part of this PDS, accepts responsibility for any statement in this PDS, or has been involved in or consented to the issue of this PDS.

## Tax Considerations

Commonwealth Bank does not provide taxation advice. This section is necessarily general in nature and does not take into account the specific taxation circumstances of each individual investor. Potential Investors should seek their own independent advice on the taxation implications relevant to their own circumstances before making any investment decision (particularly if Section B applies to their circumstances).

This section is based on the law in force, and administrative practice, as of 28 August 2006. However, you should be aware that the ultimate interpretation of the taxation law rests with the Courts and that the law, and the way the Commissioner of Taxation (“the Commissioner”) administers the law, may change at any time.

An opinion from Greenwoods & Freehills Pty Limited detailing the tax treatment of Capital China 2006 for Investors follows this summary.

## Section A – Investors who take delivery of the Delivery Parcel

This section is a summary of the key Australian income tax implications arising for Investors who hold their Capital China 2006 investment for the purposes of realising a long term return (i.e. hold their investment on capital account for tax). In particular it is assumed that Investors will take physical delivery of the Delivery Parcel on the Settlement Date and hold the resulting Delivery Assets for the purpose of deriving assessable dividends. At that point in time this will result in exposure to the Delivery Asset, which is a single stock in the Australian Stock Exchange rather than to the HSCEI. Investors who do not have such an intention (eg. Investors who utilise the Delivery Asset Sale Service) and situations involving Early Terminations should also refer to Section B “Investors who do not take physical delivery of the Delivery Parcel or who terminate early” for the key income tax consequence applicable in that scenario.

Investors should also note that the Australian Taxation Office may, in assessing whether an Investor's purpose is consistent with revenue or capital account treatment, have regard to the length of time the Investor actually held the Delivery Asset.

This section is not relevant for investors who enter into Capital China 2006 with a view to acquiring the Delivery Assets on revenue account or as trading stock.

### **Capital Gains Tax**

Investors who make an investment in Capital China 2006 will enter into deferred purchase agreements for ordinary fully paid shares in BHP (ie. the Delivery Parcel). Investors will physically acquire their shares in BHP on the Settlement Date.

Each Delivery Asset will be an asset for Capital Gains Tax (CGT) purposes.

The disposal of each Delivery Asset will be subject to CGT.

### **Disposal of Delivery Assets**

An Investor will make a capital gain to the extent that on any subsequent sale of each Delivery Asset by the Investor the sales proceeds of the Delivery Asset exceed the tax cost base of the Delivery Asset.

If such sales proceeds from the sale of the Delivery Parcel are less than the tax cost base of these shares, the Investor will make a capital loss. Capital losses can be offset against capital gains but not against ordinary income.

The tax cost base of each Delivery Asset will be the initial investment amount (and any applicable brokerage costs and professional advisory fees) divided by the number of Delivery Assets in the Delivery Parcel. The time of acquisition of the Delivery Assets for CGT purposes will be the date on which the investment in Capital China 2006 is made, rather than the date on which physical delivery of the Delivery Parcel is provided.

An Investor who is a natural person, a trust, or a complying superannuation fund may be entitled to the CGT discount concession on a capital gain realised on the disposal of each Delivery Asset, if the CGT asset is held for a continuous period of not less than 12 months. The 12 month requirement should be met by all investors who hold their investment in Capital China 2006 to the Settlement Date.

### **Deductibility of interest**

It is strongly recommended that Investors seek their own advice on the deductibility of interest and borrowing costs having regard to their specific circumstances.

Where an Investor borrows funds for the purpose of making an investment in Capital China 2006, the deductibility of interest and other costs will depend on whether there is a sufficient connection between the interest costs and the assessable income. Investors should note that during the 6

year term of Capital China 2006 no coupons or other items of assessable income are likely to be derived. An Investor will need to consider whether a deduction for interest funding costs is available in their particular circumstances, having regard to their intentions of holding the Delivery Assets for the purposes of deriving assessable dividend income.

### **Accruals taxation should not apply**

The anti-deferral taxation rules should not apply to impose tax on an accruals basis to Investors in Capital China 2006 .

### **Foreign Investment Fund rules**

An Investor holding an investment in Capital China 2006 should not be subject to the Foreign Investment Fund regime as the Delivery Assets are not interests in companies or trusts which are foreign companies or foreign trusts for the purposes of the Foreign Investment Fund rules.

### **Dividends on Delivery Assets**

Dividends and any franking credits attached to the dividends received by Investors on the Delivery Assets (ie. the ordinary fully paid shares in BHP) should constitute assessable income. Where franking credits are included in the Investor's income, the Investor should generally be entitled to a corresponding tax offset. An Investor should be eligible for the franking credits and tax offset provided the BHP shares are held "at risk" for at least 45 days (excluding date of acquisition and date of disposal). The 45 day rule should not apply to an Investor if the Investor is an individual whose tax offset entitlement (on all shares or interest in shares held) does not exceed \$5,000 for the income year in which the dividend is paid.

### **General anti-avoidance rule**

The anti-avoidance rule contained in Part IVA should not apply where an investor holds their investment beyond the Maturity Date and receives physical delivery of the Delivery Parcel with a view to deriving assessable distributions from the resulting Delivery Assets over the longer term.

Whether Part IVA is capable of applying to a given Investor in relation to their acquisition, ownership and disposal of an investment in Capital China 2006 will depend on the particular circumstances of the Investor.

### **Pay-As-You-Go withholding obligations**

Investors may, if they choose, notify the payer of interest or dividends of their tax file number (TFN), Australian business number (ABN) or a relevant exemption from the disclosure regulations.

Where an Investor accepts physical delivery of the shares in BHP, the Investor may receive dividends on the shares. Unless the Investor provides a TFN, ABN or exemption notification, tax will be automatically deducted by BHP from the unfranked component of any such dividends, currently

at the rate of 46.5% of the gross payment. This requirement to withhold will continue until such time as the relevant TFN, ABN or exemption notification is given.

Investors will be entitled to claim an income tax credit or refund (as applicable) in their income tax returns in respect of the tax withheld.

#### **Stamp Duty and GST**

Investors should not be liable to GST or stamp duty by reason of their acquisition, ownership and disposal of an investment in Capital China 2006 and the Delivery Assets.

### **Section B – Investors who do not take physical delivery of the Delivery Parcel or who terminate early**

Investors who do not intend to take physical delivery of the Delivery Parcel (ie. use the Delivery Asset Sale Service) and hold those assets for the purpose of deriving assessable distributions or intend to terminate early may be treated as entering into Capital China 2006 with a view to acquiring the resulting Delivery Assets on revenue account and therefore capital gains tax treatment may not apply.

As a consequence, any gains realised on the disposal of Capital China 2006 or the use of the Delivery Asset Sale Service may be taxed as ordinary income without the benefit of the CGT discount concession.

# Tax Opinion

## Greenwoods & Freehills

15 August 2006

The Directors  
Commonwealth Bank of Australia  
48 Martin Place  
SYDNEY NSW 1155

Dear Directors

### **Capital China 2006 Australian taxation opinion**

We have been instructed by Commonwealth Bank of Australia (**Commonwealth Bank**) to prepare a Taxation Opinion for inclusion in a Product Disclosure Statement (**PDS**) to be dated on or about 28 August 2006, in relation to the issue of interests in the Capital China 2006 investment product.

#### **1 Scope**

This letter provides an analysis of the principal Australian income tax, goods and services tax (**GST**), and stamp duty implications arising for persons who invest in Capital China 2006 in accordance with the terms of the PDS. This opinion only examines the indicative tax position of Investors who:

- are residents of Australia for tax purposes including individuals, companies and complying superannuation entities;
- do not carry on the business of trading or dealing in securities; and
- hold their Capital China 2006 investment for the purpose of realising a long term return (i.e. hold their investment on capital account for tax). In particular it is assumed that Investors will take physical delivery of their Delivery Parcel on the Settlement Date and hold the resulting Delivery Assets, being ordinary shares in BHP Billiton Limited (**BHP**), for the purpose of deriving assessable dividends. Investors who do not have such an intention (e.g. Investors who utilise the Delivery Asset Sale Service) and situations involving Early Terminations are not addressed in this opinion.

This opinion is based on Australian tax laws and practices applicable as at the date of this letter. Investors should be aware that such laws and practices may change during the term of Capital China 2006.

All references to legislative provisions made in the body of this opinion are to provisions of the *Income Tax Assessment Act 1936* or the *Income Tax Assessment Act 1997* (each the **Act**), as applicable. Capitalised terms not defined in this letter have the same meanings as in the PDS.

## **2 Tax characterisation of Capital China 2006**

The legal nature of Capital China 2006 as an investment product is explained under the heading "What is Capital China 2006?" which is provided in the PDS. In broad terms, Investors who successfully apply to make an investment in Capital China 2006 will enter into a deferred purchase agreement for ordinary shares in BHP (i.e. the Delivery Parcel).

Investors will acquire their shares in BHP on the Settlement Date, with the total number of shares to be determined by the performance of the Hang Seng China Enterprises Index (described in the PDS as the **Reference Index**). Subject to the satisfaction of certain performance benchmarks, interim coupon distributions may be made to Investors prior to the Settlement Date.

The initial investment in Capital China 2006 and each of the Delivery Assets which will be acquired on the Settlement Date, will be an asset for capital gains tax (CGT) purposes. The satisfaction of the deferred purchase agreement through the vesting of Delivery Assets should not give rise to any Australian taxation consequences. However, upon the eventual disposal of the Delivery Assets, an Investor may make a capital gain to the extent that the sale proceeds exceed the tax cost of the shares, or a capital loss (refer below).

## **3 Dividends on Delivery Assets**

After delivery of the Delivery Assets (i.e. shares in BHP), an Investor may receive dividends. An Investor's assessable income will include the cash amount of any dividends, as well as the amount of franking credits, if any, attached to the dividends. The Investor will generally be entitled to a tax offset (rebate) corresponding to the amount of the franking credits.

Where franking credits are attached to dividends paid on the Delivery Assets, to be generally eligible for the franking credit and tax offset, the Investor must have held the Delivery Assets "at risk" for at least 45 days (not including the date of acquisition or the date of disposal). This rule should not apply to an Investor if the Investor is an individual whose tax offset entitlement (on all shares and interests in shares held) does not exceed \$5,000 for the income year in which the franked dividend is paid. If an Investor enters into put or call options (or other derivatives) in relation to their Delivery Assets, this may affect whether the shares are sufficiently held "at risk" for the purposes of the franking rules, and specific advice should be sought.

Where the Investor is an individual, a complying superannuation entity or a registered charity (in certain circumstances), the Investor will generally be entitled to a refund to the extent that the franking credits attached to the Investor's dividends exceed the Investor's tax liability for the income year.

Where the Investor is a company, any franked dividends the Investor receives will generally give rise to a franking credit in the Investor's franking account.

#### **4 Disposal of Delivery Assets**

On the basis of the assumption that an Investor holds their investment in Capital China 2006 and the Delivery Assets as capital assets, the eventual disposal of the Delivery Assets will be subject to taxation under the CGT rules of the Act.

An Investor will be required to include in their assessable income, as a capital gain, any excess of the sale proceeds of their Delivery Assets over the tax cost of these interests. Significantly, the tax cost of the Delivery Assets will be determined as at the date on which the investment in Capital China 2006 is made, rather than the date on which physical delivery of the Delivery Assets occurs. This will be the initial investment amount (including the Application Fee and any applicable brokerage costs and professional advisory fees), as opposed to the value of the investment amount adjusted to reflect the performance of the Reference Index. The total cost should be attributed on a pro-rata basis to each Delivery Asset.

An Investor who is a natural person, a trust, or a complying superannuation entity may be entitled to the CGT discount concession on any capital gain realised on the disposal of each Delivery Asset. Individuals and trustees are entitled to a discount of 50%, while complying superannuation entities are entitled to a discount of 33.33% of the net gain.

It is important to note that the CGT discount concession only applies to reduce the net capital gain made in relation to CGT assets which are held for a continuous period of not less than 12 months. This requirement should be met by all Investors, with the exception of those Investors who are permitted to make an Early Termination shortly after making an investment in Capital China 2006, given that the 12 month period will be measured from the inception of the Investment (i.e. upon entry into the deferred purchase agreement) and not from the Settlement Date.

Any capital loss realised by an Investor upon the disposal of a Delivery Asset may be applied to offset capital gains realised in the same year of income or may be carried forward to future years. Capital losses are not able to be applied against ordinary income.

#### **5 Investors should seek their own advice before gearing an investment in Capital China 2006**

Investors may borrow funds for the purpose of making an investment, and in so doing may incur interest expenses and other costs. Interest costs are generally deductible only where the investor has a purpose of deriving assessable income from an investment, however there are provisions in the Act that can operate to deny a deduction for interest costs associated with capital assets.

Where an Investor borrows funds for the purpose of making an investment in Capital China 2006, they should seek their own advice as to the deductibility of interest and any other borrowing expenses, having regard to their own facts and circumstances.

In this respect, Investors should note that no coupons or other items of assessable income are likely to be derived by an Investor during the 6 year term of Capital China 2006. Accordingly, an Investor will need to consider, in conjunction with their own adviser, whether a deduction for any interest funding costs is available

in their particular circumstances, having regard to their intentions to hold BHP shares after the Settlement Date so as to derive assessable dividend income.

## **6 Application of anti-deferral taxation rules**

Division 16E of Part III of the Act contains provisions that impose tax on an accruals basis on holders of certain debt-like securities in relation to income that is deferred under the security. For example, securities issued at a large discount to face value often bring those rules into operation: the discount is taxed to the holder over the term of the security so as to prevent the deferral of tax.

Division 16E applies only to a "security", as that term is defined in the Act. In our opinion, an investment in Capital China 2006 should not be regarded as comprising a "security" for this purpose, and accordingly we believe the Division should not apply.

It is important to note that draft legislation has recently been released which proposes the introduction of a broad based accruals regime applying to financial instruments. If enacted in its current form, this legislation could potentially operate to cause accruals taxation for a range of interests. Whilst it is expected that any such changes would operate prospectively (and therefore should not apply to Investors with an investment in Capital China 2006), the full impact of this legislation will not be known until it is finalised.

## **7 Foreign Investment Fund rules**

The Foreign Investment Fund (**FIF**) regime has potential application to all interests held by Australian taxpayers in foreign companies and foreign trusts. Broadly speaking, this regime operates to require Australian taxpayers to include in their assessable income an amount of attributed income which is a proxy for the taxpayer's share of the undistributed profits of the foreign entity. There are a variety of exceptions which may apply to certain taxpayers meeting specifically articulated criteria.

An Investor holding an investment in Capital China 2006 will not be subject to FIF attribution. This is because Investors will only acquire Australian assets; being the rights under the deferred purchase agreement and the Delivery Assets. At no stage will an Investor have any right, entitlement, or expectation in relation to any interests in a foreign company or foreign trust. The fact that the number of the Delivery Assets is calculated on the basis of a foreign share index, is immaterial for these purposes.

## **8 The general anti-avoidance rule: Part IVA**

The general anti-avoidance rule, contained in Part IVA of the Act, gives the Commissioner of Taxation (**Commissioner**) the power to issue a determination which, generally speaking, cancels a "tax benefit" obtained by a taxpayer in connection with a scheme entered into or carried out by a person where a party to the scheme has a sole or dominant purpose, objectively determined, of obtaining the tax benefit for the taxpayer. An example of a tax benefit is an amount that is not included in the assessable income of a taxpayer, which would have been, or could reasonably be expected to have been, included if the scheme did not take place.

Whether Part IVA is capable of applying to a given Investor in relation to their acquisition, ownership and disposal of an investment in Capital China 2006 will

depend to a significant extent on the particular circumstances surrounding the Investor.

However, given the structure of Capital China 2006, in our view it is unlikely that Part IVA would have any application where an Investor holds their investment beyond the Settlement Date and receives Delivery Assets with a view to deriving assessable dividends over the longer term.

### **9 Pay-As-You-Go withholding obligations**

Investors may, if they choose, notify the payer of interest or dividends of their tax file number (TFN), Australian business number (ABN) or a relevant exemption from the disclosure regulations.

Where an Investor accepts physical delivery of the shares in BHP on the Settlement Date, the Investor may receive dividends thereafter. Unless the Investor provides a TFN, ABN or exemption notification, tax will be automatically deducted by BHP from the unfranked component of any such dividends, currently at the rate of 46.5% of the gross payment. This requirement to withhold will continue until such time as the relevant TFN, ABN or exemption notification is given.

Investors will be entitled to claim an income tax credit or refund (as applicable) in their income tax returns in respect of the tax withheld.

### **10 GST**

Investors should not be liable to GST by reason of their acquisition, ownership and disposal of an investment in Capital China 2006 and the Delivery Assets.

### **11 Stamp duty**

Investors should not be liable to stamp duty by reason of their acquisition, ownership and disposal of an investment in Capital China 2006 and the Delivery Assets.

### **12 Alternative analysis**

As noted earlier, this opinion has been prepared on the assumption that Investors acquire their interest in the Capital China 2006 investment product with the intention of receiving the Delivery Assets, and realising a long term return. If this assumption proves to be inapplicable to an Investor, it is possible that the Australian taxation position of such an Investor may be different to that described in the foregoing analysis.

In particular, it is possible that the net profit realised through investing in Capital China 2006 may be assessable as ordinary income, i.e. without the benefit of the CGT discount concession. Investors who do not intend to take delivery of the Delivery Assets to realise a long term return, are strongly advised to seek professional taxation advice which considers their own taxation position.

### **13 Disclaimer**

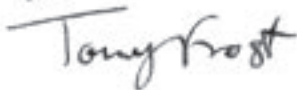
The information contained in this opinion is of a general nature only and does not attempt to address all of the tax implications that may be relevant. Prospective Investors should not rely on the information contained in this opinion and should seek independent taxation advice in light of their own particular facts and circumstances.

The representatives of Greenwoods & Freehills Pty Limited involved in preparing this opinion are not licensed to provide financial product advice in relation to dealing in securities. Accordingly, Greenwoods & Freehills Pty Limited does not seek to recommend, promote or otherwise encourage any party to participate in the Transaction.

Applicants should consider seeking advice from a suitably qualified Australian Financial Services Licence holder before making any investment decision. Applicants should also note that taxation is only one of the matters that may need to be considered.

Yours faithfully  
GREENWOODS & FREEHILLS PTY LIMITED

per:



**Tony Frost**  
Director

# Privacy Statement

## Collection of personal information

Commonwealth Bank collects personal information (including full name, address and contact details, as well as credit information) so that Commonwealth Bank may administer its client relationships and provide clients with the products and services they request as well as information on the Commonwealth Bank Group's ('the Group') products and services.

Where it is necessary to do so, Commonwealth Bank also collects information on individuals such as company directors and officers (where the company is Commonwealth Bank's client), as well as clients' agents and persons dealing with Commonwealth Bank on a "one-off" basis.

The law can also require Commonwealth Bank to collect personal information, for example, Commonwealth legislation requires Commonwealth Bank to identify persons who open or operate accounts.

You need to provide us with accurate and relevant information.

If an investor provides Commonwealth Bank with incomplete or inaccurate information, Commonwealth Bank may not be able to provide the investor with the products or services the investor is seeking.

## Disclosure and use of personal information

Commonwealth Bank is permitted by the Privacy Act to disclose personal information to other members of the Group. This enables the Group to have an integrated view of its clients.

Personal information may be disclosed to:

- brokers and agents who refer business to Commonwealth Bank;
- any person acting on your behalf, including your financial adviser, solicitor or accountant, executor, administrator, trustee, guardian or attorney;
- organisations to whom we outsource certain functions.

In all circumstances where Commonwealth Bank's contractors, agents and outsourced service providers may become aware of personal information, confidentiality arrangements apply. Personal information may only be used by Commonwealth Bank's agents, contractors and outsourced service providers for Commonwealth Bank's purposes.

Commonwealth Bank may also disclose personal information to other financial institutions and organisations at their request if an investor seeks credit from them.

Commonwealth Bank may be allowed or obliged to disclose information by law, eg. under Court Orders or Statutory Notices pursuant to taxation or social security laws.

## Access

A person may (subject to permitted exceptions) access personal information by contacting Customer Relations, Commonwealth Bank Group, Reply Paid 41, Sydney NSW 2001. Commonwealth Bank may charge the person for providing access.

## Further information

For further information on our privacy and information handling practices, please refer to our Privacy Policy Statement, which is available at [www.commbank.com.au](http://www.commbank.com.au) or upon request from any branch of the Bank.

# Code of Banking Practice

The relevant provisions of the Code of Banking Practice apply to Capital China 2006. You should read the Bank's information booklet "The Better Banking Book" copies of which may be obtained by telephoning the Bank on **13 22 21** (between 8am and 8pm, Monday to Friday), contacting your relationship manager, visiting our website at [www.commbank.com.au](http://www.commbank.com.au) or from any branch of the Bank.

The Better Banking Book contains useful information on a range of banking matters. These include the rights and

obligations that arise out of the banker and customer relationship, account opening procedures, the Bank's obligations regarding confidentiality of your information, complaint handling procedures, bank cheques, the advisability of you informing the Bank promptly when you are in financial difficulty, and the advisability of you reading the terms and conditions applying to any banking service provided to you or in which you are interested.

# What if I have any disputes concerning Capital China 2006?

The Code of Banking Practice requires that we have procedures in place for dispute resolution. The Code states that the process for dispute resolution is to be readily available to customers (investors) free of charge.

Should you wish to make a complaint relating to Capital China 2006 then:

- (a) Contact the adviser through whom you bought the product; or
- (b) If you bought the product directly from us:

Telephone Client Relations from 8:00am to 5:00pm (Sydney time) Monday to Friday on **13 15 20** (outside Australia +61 2 8223 7014); or write to,

Client Relations  
Locked Bag 22  
Australia Square  
NSW 1215.

If the internal dispute resolution is unsuccessful, you may take the matter to an external authority such as the Australian Banking Industry Ombudsman.

The Banking and Financial Services Ombudsman  
GPO Box 3  
Melbourne Victoria 3001

Tel: 1300 780 808

# Information about Commonwealth Bank

The continuous disclosure obligations of the Commonwealth Bank mean that the Bank must disclose to the ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of its ordinary shares. Copies of the information disclosed to the ASX can be viewed on the public file at the ASX for the Commonwealth Bank of Australia.

Information about the Commonwealth Bank, including documents such as financial statements and annual reports or any documents sent to ASX to fulfil its continuous disclosure obligations, can be provided free of charge to any person who requests such documents.

Persons requiring these documents should write to:

Commonwealth Bank of Australia  
48 Martin Place  
SYDNEY NSW 2000

Potential investors should obtain their own independent advice in respect to the nature of the business activities in which the Commonwealth Bank is participating and to the prospects of those business activities.

# Disclosures

## Directors' and related entity Interests

Except as set out in this paragraph, Commonwealth Bank and its related bodies corporate are not associated with and have no access to information concerning the Delivery Asset, the Reference Index or the Index Provider other than that which is in the public domain. Commonwealth Bank and its related bodies corporate have and no director or proposed director of Commonwealth Bank and no firm in which a director or proposed director of Commonwealth Bank is a partner, has at the date of this PDS any material interest in connection with the formation or promotion of any of Capital China 2006, the Reference Index, the Index Providers, the Delivery Asset or the Delivery Asset Issuer, except that:

- (a) Commonwealth Bank will be entitled to receive commission in relation to Capital China 2006 and all the directors of Commonwealth Bank participate in that entitlement through remuneration and indirect shareholding;
- (b) Commonwealth Securities Limited earns brokerage at normal commercial rates on transactions which it undertakes on behalf of Commonwealth Bank;
- (c) The Commonwealth Bank, as part of its employee remuneration arrangements, conducts an incentive system based on the success of its activities. The directors and senior executive officers of Commonwealth Bank, being also employees of the Commonwealth Bank, participate in these incentive remuneration arrangements;

- (d) Commonwealth Bank or an associate or related body corporate may from time to time hold the type of assets comprising the Delivery Asset or Reference Index for trading purposes or to hedge Capital China 2006. As at the date of this PDS, Commonwealth Bank and its related entities owned the type of assets comprising the Delivery Asset and the Reference Index. Related bodies corporate of Commonwealth Bank may deal in type of assets comprising Delivery Asset or Reference Index, options and other derivative contracts in respect of the Reference Index and/or the Delivery Asset.
- (e) The directors of Commonwealth Bank may hold other property whether in their own right or non-beneficially, in which Commonwealth Bank may have an interest from time to time;
- (f) The Constitution of Commonwealth Bank contains indemnities in favour of the directors within the limits prescribed by the Corporations Act;
- (g) Commonwealth Bank and its related bodies corporate, as part of its investment banking and stockbroking business, may from time to time advise or act for the Delivery Asset Issuer or the Relevant Asset Provider, or advise or act for other clients in relation to the Delivery Asset Issuer or the Relevant Asset Provider, or publish research reports on the Delivery Asset or Relevant Asset. Investors will not be notified of these activities, or the content of such reports.

## Potential Conflicts of Interest

Commonwealth Bank and its related bodies corporate will conduct transactions as principal and as agent in various securities, including the assets comprising the Delivery Asset and securities comprising the Reference Index generally. These trading activities may affect (positively or negatively) the price at which the assets comprising the Delivery Asset trade in the secondary market or the level of the Reference Index at any point in time.

# Schedule of Terms for Capital China 2006

This Schedule of Terms constitutes the specific terms for Capital China 2006.

You should read this PDS completely, including the Terms of Sale before you make a decision to invest in Capital China 2006.

<b>Issuer</b>	Commonwealth Bank of Australia (“Commonwealth Bank”).
<b>Broker to the Issue</b>	Commonwealth Securities Limited (“CommSec”).
<b>Investment Term</b>	6 years (subject to clause 14.15 of the Terms of Sale).
<b>Reference Index</b>	Hang Seng China Enterprises Index (“HSCEI”).
<b>Relevant Financial Market</b>	Stock Exchange of Hong Kong.
<b>Issue Size</b>	Proposed \$10 million dollars.
<b>Minimum Investment Amount</b>	\$5,000 and increments thereafter of \$1,000 (not including the Application Fee – see below).
<b>Initial Reference Level</b>	The Closing Level of the HSCEI on the Start Date as determined by the Calculation Agent, in its discretion.
<b>Final Reference Level</b>	The average of the Closing Levels of the HSCEI on 13 October 2009, 13 October 2010, 13 October 2011 and 15 October 2012 as determined by the Calculation Agent, in its discretion.
<b>Index Return</b>	The percentage change from the Initial Reference Level of the Reference Index to the Final Reference Level of the Reference Index. This can also be expressed by the formula: (Final Reference Level – Initial Reference Level) / Initial Reference Level (expressed as a percentage).
<b>Participation Rate</b>	The rate determined on the Start Date at which you will participate in any positive Index Return. See “Factors affecting the Participation Rate” on page 7 of this PDS. At the commencement of Capital China 2006 the minimum Participation Rate will be 150%.
<b>Maturity Value</b>	<p>You will receive Delivery Assets at maturity to the value of the Maturity Value as follows:</p> <ul style="list-style-type: none"> <li>➤ If the Final Reference Level (the average of the Closing Levels of the HSCEI on 13 October 2009, 13 October 2010, 13 October 2011 and 15 October 2012) is higher than the Initial Reference Level, the Maturity Value will equal your Investment Amount + (your Investment Amount x the Index Return x the Participation Rate). The Participation Rate is the rate determined on the Start Date at which you will participate in any positive Index Return. At the commencement of Capital China 2006 the minimum Participation Rate will be 150%. If the Final Reference Level is higher than the Initial Reference Level the Maturity Value will be higher than your Investment Amount. The Participation Rate will magnify the Maturity Value in this instance.</li> <li>➤ If the Final Reference Level is equal to or lower than the Initial Reference Level, the Maturity Value will equal your Investment Amount + (your Investment Amount x the Index Return). If the Final Reference Level is lower than the Initial Reference Level the Maturity Value will be lower than your Investment Amount. The Participation Rate is not used to calculate the Maturity Value in this instance so it will not magnify your loss.</li> </ul>
<b>Early Termination</b>	Capital China 2006 is a hold to maturity investment. However, your Investment may be terminated prior to the Maturity Date. In determining the Early Termination Value, we take into account Break Costs. Your Early Termination Value may be less than your Investment Amount.
<b>Calculation Agent</b>	Commonwealth Bank of Australia.
<b>Minimum Application Amount</b>	\$5,000 plus the Application Fee of 2.00%; that is, \$5,100.
<b>Application Fee</b>	An Application Fee of 2.00% of your Investment Amount is payable at the start of your Investment, reflecting the costs of establishing a position on the HSCEI. Some or all of the Application Fee may be paid to your financial adviser.

<b>Brokerage for sale of the Delivery Asset</b>	Where you choose to utilise our Delivery Asset Sale Service, we charge a Brokerage fee of 0.55% (including GST) of the Maturity Value. This fee will be charged separately to your nominated bank account.
<b>Early Termination Fee</b>	1.50% of Early Termination Value on sale before maturity.
<b>Delivery Asset</b>	At the commencement of Capital China 2006, one ordinary fully paid share in BHP.
<b>Delivery Parcel</b>	The number of Delivery Assets for which we take delivery on your behalf on the Trade Date.
<b>Delivery Asset Issuer</b>	At the commencement of Capital China 2006, BHP Billiton Limited (ABN 49 004 028 077).
<b>Delivery Asset Market</b>	Australian Stock Exchange Limited.
<b>Maturity Date</b>	15 October 2012.
<b>Trade Date</b>	22 October 2012.
<b>Settlement Date</b>	25 October 2012.
<b>Closing Level</b>	The verified closing level of the HSCEI on any relevant day in the place of the Relevant Financial Market, as reported or published by the Index Provider.
<b>Offer</b>	The offer made by you under clause 1 of the Terms of Sale, in response to this invitation.
<b>Index Provider</b>	HSI Services Limited.
<b>Your Investment</b>	Your investment in Capital China 2006.
<b>Your Investment Amount</b>	The amount you invest in Capital China 2006 as confirmed by us to you in the Acceptance Notice.

# Terms of Sale

## Commonwealth Bank of Australia

These Terms of Sale form the terms and conditions on which the person named in the Application Form ("you" or the "Investor") agrees to purchase the Delivery Parcel from Commonwealth Bank of Australia ("us", "we" or "Commonwealth Bank").

### 1. Applications

#### 1.1 You may make an Offer to us

You may make an offer to us to purchase the Delivery Asset from us on a deferred basis in accordance with these Terms of Sale by completing and returning to us a valid Application Form before the Closing Time on the Closing Date and by paying to us the amount equal to the Application Amount on or prior to the Closing Time.

The funds that you pay us must have cleared on or before 12 noon on the Closing Date otherwise we will not be obligated to accept your Application.

#### 1.2 You are bound by these Terms of Sale

By signing the Application Form and lodging it with us, you agree to be bound by these Terms of Sale.

#### 1.3 Our Acceptance of your offer

- (a) We have the right to decide in our absolute discretion whether or not we will accept your offer to acquire the Delivery Parcel from us.
- (b) If we decide to accept your Application, acceptance of your offer will take place on, and the parties' rights and obligations under these Terms of Sale will commence on, the Start Date.
- (c) Without limiting clause 1.3(a), it is a condition precedent to our acceptance of any such offer from you that:
  - (i) we receive from you a validly completed and signed Application Form; and
  - (ii) we receive the Application Amount on or prior to the Closing Time and these funds must clear by 12 noon (Sydney Time) on the Closing Date in accordance with clause 3.2 of these Terms of Sale.

If you do not fulfil the conditions precedent under this clause 1.3(c) your Application will be ineffective and we will have no further obligations to you.

- (d) Within 10 Business Days of the Start Date, we will send to you a notice acknowledging whether we have accepted or rejected your offer ("Acceptance Notice").
- (e) Should we decide to reject your Offer, any money that you have paid with the Application Form will be refunded to you, without interest.
- (f) If we accept your Offer, we will confirm your Investment Amount in the Acceptance Notice.

### 2. Code of Banking Practice

The parties acknowledge that the Code of Banking Practice applies to Capital China 2006.

### 3. Deferred purchase of Delivery Asset

#### 3.1 Purchase of Delivery Parcel

- (a) You agree to purchase the Delivery Parcel for your Investment Amount (which will be paid by you in accordance with clause 3.2) from us on the Maturity Date.
- (b) We will then deliver the Delivery Parcel to you in accordance with clauses 4.4 and 4.5.

#### 3.2 Paying the Application Amount to us

- (a) You must pay to us your Application Amount which consists of the Application Fee and your Investment Amount.

- (b) You must make payment of the Application Amount in cleared funds on or prior to the Closing Time on the Closing Date.
- (c) Of the Application Amount, your Investment Amount will be applied to purchase the Delivery Parcel on the Trade Date (in accordance with clause 3.1(a)) and the remainder of the Application Amount (ie, the Application Amount minus the Investment Amount) will be applied towards payment of the Application Fee.
- (d) The Minimum Application Amount that we will accept under these Terms of Sale is set out in the Schedule of Terms.

### 4. Completion

#### 4.1 Completion Notices

We will send you a Completion Notice at least twenty (20) Business Days before the Maturity Date.

#### 4.2 How to complete

In order to complete the deferred purchase of the Delivery Parcel you must:

- (a) fill out the Completion Notice by electing whether you will accept physical delivery of the Delivery Parcel or use the Delivery Asset Sale Service; and
- (b) send the Completion Notice back to us so we receive it on or before the Completion Time.

#### 4.3 Deemed election

You are deemed to have elected to accept physical delivery of the Delivery Parcel and physical delivery will take place in accordance with clause 4.4 and the purchase of the Delivery Parcel will complete if:

- (i) we do not receive a Completion Notice from you by the Completion Time; or
- (ii) even though you have returned the Completion Notice to us by the Completion Time, you fail to elect in the Completion Notice whether you are either going to accept physical delivery of the Delivery Parcel or use the Delivery Asset Sale Service.

#### 4.4 If you elect to accept physical delivery of the Delivery Parcel

Where:

- (a) you have elected in the Completion Notice to accept physical delivery of the Delivery Parcel; or
- (b) you are deemed under clause 4.3 to have elected to accept physical delivery of the Delivery Parcel;

then:

- (i) we will (either us or through our nominee) procure the performance of all acts required of a transferor of marketable securities to enable the Delivery Parcel to be transferred to you on the Settlement Date, free from any security interest or third party interest or restriction on transfer (other than one that has been accepted by the ASX for the purposes of quotation of the property comprising the Delivery Parcel); and
- (ii) you irrevocably authorise us and any of our nominees that we may appoint, at our option, to act as your agent to do all things required to be done, to effect physical delivery of the Delivery Parcel to you. This includes but is not limited to supplying your HIN.

#### 4.5 If you elect to accept delivery through the Delivery Asset Sale Service

Where you have elected in the Completion Notice to use the Delivery Asset Sale Service:

- (i) we (or our nominees) are irrevocably authorised to accept delivery of the Delivery Parcel and hold the Delivery Parcel for and on your behalf on the Trade Date;

(ii) you:

- (A) irrevocably authorise us or our nominees to sell the Delivery Parcel; and
- (B) irrevocably direct and authorise us or any of our nominees to take all actions necessary or desirable for us or our nominees to effect the sale of the Delivery Parcel;

(iii) we or our nominees on behalf of us, will pay you the Sale Proceeds on the Settlement Date and

(iv) you acknowledge and agree that:

- (A) we or our nominees agree to sell the Delivery Parcel on your behalf on the Trade Date for an amount equal to the Delivery Asset Price; and
- (B) to the maximum extent permitted by law, neither we nor our nominees are responsible for any loss, costs or expense that you incur as a result of using the Delivery Asset Sale Service, except to the extent that such loss, cost or expense arises as a result of our or our nominee's negligence, default, fraud or dishonesty.

#### 4.6 Satisfaction of obligations

Upon delivery of the Delivery Parcel to you in accordance with clause 4.4 or payment by us or our nominee (on behalf of us) to you of the Sale Proceeds in respect of the Delivery Parcel under clause 4.5(iii), our obligations to you under these Terms of Sale are satisfied and discharged.

#### 4.7 No delivery of fractional interests in the Delivery Asset

We or our nominee will not transfer a fractional interest or a part of the securities or units (as applicable) that comprise the Delivery Assets. If there are any fractional securities or units that comprise the Delivery Assets, that would be transferable by us on the Settlement Date, we will pay to you an amount equal to the value of the fraction of the securities or units (as applicable) that comprise the Delivery Assets provided that such amount exceeds twenty Australian Dollars (\$20.00). If the amount does not exceed \$20.00, we are under no obligation to you to make any payment for the fractional security or unit (as applicable) that comprise the Delivery Asset. Once we have paid this amount under this clause, we are discharged of our obligation to deliver the fraction of the securities or units (as applicable) that comprise the Delivery Assets which has been forgone.

#### 4.8 Substitution of Delivery Asset

We may substitute the Delivery Asset with any other security quoted and trading on ASX and deliver that substituted security in accordance with these Terms of Sale as if the definition of "Delivery Asset" was amended to refer to the substituted security if delivery of the Delivery Parcel is considered by us to be inappropriate for any reason in our absolute discretion.

#### 4.9 Default by us

If we default in relation to any of our obligations under these Terms of Sale and, as a result, Completion does not occur in accordance with this clause 4, we will refund to you either part or all of the Application Amount.

#### 5. Our obligations are unsecured

Our obligations under these Terms of Sale or in relation to the deferred purchase of the Delivery Parcel are direct, unconditional and unsecured obligations and these obligations rank equally with our existing unsecured debt.

#### 6. No transfer of legal or beneficial interest in the Delivery Parcel

You agree and acknowledge that:

- (a) the agreement to purchase the Delivery Parcel as set out in these Terms of Sale and the payment of the Application Amount does not transfer the legal or beneficial interest in the Delivery Parcel or any Delivery Asset to you;

(b) you will only acquire an interest in the Delivery Parcel when we acquire it on your behalf; and

(c) should we fail to physically deliver the Delivery Parcel to you or pay to you the Sale Proceeds under these Terms of Sale, you will not be entitled to an injunction, specific performance or any other equitable rights or remedies and the only remedy that you will be entitled to is damages.

#### 7. Accretions

These Terms of Sale do not confer on you any right or interest in respect of Accretions to the Delivery Parcel. Accretions to the Delivery Asset may lead to adjustments as provided for in clause 10 of these Terms of Sale.

#### 8. Taxes

(a) You must pay all Taxes and other charges including goods and services tax, if any:

- (i) payable by you in relation to or in connection with these Terms of Sale; or
- (ii) payable by any person on, as a result of, or in connection with, the purchase, sale or transfer of, or the completion of the purchase and sale of the Delivery Parcel.

(b) We are not responsible for the payment of any Taxes or other charges:

- (i) payable by you in relation to or in connection with these Terms of Sale; or
- (ii) payable by any person on, as a result of, or in connection with, the purchase, sale or transfer of, or the completion of the purchase and sale of the Delivery Parcel.

#### 9. Early Termination

##### 9.1 Issuer elects Early Termination

We may, in our absolute discretion, at any time following the occurrence of an Early Termination Event elect Early Termination for all or a portion of your Investment and deliver an Early Termination Notice to you.

We will determine, in our discretion, the Early Termination Date and the Early Termination Value and will notify you of these, together with the Early Termination Fee, in the Early Termination Notice.

##### 9.2 Where you request Early Termination

You may request an Early Termination by giving us written notice. We may, in our discretion, accept or reject your request. If we accept your request, as soon as practicable after we receive this written notice, we will determine an Early Termination Date, the Early Termination Value and the Early Termination Fee and will complete accordingly.

##### 9.3 Procedure for Early Termination

If we determine that there will be Early Termination, or if you request and we accept Early Termination, then Early Termination will take place as follows:

- (a) we will notify you prior to the Early Termination Date:
  - (i) of the Early Termination Date, the Trade Date and the Settlement Date;
  - (ii) that purchase and completion will occur in accordance with clauses 3 and 4 of these Terms of Sale, with the necessary changes; and
  - (iii) of any other matter that is required to be in a Completion Notice.

The notice that we give you under this clause shall serve as the Completion Notice.

(b) Early Termination will take place in accordance with the procedures set out in clauses 3 and 4 of these Terms of Sale, with the necessary changes. You must also pay to us the Early Termination Fee on or before the Early Termination Date.

(c) If:

- (i) You have elected to accept physical delivery of the Delivery Asset then after the Delivery Parcel is physically delivered to you under clause 4.4(i); or
- (ii) we (or our nominee) pay you the relevant amount in respect of the Delivery Asset under clause 4.5(iii),

all of our obligations to you under these Terms of Sale are deemed to be satisfied in full and we are discharged from our obligations under these Terms of Sale.

#### 9.4 Adjustments to this clause

If we determine that any of the provisions of this clause 9 are not appropriate in any particular circumstances, or that any event which is not dealt with in clause 9 should have been dealt with, we may make any alterations to these provisions or any other Term that we consider appropriate.

### 10. Adjustment Events

**10.1** If an Adjustment Event occurs on or before the Maturity Date, we may in our absolute discretion elect to do any or all of the following:

- (a) substitute the Delivery Asset with any other security quoted and trading on ASX or other Delivery Asset Market; and/or
- (b) substitute the Delivery Asset Issuer with any other company or fund listed on ASX or other Delivery Asset Market; and/or
- (c) substitute the Reference Index with another index; and/or
- (d) adjust or amend the definition of Delivery Asset and/or Reference Index; and/or
- (e) adjust or amend any variable, formula, amount or calculation as set out or used in these Terms of Sale,

as we believe to be as equitable as possible for you and us.

**10.2** If in our reasonable opinion, we determine that any of the provisions of this clause 10 are not appropriate to deal with the occurrence of the Adjustment Event in accordance with this clause 10, we may make any alterations to this provision or any Term that we consider is reasonably appropriate; or nominate the event as an Early Termination Event and deal with the event in accordance with clause 9.

**10.3** We will notify you of any adjustment we propose to make under this clause before the adjustment occurs or as soon as reasonably practicable after the adjustment occurs.

### 11. Your representations and warranties

By signing the Application Form and submitting it to us, you represent and warrant to us (as a continuing representation and warranty) that:

- (a) you have full legal capacity to make this Application and be bound by these Terms of Sale and you have taken all actions that are necessary to authorise the Application and be bound by these Terms of Sale;
- (b) you have reviewed and fully understood these Terms of Sale and have made your own independent investigations and appraisals of the financial, taxation, legal, commercial and credit aspects associated with the purchase of the Delivery Asset prior to making this Application;
- (c) you have and will rely on your own judgment and you have not relied in any way on any statements or representations made by us or our related entities or their servants, agents, employees or representatives in relation to these Terms of Sale or the deferred purchase of the Delivery Parcel and you acknowledge that we have not made any representations to you regarding the suitability or appropriateness of the deferred purchase of the Delivery Parcel pursuant to these Terms of Sale;

(d) you understand that nothing in these Terms of Sale or any marketing material associated with these Terms of Sale can be considered investment advice or a recommendation to buy the Delivery Parcel;

(e) you have obtained all consents which may be required by law to enable you to acquire the Delivery Parcel and to become registered as the holder of the Delivery Assets and that the registration of you as the holder of the Delivery Parcel will not contravene any law, regulation or ruling or the constitution of the Delivery Asset Issuer;

(f) you (and no other person) are not in breach of any law or any obligation to another person by entering into or becoming bound by these Terms of Sale;

(g) your applying for Capital China 2006 will not be in breach or result in a breach of any exchange controls, fiscal, securities or other laws or regulations for the time being applicable to Capital China 2006 or you;

(h) you are not a resident or national of any jurisdiction where the Application for or the Completion of Capital China 2006 is prohibited by any law or regulation or where compliance with the relevant laws or regulations would require filing or other action by us or any of our related bodies corporate;

(i) you acknowledge that information in the section of this PDS headed "Tax Considerations" set out in pages 17 to 25 of this PDS is necessarily general in nature and does not take into account the specific taxation circumstances of each individual Investor. You acknowledge that you have sought your own independent advice on the taxation implications relevant to your own circumstances before making an investment decision;

(j) all the information you have given us is correct and not misleading; and

(k) you have not withheld any information that might have caused us to reject your Application;

### 12. Notices

(a) Unless otherwise required or permitted by us, all notices and other communications must be in writing.

(b) Any notice or statement to be given or demand to be made on you under these Terms of Sale:

(i) will be effectively signed on behalf of us if it is executed by us, any of our officers, our solicitor or our attorney;

(ii) may be served by being delivered personally to, by being left at, by being emailed to, or by being posted in a prepaid envelope or wrapper to your address (or email address) notified to us or your registered office, place of business, or residence last known to us, or by being sent to you by facsimile transmission.

(c) A demand or notice if:

(i) posted will be deemed served two Business Days after posting;

(ii) sent by facsimile or electronic transmission will be deemed served on conclusion of transmission.

(d) Service by any of these methods will be valid and effectual even if you do not receive the document or if the document is returned to us unclaimed.

### 13. Amendment of Terms of Sale

**13.1** We may from time to time make any modification, variation, alteration or deletion of, or addition to, these Terms of Sale ("Amendment") by sending you written notice describing the amendments where:

(a) the Amendment is one determined by us as being required under either of clauses 9 or 10 of these Terms of Sale;

- (b) the Amendment is necessary or desirable in the reasonable opinion of us to comply with any statutory or other requirement of law; or
- (c) the Amendment is desirable to correct an inconsistency or error in these Terms of Sale (but only if such Amendment does not, in our opinion, prejudice your interests).

**13.2** We will give you notice of any Amendment to these Terms of Sale and you will be bound by any such Amendment at the time you are served with such notice.

#### **14. General provisions**

**14.1** Priority between Terms of Sale, Schedule of Terms and the remainder of the PDS

- (a) Subject to clause 14.1(b), if there is an inconsistency between these Terms of Sale, the Schedule of Terms or the remainder of this PDS, then the statements made in the Schedule of Terms or the remainder of this PDS will prevail.
- (b) If there is an inconsistency between either or both of clauses 9 or 10 of these Terms of Sale, the Schedule of Terms or the remainder of this PDS, then clauses 9 and/or 10 will prevail.

**14.2** Currency

All amounts payable by either party under these Terms of Sale will be paid in Australian Dollars unless otherwise specified in the Schedule of Terms.

**14.3** No merger

Our rights under these Terms of Sale are additional to and do not merge with or affect and are not affected by any mortgage, charge or other encumbrance held by us or any of your other obligations to us, despite any rule of law or equity or any other statutory provision to the contrary.

**14.4** Rounding

All calculations that we make for the purposes of these Terms of Sale will be made to not fewer than three decimal places. Other than as provided in these Terms of Sale, rounding of numbers will not occur until the final calculation of a relevant amount or number at which time your entitlements will be aggregated and that aggregate will be rounded so that all money amounts are rounded down to the nearest whole cent and all numbers relating to the amount of securities or units that comprise the Delivery Assets are rounded down to the nearest whole number.

**14.5** Indemnity

- (a) You indemnify each of Commonwealth Bank ("us") and its officers, agents and employees against all loss, damage, costs, expense or liability suffered or incurred by us as a direct or indirect consequence of:
  - (i) entering into or acting in accordance with these Terms of Sale; or
  - (ii) any act, omission, breach or default by you under or in relation to these Terms of Sale; or
  - (iii) your default under these Terms of Sale (including without limitation your failure to complete) or breach of these Terms of Sale.
- (b) The indemnities in these Terms of Sale are:
  - (i) continuing, separate and independent obligations of the parties from their other obligations and survive the termination of the agreement between the parties; and
  - (ii) absolute and unconditional and unaffected by anything that might have the effect of prejudicing, releasing, discharging or affecting in any other way the liability of the party giving the indemnity.

**14.6** Certificates

Any document or thing required to be certified by you or us must be certified by (as the case requires):

- (a) you, if you are an individual; or
- (b) a director, secretary or authorised officer of the company, if you are a company; or
- (c) us; or
- (d) in any other manner that we may approve.

**14.7** Execution by attorneys

Each attorney executing the Application Form which binds you to these Terms of Sale states that he, she or it has no notice of revocation or suspension of the power of attorney under which the attorney executes the Application Form.

**14.8** Power of attorney

You irrevocably appoints us, Commonwealth Bank and our nominees and any of our directors, secretaries and managers from time to time jointly and severally as your attorney to do (either in your name or the attorney's name) all acts and things that you are obliged to do under these Terms of Sale or which, in our opinion, are necessary or desirable in connection with the Delivery Assets or the protection of our interests or the exercise of the rights, powers and remedies of us, including without limitation the authority to sell the Delivery Parcel on your behalf in accordance with clause 4.5(ii).

**14.9** Invalid or unenforceable provisions

If a provision of these Terms of Sale is invalid or unenforceable in a jurisdiction, it is to be read down or severed in that jurisdiction to the extent of the invalidity or unenforceability, and that fact does not affect the validity or enforceability of that provision in another jurisdiction or the remaining provisions.

**14.10** Waiver and exercise of rights

A single or partial exercise of a right by us does not preclude another exercise or attempted exercise of that right or the exercise of another right. Failure by us to exercise or delay in exercising a right, does not prevent its exercise or operate as a waiver.

**14.11** Assignment and transfer of interests

- (a) We may transfer our rights and obligations under these Terms of Sale at any time by giving you notice.
- (b) The rights and obligations under these Terms of Sale may not without our prior consent:
  - (i) be assigned (whether in law, in equity or otherwise) by you; or
  - (ii) be made the subject of any encumbrance, charge, trust or fiduciary obligation,
 and any action that purports to do so is invalid, void and without effect as between you, us and any third party.

**14.12** Recording conversations

You acknowledge that conversations between you and us (or any of our officers) may be tape-recorded. You acknowledge and consent to the tape-recording and its use (or any transcript of the recording) in any proceedings that may be commenced in connection with these Terms of Sale.

**14.13** Calculations and references to dates and times

Calculations or determinations which are to be made on or by reference to a particular day, are to be made on or by reference to that day in the place and time zone of Sydney, Australia unless otherwise specified in the Schedule of Terms.

**14.14 Governing law and jurisdiction**

These Terms of Sale are governed by the laws of New South Wales. You irrevocably and unconditionally submit to the non-exclusive jurisdiction of the courts of New South Wales and waive, without limitation, any claim or objection based on absence of jurisdiction or inconvenient forum.

**14.15 Change of dates**

Notwithstanding any other provision of these Terms of Sale, Commonwealth Bank may in its absolute discretion change the Start Date and the Closing Date (and time) in which case you acknowledge that the Investment Term will be less than 6 years.

**15. Definitions and interpretation**

**15.1 Definitions**

In these Terms of Sale, unless the context requires otherwise, the following terms have the following meanings:

**“Acceptance Notice”** – has the meaning given to this item in clause 1.3(d);

**“Accretions”** – all rights, accretions and entitlements attaching to the Delivery Asset after the Start Date including without limitation, all voting rights, all dividends and all rights to receive dividends and other distributions or shares, notes, options or other securities exercisable, declared, paid or issued in respect of the Delivery Asset;

**“Adjustment Event”** – in respect of the Reference Index or Delivery Asset (the “Relevant Asset” for the purpose of this definition) any of the following events:

- (a) where the Relevant Asset is a security or an interest in a managed investment scheme:
  - (i) the actual or proposed adoption of any procedure, event or action which is or which is likely to result in any cash return of capital, pro-rata cash distribution, capital reduction, liquidator’s distributions, share buy-back, bonus issue, rights issue, arrangement, scheme of arrangement, compromise, merger, demerger, reconstruction, compulsory acquisition, redemption, cancellation, replacement, modification, subdivision or consolidation, takeover bid, special dividend, non cash dividend, share split or any other similar or like event;
  - (ii) any event which is or which results in the actual or proposed administration, liquidation, winding up or termination of the issuer of the Relevant Asset or other similar or like event (however described);
  - (iii) any event which is or which results in the actual or proposed de-listing of the Relevant Asset or the actual or proposed removal from quotation of the Relevant Asset or the actual or proposed Suspension from trading of the Relevant Asset;
- (b) where the Relevant Asset is an index:
  - (i) the Relevant Asset is suspended or ceases to be published for a period of 24 hours or more;
  - (ii) the Relevant Asset is not calculated and announced by the Relevant Asset Provider, but is calculated and announced by a successor to the Relevant Asset Provider;
  - (iii) the Relevant Asset is replaced by a successor index using the same or a substantially similar formula for and method of calculation;
  - (iv) the Relevant Asset Provider or any successor makes a material change in the formula for or the method of calculating the Relevant Asset or in any way materially modifies that Relevant Asset; or
  - (v) there is a Suspension or material limitation on trading of securities generally on a Relevant Financial Market for a period of 24 hours or more;

- (vi) there is a suspension or material limitation of trading in a futures contract relating to the Relevant Asset (or any equivalent futures contract) traded on a Relevant Futures Exchange (or any successor) for a period of 24 hours or more;
- (c) if we determine (in good faith) that the performance of our obligations in relation to or under these Terms of Sale has or will become, in circumstances beyond our reasonable control:
  - (i) impossible;
  - (ii) unlawful;
  - (iii) illegal; or
  - (iv) otherwise prohibited as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive of any government, administrative, legislative or judicial authority or power;
- (d) any actual or proposed event that may reasonably (in our opinion) be expected to lead to any of the events referred to in paragraphs (a) to (c) above occurring;

**“Application”** – an offer by you to us to acquire the Delivery Parcel on a deferred basis on the terms and conditions set out in these Terms of Sale;

**“Application Amount”** – the total amount payable by you to us in consideration for acquiring the Delivery Parcel on the Maturity Date being an amount equal to your Investment Amount plus Application Fee;

**“Application Fee”** – in relation to each series of Capital China 2006, the amount set out as the “Application Fee” in the Schedule of Terms;

**“Application Form”** – the application form attached to the PDS;

**“ASIC”** – the Australian Securities and Investments Commission;

**“ASX”** – Australian Stock Exchange Limited ACN 008 624 691;

**“Australian Dollars and \$”** – the lawful currency of Australia;

**“Break Costs”** – all costs, expenses and losses incurred by us and notified by us as payable by you or to you as a result of:

- (a) the acceleration of the Maturity Date or other Early Termination of Capital China 2006;
- (b) the termination or reversal of any arrangements or hedge position entered into by us in connection with Capital China 2006 which is terminated early; or
- (c) any loss of profits that we may suffer by reason of the early termination of Capital China 2006;

**“Business Day”** – a day on which all Australian banks, the ASX and the Relevant Financial Market are open for business, but does not include a Saturday, Sunday or public holiday;

**“Calculation Agent”** – the Calculation Agent specified in the Schedule of Terms;

**“Capital” or “Capital China 2006”** – the agreement under which you purchase the Delivery Parcel from us on the terms and conditions set out in these Terms of Sale;

**“Closing Time”** – 12:00 noon Sydney time on the Closing Date;

**“Closing Date”** – the date specified as the “Closing Date” in the PDS;

**“Closing Level”** – has the meaning specified in the Schedule of Terms;

**“Commonwealth Bank” or “us” or “we” or “the Bank”** – Commonwealth Bank of Australia of 48 Martin Place Sydney, New South Wales, Australia;

**“Completion”** – the completion by you of the deferred purchase of the Delivery Parcel in accordance with clause 4 of these Terms of Sale, and “Complete” has a corresponding meaning;

**“Completion Time”** – 5:00pm (Sydney time) on the Maturity Date;

**“Completion Notice”** – a notice issued by us in accordance with clause 4.1 or 9.3(a)(ii) as the case may be;

**“Corporations Act”** – the Corporations Act 2001 (Cth);

**“Delivery Asset”** – the “Delivery Asset” as specified in the Schedule of Terms or any other delivery asset determined by us in accordance with these Terms of Sale;

**“Delivery Parcel”** –

- (a) the number of Delivery Assets to be purchased by you on the Maturity Date as determined by the following formula:

$$\text{Delivery Parcel} = \frac{\text{Maturity Value}}{\text{Delivery Asset Price}}$$

rounded down to the nearest whole unit; or

- (b) (this only applies if there is an Early Termination under clause 9, for the purposes of determining the Delivery Asset), the number of Delivery Assets to be purchased by you on the Early Termination Date as determined by the following formula:

$$\text{Delivery Parcel} = \frac{\text{Early Termination Value}}{\text{Delivery Asset Price}}$$

rounded down to the nearest whole unit.

**“Delivery Asset Issuer”** – entity specified for each series as the “Delivery Asset Issuer” in the Schedule of Terms or any other entity substituted in accordance with these Terms of Sale;

**“Delivery Asset Market”** – the relevant financial market that reports and disseminates traded prices of the Delivery Asset, as specified in the Schedule of Terms;

**“Delivery Asset Price”** – the price per unit of the Delivery Asset paid by us to acquire the Delivery Asset on the Trade Date;

**“Delivery Asset Sale Service”** – the arrangement whereby we sell the Delivery Parcel for and on behalf of, at the direction of and as agent for you on the Trade Date in accordance with clause 4.5 of these Terms of Sale;

**“Early Termination”** – the early completion of the deferred purchase of the Delivery Parcel as determined and completed in accordance with clause 9;

**“Early Termination Date”** – the date notified to you as the “Early Termination Date” in the Early Termination Notice, being the Maturity Date for the purpose of applying clauses 3 and 4 to Early Termination;

**“Early Termination Fee”** – a fee equal to 1.50% of the Early Termination Value;

**“Early Termination Event”** –

- (a) you are or become Insolvent;
- (b) any actual or proposed Adjustment Event of which, in our reasonable opinion, it is not possible or desirable for that event to be dealt with in accordance with clause 10; or
- (c) any actual or proposed event that may reasonably in our opinion be expected to lead to any of the events in paragraphs (a) and (b) above occurring;

**“Early Termination Notice”** – the notice provided by us to you notifying you either that an Early Termination Event has occurred or that we have accepted your request to terminate Capital China 2006 early and that an Early Termination will take place in accordance with the notice;

**“Early Termination Value”** – the fair economic value of your Investment at 5:00pm Sydney time on the Early Termination Date as we determine in our absolute discretion. Without limiting the foregoing, in determining the “Early Termination Value” we may deduct any costs, losses or expenses that we incur in relation to the Early Termination, including without limitation, Break Costs,

administrative costs, costs of unwinding any hedge put in place for the purposes of meeting its obligations under these Terms of Sale, any cost of funding or any loss of bargain;

**“Final Reference Level”** – the method of calculating the level of the Reference Index on the Maturity Date as set out in the Schedule of Terms;

**“HIN”** – Holder Identification Number;

**“Index Provider”** – HSI Services Limited;

**“Index Return”** – has the meaning specified in the Schedule of Terms;

**“Insolvent”** or **“insolvent under administration”** – (each as defined in the Corporations Act), bankrupt, in receivership, in receivership and management, under administration, in liquidation, in provisional liquidation, wound up, subject to any arrangement, assignment or composition, or dissolved;

**“Initial Reference Level”** – the method of calculating the level of the Reference Index on the Start Date, as specified in the Schedule of Terms;

**“Investment Amount”** – the amount invested by you in Capital China 2006 and specified as confirmed in the Acceptance Notice;

**“Investment Term”** – the length of time specified as such in the Schedule of Terms;

**“Investor”** or **“you”** – the person or entity whose Application is accepted by us in accordance with clause 1 of these Terms of Sale;

**“Maturity Date”** – the date specified as such in the Schedule of Terms; if there is an Early Termination under clause 9, the Maturity Date will be that specified in the Early Termination Notice;

**“Maturity Value”** – the amount determined using the formula set out in the Schedule of Terms to determine the Maturity Value;

**“Minimum Investment Amount”** – the amount specified as such in the Schedule of Terms;

**“Offer”** – has the meaning specified in the Schedule of Terms;

**“Participation Rate”** – has the meaning specified in the Schedule of Terms;

**“PDS”** – the product disclosure statement dated 28 August 2006, of which these Terms of Sale form part;

**“Reference Index”** – the Reference Index specified as such in the Schedule of Terms, or any other index, commodity, security, interest in managed investment scheme or other asset substituted in accordance with these Terms of Sale;

**“Relevant Asset Provider”** – as the context requires, the entity who is responsible for (as applicable and as the context requires) the calculation, dissemination or provision of the Relevant Asset (as defined in “Adjustment Event”), or any other provider substituted in accordance with these Terms of Sale;

**“Relevant Financial Market”** – the financial market to which the Reference Index relates as specified in the Schedule of Terms;

**“Relevant Futures Exchange”** – the futures exchange upon which the futures contract entered into by us to hedge the Reference Index is traded;

**“Sale Proceeds”** – the proceeds of the sale of the Delivery Parcel that we (or our nominee) obtain on your behalf under the Delivery Asset Sale Service, being an amount equal to the number of Delivery Assets comprising the Delivery Parcel multiplied by the Delivery Asset Price;

**“Schedule of Terms”** – the Schedule of Terms contained in the PDS;

**“Settlement Date”** – the date specified as such in the Schedule of Terms; if there is an Early Termination under clause 9, the Settlement Date will be that specified in the Early Termination Notice;

**“Start Date”** – the date specified as “Start Date” in the PDS;

**“Suspension”** – any temporary cessation of quotation of the Reference Index;

**“Tax”** or **“Taxes”** – any income tax, capital gains tax, goods and services tax (GST), withholding tax, stamp, financial institutions, registration and other duties, bank accounts debits tax and other related taxes, levies, imposts, deductions, interest, penalties and charges;

**“Term”** – a provision in these Terms of Sale;

**“Terms of Sale”** – these terms and conditions, including the Schedule of Terms, under which you agree to acquire the Delivery Parcel from us as set out in this document in the section headed “Terms of Sale”;

**“Trade Date”** – the date specified as such in the Schedule of Terms; if there is an Early Termination under clause 9, the Trade Date will be that specified in the Early Termination Notice;

## 15.2 Interpretation

- (a) In these Terms of Sale, unless the context requires another meaning, a reference:
- (i) to the singular includes the plural and vice versa;
  - (ii) to a document (including these Terms of Sale) is a reference to that document (including any Schedule of Terms and annexures) as amended, consolidated, supplemented, novated or replaced;
  - (iii) to a party means a party to these Terms of Sale;
  - (iv) to a person (including a party) includes:
    - (a) an individual, company, other body corporate, association, partnership, firm, joint venture, trust or government agency; and
    - (b) the person’s successors, permitted assigns, substitutes, executors and administrators;
  - (v) to a law:
    - (a) includes a reference to any legislation, treaty, judgment, rule of common law or equity or rule of any applicable stock exchange; and
    - (b) is a reference to that law as amended, consolidated, supplemented or replaced; and
    - (c) includes a reference to any regulation, rule, statutory instrument, by-law or other subordinate legislation made under that law.
- (b) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (c) Headings are for convenience only and do not affect interpretation.
- (d) If a payment or other act must (but for this clause) be made or done on a day that is not a Business Day, then it must be made or done on the next Business Day.
- (e) If a period occurs from, after or before a day or the day of an act or event, it excludes that day.

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# Directory

**Registered office of the Issuer:**

Commonwealth Bank of Australia  
48 Martin Place,  
Sydney, NSW 2000





**CAPITAL** China 2006  
Application Form

Issued by Commonwealth Bank of Australia ABN 48 123 123 124, AFSL 234945  
Issue date 28 August 2006

## Application Form Instructions

**Please contact your adviser or ring us on 13 15 20 if you have any general questions about Capital China 2006 or any questions about how to complete the Application Form.**

- A – COMPULSORY:** Write the full name(s) that you wish to appear on your Acceptance Notice. The name or names that appear in this section will be those in which Commonwealth Bank Capital China 2006 issued to you will be held. Complete your details as required. If more than one Applicant applies jointly, then correspondence will only go to the address specified in this section.
- B – COMPULSORY:** Write the amount you wish to invest in Capital China 2006. Indicate your intended method of payment by ticking the appropriate box.
- C – OPTIONAL:** If you select Cheque as the method of payment in section B, write the details of the cheque(s) you are attaching. You must make sure that the attached cheque amount corresponds to the amount you indicated in section B. The cheque(s) must be made out to Commonwealth Bank of Australia and marked not negotiable. In addition, the cheque(s) must be payable in Australian currency and drawn on an Australian bank.
- D – OPTIONAL:** If you wish to have cash payments credited directly into your account, please enter the details here. This option is only available for accounts held with banks, building societies and credit unions within Australia.
- E – OPTIONAL:** Write the details of your authorised representative here. You may nominate your adviser as your authorised representative.
- F – COMPULSORY:** Complete with your identification details.
- G – OPTIONAL:** If you select Direct Debit as the method of payment in section B, write your bank account details in this section. If the bank account is in joint names, both account holders must sign.
- H – COMPULSORY:** All applicants must sign the Application Form. If application is made under joint names, both applicants must sign.

Please read in full the Terms of Sale. The Terms of Sale contain important information about Capital China 2006. A person who gives another person access to this Application Form must at the same time and by the same means give the other person access to the Terms of Sale. While the Terms of Sale are current, Commonwealth Bank or a securities dealer or other licensed financial intermediary who has provided an electronic copy of it will send a paper copy of the Terms of Sale and the application form on request and without charge.

**Correct form of registrable title.** Applications must be in the name(s) of natural person, companies or other legal entities acceptable to Commonwealth Bank. At least one full given name and the surname are required for each natural person. A non-registrable name may be included by way of account designation if completed exactly as described below.

Type of Investor	Correct Form	Examples of Incorrect Form
<b>Individual.</b> Use given names not initials	John Adam Smith	J.A. Smith
<b>Company.</b> Do not use abbreviations	ABC Pty Ltd	ABC P/L ABC Co
<b>Trusts.</b> Use Trustee's personal name Do not use the name of the Trust	John Smith <John Smith Family A/C>	John Smith Family Trust
<b>Partnerships.</b> Use personal names not the name of the partnership	John Smith and Michael Smith <John Smith & Sons A/C>	John Smith & Son
<b>Clubs/Incorporated Bodies/Business Names.</b>	Amanda Smith <ABC Bowling Club>	ABC Bowling Club
<b>Superannuation Funds.</b> Use Trustee's name not the name of the Trust	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund



**Send Applications to:**

Capital China 2006  
Commonwealth Securities  
Locked Bag 34  
Australia Square NSW 1214

**Office use only**

Application Number

Capital Investment Loan

(tick if applicable)

Adviser Name

Broker/Adviser Stamp:

This Application Form is to be used for investing in Capital China 2006. If this PDS is distributed electronically, then those receiving it electronically should note that applications can only be accepted if the issuer receives a completed current Application Form which accompanied the electronic or paper copy of this PDS dated 28 August 2006. Paper copies of this PDS (with Attached Application Form) are available free on request. Terms used in this Application Form which are defined in the Terms of Sale have the same meaning in this Application Form.

**A Applicant Details**

**COMPULSORY**

**SECTION A1: APPLICANT 1 / DIRECTOR 1 / TRUSTEE 1**

Title:  Mr  Ms  Mrs  Miss  Dr Other (specify) \_\_\_\_\_

Surname:

Given Name:

Gender:  Male  Female Date of Birth:

Residential address (not a PO Box)  State  Postcode

Postal address  State  Postcode

Phone Numbers Home ( )   Work ( )

Fax ( )   Mobile

*please tick your preferred contact number*

Email address

TFN/Exemption Number/Category:



**A Applicant Details (continued...)**

**COMPULSORY**

**APPLICANT 2 / DIRECTOR 2 / TRUSTEE 2**

Title:  Mr  Ms  Mrs  Miss  Dr Other (specify) \_\_\_\_\_

Surname:

Given Name:

Gender:  Male  Female Date of Birth:

Residential address (not a PO Box)  State  Postcode

Postal address  State  Postcode

Phone Numbers Home ( )   Work ( )

Fax ( )   Mobile

*please tick your preferred contact number*

Email address

TFN/Exemption Number/Category:

**SECTION A2: COMPANY APPLICANT**

If you are a company applicant, you must also complete section A1 (Director 1 and/or Director 2 details).

Company Name:

ABN Number:

Registered address (not a PO Box)  State  Postcode

Postal address  State  Postcode

Phone Numbers Business 1 ( )   Business 2 ( )

Fax ( )   Mobile

*please tick your preferred contact number*

Email address

**A Applicant Details (continued...)**

**COMPULSORY**

**SECTION A3: TRUST / SUPERANNUATION FUND APPLICANT**

- › Individual(s) as trustee(s): you must complete section A1 (Trustee 1 and/or Trustee 2).
- › Company as a trustee: you must complete section A1 (Director 1 and/or Director 2 details) and section A2 (Company details).

Trustee(s) Name: *(Insert individual Trustee name(s) or Company name)*

Trust/Superannuation Name:

ABN Number:

TFN/Exemption Number:

**B Application Amount & Method of Payment**

**COMPULSORY**

**APPLICATION AMOUNT**

Investment Amount	\$ <input type="text"/>		<b>A</b>
Application Fee	\$ <input type="text"/>	+	<b>B</b>
<b>Application Amount</b>	\$ <input type="text"/>		<b>C = A + B</b>

- › Minimum Investment Amount is \$5,000 with increments of \$1,000.
- › Application Fee is 2.00% of the Investment Amount (for example, \$5,000 Investment Amount has an Application Fee of \$100).
- › Application Amount would be the sum of the Investment Amount and the Application Fee.

**PAYMENT METHOD**

Please indicate by ticking one of the boxes below:

- Cheque (Made out to Commonwealth Bank. **You must** complete section C)
- Direct Debit (**You must** complete and sign the Direct Debit Request in section G)

**C Cheque for Application Amount****OPTIONAL**

*To be completed by Applicant(s) who ticked "Cheque" in section B.*

Drawer

Bank

Branch

Amount

**D Direct Credit Details****OPTIONAL**

*Please credit the Maturity Value of my investment to the following Bank Account (must be in the exact same name/s as your Capital China 2006 investment).*

Bank Name

Branch

Account Name

BSB No.

Account No.

- If you do not complete this section, or the Direct Debit Request, we will pay any amounts that are due to you by cheque made payable to you and sent to the address nominated by you on the Application Form.



**E Authorised Representative Details**

**OPTIONAL**

*To be completed by Applicant(s) and signed by the authorised representative.*

We are authorised to share information about Capital China 2006 with your authorised representative and we are authorised to act on the instructions of your authorised representative.

Tick if the authorised representative is your adviser

Title  Mr  Ms  Mrs  Miss  Dr Other (specify) \_\_\_\_\_

Surname

Given Name(s)

Gender:  Male  Female

Adviser CAN:  (if previously provided to Adviser by us)

Adviser is Authorised Representative of (Australian Financial Services Licence):

(Write Adviser firm):

Residential address (not a PO Box)   
State Postcode

Postal address   
State Postcode

Phone Numbers Home ( )  Work ( )

Fax ( )  Mobile

*please tick your preferred contact number*

Email address

Signature of Authorised Representative

Date

Adviser's Stamp:

**F Identification Details**

**COMPULSORY**

**1. Existing CommSec Share Trading Account**

Please indicate how many years *you* have been trading in shares

0-2 years     2-5 years     Over 5 years

Are you a client of *Commonwealth Securities*?

Yes     No

If Yes, please provide *your* account number:

**APPLICANT 1 / DIRECTOR 1 / TRUSTEE 1 (OR JOINT ACCOUNT)**

**APPLICANT 1 / DIRECTOR 2 / TRUSTEE 2**

**COMPANY APPLICANT**

**2. Existing Commonwealth Bank Accounts**

Do you have any other Commonwealth Bank Accounts?

Yes     No

If yes, please write the account numbers here: (*Loan account numbers should include both personal and company accounts*)

BSB No.    -       Account Number

Account in the name(s) of:

BSB No.    -       Account Number

Account in the name(s) of:

BSB No.    -       Account Number

Account in the name(s) of:

BSB No.    -       Account Number

Account in the name(s) of:

**3. Identification**

If any *Applicant/Director/Trustee* cannot provide details in either question 1 or 2 (above), then please attach a copy of one form of identification as listed below:

**APPLICANT 1 / DIRECTOR 1 / TRUSTEE 1**

Driver's Licence     Passport     Proof of Age Card     Seniors Card

**APPLICANT 1 / DIRECTOR 2 / TRUSTEE 2**

Driver's Licence     Passport     Proof of Age Card     Seniors Card



**G Direct Debit Request**

**OPTIONAL**

*The Account Name must be a holder of this Capital China 2006 Investment and must be held with banks, building societies and credit unions within Australia. Direct Debit is not allowed on the full range of accounts. If in doubt, please refer to your bank.*

Form of Request for debiting amounts to accounts through the Bulk Electronic Clearing System (BECS). If you wish to make payment of the Application Amount for Capital China 2006 by Direct Debit, we can arrange a Direct Debit from your Bank Account. By completing this Direct Debit Request you are authorising Commonwealth Securities Ltd to both direct debit and direct credit your account.

I/We (Name that appears on your account)

I/We (Name that appears on your account if held jointly)

authorise and request, Commonwealth Securities (APCA User ID No. 062934) as agent for Commonwealth Bank of Australia to arrange for funds to be debited from my/our account at the financial institution identified below and as prescribed below through the Bulk Electronic Clearing System (BECS). This authorisation is to remain in force in accordance with the terms described in the Direct Debit Request Service Agreement below.

I/We authorise the following:

1. Commonwealth Bank to verify the details of the account with my/our Financial Institution.
2. The Financial Institution to release information allowing Commonwealth Bank to verify the account details.

Signature of Applicant 1 / Director 1 / Trustee 1 (Joint)

Signature of Applicant 2 / Director 2 / Trustee 2 (Joint)

Date

 /  / 

Date

 /  / 

*(If the Bank Account is in joint names, both account holders must sign.)*

**Bank Account Details**

Bank Name

Branch

Account Name

BSB No.

Account No.

**COMMONWEALTH BANK CAPITAL CHINA 2006 DIRECT DEBIT SERVICE AGREEMENT**

**Debit arrangements**

1. We reserve the right to charge a transaction fee if any debit item already debited from your nominated account is returned as unpaid by the Financial Institution.
2. We will keep the information about your nominated account at the Financial Institution private and confidential unless this information is required by us to investigate a claim made on it relating to an alleged incorrect or wrongful debt, or as otherwise required by law.
3. In the event of a debit returned unpaid we may attempt a redraw on your nominated account.
4. We will advise you 14 days in advance of any changes to the Direct Debit arrangements.

**Your Rights**

5. You may terminate the Direct Debit arrangement with us, however this termination must be in writing.
6. Where you consider the debit is incorrect in either the due date or amount or both, you should raise the matter with Commonwealth Bank on **13 15 20**.

**Your Responsibilities**

7. It is your responsibility:
  - to check with the Financial Institution where your account is held before completing the Direct Debit Request (DDR) as Direct Debiting through Bulk Electronic Clearing System (BECS) is not allowed on the full range of accounts. You should also complete your account details (including Bank State Branch (BSB) number) directly from a recent account statement from your Financial Institution;
  - to ensure sufficient cleared funds are available in the nominated account to meet the debit on the due settlement date of your transactions executed by Commonwealth Bank;
  - to ensure that the authorisation to debit the nominated account is in the same name as the account held by the Financial Institution;
  - to advise us if the account you have nominated to debit is transferred or closed;
  - to ensure that suitable arrangements are made if the Direct Debit is cancelled:
    - by yourself;
    - by your nominated Financial Institution; or
    - for any other reason.

**H Declaration and Signature(s)**

**COMPULSORY**

- › Please read section H in its entirety. You must provide the required signatures at the end of section H before returning the Application Form to us.

**General Declaration:** I/We whose full name(s) and address(es) appear above, hereby apply for Commonwealth Bank Capital China 2006 as set out on this Application Form, to be issued in accordance with the Terms of Sale issued by Commonwealth Bank of Australia. I/We have read and understood the Product Disclosure Statement, Terms of Sale and Schedule of Terms for Capital China 2006. I/we agree to accept Commonwealth Bank Capital China 2006 on the basis of and be bound by the Terms of Sale.

I/we acknowledge that we have read and understood the declarations set out above in this Application Form and by signing below I/we agree to be bound by them and make the declarations contained therein.

Your signature below also indicates your consent to such use and disclosure of your personal information as are indicated above.

You may, however, indicate that you do not want to receive marketing information from us by ticking the box.

Applicant 1 / Director 1 / Trustee 1

Applicant 2 / Director 2 / Trustee 2

**Representations and Warranties: I/We represent and warrant that:**

- › I am/we are not bankrupt nor insolvent, am/are able to pay my/our debts as and when they become due, no step has been taken to make me/us bankrupt or commence winding up proceedings, appoint a controller or administrator, seize or take possession of any of my/our assets or make an arrangement, compromise or composition with any of my/our creditors;
- › I/we have full legal capacity to make the Application and be bound by the Terms of Sale and have taken all actions that are necessary to authorise the Application and be bound by the Terms;
- › I/we have reviewed the Terms of Sale and I/we have made my/our own independent investigations and appraisals of the taxation, legal, commercial and credit aspects associated with the purchase of the Delivery Assets;
- › I/we have not relied in any way whatsoever on any statements made by Commonwealth Bank of Australia or any of its related entities or their servants, agents, employees or representatives in relation to the Terms of Sale or the deferred purchase of the Delivery Assets and I/we acknowledge that Commonwealth Bank of Australia has not made any representations to me/us regarding the suitability or appropriateness of the deferred purchase of the Delivery Assets;
- › I/we understand that nothing in the Terms of Sale or any marketing material associated with Capital China 2006 can be considered investment advice or a recommendation to buy the Delivery Assets; and
- › I/we have obtained all consents which may be required by law to enable me/us to acquire the Delivery Assets and to become registered as the holder of the Delivery Assets and that the registration of me/us as the holder of the Delivery Assets will not contravene any law, regulation or ruling or the constitution of any company.
- › I/we (and no other person) are not in breach of any law or any obligation to another person by entering into or becoming bound by the Terms of Sale;
- › by applying for Capital China 2006, I/we will not be in breach nor there be any resulting breach of any exchange controls, fiscal, securities or other laws or regulations for the time being applicable to Capital China 2006 or me/us;
- › I/we are not a resident or national of any jurisdiction where the Application for or the Completion of Capital China 2006 is prohibited by any law or regulation or where compliance with the relevant laws or regulations would require filing or other action by the Commonwealth Bank of Australia or any of its related bodies corporate.
- › I/we acknowledge that the Commonwealth Bank does not provide taxation advice and the information contained in section of the PDS headed "Tax Considerations" is necessarily general in nature and does not take into account the specific taxation circumstances of each individual Investor. I/we acknowledge that I/we have been advised to seek my/our own independent advice on the taxation implications relevant to my/our own circumstances before making an investment decision;
- › all the information that I/we have given to the Commonwealth Bank of Australia is correct and not misleading; and
- › I/we have not withheld any information that might have caused the Commonwealth Bank of Australia to reject my/our Application.

**H Declaration and Signature(s) (continued...)**

› I/we acknowledge that my/our signatures below indicates my/our authorisation of the payment instructions provided to the Bank in this application form.

**Power of Attorney:** For valuable consideration I/we irrevocably appoint Commonwealth Bank of Australia, its nominees and any of their directors, secretaries and managers or any employee whose title includes the words “director”, “head” or “manager” severally as my/our attorney to do (either in my/our name or the name of the attorney) all acts and things that I am/we are obliged to do under the Terms of Sale or which, in the opinion of Commonwealth Bank of Australia, are necessary or desirable in connection with the Delivery Assets (as defined in the Terms of Sale) or the protection of Commonwealth Bank of Australia’s interests or the exercise of the rights, powers and remedies of Commonwealth Bank of Australia, including without limitation the authority to sell the Delivery Assets on my/our behalf in accordance with clause 4.5 of the Terms of Sale.

**PLEASE READ THE TERMS CAREFULLY BEFORE SIGNING THIS APPLICATION FORM**

› Every statement and direction made above is, in the case of persons who jointly apply for Capital China 2006, made jointly and severally by each applicant.

**ACKNOWLEDGEMENT AND SIGNATURES**

*Each Joint Applicant must sign this Application Form.*

Signature / Execution clause Signed by:

Applicant 1 / Trustee 1 Signature

Date

/  /

Applicant 2 / Trustee 2 Signature

Date

/  /

Director 1 Signature

Date

/  /

Director 2 / Secretary Signature

Date

/  /

**Bank use only**

Branch number

RM name

Client’s CRIS code

**Check List - Capital China 2006 Application Form**

Before you send in your Application Form for Capital China 2006, use this list to check that you have provided all the information required.

Tick	Section	
	A	Your personal and contact details
	B	How much you are investing and how you are going to pay for your investment
	C	Only if you have selected to pay by cheque in section B
	D	Your direct credit details (OPTIONAL)
	E	Your authorised representative details (OPTIONAL)
	F	Identify yourself, and attach the relevant documents for identification
	G	Only if you have selected to pay using Direct Debit in section B
	H	Read and sign the Declaration statement

**Send your completed and signed Application Form to:**

Capital China 2006  
Commonwealth Securities  
Locked Bag 34  
Australia Square NSW 1214

**How did you hear about Capital China 2006?:**

- CommSec email / direct mail
- CommSec website
- CommSec call centre
- Other, please specify \_\_\_\_\_