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(a joint stock company incorporated in the People’s Republic of China with limited liability)
(Stock code: 0416)

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PROPOSED ISSUE OF THE OFFSHORE PREFERENCE SHARES

The Board announces that, at the meeting of the Board held on 22 March 2017, it has resolved to seek the Shareholders’ approval of the proposed issue of not more than 100 million Offshore Preference Shares to raise proceeds not exceeding RMB10 billion or its equivalent to replenish the Bank’s Additional Tier 1 Capital.

The issuance of the Offshore Preference Shares will be conducted by way of a private placement in accordance with the relevant rules on issuance and the Offshore Preference Shares shall be issued in a single or multiple series in accordance with the relevant procedures after being approved by regulatory authorities. The listing/trading arrangements for the Offshore Preference Shares will be set out in the issuance documents. There will be no lock-up period for the Offshore Preference Shares. The Bank shall have the right to mandatorily convert all or part of the Offshore Preference Shares into H Shares on the occurrence of certain prescribed events.

The issuance of the Offshore Preference Shares is subject to certain conditions including, among other things, (i) the passing of the relevant resolutions by the Domestic Shareholders at the Domestic Shareholders' Class Meeting, by the H Shareholders at the H Shareholders' Class Meeting and by the Shareholders at the AGM, in each case, as a special resolution; and (ii) the approval by or filing with competent regulatory authorities, including the approval by the CBRC or its local affiliate and the CSRC, and the filing and registration with the National Development and Reform Commission (國家發展和改革委員會).

PROPOSAL ON THE AUTHORISATION TO THE BOARD AND ITS AUTHORISED PERSONS TO DEAL WITH ALL MATTERS RELATING TO THE ISSUANCE OF THE OFFSHORE PREFERENCE SHARES

To ensure the successful implementation of the issuance of the Offshore Preference Shares, it is proposed at the AGM and the Class Meetings, in each case, as a special resolution, to authorise the Board and two executive Directors delegated by the Board or any delegated senior managements to exercise full power to deal with the matters in connection with the issuance of the Offshore Preference Shares under the principles for the issuance of the Offshore Preference Shares which has been approved at the AGM and the Class Meetings and within the validity period of the authorization for the issuance of the Offshore Preference Shares.

PROPOSED EXTENSION OF THE VALIDITY PERIOD OF THE A SHARE OFFERING AND THE RELEVANT AUTHORISATION MATTERS

The Board further announces that, it has resolved to seek the Shareholders' approval of the proposed extension of the validity period of the A Share Offering and the relevant authorisation matters by 12 months from the day following the original expiry date (i.e. 29 June 2017), which has no impact towards the normal progress of the A Share Offering. Other than the above further extension of the validity period of the A Share Offering and the relevant authorisation matters, other details of the proposed A Share Offering remain unchanged and shall continue to have effect.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In connection with the proposed non-public issuance of the Offshore Preference Shares by the Bank, in accordance with the State Council Guidance Opinion, the Joint Guidance Opinion and other relevant laws, regulations and regulatory documents, with reference to the Administrative Measures on Preference Shares, and taking into account the actual situation of the Bank, the Bank has proposed certain amendments to the current Articles of Association, details of which will be set out in the circular to be dispatched to the Shareholders in relation to such proposal.

PROPOSED ISSUE OF THE GREEN FINANCIAL BONDS

To further support the local economy, especially the development of the green industry, and to meet the financing needs of relevant customers, the Board proposes to issue the green financial bonds in the aggregate principal amount of not more than RMB2,000,000,000 in the inter-bank bond market in one or several tranches according to relevant rules and regulations of the PRC (the “**Green Financial Bonds**”). The Green Financial Bonds will not be listed on the Stock Exchange.

The proposed issue of the Offshore Preference Shares, the A Share Offering and the issue of the Green Financial Bonds are subject to certain conditions, including but not limited to the market condition, the Shareholders' approval at the AGM and Class Meetings, as well as the approvals of the CBRC or its other local branches, CSRC and/or other relevant regulatory authorities, and accordingly, may or may not proceed. Shareholders and potential investors are advised to exercise caution in dealing in the H Shares or other securities of the Bank.

This announcement is made by the Bank pursuant to the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO and Rules 13.09 and 13.51(1) of the Listing Rules.

The Board announces that, at the meeting of the Board held on 22 March 2017, it has resolved to seek the Shareholders' approval for various matters. Further details are set out below.

1. PROPOSED ISSUE OF THE OFFSHORE PREFERENCE SHARES

In order to enhance the overall competitiveness and risk resistance capacity, improve the capital adequacy ratio and core capital adequacy ratio and promote the sustainable development of the Bank, the Bank plans to conduct a non-public issuance of not more than 100 million Offshore Preference Shares to raise proceeds not exceeding RMB10 billion or its equivalent to replenish the Bank's Additional Tier 1 Capital.

In accordance with the State Council Guidance Opinion and the Joint Guidance Opinion, and with reference to relevant provisions of the Administrative Measures on Preference Shares and other relevant laws, regulations and regulatory documents, the Bank formulated the relevant plan for non-public issuance of the Offshore Preference Shares.

The issuance of the Offshore Preference Shares will be conducted by way of a private placement in accordance with the relevant rules on issuance and the Offshore Preference Shares shall be issued in a single or multiple series in accordance with the relevant procedures after being approved by regulatory authorities. The listing/trading arrangements for the Offshore Preference Shares will be set out in the issuance documents. The Bank shall have the right to mandatorily convert all or part of the Offshore Preference Shares into H Shares on the occurrence of certain prescribed events.

On 22 March 2017, the Board considered and approved the Offshore Issuance Plan, and resolved to submit the proposal to the AGM and the Class Meetings for consideration. The issuance of the Offshore Preference Shares is subject to certain conditions including, among other things, (i) the passing of the relevant resolutions by the Domestic Shareholders at the Domestic Shareholders Class Meeting, by the H Shareholders at the H Shareholders Class Meeting and by the Shareholders at the AGM, in each case, as a special resolution; and (ii) the approval by or filing with competent regulatory authorities, including the approval by the CBRC or its local affiliate and the CSRC, and the filing and registration with the National Development and Reform Commission.

The Board further resolved to delegate authority to the chairman of the Board, the president of the Bank and the secretary to the Board, individually or jointly, to make necessary adjustments to the Offshore Issuance Plan proposed to be submitted to the AGM and the Class Meetings based on opinions and suggestions of the Stock Exchange and other competent regulatory authorities.

For details of the Offshore Issuance Plan, please refer to Appendix 1 to this announcement.

2. PROPOSAL ON THE AUTHORISATION TO THE BOARD AND ITS AUTHORISED PERSONS TO DEAL WITH ALL MATTERS RELATING TO THE ISSUANCE OF THE OFFSHORE PREFERENCE SHARES

To ensure the successful implementation of the issuance of the Offshore Preference Shares, it is proposed at the AGM and the Class Meetings, in each case as a special resolution, to authorise the Board and two executive Directors delegated by the Board or any delegated senior managements to exercise full power to deal with the matters in connection with the issuance of the Offshore Preference Shares under the principles for the issuance of the Offshore Preference Shares which has been approved at the AGM and the Class Meetings and within the validity period of the authorization for the issuance of the Offshore Preference Shares.

For details of the Proposal on the Authorisation of the Matters Relating to the Issuance of the Offshore Preference Shares, please refer to Appendix 2 to this announcement.

3. PROPOSED EXTENSION OF THE VALIDITY PERIOD OF THE A SHARE OFFERING AND THE RELEVANT AUTHORISATION MATTERS

Reference is made to the announcements of the Bank dated 23 March 2016, the circular of the Bank dated 13 May 2016, the poll results announcement dated 29 June 2016 in relation to, inter alia, the approval of the A Share Offering proposal and the authorisation granted to the Board and, with delegation by the Board, the Directors to deal with matters relating to the A Share Offering (collectively known as “**A Share Offering and the Relevant Authorisation Matters**”).

The original resolutions regarding the A Share Offering and the Relevant Authorisation Matters were considered and approved at the annual general meeting, the domestic share class meeting and the H share class meeting of the Bank held respectively on 29 June 2016. The resolutions and authorisation were valid for 12 months from the date of passing of such resolution at the said annual general meeting, domestic share class meeting and H share class meeting.

Given the Bank's application for the A Share Offering is still in progress, and the above resolutions and authorisation in relation to the A Share Offering and the Relevant Authorisation Matters are about to expire, at the meeting of the Board held on 22 March 2017, the Board resolved to put forward the proposal to extend the validity period of the A Share Offering and the Relevant Authorisation Matters by 12 months from the day following the original expiry date (i.e. 29 June 2017) for consideration and approval at the AGM and the Class Meetings, which has no impact towards the normal progress of the A Share Offering. Other than the above further extension of the validity period of the A Share and the relevant authorisation matters. Other details of the A Share Offering remain unchanged, and will continue to be valid.

The above further extension of the validity period of the A Share Offering and the Relevant Authorisation Matters is subject to approval by the relevant Shareholders by way of special resolution at the AGM and the Class Meetings.

4. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In connection with the proposed non-public issuance of the Offshore Preference Shares by the Bank, in accordance with the State Council Guidance Opinion, the Joint Guidance Opinion and other relevant laws, regulations and regulatory documents, with reference to the Administrative Measures on Preference shares, and taking into account the actual situation of the Bank, the Bank has proposed certain amendments to the current Articles of Association. Details of the proposed amendments to the Articles of Association will be set out in the circular to be dispatched to the Shareholders in relation to such proposal.

The proposed amendments to the Articles of Association will be subject to the approval of the Shareholders at the AGM by way of special resolution and the approval from the CBRC or its branches, and will be effective from the completion date of the issuance of the first tranche of the Offshore Preference Shares.

5. PROPOSED ISSUE OF THE GREEN FINANCIAL BONDS

5.1 Proposed issue of the Green Financial Bonds

To further support the local economy, especially the development of the green industry, and to meet the financing needs of relevant customers, the Board proposes to, upon obtaining necessary approvals from relevant authorities, issue the Green Financial Bonds in the aggregate principal amount of not more than RMB2,000,000,000 in the inter-bank bond market in one or several tranches according to relevant rules and regulations of the PRC. The Green Financial Bonds will not be listed on the Stock Exchange.

Detailed information relating to the issuance of the Green Financial Bonds are as follows:

1. Size : not more than RMB2,000,000,000 and will be issued in one or several tranches
2. Type and maturity : non-capital financial bonds, with 3-year or 5-year maturity term
3. Interest rate : a fixed interest rate which is proposed to be determined through the book-building process in placing or by the result of public tender
4. Use of proceeds : to be used in green industry projects specified in the Green Projects Catalogue (《綠色債券支援專案目錄》) launched by the Green Finance Committee of the China Society for Finance & Banking (中國金融學會綠色金融專業委員會)
5. Target subscribers : members of the national inter-bank bond market of the PRC
6. Term of validity of the resolution : 12 months, commencing from the date of passing of the relevant special resolution at the AGM
7. Issue method : to be issued through book building by bookrunners and placing in the China's interbank bond market or by tender through the issue system of the People's Bank of China

The proposed issue of the Green Financial Bonds is subject to obtaining Shareholders' approval as a special resolution at the AGM and necessary approvals from the CBRC or its branches and other relevant regulatory authorities.

5.2 Authorisation to the Board to implement the issue of the Green Financial Bonds

It will be proposed at the AGM that the Board be authorized to implement the issue of the Green Financial Bonds (including but not limited to the determination of the offering time, offering method, offering period, interest rate, use of proceeds and other terms of the issue), to make necessary

adjustments pursuant to the requirement of the relevant regulatory authorities, and to delegate the chairman of the Board or his designated persons to handle the relevant matters regarding the issue of the Green Financial Bonds, execute relevant documents, appoint relevant professional parties and take any other actions that he/she may deem necessary for the purposes of the issues of the Green Financial Bonds. The authorisation for the issue of the Green Financial Bonds shall remain valid during the 12 months following the passing of the resolution at the Shareholders' general meeting.

6. GENERAL

The Bank will convene the AGM and Class Meetings (where applicable) to seek approval from the Shareholders for the above matters.

A circular containing, among other things, details of the above matters will be despatched to the Shareholders in due course.

The proposed issue of the Offshore Preference Shares, the A Share Offering and the issue of the Green Financial Bonds are subject to certain conditions, including but not limited to the market condition, the Shareholders' approval at the AGM and the Class Meetings, as well as the approvals of the CBRC or its other local branches, CSRC and/or other relevant regulatory authorities, and accordingly, may or may not proceed. Shareholders and potential investors are advised to exercise caution in dealing in the H Shares or other securities of the Bank.

7. DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Additional Tier 1 Capital”	has the meaning given to it in the Rules Governing Capital Management of commercial Banks (Provisional) issued by CBRC on 7 June 2012, which became effective on 1 January 2013
“AGM”	the annual general meeting of the Bank to be held on Thursday, 25 May 2017 or any adjournment thereof
“Administrative Measures on Preference Shares”	the Trial Administrative Measures on Preference Shares (優先股試點管理協法) issued by the CSRC on 21 March 2014

“Articles of Association”	the articles of association of the Bank
“A Share(s)”	ordinary share(s) proposed to be issued by the Bank pursuant to the A Share Offering and subscribed for in Renminbi
“A Share Offering”	the Bank’s proposed initial public offering of not more than 1,927,000,000 A Shares, which has been approved by the Shareholder on 29 June 2016
“Bank”	Bank of Jinzhou Co., Ltd.* (錦州銀行股份有限公司), a joint stock company incorporated in the PRC with limited liability, whose H Shares are listed on the Main Board of the Stock Exchange
“Board”	the board of Directors
“CBRC”	China Banking Regulatory Commission
“Class Meetings”	the Domestic Shareholders’ Class Meeting and the H Shareholders’ Class Meeting
“CSRC”	China Securities Regulatory Commission
“Director(s)”	director(s) of the Bank
“Domestic Share(s)”	the ordinary share(s) in the capital of the Bank with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in Renminbi by PRC nationals and/or PRC corporate entities
“Domestic Shareholder(s)”	holder(s) of Domestic Shares
“Domestic Shareholders’ Class Meeting”	the 2017 first class meeting of Domestic Shareholders or any adjourned meeting of the Bank to be held on Thursday, 25 May 2017 immediately after the conclusion of the AGM or any adjournment thereof (whichever is the later)
“H Shareholders’ Class Meeting”	the 2017 first class meeting of H Shareholders or any adjourned meeting of the Bank to be held on Thursday, 25 May 2017 immediately after the conclusion of the Domestic Shareholders’ Class Meeting or any adjournment thereof (whichever is the later)

“H Share(s)”	overseas-listed foreign investment share(s) in the share capital of the Bank, which is/are listed on the Main Board of the Stock Exchange with a nominal value of RMB1.00 each
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joint Guidance Opinion”	the Guidance Opinion on Issuance of Preference Shares by Commercial Banks for Replenishing Tier 1 Capital (關於商業銀行發行優先股補充一級資本的指導意見) jointly issued by the CBRC and the CSRC on 3 April 2014
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Offshore Issuance Plan”	the Plan for the Non-public Issuance of Offshore Preference Shares by the Bank
“Offshore Preference Shares”	the preference shares of an aggregate amount of not more than RMB10 billion or its equivalent, proposed to be issued by the Bank in the offshore market pursuant to the Offshore Issuance Plan as set out in Appendix 1 to this announcement
“Offshore Preference Shareholder(s)”	holder(s) of the Offshore Preference Shares
“Ordinary Share(s)”	the Domestic Share(s) and the H Share(s)
“Ordinary Shareholder(s)” or “Shareholder(s)”	holder(s) of Ordinary Share(s)
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“State Council
Guidance
Opinion” the Guidance Opinion on the Launch of Preference
Shares Pilot Scheme (國務院關於開展優先股試點的指
導意見) issued by the State Council on 30 November
2013

“Stock Exchange” The Stock Exchange of Hong Kong Limited

By order of the Board
Bank of Jinzhou Co., Ltd.*
Zhang Wei
Chairman

Jinzhou, the PRC, 22 March 2017

As at the date of this announcement, the Board comprises Mr. Zhang Wei, Ms. Chen Man, Ms. Zhao Jie, Mr. Wang Jing and Ms. Wang Xiaoyu, as executive Directors; Mr. Li Dongjun, Mr. Zhang Caiguang, Mr. Wu Zhengkui and Ms. Gu Jie, as non-executive Directors; Mr. Jiang Daxing, Mr. Deng Xiaoyang, Mr. Niu Sihui, Ms. Jiang Jian, Mr. Choon Yew Khee and Mr. Lin Yanjun, as independent non-executive Directors.

** Bank of Jinzhou Co., Ltd. is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry on banking and/or deposit-taking business in Hong Kong.*

Appendix 1:

The English version of this Offshore Issuance Plan is an unofficial translation of its Chinese version, for reference purpose only. In case of any discrepancies, the Chinese version shall prevail. The full version of the Offshore Preference Shares issuance plan is as follows:

PLAN FOR THE NON-PUBLIC ISSUANCE OF OFFSHORE PREFERENCE SHARES BY BANK OF JINZHOU CO., LTD.

1. Type of preference shares to be issued

The type of the securities to be issued will be preference shares that comply with the requirements of the laws, regulations and regulatory documents of the PRC and overseas (the “**Offshore Preference Shares**”).

2. Number of preference shares to be issued and issue size

The aggregate number of the Offshore Preference Shares to be issued will not exceed 100 million, with an aggregate amount to be issued not exceeding RMB10 billion or its equivalent. The actual issue size is to be determined by the Board within the abovementioned limit, in accordance with the authorisation given by the Shareholders’ general meeting (with a delegated mandate).

3. Par value and issue price

The par value of the Offshore Preference Shares will be RMB100 per Offshore Preference Share. The Offshore Preference Shares will be issued at or above the par value. The actual currency and issue price will be determined by the Board prior to issuance with reference to market conditions and in accordance with relevant laws, regulations and market practice and the authorisation given by the Shareholders’ general meeting (with a delegated mandate).

4. Maturity

The Offshore Preference Shares will not have any maturity date.

5. **Method of issuance and target investors**

The issuance of the Offshore Preference Shares will be conducted by way of a private placement in accordance with the relevant rules on issuance and the Offshore Preference Shares shall, after being approved by regulatory authorities, be issued in a single or multiple series in accordance with the relevant procedures. If the Offshore Preference Shares are to be issued in multiple series, no separate approval shall be required to be obtained from existing preference shareholders for each such issuance.

Each series of the Offshore Preference Shares will be offered to no more than 200 qualified investors who comply with the requirements under relevant regulatory rules and other laws and regulations. All target investors shall subscribe the Offshore Preference Shares in cash.

6. **Lock-up period**

There will be no lock-up period for the Offshore Preference Shares.

7. **Dividend Distribution Terms**

(1) *Principles for determining the dividend rate*

The proposed dividend rate for the Offshore Preference Shares (such dividend rate will be calculated by reference to the issue price of the Offshore Preference Shares, similarly construed hereinafter) may be adjusted at different intervals. The dividend rate at the time of issuance shall be determined by the Board by way of market pricing, in accordance with the authorisation given by the Shareholders' general meeting (with a delegated mandate) together with other factors including relevant laws and regulations, market conditions at the time of issuance, investor demand and the actual circumstances of the Bank. In any adjusted dividend rate period, dividends on the Offshore Preference Shares will be paid at the same prescribed dividend rate and will be reset at specified intervals thereafter.

The dividend rate consists of the benchmark rate and the fixed spread. The fixed spread will be determined by deducting the benchmark rate at the time of price determination from the dividend rate at the time of issuance and will remain unchanged once determined. On the dividend reset date, the new dividend rate for the next adjusted dividend rate period will be determined, and will equal to the sum of the benchmark rate as at such dividend reset date and the fixed spread as determined at the time of price determination.

The dividend rate will not be higher than the mean of the weighted average return on equity of the Bank for the last two financial years before issuance¹.

(2) *Conditions to distribution of dividends*

If the Bank has distributable after-tax profit² after making up for previous years' losses and contributing to the statutory reserve and general reserve, the Bank may pay dividends to the Offshore Preference Shareholders in accordance with the Articles of Association, provided that the capital adequacy ratio of the Bank meets regulatory requirements. The Offshore Preference Shareholders shall rank in priority to the Ordinary Shares in terms of dividend distribution. Distribution of dividends will not be affected by the rating of the Bank and will not be adjusted as a result of any change to such rating.

In order to meet the regulatory requirements for the eligibility criteria for Additional Tier 1 Capital instruments, the Bank shall have the right to cancel dividend payments on the Offshore Preference Shares in whole or in part at its discretion and this will not constitute an event of default. The Bank, at its discretion, may use any dividend so cancelled to repay other debts that are due. The cancellation of any dividend payment to the Offshore Preference Shareholders will only constitute a restriction on the payment of dividend to the Ordinary Shareholders and will not constitute any other restrictions on the Bank. Any declaration and payment of all of the dividends on the Offshore Preference Shares by the Bank will be determined by the Board in accordance with the authorisation given by the Shareholders' general meeting (with a delegated mandate). Any cancellation of all or part of the dividends on the Offshore Preference Shares shall be subject to the consideration and approval by the Shareholders' general meeting. Any cancellation by the Bank of any dividends on the Offshore Preference Shares shall be notified to the holders of the Offshore Preference Shares at least ten working days prior to the dividend payment date.

¹ *As determined in accordance with the Rules for Preparation of Information Disclosure by Companies Offering Securities to the Public No. 9 — Calculation and Disclosure of Return on Equity and Earnings Per Share (as amended in 2010), and calculated based on the return attributable to the Ordinary Shareholders.*

² *Distributable after-tax profit is the undistributed profit as shown in the financial statements of the parent company prepared in accordance with Chinese Accounting Standards or International Financial Reporting Standards, whichever amount is lower.*

If the Bank cancels all or part of the distribution of dividends on the Offshore Preference Shares, the Bank shall not distribute any profits to the Ordinary Shareholders from the next day following the resolution being approved at the Shareholders' general meeting until the resumption of payment of dividends in full³ .

(3) ***Method of dividend payment***

Dividends on the Offshore Preference Shares shall be payable in cash. The dividend bearing principal amount of the Offshore Preference Shares shall be the aggregate value of the relevant series of Offshore Preference Shares then issued and outstanding (namely, the product of the issue price of the relevant series of the Offshore Preference Shares and the number of shares under the relevant series of the Offshore Preference Shares then issued and outstanding, similarly construed hereinafter). Dividends on the Offshore Preference Shares shall be paid annually, and will accrue from the due date for payment for the issuance of the relevant series of the Offshore Preference Shares.

(4) ***Dividend accumulation***

The dividends on the Offshore Preference Shares will be non-cumulative (namely, in the event of any cancellation by the Bank of all or part of the dividends on the Offshore Preference Shares, any amount of dividends not paid to the Offshore Preference Shareholders in full in the current period will not be accumulated to the following dividend periods).

(5) ***Distribution of residual profits***

After receiving the dividends at the prescribed dividend rate, the Offshore Preference Shareholders shall not be entitled to any distribution of residual profits of the Bank together with the Ordinary Shareholders.

³ *Resumption of payment of dividends in full means that the Bank decides to resume payment of dividends in full to the Offshore Preference Shareholders. However, as the Offshore Preference Shares have adopted a non-cumulative dividend approach, the Bank will not pay any dividends which have been cancelled in previous years.*

8. **Terms of mandatory conversion**

Upon the occurrence of the mandatory conversion trigger events, all or part of the then issued and outstanding Offshore Preference Shares shall be converted into H Shares subject to the approval of relevant regulatory authorities.

(1) *Mandatory conversion trigger events*

- (i) Upon the occurrence of an Additional Tier 1 Capital Trigger Event (namely, the Core Tier 1 capital adequacy ratio of the Bank falling to 5.125% or below), the Bank shall have the right to convert, without the approval of the Offshore Preference Shareholders, all or part of the Offshore Preference Shares then issued and outstanding into H Shares based on the aggregate value of such Offshore Preference Shares in order to restore the Core Tier 1 capital adequacy ratio of the Bank to above 5.125%. In case of partial conversion, the Offshore Preference Shares shall be converted ratably and on the same conditions. Upon conversion of the Offshore Preference Shares into H Shares, such H Shares will not be converted back to preference shares under any circumstances.
- (ii) Upon the occurrence of a Tier 2 Capital Trigger Event, the Bank shall have the right to convert, without the approval of the Offshore Preference Shareholders, all of the Offshore Preference Shares then issued and outstanding into H Shares based on the aggregate value of such Offshore Preference Shares. Upon conversion of the Offshore Preference Shares into H Shares, such H Shares will not be converted back to preference shares under any circumstances. A Tier 2 Capital Trigger Event means the earlier of the following events: (a) the CBRC having concluded that without a conversion or write-off of the Bank's capital, the Bank would become non-viable, and (b) the relevant authorities having concluded that without a public sector injection of capital or equivalent support, the Bank would become non-viable.

Upon the occurrence of the above mandatory conversion trigger events, the Bank shall report to the CBRC or its affiliates for review and determination and shall fulfil its relevant information disclosure obligations such as making provisional reports or announcements in accordance with relevant regulatory requirements.

(2) *Mandatory conversion period*

The mandatory conversion period of the Offshore Preference Shares commences on the first trading day immediately following the completion date of issuance of the Offshore Preference Shares and ends on the date of redemption or conversion of all the Offshore Preference Shares.

(3) *Mandatory conversion price and its adjustments method*

The initial mandatory conversion price of the Offshore Preference Shares shall be the average trading price of the H Shares of the Company in 20 trading days preceding the announcement date of the passing of the Board resolution in respect of the Offshore Preference Share issuance plan. The specific matters shall be determined by the Board as authorized by the Shareholders' general meeting (with a delegated mandate) according to market conditions.

The average trading price of the H Shares of the Company in 20 trading days preceding the announcement date of the Board resolution in respect of the Offshore Preference Share issuance plan = the total trading amount of the Company's H Shares in these 20 trading days/ the total trading volume of the Company's H Shares in these 20 trading days (i.e. HK\$9.09 per share).

In the event that the Bank, among other things, distributes bonus shares with respect to its H Shares, makes capitalisation issues, issues H Shares below the market price of the H Shares (excluding any increase in the share capital as a result of conversion of certain financial instruments issued by the Bank that are convertible into Ordinary Shares) or makes any rights issues, after the date when the Board approves the Offshore Preference Share issuance plan, the Bank will adjust the mandatory conversion price to reflect the above events on a cumulative basis and in the order of the occurrence of such events. The distribution of cash dividends to the Ordinary Shareholders will not result in any adjustment to the mandatory conversion price. The mandatory conversion price will be adjusted based on the following:

Bonus share issuance or capitalisation issue: $P_1 = P_0 \times N/(N + n)$

Issuance of new H Shares below the market price of the H Shares or by way of a rights issue: $P_1 = P_0 \times (N + k)/(N + n)$; $k = n \times A/M$

Where, "P₀" denotes the effective mandatory conversion price before adjustment; "P₁" denotes the effective mandatory conversion price after adjustment; "N" denotes the aggregate number of H Shares before such bonus share issuance, capitalisation issue, issuance of new H Shares below the market price of the H Shares or rights issue; "n" denotes the number of new H Shares issued as a result of such bonus share issuance, capitalisation issue, issuance of new H Shares below the market price of the H Shares or rights issue; "A" denotes the price for such issuance of new H Shares below the market price of the H Shares or rights issue; and "M" denotes the closing price of H Shares on the trading day preceding the date of announcement of such issuance of new H Shares below the market price of the H Shares or rights issue (namely, announcement containing the effective and irrevocable terms of such issuance or rights issue).

In the event that the rights and interests of the Offshore Preference Shareholders may be affected by any redemption of the Ordinary Shares by, or merger or division of, the Bank or any other circumstance which causes changes in the Bank's share class, number of shares and/or Shareholders' equity, the Bank shall have the right to adjust the mandatory conversion price based on the actual circumstances and in accordance with the principles of fairness, justice and equity as well as to fully protect the rights and interests of the Offshore Preference Shareholders and the Ordinary Shareholders. The adjustment mechanism for the mandatory conversion price in those circumstances will be determined in accordance with the relevant regulations.

(4) *Principles for determining the ratio and number for mandatory conversion*

Upon the occurrence of a trigger event, the Board will, in accordance with the approval of the CBRC or its affiliates and the authorisation given by the Shareholders' general meeting, confirm the aggregate amount of the Offshore Preference Shares for mandatory conversion and implement mandatory conversion of the Offshore Preference Shares then issued and outstanding in whole or in part, and the formula for determining the number of shares to be converted shall be: $Q = V/P \times \text{conversion exchange rate}$. Any fractional share will be dealt with by the Bank in accordance with relevant regulatory requirements. Where it is not specified in the regulatory requirements, any fractional share will be rounded down to the nearest integral number. Where: "Q" denotes the number of H Shares that shall be converted from the Offshore Preference Shares held by each Offshore Preference Shareholder; "V" denotes the number of the Offshore Preference Shares held by each Offshore Preference Shareholder that is subject to mandatory conversion multiplied by its issue price; "P" denotes the effective mandatory conversion price for the Offshore Preference Shares; and the "conversion exchange rate" refers to the cross rate between HK\$ and the currency in which the Offshore Preference Shares are denominated based on the RMB central parity rate published by the China Foreign Exchange Trading System on the trading day preceding the date of the announcement of the passing of the Board resolution in respect of the Offshore Preference Share issuance plan.

Upon the occurrence of a trigger event, the Offshore Preference Shares then issued and outstanding will be converted into corresponding number of H Shares based on the above formula in whole or in part on a ratable basis.

(5) ***Entitlement to dividends on Ordinary Shares in the year of mandatory conversion***

The H Shares to be issued as a result of the mandatory conversion of the Offshore Preference Shares will rank pari passu with the existing issued H Shares, and all Ordinary Shareholders whose names appear on the register of members of the Bank on the record date for dividend entitlement (including the holders of H Shares as a result of the mandatory conversion of the Offshore Preference Shares) shall be entitled to receive the dividend for the current dividend period and enjoy the same rights.

9. **Terms of conditional redemption**

(1) ***Redemption right***

The Bank shall have the right to redeem the Offshore Preference Shares subject to obtaining the approval of the CBRC or its affiliates. The Offshore Preference Shareholders do not have the right to require the Bank to redeem the Offshore Preference Shares and should not expect that the Offshore Preference Shares will be redeemed. The Offshore Preference Shares will not contain any term allowing investors to put back the Offshore Preference Shares to the Bank and the Offshore Preference Shareholders shall not have any right to require the Bank to repurchase the Offshore Preference Shares held by them.

(2) ***Redemption conditions and period***

From the fifth year following the date of issuance of the Offshore Preference Shares, or under the circumstances agreed by relevant regulatory authorities, including the CBRC, subject to obtaining the approval of the CBRC or its affiliates and the compliance with the relevant requirements, the Bank shall have the right to redeem all or part of the Offshore Preference Shares. The specific commencement date of redemption period shall be finally determined by the Board (as authorised by the Shareholders' general meeting) in accordance with market conditions. The redemption period ends on the conversion or redemption of all the Offshore Preference Shares.

The exercise by the Bank of its right to redeem the Offshore Preference Shares shall be subject to the fulfilment of the following conditions:

- (i) the Bank shall use capital instruments of the same or superior quality to replace the Offshore Preference Shares to be redeemed and such replacement shall only be made at a time at which the Bank has a sustainable income generating capability; or
- (ii) the capital position of the Bank immediately after redemption of the Offshore Preference Shares will remain significantly higher than the regulatory capital requirements prescribed by the CBRC.

(3) *Redemption price and basis for determining the redemption price*

The redemption price of the Offshore Preference Shares will be an amount equal to the issue price plus the amount of dividend declared but unpaid for the current period.

10. Restrictions on voting rights and terms of restoration of voting rights

(1) *Restrictions on voting rights*

Under normal circumstances, the Offshore Preference Shareholders are not entitled to convene or attend any Shareholders' general meetings of the Bank nor do the Offshore Preference Shares carry voting rights in any Shareholders' general meeting. If any of the following matters occurs, the Offshore Preference Shareholders will be entitled to attend Shareholders' general meetings and vote as a separate class. Under such circumstance, each Offshore Preference Share will be entitled to one vote, but the Offshore Preference Shares held by the Bank do not entitle the Bank to vote:

- (i) amendments to the Articles of Association of the Bank that relate to preference shares;
- (ii) reduction of the registered capital of the Bank by more than 10% on a single or aggregate basis;
- (iii) merger, division, dissolution or change of corporate form of the Bank;
- (iv) issuance of preference shares by the Bank; and
- (v) other events specified in the laws, administrative rules and departmental regulations and the Articles of Association of the Bank.

Resolutions relating to the above matters shall be approved by more than two thirds of the votes held by the Ordinary Shareholders present at the meeting (including preference shareholders with restored voting rights) and by more than two thirds of the votes held by the preference shareholders present at the meeting (excluding preference shareholders with restored voting rights).

(2) *Terms of restoration of voting rights*

Following the issuance of the Offshore Preference Shares by the Bank and so long as such Offshore Preference Shares remain outstanding, if the Bank fails to pay the prescribed dividend to the Offshore Preference Shareholders for three financial years in aggregate or two consecutive financial years, the Offshore Preference Shareholders will have the right to attend and vote at the Shareholders' general meetings as if they are Ordinary Shareholders from the day immediately after the Shareholders' general meeting resolves that the Bank will not pay the prescribed dividend for the current dividend period, and each preference share will be entitled to the voting rights as provided in the Articles of Association. The formula for calculating the voting rights of the Offshore Preference Shares with restored voting rights is as follows: $Q = V/P \times$ conversion exchange rate, with any fractional restored voting right rounded down to the nearest whole number.

Where: "Q" denotes the H Share voting rights restored from the Offshore Preference Shares held by each Offshore Preference Shareholder; "V" denotes the aggregate value of the Offshore Preference Shares with restored voting rights held by each Offshore Preference Shareholder; "P" denotes the conversion price, where the initial conversion price is equal to the initial mandatory conversion price; and the "conversion exchange rate" refers to the cross rate between HK\$ and the currency in which the Offshore Preference Shares are denominated based on the RMB central parity rate published by the China Foreign Exchange Trading System on the trading date preceding the date of the announcement of the passing of the Board resolution in respect of the Offshore Preference Share issuance plan.

After the date of the announcement of the passing of the Board resolution with respect to the Offshore Preference Share issuance plan, in the event of any distribution of bonus shares, capitalisation issue, issuance of new H Shares below the market price of the H Shares (excluding any increase of share capital due to conversion of financial instruments convertible to Ordinary Shares issued by the Bank), or rights issue, the Bank will make an adjustment to the conversion

price “P”, to reflect each of such events on a cumulative basis in the order of the occurrence of the events above. The detailed adjustment method shall be consistent with the adjustment method applicable to the mandatory conversion price as specified in “8. Terms of mandatory conversion”.

(3) ***Cancellation of restoration of voting rights***

After such restoration of the voting rights of the Offshore Preference Shares, such restored voting rights shall be cancelled from the date of full payment of the dividend on the Offshore Preference Shares for the current dividend period. After the cancellation of the restored voting rights, if the Bank fails to make any scheduled dividend payment, then “(2) Terms of restoration of voting rights” above shall apply again.

11. Order of distribution on liquidation and procedures for liquidation

When the Bank is undergoing liquidation, the residual assets of the Bank will be distributed in the following order of priority:

- (i) to pay the liquidation costs;
- (ii) to pay employees’ salaries, social insurance and statutory compensation;
- (iii) to pay the principal and interest of personal savings deposits;
- (iv) to pay taxes in arrears;
- (v) to settle the Bank’s debts; and
- (vi) to distribute to the Shareholders according to their class and ratably.

The Offshore Preference Shareholders shall rank *pari passu* with the holders of other preference shares that may be issued by the Bank in the future, and shall take precedence over holders of Ordinary Shares, in distribution of the residual property of the Bank. The Offshore Preference Shareholders will be entitled to an amount on liquidation equal to the aggregate value of the Offshore Preference Shares then issued and outstanding plus any declared but unpaid dividends for the current period. If there are insufficient residual assets, the distribution will be made ratably according to the aggregate value of the Offshore Preference Shares held by each Offshore Preference Shareholder as a proportion of the aggregate value of all preference shares of the Offshore Preference Shares.

The remaining assets of the Bank after settlement in accordance with the provisions aforesaid shall be distributed to the Ordinary Shareholders in proportion to the shareholding of Ordinary Shares held by them.

12. Security

The Offshore Preference Shares will not have any security arrangements.

13. Rating

The rating of the Offshore Preference Shares (if necessary) will be determined in accordance with relevant laws and regulations and market conditions of offshore issuance.

14. Use of proceeds

The proceeds from the issuance of the Offshore Preference Shares, after deduction of the expenses relating to the issuance, will be used to replenish the Bank's Additional Tier 1 Capital.

15. Listing/trading arrangements

The listing/trading arrangements for the Offshore Preference Shares will be set out in the issuance documents.

16. Validity period of the resolution for the issuance of the Offshore Preference Shares

The Offshore Preference Share issuance plan will be valid for 36 months from the date on which the resolution is approved at the Shareholders' general meeting.

Appendix 2:

The English version of this Offshore Issuance Plan is an unofficial translation of its Chinese version, for reference purpose only. In case of any discrepancies, the Chinese version shall prevail. The full version of the Offshore Preference Shares issuance plan is as follows:

Proposal on the Authorization of the Matters Relating to the Issuance of the Offshore Preference Shares

1. Matters authorised in connection with the issuance of the Offshore Preference Shares

To ensure the successful implementation of the issuance of the Offshore Preference Shares, it is proposed that the Shareholders' general meeting authorise the Board and two executive Directors delegated by the Board or any delegated senior managements to exercise full power to deal with the matters in connection with the issuance of the Offshore Preference Shares under the principles for the issuance of the Offshore Preference Shares which has been approved at the Shareholders' general meeting and within the validity period of the authorisation for the issuance of the Offshore Preference Shares, including but not limited to those set out below:

- (i) to formulate and implement the final Offshore Preference Share issuance plan, including but not limited to:
 - (a) to determine the number of series and the respective issue number and issue size of each series of the Offshore Preference Shares within the approved total issue number and issue size;
 - (b) to determine the method for determining the dividend rate and the specific dividend rate and adjusted dividend rate period of the Offshore Preference Shares;
 - (c) to determine whether the Offshore Preference Shares will be issued at or above par value, the issue price of the Offshore Preference Shares, the denomination currency, and the specific commencement date of the redemption period, redemption conditions and the issuance method of the Offshore Preference Shares, with reference to market conditions;
 - (d) to determine the timing of issuance, the arrangements relating to issuance in multiple series, the transfer arrangements, target investors of the Offshore Preference Shares and the number of the Offshore

Preference Shares to be allocated to each target investor according to approval from regulatory authorities, market conditions and the principles for the issuance of the Offshore Preference Shares which has been approved at the Shareholders' general meeting; and

- (e) to determine other matters in relation to the issuance plan (including but not limited to rating arrangements, special account for the proceeds, the tax arrangements in relation to any dividend payment, and the listing of the Offshore Preference Shares) and to make necessary adjustments to the Offshore Preference Shares issuance plan according to the latest regulatory requirements or opinions of regulatory authorities (including suspension and termination, similarly thereafter), except those matters that requires a separate vote at a Shareholders' general meeting in accordance with the relevant laws and regulations and the Articles of Association.
- (ii) if there are any new laws, regulations, regulatory rules or policies by relevant regulatory authorities on preference shares or any changes to market conditions occurring prior to the issuance of the Offshore Preference Shares, the Offshore Issuance Plan shall be amended accordingly to reflect such changes, except for amendments that must be approved in the Shareholders' meeting by voting according to relevant laws, regulations and the Articles of Association;
- (iii) to produce, amend, execute and file the application materials relating to the issuance, trading and transfer of the Offshore Preference Shares, and the documents relating to the issuance and transfer (such as offering circular/issuance circular/prospectus, as applicable) of the Offshore Preference Shares and to deal with related matters, such as approval, registration, filing, authorisation and consent by relevant regulatory authorities (including the Stock Exchange) according to the requirements of such relevant regulatory authorities;
- (iv) to amend, execute, implement, submit and publish all contracts, agreements and documents (including but not limited to sponsor and underwriting agreements, agreements relating to the issuance proceeds, subscription agreements entered into with investors, announcements, circulars and other disclosure documents) in relation to the issuance of the Offshore Preference Shares;
- (v) to make appropriate and necessary amendments, adjustments and supplements to the issuance plan and terms of the Offshore Preference Shares according to the opinions of the relevant regulatory authorities

(including, among others, the Stock Exchange, the CBRC and the CSRC) and the actual circumstances of the Bank to the extent permitted by laws and regulations;

- (vi) to amend those provisions in the Articles of Association relating to the issuance of the Offshore Preference Shares, to deal with regulatory approvals, to handle the formalities in relation to the approval and filing of the amendments to the Articles of Association, and to register with the administration for industry and commerce and other competent governmental bodies for the change of registration as well as other matters, in each case, according to the opinions of the relevant regulatory authorities, the result of the issuance of the Offshore Preference Shares and the actual situation of the Bank; and
- (vii) to deal with other matters relating to the issuance of the Offshore Preference Shares.

The authorisation for the issuance of the Offshore Preference Shares shall remain valid during the 12 months following the passing of the resolution at the Shareholders' general meeting. If the issuance of the Offshore Preference Shares is not completed before the expiration of the validity period of such authorisation, then such authorisation will lapse, but the Board has the right to seek approval at a Shareholders' general meeting to extend or renew the validity period of such authorisation.

2. Matters authorised in connection with the Offshore Preference Shares that remain outstanding

So long as the Offshore Preference Shares remain outstanding, it is proposed by the Board that the Shareholders' general meeting authorises the Board, which could be delegated, to exercise full power to deal with matters under laws and regulations, Articles of Association, relevant regulatory rules and the framework and principles as considered and resolved at the Shareholders' general meeting in relation to the following matters:

- (i) to deal with all matters relating to conversion of the Offshore Preference Shares during the conversion period upon occurrence of any trigger event for mandatory conversion of the Offshore Preference Shares, including but not limited to, determining the timing of conversion, conversion price, conversion ratio and implementing the procedures for conversion, amending the relevant provisions in the Articles of Association, dealing with regulatory approvals, registering with the administration for industry and commerce for the change in registered capital of the Bank as well as other matters;

- (ii) to decide on matters relating to redemption of the Offshore Preference Shares during the redemption period with reference to market conditions and other factors, and to deal with all matters relating to redemption as approved by the CBRC or its affiliates and other regulatory authorities; and
- (iii) to determine and deal with matters in relation to dividend payment to Offshore Preference Shareholders in accordance with the requirements of the issuance terms. However, cancellation of preference share dividends in whole or in part shall still require the approval of the Shareholders' general meeting.