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锦州银行股份有限公司
Bank of Jinzhou Co., Ltd.*

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

**PROPOSED ISSUANCE OF U.S.\$1,496,000,000 5.50%
NON-CUMULATIVE PERPETUAL OFFSHORE PREFERENCE SHARES**

Joint Global Coordinators

CMB International

CITIC CLSA Securities

AMTD

ICBC (Asia)

Joint Bookrunners and Joint Lead Managers

CMB International
Guotai Junan
International
Guosen Securities (HK)
SPDB International
Central China
International Capital Limited

CITIC CLSA Securities
China Securities
International
BNP PARIBAS
Cinda International
DBS Bank Ltd.

AMTD
Bank of China
Haitong International
Ping An of China Securities
(Hong Kong) Company Limited
Sun Hung Kai Financial

ICBC (Asia)
GF Securities
CCB International
Barclays

The Bank has entered into the Subscription Agreement with the Joint Lead Managers, pursuant to which the Joint Lead Managers have severally and not jointly agreed to subscribe or procure purchasers or subscribers to subscribe for the Offshore Preference Shares to be issued by the Bank on the terms of the Subscription Agreement. The Offshore Preference Shares will have a par value of RMB100 each. Subject to the conditions described in the Subscription Agreement, the Offshore Preference Shares will be subscribed at a price equal to 100% of the Liquidation Preference (U.S.\$20 each). The Offshore Preference Shares will be issued as fully paid-up capital in U.S. dollars.

The Offshore Preference Shares will be issued pursuant to the Articles of Association, the Shareholders Resolutions and the delegated authority of the Board, and two executive Directors delegated by the Board or any delegated senior managements of the Bank. The Offshore Preference Shares when issued will qualify as Additional Tier 1 Capital of the Bank pursuant to the Capital Management Rules issued by the CBRC.

Upon the Winding-Up of the Bank, the Offshore Preference Shareholders shall rank: (a) junior to holders of (i) all liabilities of the Bank including subordinated liabilities and (ii) obligations issued or guaranteed by the Bank that rank, or are expressed to rank, senior to the Offshore Preference Shares; (b) equally in all respects with each other and without preference among themselves and with the holders of Parity Obligations; and (c) in priority to the Ordinary Shareholders.

The Offshore Preference Shares are perpetual and have no maturity date. The Offshore Preference Shares are not redeemable at the option of the Offshore Preference Shareholders, and the Offshore Preference Shareholders do not have the right to put back the Offshore Preference Shares to the Bank. However, the Bank may, subject to obtaining CBRC approval and compliance with the conditions to the distribution of dividends set out in the Conditions and the Redemption Preconditions, upon not less than 30 nor more than 60 days' notice to the Offshore Preference Shareholders and the Fiscal Agent, redeem in whole or in part the Offshore Preference Shares on the First Reset Date and on any Dividend Payment Date thereafter. The redemption price for each Offshore Preference Share so redeemed shall be the aggregate of an amount equal to its Liquidation Preference plus any declared but unpaid dividends in respect of the period from (and including) the immediately preceding Dividend Payment Date to (but excluding) the date scheduled for redemption. Further details are described in the Conditions.

Subject as provided in the Conditions, each Offshore Preference Share shall entitle the holder thereof to receive non-cumulative dividends. Each dividend will be payable annually in arrear on 27 October in each year when, as and if declared by the Board subject to certain conditions as set out in the Conditions being met, and the first such Dividend Payment Date will be 27 October 2018. The Offshore Preference Shares will accrue dividends on their Liquidation Preference: (a) at the rate of 5.50% per annum, during the period from and including the Issue Date to but excluding the First Reset Date; and (b) thereafter, in respect of the period from and including the First Reset Date and each Reset Date falling thereafter to but excluding the immediately following Reset Date, the relevant Reset Dividend Rate. Subject to a resolution to be passed at a Shareholders' general meeting of the Bank on each such occasion, the Bank may elect to cancel (in whole or in part) the dividends otherwise scheduled to be paid on a Dividend Payment Date in the manner set out in the Conditions.

If any Trigger Event occurs, the Bank shall (having notified and obtained the approval of the CBRC but without the need for the consent of the Preference Shareholders or the Ordinary Shareholders) (a) cancel any dividend in respect of the relevant Loss Absorption Amount that is unpaid accrued up to and including the Conversion Date; and (b) irrevocably and compulsorily convert with effect from the Conversion Date all or some only of the Offshore Preference Shares into such number of H Shares as is equal to the Loss Absorption Amount held by the Offshore Preference Shareholders divided by the effective Conversion Price.

Based on the RMB central parity rate published by the China Foreign Exchange Trading Centre on 20 October 2017, the gross proceeds from the offering of the Offshore Preference Shares will be approximately RMB9.89 billion. The Bank expects the proceeds raised from the Offshore Preference Shares issuance, after deduction of commissions and the expenses relating to the issuance, to be approximately RMB9.84 billion and, subject to applicable laws and regulations and, the approvals by the relevant regulatory authorities such as the CBRC and the CSRC, will be used to replenish the Bank's Additional Tier 1 Capital.

There are restrictions on the offer and sale of the Offshore Preference Shares in certain jurisdictions including, but not limited to, the United States, the PRC, Hong Kong, Japan, Singapore and the United Kingdom. The Offshore Preference Shares and the H Shares issuable upon Conversion thereof have not been and will not be registered under the Securities Act. Accordingly, the Offshore Preference Shares and the H Shares issuable upon Conversion are not allowed to be offered or sold in the United States, except in those transactions where relevant exemption has been obtained or the registration requirements of the Securities Act are not applicable. The Offshore Preference Shares will be offered outside the United States in compliance with Regulation S.

The Offshore Preference Shares are not intended to be sold and should not be sold to retail clients in the European Economic Area, as defined in the rules set out in the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015 (as amended or replaced from time to time) other than in circumstances that do not and will not give rise to a contravention of those rules by any person. The Offshore Preference Shares are offered to professional investors only and are not suitable for retail investors. Investors should not purchase the Offshore Preference Shares in the primary or secondary markets unless they are professional investors.

The Offshore Preference Shares will be issued in registered form and issued and transferable only in minimum amounts of U.S.\$200,000 (or 10,000 Offshore Preference Shares) and integral multiples of U.S.\$1,000 (or 50 Offshore Preference Shares) in excess thereof.

An application has been made to the Stock Exchange for the listing of, and permission to deal in, the Offshore Preference Shares and the H Shares to be issued upon Conversion. A further announcement will be made before listing of and dealings in the Offshore Preference Shares commence.

Completion of the Subscription Agreement and issue of the Offshore Preference Shares are subject to the satisfaction or waiver of the conditions precedent therein. In addition, the Subscription Agreement and issue of the Offshore Preference Shares may be terminated in certain circumstances. Accordingly, the Shareholders and potential investors are advised to exercise caution when dealing in the H Shares or other securities of the Bank.

The Bank has entered into the Subscription Agreement with the Joint Lead Managers, pursuant to which the Joint Lead Managers have severally and not jointly agreed to subscribe or procure purchasers or subscribers to subscribe for the Offshore Preference Shares to be issued by the Bank on the terms of the Subscription Agreement.

The Offshore Preference Shares will be issued pursuant to the Articles of Association, the Shareholders Resolutions and the delegated authority of Board and two executive Directors delegated by the Board or any delegated senior managements of the Bank. The Offshore Preference Shares, when issued, will qualify as Additional Tier 1 Capital of the Bank pursuant to the Capital Management Rules issued by the CBRC.

There are restrictions on the offer and sale of the Offshore Preference Shares in certain jurisdictions including, but not limited to, the United States, the PRC, Hong Kong, Japan, Singapore and the United Kingdom. The Offshore Preference Shares and the H Shares issuable upon Conversion thereof have not been and will not be registered under the Securities Act and may not be offered or sold within the United States, except in those transactions where relevant exemption has been obtained or the registration requirements of the Securities Act are not applicable. Accordingly, the Offshore Preference Shares will be offered outside the United States in compliance with Regulation S.

The Offshore Preference Shares are not intended to be sold and should not be sold to retail clients in the European Economic Area, as defined in the rules set out in the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015 (as amended or replaced from time to time) other than in circumstances that do not and will not give rise to a contravention of those rules by any person. The Offshore Preference Shares are offered to professional investors only and are not suitable for retail investors. Investors should not purchase the Offshore Preference Shares in the primary or secondary markets unless they are professional investors.

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THE SUBSCRIPTION AGREEMENT

Date

20 October 2017

Parties

- (i) the Bank (as issuer);
- (ii) CMB International Capital Limited, CLSA Limited, AMTD Asset Management Limited and Industrial and Commercial Bank of China (Asia) Limited (as the Joint Global Coordinators); and
- (iii) CMB International Capital Limited, CLSA Limited, AMTD Asset Management Limited, Industrial and Commercial Bank of China (Asia) Limited, Guotai Junan Securities (Hong Kong) Limited, China Securities (International) Corporate Finance Company Limited, Bank of China Limited, GF Securities (Hong Kong) Brokerage Limited, Guosen Securities (HK) Brokerage Company Limited, BNP Paribas, Haitong International Securities Company Limited, CCB International Capital Limited, SPDB International Capital Limited, Cinda International Capital Limited, Ping An of China Securities (Hong Kong) Company Limited, Barclays Bank PLC, Central China International Capital Limited, DBS Bank Ltd. and Sun Hung Kai Investment Services Limited (as the Joint Lead Managers).

Subscription

Subject to the fulfilment of the conditions set out below in the section headed “Conditions Precedent to the Subscription”, the Joint Lead Managers have severally and not jointly agreed to subscribe or procure purchasers or subscribers to subscribe for Offshore Preference Shares to be issued by the Bank on the terms of the Subscription Agreement. The Bank expects that the issuance of the Offshore Preference Shares will be completed on the Closing Date.

The Offshore Preference Shares will have a par value of RMB100 each. Subject to the conditions described in the Subscription Agreement, the Offshore Preference Shares will be subscribed at a price equal to 100% of the Liquidation Preference (U.S.\$20 each).

Subscribers

To the best of the Bank’s knowledge, information and belief, none of the Joint Lead Managers is a connected person (as defined in the Listing Rules) of the Bank.

The Joint Lead Managers have informed the Bank that no less than six qualified placees are intended to be procured by them for the Offshore Preference Shares but subject to a maximum limit of 200 qualified placees for the Offshore Preference Shares. The Offshore Preference Shares are not intended to be initially placed and may not be initially placed to connected persons of the Bank as defined in the Listing Rules. To the best of the Bank's knowledge, information and belief, each of the placees (and its respective ultimate beneficial owners) intended to be procured by the Joint Lead Managers is not a connected person (as defined in the Listing Rules) of the Bank.

Conditions Precedent to the Subscription

The obligations of the Joint Lead Managers to subscribe and pay for, or procure purchasers or subscribers to subscribe and pay for, the Offshore Preference Shares are conditional upon:

1. **The Contracts:** the execution and delivery of the Fiscal Agency Agreement, the Receiving Agency Agreement, the Payment Side Agreement and the Deed of Covenant for the Offshore Preference Shares and the Global Certificate by the parties thereto on or before the Closing Date;
2. **Auditors' Letter:** the delivery to the Joint Lead Managers of a letter from the auditors of the Bank, in the form satisfactory to the Joint Lead Managers, on each of the date of the Offering Circular and the Closing Date (as the case may be);
3. **Internal Authorisations of the Bank:** the delivery of copies of the Articles of Association and copies or extracts of internal authorisations and the resolution of the Shareholders authorising the issue of the Offshore Preference Shares and the H Shares issuable upon Conversion and the execution, delivery and performance of the Contracts;
4. **Compliance:** (a) the representations and warranties of the Bank in the Subscription Agreement being true, accurate and correct at, and as if made on, the Closing Date; and (b) on the Closing Date, the Bank having performed all of its obligations under the Subscription Agreement to be performed on or before the Closing Date and delivery to the Joint Lead Managers a certificate signed by an authorised signatory of the Bank and dated the Closing Date;

5. **Other Consents:** on or prior to the Closing Date the delivery to the Joint Lead Managers of copies of all consents and approvals required in relation to the issue and offering of the Offshore Preference Shares and the performance of its obligations under the Contracts and the Offshore Preference Shares (including the consents and approvals required from all lenders, if any);
6. **Material Adverse Change:** after the date of the Subscription Agreement or, if earlier, the dates as of which information is given in the Offering Circular up to and at the Closing Date, there shall not have occurred any change (nor any development or event involving a prospective change), in the condition (financial or other), prospects, results of operations or general affairs of the Bank or of the Group, which, in the opinion of the Joint Lead Managers, is material and adverse in the context of the issue and offering of the Offshore Preference Shares or the issue of the new H Shares (if any);
7. **Legal Opinions:** the delivery of Hong Kong and PRC legal opinions on or before the Closing Date to the Joint Lead Managers, in form satisfactory to the Joint Lead Managers;
8. **Listing:** the Stock Exchange having agreed, subject to any conditions reasonably satisfactory to the Joint Lead Managers, to list the Offshore Preference Shares, and upon Conversion of any such Offshore Preference Shares to new H Shares, such new H Shares;
9. **Officer's Certificates:** the delivery of certificates signed by an authorised officer of the Bank to the Joint Lead Managers on each of the date of the Offering Circular and the Closing Date, respectively;
10. **Fee Letters:** the delivery to each Joint Lead Managers of the relevant fee letters executed by the relevant parties therein on or before the Closing Date;
11. **PRC Approvals:** the following PRC approvals having been obtained and remaining in full force and effect: (a) the approval of the CBRC; (b) the approval of the CSRC; and (c) the Enterprise Foreign Debt Pre-Issuance Registration Certificate in respect of the issue of the Offshore Preference Shares from the National Development and Reform Commission pursuant to the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Corporates (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知) (Fa Gai Wai Zi [2015] No 2044) prior to the date of the Subscription Agreement;

and such other resolutions, consents, authorities and documents relating to the issue and offering of the Offshore Preference Shares, as the Joint Lead Managers may reasonably require.

The Joint Lead Managers may, at their discretion and upon such terms as they think fit, waive compliance with the whole or any part of the above conditions precedent other than paragraphs 1, 8 and 11.

Termination of the Subscription

Notwithstanding anything contained in the Subscription Agreement, the Joint Lead Managers may give a termination notice to the Bank at any time prior to the payment of the net proceeds of the issue of the Offshore Preference Shares of the Bank on the Closing Date if:

1. there shall have come to the notice of the Joint Lead Managers any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the Subscription Agreement or any failure to perform any of the Bank's undertakings or agreements in the Subscription Agreement;
2. any of the conditions specified in the Subscription Agreement has not been satisfied or waived by the Joint Lead Managers on or prior to the Closing Date;
3. in the opinion of the Joint Lead Managers, there shall have been, since the date of the Subscription Agreement, any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions (including any disruption to trading generally, or trading in any securities of the Bank on any stock exchange or in any over-the-counter market) or currency exchange rates or foreign exchange controls such as would in their view, be likely to prejudice materially the success of the issue and distribution of the Offshore Preference Shares or dealings in the Offshore Preference Shares in the secondary market;
4. in the opinion of the Joint Lead Managers, there shall have occurred any of the following events: (i) a suspension or a material limitation in trading in securities generally on the New York Stock Exchange, the London Stock Exchange plc, the Shanghai Stock Exchange, the Shenzhen Stock Exchange and/or the Stock Exchange and/or any other stock exchange on which the Bank's securities are traded; (ii) a suspension or a material limitation in trading in the Bank's securities on the Stock Exchange and/or any other stock exchange on which the Bank's securities are traded; (iii) a general moratorium on commercial banking activities in the United States, the PRC, Hong Kong and/or the United Kingdom declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States, the PRC, Hong Kong or the United Kingdom; or (iv) a change or development involving a prospective change in taxation affecting the Bank, the Offshore

Preference Shares or the transfer thereof such as would, in the opinion of the Joint Lead Managers, be likely to prejudice materially the success of the issue and distribution of the Offshore Preference Shares or dealings in the Offshore Preference Shares in the secondary market; and

5. in the opinion of the Joint Lead Managers, there shall have occurred any event or series of events (including the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) as would in their view be likely to prejudice materially the success of the issue and distribution of the Offshore Preference Shares or dealings in the Offshore Preference Shares in the secondary market.

PRINCIPAL TERMS OF THE OFFSHORE PREFERENCE SHARES

The Articles of Association and the Conditions are written in Chinese. In the event of any inconsistency between (i) the Articles of Association and the Conditions in Chinese and (ii) any translations of the Articles of Association and the Conditions in other languages, the Chinese versions of the Articles of Association and the Conditions shall prevail. In addition, in the event of any inconsistency between the Articles of Association and the Conditions, the Articles of Association shall prevail.

The relevant dates used in this section are based on the expected Issue Date of 27 October 2017.

<i>Issuer</i>	Bank of Jinzhou Co., Ltd.
<i>Offering</i>	U.S.\$1,496,000,000 5.50% non-cumulative perpetual Offshore Preference Shares
<i>Issue Price</i>	100%
<i>Liquidation Preference</i>	The Offshore Preference Shares will have a par value of RMB100 each and will be issued as fully paid-up capital in U.S. dollars so that the issuance price of the Offshore Preference Shares will be U.S.\$20 each (the “ Liquidation Preference ”). The Offshore Preference Shares will be issued in registered form and issued and transferable only in minimum amounts of U.S.\$200,000 (or 10,000 Offshore Preference Shares) and integral multiples of U.S.\$1,000 (or 50 Offshore Preference Shares) in excess thereof (each an “ Authorised Denomination ”).
<i>Issue Date</i>	27 October 2017

Maturity Date

The Offshore Preference Shares are perpetual and have no maturity date. The Bank will only have the right to redeem the Offshore Preference Shares as described in the Conditions. The Offshore Preference Shares are not redeemable at the option of the Offshore Preference Shareholders, and the Offshore Preference Shareholders do not have the right to put back the Offshore Preference Shares to the Bank.

Book-entry

The Offshore Preference Shares will initially be represented by a Global Certificate which will be registered in the name of a nominee of, and deposited with a common depositary for, Euroclear and Clearstream, Luxembourg.

While the Offshore Preference Shares are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear, Clearstream, Luxembourg or any Alternative Clearing System, the Offshore Preference Shares will be recorded, transferred and/or converted on the basis of their Authorised Denomination and not number of Offshore Preference Shares.

*Status and Rights upon
Liquidation*

Upon the Winding-Up of the Bank, the Offshore Preference Shareholders shall rank:

- (a) junior to holders of (i) all liabilities of the Bank including subordinated liabilities and (ii) obligations issued or guaranteed by the Bank that rank, or are expressed to rank, senior to the Offshore Preference Shares;
- (b) equally in all respects with each other and without preference among themselves and with the holders of Parity Obligations; and
- (c) in priority to the Ordinary Shareholders.

Upon the Winding-Up of the Bank, the assets of the Bank shall be distributed in the following order of priority:

- (i) payment of the liquidation costs;

- (ii) payment of employees' salaries, social insurance and statutory compensation;
- (iii) payment of the principal and interest of personal savings deposits;
- (iv) payment of taxes in arrears; and
- (v) settlement of the Bank's debts.

On such winding-up of the Bank, no assets of the Bank shall be applied to the claims of the Shareholders before being distributed in accordance with items (i) to (v) above. Any remaining assets of the Bank after the distribution in accordance with the above-mentioned provisions shall be distributed to the Shareholders according to their respective classes and rateably. The claims of the Offshore Preference Shareholders shall be *pari passu* with the claims of holders of any Parity Obligations in all respects and in priority to the claims of the Ordinary Shareholders. On such Winding-Up of the Bank, the Offshore Preference Shareholders shall be entitled to an amount in respect of each Offshore Preference Share which will be equal to the Liquidation Preference together with any declared but unpaid dividends for the then current Dividend Period in respect of that Offshore Preference Share.

If there are insufficient remaining assets upon such Winding-Up of the Bank to cover the amounts payable in full on the Offshore Preference Shares and all Parity Obligations, the Offshore Preference Shareholders and the holders of such Parity Obligations will share rateably in the distribution of such remaining assets (if any) of the Bank in proportion to the full amounts to which they are respectively entitled.

After receipt of the full amounts to which the Offshore Preference Shareholders are entitled on a Winding-Up of the Bank, such Offshore Preference Shareholders will have no right or claim to any of the Bank's remaining assets.

Rights to Dividends

Subject as provided in the Conditions, each Offshore Preference Share shall entitle the holder thereof to receive non-cumulative dividends which have not been otherwise cancelled payable annually in arrear.

Each dividend will be payable, subject as provided in the Conditions, annually in arrear on 27 October in each year. Subject as provided in the Conditions, the first Dividend Payment Date will be 27 October 2018. The period beginning on and including the Issue Date and ending on but excluding the next succeeding Dividend Payment Date and each successive period beginning on and including a Dividend Payment Date and ending on but excluding the next succeeding Dividend Payment Date is called a “**Dividend Period**”.

The applicable Dividend Rate shall not contain any step up nor contain any other incentive to redeem any Offshore Preference Shares. The applicable Dividend Rate is not linked to any credit rating of the Bank and shall not be adjusted based on changes in the credit rating of the Bank in the future.

Dividend Rate

The Offshore Preference Shares will accrue dividends on their Liquidation Preference at the relevant Dividend Rate below:

- (a) from and including the Issue Date to but excluding the First Reset Date, at the rate of 5.50% per annum (the “**Initial Dividend Rate**”); and
- (b) thereafter, in respect of the period from and including the First Reset Date and each Reset Date falling thereafter to but excluding the immediately following Reset Date, at the relevant Reset Dividend Rate,

provided that the Dividend Rate shall not at any time exceed 27.44% per annum, being the mean of the weighted average return on equity of the Bank (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 of the Bank) for the two most recent financial years prior to the Issue Date.

*Conditions to
Distribution of
Dividends*

Notwithstanding any other provision in the Conditions, the payment of any dividend on any Dividend Payment Date is subject to:

- (a) the Board having passed a resolution to declare such dividend in accordance with the Articles of Association;
- (b) the Bank having distributable after-tax profit (which is the undistributed profit as shown in the financial statements of the parent company prepared in accordance with the Chinese Accounting Standards for Business Enterprises or the International Financial Reporting Standards, whichever amount is lower), after making up for the previous years' losses and contributing to the statutory reserve funds and general reserves; and
- (c) the relevant capital adequacy ratios of the Bank meeting the relevant regulatory requirements.

Further, subject to a resolution to be passed at a Shareholders' general meeting on each such occasion, the Bank may elect to cancel (in whole or in part) the dividends otherwise scheduled to be paid on a Dividend Payment Date in the manner set out in the Conditions. The Bank may at its discretion use the funds arising from the cancellation of such dividend to repay other debts that are due. Save as provided in the Conditions, the Offshore Preference Shareholders shall not be entitled to convene, attend or vote at such Shareholders' general meeting.

The Bank shall give notice of any cancellation (in whole or in part) of any dividend scheduled to be paid to the Offshore Preference Shareholders (in the manner specified in the Conditions) and the Fiscal Agent as soon as possible after a resolution has been passed at the Shareholders' general meeting described above to cancel (in whole or in part) such dividend, and in any event at least 10 Payment Business Days prior to the relevant Dividend Payment Date, provided that any failure to give such notice shall not affect the cancellation of (in whole or in part) such dividend by the Bank and shall not constitute a default for any purpose.

The cancellation of any amount of dividend (in whole or in part) in accordance with the Conditions shall not constitute a default for any purpose by the Bank. Dividend payments are non-cumulative. Under the circumstances where the Bank cancels a dividend (in whole or in part) in accordance with such resolution passed at the Shareholders' general meeting and the Conditions, any amount of dividend that has not been distributed to the Offshore Preference Shareholders in full during the then current Dividend Period will not be accumulated to the following Dividend Periods.

Following payment by the Bank of the relevant dividends at the prescribed Dividend Rate as set forth in the Conditions, the Offshore Preference Shareholders shall not be entitled to receive any distribution of residual profits of the Bank together with the Ordinary Shareholders.

*Restrictions Following
Cancellation of
Dividends*

If the Bank elects to cancel (in whole or in part) any dividend scheduled to be paid on a Dividend Payment Date (but not where such dividend has been cancelled pursuant to the Conditions upon the occurrence of a Trigger Event), the cancellation of such dividend (in whole or in part) on the Offshore Preference Shares will require a resolution to be passed at a Shareholders' general meeting. The Bank undertakes that any resolution passed at a Shareholders' general meeting that cancels a dividend (in whole or in part) on the Offshore Preference Shares will be a Parity Obligation Dividend Cancellation Resolution and undertakes that it will not propose to any Shareholders' general meeting a resolution to cancel any dividend on the Offshore Preference Shares that is not a Parity Obligation Dividend Cancellation Resolution. Save as provided in Conditions, the Offshore Preference Shareholders shall not be entitled to convene, attend or vote at such Shareholders' general meeting.

From the day immediately following the Parity Obligation Dividend Cancellation Resolution being approved at the Shareholders' general meeting, the Bank shall not make any distribution or dividend in cash or otherwise on, and will procure that no distribution or dividend in cash or otherwise is made on, any Ordinary Shares or on any other class of shares or obligations that ranks or is expressed to rank junior to the Offshore Preference Shares, unless or until the earlier of: (i) the dividend scheduled to be paid on any subsequent Dividend Payment Date is paid in full to the Offshore Preference Shareholders; or (ii) the redemption or purchase and cancellation or the Conversion of all outstanding Offshore Preference Shares.

Dividend Accrual

Each Offshore Preference Share will cease to accrue dividends from the due date for redemption unless, upon surrender of the certificate representing such Offshore Preference Share, payment of the redemption price in respect of such Offshore Preference Share is improperly withheld or refused. In such event, the dividend on such Offshore Preference Share shall, subject as provided in the Conditions, continue to accrue, at the then applicable Dividend Rate, from (and including) the due date for redemption to (but excluding) the date of payment of such redemption price. The Offshore Preference Shares shall be treated as having been redeemed only after all amounts payable on redemption of the Offshore Preference Shares have been paid in full.

Mandatory Conversion

If any Trigger Event occurs, the Bank shall (having notified and obtained the approval of the CBRC but without the need for the consent of the Preference Shareholders or the Ordinary Shareholders):

- (a) cancel any dividend in respect of the relevant Loss Absorption Amount that is unpaid accrued up to and including the Conversion Date; and
- (b) irrevocably and compulsorily convert with effect from the Conversion Date all or some only of the Offshore Preference Shares into such number of H Shares as is equal to (i) the Loss Absorption Amount held by the Offshore Preference Shareholders (as converted into Hong Kong dollars at the conversion exchange rate of U.S.\$1.00 to HK\$7.7659) divided by (ii) the effective Conversion Price, rounded down (to the extent permitted by applicable laws and regulations) to the nearest whole number of H Shares, and any fractional share less than one H Share resulting from the Conversion will not be issued and no cash payment or other adjustment will be made in lieu thereof.

The above conversion exchange rate refers to the cross rate between Hong Kong dollars and U.S. dollars based on the RMB central parity rate used by the interbank foreign exchange market as published by the China Foreign Exchange Trade System on the Trading Day preceding the announcement date of the passing of the Board resolution in respect of the Offshore Preference Share issuance plan, rounded to the nearest four decimal places.

A Trigger Event may occur on more than one occasion, and the Offshore Preference Shares may be subject to a Conversion on more than one occasion.

*Consequences of a
Conversion*

Once an Offshore Preference Share has been Converted as described in the Conditions, it will not be restored in any circumstances, including where the relevant Trigger Event ceases to continue.

The Bank will, with effect from the relevant Conversion Date, enter such number of H Shares issuable under the Conditions in the Bank's register of H Shareholders and such H Shares shall be initially registered in the name of a nominee appointed by the Bank (the "**Share Nominee**"). The Bank will, no later than 20 Trading Days following the Conversion Date (or such other period as the relevant authorities may require) (the "**Share Delivery Date**"), issue to the Share Nominee to hold on behalf of the Offshore Preference Shareholders such number of H Shares as is described under the Conditions to be issued to the Offshore Preference Shareholders. If the Bank fails to issue such H Shares, or there is any delay in the issue or delivery of such H Shares to the Share Nominee, the only right of the Offshore Preference Shareholders in respect of such failure or delay (subject as is described in the Conditions) will be to claim against the Bank to have such H Shares so issued to the Share Nominee.

The Offshore Preference Shareholders shall be deemed to have waived all rights and claims in respect of the Offshore Preference Shares that have been Converted and shall be deemed irrevocably to have directed and authorised the Bank to apply the Liquidation Preference representing such Offshore Preference Shares to fully pay up the H Shares to be issued and delivered to the Share Nominee on behalf of the Offshore Preference Shareholders.

The issue of such number of H Shares as is described under the Conditions to the Share Nominee will satisfy all obligations of the Bank in connection with the issue of H Shares to the Offshore Preference Shareholders in respect of the relevant Conversion, and with effect from the issue of such H Shares to the Share Nominee, the rights of such Offshore Preference Shareholders in respect of such H Shares will be limited to their rights in respect of the H Shares as described in the Conditions

Conversion Price

The initial Conversion Price for the Offshore Preference Shares is HK\$9.09 per H Share, subject to adjustment as described in the Conditions.

The initial Conversion Price is equal to the average trading price of the H Shares of the Bank in the 20 Trading Days preceding the announcement date of the passing of the Board resolution in respect of the Offshore Preference Shares issuance plan. The average trading price of the H Shares of the Bank 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 total trading amount of the Bank's H Shares in these 20 Trading Days / the total trading volume of the Bank's H Shares in these 20 Trading Days.

Optional Redemption

The Bank may, subject to obtaining CBRC approval and compliance with the conditions to the distribution of dividends set out in Conditions and the Redemption Preconditions, upon not less than 30 nor more than 60 days' notice to the Offshore Preference Shareholders and the Fiscal Agent, redeem in whole or in part of the Offshore Preference Shares on the First Reset Date and on any Dividend Payment Date thereafter. The redemption price for each Offshore Preference Share so redeemed shall be the aggregate of an amount equal to its Liquidation Preference plus any declared but unpaid dividends in respect of the period from (and including) the immediately preceding Dividend Payment Date to (but excluding) the date scheduled for redemption.

*Taxation and
Withholding*

All payments of Liquidation Preference and/or dividends in respect of the Offshore Preference Shares will be made free and clear of, and without withholding or deduction for or on account of, any present or future tax, duty, assessments or governmental charges of whatsoever nature imposed or levied by or on behalf of the PRC or any political subdivision or any authority thereof or therein having power to levy tax in the PRC, unless such withholding or deduction is required by the law of the PRC. In that event, the Bank shall pay such additional amounts as will result in the receipt by the Offshore Preference Shareholders of such amounts as would have been received by them if no such withholding or deduction had been required, subject to the extent described in the Conditions.

Limited Voting Rights

Pursuant to the Articles of Association, Offshore Preference Shareholders shall not be entitled to convene, attend or vote at any Shareholders' general meeting, other than in the following circumstances:

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

(each, a “**Special Resolution**”) in which case the Offshore Preference Shareholders will be entitled to attend the Shareholders' general meeting and vote only upon such Special Resolution, and the Offshore Preference Shareholders will be entitled to one vote in respect of each outstanding Offshore Preference Share and vote together with other Preference Shareholders as a separate class from the Ordinary Shareholders. The Offshore Preference Shares held by, or on behalf of, the Bank shall have no voting rights.

Passing of the Special Resolutions shall require (a) more than two-thirds of the votes held by the Ordinary Shareholders present at the meeting (including Preference Shareholders with restored voting rights) and (b) by more than two-thirds of the votes held by the Preference Shareholders present at the meeting (excluding Preference Shareholders with restored voting rights).

*Restoration of Voting
Rights*

Subject to the cancellation of restored voting rights as described in the Conditions, if:

- (a) the Bank fails to pay the dividends in full on the Offshore Preference Shares in accordance with the Conditions for two consecutive financial years; or
- (b) the Bank fails to pay the dividends in full on the Offshore Preference Shares in accordance with the Conditions for three financial years in aggregate since the Issue Date, or, if restored voting rights have been cancelled pursuant to the Conditions, the most recent date on which restored voting rights were cancelled pursuant thereto,

then, as from the day immediately after the date on which the Shareholders' general meeting resolves that the Bank will not pay in full, in the case of Condition (a) above, the second such dividend or, in the case of Condition (b) above, the third such dividend, each Offshore Preference Shareholder shall, to the extent permitted under Applicable Shareholding Law, be entitled to attend and vote upon any resolution proposed at any Shareholders' general meeting as if he or she was the holder of such number of Ordinary Shares as is equal to the aggregate Liquidation Preference of the Offshore Preference Shares (as converted into Hong Kong dollars at the conversion exchange rate of U.S.\$1.00 to HK\$7.7659) divided by the then effective Conversion Price (subject to the adjustment in accordance with the Conditions) rounded down (to the extent permitted by applicable laws and regulations) to the nearest whole number of H Shares.

The above conversion exchange rate refers to the cross rate between Hong Kong dollars and U.S. dollars based on the RMB central parity rate used by the interbank foreign exchange market as published by the China Foreign Exchange Trade System on the Trading Day preceding the announcement date of the passing of the Board resolution in respect of the Offshore Preference Share issuance plan, rounded to the nearest four decimal places.

*Cancellation of
Restored Voting
Rights*

Any voting rights granted to the Offshore Preference Shareholders as described in the Conditions will be cancelled as at the date on which the next scheduled dividend is paid in full. For the avoidance of doubt, voting rights may be subsequently restored if the circumstances described in the Conditions reoccur following such cancellation.

Governing Law

The Offshore Preference Shares and the rights and obligations attached to them are governed by, and shall be construed in accordance with, the PRC law.

Arbitration

Whenever any disputes or claims arise between the Offshore Preference Shareholder and the Bank, between the Offshore Preference Shareholder and the Bank's directors, supervisors, president, and other senior management personnel, or between the Offshore Preference Shareholder and any other Shareholders, based on the Articles of Association or any rights or obligations conferred or imposed by the Company Law or any other relevant laws and administrative regulations concerning the affairs of the Bank, such disputes or claims shall be referred by the relevant parties to arbitration.

Disputes in relation to the identification of Offshore Preference Shareholders and disputes in relation to the register of Offshore Preference Shareholders need not be referred to arbitration.

APPLICATION FOR LISTING

An application has been made to the Stock Exchange for the listing of, and permission to deal in, the Offshore Preference Shares and the H Shares to be issued upon Conversion. A further announcement will be made before listing of and dealings in the Offshore Preference Shares commence.

REASONS FOR THE ISSUANCE AND USE OF PROCEEDS

In order to meet the Bank's ongoing capital adequacy needs and ensure the stable development of the Bank's business, the Bank has been exploring different ways to replenish its capital. The Bank is in preparation for the A Share Offering, and all proceeds from the issuance of A Shares (after the deduction of issuance expenses)

will be used to replenish the Core Tier 1 Capital of the Bank and enhance its Capital Adequacy Ratio. For further details, please refer to the circular of the Bank dated 13 May 2016. With a view to explore different financing method, the Bank considered the issuance of the Offshore Preference Shares an additional way to further enhance the Bank's capital base. All proceeds from the issuance of the Offshore Preference Shares (after deduction of the commissions and expenses relating to the issuance) will be used to replenish the Additional Tier 1 Capital.

Further, the Board also considered the issuance of the Offshore Preference Share a way to attract more diversified investors and achieve the financing target of the Bank more effectively while reducing the impact on the voting rights of existing Shareholders.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

On 26 December 2016, the Bank issued the fixed rate tier 2 capital debts of RMB2,500 million. The maturity is 10 year and the coupon rate is 4.30%. The Bank has an option to redeem the debts at the nominal amount on 27 December 2021. The proceeds (after deducting relevant fees and expenses) were used to replenish the tier 2 capital of the Bank according to the applicable laws and approvals of regulatory authorities.

On 28 December 2016, the Bank successfully placed and issued an aggregate of 1,000,000,000 H Shares at the placing price of HK\$7.50 per Share to not less than six and not more than ten placees. The aggregate gross proceeds from such placing amount to approximately HK\$7.5 billion which, after deducting the relevant costs and expenses, have been used to replenish the core tier 1 capital of the Bank.

Save as disclosed above, the Bank has not carried out any issue of equity securities for fund-raising purposes during the 12 months immediately preceding the date of this announcement.

CAPITAL POSITION OF THE BANK

Impact on the Bank's Ordinary Share Capital

If there is no Trigger Event for Conversion, the issuance of the Offshore Preference Shares will not affect the ordinary share capital of the Bank. However, if Conversion is triggered, the Bank's ordinary share capital will be increased.

Assuming that an issue size equivalent to RMB10 billion of Offshore Preference Shares as approved by the Shareholders on 25 May 2017 were issued and all the Offshore Preference Shares were subject to a Conversion, and further assuming the Conversion Price will be equal to the initial mandatory conversion price, i.e. HK\$9.09 per H Share, being the average trading price of H Shares of the Bank for the 20 trading days preceding the date of the announcement of the Board resolution approving the proposed issuance of Offshore Preference Shares, i.e. 21 March 2017 (equivalent to the total trading amount of H Shares of the Bank for the 20 preceding trading days divided by the total trading volume of H Shares of the Bank in such 20 trading days). The number of H Shares issued upon the Conversion of the Offshore Preference Shares would not exceed 1,236,893,100 H Shares (inclusive).

For illustrative purposes only, the table below sets forth the impact on the Bank's share capital structure taking if all the Offshore Preference Shares were converted into H Shares pursuant to the Conversion:

<u>Share Capital</u>	<u>As at 30 June 2017</u>		<u>After Conversion of all the Offshore Preference Shares upon the occurrence of a Trigger Event</u>	
	<u>Number of Shares</u> <i>(share)</i>	<u>Percentage of share capital</u> <i>(%)</i>	<u>Number of Shares</u> <i>(share)</i>	<u>Percentage of share capital</u> <i>(%)</i>
Domestic Shares	4,264,295,684	62.88	4,264,295,684	53.18
H Shares	<u>2,517,320,000</u>	<u>37.12</u>	<u>3,754,213,100</u>	<u>46.82</u>
Total	<u>6,781,615,684</u>	<u>100.00</u>	<u>8,018,508,784</u>	<u>100.00</u>

Impact on Net Assets

The Offshore Preference Shares are considered as equity instruments. Upon completion of the issuance of the Offshore Preference Shares, the net assets of the Bank will increase.

Impact on Return on Equity and Earnings Per Share Attributable to Ordinary Shareholders of the Bank

As the dividend payments to the Offshore Preference Shareholders will reduce the net profit after tax attributable to the Ordinary Shareholders, based on the above calculation, the return on equity to the Ordinary Shareholders and the earnings per share attributable to the Ordinary Shareholders will decrease. However, the issuance of the Offshore Preference Shares will support the growth of interest generating assets of the Bank and increase revenue for the Bank. Therefore, since the proceeds from the offering of the Offshore Preference Shares are classified as Additional Tier 1 Capital, if the Bank maintains the current level of capital management efficiency, the issuance of the Offshore Preference Shares may have a positive impact on the return on equity to the Ordinary Shareholders of the parent company and the earnings per share attributable to the Ordinary Shareholders.

Impact of the Issuance of the Offshore Preference Shares on the Bank's Regulatory Capital Indicators

The Capital Management Rules were implemented on 1 January 2013, which required PRC commercial banks to satisfy the stipulated regulatory requirements on Capital Adequacy Ratio, including the minimum capital requirement, the reserve capital requirement, the countercyclical capital requirement, the supplementary capital requirement on systemically important banks and the pillar 2 capital requirement, as detailed in the following table:

Regulatory Requirements	Minimum capital requirement
Core Tier 1 Capital Adequacy Ratio	5%
Tier 1 Capital Adequacy Ratio	6%
Capital Adequacy Ratio	8%
Reserve capital requirement	The reserve capital requirement will be gradually introduced during the transition period, which is 0.5% at the end of 2013, 0.9% at the end of 2014, 1.3% at the end of 2015, 1.7% at the end of 2016, 2.1% at the end of 2017 and 2.5% at the end of 2018. It is satisfied through Core Tier 1 Capital.

Countercyclical capital requirement	In certain circumstances, commercial banks are required to set aside funds for the account of the countercyclical capital beyond the minimum capital requirement and the reserve capital requirement. The countercyclical capital requirement is equal to 0-2.5% of the risk-weighted assets and it is satisfied through Core Tier 1 Capital.
Supplementary capital requirement on PRC systemically important banks	1% of the risk-weighted assets and to be satisfied through Core Tier 1 Capital.
Pillar 2 capital requirement	To be determined by the CBRC under the pillar 2 framework.

Pursuant to the aforesaid requirements, the Core Tier 1 Capital Adequacy Ratio, the Tier 1 Capital Adequacy Ratio and the Capital Adequacy Ratio requirements for PRC commercial banks are 7.5%, 8.5% and 10.5%, respectively, at the end of 2018. As at 30 June 2017, the Bank achieved a Core Tier 1 Capital Adequacy Ratio, Tier 1 Capital Adequacy Ratio and Capital Adequacy Ratio of 9.18%, 9.19% and 10.97%, respectively.

The following table sets out, for illustrative purposes only, information on some of the Bank's regulatory capital indicators on an actual basis and as adjusted to give effect to the following assumptions: (i) that the issuance of the Offshore Preference Shares was completed on 1 January 2016 with an issue size equivalent to RMB10 billion and (ii) that dividends at (a) an indicative dividend rate of 5% and 7% (such indicative dividend rate is only for the purpose of illustrative calculation and is not the Bank's expected Dividend Rate of the Offshore Preference Shares to be issued)

and (b) the actual Dividend Rate of 5.50% were fully paid, without taking into account any gains that may be generated from the use of proceeds or deducting any dividends paid to Offshore Preference Shareholders before tax.

As at 30 June 2017								
Actual		Adjusted						
		Based on Indicative Dividend Rate of 5%		Based on Indicative Dividend Rate of 7%		Based on Actual Dividend Rate		
Group	Bank	Group	Bank	Group	Bank	Group	Bank	
<i>(in RMB thousands, unless otherwise specified)</i>								
Net Core Tier 1 Capital ⁽¹⁾	42,011,027	39,658,374	41,511,027	39,158,374	41,311,027	38,958,374	41,461,027	39,108,374
Net Tier 1 Capital ⁽²⁾	42,066,400	39,658,374	51,566,400	49,158,374	51,366,400	48,958,374	51,516,400	49,108,374
Net capital base ⁽²⁾	50,206,845	47,674,507	59,706,845	57,174,507	59,506,845	56,974,507	59,656,845	57,124,507
Core Tier 1 Capital Adequacy Ratio	9.18%	8.97%	9.07%	8.86%	9.02%	8.81%	9.06%	8.85%
Tier 1 Capital Adequacy Ratio	9.19%	8.97%	11.26%	11.12%	11.22%	11.08%	11.25%	11.11%
Capital Adequacy Ratio	10.97%	10.79%	13.04%	12.93%	13.00%	12.89%	13.03%	12.92%

Notes:

- (1) The calculation of net Core Tier 1 Capital (as adjusted) has taken into account the dividends paid on the Offshore Preference Shares and the corresponding reduction in capital reserves but does not take into account the increase in risk-weighted assets, or the financial return/loss, from the use of proceeds raised from the issuance of the Offshore Preference Shares.
- (2) The calculation of net Tier 1 Capital (as adjusted) and net capital base (as adjusted) has taken into account the dividends paid on the Offshore Preference Shares and the corresponding reduction in capital reserves as well as the increase in Additional Tier 1 Capital from the issuance of the Offshore Preference Shares but does not take into account the increase in risk-weighted assets, or the financial return/loss, from the use of proceeds raised from the issuance of the Offshore Preference Shares.

As calculated based on the financial information of the Bank as at 30 June 2017, after the issuance of the Offshore Preference Shares, both Tier 1 Capital Adequacy Ratio and Capital Adequacy Ratio of the Group will increase by 2.07 percentage points to 11.26% and 13.04%, respectively (on the basis the Dividend Rate is 5%), or both Tier 1 Capital Adequacy Ratio and Capital Adequacy Ratio of the Group will increase by 2.03 percentage points to 11.22% and 13.00%, respectively (on the basis the Dividend Rate is 7%).

Overall, the issuance of the Offshore Preference Shares should assist the Bank in continuing to meet the minimum capital requirements and raise its Tier 1 Capital Adequacy Ratio and Capital Adequacy Ratio. In addition, the issuance of the Offshore Preference Shares helps the Bank develop supplementary sources of funds to replenish its Additional Tier 1 Capital as opposed to satisfying the Tier 1 Capital Adequacy Ratio requirement solely through the Core Tier 1 Capital of the Bank.

Moreover, the issuance of the Offshore Preference Shares is conducive to alleviating the dilution effect on the equity interests of the Shareholders from funds raised through the issuance of Ordinary Shares, thereby optimising the capital structure of the Bank.

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

In connection with the listing of the Offshore Preference Shares, the Bank has applied to, and has been granted applicable waivers by, the Stock Exchange from strict compliance with a number of provisions of the Listing Rules.

Those waivers are applied on the following basis:

- The Offshore Preference Shares are more akin to fixed income products such as quasi-debt securities and they have more characteristics in common with debt securities than with equity securities. In particular, the Offshore Preference Shares have a fixed dividend rate and in the event of redemption, the Offshore Preference Shares will be redeemed at 100% of their issue price. The Offshore Preference Shares may be converted into H Shares but such Conversion will be mandatory and will only occur when there is an Additional Tier 1 Capital Instrument Trigger Event or if the Bank reaches a point of financial non-viability.
- The Offshore Preference Shares will be offered to institutional and professional investors only by way of a private placement and will not be made accessible to retail investors. The Offshore Preference Shares are structured in a way that they will not be “Eligible Securities” under the Listing Rules and will not be admitted to the Central Clearing and Settlement System for clearance and settlement. Trading of the Offshore Preference Shares is not expected to take place on the Stock Exchange either on issue or in the secondary market. Instead, the Offshore Preference Shares will be cleared and settled through Euroclear and Clearstream, Luxembourg which is similar to other professionals-only debt securities listed under Chapter 37 of the Listing Rules. The Offshore Preference Shares are therefore not designed to be traded on, or otherwise use the facilities of, the Stock Exchange.

The waivers being sought by and granted to the Bank are broadly classified into the following categories:

- those in relation to qualifications of listing that are required to cater for the fact that the Offshore Preference Shares are fixed income securities offered only to professional investors;

- those that are required to enable the Offshore Preference Shares to be offered only to institutional and professional investors and not retail investors;
- those that are required to enable the Offshore Preference Shares to be structured in a way that meets the expectations of institutional and professional investors for these types of securities to allow for a plausible offering; and
- those that are required in order to enable the Bank not to be subject to compliance obligations that do not commensurate with the offering and listing of securities similar to debt securities that are made available only to institutional and professional investors.

The waivers being sought by and granted to the Bank are listed below:

- Rule 2.07A(2): Requirements for an express, positive confirmation in writing from each holder of the Offshore Preference Shares that corporate communications may be made available using electronic means and all corporate communications be sent to holders of the Offshore Preference Shares.
- Rule 2.07A(3): Requirement for providing the rights of holders of the Offshore Preference Shares to request corporate communications in printed hardcopy form.
- Rules 2.07C(1)(b)(i), 2.07C(4)(b), 2.07C(6) and 11.14: Requirements that the listing document should be made available to the public and be accompanied by a Chinese translation.
- Rule 7.10, first part of paragraph 3 and paragraphs 4, 5, 6, 8 and 10 of Appendix 6: Placing guidelines in respect of placements of the Offshore Preference Shares to the general public.
- Rule 8.07: Requirement of adequate market and sufficient public interest for the Offshore Preference Shares.
- Rule 8.08: Requirement of an open market for the Offshore Preference Shares.
- Rules 8.13A and 9.21(2): Admission of the Offshore Preference Shares as Eligible Securities (as defined in the Listing Rules) by Hong Kong Securities Clearing Company Limited.
- Rules 8.16 and 19A.13(3)(a): Appointment of an approved share registrar to maintain the register of members for the Offshore Preference Shares in Hong Kong.

- Rule 9.23(2)(a): Requirement for marketing statements from the lead broker, any distributors and every Exchange Participant (as defined in the Listing Rules) with the Offshore Preference Shares to be placed.
- Rule 9.23(2)(b) and paragraph 11 of Appendix 6: Submission of placee lists in respect of the Offshore Preference Shares.
- Rules 11.12, 19A.26(1) and paragraph 2 of Appendix 1B: Requirement for a directors' statement of responsibility in respect of information contained in the listing document.
- Rules 12.03, 12.04, 12.05 and 12.07: Requirements in respect of the timing, publication format and information to be disclosed in the formal notice for placing of the Offshore Preference Shares, and that the formal notice should be made available to the public and be made in both English and Chinese language.
- Paragraphs 6(1), 6(3), 13, 30, 32, 39, 40(1) and 40(2) of Appendix 1B: Certain specific disclosure requirements in the listing document:
 - Paragraphs 6(1) and 6(3): details of the exchanges on which other debt securities are listed, and particulars of the dealing and settlement arrangements on each such exchange and between such exchanges.
 - Paragraph 13: a statement of the net tangible asset backing for the Offshore Preference Shares.
 - Paragraph 30: a working capital statement by the directors in respect of a period of at least 12 months.
 - Paragraph 32: a statement of no material adverse change provided by the directors.
 - Paragraph 39: particulars of directors' service contracts.
 - Paragraphs 40(1) and 40(2): particulars of interests of directors in assets of the Bank and contracts or arrangements of significance.
- Paragraph 5 of Appendix 8: Payment of transaction levy on the issuance of the Offshore Preference Shares.
- Paragraph 6 of Appendix 8: Payment of trading fee on the issuance of the Offshore Preference Shares.

Completion of the Subscription Agreement and issue of the Offshore Preference Shares are subject to the satisfaction or waiver of the conditions precedent therein. In addition, the Subscription Agreement and issue of the Offshore Preference Shares may be terminated in certain circumstances. Accordingly, the Shareholders and potential investors are advised to exercise caution when dealing in the H Shares or other securities of the Bank.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings when used herein:

“A Shares”	the 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 Shareholders on 29 June 2016
“Additional Tier 1 Capital”	has the meaning given to Additional Tier 1 Capital (其他一級資本) (or any equivalent or successor term) in the Capital Management Rules
“Additional Tier 1 Capital Instrument Trigger Event”	at any time the Core Tier 1 Capital Adequacy Ratio of the Bank has fallen to 5.125% or below
“Alternative Clearing System”	any other alternative clearing system other than Euroclear and Clearstream, Luxembourg
“Applicable Shareholding Law”	the relevant rules of the CSRC, the CBRC, the Hong Kong Securities and Futures Commission or the Stock Exchange and any other law in force in the PRC or Hong Kong that limits or restricts the number of Ordinary Shares that a person may have an interest in or over which it may have a right or power
“Articles of Association”	the articles of association of the Bank
“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

“Benchmark Rate”

the rate per annum (expressed as a percentage) as determined by the Calculation Agent that is equal to the yield (under the heading that represents the average for the week immediately prior to the relevant Reset Determination Date) appearing in the most recently published statistical release designated “H.15-(519)” or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption “Treasury constant maturities” for the maturity corresponding to the Comparable Treasury Issue. If there is no Comparable Treasury Issue with a maturity within three months before or after the next succeeding Reset Date, yields for the two published maturities most closely corresponding to such next succeeding Reset Date will be determined and the Benchmark Rate will be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month

If such release (or any successor release) is not published during the week preceding the relevant Reset Determination Date or does not contain such yields, “Benchmark Rate” shall mean the rate per annum (expressed as a percentage) equal to the yield to maturity of the relevant Comparable Treasury Issue using a price for the Comparable Treasury Issue equal to the Comparable Treasury Price for the relevant Reset Determination Date.

If there is no Comparable Treasury Price for the relevant Reset Determination Date for whatever reason, “Benchmark Rate” shall mean the rate per annum (expressed as a percentage) equal to the yield (under the heading that represents the average for the week that was last available prior to the relevant Reset Determination Date) appearing in the last published statistical release designated “H.15-(519)” or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption “Treasury constant maturities” for the maturity corresponding to the Comparable Treasury Issue. If there is no Comparable Treasury Issue with a maturity within three months before or after the next succeeding Reset Date, yields for the two published maturities most closely corresponding to such next succeeding Reset Date will be determined and the Benchmark Rate will be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month.

The Benchmark Rate will be calculated on the relevant Reset Determination Date.

“Board”	the board of Directors
“Calculation Agent”	The Bank of New York Mellon, London Branch
“Calculation Business Day”	a day, excluding a Saturday, a Sunday and a public holiday, on which banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in New York City and the city in which the specified office of the Calculation Agent is located
“Capital Adequacy Ratio”	has the meaning given to it in the Capital Management Rules
“Capital Management Rules”	the Measures on Capital Management of Commercial Banks (Trial) (商業銀行資本管理辦法(試行)) issued by the CBRC on 7 June 2012 and which became effective on 1 January 2013 (as amended from time to time)

“CBRC”	the China Banking Regulatory Commission (中國銀行業監督管理委員會) or its China banking regulatory affiliates or any successor entity
“Clearstream, Luxembourg”	Clearstream Banking S.A.
“Closing Date”	27 October 2017 or such later date not being later than 10 November 2017, as the Bank and the Joint Lead Managers may agree
“Company Law”	the Company Law of the PRC (《中華人民共和國公司法》), as amended from time to time
“Comparable Treasury Issue”	the U.S. Treasury security selected by the Bank as having a maturity of five years that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities with a maturity of five years
“Conditions”	the terms and conditions of the Offshore Preference Shares
“Contracts”	the Subscription Agreement, the Fiscal Agency Agreement, the Receiving Agency Agreement, the Payment Side Agreement and the Deed of Covenant for the Offshore Preference Shares
“Conversion” or “Converted”	irrevocably and compulsorily convert with effect from the Conversion Date all or some only of the Offshore Preference Shares into such number of H Shares as is equal to the Loss Absorption Amount in respect of that holder’s Offshore Preference Shares (as converted into Hong Kong dollars at the fixed exchange rate of U.S.\$1.00 to HK\$7.7659), divided by the effective Conversion Price, rounded down (to the extent permitted by applicable laws and regulations) to the nearest whole number of H Shares
“Conversion Date”	the day immediately following the Additional Tier 1 Capital Instrument Trigger Event effective date or the Tier 2 Capital Instrument Trigger Event effective date, as the case may be

“Conversion Price”	the initial conversion price for the Offshore Preference Shares is HK\$9.09 per H Share, subject to adjustment as described in the Conditions
“Core Tier 1 Capital”	has the meaning given to Core Tier 1 Capital (核心一級資本) (or any equivalent or successor term) in the Capital Management Rules
“Core Tier 1 Capital Adequacy Ratio”	as at any date has the meaning given to Core Tier 1 Capital Adequacy Ratio (核心一級資本充足率) (or any equivalent or successor term) in the Capital Management Rules, being the ratio of Core Tier 1 Capital of the Bank as of such date to the Risk-Weighted Assets of the Bank as of the same date, expressed as a percentage
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會) or (as the case may be) any affiliate or successor entity
“Deed of Covenant for the Offshore Preference Shares”	the deed of covenant in respect of the Offshore Preference Shares entered into by the Bank
“Director(s)”	the director(s) of the Bank
“Dividend Payment Date”	27 October in each year since 2018
“Dividend Period”	the period beginning on and including the Issue Date and ending on but excluding the next succeeding Dividend Payment Date and each successive period beginning on and including a Dividend Payment Date and ending on but excluding the next succeeding Dividend Payment Date
“Dividend Rate”	the Initial Dividend Rate and/or the applicable Reset Dividend Rate, as the case may be
“Domestic Share(s)”	the ordinary share(s) issued by the Bank, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid in full in RMB
“Euroclear”	Euroclear Bank SA/NV

“First Reset Date”	27 October 2022
“Fiscal Agency Agreement”	the fiscal agency agreement in respect of the Offshore Preference Shares to be entered into between the Bank, The Bank of New York Mellon, London Branch as fiscal agent, paying agent and calculation agent, The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar and transfer agent on or around 27 October 2017, as amended or supplemented from time to time
“Fiscal Agent”	The Bank of New York Mellon, London Branch
“Group”	the Bank and all its subsidiaries
“Global Certificate”	the global certificate representing the Offshore Preference Shares which will be registered in the name of a nominee of, and deposited with a common depositary for, Euroclear and Clearstream, Luxembourg
“H Shares”	the overseas listed foreign share(s) of par value RMB1.00 each in the share capital of the Bank, which are listed on the Stock Exchange under the stock code 0416 and traded in Hong Kong dollars
“HK\$” or “Hong Kong dollars”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Date”	27 October 2017 or such later date not being later than 10 November 2017, as the Bank and the Joint Lead Managers may agree
“Joint Global Coordinators”	CMB International Capital Limited, CLSA Limited, AMTD Asset Management Limited and Industrial and Commercial Bank of China (Asia) Limited

“Joint Lead Managers”	CMB International Capital Limited, CLSA Limited, AMTD Asset Management Limited, Industrial and Commercial Bank of China (Asia) Limited, Guotai Junan Securities (Hong Kong) Limited, China Securities (International) Corporate Finance Company Limited, Bank of China Limited, GF Securities (Hong Kong) Brokerage Limited, Guosen Securities (HK) Brokerage Company Limited, BNP Paribas, Haitong International Securities Company Limited, CCB International Capital Limited, SPDB International Capital Limited, Cinda International Capital Limited, Ping An of China Securities (Hong Kong) Company Limited, Barclays Bank PLC, Central China International Capital Limited, DBS Bank Ltd. and Sun Hung Kai Investment Services Limited
“Liquidation Preference”	the issuance price of each Offshore Preference Share, which will be U.S.\$20
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loss Absorption Amount”	<p>the aggregate Liquidation Preference of the Offshore Preference Shares to be Converted, with such aggregate number of Offshore Preference Shares to be Converted being:</p> <p>(a) in respect of an Additional Tier 1 Capital Instrument Trigger Event:</p> <p style="padding-left: 40px;">(i) the number of Offshore Preference Shares that (together with the write-off and/or conversion of any Loss Absorbing Instruments) would be sufficient to restore the Bank’s Core Tier 1 Capital Adequacy Ratio to above 5.125%; or</p> <p style="padding-left: 40px;">(ii) if the Conversion of all the Offshore Preference Shares (together with the write-off and/or conversion of any Loss Absorbing Instruments) would be insufficient to restore the Bank’s Core Tier 1 Capital Adequacy Ratio to above 5.125%, all of the Offshore Preference Shares; and</p>

	(b) in respect of a Tier 2 Capital Instrument Trigger Event, all of the Offshore Preference Shares.
“Loss Absorbing Instruments”	<p>in respect of any Trigger Event, any instrument or other obligation (other than the Offshore Preference Shares):</p> <p>(i) issued directly or indirectly by the Bank that contains provisions relating to a write-off and/or conversion into Ordinary Shares of the principal amount or liquidation preference value or equivalent amount of such instrument or other obligation on the occurrence, or as a result, of such Trigger Event and in respect of which the conditions (if any) to the operation of such provisions are (or with the giving of any certificate or notice that is capable of being given by the Bank, would be) satisfied; and</p> <p>(ii) which qualifies as Additional Tier 1 Capital of the Bank.</p>
“Offering Circular”	the offering circular dated 20 October 2017 for use in connection with the offer of the Offshore Preference Shares and the listing of the Offshore Preference Shares on the Stock Exchange
“Offshore Issuance Plan”	the plan for the non-public issuance of Offshore Preference Shares by the Bank as set out in Appendix I to the circular of the Bank dated 18 April 2017
“Offshore Preference Shareholder(s)”	the holder(s) of any Offshore Preference Shares
“Offshore Preference Share(s)”	the U.S.\$1,496,000,000 5.50% non-cumulative offshore preference shares to be issued by the Bank outside the PRC to investors on or about the Issue Date
“Ordinary Share(s)”	the Domestic Share(s) and the H Share(s)
“Ordinary Shareholder(s)”	the holders of the Ordinary Shares

“Parity Obligation Dividend Cancellation Resolution”	a resolution of the Shareholders that resolves irrevocably to cancel payment (and if in part, then in proportion to the full amounts payable) of each dividend or distribution falling due or scheduled for payment on the Offshore Preference Shares and any Parity Obligations outstanding on the date the resolution is passed, in each case for a period of 12 months (or such longer period as such resolution specifies which is in integral multiples of 12 months in excess thereof) following the date of such resolution
“Parity Obligations”	any other class of Preference Shares in the capital of the Bank from time to time and any other obligations that rank, or are expressed to rank equally, with the Offshore Preference Shares (either issued directly by the Bank or by a subsidiary where the terms of such obligations benefit from a guarantee or support agreement whereby obligations therein rank, or are expressed to rank equally, to the Offshore Preference Shares), whether issued in or outside the PRC
“Payment Side Agreement”	the payment side agreement to be entered into among the Bank, the Fiscal Agent and the Receiving Agent
“PRC”	the People’s Republic of China, excluding, for purposes of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and the region of Taiwan
“Preference Shareholders”	the holders of the Preference Shares
“Preference Shares”	the Offshore Preference Share and any other preference shares issued by the Bank from time to time
“Receiving Agent”	Computershare Hong Kong Trustees Limited
“Receiving Agency Agreement”	the receiving agency agreement to be entered into between the Bank and the Receiving Agent relating to the payments of dividends or other distributions to the holders of the Offshore Preference Shares

“Redemption Preconditions”	in relation to any redemption of the Offshore Preference Shares, the Bank’s compliance of the following conditions: (a) 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 (b) 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.
“Regulation S”	Regulation S under the Securities Act
“Reset Date”	the First Reset Date and each date that falls five, or a multiple of five, years following the First Reset Date
“Reset Determination Date”	in relation to a Reset Period, the day falling two Calculation Business Days prior to the Reset Date on which such Reset Period commences
“Reset Dividend Rate”	the dividend rate per annum (expressed as a percentage) representing the sum of the Benchmark Rate as at the relevant Reset Determination Date in relation to that Reset Period and a fixed margin of 3.486% per annum, as determined by the Calculation Agent
“Reset Period”	the period from and including the First Reset Date to but excluding the next succeeding Reset Date, and each successive period from and including a Reset Date to but excluding the next succeeding Reset Date
“Risk-Weighted Assets”	has the meaning given to Risk-Weighted Assets (風險加權資產) (or any equivalent or successor term) in the Capital Management Rules
“RMB” or “Renminbi”	the lawful currency of the PRC
“Securities Act”	the U.S. Securities Act of 1933, as amended

“Shareholder(s)”	the holder(s) of any class of share(s) of the Bank from time to time
“Shareholders Resolutions”	the resolutions passed by the Shareholders on 25 May 2017 in relation to, among others, the Offshore Issuance Plan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement in respect of the Offshore Preference Shares entered into among the Bank and the Joint Lead Managers on 20 October 2017
“Tier 1 Capital Adequacy Ratio”	has the meaning given to Tier 1 Capital Adequacy Ratio (一級資本充足率) (or any equivalent or successor term) in the Capital Management Rules
“Tier 2 Capital Instrument Trigger Event”	the earlier of the following events: <ul style="list-style-type: none"> (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
“Trading Day”	any day (other than a Saturday or a Sunday or a public holiday) on which the Stock Exchange is open for business and the H Shares may be traded
“Trigger Event”	an Additional Tier 1 Capital Instrument Trigger Event or a Tier 2 Capital Instrument Trigger Event, as the case may be
“U.S.” or “United States”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“U.S.\$” or “U.S. dollars”	the lawful currency of the United States of America

“Winding-Up”

proceedings in respect of the Bank for liquidation, dissolution, insolvency or other similar proceeding in respect of the Bank (except for the purposes of a reconstruction, consolidation, amalgamation, merger or reorganisation the terms of which have previously been approved by a Special Resolution of the Offshore Preference Shareholders).

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

Jinzhou, Liaoning Province, the PRC, 20 October 2017

As at the date of this announcement, the Board comprises Mr. Zhang Wei, Mr. Huo Lingbo, Ms. Chen Man, Mr. Wang Jing and Ms. Wang Xiaoyu, as executive Directors; Mr. Li Dongjun, Mr. Zhang Canguang, Mr. Wu Zhengkui and Ms. Gu Jie, as non-executive Directors; Mr. Jiang Daxing, Mr. Deng Xiaoyang, Mr. Niu Sihu, 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.*