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泸州银行股份有限公司

LUZHOU BANK CO., LTD.

Luzhou Bank Co., Ltd.*

泸州银行股份有限公司*

(Formerly known as Luzhou City Commercial Bank Co., Ltd.)

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

(Stock Code: 1983)

**PROPOSED ISSUE OF THE SME BONDS
AND
PROPOSED DISPOSAL OF CERTAIN COLLATERALS**

The Board announces that, at the meeting of the Board held on June 25, 2019, it has resolved to, among others, seek approval from the Shareholders for the following matters:

PROPOSED ISSUE OF THE SME BONDS

In order to replenish the Bank's debt sources, optimize its medium- and long-term debt structure, and provide guarantee for its business development, the Board proposes to issue the SME Bonds in the aggregate amount of not more than RMB2 billion, with a maturity of not more than five years. The SME Bonds will be publicly issued to all members in the national inter-bank bond market of the PRC through the bond issuance system of the PBOC according to relevant rules and regulations of the PRC. The SME Bonds will not be listed on the Stock Exchange. The proceeds from the issuance will be earmarked for the issuance of loans of small and micro enterprises and personal business loans.

PROPOSED DISPOSAL OF CERTAIN COLLATERALS

In order to speed up the disposal and realization of the collaterals, reduce the occupation of capital by inefficient assets, optimize the asset structure, and build a modern financial enterprise with efficient capital operation and excellent asset quality, and in accordance with the relevant requirements of the Measures for the Administration of Debt-expired Assets in Banks of the Ministry of Finance of the PRC and the Administrative Measures for the Capital of Commercial Banks of the CBIRC, the Board proposes to dispose certain collaterals by way of public auctions.

GENERAL MEETING

The Bank will convene a general meeting to seek approval from the Shareholders in respect of the above matters.

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

This announcement is made by Luzhou Bank Co., Ltd. (the “**Bank**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) and Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board of directors of the Bank (the “**Board**”) announces that, at the meeting of the Board held on June 25, 2019, it has resolved to, among others, seek approval from the shareholders of the Bank (the “**Shareholders**”) for the following matters. Details are as follows:

PROPOSED ISSUE OF THE SME BONDS

In order to replenish the Bank’s debt sources, optimize its medium- and long-term debt structure, and provide guarantee for its business development, the Board proposes to issue special financial bonds for loans to small and micro enterprises (the “**SME Bonds**”) in the aggregate amount of not more than RMB2 billion, with a maturity of not more than five years. The proposed issue of the SME Bonds is subject to obtaining the approval from the Shareholders as a special resolution at general meeting and necessary approvals from China Banking and Insurance Regulatory Commission (the “**CBIRC**”)’s Sichuan office, the head office of the People's Bank of China and other relevant regulatory authorities.

Particulars of the proposed issue of the SME Bonds are as follows:

Size	:	not more than RMB2 billion (inclusive)
Term	:	not more than 5 years (inclusive)
Interest rate	:	a fixed interest rate to be determined by the Bank and the principal underwriter(s) based on the market conditions at the time of the issue
Use of proceeds	:	to be earmarked for the issuance of loans of small and micro enterprises and personal business loans
Target subscribers	:	all the members of the national inter-bank bond market of the PRC
Term of validity of the resolution	:	24 months, commencing on the date of passing of the relevant special resolution at general meeting
Whether listed on the Stock Exchange	:	will not be listed on the Stock Exchange

The Bank will also propose at general meeting to authorize the Board to, and allow the Board to further delegate to the chairman, president and secretary to the Board of the Bank, for a period of 24 months, to handle all the matters related to the issue of the SME Bonds (including but not limited to the determination of size of issue, offering time, offering method, maturity of the bonds, target subscribers, face value, interest rate and other terms of the issue; applying to the relevant regulatory authorities for the issuance of the SME Bonds; executing relevant documents; appointing relevant professional institutions; and taking any other actions that he/she may deem necessary for the purposes of the issues of the SME Bonds).

PROPOSED DISPOSAL OF CERTAIN COLLATERALS

Prior to 2015, the Bank, during the course of business, provided three loans to the borrowers which were secured by their commercial properties as collateral (the “**Collaterals**”). After the borrowers defaulted, the relevant court in the PRC put the Collaterals up for auction but the auction failed, and the relevant Collaterals were then delivered to the Bank in 2016 and 2017, respectively. The then total carrying amounts of such Collaterals were approximately RMB100.78 million. In order to speed up the disposal and realization of the Collaterals, reduce the occupation of capital by inefficient assets, optimize the asset structure, and to build a modern financial enterprise with efficient capital operation and excellent asset quality, and in accordance with the relevant requirements of the Measures for the Administration of Debt-expired Assets in Banks of the Ministry of Finance of the PRC and the Administrative Measures for the Capital of Commercial Banks of the CBIRC, the Board proposes to dispose such Collaterals by way of public auctions.

Based on the recent reassessment by appraisal agency, the appraisal value of such Collaterals was approximately RMB38.4 million. It is expected that there would be a disposal loss of approximately RMB69.6 million together with the estimated disposal tax if the auction is to be completed at the appraisal price. According to the Bank’s internal authorisation, if the Bank’s actual loss from the disposal of Collaterals, (i) exceeds the Bank’s estimated loss, and the excess amount is within 10% of the estimated loss; and (ii) the actual loss amount is not more than RMB10 million, the chairman of the Bank will be fully authorized to handle the disposal, or when it is beyond the authority of the chairman of the Bank, such disposal shall be submitted to general meeting for consideration. As the estimated loss on one of the three Collaterals exceeds RMB10 million, the Bank will submit the proposal on disposal of this collateral which estimated loss exceeds RMB10 million to the Shareholders for consideration and approval at general meeting.

According to the policy on asset impairment provision, the Bank made impairment provision for the abovementioned Collaterals in 2018. The impairment provision would make up for some losses upon the completion of the disposal, while the remaining losses on disposal will affect the net profit after tax of the Bank upon the completion of actual disposal of the Collaterals. As of the date of this announcement, as the disposal of relevant Collaterals is yet to complete (one of which with an estimated loss of more than RMB10 million is subject to the approval of the Shareholders at the general meeting); the amount of above expected losses is calculated only based on current appraisal value; the expected amount of taxes were estimated by tax agent and other factors, certain differences may exist between the actual loss arising from the actual disposal and the estimated loss. The Bank expects that the interim profits of the Bank in 2019 will not be affected by the disposal losses of the three Collaterals and the actual effect on the annual profits in 2019 is still subject to further confirmation. The Bank will separately inform the Shareholders and potential investors of any further material development of the above matters as and when appropriate and make appropriate disclosure according to the requirements of the Listing Rules if necessary.

GENERAL MEETING

The Bank will convene a general meeting to seek approval from the Shareholders in respect of the above matters.

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

By order of the Board
Luzhou Bank Co., Ltd.*
YOU Jiang
Chairman

Luzhou, the PRC
June 26, 2019

As at the date of this announcement, the Board of Directors comprises Mr. YOU Jiang, Mr. XU Xianzhong and Mr. LIU Shirong as executive Directors, Mr. XIONG Guoming, Mr. LIU Qi, Mr. DAI Zhiwei as non-executive Directors and Mr. GU Mingan, Mr. HUANG Yongqing, Mr. YE Changqing and Mr. TANG Baoqi as independent non-executive Directors.

* *Luzhou Bank Co., Ltd. is not an authorised 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 authorised to carry on banking and/or deposit-taking business in Hong Kong.*