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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*

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

(Stock Code: 1983)

**(1) PROPOSED ISSUE OF NEW H SHARES UNDER SPECIFIC MANDATE;
AND
(2) PROPOSED AMENDMENTS TO THE ARTICLES
OF ASSOCIATION**

Proposed Issue of New H Shares under Specific Mandate

At the board meeting held on January 10, 2020, the Board approved the proposed issue of not more than 360,000,000 New H Shares, pursuant to a specific mandate to be sought at the EGM and the Class Meetings, representing approximately 15.90% of the total existing issued share capital of the Bank before the New H Share Issue, and approximately 13.72% of the total enlarged issued share capital of the Bank after the New H Share Issue; and representing approximately 57.36% of the existing issued H Shares of the Bank before the New H Share Issue, and approximately 36.45% of the enlarged issued H Shares of the Bank after the New H Share Issue.

Proposed Amendments to the Articles of Association

On the same day, the Board approved the proposal to approve authorization at the EGM and the Class Meetings for certain amendments to the Articles of Association to reflect, among other things, the changes in registered capital, overseas-listed foreign shares (H Shares) which may be issued and the equity structure after the New H Share Issue.

General

The New H Share Issue and the proposed amendments to the Articles of Association are subject to consideration and approval by the Shareholders of the Bank at the EGM and the Class Meetings. The Bank will convene the EGM and the Class Meetings to seek approval from the Shareholders for the above matters.

A circular containing, among other things, details of the above matters and the notices of EGM, Domestic Shareholders' Class Meeting and H Shareholders' Class Meeting will be despatched to the Shareholders in due course.

The New H Share Issue and the proposed amendments to the Articles of Association are subject to certain conditions, including but not limited to the market condition, and/or the Shareholders' approval at the EGM and the Class Meetings. The New H Share Issue and proposed amendments to the Articles of Association are also subject to the approvals of the CBIRC Sichuan Office, the 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 Rule 13.09 of the Listing Rules and Part XIVA of the SFO.

I. PROPOSED ISSUE OF NEW H SHARES UNDER SPECIFIC MANDATE

At the board meeting held on January 10, 2020, the Board approved the proposed issue of not more than 360,000,000 New H Shares, pursuant to a specific mandate to be sought at the EGM and the Class Meetings, representing approximately 15.90% of the total existing issued share capital of the Bank before the New H Share Issue, and approximately 13.72% of the total enlarged issued share capital of the Bank after the New H Share Issue; and representing approximately 57.36% of the existing issued H Shares of the Bank before the New H Share Issue, and approximately 36.45% of the enlarged issued H Shares of the Bank after the New H Share Issue.

The proposed issue of New H Shares under specific mandate and other related matters below are conditional and subject to (i) obtaining Shareholders' approval by way of special resolutions at the EGM and the Class Meetings and necessary approvals from the CBIRC Sichuan Office, the CSRC and other relevant regulatory authorities; (ii) the entering into of Subscription Agreements between the Bank and the potential investors and such Subscription Agreements not being terminated in accordance with the terms therein; and (iii) the Listing Committee of the Stock Exchange granting listing of and permission to deal in all of the New H Shares to be issued and allotted pursuant to the New H Share Issue.

Proposed plan for the New H Share Issue

Details of the New H Share Issue are as follows:

(1) *Class and nominal value of Shares to be issued*

Ordinary H Shares with a nominal value of RMB1.00 each. New H Shares will be listed on the Main Board of Stock Exchange after issuance. Unless otherwise required by the applicable PRC laws and regulations and the Articles of Association, the New H Shares shall rank *pari passu* with the issued Domestic Shares and H Shares.

(2) *Method of issuance*

Non-public offering, subject to the approval for the listing and trading of the New H Shares from relevant regulatory authorities (including but not limited to CBIRC Sichuan Office and CSRC) and the Stock Exchange.

(3) *Target placees*

The New H Shares will be placed to qualified investors (excluding those in respect of which subscription has been prohibited under relevant laws and regulations), who (together with their respective ultimate beneficial owners) are independent third parties and not connected persons (as defined under the Listing Rules) of the Bank and the connected persons of the Bank. The actual placee(s) is subject to the adjustment according to the prevailing marketing condition at the time of issue.

(4) *Method of subscription*

The New H Shares are to be subscribed by the investors in cash, and issued and allotted in accordance with the terms of the Subscription Agreements to be entered into between the Bank and the qualified investors.

(5) *Size of issuance*

The Bank will issue not more than 360,000,000 New H Shares, representing approximately 15.90% of the total existing issued share capital of the Bank before the New H Share Issue, and approximately 13.72% of the total enlarged issued share capital of the Bank after the New H Share Issue; and representing approximately 57.36% of the existing issued H Shares of the Bank before the New H Share Issue, and approximately 36.45% of the enlarged issued H Shares of the Bank after the New H Share Issue. The size of the New H Share Issue will be adjusted in case of ex-right events including bonus issue, rights issue, and transfer to share capital from capital reserve during the period from the date of the approval of the Board to the date of such New H Share Issue. Within the limit of the above cap, the final issuance size shall be determined by the Board or the persons authorized by the Board with the underwriters of the New H Share Issue in accordance with the authorization of the EGM and the Class Meetings and in accordance with the requirements of laws, approvals of regulatory authorities and market conditions at the time of the New H Share Issue.

(6) Pricing mechanism

The New H Shares will be issued at a price determined after arm's length negotiation between the persons authorized by the Board and the lead underwriters with reference to the rule of fair trade, the capital market conditions and the stock price of the Bank. In any case, the issue price of the New H Shares shall not represent a discount of 20% or more to the average closing price of the H shares as quoted on the Stock Exchange over the last five trading days prior to the date of determination of the relevant issue price, and shall comply with the relevant requirements of PRC and Hong Kong laws and market practices.

(7) Lock-up period

The New H Shares will not be subject to any lock-up period.

(8) Use of proceeds

The proceeds of the New H Share Issue, after deducting relevant expenses, will all be used to replenish the core tier I capital of the Bank.

(9) Accumulated profits

Upon completion of the New H Share Issue, any accumulated profits of the Bank which remain undistributed before the New H Share Issue shall be for the benefit of all the Shareholders of the Bank (including Shareholders holding the New H Shares) as a whole.

(10) Underwriting

The underwriter will be determined by the Board or persons authorized by the Board within the Board's authorization and shall procure the subscriber(s) to subscribe for the New H Shares.

(11) Time of issuance

The Bank will select an appropriate time and market window within the validity period of the resolutions to be passed at the EGM and the Class Meetings to implement the New H Share Issue. The New H Share Issue is subject to approval by CBIRC Sichuan Office, CSRC and the Stock Exchange. The actual time of issuance shall be determined by the Board or persons authorized by the Board as authorized by the EGM and the Class Meetings, taking into account the overseas capital market conditions and the approval progress of both domestic and overseas competent and regulatory authorities.

(12) Validity period of the resolutions

The resolutions relating to the New H Share Issue will be valid for 12 months, commencing from the date of passing of the relevant special resolutions at the EGM and obtaining the approval from class shareholders at the Class Meetings. The Board shall propose at the general meeting to consider and approve the extension of the validity period if the New H Share Issue is not completed within such 12-month validity period.

Reasons for and benefits of the New H Share Issue

Through replenishing the core capital, the Bank intends to further strengthen its comprehensive competitiveness, improve its risk resistance capability, increase its capital adequacy ratio and core capital adequacy ratio, and thus promoting sustainable development of the Bank. At the same time, the Bank will make full use of the financing advantages of the Hong Kong capital market to support the continuous growth of the Bank's business.

Having considered, among other things, the foregoing reasons for and benefits of the New H Share Issue, the Directors are of the view that the specific mandate to issue New H Shares is in the interests of the Bank and the Shareholders as a whole.

Effects of the New H Share Issue on the equity structure of the Bank

For reference and illustration purposes only, assuming that a total of 360,000,000 New H Shares under the New H Share Issue are permitted for issuance and all of the New H Shares are issued, and there are no changes to the issued share capital of the Bank prior to completion of the New H Share Issue, the equity structure of the Bank as at the date of this announcement and immediately after the completion of the New H Share Issue is set out as follows:

	As at the date of this announcement		Immediately after completion of the New H Share Issue	
	Number of Shares	As a percentage of total issued Shares (%)	Number of Shares	As a percentage of total issued Shares (%)
Domestic Shares	1,637,193,385	72.29	1,637,193,385	62.37
H Shares	627,600,000	27.71	627,600,000	23.91
New H Shares	—	—	360,000,000	13.72
Total	2,264,793,385	100.00	2,624,793,385	100.00

Application for listing

Application will be made by the Bank to the Listing Committee of the Stock Exchange for the listing of and permission to deal in all the New H Shares on the Stock Exchange, as and when appropriate.

Authorization to the Board to implement the New H Share Issue

The Board will seek the Shareholders' authorization at the EGM and the Class Meetings respectively granted to the Chairman of the Bank, the President of the Bank and the secretary of the Board of the Bank to separately or jointly deal with and complete all the matters in relation to the New H Share Issue with full authority for a term of 12 months upon the passing of the relevant resolution(s) at the EGM and the Class Meetings. Such matters include but are not limited to:

- (a) pursuant to the plan for the New H Share Issue approved by the general meetings and the Class Meetings, and based on the opinions of relevant domestic and overseas government authorities and regulatory authorities on the New H Share Issue, amending, improving and specifically implementing the plan for the New H Share Issue in accordance with the market environment, including but not limited to, determining the actual issue size, issue price, issue time, issue method, target placees, strategic placement, use of proceeds and other matters based on the situation at the time of the New H Share Issue;
- (b) subject to the compliance of the regulatory requirements of the CBIRC Sichuan Office, CSRC, and the Stock Exchange, determining the issue price and the number of Shares to be issued to target placees within the scope of the plan for the New H Share Issue considered and approved by the general meeting and the Class Meetings;
- (c) drafting, amending, supplementing, signing, submitting, reporting, executing all agreements or documents related to the New H Share Issue and Shares subscription, including but not limited to the Subscription Agreements and under which documents to be signed and required for the consummation of the closing, related/connected transaction agreement, investment agreement, underwriting agreement, all application documents submitted to the regulatory authorities, all application documents or forms and supporting documents submitted to the Stock Exchange in respect of the listing and trading of New H Shares, the communication (if required) with regulatory authorities, the CSRC and the Stock Exchange in respect of the New H Share Issue and Shares subscription, the forms, letters or documents submitted to Computershare Hong Kong Investor Services Limited, and dealing with relevant information disclosures regarding the New H Share Issue in accordance with the regulatory requirements;
- (d) dealing with all relevant approvals, registrations, filings, permits and permissions from relevant domestic and overseas government authorities, regulatory authorities, institutions and stock exchanges, and obtaining the approval of the Stock Exchange ; and the listing of and permission to deal in all New H Shares to be issued and allotted under the New H Share Issue on the Main Board of the Stock Exchange;
- (e) dealing with matters related to the appointment and engagement of relevant intermediaries;
- (f) approving and authorizing the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited to, on behalf of the itself or any other person/institution delegated by it, place, allot and issue the New H Shares, and register the placee(s) or HKSCC Nominees Limited as holder of the New H Shares in the H Share register of members of the Bank in Hong Kong;

- (g) making any amendments to the Articles of Association and other corporate governance documents pursuant to domestic or foreign laws, regulations and other regulatory documents due to the needs of the New H Share Issue which have been considered and approved at the general meetings and the Board meetings based on any changes in domestic or foreign laws, regulations and other regulatory documents, the requirements and advice of the relevant domestic and overseas government authorities and regulatory authorities, and the actual situation of the New H Share Issue; making corresponding amendments and supplements to the Articles of Association with respect to the registered capital, issuable overseas-listed foreign shares (H Shares) and equity structure of the Bank and proceeding the approval, registration of changes and filing procedures with banking and insurance regulatory authority and other relevant government departments in respect of change in registered capital and the Articles of Association upon the completion of the New H Share Issue;
- (h) making corresponding amendments to the resolutions regarding the New H Share Issue considered and approved by the general meetings according to the requirements of government authorities and regulatory authorities as well as relevant approval documents;
- (i) granting authorization to the Board to authorize relevant parties to deal with and handle matters related to the New H Share Issue, sign legal documents regarding the New H Share Issue and approve related matters as required; and
- (j) dealing with any other matters related to the New H Share Issue.

Depending on market conditions, the Board may or may not exercise the specific mandate, if granted, to issue the New H Shares. If the Board proceeds with the New H Share Issue pursuant to the specific mandate, the separate announcement(s) will be made by the Bank.

Equity Fund Raising Activities of the Bank in the Past 12 Months

On January 9, 2019, the Sole Representative (as defined in the prospectus of H Shares global offering of the Bank) (on behalf of the international underwriters) fully exercised the over-allotment option, which involved 81,860,000 H Shares in total. The over-allotment shares were listed and traded on the Main Board of the Stock Exchange on January 14, 2019. The net proceeds from the issuance of over-allotment shares of the Bank were approximately HK\$255.5 million, and have been used to strengthen the Bank's capital base to support the ongoing growth of its business.

Save as disclosed above, the Bank has not conducted any fund raising activities involving the issue of equity securities in the 12 months immediately preceding the date of this announcement.

II. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Upon completion of the New H Share Issue, the articles regarding registered capital, overseas-listed foreign shares (H Shares) which may be issued and the equity structure will change and therefore consequential amendments to the Articles of Association are necessary. The Board will seek the Shareholders' authorization at the EGM and the Class Meetings granted to the Board and the persons authorized by the Board to implement the proposed amendments to the Articles of Association after the New H Share Issue and deal with the registration of changes and filing procedures with the relevant government authorities and other matters during the validity period of the resolutions relating to the New H Share Issue. The amendments shall be subject to the approval at the EGM and the CBIRC Sichuan Office, and shall be effective since the completion of the New H Share Issue.

The amendments will involve the following existing articles of the Articles of Association:

Article 6	The registered capital of the Bank is RMB2,264,793,385.
Article 24	<p>The Bank is promoted by Luzhou Municipal Finance Bureau, the original shareholders of eight former urban credit cooperatives and two rural credit cooperatives in Luzhou and new Shareholders joining us as promoters. Upon approval by the examination and approval department authorized by the State Council, the Bank issued 100,763,700 ordinary shares to the promoters at the time of its establishment, accounting for 100% of the total ordinary shares that the Bank could issue then. The capital contribution was made in September 1997 by way of net assets and currency.</p> <p>The Bank may issue 627,600,000 ordinary shares upon approval by the securities regulatory authorities including the examination and approval department authorized by the State Council.</p> <p>The equity structure of the Bank is: 2,264,793,385 ordinary shares, including 1,637,193,385 domestic shares, accounting for 72.29% of the total ordinary shares that the Bank can issue; 627,600,000 H Shares, accounting for 27.71% of the total ordinary shares that the Bank can issue.</p>

Until the above amendments are approved by the EGM, the Class Meetings and CBIRC Sichuan Office, the existing Articles of Association will continue to be in force.

General

The New H Share Issue and the proposed amendments to the Articles of Association are subject to consideration and approval by the Shareholders of the Bank at the EGM and the Class Meetings. The Bank will convene the EGM and the Class Meetings to seek approval from the Shareholders for the above matters.

A circular containing, among other things, details of the above matters and the notices of EGM, Domestic Shareholders' Class Meeting and H Shareholders' Class Meeting will be despatched to the Shareholders in due course.

The New H Share Issue and the proposed amendments to the Articles of Association are subject to certain conditions, including but not limited to the market condition, and/or the Shareholders' approval at the EGM and the Class Meetings. The New H Share Issue and proposed amendments to the Articles of Association are also subject to the approvals of the CBIRC Sichuan Office, the 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.

DEFINITION

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Articles of Association”	the articles of association of the Bank
“Bank”	Luzhou Bank Co., Ltd. (泸州银行股份有限公司), 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 of the Bank
“CBIRC Sichuan Office”	China Banking and Insurance Regulatory Commission Sichuan Office
“CSRC”	China Securities Regulatory Commission
“Class Meeting(s)”	collectively, the Domestic Shareholders' Class Meeting and H Shareholders' Class Meeting
“Director(s)”	the director(s) of the Bank
“Domestic Shareholders' Class Meeting”	the class meeting of the holders of Domestic Shares to be convened immediately after the conclusion of the EGM to be held on the same date at the same place or any adjournment thereof
“Domestic Shareholder(s)”	holder(s) of Domestic Shares

“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
“EGM”	the extraordinary general meeting to be convened by the Bank or any adjournment thereof
“H Shareholders’ Class Meeting”	the class meeting of the holders of H Shares to be convened immediately after the conclusion of the Domestic Shareholders’ Class Meeting to be held on the same date at the same place or any adjournment thereof
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“H Share(s)”	overseas-listed foreign share(s) in the capital of the Bank with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New H Shares”	not more than 360,000,000 H Shares (inclusive) proposed to be issued upon the exercise of a specific mandate to be granted to the Board by the Shareholders at the EGM, the Domestic Shareholders’ Class Meeting and H Shareholders’ Class Meeting
“New H Share Issue”	the proposed issue of not more than 360,000,000 New H Shares (inclusive)
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	the Domestic Share(s) and/or the H Share(s)

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“Subscription Agreements”

collectively, the subscription agreements expected to be entered into by the Bank and potential investors for the subscription of the New H Shares

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

Luzhou, China, January 10, 2020

As at the date of this announcement, the Board comprises Mr. YOU Jiang, Mr. XU Xianzhong and Mr. LIU Shirong as executive Directors, Ms. PAN Lina, Mr. XIONG Guoming, Mr. LIU Qi, Mr. DAI Zhiwei, Ms. LIU Anyuan and Mr. JIANG Bo 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 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/deposit-taking business in Hong Kong.*