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Harbin Bank Co., Ltd.

哈爾濱銀行股份有限公司*

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

(Stock Code: 6138)

**PROPOSED EXTENSION OF THE VALIDITY PERIOD OF
THE OFFSHORE ISSUANCE PLAN AND
RELEVANT SHAREHOLDERS' RESOLUTIONS
AND
PROPOSED EXTENSION OF THE VALIDITY PERIOD OF
THE AUTHORISATION TO THE BOARD AND
THE PERSONS AUTHORISED BY THE BOARD TO
DEAL WITH ALL MATTERS RELATING TO THE ISSUANCE OF
OFFSHORE PREFERENCE SHARES**

**I. PROPOSED EXTENSION OF THE VALIDITY PERIOD OF THE OFFSHORE
ISSUANCE PLAN AND RELEVANT SHAREHOLDERS' RESOLUTIONS**

In accordance with the Company Law, the Securities Law, the State Council Guidance Opinion, the Capital Management Rules, the Joint Guidance Opinion and the Hong Kong Listing Rules and other relevant laws, administrative regulations and normative documents and with reference to the Administrative Measures on Preference Shares, the Bank formulated relevant plan for non-public issuance of Offshore Preference Shares. The Proposal on the Non-public Issuance of Offshore Preference Shares by the Bank was considered and approved at each of the 2017 first extraordinary general meeting, the 2017 first domestic shareholders' class meeting and the 2017 first H shareholders' class meeting of the Bank held on 10 February 2017. According to the resolution as approved at the 2017 first extraordinary general meeting, the 2017 first domestic shareholders' class meeting and the 2017 first H shareholders' class meeting, respectively (collectively, “**Relevant Shareholders' Resolutions**”), the validity period of both the Offshore Issuance Plan and Relevant Shareholders' Resolutions is 36 months from the date of being approved at the 2017 first extraordinary general meeting, i.e. from 10 February 2017 to 9 February 2020.

The Proposal on the Extension of the Validity Period of the Resolution of Shareholders' General Meeting in respect of the Non-public Issuance of Offshore Preference Shares was considered and approved at each of the 2018 annual general meeting, the 2019 first domestic shareholders' class meeting and the 2019 first H shareholders' class meeting of the Bank held on 17 May 2019. According to the resolution as approved at the 2018 annual general meeting, the 2019 first domestic shareholders' class meeting and the 2019 first H shareholders' class meeting, respectively, the validity period of the Offshore Issuance Plan and Relevant Shareholders' Resolutions was extended for 12 months from the date of being approved at the 2018 annual general meeting, i.e. from 17 May 2019 to 16 May 2020.

As the extended validity period of the Offshore Issuance Plan and Relevant Shareholders' Resolutions is going to expire and in order to ensure the continuity and effectiveness of the work related to the issuance of Offshore Preference Shares, the Bank proposes to seek Shareholders' approval at the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting on further extension of the validity period of the Offshore Issuance Plan and Relevant Shareholders' Resolutions for 12 months from the date of being approved at the AGM, i.e. from 15 May 2020 to 14 May 2021. The Proposal on the Extension of the Validity Period of the Offshore Issuance Plan and Relevant Shareholders' Resolutions has been considered and approved at a meeting of the Board held on 30 March 2020, and will be put forward at the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting for Shareholders' approval by way of a special resolution.

For further details of the Offshore Issuance Plan, please refer to the circular of the Bank dated 23 December 2016.

The initial mandatory conversion price of the Offshore Preference Shares is HK\$3.49. Assuming that an issue size equivalent to RMB8 billion of Offshore Preference Shares were issued and all the Offshore Preference Shares were subject to conversion, on the basis of the above initial mandatory conversion price, the number of H Shares to be issued upon conversion of the Offshore Preference Shares would not exceed 2,572,347,266 H Shares. As of the date of this announcement, there were 3,023,570,000 H Shares in issue. Assuming that there is no change in the Company's issued share capital after the date of this announcement and immediately before the completion of the issuance of the Offshore Preference Shares, the maximum number of H Shares may be issued upon conversion represents (i) 85.08% of the total number of H Shares in issue, (ii) 45.97% of the enlarged H share capital of the Bank, and (iii) 23.40% of the current total issued share capital of the Bank.

For illustrative purposes only, the table below sets forth the impact on the Bank's share capital structure if all the Offshore Preference Shares under the proposed issuance are converted into H Shares pursuant to the conversion:

Share Capital	As at the date of this announcement		After issuance of the Offshore Preference Shares ¹		After conversion of all the Offshore Preference Shares	
	Shares	Percentage of share capital	Shares	Percentage of share capital	Shares	Percentage of share capital
Domestic Shares²	7,972,029,553	72.50%	7,972,029,553	72.50%	7,972,029,553	58.76%
Harbin Economic Development and Investment Company	3,257,943,986	29.63%	3,257,943,986	29.63%	3,257,943,986	24.01%
Heilongjiang Financial Holdings Group Co., Ltd. (黑龍江省金融控股集團 有限公司) and Harbin Dazheng Microcredit Co., Ltd. (哈爾濱市大正 小額貸款有限責任公司) ³	2,039,975,058	18.55%	2,039,975,058	18.55%	2,039,975,058	15.04%
Other Domestic Shareholders	2,674,110,509	24.32%	2,674,110,509	24.32%	2,674,110,509	19.71%
H Shares	<u>3,023,570,000⁴</u>	<u>27.50%</u>	<u>3,023,570,000</u>	<u>27.50%</u>	<u>5,595,917,266</u>	<u>41.24%</u>
Total	<u>10,995,599,553</u>	<u>100%</u>	<u>10,995,599,553</u>	<u>100%</u>	<u>13,567,946,819</u>	<u>100%</u>

Notes:

1. 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.
2. The Domestic Shares are unlisted non-tradable shares, which do not count as shares held by the public for the purpose of calculating the percentage of public float of the Bank.
3. As at the date of this announcement, Heilongjiang Financial Holdings Group Co., Ltd. directly holds 2,035,675,058 Domestic Shares of the Bank and indirectly through its controlled entity Harbin Dazheng Microcredit Co., Ltd. (哈爾濱市大正小額貸款有限責任公司) holds 4,300,000 Domestic Shares of the Bank.
4. As at the date of this announcement, the H Shares are all held by the public based on the public information available to the Bank.

Based on the public information available to the Bank and on the basis that all the Offshore Preference Shares will be initially placed to persons independent from the Bank and persons that are not connected persons of the Bank, the percentage of share capital held by the public is (i) 27.50% as at the date of this announcement, (ii) 27.50% after the issuance of the Offshore Preference Shares, and (iii) 41.24% after the conversion of all the Offshore Preference Shares into H Shares subject to other changes in the Shares, the Shareholders or the capital of the Bank.

Upon obtaining the approval by the Shareholders at the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting, the proposed issuance of Offshore Preference Shares is still subject to (i) the approval by the Heilongjiang Bureau of the CBIRC, (ii) the approval by the CSRC, and (iii) the filing and registration with the National Development and Reform Commission. The Bank had previously obtained the approval by the Heilongjiang Bureau of the CBIRC (the **"Approval"**) and had made the relevant filing and registration with the National Development and Reform Commission (the **"Filing and Registration"**) in relation to the issuance of Offshore Preference Shares, and had obtained the approval by the National Development and Reform Commission on the extension of the validity period of the Filing and Registration. However, both the validity period of the Approval and the extended validity period of the Filing and Registration have expired. The Bank had previously communicated with the relevant regulatory authorities in respect of the issuance of Offshore Preference Shares for several times. As at the date of this announcement, none of the above-mentioned conditions to the proposed issuance of Offshore Preference Shares has been met. Upon obtaining the approval by the Shareholders at the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting on the relevant resolution, the Bank will, in the coming 12 months, continue to look for an appropriate timing for the issuance of Offshore Preference Shares, and when appropriate, (i) reapply for the approval by the Heilongjiang Bureau of CBIRC, (ii) apply for the approval by the CSRC, and (iii) complete the relevant filing and registration with the National Development and Reform Commission. The delay in completion of the Offshore Issuance Plan would not have any material adverse impact on the Bank's operations and financial position.

II. PROPOSED EXTENSION OF THE VALIDITY PERIOD OF THE AUTHORISATION TO THE BOARD AND THE PERSONS AUTHORISED BY THE BOARD TO DEAL WITH ALL MATTERS RELATING TO THE ISSUANCE OF OFFSHORE PREFERENCE SHARES

The Proposal on the Authorisation to the Board and the Persons Authorised by the Board to Deal with All Matters Relating to the Issuance of Offshore Preference Shares was considered and approved at each of the 2017 first extraordinary general meeting, the 2017 first domestic shareholders' class meeting and the 2017 first H shareholders' class meeting of the Bank held on 10 February 2017. According to the resolution approved at the 2017 first extraordinary general meeting, the 2017 first domestic shareholders' class meeting and the 2017 first H shareholders' class meeting, respectively, the Board and the persons authorised by the Board were authorised by the Shareholders' general meeting to deal with all matters relating to the issuance of Offshore Preference Shares (the **"Authorisation"**). The validity period of the Authorisation is 12 months from the date of being approved at the 2017 first extraordinary general meeting.

The Proposal on the Extension of the Validity Period of the Authorisation to the Board and the Persons Authorised by the Board to Deal with All Matters Relating to the Issuance of Offshore Preference Shares was considered and approved at each of the 2017 annual general meeting, the 2018 first domestic shareholders' class meeting and the 2018 first H shareholders' class meeting of the Bank on 18 May 2018. According to the resolution approved at the 2017 annual general meeting, the 2018 first domestic shareholders' class meeting and the 2018 first H shareholders' class meeting, respectively, the extended validity period of the Authorisation is 12 months from the date of being approved at the 2017 annual general meeting.

The Proposal on the Extension of the Validity Period of the Authorisation to the Board and the Persons Authorised by the Board to Deal with All Matters Relating to the Issuance of Offshore Preference Shares was considered and approved at each of the 2018 annual general meeting, the 2019 first domestic shareholders' class meeting and the 2019 first H shareholders' class meeting of the Bank held on 17 May 2019. According to the resolution approved at the 2018 annual general meeting, the 2019 first domestic shareholders' class meeting and the 2019 first H shareholders' class meeting, respectively, the further extended validity period of the Authorisation is 12 months from the date of being approved at the 2018 annual general meeting.

As the extended validity period of the Authorisation is going to expire and in order to ensure the continuity and effectiveness of the work related to the issuance of Offshore Preference Shares, the Bank proposes to seek Shareholders' approval at the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting on the further extension of the validity period of the Authorisation for 12 months from the date of being approved at the AGM. The Proposal on the Extension of the Validity Period of the Authorisation by the Shareholders' General Meeting to the Board and the Persons Authorised by the Board to Deal with All Matters Relating to the Issuance of Offshore Preference Shares has been considered and approved at a meeting of the Board held on 30 March 2020, and will be put forward at the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting for Shareholders' approval by way of a special resolution.

Relevant authorization matters are set out as follow:

1. Matters Authorised in Connection with the Issuance of Offshore Preference Shares

To ensure the successful implementation of the issuance of Offshore Preference Shares, it is proposed that the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting authorise the Board, and the Board will then delegate the authority to the Chairman, the President and the Secretary to the Board of the Bank, in accordance with the principles for the issuance of Offshore Preference Shares considered and approved at the Shareholders' general meeting, to individually or jointly exercise the full power to deal with all matters relating to the issuance of Offshore Preference Shares within the validity period of the authorisation for the issuance of Offshore Preference Shares, including but not limited to those set out below:

- (1) to formulate and implement the final issuance plan for the Offshore Preference Shares, including but not limited to:
 - (a) to determine the number of series and the respective issue number and issue size of each series of the Offshore Preference Shares within the approved total issue number and issue size;
 - (b) to determine the method for determining the dividend rate as well as the specific dividend rate and adjusted dividend rate period of the Offshore Preference Shares;
 - (c) to determine whether the Offshore Preference Shares will be issued at or above par value, the issue price, the subscription currency, and the specific commencement date of the redemption period, redemption conditions and the issuance method of the Offshore Preference Shares, according to market conditions prior to the issuance of the Offshore Preference Shares;

- (d) to determine the timing of issuance, the arrangements relating to issuance in multiple series, the target investors and the size issued to each investor of the Offshore Preference Shares according to the approvals from regulatory authorities and market conditions; and
 - (e) to determine other matters in relation to the issuance plan of Offshore Preference Shares (including but not limited to rating arrangements, special account for the proceeds, the tax arrangements in relation to any dividend payment, the arrangements with respect to subscription procedures and the listing of the Offshore Preference Shares) and to make necessary adjustments to the issuance plan of offshore preference shares according to the latest regulatory requirements or opinions of regulatory authorities (including suspension and termination, similarly construed hereafter), except those matters that require a separate vote at a Shareholders' general meeting in accordance with the relevant laws and regulations and the Articles of Association of the Bank.
- (2) if there are any new regulations by the State or policies by relevant regulatory authorities on preference shares or any changes to market conditions occurring prior to the issuance of the Offshore Preference Shares, to exercise full power to amend the issuance plan of the Offshore Preference Shares accordingly to reflect such changes, except for those amendments that require a separate vote at the Shareholders' general meeting according to relevant laws, regulations and the Articles of Association of the Company;
 - (3) to produce, amend, execute, implement and file the application materials relating to the issuance, trading and transfer of the Offshore Preference Shares, the documents relating to the issuance and transfer of the Offshore Preference Shares and other documents (such as offering circular, issuing circular and/or prospectus, as applicable) of the Offshore Preference Shares, to deal with related matters, such as approval, registration, filing, authorisation and consent by relevant regulatory authorities and to conduct all acts relating to the issuance or transfer of the Offshore Preference Shares that are deemed necessary, proper or appropriate by such authorised person(s), in each case, according to the requirements of relevant domestic and offshore governmental bodies and regulatory authorities (including the Hong Kong Stock Exchange);
 - (4) to draft, amend, execute, implement, submit and publish all agreements, contracts and documents (including but not limited to sponsor and underwriting agreements, agreements relating to the issuance proceeds, subscription agreements entered into with investors, announcements, circulars and other disclosure documents) in relation to the issuance of the Offshore Preference Shares;
 - (5) to make appropriate amendments, adjustments and supplements to the issuance plan and terms of the Offshore Preference Shares in accordance with the opinions of the relevant regulatory authorities and the actual circumstances of the Company to the extent permitted by laws and regulations;

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

The authorisation for the issuance of Offshore Preference Shares shall remain valid during the 12 months following the consideration and passing of the resolution at the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting. If the issuance of Offshore Preference Shares is not completed by the Company before the expiration of the validity period of such authorisation, then such authorisation will lapse, but the Board has the right to seek approval at a Shareholders' general meeting to extend the validity period of such authorisation or grant another authorisation.

2. Matters Authorised in Connection with the Offshore Preference Shares that Remain Outstanding

So long as the Offshore Preference Shares remain outstanding, it is proposed that the AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting authorise the Board (including the authority for the Board to sub-delegate), to exercise full power to deal with the following matters in accordance with laws and regulations, the Articles of Association, relevant regulatory rules and the framework and principles for the issuance of Offshore Preference Shares as considered and approved at the Shareholders' general meeting:

- (1) to deal with all matters relating to conversion of the Offshore Preference Shares during the conversion period upon occurrence of any trigger event for mandatory conversion of the Offshore Preference Shares, including but not limited to, determining the timing of conversion, conversion ratio, implementing the procedures for conversion, amending the relevant provisions in the Articles of Association, dealing with regulatory approvals, registering with the administration for industry and commerce and other competent governmental bodies for the change of registration as well as other matters;
- (2) to decide on matters relating to redemption of the Offshore Preference Shares during the redemption period with reference to market conditions and other factors, and to deal with all matters relating to redemption as approved by the banking regulatory authority under the State Council and other regulatory authorities; and
- (3) to determine and deal with matters in relation to dividend payment to Offshore Preference Shareholders in accordance with the requirements of the issuance terms. However, cancellation in whole or in part of the Offshore Preference Share dividends shall still require the approval of the Shareholders' general meeting.

III. DISPATCH OF CIRCULAR

A circular containing the notices of AGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting, and information regarding (i) the Proposed Extension of the Validity Period of the Offshore Issuance Plan and Relevant Shareholders' Resolutions, and (ii) the Proposed Extension of the Validity Period of the Authorisation to the Board and the Persons Authorised by the Board to Deal With All Matters Relating to the Issuance of Offshore Preference Shares is expected to be dispatched to the Shareholders in due course.

IV. DEFINITIONS

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

“AGM”	the 2019 annual general meeting or any adjourned meeting of the Bank to consider and approve, among other things, (i) the Proposed Extension of the Validity Period of the Offshore Issuance Plan and Relevant Shareholders' Resolutions, and (ii) the Proposed Extension of the Validity Period of the Authorisation to the Board and the Persons Authorised by the Board to Deal With All Matters Relating to the Issuance of Offshore Preference Shares
“Administrative Measures on Preference Shares”	the Trial Administrative Measures on Preference Shares (優先股試點管理辦法) issued by the CSRC on 21 March 2014
“Articles of Association”	the articles of association of the Bank, as amended, revised or supplemented from time to time
“Bank” or “Company”	Harbin Bank Co., Ltd. (哈爾濱銀行股份有限公司), a joint stock company established in the PRC on 25 July 1997 with limited liability in accordance with the Company Law of the PRC (中華人民共和國公司法), and the H Shares of which are listed on the Hong Kong Stock Exchange (Stock Code: 06138)
“Board” or “Board of Directors”	the board of directors of the Bank
“Capital Management Rules”	the Rules Governing Capital Management of Commercial Banks (Provisional) (商業銀行資本管理辦法(試行)) issued by the CBRC on 7 June 2012, which became effective on 1 January 2013
“CBIRC”	China Banking and Insurance Regulatory Commission
“CBRC”	China Banking Regulatory Commission

“Company Law” or “PRC Company Law”	the Company Law of the PRC (中華人民共和國公司法), as enacted and adopted by the Standing Committee of the Eighth National People’s Congress on 29 December 1993 and effective on 1 July 1994, as the same may be amended, supplemented and otherwise modified from time to time
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Bank
“Domestic Shareholder(s)”	holder(s) of Domestic Shares
“Domestic Shareholders’ Class Meeting”	the 2020 first class meeting of Domestic Shareholders to be held on the date of the AGM
“Domestic Shares”	ordinary shares of a nominal value of RMB1.00 each issued by the Bank, which are subscribed for or credited as paid in Renminbi
“H Shareholder(s)”	holder(s) of H Shares
“H Shareholders’ Class Meeting”	the 2020 first class meeting of H Shareholders or any adjourned meeting of the Bank to be held on the date of the AGM
“H Shares”	overseas listed foreign shares of RMB1.00 each in the share capital of the Bank, which are listed on the Hong Kong Stock Exchange (Stock Code: 06138) and traded in Hong Kong dollars
“HK\$” or “HK Dollars”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise revised from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Joint Guidance Opinion”	the Guidance Opinion on Issuance of Preference Shares by Commercial Banks for Replenishing Tier 1 Capital (關於商業銀行發行優先股補充一級資本的指導意見) jointly issued by the CBRC and the CSRC on 3 April 2014
“Offshore Issuance Plan”	the Plan for Non-public Issuance of Offshore Preference Shares by Harbin Bank Co., Ltd.

“Offshore Preference Shares”	the not more than 80 million preference shares of an aggregate value of not more than RMB8 billion or its equivalent, proposed to be issued by the Bank in the offshore market pursuant to the Offshore Issuance Plan
“Offshore Preference Shareholder(s)”	holder(s) of Offshore Preference Shares
“PRC” or “China”	the People’s Republic of China, excluding, for the purposes of this announcement only, Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	the lawful currency of the PRC
“Securities Law”	the Securities Laws of the PRC, amended, supplemented and otherwise modified from time to time
“Share(s)”	Domestic Shares and/or H Shares of the Bank
“Shareholder(s)”	holder(s) of Shares
“State Council Guidance Opinion”	the Guidance Opinion on the Launch of Preference Shares Pilot Scheme (國務院關於開展優先股試點的指導意見) issued by the State Council of the PRC on 30 November 2013

By order of the Board of Directors
Harbin Bank Co., Ltd.
Guo Zhiwen
Chairman

Harbin, the PRC, 30 March 2020

As at the date of this announcement, the Board of the Bank comprises Guo Zhiwen, Lyu Tianjun and Sun Feixia as executive directors; Zhang Taoxuan, Ma Pao-Lin, Chen Danyang and Peng Xiaodong as non-executive directors; Ma Yongqiang, Sun Yan, Zhang Zheng and Hou Bojian as independent non-executive directors.

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