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泸州银行股份有限公司*
LUZHOU BANK CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1983)

SUBSCRIPTION OF H SHARES UNDER THE SPECIFIC MANDATE

The Board is pleased to announce that on November 24, 2020 (after trading hours), the Bank entered into the Subscription Agreement with Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Bank has conditionally agreed to allot and issue 180,000,000 Subscription Shares. The Subscription Price will be determined by the Bank, pursuant to the Pricing Mechanism under the Specific Mandate, when the conditions precedent to the Subscription Agreement have been fully satisfied or waived.

As at the date of this announcement, the Subscription Shares represent approximately 7.95% of the existing issued Shares, approximately 28.68% of the existing issued H Shares, and approximately 7.36% of the issued Shares as enlarged by the issue of Subscription Shares (assuming that there are no other changes in the number of Shares in issue between the date of the Subscription Agreement and the date of Completion). The Subscription Shares will be issued under the Specific Mandate granted to the Board at the 2020 First EGM and they will rank *pari passu* in all respects among themselves and with the existing H Shares.

Application will be made to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

According to the Commercial Banking Law of the PRC, any investor intending to acquire 5% or more of the total equity interest of a PRC commercial bank is required to obtain the prior approval of the China Banking and Insurance Regulatory Commission. Given the Subscriber will hold no less than 5% of the enlarged number of issued Shares upon completion of the Subscription, the Subscriber is required to obtain the prior approval of the Bank's governing authority, namely, CBIRC Sichuan Office.

Since completion of the Subscription is subject to the fulfilment of the condition(s) as set out in the Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

References are made to the Bank's announcement dated January 10, 2020, the circular dated February 7, 2020 and the announcement of poll results dated March 26, 2020 of the Annual General Meeting and the Class Meetings, in relation to (among others) the issue of not more than 360,000,000 New H Shares (inclusive) pursuant to the Specific Mandate.

The Board is pleased to announce that on November 24, 2020 (after trading hours), the Bank entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Bank has conditionally agreed to allot and issue 180,000,000 Subscription Shares. The Subscription Price will be determined by the Bank, pursuant to the Pricing Mechanism under the Specific Mandate, when the conditions precedent to the Subscription Agreement have been fully satisfied or waived.

PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT

Date

November 24, 2020 (after trading hours)

Parties

- (i) The Bank
- (ii) Chengdu Dongfang Guangyi Investment Limited (成都東方廣益投資有限公司), as Subscriber

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Subscriber is not a connected person of the Bank.

The Subscription Shares

As at the date of this announcement, the Subscription Shares represent approximately 7.95% of the existing issued Shares, approximately 28.68% of the existing issued H Shares, and approximately 7.36% of the issued Shares as enlarged by the issue of Subscription Shares (assuming that there are no other changes in the number of Shares between the date of the Subscription Agreement and the date of Completion). The Subscription Shares will be issued under the Specific Mandate granted to the Board at the 2020 First EGM and will rank *pari passu* in all respects among themselves and with the existing H Shares.

Subscription Price

The Subscription Price will be determined by the Bank pursuant to the Pricing Mechanism under the Specific Mandate when the conditions precedent to the Subscription Agreement have been fully satisfied or waived. In any case, the Subscription Price 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 (5) trading days prior to the date of determination of the Subscription Price, and shall comply with market practices.

As advised by the PRC legal advisers of the Bank, there is no mandatory legal requirement under the relevant PRC laws and regulations as to the mechanism in determining the issue price or price range of the New H Shares; and the Bank shall endeavor to comply with the applicable laws and regulations relating to the determination of the issue price of the Subscription Shares (if any).

As at the date of this announcement, the aggregate nominal value of the 180,000,000 Subscription Shares is RMB180,000,000. The aggregate Subscription Price will be payable by the Subscriber in cash upon Completion.

Ranking of the Subscription Shares

The Subscription Shares, when fully paid, allotted and issued, will rank *pari passu* in all respects among themselves and with the H Shares in issue on the date of allotment and issue of the Subscription Shares.

Conditions Precedent

Completion is conditional upon, among others, the following conditions being satisfied or waived:

- (a) the Bank having obtained the approval from the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares;
- (b) the Bank and the Subscriber having each obtained all the approvals and consents of the PRC governmental and regulatory authorities (including but not limited to those issued by the CBIRC Sichuan Office and the CSRC);
- (c)
 - (i) the H Shares of the Bank continuing to be traded on the Stock Exchange for five (5) consecutive Business Days prior to the date of Completion; and
 - (ii) neither the Stock Exchange nor the SFC having stated before the date of Completion that they would object to the Bank's continuous listing status due to the Subscription and the reasons thereto;
- (d) the Subscription Price having been determined by the Bank;
- (e) no matter, event, circumstance or change having occurred which has caused, causes or is likely to cause any material adverse effect on the Group's business, operations, prospects or financial position, or a material portion of the Group's property or assets;
- (f) the warranties made by the Bank and the Subscriber under the Subscription Agreement remaining true, accurate and not misleading on the date of Completion; and
- (g) the Bank and the Subscriber having not violated all of their agreements, obligations and conditions under the Subscription Agreement.

Neither party shall in any way waive the conditions precedent mentioned in (a) and (b) above, and in the event that the conditions precedent mentioned in (a) and (b) above are not fulfilled on or before the Long Stop Date, it shall not be deemed as a breach of contract by either party. Other conditions precedent can be waived in writing through negotiation between the two parties.

Completion of the Subscription

Completion will take place on the fifth (5th) Business Day after the conditions precedent to the Subscription Agreement have been satisfied or waived.

SPECIFIC MANDATE IN CONNECTION WITH THE ISSUANCE OF THE NEW H SHARES

The Subscription Shares will be issued under the Specific Mandate granted by the Shareholders to the Board on March 26, 2020. Under the Specific Mandate, the Bank is allowed to issue not more than 360,000,000 New H Shares (inclusive), representing approximately 15.90% of the total issued Shares as at the date of this announcement, and approximately 13.72% of the total issued Shares as enlarged by the issue of the New H Shares; and representing approximately 57.36% of the issued H Shares as at the date of this announcement, and approximately 36.45% of the issued H Shares as enlarged by the issue of the New H Shares. Up to the date of this announcement, no H Shares have been issued under the Specific Mandate, as such, the Board has already obtained authorization at the 2020 First EGM and has authority to approve the allotment and issue of the Subscription Shares by the Bank, no further approval from the Shareholders is necessary.

REGULATORY APPROVALS

In respect of the Subscription, the Bank has already obtained the approval from CBIRC Sichuan Office and CSRC. According to the CSRC approval, the Bank may issue not more than 360,000,000 New H Shares.

According to the Commercial Banking Law of the PRC, any investor intending to acquire 5% or more of the total equity interest of a PRC commercial bank is required to obtain the prior approval of the China Banking and Insurance Regulatory Commission. Given that the Subscriber will hold no less than 5% of the enlarged number of issued Shares upon completion of the Subscription, the Subscriber is required to obtain the prior approval of the Bank's governing authority, namely, CBIRC Sichuan Office.

LISTING APPROVAL

Application will be made to the Listing Committee for the listing of, and permission to deal in, the relevant Subscription Shares.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

In light of its business development and asset investment, the Bank has increased support for the real economy such as micro, small and private businesses, resulting in a decline in capital adequacy ratios of the Bank at different levels in 2019 which indicated an overall downward trend. The Bank will make full use of the financing advantages of the Hong Kong capital market and intends to replenish the core capital by financing so as to further strengthen its comprehensive competitiveness. The proceeds from the Subscription, after deducting relevant expenses, will be entirely used to replenish the core tier I capital of the Bank. The final Subscription Price and the net proceeds will be determined and disclosed in accordance with the requirements of the Listing Rules upon Completion and after determination of relevant expenses incurred or to be incurred in relation to the Subscription.

Upon completion of the Subscription, the Bank's core capital, tier I capital and net capital could be replenished, which will effectively support the sustainable development of its operation in future to practically improve its ability to serve the real economy and also can enhance the safety margin of the capital adequacy ratio of the Bank at all levels so as to further enhance the Bank's ability to resist risks and promote sustainable development of the Bank.

The Directors consider that the terms and conditions of the Subscription Agreement (including the Pricing Mechanism) are fair and reasonable and are in the interests of the Bank and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Bank has not carried out any equity fund raising activities during the 12 months immediately preceding the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE

The shareholding structure of the Bank (i) as at the date of this announcement; and (ii) immediately upon the issue of the Subscription Shares (assuming that there is no change in the number of Shares in issue from the date of this announcement and up to Completion (other than as a result of the allotment and issue of the Subscription Shares on Completion)), are summarised as follows:

Shareholders	As at the date of this announcement:		Immediately upon Completion:	
	No. of Shares	Approximate %	No. of Shares	Approximate %
The Subscriber	–	–	180,000,000	7.36
Domestic Shareholders	1,637,193,385	72.29	1,637,193,385	66.97
Other H Shareholders	627,600,000	27.71	627,600,000	25.67
	<u>2,264,793,385</u>	<u>100%</u>	<u>2,444,793,385</u>	<u>100%</u>

Since completion of the Subscription is subject to the fulfilment of the condition(s) as set out in the Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITION

“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 (stock code: 1983)
“Board”	the board of directors of the Bank
“Business Day(s)”	any day (not being a Saturday or Sunday) on which banks in Hong Kong are open for business
“CBIRC Sichuan Office”	China Banking and Insurance Regulatory Commission Sichuan Office
“Class Meeting(s)”	collectively, the 2020 first Domestic Shareholders’ class meeting and the 2020 first H Shareholders’ class meeting of the Bank held on March 26, 2020
“Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Bank
“Domestic Share(s)”	ordinary shares issued by the Bank, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in Renminbi
“Domestic Shareholder(s)”	holder(s) of Domestic Shares
“2020 First EGM”	the 2020 first extraordinary general meeting of the Bank held on March 26, 2020
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“H Share(s)”	overseas-listed foreign shares with a nominal value of RMB1.00 each in the share capital of the Bank and traded in Hong Kong dollars
“H Shareholder(s)”	holder(s) of H Shares
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	August 31, 2020 or any other date which may be agreed in writing by the parties to the Subscription Agreement
“New H Shares”	not more than 360,000,000 New H Shares (inclusive) which can be issued upon the exercise of a specific mandate to be granted to the Board by the Shareholders at the 2020 First EGM and the Class Meeting
“PRC” or “China”	the People’s Republic of China, but for the purposes of this announcement and for geographical reference only, unless the context otherwise requires, excluding Hong Kong, the Macau Special Administrative Region and Taiwan of the PRC
“Pricing Mechanism”	the pricing mechanism to be adopted to determine the issue price of the New H Shares as authorized by the Shareholders to the Board on March 26, 2020
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“SFC”	Securities and Futures Commission of Hong Kong
“Share(s)”	the Domestic Share(s) and/or the H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate which was granted by the Shareholders to the Board to issue a maximum of 360,000,000 H Shares (inclusive) on March 26, 2020
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Chengdu Dongfang Guangyi Investment Limited (成都東方廣益投資有限公司) a company established in the PRC with limited liability, which is principally engaged in land consolidation, urban infrastructure construction, resettlement housing construction, asset management, project investment and other business

“Subscription”	the subscription of Shares by the Subscriber in accordance with the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated November 24, 2020, entered into between the Bank and the Subscriber
“Subscription Price”	the issue price per Subscription Share
“Subscription Shares”	180,000,000 new Shares to be subscribed for by the Subscriber in accordance with the terms and conditions of the Subscription Agreement
“%”	per cent

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

Luzhou, the PRC, November 24, 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 and Ms. LIU Anyuan 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.*