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BANK OF CHONGQING CO., LTD.*

重慶銀行股份有限公司*

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

(Stock Code: 1963)

(Stock Code of Preference Shares: 4616)

PROPOSED ISSUANCE OF A SHARE CONVERTIBLE CORPORATE BONDS

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The Bank intends to apply to the CSRC for public issuance of A share convertible bonds (“**A Share Convertible Bonds**”) with total proceeds not exceeding RMB13 billion (RMB13 billion inclusive) to non-specific investors in the PRC. The proposed public issuance of A Share Convertible Bonds will be issued pursuant to a special mandate, subject to the approval of the Shareholders at the general meeting and the Class Meetings and the approvals of Chongqing CBIRC and the CSRC.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 19A.38 of the Listing Rules, the proposed public issuance of A Share Convertible Bonds shall be subject to the approval of the Shareholders at the general meeting and the Class Meetings.

GENERAL MEETING AND CLASS MEETINGS

A resolution will be proposed at the general meeting to approve, among others, the proposed public issuance of A Share Convertible Bonds, the Possible Subscription and related matters, and a resolution will be proposed at the Class Meetings to approve, among others, the proposed public issuance of A Share Convertible Bonds and related matters.

A circular containing, among other things, details of the proposed public issuance of A Share Convertible Bonds will be despatched to H Shareholders in due course pursuant to Rule 19A.39A of the Listing Rules.

Investors should be aware that the proposed public issuance of A Share Convertible Bonds is subject to the approval of the Shareholders at the general meeting and the Class Meetings and the approvals of Chongqing CBIRC and the CSRC. As the proposed public issuance of A Share Convertible Bonds is still subject to the fulfillment of various conditions, the public issuance of A Share Convertible Bonds may not proceed or may not become effective. The Board advises investors and Shareholders to exercise caution when dealing in the securities of the Bank.

PROPOSED ISSUANCE OF A SHARE CONVERTIBLE CORPORATE BONDS

Through careful self-inspection on an item-by-item basis, the Bank believes that it satisfies the regulations and requirements on and has the qualifications and conditions for public issuance of A share convertible corporate bonds by listed companies, with reference to the requirements on such qualifications and conditions as provided in the Company Law, the Securities Law, the Administrative Measures and other applicable laws, regulations and regulatory documents.

The Bank intends to apply to the CSRC for public issuance of A Share Convertible Bonds with total proceeds not exceeding RMB13 billion (RMB13 billion inclusive) to non-specific investors in the PRC. The proposed public issuance of A Share Convertible Bonds will be issued pursuant to a special mandate, subject to the approval of the Shareholders at the general meeting and the Class Meetings and the approvals of Chongqing CBIRC and the CSRC.

Details of the offering plan for A Share Convertible Bonds are as follows:

1. TYPE OF SECURITIES TO BE ISSUED

The type of the securities to be issued is corporate bonds that can be converted into A Shares of the Bank. Such A Share Convertible Bonds and A Shares of the Bank to be converted into will be listed on the Shanghai Stock Exchange.

2. ISSUE SIZE

The total amount of the A Share Convertible Bonds proposed to be issued will be not more than RMB13 billion (RMB13 billion inclusive). The actual issue size shall be determined by the Board (or its authorized person(s)) within the above scope, according to the authorization by the Shareholders at the general meeting.

3. PAR VALUE AND ISSUE PRICE

The A Share Convertible Bonds will be issued at par value which is RMB100 each.

4. TERM

The term of the A Share Convertible Bonds will be six years from the date of issuance.

5. INTEREST RATE

The manner of determining the coupon rate of the A Share Convertible Bonds and the final interest rate of each interest accrual year shall be determined by the Board (or its authorized person(s)) with reference to government policies, market conditions and actual conditions of the Bank before the issuance, according to the authorization by the Shareholders at the general meeting.

6. TIMING AND METHOD OF INTEREST PAYMENT

(1) Calculation of the interest for interest accrual year

The interest for each interest accrual year (the “**Annual Interest**”) refers to the interest accrued to the holders of the A Share Convertible Bonds (the “**CB Holders**”) in each year on each anniversary of the date of issuance of the A Share Convertible Bonds, calculated based on the aggregate nominal value of their A Share Convertible Bonds.

The formula for calculating the Annual Interest is: $I=B \times i$

I: denotes the Annual Interest;

B: denotes the aggregate nominal value of the A Share Convertible Bonds held by a CB Holder as at the record date for interest payment rights in an interest accrual year (“**that year**” or “**each year**”); and

i: denotes the coupon rate of the A Share Convertible Bonds of that year.

(2) Means of payment

- a. Interest of the A Share Convertible Bonds will be paid annually, accruing from the date of issuance of the A Share Convertible Bonds.
- b. Interest payment date: The interest is payable annually on each anniversary of the date of issuance of the A Share Convertible Bonds. If such day falls on a statutory holiday or rest day, the interest payment date shall be postponed to the first trading day immediately thereafter, provided that no additional interest will be accrued during the period of postponement. The period between an interest payment date and the immediately following interest payment date will be an interest accrual year.
- c. Record date for interest payment rights: The record date for interest payment rights in each year will be the last trading day preceding the interest payment date. The Bank will pay the interest accrued in that year within five trading days from the interest payment date. The Bank will not pay any interest for that year and subsequent interest accrual years to the CB Holders whose A Share Convertible Bonds have been applied to be converted into the A Shares of the Bank on or before the record date for interest payment rights.
- d. Tax payable on the interest income of a CB Holder shall be borne by such CB Holder.

7. CONVERSION PERIOD

The conversion period of the A Share Convertible Bonds commences on the first trading day immediately following the expiry of the six-month period after the date of completion of the issuance of the A Share Convertible Bonds and ends on the maturity date of the A Share Convertible Bonds.

8. DETERMINATION AND ADJUSTMENT OF THE CB CONVERSION PRICE

(1) Basis for determining the initial CB Conversion Price

The initial CB Conversion Price of the A Share Convertible Bonds shall not be lower than the highest of the following: the average trading price of A Shares of the Bank for the 20 trading days immediately before the date of publication of the offering document of the A Share Convertible Bonds (in the event that during such 20 trading days the share price has been adjusted due to ex-rights or ex-dividend, the price of each of these trading days before adjustment shall be adjusted based on ex-rights or ex-dividend share price); the average trading price of A Shares of the Bank on the trading day immediately before the date of publication of the offering document of the A Share Convertible Bonds; the latest audited net asset value per Share; and the par value of a Share. The actual initial CB Conversion Price shall be determined by the Board (or its authorized person(s)) with reference to market conditions, according to the authorization by the Shareholders at the general meeting.

Average trading price of A Shares for the 20 preceding trading days = Total trading amount of A Shares for such 20 preceding trading days/Total trading volume of A Shares for such 20 trading days; Average trading price of A Shares for the preceding trading day = Total trading amount of A Shares for such preceding trading day/Total trading volume of A Shares for such day.

(2) Adjustments to the CB Conversion Price and the calculation formula

After the issuance, upon the occurrence of distribution of scrip dividend, capitalization issue, issuance of new shares, rights issue (excluding any increase in the share capital as a result of conversion of the A Share Convertible Bonds) or any other situation which affect the share capital of the Bank or distribution of cash dividend, the Bank will adjust the CB Conversion Price based on the actual situation and in accordance with the principles of fairness, impartiality and justice as well as the principle of fully protecting the CB Holders' interests. The specific CB Conversion Price adjustment formula will be specified by the Board (or its authorized person(s)) in the offering document in accordance with relevant regulations.

Where the abovementioned changes in share capital and/or shareholders' equity occur, the Bank will adjust the CB Conversion Price in accordance with the methods determined. The adjustment of the CB Conversion Price will be published in the form of an announcement on the media designated by the CSRC for the information disclosure of listed companies. The announcement will indicate the date of adjustment to the CB Conversion Price, adjustment method and suspension period of share conversion (if necessary). The Bank will also make announcement(s) in Hong Kong in accordance with requirements under the Listing Rules and the Articles of Association (if necessary). If the CB Conversion Price adjustment date is on or after the CB Holder's application for conversion, and before the share registration date, then such conversion will be based on the CB Conversion Price adjusted by the Bank.

In cases of repurchase, consolidation and subdivision of shares or any other situation that may change the type, amount, and/or shareholders' equity and therefore may affect the bond rights or conversion derivative rights of the CB Holders, the Bank will adjust the CB Conversion Price in accordance with the principles of fairness, impartiality and justice as well as the principle of fully protecting the CB Holders' interests. The content of the adjustment of the CB Conversion Price and the method of operation will be formulated in accordance with the applicable laws and regulations of the state and the relevant provisions of the securities regulatory authority.

9. DOWNWARD ADJUSTMENT TO THE CB CONVERSION PRICE

(1) Adjustment authorization and permitted adjustment magnitude

The CB Conversion Price may be subject to downward adjustments if, during the term of the A Share Convertible Bonds, the closing prices of the A Shares of the Bank in any 15 trading days out of any 30 consecutive trading days are lower than 80% of the prevailing CB Conversion Price. The Board may propose any such adjustments for the Shareholders to consider and seek their approval at a general meeting of the Bank.

In the event that an adjustment to the CB Conversion Price is made due to ex-rights or ex-dividend during the aforementioned trading days, in respect of the trading days prior to such adjustment, the calculation shall be made based on the unadjusted CB Conversion Price and the closing price of the Shares on each such day, and in respect of the days on which such adjustment is made and the trading days afterwards, the calculation shall be made based on the adjusted CB Conversion Price and the closing price of the Shares on each such day.

The abovementioned proposal is subject to approval of two-thirds of the voting rights held by the Shareholders of the Bank present at the meeting. Shareholders who hold the A Share Convertible Bonds issued hereunder should abstain from voting. The adjusted CB Conversion Price shall not be lower than the highest of the following: the average trading price of A Shares of the Bank for the 20 trading days immediately before the general meeting for consideration and approval of the aforementioned proposal (in the event that during such 20 trading days, the share price has been adjusted due to ex-rights or ex-dividend, the price of each of these trading days before adjustment shall be adjusted based on ex-rights or ex-dividend share price); the average trading price of A Shares of the Bank on the trading day immediately before the general meeting for consideration and approval of the aforementioned proposal; the latest audited net asset value per Share; and the par value of a Share.

(2) Procedure of adjustment

If the Bank decides to make a downward adjustment to the CB Conversion Price, the Bank will publish an announcement on the media designated by the CSRC for information disclosure of listed companies. Such announcement will include the resolutions of general meeting and will cover the magnitude of the adjustment, the share registration date, the suspension period of share conversion (if necessary). The Bank will also make announcement(s) in Hong Kong in accordance with requirements under the Listing Rules and the Articles of Association (if necessary). Share conversion will be restored for application based on the adjusted CB Conversion Price on the first trading day after the registration date (i.e. the effective date of the downward adjustment to the CB Conversion Price).

If the adjustment date is prior to the registration date and on or after the share conversion application date, the share conversion application shall be executed based on the CB Conversion Price after the adjustment.

10. METHOD FOR DETERMINING THE NUMBER OF SHARES FOR CONVERSION

Where a CB Holder applies to convert the A Share Convertible Bonds held by him during the conversion period, the formula for calculating number of Shares to be issued upon conversion is: $Q = V/P$. Any fractional Share shall be rounded down to the nearest whole number.

Where,

V: denotes the aggregate nominal value of the A Share Convertible Bonds in respect of which the CB Holders apply for conversion; and

P: denotes the prevailing CB Conversion Price as at the date of application for conversion.

Within five trading days from the conversion of the A Share Convertible Bonds by the CB Holders, the Bank will pay the CB Holders in cash an amount equal to the nominal value of the remaining balance of such A Share Convertible Bonds which are insufficient to be converted into one Share and the interest accrued then on such balance in accordance with relevant requirements of the Shanghai Stock Exchange and such other authorities (please refer to “12. TERMS OF REDEMPTION” for details of the method of calculation of the interest accrued then).

11. DIVIDEND RIGHTS OF THE YEAR OF CONVERSION

The new A Shares of the Bank to be issued as a result of the conversion of the A Share Convertible Bonds shall rank *pari passu* with all the existing A Shares, and are entitled to dividend of that period for A Shareholders registered on the share registration date for dividend distribution.

12. TERMS OF REDEMPTION

(1) Terms of redemption at maturity

Within five trading days after the maturity of the A Share Convertible Bonds, the Bank will redeem all the A Share Convertible Bonds which have not been converted into Shares at a premium (including the annual interest of the final term) over the par value of the A Share Convertible Bonds. The actual premium shall be determined by the Board (or its authorized person(s)) with reference to market conditions, according to the authorization by the Shareholders at the general meeting.

(2) *Terms of conditional redemption*

During the conversion period of the A Share Convertible Bonds, if the closing price of the A Shares of the Bank is not lower than 130% (130% inclusive) of the prevailing CB Conversion Price in at least 15 trading days out of any 30 consecutive trading days, the Bank has the right to redeem all or part of the A Share Convertible Bonds which have not been converted into Shares based on the par value plus the interest accrued then, subject to the approval from relevant regulatory authorities (if necessary). In the event that an adjustment to the CB Conversion Price is made due to ex-rights or ex-dividend during the aforementioned trading days, in respect of the trading days prior to such adjustment, the calculation shall be made based on the unadjusted CB Conversion Price and the closing price of the Shares on each such day, and in respect of the trading days after the adjustment is made, the calculation shall be made based on the adjusted CB Conversion Price and the closing price of the Shares on each such day.

In addition, when the aggregate nominal value of the balance of the outstanding A Share Convertible Bonds issued hereunder is less than RMB30 million, the Bank shall have the right to redeem all the A Share Convertible Bonds which have not been converted into Shares at a price equal to the nominal value plus the interest accrued then.

The formula for calculating the interest accrued then is: $IA=B \times i \times t / 365$

IA: denotes the accrued interest for the current period;

B: denotes the aggregate nominal value of the A Share Convertible Bonds issued hereunder that are held by the CB Holders and will be redeemed;

i: denotes the coupon rate of the A Share Convertible Bonds for the current year;

t: denotes the number of days on which interest is accrued, meaning the actual number of calendar days from the last interest payment date (inclusive) to the redemption date (exclusive) of the interest accrual year.

13. TERMS OF SALE BACK

If the actual usage of the proceeds from the issuance of the A Share Convertible Bonds differs from the undertaking of the use of proceeds set out by the Bank in the offering document, and such difference is considered by the CSRC as a deviation from the use of the proceeds, the CB Holders will have a one-off right to sell the A Share Convertible Bonds back to the Bank at the nominal value plus the interest accrued then. Under this scenario, the CB Holders may sell their A Share Convertible Bonds back to the Bank during the sale back declaration period after it is announced by the Bank. If the CB Holders do not exercise their sale back rights during the sale back declaration period, the rights to sell back the A Share Convertible Bonds shall automatically lapse. Save as aforesaid, the A Share Convertible Bonds may not be sold back at the option of the CB Holders.

14. METHOD OF ISSUANCE AND TARGET INVESTORS

The actual method of the issuance of the A Share Convertible Bonds shall be determined by the Board (or its authorized person(s)), according to the authorization by the Shareholders at the general meeting. The target investors are natural persons, legal persons, securities investment funds and other investors that meet the conditions prescribed by the laws who have maintained securities accounts with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, except those prohibited by the state laws and regulations.

15. SUBSCRIPTION ARRANGEMENT FOR THE EXISTING SHAREHOLDERS

The existing A Shareholders of the Bank shall have preferential rights to subscribe for the A Share Convertible Bonds to be issued. The actual amount to be preferentially allocated to the existing A Shareholders shall be determined by the Board (or its authorized person(s)) with reference to the market conditions before issuance, according to the authorization by the Shareholders at the general meeting, and shall be disclosed in the offering document of the A Share Convertible Bonds.

Such preferential subscription shall be subject to the Company Law, the Listing Rules and any other applicable laws, regulations and rules of any government or regulatory authorities. If the subscription by existing Shareholders involves connected transaction as defined under the Listing Rules, the Bank shall comply with requirements relating to connected transactions under Chapter 14A of the Listing Rules.

16. MATTERS RELATED TO THE CB HOLDERS' MEETING

(1) Rights and obligations of CB Holders

a. Rights of CB Holders

- (i) Entitlement to interests in accordance with the amount of the convertible corporate bonds held by the CB Holders;
- (ii) Rights to convert A Share Convertible Bonds into A Shares of according to the conditions stipulated in the offering the Bank document of the A Share Convertible Bonds;
- (iii) Entitlement to exercise sale back rights according to the conditions stipulated in the offering document of the A Share Convertible Bonds;
- (iv) Assignment, bestowal or pledge of the A Share Convertible Bonds in accordance with the laws, administrative regulations and the Articles of Association;
- (v) Access to relevant information in accordance with the laws and the Articles of Association;
- (vi) Claim to the Bank for the principal and interests of the A Share Convertible Bonds in accordance with the period and manner stipulated in the offering document of the A Share Convertible Bonds;

- (vii) Participation in or entrusting agents to participate in CB Holders' meetings and exercising voting rights in accordance with the laws, administrative regulations, etc.; and
 - (viii) Other rights entitled to creditors of the Bank under the laws, administrative regulations and the Articles of Association.
- b. Obligations of the CB Holders
- (i) Complying with the relevant terms of the Convertible Bonds of the Bank;
 - (ii) Making due payment of the subscription amount for the Convertible Bonds;
 - (iii) Complying with the valid resolutions passed by CB Holders' meeting;
 - (iv) Except as specified in the laws, regulations, the Articles of Association or the offering document of the Convertible Bonds, the CB Holders may not request the Bank to make prepayment of the principal and interests of the Convertible Bonds; and
 - (v) Other obligations of the CB Holders prescribed by the laws, administrative regulations and the Articles of Association.

(2) CB Holders' meetings

a. Circumstances for convening CB Holders' meetings

Except as otherwise specified, a matter in any of the following circumstances shall be resolved through a resolution of CB Holders' meeting:

- (i) proposed changes to the important stipulations of the offering document of the bonds;
 - (A) changes to basic components of the bonds regarding repayment (including repaying party, term, coupon rate adjustment mechanism, etc.);
 - (B) changes to credit enhancement or other debt service coverage and relevant implementation arrangements;
 - (C) changes to the protection to bond investors and relevant implementation arrangements;
 - (D) changes to the use of proceeds as stipulated in the offering document;
 - (E) changes to the redemption or sale back terms (if any) as stipulated in the offering document; and
 - (F) other changes to significant events closely related to repayment arrangement for principal and interest of bonds and the solvency.

- (ii) proposed amendments to the rules of procedures for CB Holders' meeting;
- (iii) proposed dismissal or change of the bond trustee manager or change to key terms of the bond trustee management agreement (including but not limited to the scope of mandate for entrusted management matters, the risk prevention and solving mechanism for conflicts of interest, the liability for breach of contract closely related to the rights and interests of CB Holders, and other stipulations);
- (iv) any of the following events, where it is necessary to decide on or authorize to take corresponding measures (including but not limited to negotiating with the Bank and other relevant parties, initiating or participating in arbitration or litigation proceedings, whether to enforce the Bank and its guarantor (if any) to repay the principal and interest of bonds through litigation proceedings, whether to participate in legal procedures for the Bank's rectification, reconciliation, restructuring or bankruptcy, disposal of collaterals or other measures conducive to the protection of rights and interests of investors, etc.):
 - (A) the Bank has been or is expected to be unable to satisfy as scheduled the principal or interest of the Convertible Bonds;
 - (B) the Bank has been or is expected to be unable to satisfy as scheduled the interest-bearing liabilities other than the A Share Convertible Bonds, and the outstanding amount exceeds RMB50 million and reaches 10% or more of the latest audited net asset value of the Bank as the parent company, which may lead to a default of the A Share Convertible Bonds;
 - (C) the Bank is subject to capital reduction, consolidation, subdivision, an order to suspend its production or business, temporarily detained or revoked license, receivership, dissolution, application for bankruptcy, or bankruptcy proceedings according to law;
 - (D) the Bank's solvency is in serious uncertainty due to failure of the Bank's management in performing its duties normally;
 - (E) the Bank's solvency is in serious uncertainty due to a transfer of assets at nil or obviously unreasonable consideration, waiver of debt, or provision of large-value guarantees to external parties by the Bank, its controlling shareholder or actual controller;
 - (F) material adverse changes to credit enhancement providers, credit enhancement measures or other debt service coverage; and
 - (G) other events that may have a material adverse impact on the rights and interests of CB Holders.

- (v) a major debt restructuring plan proposed by the Bank; and
 - (vi) other circumstances that shall be resolved by the CB Holders' meeting, as provided by the laws, administrative regulations, departmental rules, regulatory documents, or stipulated in the offering document of the Convertible Bonds and these terms.
- b. Convening of CB Holders' meetings
- (i) CB Holders' meetings are convened mainly by the trustee manager.
 - (ii) The Bank, the CB Holders holding individually or collectively 10% or more of the outstanding A Share Convertible Bonds, guarantors or other institutions or individuals providing credit enhancement or debt service coverage have the right to propose to the trustee manager for convening a CB Holders' meeting.
 - (iii) If the trustee manager disagrees with or fails in convening the meeting as required, the Bank, the CB Holders holding individually or collectively 10% or more of the outstanding A Share Convertible Bonds, guarantors or other institutions or individuals providing credit enhancement or debt service coverage have the right to convene a CB Holders' meeting on their own account, in which case the trustee manager shall provide necessary assistance for convening the CB Holders' meeting, including: assisting in the disclosure of CB Holders' meeting notices, meeting results and other documents, causing searches on the CB Holder register on behalf of the convener and providing contact information, assisting the convener in contacting relevant institutions or individuals that should be present at the meeting, etc.

17. USE OF PROCEEDS

After deducting issuance expenses, the proceeds from the issuance of the A Share Convertible Bonds will be utilized in full to support sound business development the Bank in the future, i.e. to replenish the core Tier-1 capital of the Bank in accordance with relevant regulatory requirements after the conversion of the A Share Convertible Bonds.

18. GUARANTEE AND SECURITIES

There is no guarantee or security in relation to the proposed issuance of the A Share Convertible Bonds.

19. VALIDITY PERIOD OF THE RESOLUTION

The resolution on issuance of the A Share Convertible Bonds is valid for 12 months from the date of approving the offering plan at the general meeting and the Class Meetings of the Bank.

REASONS FOR AND BENEFITS OF THE ISSUANCE OF A SHARE CONVERTIBLE BONDS

Over the years, commercial banks have been faced by increasingly strict capital regulation in the backdrop of heightened regulatory requirements. Pursuant to the Administrative Measures for Capital Management of Commercial Banks (Trial), the de minimus requirements on core Tier-1 capital adequacy ratio, Tier-1 capital adequacy ratio and capital adequacy ratio are respectively 7.5%, 8.5%, and 10.5% for non-systemically important banks, and a countercyclical capital requirement of no up to 2.5% may be imposed where appropriate. As of December 31, 2020, the Bank's core Tier-1 capital adequacy ratio, Tier-1 capital adequacy ratio and capital adequacy ratio were at a relatively low level of 8.39%, 9.57% and 12.54%, respectively.

As its business scale continues to expand with ongoing optimization of business structure, the Bank is bound to face the pressure of capital replenishment going ahead. In order to better meet the regulatory requirements and enhance its risk resistance capacity, it is necessary for the Bank to issue the A Share Convertible Bonds to further improve its capital adequacy.

Currently, as the Bank can no longer meet the need from its rapid business development merely by relying on retained profit to supplement its core Tier-1 capital, it is necessary to establish a sustainable external capital replenishment method to broaden its capital replenishment channels. The proposed issuance of A Share Convertible Bonds is one of the effective refinancing methods for the Bank, as a commercial bank listed on the Shanghai Stock Exchange in February 2021, to improve its capital adequacy. The proposed issuance of A Share Convertible Bonds will enable the Bank to further broaden its capital replenishment channels and improve its capital quality. A sustainable securitized capital replenishment mechanism is conducive to better development of the Bank's business.

In light of its strategic vision of building a national top-notch listed commercial bank "remaining true to its original aspiration to create exceptional value through differentiated, safe and sound operations", the Bank adhered to serving local economy, small and micro enterprises as well as urban and rural residents, leading to continuous progress of various operations and a steady growth in asset size. With a commitment to serving the real economy, the Bank vigorously grows inclusive finance, focusing its small and micro enterprise banking business on technology-enabled and innovation-driven enterprises, green environmental industries and customers in the fields of agriculture, rural areas and farmers to contribute to rural revitalization. On corporate banking business, the Bank focuses on state-owned enterprises, private enterprises and livelihood-concerned customers in key industries, seeking to improve its refined management level. In order to better support transformation and upgrade the real economy, the Bank needs to further enhance its capital strength. The proposed public issuance of A Share Convertible Bonds will allow the Bank to further enhance its capital strength, which will not only help the Bank meet its business development needs, but also contribute to its stronger capability in serving the real economy.

GENERAL INFORMATION

1. THE BASIS FOR DETERMINING THE COUPON RATE OF THE A SHARE CONVERTIBLE BONDS

In determining the coupon rate of the A Share Convertible Bonds, the Bank, the sponsors and underwriters will make reference to, among others:

- (1) the interest rates of convertible bonds issued by other PRC issuers (the “**market comparables**”) with a size comparable to that of the Bank around the time of determination of coupon rate;
- (2) the then trading price of A Shares of the Bank;
- (3) the then conditions and investment sentiment of the PRC bond market; and
- (4) the credit ratings of the Bank and the A Share Convertible Bonds.

The Bank expects that the coupon rate of the A Share Convertible Bonds will not substantially deviate from that of the market comparables.

Taking into account that (i) the determination mechanism of the coupon rate is subject to the approval of the Shareholders at the general meeting and the Class Meetings; (ii) the final coupon rate is subject to the approval of the CSRC; (iii) the Bank and the underwriter will make reference to other factors as set out in the previous paragraph when determining the coupon rate; (iv) the final coupon rate is expected not to deviate substantially from that of the market comparables; and (v) the determination mechanism of the coupon rate is in compliance with the applicable laws and regulations in the PRC, the Board therefore considers that the proposed determination mechanism of the coupon rate of the A Share Convertible Bonds is fair and reasonable and in the interest of the Shareholders and the Bank as a whole.

2. EQUITY FINANCING ACTIVITIES IN THE PAST 12 MONTHS

Reference is made to the announcement of the Bank dated February 4, 2021 in relation to the completion of the issuance of A Shares by the Bank and the listing of A Shares on the Shanghai Stock Exchange on February 5, 2021. On February 4, 2021, the Bank completed issuance of 347,450,534 A Shares. Net proceeds of RMB3.705 billion raised after deducting issuance costs including but not limited to underwriting and sponsor fees have been fully applied towards replenishing the core Tier-1 capital of the Bank.

Save for the above, in the past 12 months immediately before the date of this announcement, the Bank has not conducted any equity financing activities involving the issuance of equity securities.

3. RELEVANT RISKS OF THE PUBLIC ISSUANCE OF A SHARE CONVERTIBLE BONDS

The proposed public issuance of A Share Convertible Bonds is subject to certain relevant risks, including but not limited to risk of changes in politics, laws, regulations and policies, management risk, risk in approvals, etc. When evaluating the proposed public issuance of A Share Convertible Bonds by the Bank, investors should take the aforementioned risk factors into due consideration.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 19A.38 of the Listing Rules, the proposed public issuance of A Share Convertible Bonds shall be subject to the approval of the Shareholders at the general meeting and the Class Meetings.

GENERAL MEETING AND CLASS MEETINGS

A resolution will be proposed at the general meeting to approve, among others, the proposed public issuance of A Share Convertible Bonds and related matters, and a resolution will be proposed at the Class Meetings to approve, among others, the proposed public issuance of A Share Convertible Bonds and related matters.

A circular containing, among other things, details of the proposed public issuance of A Share Convertible Bonds will be despatched to H Shareholders in due course pursuant to Rule 19A.39A of the Listing Rules.

Investors should be aware that the proposed public issuance of A Share Convertible Bonds is subject to the approval of the Shareholders at the general meeting and the Class Meetings and the approvals of Chongqing CBIRC and the CSRC. As the proposed public issuance of A Share Convertible Bonds is still subject to the fulfillment of various conditions, the public issuance of A Share Convertible Bonds may not proceed or may not become effective. The Board advises investors and Shareholders to exercise caution when dealing in the securities of the Bank.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Measures for Administration”	the Measures for Administration of the Issue of Securities by Listed Companies issued by CSRC
“Articles of Association”	Articles of Association of Bank of Chongqing Co., Ltd., as amended, modified or supplemented from time to time
“A Share(s)”	domestic share(s) in the shares capital of the Bank with nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in RMB (Stock code: 601963)
“A Shareholder(s)”	holder(s) of A Shares

“A Shareholders’ Class Meeting”	the A Shareholders’ Class Meeting to be convened by the Bank for the A Shareholders to consider and approve, among other things, the resolutions regarding the proposed issuance of the A Share Convertible Bonds
“A Share Convertible Corporate Bonds” or “A Share Convertible Bonds” or “Convertible Bonds”	convertible corporate bonds which can be converted into new A Shares proposed to be issued by the Bank in the PRC with an aggregate amount of not more than RMB13 billion (including RMB13 billion)
“Bank”	Bank of Chongqing Co., Ltd. (重慶銀行股份有限公司)
“Board”	the board of Directors of the Bank
“CB Conversion Price”	the price at which the new A Shares will be issued upon conversion of the A Share Convertible Bonds, as may be adjusted from time to time
“CB Holder(s)”	holders of the Convertible Bonds proposed to be issued
“Chongqing CBIRC”	Chongqing Bureau of China Banking and Insurance Regulatory Commission of the PRC
“Class Meetings”	A Shareholders’ Class Meeting and H Shareholders’ Class Meeting
“Company Law”	the Company Law of the People’s Republic of China, as amended from time to time
“connected person(s)”	has the meaning given to it in the Listing Rules
“connected transaction(s)”	has the meaning given to it in the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Bank
“H Share(s)”	overseas-listed foreign shares in the issued share capital of the Bank with a nominal value of RMB1.00 each, which are listed on the main board of the Hong Kong Stock Exchange
“H Shareholder(s)”	holder(s) of H Shares
“H Shareholders’ Class Meeting”	the H Shareholders’ Class Meeting to be convened by the Bank for the H Shareholders to consider and approve, among other things, the resolutions regarding the proposed issuance of the A Share Convertible Bonds

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region and Taiwan regions
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Law”	the Securities Law of the People’s Republic of China, as amended from time to time
“Shanghai Stock Exchange”	Shanghai Stock Exchange
“Shareholder(s)”	the shareholder(s) of the Bank
“Share(s)”	A Share(s) and H Share(s)
“substantial shareholder(s)”	has the meaning given to it in the Listing Rules
“%”	per cent

For and on behalf the Board
Bank of Chongqing Co., Ltd.*
LIN Jun
Chairman

Chongqing, the PRC, March 30, 2021

As at the date of this announcement, the executive directors of the Bank are Ms. LIN Jun, Mr. RAN Hailing, Mr. LIU Jianhua and Mr. WONG Wah Sing; the non-executive directors are Mr. WONG Hon Hing, Mr. YANG Yusong, Mr. WU Heng and Ms. LIU Ying; and the independent non-executive directors are Dr. LIU Xing, Mr. WANG Rong, Dr. ZOU Hong, Dr. FUNG Don Hau and Mr. YUAN Xiaobin.

* *The Bank holds a financial licence number B0206H250000001 approved by the regulatory authority of the banking industry of the PRC and was authorised by the Administration for Market Regulation of Chongqing to obtain a corporate legal person business licence with a unified social credit code 91500000202869177Y. The Bank is not an authorised institution within the meaning of Hong Kong 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.*