
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Luzhou Bank Co., Ltd.*, you should at once pass this Circular and the enclosed form of proxy and reply slip to the purchaser or the transferee, the bank, the stockbroker or other agent through whom the sale or transfer was affected for transmission to the purchaser or the transferee.

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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)

- (1) 2020 ANNUAL REPORT**
- (2) 2020 WORK REPORT OF THE BOARD OF DIRECTORS**
- (3) 2020 WORK REPORT OF THE BOARD OF SUPERVISORS**
- (4) 2020 EVALUATION REPORT ON THE PERFORMANCE OF DUTIES BY THE DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT**
- (5) 2020 FINAL FINANCIAL ACCOUNTS**
- (6) 2020 PROFIT DISTRIBUTION PLAN AND THE CAPITALIZATION ISSUE PLAN**
- (7) REPORT ON RELATED PARTY TRANSACTIONS FOR 2020**
- (8) 2021 FIXED ASSETS INVESTMENT PLAN**
- (9) 2021 FINANCIAL BUDGET PLAN**
- (10) ENGAGEMENT OF EXTERNAL AUDITORS FOR 2021**
- (11) CHANGE OF REGISTERED CAPITAL**
- (12) AMENDMENTS TO CERTAIN ARTICLES IN THE ARTICLES OF ASSOCIATION**
- (13) NOTICE OF 2020 ANNUAL GENERAL MEETING**
- (14) NOTICE OF 2021 FIRST DOMESTIC SHAREHOLDERS' CLASS MEETING;
AND**
- (15) NOTICE OF 2021 FIRST H SHAREHOLDERS' CLASS MEETING**

Notices convening the 2020 Annual General Meeting to be held at 9:00 a.m. on Tuesday, June 8, 2021 at Meeting Room 1101, 11th Floor, Building 1, No.18, Section 3, Jiucheng Avenue, Jiangyang District, Luzhou City, Sichuan Province, the PRC, the Domestic Shareholders' Class Meeting to be held at 9:30 a.m. on the same day or immediately following the conclusion of the 2020 Annual General Meeting, whichever is later, and the H Shareholders' Class Meeting to be held at 10:00 a.m. on the same day or immediately following the conclusion of the Domestic Shareholders' Class Meeting, whichever is later, are set out on pages 38 to 44 of this Circular.

If you intend to attend the 2020 Annual General Meeting and/or the Class Meetings by proxy, you are required to complete and return the form of proxy in accordance with the instructions printed thereon. For Holders of H Shares, the form of proxy should be returned to the Computershare Hong Kong Investor Services Limited (Address: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong). For Holders of Domestic Shares, the form of proxy should be returned to the office of the Board of Directors of the Bank (Address: Building 1, No. 18, Section 3, Jiucheng Avenue, Jiangyang District, Luzhou City, Sichuan Province, the PRC, Postcode: 646000). In any event, the form of proxy should be returned not less than 24 hours before the time stipulated for convening the 2020 Annual General Meeting, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting, and/or any adjourned meetings thereof (i.e. no later than 9:00 a.m. on Monday, June 7, 2021, 9:30 a.m. on Monday, June 7, 2021 and 10:00 a.m. on Monday, June 7, 2021, respectively). Completion and return of the form of proxy will not preclude you from attending and voting in person at the 2020 Annual General Meeting, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting, and/or any adjourned meetings thereof.

If you intend to attend the 2020 Annual General Meeting, Domestic Shareholders' Class Meeting and H Shareholders' Class Meeting (or any adjourned meeting thereof) in person or by proxy, you are required to complete and return the reply slip to the Computershare Hong Kong Investor Services Limited (for Holders of H Shares) or the office of the Board of Directors of the Bank (for Holders of Domestic Shares) on or before Tuesday, May 18, 2021.

In case of any discrepancy between the Chinese and English versions of this Circular (including all appendices), the Notice of 2020 Annual General Meeting, Notice of Domestic Shareholders' Class Meeting and Notice of H Shareholders' Class Meeting, the Chinese version shall prevail.

* *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.*

April 23, 2021

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DEFINITIONS

In this Circular, unless the context otherwise requires, the following terms shall have the meanings set out below:

“2020 Annual General Meeting” or “2020 AGM”	2020 Annual General Meeting of the Bank proposed to be held at 9:00 a.m. on Tuesday, June 8, 2021 at Meeting Room 1101, 11th Floor, Building 1, No.18, Section 3, Jiucheng Avenue, Jiangyang District, Luzhou City, Sichuan Province, the PRC
“Articles of Association”	the articles of association of the Bank (as amended, modified or otherwise supplemented from time to time)
“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 and its H shares are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 1983)
“Board” or “Board of Directors”	the board of directors of the Bank
“Board of Supervisors”	the board of supervisors of the Bank
“Capitalization Issue”	the proposed issue of New Shares by way of capitalization of capital reserve to the Shareholders whose names appear on the register of members of the Bank on the Record Date on the basis of 2 New Shares for every 10 existing Shares held by the Shareholders, subject to the terms as described in this Circular
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會) or its local counterparts
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Class Meeting(s)”	collectively, the Domestic Shareholders’ Class Meeting and H Shareholders’ Class Meeting
”Class Shareholder(s)”	Domestic Shareholder(s) and/or H Shareholder(s), as the case may be
“Company Law”	the Company Law of the PRC
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)

DEFINITIONS

“Director(s)”	the director(s) of the Bank
“Domestic Shares”	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 Shareholders”	the holder(s) of Domestic Shares
“Domestic Shareholders’ Class Meeting”	the 2021 first Domestic Shareholders’ class meeting of the Bank proposed to be held at 9:30 a.m. on Tuesday, June 8, 2021 or immediately following the conclusion of the 2020 AGM, whichever is later, at Meeting Room 1101, 11th Floor, Building 1, No.18, Section 3, Jiucheng Avenue, Jiangyang District, Luzhou City, Sichuan Province, the PRC
“H Share”	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 Share Registrar”	Computershare Hong Kong Investor Services Limited, the H Share Registrar of the Bank
“H Shareholders”	the holder(s) of H Shares
“H Shareholders’ Class Meeting”	the 2021 first H Shareholders’ class meeting of the Bank proposed to be held at 10:00 a.m. on Tuesday, June 8, 2021 or immediately following the conclusion of the Domestic Shareholders’ Class Meeting, whichever is later, at Meeting Room 1101, 11th Floor, Building 1, No.18, Section 3, Jiucheng Avenue, Jiangyang District, Luzhou City, Sichuan Province, the PRC
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$” or “HKD” or “Hong Kong Dollars”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRS”	International Financial Reporting Standards

DEFINITIONS

“Independent Director(s)” or “Independent Non-executive Director(s)”	the independent non-executive director(s) of the Bank
“Latest Practicable Date”	April 19, 2021, being the latest practicable date for ascertaining certain information contained in this Circular prior to its printing
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“New Domestic Share(s)”	new Domestic Share(s) to be allotted and issued under the Capitalization Issue
“New H Share(s)”	new H Share(s) to be allotted and issued under the Capitalization Issue
“New Share(s)”	New Domestic Share(s) and New H Share(s)
“Notice of 2020 Annual General Meeting”	the notice convening the 2020 Annual General Meeting
“Notice of Domestic Shareholders’ Class Meeting”	the notice convening the Domestic Shareholders’ Class Meeting
“Notice of H Shareholders’ Class Meeting”	the notice convening the H Shareholders’ Class Meeting
“PBoC”	People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC” or “China”	the People’s Republic of China, but for the purpose of this Circular and for geographical reference only, unless the context otherwise requires, excluding Hong Kong, the Macau Special Administrative Region and Taiwan of the PRC
“Record Date”	Monday, September 20, 2021, being the record date for determining the Shareholders’ entitlements to the Capitalization Issue
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“Shareholder(s)”	the holder(s) of the Shares
“Shares”	shares of the Bank, including Domestic Shares and/or H Shares
“Supervisor(s)”	the supervisor(s) of the Bank
“%”	per cent

EXPECTED TIMETABLE

The expected timetable for, inter alia, the Capitalization Issue is set forth below. Such expected timetable is indicative only and has been prepared on the assumption that all conditions of the Capitalization Issue will be fulfilled. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Bank as and when appropriate.

Latest time for lodging transfer of H Shares
for entitlement to attend the 2020 Annual
General Meeting and the Class Meetings 4:30 p.m. on Friday,
May 7, 2021

Closure of the H Share register of members
for determining H Shareholders' entitlement
to attend the 2020 Annual General Meeting
and the Class Meetings Saturday, May 8, 2021 to
Tuesday, June 8, 2021
(both days inclusive)

Latest time for lodging reply slips for the 2020
Annual General Meeting and the
Class Meetings Tuesday, May 18, 2021

Latest time for lodging proxy
forms for the 2020 Annual General Meeting 9:00 a.m. on Monday,
June 7, 2021

Latest time for lodging proxy forms for the
Domestic Shareholders' Class Meeting 9:30 a.m. on Monday,
June 7, 2021

Latest time for lodging proxy forms for
the H Shareholders' Class Meeting 10:00 a.m. on Monday,
June 7, 2021

2020 Annual General Meeting 9:00 a.m. on Tuesday,
June 8, 2021

Domestic Shareholders' Class Meeting 9:30 a.m. on Tuesday,
June 8, 2021
or immediately following the conclusion
of 2020 Annual General Meeting
(whichever is later)

EXPECTED TIMETABLE

H Shareholders' Class Meeting	10:00 a.m. on Tuesday, June 8, 2021 or immediately following the conclusion of the Domestic Shareholders' Class Meeting (whichever is later)
Publication of poll results announcement of the 2020 Annual General Meeting and the Class Meetings	Tuesday, June 8, 2021
H Share register of members re-opens	Wednesday, June 9, 2021
Last day of dealings in H Shares on a cum-entitlement basis relating to the Capitalization Issue	Thursday, September 9, 2021
First day of dealings in H Shares on an ex-entitlement basis relating to the Capitalization Issue	Friday, September 10, 2021
Latest time for lodging transfer documents of H Shares for entitlement to the Capitalization Issue	4:30 p.m. on Monday, September 13, 2021
Closure of the H Share register of members for determining H Shareholders' entitlement to the Capitalization Issue	Tuesday, September 14, 2021 to Monday, September 20, 2021 (both days inclusive)
Record Date	Monday, September 20, 2021
H Share register of members re-opens	Tuesday, September 21, 2021
Expected date of dispatch of certificates for the New H Shares	Monday, October 11, 2021
Expected first day of listing of, and dealing in, the New H Shares	9:00 a.m. on Tuesday, October 12, 2021

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. YOU Jiang (游江) (*Chairman*)
Mr. XU Xianzhong (徐先忠)
Mr. LIU Shirong (劉仕榮)

Registered address:

Building 1, No. 18,
Section 3, Jiucheng Avenue,
Jiangyang District, Luzhou,
Sichuan Province, the PRC

Non-executive Directors:

Ms. PAN Lina (潘麗娜)
Mr. XIONG Guoming (熊國銘)
Mr. LIU Qi (劉奇)
Mr. DAI Zhiwei (代志偉)
Ms. LIU Anyuan (劉安媛)

Principal place of business in Hong Kong:
40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai, Hong Kong

Independent non-executive Directors:

Mr. GU Mingan (辜明安)
Mr. HUANG Yongqing (黃永慶)
Mr. YE Changqing (葉長青)
Mr. TANG Baoqi (唐保祺)
Mr. ZHONG Jin (鍾錦)

April 23, 2021

To the Shareholders

Dear Sir or Madam,

- (1) 2020 ANNUAL REPORT
- (2) 2020 WORK REPORT OF THE BOARD OF DIRECTORS
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AND
- (15) NOTICE OF 2021 FIRST H SHAREHOLDERS' CLASS MEETING

LETTER FROM THE BOARD

I. INTRODUCTION

The Board of Directors hereby invites you to attend the 2020 Annual General Meeting and the subsequent Class Meetings to be held at 9:00 a.m. on Tuesday, June 8, 2021 at Meeting Room 1101, 11th Floor, Building 1, No.18, Section 3, Jiucheng Avenue, Jiangyang District, Luzhou City, Sichuan Province, the PRC.

This Circular aims to give you the Notice of the 2020 Annual General Meeting, the Notice of Domestic Shareholders' Class Meeting and the Notice of H Shareholders' Class Meeting and to provide you with the information necessary to make an informed decision on whether to vote for or against certain ordinary resolutions and/or special resolutions to be proposed at the 2020 Annual General Meeting and the Class Meetings relating to, among other things, the following matters.

II. MATTERS TO BE CONSIDERED AND APPROVED AT THE 2020 ANNUAL GENERAL MEETING AND/OR CLASS MEETINGS

1. 2020 Annual Report

An ordinary resolution will be proposed at the 2020 Annual General Meeting to approve the 2020 Annual Report.

2. 2020 Work Report of the Board of Directors

An ordinary resolution will be proposed at the 2020 Annual General Meeting to approve the "2020 Work Report of the Board of Directors of Luzhou Bank Co., Ltd." of the Bank. For the 2020 Work Report of the Board of Directors, please refer to Appendix I to this Circular.

3. 2020 Work Report of the Board of Supervisors

An ordinary resolution will be proposed at the 2020 Annual General Meeting to approve the "2020 Work Report of the Board of Supervisors of Luzhou Bank Co., Ltd." of the Bank. For the 2020 Work Report of the Board of Supervisors, please refer to Appendix II to this Circular.

4. 2020 Evaluation Report on the Performance of Duties by the Directors, Supervisors, Senior Management

Based on the relevant criteria for evaluation of performance of duties by the Directors, Supervisors and senior management, the Board of Supervisors conducted evaluation of the performance of duties by the Directors, Supervisors and senior management for 2020, and is of the view that the evaluation level of performance of duties by all Directors, Supervisors and senior management in 2020 is "competent". It is proposed that the Bank shall settle and pay

LETTER FROM THE BOARD

in full the annual performance remuneration (allowances) to its Directors, Supervisors and senior management pursuant to the Articles of Association and the relevant requirements. The evaluation report is summarized as follows:

(i) Evaluation of performance of duties by Directors

The Board of Supervisors is of the view that the work of Directors in 2020 could strictly follow the laws, regulations and the relevant provisions of the Articles of Association, and the Directors earnestly performed their duties. Their sufficient performance time, working performance standards, quality and efficiency of work in the Bank were in line with the regulations of the relevant regulatory authorities and the Bank, making untiring efforts to promote the steady development of the Bank.

(ii) Evaluation of performance of duties by Supervisors

The Board of Supervisors is of the view that the work of Supervisors in 2020 strictly followed the laws, regulations and the relevant provisions of the Articles of Association. They actively performed their supervisory duties; strengthened the supervision for the performance of the Board of Directors and senior management of the Bank, strengthened the supervision for the compliance of major-decision making procedures in meetings, earnestly participated in the special inspection and investigation of the Board of Supervisors, and actively promoted the steady development of the Bank.

(iii) Evaluation of performance of duties by senior management

The Board of Supervisors is of the view that the work of the senior management of the Bank in 2020 strictly followed the laws, regulations and the relevant provisions of the Articles of Association, strictly implemented the resolutions of the Board of Directors and the Shareholders' meeting, effectively improved the quality and efficiency of the management, and continuously promoted the steady development of the Bank, and fulfilled the duties of senior management in a satisfying manner.

The abovementioned 2020 Evaluation Report on the Performance of Duties by the Directors, Supervisors, Senior Management was considered and approved by the Board of Supervisors, and will be submitted to the 2020 Annual General Meeting for consideration and approval by way of ordinary resolution.

LETTER FROM THE BOARD

5. 2020 Final Financial Accounts

The 2020 Final Financial Accounts of the Bank prepared in accordance with IFRS is summarized as follows:

In 2020, net profit of the Bank amounted to RMB576 million, representing a decrease of RMB58 million or 9.15% as compared to the previous year. The basic earnings per share were RMB0.25; the average return on net assets was 7.11%; the return on average total assets was 0.55%.

As of the end of 2020, the non-performing loans (“NPLs”) were RMB1,088 million, representing an increase of RMB671 million as compared to the end of 2019; the NPLs ratio was 1.83%, representing an increase of 0.89 percentage point as compared to the end of 2019. The allowance coverage ratio was 187.43%, representing a decrease of 162.35 percentage points as compared to the end of 2019; the allowance to gross loan ratio was 3.43%, representing an increase of 0.15 percentage point as compared to the end of 2019.

Please refer to the 2020 annual report and the financial statements included therein published by the Bank for details of the 2020 Final Financial Accounts of the Bank.

The 2020 Final Financial Accounts was considered and approved by the Board, and will be submitted to the 2020 Annual General Meeting for consideration and approval by way of ordinary resolution.

6. 2020 Profit Distribution Plan and the Capitalization Issue Plan

According to the 2020 audit results and the requirements of relevant laws and regulations, the 2020 Profit Distribution Plan of the Bank is proposed as follows:

- (i) 10% of the net profit of the Bank shall be appropriated to statutory reserve, amounting to RMB57.61 million;
- (ii) 1.5% of the risk assets balance of the Bank at the end of 2020 shall be appropriated to general risk provisions, amounting to RMB391.51 million;
- (iii) interests of RMB95.10 million shall be paid for the capital bonds without a fixed term issued by the Bank; and
- (iv) two New Shares shall be issued by way of capitalization of capital reserve to all Shareholders for every 10 Shares.

In accordance with the 2020 Profit Distribution Plan mentioned above, the Board proposes to issue New Shares by way of capitalization of capital reserve to the Shareholders whose names appear on the register of members of the Bank on the Record Date on the basis of 2 New Shares for every 10 existing Shares held by the Shareholders. Based on the total

LETTER FROM THE BOARD

number of Shares in issue of 2,264,793,385 Shares as at the Latest Practicable Date, the total number of New Shares to be issued by way of capitalization of capital reserve is 452,958,677 Shares, including 327,438,677 New Domestic Shares to be issued to Domestic Shareholders and 125,520,000 New H Shares to be issued to H Shareholders. Immediately upon completion of the Capitalization Issue, the total number of Shares in issue of the Bank will increase to 2,717,752,062 Shares, including 1,964,632,062 Domestic Shares and 753,120,000 H Shares. The total actual number of share capital issued will be determined by the total number of shares capital registered on the Record Date.

The Board of Directors now proposes the 2020 Annual General Meeting, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting to review and approve the authorization of the Board of Directors to implement the above-mentioned profit distribution plan and the Capitalization Issue, and to authorize the Board of Directors to further delegate its power to the Management of the Bank after obtaining the above authorization, so as to implement all related matters related to the above-mentioned profit distribution plan and the Capitalization Issue, including but not limited to the determination of the Record Date and the specific date related to the implementation of Capitalization Issue.

Conditions of the Capitalization Issue

The Capitalization Issue is subject to the following conditions:

- (a) the Capitalization Issue having been approved by the Shareholders at the 2020 Annual General Meeting, Domestic Shareholders' Class Meeting and H Shareholders' Class Meeting by way of special resolution;
- (b) the Hong Kong Stock Exchange having granted the listing of, and the permission to deal in, the New H Shares;
- (c) the CBIRC having approved the Capitalization Issue; and
- (d) the compliance with the relevant legal procedures and requirements under the Company Law to effect the Capitalization Issue including the change of industrial and commercial registration for the increase of the registered capital in accordance with the laws.

The issue of New Domestic Shares and the issue of New H Shares are inter-conditional. In the event that the issue of New Domestic Shares is not completed, the issue of New H Shares will not proceed, and vice versa. As at the Latest Practicable Date, none of the above conditions have been fulfilled.

LETTER FROM THE BOARD

Status of the New Shares

The New Shares will rank *pari passu* in all respects with the Shares in issue on the date of issue of the New Shares. Holders of the New Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date on which the New Shares are allotted and issued, but will not be entitled to the dividends declared by the Bank before the date of allotment and issuance of the New Shares.

Fractional entitlements arrangement

Fractional Domestic Shares arising from the Capitalization Issue will be aggregated and one New Domestic Share will be issued to each of the Domestic Shareholders in descending order based on the decimal number of their fractional Domestic Shares, until the actual number of New Domestic Shares issued equals to the total number of New Domestic Shares to be issued under the Capitalization Issue. If the number of Domestic Shareholders with the same decimal number of fractional Domestic Shares exceeds the remaining Domestic Shares, such remaining Domestic Shares will be randomly allotted by computer, which will be conclusively evidenced by the result announced by China Securities Depository and Clearing Co., Ltd.

The New H Shares under the Capitalization Issue will be issued on a pro rata basis and any fractional H Shares (if any) will be rounded down to the nearest whole number. Fractional H Shares will not be issued and allotted, but will be aggregated and sold for the benefit of the Bank.

Overseas Shareholders

As at the Latest Practicable Date, according to the latest register of members available to the Bank, the Bank had two H Shareholders with the registered addresses in the British Virgin Islands. The Bank has been advised that there are no legal restrictions to issue New H Shares to H Shareholders with the above registered addresses and therefore, such H Shareholder will also be entitled to the New H Shares. If there are other overseas Shareholders on the Record Date, the Bank will make enquiries regarding the legal restrictions (if any) under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange as to determine the eligibility of the relevant overseas Shareholders to participate in the Capitalization Issue.

If, after making such enquiries, the Board is of the view that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, not to issue the New H Shares to such overseas Shareholders, arrangements will be made for the New H Shares which would otherwise be issued to such overseas Shareholders to be sold in the market as soon as practicable after dealings in the New H Shares commence, if a premium, net of expenses, can be obtained. Any net proceeds of such sale for each overseas Shareholder, after deduction of expenses, of HK\$100 or more will be distributed in HK dollars to the relevant overseas Shareholder, by ordinary post at his own risk, unless the amount falling to be distributed to any such person is less than HK\$100, in which case it will be retained for the benefit of the Bank.

LETTER FROM THE BOARD

Effect to the shareholding structure upon completion of the Capitalization Issue

Set out below is the shareholding structure of the Bank as at the Latest Practicable Date and immediately upon completion of the Capitalization Issue (assuming that (a) no other Shares are allotted or issued and no existing Shares are bought back; and (b) the Conditional Subscription Matter (as defined below) has been completed but no existing shares have been repurchased prior to the Record Date):

	As at the Latest Practicable Date		Immediately upon completion of the Capitalization Issue		Immediately after the completion of the Capitalization Issue and the Conditional Subscription Matter	
	Approximate percentage of the total number of		Approximate percentage of the total number of		Approximate percentage of the total number of	
	Number of Shares	Shares in issue (%)	Number of Shares ⁽⁹⁾	Shares in issue ⁽⁹⁾ (%)	Number of Shares ⁽⁹⁾	Shares in issue ⁽⁹⁾ (%)
Total Domestic Shares Including						
Luzhou Laojiao Group Co., Ltd. ⁽¹⁾	325,440,000	14.37	390,528,000	14.37	390,528,000	13.31
Luzhou Laojiao Co., Ltd. ⁽¹⁾	36,160,000	1.60	43,392,000	1.60	43,392,000	1.48
Sichuan Jiale Enterprise Group Co., Ltd. ⁽²⁾	271,200,000	11.97	325,440,000	11.97	325,440,000	11.09
Sichuan Luzhou Jiale Real Estate Co., Ltd. ⁽²⁾	7,232,000	0.32	8,678,400	0.32	8,678,400	0.30
Luzhou Xinfu Mining Industry Group Co., Ltd. ⁽³⁾	271,200,000	11.97	325,440,000	11.97	325,440,000	11.09
LIU Shirong ⁽⁴⁾	10,848	0.0005	13,017	0.0005	13,017	0.0004
LAN Ying ⁽⁵⁾	16,272	0.0007	19,526	0.0007	19,526	0.0007
Other Domestic Shareholders	725,934,265	32.05	871,121,118	32.05	871,121,118	29.69
Total H Shares						
H Shareholders ⁽⁶⁾	627,600,000	27.71	753,120,000	27.71	753,120,000	25.67
Chengdu Dongfang Guangyi Investment Co., Ltd. (成都東方廣益投資有限公司) ⁽¹⁰⁾	-	-	-	-	216,000,000	7.36
Total	2,264,793,385	100.00	2,717,752,062	100.00	2,933,752,062	100

LETTER FROM THE BOARD

Notes:

- (1) As at the Latest Practicable Date, Luzhou Laojiao Group Co., Ltd. directly held 325,440,000 Domestic Shares, was one of the Bank's substantial shareholders. Luzhou Laojiao Co., Ltd. which, to the best knowledge of the Bank, was a subsidiary of Luzhou Laojiao Group Co., Ltd. as at the Latest Practicable Date and directly held 36,160,000 Domestic Shares, therefore the Domestic Shares held by Luzhou Laojiao Group Co., Ltd. and Luzhou Laojiao Co., Ltd. are not counted as Shares held by public as defined in Rule 8.24 of the Listing Rules.
- (2) As at the Latest Practicable Date, Sichuan Jiale Enterprise Group Co., Ltd. directly held 271,200,000 Domestic Shares, was one of the Bank's substantial shareholders and is beneficially owned by Mr. XIONG Guoming, a director of the Bank as to 80%. Sichuan Luzhou Jiale Real Estate Co., Ltd. which, to the best of the Bank's knowledge, is a subsidiary of Sichuan Jiale Enterprise Group Co., Ltd. as at the Latest Practicable Date and directly held 7,232,000 Domestic Shares, therefore, the Domestic Shares held by Sichuan Jiale Enterprise Group Co., Ltd. and Sichuan Luzhou Jiale Real Estate Co., Ltd. are not counted as Shares held by public as defined in Rule 8.24 of the Listing Rules.
- (3) As at the Latest Practicable Date, Luzhou Xinfu Mining Industry Group Co., Ltd. directly held 271,200,000 Domestic Shares, was one of the substantial shareholders of the Bank, therefore the Domestic Shares held by it are not counted as Shares held by public as defined in Rule 8.24 of the Listing Rules.
- (4) Mr. LIU Shirong is a director of the Bank, therefore the Domestic Shares held by him are not counted as Shares held by public as defined in Rule 8.24 of the Listing Rules.
- (5) Ms. LAN Ying is the spouse of Mr. CHEN Yong, a supervisor of the Bank, therefore the Domestic Shares held by her are not counted as Shares held by public as defined in Rule 8.24 of the Listing Rules.
- (6) To the best of the Directors' knowledge, all H Shares in issue (including the Subscription Shares) and all New H Shares to be issued under the New H Shares Issue are held by public as defined in Rule 8.24 of the Listing Rules.
- (7) To the knowledge of the Directors and save as disclosed herein, the Domestic Shares held by other Domestic Shareholders and all the H Shares are held by the public as defined in Rule 8.24 of the Listing Rules.
- (8) Percentages are rounded to two or four decimal places.
- (9) The sum of the number of Shares and the shareholding percentage may not be equal to the total number or percentage due to rounding. The final actual number of Shares shall be subject to the handling of the fractional Shares.
- (10) Reference is made to the announcement of the Bank dated November 24, 2020, in relation to the subscription agreement entered into between the Bank and Chengdu Dongfang Guangyi Investment Co., Ltd. On November 24, 2020 (after trading hours), the Bank entered into a subscription agreement with Chengdu Dongfang Guangyi Investment Co., Ltd., pursuant to which Chengdu Dongfang Guangyi Investment Co., Ltd. conditionally agreed to purchase, and the Bank conditionally agreed to allot and issue 180,000,000 H shares under the specific mandate granted by the Shareholders to the Board on March 26, 2020 ("Conditional Subscription Matter"). As of the Latest Practicable Date, the valid date of the aforesaid specific mandate has been expired and the Conditional Subscription Matter has not been completed due to the prerequisites under the subscription agreement have not been fulfilled or waived. The Bank may or may not obtain a renewed specific mandate prior to the long stop date of the subscription agreement (i.e. August 31, 2021). The Bank will comply with relevant Listing Rules and will make further announcement regarding the Conditional Subscription Matter as and when appropriate.

LETTER FROM THE BOARD

Reasons for the Capitalization Issue

The Bank has considered the corresponding benefits and drawbacks of the Capitalization Issue under the Profit Distribution Plan, and is of the view that the Capitalization Issue will achieve a balance between the capital needs for the Bank's business expansion and regulatory compliance and the sharing of the Bank's operating results with its Shareholders, and is in the best interests of the Bank and its Shareholders as a whole, for the following reasons:

- (1) In 2020, in response to the epidemic, China rolled out a number of fiscal and monetary policies (including the Notice on Related Matters of Issuing Special Loans to Support the Prevention and Control of the Novel Coronavirus Pneumonia Epidemic (Yin Fa [2020] No. 28) (《關於發放專項再貸款支持防控新型冠狀病毒感染的肺炎疫情有關事項的通知(銀發[2020]28號)》); the Notice on Further Strengthening of Financial Support for the Prevention and Control of the Novel Coronavirus Pneumonia Epidemic (Yin Fa [2020] No. 29) (《關於進一步強化金融支持防控新型冠狀病毒感染的肺炎疫情的通知(銀發[2020]29號)》); and the Notice on Doing a Good Work Related to Interest Rates during the Period of Prevention and Control of the Epidemic (Yin Fa [2020] No. 37) (《關於做好疫情防控特殊時期利率相關工作的通知(銀發[2020]37號)》) etc.) to increase the supply of funds in order to solve the financing difficulties facing the real economy. Because of the lagged effect of the epidemic on the financial industry, such as permitting deferred payment of principals and interests, the future exit of domestic supportive policies may exert a slight impact on the quality of the Bank's assets. Therefore, the Bank will continue to actively supplement its capital to keep its retained profits at a reasonable level.
- (2) In 2020, the Bank proposed to raise funds through issuance of H shares to supplement the core tier one capital, but it is still in progress. Exogenous replenishment of core tier one capital has a long cycle, limited channels and high requirements for investors, and there are relatively more limitations as to the exogenous capital replenishment. Therefore, the endogenous capital of the Bank has become the material supplementary channel to meet the capital needs of short-term business development of the Bank.
- (3) The price per H Share on an ex-entitlement basis may decrease and the Capitalization Issue is not expected to result in an increase in the shareholding percentage of H Shareholders in the Bank. The Capitalization Issue may increase the number of Shares held by Domestic Shareholders and H Shareholders by way of capitalization of capital reserve, making Shareholders more flexible in managing their investment portfolios, e.g. Shareholders may sell some of their shares for cash returns more easily as they wish or keeping their shares for any cash dividends which may be declared by the Bank in the future. The decrease in the price will reduce the per lot transaction costs incurred by the Shareholders and potential investors of the Bank in acquiring each lot of shares in the future, in case there is an increase in share price, shareholders may also enjoy a capital gain in their investment in the Bank's Shares.

LETTER FROM THE BOARD

Application for listing

The Shares of the Bank are not listed nor dealt in on any stock exchange other than the Hong Kong Stock Exchange. Application will be made by the Bank to the Listing Committee of the Hong Kong Stock Exchange for the approval for the listing of, and permission to deal in, the New H Shares. Subject to the satisfaction of the conditions as set out in this Circular (including but not limited to the granting of the listing approval by the Hong Kong Stock Exchange), the New H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS. All necessary arrangements will be made by the Bank for the New H Shares to be admitted into CCASS. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Subject to the Capitalization Issue becoming unconditional, the certificates for the New H Shares will be dispatched by ordinary post to the H Shareholders who are entitled thereto at their own risk. In case of joint shareholding, the certificates for the New H Shares will be posted to the first named person on the H Share register of members in respect of such joint shareholding. For the date of dispatch of the certificates for the New H Shares and the date of the commencement of dealings in the New H Shares, please refer to the section headed “Expected Timetable” to this Circular.

The Bank endeavors to dispatch the certificates for the New H Shares to its H Shareholders as soon as possible. However, as disclosed under the section headed “Conditions of the Capitalization Issue”, the Capitalization Issue is subject to various conditions including, among others, the approval from the CBIRC. According to the relevant PRC laws and regulations, the Bank is only allowed to submit its application to the CBIRC after the Capitalization Issue has been approved by Shareholders, and such approval from CBIRC is expected to be obtained around September 8, 2021. The expected date of dispatch of certificates for the New H Shares is determined by the Bank after taking into account the estimated time required to obtain the approval from the CBIRC based on its past experience and communication with the CBIRC. Any relevant change to the expected timetable will be announced separately by the Bank as and when appropriate.

Taxation

According to the relevant provisions under the taxation laws of the PRC, the capitalization of capital reserve from share premium shall not be subject to any income tax under the laws of the PRC. As a result, there will be no levy of PRC taxation in respect of the Capitalization Issue.

Dealings in the New H Shares will be subject to the payment of stamp duty, the Hong Kong Stock Exchange trading fee, transaction levy, or any other applicable fees and charges in Hong Kong. H Shareholders are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holding, disposing of or dealing in the New H Shares. None of the Bank, its Directors or any other parties involved in the Capitalization Issue accepts responsibility for any tax implication or liabilities of the H Shareholders.

LETTER FROM THE BOARD

Statement on acquisition of Shares

The Bank shall ensure that all its listing document(s) and share certificates include the statements stipulated below and shall instruct and cause its share registrar not to register the subscription, purchase or transfer of any of its Shares in the name of any particular holder unless and until such holder delivers to such share registrar a signed form in respect of such Shares bearing statements to the following effect:

- (a) the acquirer of Shares agrees with the Bank and each of the Shareholders, and the Bank agrees with each of the Shareholders, to observe and comply with the Company Law, the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》) and the Articles of Association;
- (b) the acquirer of Shares agrees with the Bank, each of the Shareholders, Directors, Supervisors, managers and officers, and the Bank acting for itself and for each of its Directors, Supervisors, managers and officers agrees with each of the Shareholders to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the Bank's affairs to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award. Such arbitration shall be final and conclusive;
- (c) the acquirer of Shares agrees with the Bank and each of the Shareholders that the H Shares are freely transferable by the holders thereof; and
- (d) the acquirer of Shares authorizes the Bank to enter into a contract on his or her behalf with each of the Directors and officers whereby such Directors and officers undertake to observe and comply with their obligations to the Shareholders as stipulated in the Articles of Association.

Documents available for inspection

Copies of the following documents will be available for inspection at the Bank's place of business in Hong Kong at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong during normal business hours on any business day from the date of this Circular until the date of the 2020 Annual General Meeting:

- (a) Articles of Association;
- (b) the annual reports of the Bank for the two years ended December 31, 2020; and
- (c) this Circular.

LETTER FROM THE BOARD

Warning of risks of dealing in the H Shares

H Shareholders should note that the existing H Shares are expected to be dealt in on an ex-entitlement basis for entitlement to the New H Shares from Friday, September 10, 2021. If the conditions of the Capitalization Issue (as set out above under the section headed “Conditions of the Capitalization Issue”) are not fulfilled, the Capitalization Issue will not proceed. If in any doubt, Shareholders and investors are recommended to consult their professional advisers.

7. Report on Related Party Transactions for 2020

In 2020, the Bank followed the requirements of the CBIRC’s Measures for the Administration of Related Transactions of Commercial Banks and Insiders and Shareholders, the Interim Measures for the Administration of Equity of Commercial Banks, the requirements of Hong Kong Stock Exchange Listing Rules and the special inspection requirements for related party transactions of the supervisory authorities, with the purpose of building a standardized related party transactions management system, continuously improving the related party transactions management system, strengthening the daily reporting and statistical work of related party transactions, fully guaranteeing the compliance of approval and information disclosure of related party transactions, ensuring the effective operation of the Bank’s related party transactions mechanism and effectively protecting the interests of the Banks and its Shareholders. The relevant summaries are presented as follows.

I. MANAGEMENT SYSTEM AND IMPLEMENTATION OF RELATED PARTY TRANSACTIONS

(I) Further improvement of system construction

In 2020, we actively combined our own actual conditions and referred to management experience of interbank related transactions to further improve the construction of our related transaction management system, and we issued the Notice on Further Strengthening the Management of Related Party Transactions (《關於進一步加強關聯交易管理的通知》) across the Bank in the year, which requires strict compliance with management requirements to strengthen the management of related transactions.

(II) Implementation of the System

1. Continuously update the list of related parties of the Bank

In 2020, according to the Notice on Further Strengthening the Management of Related Party Transactions issued by the Bank, all institutions are strictly required to submit the list of related parties. At present, the list of related parties of the Bank has been improved, and will continue to update on a quarterly basis.

LETTER FROM THE BOARD

2. Strengthening the approval and filing of related party transactions

The Board of Directors established the Related Party Transactions Control Committee. The Related Party Transactions Control Committee currently consists of five Directors, and Independent Directors serve as the chairman, most of which are Independent Directors, which meets regulatory requirements. The general and major related party transactions are strictly reviewed and approved in line with procedures. Within 10 working days after the occurrence of the related party transactions, such related party transactions shall be reported to the Related Party Transactions Control Committee for filing as required.

3. Pricing of related party transactions

All types of credit granted to the Bank's related parties by the Bank are based on market prices and under the principle that they are not favorable than similar transactions involving non-related parties, ensuring the legality and fairness of the pricing of the Bank's related party transactions.

4. Further regulating the credit management of related party transactions

The Bank further strengthened the management for related party transactions involving insiders and Shareholders in accordance with the requirements under the measures for related party transactions. Firstly, the relevant business departments and branches of the Bank carefully carried out pre-loan review for related parties by effectively referring to the list of related parties updated and issued by the Bank in a timely manner, in conjunction with the shareholding structure of related legal persons and entered the related information into the credit system for verification as required. Secondly, the Bank enhanced the credit approval and concentration control of all related party transactions based on controllable risks, realizing the unified management for credit to related parties by group.

II. OPERATION OF THE RELATED PARTY TRANSACTIONS CONTROL COMMITTEE UNDER THE BOARD OF DIRECTORS

In 2020, the Bank convened 22 meetings for the Related Party Transactions Control Committee under the Board of Directors, reviewing and approving 25 resolutions including the Update of the List of Related Parties, the Review of the Annual Report on Related Party Transactions and Major Related Party Transactions in 2020.

In 2020, the Independent Non-executive Directors of the Bank participated in the approval of all major related party transactions and provided their independent opinions.

III. BASIC SITUATION OF RELATED PARTY TRANSACTIONS

As of the end of 2020, the Bank's paid-in capital was RMB2,264,793,400, and the net capital was RMB12,199,210,300. The credit balance of related party transactions of the Bank was RMB4,878,283,900, representing an increase of RMB2,698,268,900 as compared to the end of 2019. The credit balance of related party transactions accounted for 39.99% of the Bank's net capital, accounting for an increase of 15.47 percentage points as compared to the end of 2019. The Bank's credit balance to a related party did not exceed 10% of the Bank's net capital, and the total credit balance to a related legal person or group customer of another organization did not exceed 15% of the Bank's net capital, and the credit balance to all related parties did not exceed 50% of the Bank's net capital.

LETTER FROM THE BOARD

(I) General Related Party Transactions

As of the end of 2020, the Bank has 270 general related party transactions. The credit balance of general related party transactions was RMB97,907,100.

(II) Significant Related Party Transactions

As of the end of 2020, the Bank carried out 41 significant related party transactions. The credit balance of significant related party transactions amounted to RMB4,780,376,800.

(III) Other Related Party Transactions

As of the end of 2020, the Bank has three other related party transactions, two of which are low-risk electronic bank acceptance bills with full-margin issued to related parties. The remaining transaction is to appoint related party as executor of the implementation plan on special bond of the Bank.

(IV) Asset Quality of Related Party Transactions

According to the classification of five levels, there is no non-performing assets in the related party transactions at the end of 2020.

The abovementioned Report on Related Party Transactions for 2020 was considered and approved by the Board, and will be submitted to the 2020 Annual General Meeting for consideration and approval by way of ordinary resolution.

8. 2021 Fixed Assets Investment Plan

In accordance with the needs of business development of the Bank, the Bank plans to set a budget of capital expenditure amounting to approximately RMB247.88 million in 2021, details of which are set out as follows:

- (i) approximately RMB117.89 million for hardware procurement for technology projects (including setting up of various platform application systems, purchase of facilities);
- (ii) approximately RMB104.92 million for infrastructure construction and transformation (including commercial properties of branches);
- (iii) approximately RMB18.89 million for fixed assets (including purchase of office equipment items and commercial vehicles); and
- (iv) approximately RMB6.18 million for construction of other equipment and facilities.

The abovementioned 2021 Fixed Assets Investment Plan was considered and approved by the Board, and will be submitted to the 2020 Annual General Meeting for consideration and approval by way of ordinary resolution.

LETTER FROM THE BOARD

9. 2021 Financial Budget Plan

According to the Bank's strategic development and business expansion needs, the 2021 total budget for operating expenses will be controlled within approximately RMB1,618 million, and such amount represents an increase of RMB391 million as compared to the operating expenses incurred by the Bank in 2020. The increase of the expected operating expenses is primarily because the Bank expect to accelerate the development of fintech business, promote the transformation of information and innovation and achieve rapid development of the Bank in other regions. Meanwhile, the employee's salary and the business expenses of the Bank are expected to be increased.

The abovementioned 2021 Financial Budget Plan was considered and approved by the Board, and will be submitted to the 2020 Annual General Meeting for consideration and approval by way of ordinary resolution.

10. Engagement of External Auditors for 2021

The Board of Directors proposed and submitted to the 2020 Annual General Meeting for consideration and approval by way of ordinary resolution to re-appoint PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) as the auditor of the financial statements in respect of China Accounting Standards for Business Enterprises for the year of 2021; and PricewaterhouseCoopers as the auditor of the financial statements in respect of International Financial Reporting Standards for the year of 2021, the terms of which shall expire upon the conclusion of the 2021 annual general meeting of the Bank, and to authorize the Board to determine their remuneration.

11. The Change of Registered Capital

Due to the change of the registered capital of the Bank upon completion of the Capitalization Issue, the Bank will report the information relating to the particulars of such change to the CBIRC according to the laws, regulations and other regulatory documents of the PRC and overseas. Upon approval, the Bank will amend the relevant articles in the Articles of Association and report to the Administration for Market Regulation for approval.

The Board proposes the change of the registered capital at the 2020 AGM, Domestic Shareholders' Class Meeting and H Shareholders' Class Meeting for the Shareholders' approval to authorize the Board who may delegate the chairman, the president and the secretary to the Board, individually or collectively, to handle the approval or filing procedures relating to the change of the registered capital of the Bank according to the laws, regulations and other regulatory documents of the PRC and overseas, as well as the requirements and advices from the relevant local and overseas regulatory authorities and stock exchange of the place where the Shares are listed, and to register the change of particulars with the Administration for Market Regulation, the Companies Registry of Hong Kong and other relevant governmental authorities.

LETTER FROM THE BOARD

12. The Amendments to Certain Articles in the Articles of Association

Due to the change of the registered capital and the capital structure of the Bank upon completion of the Capitalization Issue, and upon approval by the CBIRC with respect to the change of the registered capital, the Bank proposes to make amendments (the “**Amendments**”) to certain articles in the existing Articles of Association. Details are set forth as follows:

Existing Articles

Article 6 The registered capital of the Bank is RMB2,264,793,385.

Article 24 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.

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.

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.

Amended Articles

Article 6 The registered capital of the Bank is RMB2,717,752,062.

Article 24 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.

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.

The equity structure of the Bank is: 2,717,752,062 ordinary shares, including 1,964,632,062 domestic shares, accounting for 72.29% of the total ordinary shares that the Bank can issue; 753,120,000 H Shares, accounting for 27.71% of the total ordinary shares that the Bank can issue.

LETTER FROM THE BOARD

The Board proposes the amendments to certain articles in the Articles of Association at the 2020 AGM, Domestic Shareholders' Class Meeting and H Shareholders' Class Meeting for consideration and approval to authorize the Board who may delegate the chairman, the president and the secretary to the Board, individually or collectively, to amend the articles in the Articles of Association relevant to the Amendments and handle the approval or filing procedures relating to the Amendments according to the laws, regulations and other regulatory documents of the PRC and overseas, as well as the requirements and advices from the relevant local and overseas regulatory authorities and stock exchange where the Shares are listed, and to register the change of particulars with the Administration for Market Regulation, the Companies Registry of Hong Kong and other relevant governmental authorities.

Subject to the approval by the Shareholders at the 2020 AGM and Class Meetings, the Amendments will take effect upon the completion of the Capitalization Issue and the approval of the change of registered capital of the Bank by the banking and insurance regulatory authority, prior to which the existing Articles of Association will remain in effect.

III. 2020 ANNUAL GENERAL MEETING AND THE SHAREHOLDERS' CLASS MEETINGS

The Bank intends to convene the 2020 Annual General Meeting and the subsequent Shareholders' Class Meetings at 9:00 a.m. on Tuesday, June 8, 2021 at Meeting Room 1101, 11th Floor, Building 1, No.18, Section 3, Jiucheng Avenue, Jiangyang District, Luzhou City, Sichuan Province, the PRC to consider and, if thought fit, pass resolutions in respect of the matters set out in the Notice of 2020 Annual General Meeting, the Notice of Domestic Shareholders' Class Meeting and the Notice of H Shareholders' Class Meeting. The notice of convening the 2020 Annual General Meeting, the Notice of Domestic Shareholders' Class Meeting and the Notice of H Shareholders' Class Meeting dated April 23, 2021 together with a form of proxy and a reply slip have been dispatched to the Shareholders in accordance with the Listing Rules. The Notice of the 2020 Annual General Meeting, the Notice of Domestic Shareholders' Class Meeting and the Notice of H Shareholders' Class Meeting are also set out on pages 38 to 44 of this Circular.

Closure of Register of Members

In order to determine the list of Shareholders who are entitled to attend and vote at the 2020 Annual General Meeting and the Class Meetings, the H Share register of members of the Bank will be closed from Saturday, May 8, 2021 to Tuesday, June 8, 2021 (both days inclusive). Shareholders who intend to attend and vote at the 2020 Annual General Meeting and the Class Meetings shall lodge all the transfer documents together with the relevant share certificates with the H Share Registrar, Computershare Hong Kong Investor Services Limited (address: Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) (for Holders of H Shares) or the Bank's office of the Board of Directors (address: Building 1, No.18, Section 3, Jiucheng Avenue, Jiangyang District, Luzhou City, Sichuan Province, the PRC, Postcode: 646000) (for Holders of Domestic Shares) no later than 4:30 p.m. on Friday, May 7, 2021.

LETTER FROM THE BOARD

Reply Slip and Form of Proxy

Shareholders who intend to appoint a proxy to attend the 2020 Annual General Meeting and the Class Meetings shall complete and return the accompanying form of proxy in accordance with the instructions printed thereon. The form of proxy should be returned, in person or by post, to Computershare Hong Kong Investor Services Limited (Address: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) (for Holders of H Shares) or the Bank's office of the Board of Directors (Address: Building 1, No.18, Section 3, Jiucheng Avenue, Jiangyang District, Luzhou City, Sichuan Province, the PRC, Postcode: 646000) (for Holders of Domestic Shares) in any event no later than 24 hours before the time fixed for holding the 2020 AGM, Domestic Shareholders' Class Meeting and H Shareholders' Class Meeting or any adjourned meeting thereof (i.e. no later than 9:00 a.m. on Monday, June 7, 2021; 9:30 a.m. on Monday, June 7, 2021 and 10:00 a.m. on Monday, June 7, 2021, respectively).

Shareholders who intend to attend the 2020 Annual General Meeting and the Class Meetings (or any adjourned meeting thereof) in person or by proxy shall complete and return the reply slip for attending the 2020 Annual General Meeting and the Class Meetings (or any adjourned meeting thereof) by hand, by fax or by post to the H Share Registrar, Computershare Hong Kong Investor Services Limited (Address: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong; fax number: +852-2865 0990) (for Holders of H Shares) or the Bank's office of the Board of Directors (Address: Building 1, No.18, Section 3, Jiucheng Avenue, Jiangyang District, Luzhou City, Sichuan Province, the PRC, Postcode: 646000; fax number: +86-830-3100625) (for Holders of Domestic Shares), such that the reply slip shall be received by the Bank 20 days before the 2020 Annual General Meeting and the Class Meetings (i.e. on or before Tuesday, May 18, 2021).

A Shareholder may complete the form of proxy of the Bank to appoint one or more persons (regardless of whether he/she is a Shareholder) to attend and vote at the 2020 Annual General Meeting and the Class Meetings (or any adjourned meeting thereof) on his or her behalf. A proxy needs not to be a Shareholder of the Bank.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the 2020 Annual General Meeting and the Class Meetings (or any adjourned meeting thereof) and completion and return of the reply slip do not affect the right of a Shareholder to attend and vote at the 2020 Annual General Meeting and the Class Meetings.

LETTER FROM THE BOARD

Voting by Poll at the 2020 Annual General Meeting and the Class Meetings

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the 2020 Annual General Meeting and the Class Meetings will therefore demand a poll for every resolution at the 2020 Annual General Meeting and the Class Meetings pursuant to the Articles of Associations. On a poll, each Shareholder who attends the 2020 Annual General Meeting and the Class Meetings in person or by proxy (or where the Shareholder is a corporation, by its duly authorized representative) shall have one vote for each Share registered in his/her/its name in the register of members of the Bank. A Shareholder entitled to more than one vote needs not use all his/her/its votes or cast the votes he/she/it used in the same manner.

IV. RECOMMENDATION

The Board of Directors (including Independent Non-executive Directors) considers that all the resolutions set out in the Notice of 2020 Annual General Meeting, Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting for consideration and approval by the Shareholders are in the best interests of the Bank and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of all resolutions set out in the Notice of 2020 Annual General Meeting and the Class Meetings which are to be proposed at the 2020 Annual General Meeting and the Class Meetings.

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

* *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.*

2020 WORK REPORT OF THE BOARD OF DIRECTORS

In 2020, affected by COVID-19 pandemic, under a complex international and domestic economic situation, with financial regulatory work being conducted strictly and prudently, the overall operation of the banking industry faced severe challenges. The Board of Directors of Luzhou Bank Co., Ltd. (hereinafter referred to as the “Bank”), assessed the situation and actively responded to changes of the external environment, seriously carried out all the domestic and overseas financial regulatory requirements, and fulfilled their duties diligently and faithfully. Keeping their strategic rightness, the Board continuously improved corporate governance and operation mechanism, and steadily pushed forward internal transformation and reform in order to promote the Bank to achieve stable and orderly development. The work of the Board of Directors is reported as followed.

As of December 31, 2020, the Bank’s total assets amounted to RMB118,886 million, representing an increase of RMB27,206 million or 29.67% as compared to the previous year, which was 114.09% of the target tasks assigned by the Board of Directors; the Bank’s total customer deposits amounted to RMB85,223 million, representing an increase of RMB23,786 million or 38.72% as compared to the previous year, which was 121.06% of the target tasks assigned by the Board of Directors; the Bank’s total loans amounted to RMB59,624 million, representing an increase of RMB14,865 million or 33.21% as compared to the beginning of the year, which was 109.20% of the target tasks assigned by the Board of Directors; the Bank’s operating profit amounted to RMB1,982 million, representing an increase of RMB208 million or 11.72% as compared to the beginning of the year, which was 105.09% of the target tasks assigned by the Board of Directors. The Bank’s non-performing asset ratio was 1.09%, and the credit asset quality was in the forefront of the province. In June 2020, the Bank was awarded the title of “the Excellent Enterprise in the Service Industry in Sichuan Province”(四川省優秀服務業企業稱號) issued by the Chinese Communist Party’s Sichuan Provincial Committee (中共四川省委) and the People’s Government of Sichuan Province (四川省人民政府). In September 2020, it was rated as “the Most Competitive Regional Urban Commercial Bank”(最具區域競爭力城商行) by the Chinese Banker magazine.

I. Work of the Board of Directors in 2020**(I) Continued to optimize corporate governance and gave full play to the function of decision-making supervision**

In 2020, the board of directors of the Bank fully performed its decision-making supervision functions as authorized by the general meeting. In the whole year, the Board of Directors organized and held 3 general meetings, 14 meetings of the Board of Directors and 36 meetings of committees under the Board of Directors, at which they reviewed and heard more than 60 resolutions, including Annual Business Plans, Fixed Asset Investment Plans, Financial Budget and Final Accounts Plans, Risk Management System Measures, Proposals for Nominating and Electing Independent Directors and Insurance of New H Shares. The reviewing procedure of the resolutions was open, transparent and legal. In 2020, the Bank further added one independent Director and further optimized the structure and quality of members of the Board. All the Directors of the Board performed their duties diligently. Each special committee gave full play to its decision-making support role, attended various meetings in person, and fully studied the issues. While reviewing and voting major issues or studying other matters that may have a significant impact on the Bank, they actively expressed opinions and made prudent decisions and put forward valuable opinions and suggestions for the operation and development of the Bank.

(II) Consolidated the foundation of internal control compliance and improved the comprehensive risk management system

The board of directors of the Bank carefully studied and judged the changing trend of market environment, adhered to the bottom line of legal operation, continuously strengthened the guidance and implementation of risk policies, improved the risk control ability in key areas, and made the overall risk of the Bank stable and controllable. Firstly, the Board of Directors continued to promote the construction of comprehensive risk management system, urged and guided the management to revise relevant risk management systems and measures, and clarified the Bank's risk preference, risk limitation and risk level that the Bank was able to bear. Secondly, the Board of Directors and its Risk Management Committee actively performed their responsibilities of risk management, reviewed and heard the business report and risk analysis report on a quarterly basis, timely grasped and evaluated the key risk management status such as credit risk, market risk, liquidity risk and operational risk, and strengthened risk prevention and control. Thirdly, the Board of Directors continued to improve the real estate mortgage value evaluation, revaluation and review mechanism, including independent identification, double line review of collateral value, strict management of asset appraisal institutions, enhancement of double line review of collateral value and liquidity, real-time tracking of the fairness of collateral appraisal value of appraisal institutions, dynamic adjustment of shortlisted institutions list, and improvement of service quality and efficiency of appraisal institutions. Fourthly, the Board of Directors further optimized the asset management process and established a check and balance mechanism. The Bank established the credit approval department, set up the loan center and added position of risk officer, so as to realize the post balance, through which it improved the professionalism and independence of loan approval and issuance, and controlled the pre-loan, in-loan and post-loan risks of asset business in the whole process. For the year ended December 31, 2020, there were no major defects in the Bank's internal control system.

(III) Implemented active capital replenishment plan and replenished capital through multiple channels

The Bank continued to strengthen the concept of capital constraint, implemented fine management, explored the maximum value of existing capital, optimized the allocation and efficient use of various resources, and improved the level of income on the basis of controllable risk limitation. In 2020, the Bank actively established a diversified capital replenishment mechanism, seized all favorable opportunities to replenish capital to further alleviate the pressure of capital replenishment and support the development of various businesses. In 2020, the Bank successfully issued RMB1.7 billion of non-fixed term bonds and RMB1.5 billion of subordinated capital bonds. At the same time, by coordinatively considering the needs of the Bank's business development, it launched the issuance of 360 million new H shares, actively searched for potential investors, timely replenished the core tier one capital and improved the capital adequacy.

(IV) Strengthened the management of Shareholders' equity and related party transactions, and improved the service ability of Shareholders

Firstly, the Board of Directors comprehensively sorted out the behavior of Shareholders and seriously carried out the annual performance evaluation of Shareholders. According to the Interim Measures for Management of Commercial Bank Equity (商業銀行股權管理暫行辦法), issued by the CBIRC, the major shareholders' performance of their duties and performance shall be evaluated in accordance with the law and reported to the regulatory authorities in a timely manner. Secondly, the Board of Directors actively undertook the responsibility of equity management and strengthened the management of Shareholder qualification access. For the Shareholders who intend to hold more than 5% of the total Shares of the Bank, the proposal on the qualification of Shareholders was carefully considered and submitted to the regulatory authorities for approval. The Shareholders who intend to hold less than 5% of the total Shares of the Bank fully consulted with the company secretary, domestic and foreign lawyers and other intermediary agencies in strict accordance with the regulatory requirements at home and abroad, and reported and recorded to the regulatory authorities in accordance with the law. Thirdly, the Board of Directors further strengthened the management of related party transactions, urged the effective implementation of related party transaction systems and measures, by which the list of related parties was timely updated and printed. The Board of Directors optimized the approval and filing mechanism of related party transaction management, strengthened substantive control and legal management, and ensured legal operation.

(V) Strengthened the management of investor relations and fulfilled the obligation of information disclosure in accordance with the law

The board of directors of the Bank attached great importance to the management of investor relations, maintained good communication and interaction with investors through internet, telephone, email, on-site communication and other means, received more than 20 surveys from interested investors and institutions in the same industry throughout the year, deeply spread the Bank's investment value and enhanced market confidence. At the same time, the Board of Directors disclosed the Bank's major decision-making, operation and management, business development and other information in a timely, accurate and complete manner in strict accordance with the relevant regulations on information disclosure requirements at home and abroad. In the whole year, there were more than 30 disclosure announcements, which fully guaranteed the investors' right to know and improved the company's transparency.

(VI) Adhered to the origin of finance and performed the social responsibility

In 2020, the Bank adhered to its original aspiration of serving the real economy and was committed to supporting private, small and micro enterprises, key projects and poverty alleviation. Firstly, the Bank strived to provide credit. Following the development strategy of "Three Hundred-Billion-Valued Industries" and in accordance with the requirements of "six key actions", we did our best to provide credit support to key enterprises, major projects and

important regions. Secondly, the Bank helped to win the fight against poverty. In 2020, the balance of agriculture related loans of the Bank was RMB9,576 million, and the balance of poverty alleviation loans was RMB1,810 million. A new loan of RMB1,660 million was released to Gulin and Xuyong, two national poverty-stricken counties in Luzhou, for lifting them out of poverty. In addition, the Bank donated RMB5,435 thousand to poor counties such as Gulin and Xuyong, with a total of approximately RMB18,948,000 in the past three years. Thirdly, the Bank had more effort to protect and improve people's livelihood. In 2020, the total number of loans of RMB5,670 million was released to the industries affected significantly by the pandemic, such as accommodation, catering, cultural tourism, wholesale and retail; RMB1,450 million for 234 borrowers to change repayment plan, extend and renew loans, and RMB276 million for 251 borrowers with a total of RMB8,214 million loans to postpone interest payment. The Bank actively responded to the call to reduce rent for small and medium-sized enterprises and individual industrial and commercial households in Luzhou and supported enterprises to return to work and production. It reduced rent for 13 small and medium-sized enterprises and individual industrial and commercial households renting the Bank's houses by a total of RMB429,100, which effectively reduced the burden of enterprises.

II. Prospects for the Bank's Development in 2021

In 2021, the domestic economy will still face a complex and changeable situation. From the perspective of internal environment, the central government will continue to unswervingly implement the new development concept, implement the positive fiscal policy and steady monetary policy, and the basic trend of China's long-term economic growth has not changed. The Board of Directors of the Bank will, in accordance with the spirit of the work conference of the PBoC, the CBIRC and the municipal Party committee and government, actively respond to the challenges, strengthen the confidence in development, continuously improve the level of services and market competitiveness, and strive to achieve sustainable and high-quality development.

(I) Comprehensively promote the formulation and implementation of the "14th Five-Year Plan"

The year 2021 is the beginning of the "14th Five-Year Plan" of the Bank. The Board of Directors will effectively play the leading role of strategic decision-making, further promote the formulation and implementation of strategic planning and stable development of the Bank. Based on the comprehensive evaluation of the "13th Five-Year Plan", combining with the actual situation of the Bank's development entering a new stage, facing new contradictions and new requirements, the Bank pays attention to the continuity, foresight, leading and operability of the strategic development system, objectively and accurately evaluates the development trend of macro economy and finance, focuses on the perceptive wisdom of the Bank, and scientifically formulates a new round of five-year plan, which will guide the development path of the Bank in next five years.

(II) Earnestly enhance the capacity of the Board of Directors to perform their duties

In 2021, the Board of Directors will further improve the modern corporate governance system, comply with the requirements of relevant policies and regulations of the regulatory authorities, implement the legal and management procedures of related party transaction management, strengthen the rectification of problems found in internal and external inspection, continuously optimize the corporate governance structure, build a legal and effective corporate governance operation mechanism, continuously promote the work of adding directors, and optimize the personnel structure of the Board of Directors; through special training, discussion and exchange, survey, training and others, it will continue to improve the Directors' performance capacity and decision-making level; improve the communication mechanism of the special committees of the Board of Directors, give full play to the professional role of the committees, and promote the efficient performance of the Board of Directors and the committees.

(III) Continuously increase the overall risk management capability

The Bank will adhere to comprehensive risk management, strengthen the construction of risk prevention and control system and mechanism, strengthen the risk management and control in key areas in combination with the actual operation, and ensure that the asset quality continues to maintain a relatively good level; formulate and improve the risk management system in a timely manner; strengthen the management of liquidity risk and market risk, and optimize the emergency plans under various scenarios; strengthen reputation risk management and case prevention, improve the comprehensive governance efficiency of public opinion control by enhancing the in-depth analysis of public opinion; strengthen the construction of reasonable and effective legal compliance of the internal control system, complete the internal audit work plan with high quality and efficiency, and improve the quality of internal audit.

(IV) Improve the long-term mechanism of capital management

The Bank will adhere to the principle of endogenous capital accumulation as the main factor and external financing as the supplement. By considering the market environment, financing efficiency and financing cost, the Bank will formulate a scientific and reasonable three-year capital plan, which will be implemented after being submitted to the Board of Directors for consideration and approval; choose the capital tools reasonably, implement the plan of external capital supplement at the right time, actively innovate the capital tools, broaden the channels of capital supplement, raise capital through multiple channels and methods, further optimize the capital structure, consolidate the capital strength to ensure that the capital adequacy level continuously can meet the regulatory requirements.

(V) Continue to deepen reform and optimize business structure

The Bank will make an in-depth analysis of the regional economic environment, continuously deepen the reform and optimize the business pattern. First, it will further promote the implementation of “0927 Project”, strengthen the measures on optimizing credit, operation, peer and other important fields, strive to establish an excellent bank team, accumulate profound development foundation, and truly build the Bank into a national first-class bank. Second, it will seize the important strategic opportunities, such as the construction of the Chengdu-Chongqing Double-city Economic Circle and the new round of the Western Development Campaign, to deepen the development of Luzhou, expand the economy of Chengdu, moderately expand Chongqing’s market, and form three business sectors, namely Chengdu Plain Economic Zone, South Sichuan Economic Zone and Chongqing. In accordance with the principles of long-term planning, step-by-step implementation and achievement and adjustment according to needs, Chengdu Branch will strive to build itself into the second business headquarters of the Bank, give better play to its advantages of being close to the market, talent pool and rich information resources, and further improve the overall production capacity of the Bank. Third, it will deepen the reform of credit supply side, and provide financial services for new infrastructure, manufacturing, inclusive small and micro businesses, and private economy. Relying on leading enterprises and in-depth study of the industry, the Bank will vigorously develop supply chain and industrial chain finance. It will adhere to both financial and advisory services and cultivate a number of high-quality customers growing with our bank; strengthen product and service innovation, take urban community banks and inclusive agriculture payment points as the start, strengthen community and county financial services, implement the “personal loan + asset securitization” business model, and improve capital operation efficiency and personal business share. Fourth, the Bank will prudently carry out internet finance, take customer experience as the core, and constantly improve the mutually beneficial and win-win cooperation mode among the Bank, customers and loan assistance institutions.

2020 WORK REPORT OF THE BOARD OF SUPERVISORS

In 2020, the Board of Supervisors earnestly implemented the spirit of the Central Economic Work Conference, strictly abided by the relevant laws and regulations, rights and obligations as stipulated in the Articles of Association, and under the guidance of the superior competent departments and regulatory authorities, safeguarded the overall interests of the Bank, the Shareholders and employees, made full preparation for the abrupt COVID-19 outbreak and complicated and changing landscape, and further strengthened the supervision of performance of duties and self-construction, as well as actively innovated supervision measures and improved the supervision methods, so as to facilitate the healthy and steady development of the Bank in the final year of our “13th Five-Year Plan” in relation to development strategies. Details of the work report are as follows:

I. PERFORMANCE OF THE BOARD OF SUPERVISORS**(I) Continued to supervise meetings of the Board of Supervisors and strengthened significant decision-making supervision.**

- 1. Convened meetings of the Board of Supervisors to consider and approve important events in strict accordance with rules.** In 2020, the Board of Supervisors of the Bank held 10 meetings in total (including 2 votings through telecommunications) pursuant to the relevant requirements of the Articles of Association and Rules of Procedures for the Meeting of the Board of Supervisors. The meetings considered and approved 31 resolutions including amendments to the Articles of Association, additional issuance of H Shares plan, results announcements, evaluation of internal control, amendments to risk appetite, write-off of non-performing loans and remuneration assessment measures. In the decision-making process of important events supervision, the Board of Supervisors listened to the Bank’s business operational analysis, risk profile, overall risk assessment on information technology, evaluation report on the internal capital adequacy ratio and rectification report on the consumer rights protection and regulatory opinions letter of the quarter.
- 2. Gave full play to the special committees’ functions of decision-making support.** In 2020, two special committees under the Board of Supervisors held 7 meetings in total (including 4 votings through telecommunications) pursuant to the relevant requirements of the Rules of Procedure for the Nomination Committee under the Board of Supervisors and the Rules of Procedure for the Audit and Supervision Committee under the Board of Supervisors. The meetings considered and approved 7 resolutions including the candidates for Independent Directors, remuneration assessment measures of the management personnel, audit work plan for the year, special inspection work plan for internal control management and special inspection work plan for financial management. The special committees had timely reported the discussions and events considered and approved in the meetings to the Board of Supervisors for their study and decision making.

3. **Participated seriously in important meetings and decisions of the Bank.** In 2020, except for one member of the Board of Supervisors who did not attend one general meeting due to work, all other members of the Board of Supervisors attended all general meetings; except for 2 members of the Board of Supervisors who did not attend 3 board meetings due to work, all other members of the Board of Supervisors attended all board meetings; except for 2 members of the Board of Supervisors who attended 2 meetings by proxy due to work, all other members of the Board of Supervisors attended meetings of the Board of Supervisors in person. The chairman of the Board of Supervisors also directly participated in the party committee, system review, audit supervision and other work meetings, participated in the supervision of asset disposal, review of talent standards and other major decisions. By participating in and attending important meetings and supervising the standardization of decision-making procedures, the Board of Supervisors timely obtained the information of the Bank's operation and management and strengthened the on-site substantive supervision function.
4. **Held joint meeting of supervisors quarterly to strengthen supervision and guidance.** To timely understand the Bank's major management and risk prevention and control work, the Board of Supervisors held joint meeting of supervisors quarterly by combining reading written reports with listening to reports in person, to ensure all the Supervisors timely kept informed of quarterly risk prevention and control in relevant functional departments and the implementation of related regulatory requirements even during the epidemic. The Supervisors jointly analyzed the major problems in areas such as operation and management, internal control and risk management, and urged each functional department carrying out joint control and rectification to deal with the existing problems, and to prevent risks effectively.

(II) Deepened professional inspections and investigations and fully fulfilled the responsibility of supervision.

1. **Strengthened on-site supervision and inspection.** In 2020, facing the challenging situation of financial risk prevention and control and the tough environment caused by the abrupt COVID-19 outbreak, the board of supervisors of the Bank actively followed up with the continuous implementation of new regulations, taking account of the requirements for listed banks, focused on internal control management and financial management throughout the Bank, conducted on-site supervision and inspection, and urged the Bank to continuously strengthen management and effectively prevent all kinds of risks to improve work quality and efficiency. As to the problems founded during on-site inspection throughout the year, the Board of Supervisors put forward opinions and suggestions in the form of risk reminder letters, addressing to the Board of Directors, senior management and relevant functional departments to study and solve the problems, giving full play to the supervision role of the Board of Supervisors.

2. **Actively carried out special research on risk control and performance of duties.**

In order to further give play to the role of supervision on performance of duties, the members of the Board of Supervisors went deeper into the grassroots level for surveys and interviews to collect evaluations from different levels on the Bank's credit risk control, improvement of the ability of account managers, and performance of duties by managers at all levels. The Board of Supervisors will submit the collected opinions and suggestions on the senior management and related credit risk control to the Board of Directors and senior management for study in a timely manner in the form of communication letters, and urge the relevant responsible departments to make rectification, so as to further implement the function of supervision on performance of duties of the Board of Supervisors.

(III) Carefully conducted the supervision and evaluation of the performances of directors, supervisors and senior management.

According to the requirements under the Measures for the Evaluation of the Performances of the Directors and Senior Management and the Interim Measures for the Evaluation of the Performances of the Supervisors, daily and annual self-evaluation and third-party evaluation were adopted and supervision and evaluation of performance of duties by the Directors, Supervisors and senior management were carried out accordingly. The evaluation results were reported at the general meeting and supervisory department in order to urge the Directors, Supervisors and senior management to perform their duties seriously.

(IV) Entrusted internal and external auditors to supervise risks in key areas.

1. **Entrusted internal special audits.** The Board of Supervisors entrusted aggregate 23 special audits including sensibility of payment, wealth management business, investment business, information technology outsourcing risk management, credit line and non-performing assets, as well as write-off bad debt loans, and conducted off-office audits of 8 managers who had resigned due to job changes and other reasons.
2. **Entrusted external audits.** The Board of Supervisors entrusted PricewaterhouseCoopers Zhong Tian LLP to carry out annual audit on the Bank's 2020 annual report, and Ernst & Young to carry out comprehensive audit evaluation on effectiveness and adequacy of internal control, information security, the development, test and maintenance of information system, and Yuantong Village Bank. In view of problems raised by auditors, the Board of Supervisors required the relevant business lines to seriously examine the problems and promptly implement rectification.

(V) Continuously improved the work quality and efficiency of the Board of Supervisors.

1. **Improved the Supervisors' ability to perform their duties.** In order to continuously improve the Supervisors' ability to perform their duties, the Board of Supervisors held regular meetings and joint meetings to organize Supervisors to study relevant regulatory documents in 2020 and learned the latest regulatory policies in a timely manner in order to further enrich their knowledge, and lay a good foundation for their better performance in the future.
2. **Smoothened information collection and transmission channels.** To ensure that Supervisors understand the domestic and international economic and financial situation and the reform development of the Bank in a timely manner, the office of the Board of Supervisors timely collected all kinds of information and analyzed them, edited Information Reference for Supervisors and Board of Supervisors Work Information, which would be sent to the Supervisors for reference through e-mails, in order to provide necessary information as the foundation of the supervisory work of the Supervisors.
3. **Improved supervision records on performance of duties.** In order to improve performance records of Supervisors, the Board of Supervisors established annual performance records of Supervisors, and fully recorded the Supervisors' performance on meetings supervision, inspection supervision and investigation and related parties reporting. All members of the Board of Supervisors actively participated in and conscientiously performed their duties. The working days of external Supervisors greatly exceeded the requirement of 15 days in the year.

II. THE BOARD OF SUPERVISORS' INDEPENDENT EVALUATION OPINIONS ON THE FOLLOWING MATTERS

- (I) **Operation in accordance with the law.** The Board of Directors and senior management of the Bank, in the face of the increasingly complicated external financial situation and severe pandemic situation, led the employees of the Bank to work diligently and hard to overcome various difficulties and achieve the continuous development of the businesses across the board, make operating indicators live up to expectations and business products continue to innovate and achieve further enhancement in sci-tech finance, steady development across regions and continuous deepening of internal reform. The senior management could actively implement the resolutions approved by the Board of Directors, without the situation of not executing or execution without results. The Board of Supervisors has not found that the Board of Directors or senior management has damaged the interests of Shareholders.

- (II) **Internal control.** In 2020, the Board of Directors and senior management continued to improve the construction of internal control system, comprehensively launched the Project 0927, organized the procedure throughout the Bank, ensured the internal systems and processes to be more scientific and normative, continued to strengthen the implementation of internal control systems and optimization of internal control evaluation methods, as well as strengthened internal control supervision and inspection. The internal control measures were generally effective.
- (III) **Risk management.** Under the high attention paid by the Board of Directors and senior management, the Bank continued to improve the comprehensive risk management system. With continuously strengthened risk management and control measures and optimized the effectiveness and efficiency of risk identification, analysis, assessment and mitigation, there was no risk cases or significant risk incidents occurred throughout the year. The overall risk was effectively under control.
- (IV) **Accuracy of financial report.** PricewaterhouseCoopers Zhong Tian LLP has issued objective and fair opinions on the financial situation of the Bank. After careful review, the Board of Supervisors believes that the 2020 financial report truly reflects the financial situation and operation results of the Bank.

III. WORK IDEAS IN 2021

In 2021, facing the challenging situation of risk prevention and control and the higher management requirements after the listing of the Bank, the Board of Supervisors will continue to earnestly fulfill the rights and obligations in accordance with relevant laws, regulations and the Articles of Association of the Bank, further strengthen the supervision, strongly improve the quality and efficiency of supervision, and actively promote the healthy development of the Bank. The main works are as follows:

- (I) **To further improve corporate governance.** Based on the requirements of new regulations and Listing Rules for the work of the Board of Supervisors, the Board of Supervisors will amend and improve relevant systems of the Board of Supervisors in accordance with the principles of legalization and compliance, objectivity and fairness as well as science and effectiveness, continuously improve the effective operation of the Board of Supervisors' work, give full play to the role of special committees, continuously standardize the supervision behavior, and enhance the quality and efficiency of supervision.
- (II) **To further strengthen the performance supervision.** The Board of Supervisors will focus on the central work of the Bank, strengthen the risk supervision in key areas and scopes, carry out special inspection on the comprehensive risk management and information and technology risk management, and conduct relevant supervision investigations in due course; the Board of Supervisors will carry out the final evaluation on the development plan of the "13th Five Year Plan";

the Board of Supervisors will continue to evaluate the performance of Directors and senior management; the Board of Supervisors will strengthen the guidance and results usage of internal and external audit, continue to perform the supervisory role of the Board of Supervisors in the Bank's risk management, internal control, financial management and performance of Directors and senior management, ensuring the steady development of the Bank.

- (III) **To continuously strengthen the performance communication.** The Board of Supervisors will continue to strengthen the communication and exchange with the Board of Directors and the management in relation to the supervision work, timely understand the requirements and focus of the regulatory authorities, and timely convey the regulatory requirements to the Board of Directors and the management; the Board of Supervisors will continuously improve the Supervisors' ability to perform duties, through self-learning and learning from the outside world, continuously broaden the work horizon of the Board of Supervisors in order to improve the supervision ability and level of Supervisors; the Board of Supervisors continuously expand the influence of the Board of Supervisors, improve the work quality and efficiency of the Board of Supervisors, and form a good atmosphere for the people at all levels of the Bank to proactively accept supervision and jointly promote the steady development of the Bank.

NOTICE OF 2020 ANNUAL GENERAL MEETING



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)

NOTICE OF 2020 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that 2020 Annual General Meeting (the “**2020 Annual General Meeting**”) of Luzhou Bank Co., Ltd. (the “**Bank**”) will be held at 9:00 a.m. on Tuesday, June 8, 2021 at Meeting Room 1101, 11th Floor, Building 1, No.18, Section 3, Jiucheng Avenue, Jiangyang District, Luzhou City, Sichuan Province, the People’s Republic of China (the “**PRC**”) to consider and, if thought fit, to pass the following resolutions (special resolutions are marked by *):

1. to consider and approve the 2020 annual report of the Bank;
2. to consider and approve the 2020 work report of the board of directors of the Bank;
3. to consider and approve the 2020 work report of the board of supervisors of the Bank;
4. to consider and approve the 2020 evaluation report on the performance of duties by the directors, supervisors, senior management of the Bank;
5. to consider and approve the final financial accounts of the Bank for 2020;
- 6.* To consider and approve the 2020 profit distribution plan and the capitalization issue plan;
7. to consider and approve the report on related party transactions of the Bank for 2020;
8. to consider and approve the 2021 fixed assets investment plan of the Bank;
9. to consider and approve the 2021 financial budget plan of the Bank;
10. to consider and approve the engagement of domestic and foreign auditors of the Bank and the authorization to the Board to determine their remuneration for 2021.

NOTICE OF 2020 ANNUAL GENERAL MEETING

- 11.* To consider and approve the change of registered capital of the Bank; and
- 12.* To consider and approve the amendments to certain articles in the articles of association of the Bank.

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

Luzhou, the PRC

April 23, 2021

Notes:

1. The register of members of the Bank will be closed from Saturday, May 8, 2021 to Tuesday, June 8, 2021, (both dates inclusive), during which period no transfer of shares of the Bank (“**Shares**”) will be registered. In order to be entitled to attend and vote at the 2020 Annual General Meeting, all transfer documents together with the relevant share certificates must be deposited to the Bank’s H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong (for Holders of H Shares) or the Bank’s office of the Board of Directors (Address: Building 1, No.18, Section 3, Jiucheng Avenue, Jiayang District, Luzhou City, Sichuan Province, the PRC) (for Holders of Domestic Shares) for registration by no later than 4:30 p.m. on Friday, May 7, 2021.
2. A shareholder of the Bank (“**Shareholder**”) who is entitled to attend and vote at the 2020 Annual General Meeting may appoint one or more proxies (“**Proxy**” or “**Proxies**”) to attend and, in the event of a poll, vote on his or her behalf. A Proxy need not be a Shareholder.
3. The instrument appointing a proxy must be in writing under the hand of the attorney duly authorized by a Shareholder in writing. In the case of a corporate Shareholder, that instrument must be executed either under its seal or under the hand of its director or other attorney duly authorized to sign the same.
4. In order to be valid, the form of proxy must be deposited to the Bank’s H share registrar, Computershare Hong Kong Investor Services Limited (Address: 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong) (for Holders of H Shares) or the office of the Board of Directors of the Bank (Address: Building 1, No.18, Section 3, Jiucheng Avenue, Jiayang District, Luzhou City, Sichuan Province, the PRC, Postcode: 646000) (for Holders of Domestic Shares), not less than 24 hours before the time for holding the 2020 Annual General Meeting (i.e. not later than 9:00 a.m. on Monday, June 7, 2021). If the form of proxy is signed by a person under a power of attorney or other authority, a notarial certified copy of that power of attorney or other authority shall be deposited at the same time as mentioned in the form of proxy. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the 2020 Annual General Meeting or any adjourned meetings thereof should he/she so wishes.
5. Shareholders shall produce their identity documents and supporting documents in respect of the Shares held when attending the 2020 Annual General Meeting. If a corporate Shareholder appoints authorized a representative to attend the 2020 Annual General Meeting, the authorized representative shall produce his/her identity documents and a notarial certified copy of the relevant authorization instrument signed by the board of directors or other authorized parties of the corporate Shareholders or other notarial certified documents allowed by the Bank. Proxies shall produce their identity documents and the form of proxy signed by the Shareholders or their attorney when attending the 2020 Annual General Meeting.

* *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.*

NOTICE OF 2020 ANNUAL GENERAL MEETING

6. Shareholders who intend to attend and vote at the 2020 Annual General Meeting should complete and return the reply slip in writing by hand, by fax or by post to the Bank's H share registrar, Computershare Hong Kong Investor Services Limited (Address: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong; fax number: +852-2865 0990) (for Holders of H Shares) or the office of the Board of Directors of the Bank (Address: Building 1, No.18, Section 3, Jiucheng Avenue, Jiangyang District, Luzhou City, Sichuan Province, the PRC, Postcode: 646000; fax number: +86-830-3100625) (for Holders of Domestic Shares) on or before Tuesday, May 18, 2021.
7. The 2020 Annual General Meeting is expected to be held for less than half a day. Shareholders who intend to attend the 2020 Annual General Meeting shall arrange and bear their own transportation and accommodation expenses.
8. The name and address of the Bank's H share registrar are as follows:

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong
Tel: +852-2862 8555
Fax: +852-2865 0990

9. The registered address of the Bank in the PRC is as follows:

Building 1, No.18, Section 3, Jiucheng Avenue, Jiangyang District
Luzhou
Sichuan Province
the PRC
Contact person: office of the Board of Directors
Tel: +86-830-2362606
Fax: +86-830-3100625

NOTICE OF 2021 FIRST DOMESTIC SHAREHOLDERS' CLASS MEETING



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)

NOTICE OF 2021 FIRST DOMESTIC SHAREHOLDERS' CLASS MEETING

NOTICE IS HEREBY GIVEN that the domestic shareholders' class meeting (the "**Domestic Shareholders' Class Meeting**") of Luzhou Bank Co., Ltd. (the "**Bank**") will be held at 9:30 a.m. on Tuesday, June 8, 2021 or immediately after the conclusion of 2020 annual general meeting, whichever is later, at Meeting Room 1101, 11th Floor, Building 1, No.18, Section 3, Jiucheng Avenue, Jiangyang District, Luzhou City, Sichuan Province, the People's Republic of China (the "**PRC**") to consider and, if thought fit, to pass the following resolutions:

1. To consider and approve the 2020 profit distribution plan and the capitalization issue plan;
2. To consider and approve the change of registered capital of the Bank; and
3. To consider and approve the amendments to certain articles in the articles of association of the Bank.

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

Luzhou, the PRC

April 23, 2021

* *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.*

NOTICE OF 2021 FIRST DOMESTIC SHAREHOLDERS' CLASS MEETING

Notes:

1. The register of members of the Bank will be closed from Saturday, May 8, 2021 to Tuesday, June 8, 2021, (both dates inclusive), during which period no transfer of shares of the Bank (the “**Shares**”) will be registered. In order to be entitled to attend and vote at the Domestic Shareholders’ Class Meeting, all transfers together with the relevant share certificates must be deposited to the Bank’s office of the Board of Directors (Address: Building 1, No.18, Section 3, Jiucheng Avenue, Jiangyang District, Luzhou City, Sichuan Province, the PRC) for registration by no later than 4:30 p.m. on Friday, May 7, 2021.
2. A shareholder of the Bank (the “**Shareholder**”) who is entitled to attend and vote at the Domestic Shareholders’ Class Meeting may appoint one or more proxies (the “**Proxy**” or “**Proxies**”) to attend and, in the event of a poll, vote on his or her behalf. A Proxy need not be a Shareholder.
3. The instrument appointing a proxy must be in writing under the hand of a Shareholder or of the attorney duly authorized by a Shareholder in writing. In the case of a corporate Shareholder, that instrument must be executed either under its seal or under the hand of its director or other attorney duly authorized to sign the same.
4. In order to be valid, the form of proxy must be deposited to the office of the Board of Directors of the Bank (Address: Building 1, No.18, Section 3, Jiucheng Avenue, Jiangyang District, Luzhou City, Sichuan Province, the PRC), not less than 24 hours before the time for holding the Domestic Shareholders’ Class Meeting (i.e. not later than 9:30 a.m. on Monday, June 7, 2021). If the form of proxy is signed by a person under a power of attorney or other authority, a notarial certified copy of that power of attorney or other authority shall be deposited at the same time as mentioned in the form of proxy. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the Domestic Shareholders’ Class Meeting should he/she so wishes.
5. Shareholders shall produce identity documents and supporting documents in respect of the Shares held when attending the Domestic Shareholders’ Class Meeting. If a corporate Shareholder appoints its authorized representative to attend the Domestic Shareholders’ Class Meeting, the authorized representative shall produce his/her identity documents and a notarial certified copy of the relevant authorization instrument signed by the board of directors or other authorized parties of the corporate Shareholders or other notarial certified documents allowed by the Bank. Proxies shall produce their identity documents and the form of proxy signed by the Shareholders or their attorney when attending the Domestic Shareholders’ Class Meeting.
6. Shareholders who intend to attend and vote at the Domestic Shareholders’ Class Meeting should complete and return the reply slip in writing by hand, by fax or by post to the office of the Board of Directors of the Bank (Address: Building 1, No.18, Section 3, Jiucheng Avenue, Jiangyang District, Luzhou City, Sichuan Province, the PRC, Postcode: 646000; fax number: +86-830-3100625) on or before Tuesday, May 18, 2021.
7. The Domestic Shareholders’ Class Meeting is expected to be held for less than half a day. Shareholders who intend to attend the Domestic Shareholders’ Class Meeting shall arrange and bear their own transportation and accommodation expenses.
8. The registered address of the Bank in the PRC is as follows:

Building 1, No.18, Section 3, Jiucheng Avenue, Jiangyang District
Luzhou City
Sichuan Province
the PRC
Contact person: Office of the Board of Directors
Tel: +86-830-2362606

NOTICE OF 2021 FIRST H SHAREHOLDERS' CLASS MEETING



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)

NOTICE OF 2021 FIRST H SHAREHOLDERS' CLASS MEETING

NOTICE IS HEREBY GIVEN that the H shareholders' class meeting (the "**H Shareholders' Class Meeting**") of Luzhou Bank Co., Ltd. (the "**Bank**") will be held at 10:00 a.m. on Tuesday, June 8, 2021 or immediately after the conclusion of 2021 first domestic shareholders' class meeting, whichever is later, at Meeting Room 1101, 11th Floor, Building 1, No.18, Section 3, Jiucheng Avenue, Jiangyang District, Luzhou City, Sichuan Province, the People's Republic of China (the "**PRC**") to consider and, if thought fit, to pass the following resolutions:

1. To consider and approve the 2020 profit distribution plan and the capitalization issue plan;
2. To consider and approve the change of registered capital of the Bank; and
3. To consider and approve the amendments to certain articles in the articles of association of the Bank.

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

Luzhou, the PRC
April 23, 2021

* *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.*

NOTICE OF 2021 FIRST H SHAREHOLDERS' CLASS MEETING

Notes:

1. The register of members of the Bank will be closed from Saturday, May 8, 2021 to Tuesday, June 8, 2021 (both dates inclusive), during which period no transfer of shares of the Bank (the “**Shares**”) will be registered. In order to be entitled to attend and vote at the H Shareholders’ Class Meeting, all transfers together with the relevant share certificates must be deposited to the Bank’s H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration by no later than 4:30 p.m. on Friday, May 7, 2021.
2. A shareholder of the Bank (the “**Shareholder**”) who is entitled to attend and vote at the H Shareholders’ Class Meeting may appoint one or more proxies (the “**Proxy**” or “**Proxies**”) to attend and, in the event of a poll, vote on his or her behalf. A Proxy need not be a Shareholder.
3. The instrument appointing a proxy must be in writing under the hand of the attorney duly authorized by a Shareholder in writing. In the case of a corporate Shareholder, that instrument must be executed either under its seal or under the hand of its director or other attorney duly authorized to sign the same.
4. In order to be valid, the form of proxy must be deposited to the Bank’s H share registrar, Computershare Hong Kong Investor Services Limited (Address: 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong) (for H Shareholders), not less than 24 hours before the time for holding the H Shareholders’ Class Meeting (i.e. not later than 10:00 a.m. on Monday, June 7, 2021). If the form of proxy is signed by a person under a power of attorney or other authority, a notarial certified copy of that power of attorney or other authority shall be deposited at the same time as mentioned in the form of proxy. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the H Shareholders’ Class Meeting should he/she so wishes.
5. Shareholders shall produce identity documents and supporting documents in respect of the Shares held when attending the H Shareholders’ Class Meeting. If a corporate Shareholder appoints its authorized representative to attend the H Shareholders’ Class Meeting, the authorized representative shall produce his/her identity documents and a notarial certified copy of the relevant authorization instrument signed by the board of directors or other authorized parties of the corporate Shareholders or other notarial certified documents allowed by the Bank. Proxies shall produce their identity documents and the form of proxy signed by the Shareholders or their attorney when attending the H Shareholders’ Class Meeting.
6. Shareholders who intend to attend and vote at the H Shareholders’ Class Meeting should complete and return the reply slip in writing by hand, by fax or by post to the Bank’s H share registrar, Computershare Hong Kong Investor Services Limited (Address: 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong; fax number: +852-28650990) on or before Tuesday, May 18, 2021.
7. The H Shareholders’ Class Meeting is expected to be held for less than half a day. Shareholders who intend to attend the H Shareholders’ Class Meeting shall arrange and bear their own transportation and accommodation expenses.
8. The name and address of the Bank’s H share registrar and transfer office are as follows:

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen’s Road East
Wanchai
Hong Kong
Tel: +852-2862 8555
Fax: +852-2865 0990