
THIS DOCUMENT 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, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Harbin Bank Co., Ltd., you should at once hand this circular and the proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Harbin Bank Co., Ltd.

哈爾濱銀行股份有限公司*

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

(Stock Code: 6138)

**REPLENISHMENT OF OTHER TIER-ONE CAPITAL
THROUGH A CONVERTIBLE NEGOTIATED DEPOSIT AND ISSUANCE
OF SHARES UNDER SPECIFIC MANDATE
AND
NOTICE OF 2022 SECOND EXTRAORDINARY GENERAL MEETING
NOTICE OF 2022 FIRST DOMESTIC SHAREHOLDERS' CLASS MEETING
NOTICE OF 2022 FIRST H SHAREHOLDERS' CLASS MEETING**

The Bank will convene the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting at Conference Room 4001, Harbin Bank Headquarters Building, No. 888 Shangjiang Street, Daoli District, Harbin, Heilongjiang Province, China on Thursday, 8 December 2022, at 9:00 a.m., 9:30 a.m. or immediately after the conclusion of the EGM, and 10:00 a.m. or immediately after the conclusion of the Domestic Shareholders' Class Meeting, respectively. The notice of the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting are set out on pages 24 to 29 of this circular.

If you intend to appoint a proxy to attend the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting (if applicable), you are required to complete and return the proxy form in accordance with the instructions printed thereon as soon as possible. For H Shareholders, the proxy forms should be returned to the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited (17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, Tel: 852-2862 8555), in any event served by hand, by post or by fax not less than 24 hours before the time stipulated for convening the EGM or the H Shareholders' Class Meeting. For Domestic Shareholders, the proxy forms should be returned to the Bank's Board of Directors' Office (No. 888 Shangjiang Street, Daoli District, Harbin 150010, Heilongjiang Province, China, Tel: 86-451-86779933), in any event served by hand, by post or by fax not less than 24 hours before the time stipulated for convening the EGM or the Domestic Shareholders' Class Meeting. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting (if applicable) if you so wish.

* *Harbin Bank Co., Ltd. is not an authorised institution within the meaning of the Banking Ordinance (Chapter 155 of Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorised to carry on banking/deposit-taking business in Hong Kong.*

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Agreement”	the capital replenishment instrument – convertible negotiated deposit subscription agreement, which the Bank intends to enter into with Harbin Municipal Finance Bureau (哈爾濱市財政局) subject to the approval of the EGM and the Class Meetings
“Articles of Association”	the articles of association of the Bank, as amended, supplemented or otherwise revised from time to time
“Bank”	Harbin Bank Co., Ltd. (哈爾濱銀行股份有限公司), a joint stock company established in the PRC on 25 July 1997 with limited liability in accordance with the Company Law of the PRC (《中華人民共和國公司法》), and the H Shares of which are listed on the Hong Kong Stock Exchange (Stock Code: 6138)
“Banking and Insurance Regulatory Authorities”	the China Banking and Insurance Regulatory Commission and its agencies
“Board” or “Board of Directors”	the board of directors of the Bank
“CBIRC”	China Banking and Insurance Regulatory Commission
“CBRC”	the former China Banking Regulatory Commission
“Class Meetings”	the Domestic Shareholders’ Class Meeting and H Shareholders’ Class Meeting
“CSRC”	China Securities Regulatory Commission
“Designated Share-holding Entity(ies)”	the qualified entities designated by the Harbin Municipal Finance Bureau, which are required to comply with relevant requirements of the CBIRC, Harbin Municipal Government and the requirements of the Hong Kong Stock Exchange on the public float
“Director(s)”	the director(s) of the Bank
“Domestic Shareholder(s)”	holder(s) of Domestic Shares

DEFINITIONS

“Domestic Shareholders’ Class Meeting”	the 2022 First Domestic Shareholders’ Class Meeting or any adjournment thereof of the Bank to be held on Thursday, 8 December 2022 at 9:30 a.m. or immediately following the conclusion of the EGM, at Conference Room 4001, Harbin Bank Headquarters Building, No. 888 Shangjiang Street, Daoli District, Harbin, Heilongjiang Province, China
“Domestic Shares”	ordinary shares of a nominal value of RMB1.00 each issued by the Bank, which are subscribed for or credited as paid in RMB
“EGM” or “Extraordinary General Meeting”	the 2022 second extraordinary general meeting or any adjourned meeting of the Bank to be held at Conference Room 4001, Harbin Bank Headquarters Building, No. 888 Shangjiang Street, Daoli District, Harbin, Heilongjiang Province, China on Thursday, 8 December 2022 at 9:00 a.m.
“H Shareholder(s)”	holder(s) of H Shares
“H Shareholders’ Class Meeting”	the 2022 First H Shareholders’ Class Meeting or any adjournment thereof of the Bank to be held on Thursday, 8 December 2022 at 10:00 a.m. or immediately following the conclusion of the Domestic Shareholders’ Class Meeting, at Conference Room 4001, Harbin Bank Headquarters Building, No. 888 Shangjiang Street, Daoli District, Harbin, Heilongjiang Province, China
“H Shares”	overseas listed foreign shares of RMB1.00 each in the share capital of the Bank, which are listed on the Hong Kong Stock Exchange (Stock Code: 6138) and subscribed and traded in HK\$
“Heilongjiang SASAC”	the State-owned Assets Supervision and Administration Commission of Heilongjiang Municipal People’s Government
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Latest Practicable Date”	18 November 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise revised from time to time
“Ministry of Finance”	Ministry of Finance of the People’s Republic of China
“Ordinary Share(s)” or “Share(s)”	Domestic Shares and/or H Shares of the Bank
“Other Tier-one Capital”	as defined by the Administrative Measures for the Capital of Commercial Banks (Trial) issued by the CBRC on 7 June 2012 and effective on 1 January 2013
“PRC” or “China”	the People’s Republic of China, for the purposes of this circular only, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of Shares
“State Council”	the State Council of the People’s Republic of China
“%”	per cent

LETTER FROM THE BOARD



Harbin Bank Co., Ltd.
哈爾濱銀行股份有限公司*

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 6138)

Members of the Board:

Executive Director:

Mr. Deng Xinquan

Non-executive Directors:

Mr. Zhao Hongbo

Mr. Zhang Xianjun

Mr. Yu Hong

Mr. Lang Shufeng

Independent Non-executive Directors:

Mr. Sun Yan

Mr. Zhang Zheng

Mr. Hou Bojian

Mr. Jin Qinglu

Registered Address:

No. 888 Shangjiang Street

Daoli District

Harbin

Heilongjiang Province

PRC

Principal Place of Business in Hong Kong:

40th Floor, Dah Sing Finance Centre

No. 248 Queen's Road East

Wanchai

Hong Kong

21 November 2022

To the Shareholders

Dear Sir/Madam,

1. INTRODUCTION

The purpose of this circular is to provide you with detailed information regarding, among others, the replenishment of Other Tier-one Capital through a convertible negotiated deposit and issuance of shares under specific mandate to enable you to make an informed decision on whether to vote for or against the relevant resolution to be proposed at the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting (as applicable).

LETTER FROM THE BOARD

2. REPLENISHMENT OF OTHER TIER-ONE CAPITAL THROUGH A CONVERTIBLE NEGOTIATED DEPOSIT AND ISSUANCE OF SHARES UNDER SPECIFIC MANDATE

In order to actively implement the government's special bond policy to replenish capital, enhance the Bank's capital strength, improve capital structure and risk resistance level, the Bank intends to carry out the convertible negotiated deposit business to replenish Other Tier-one Capital. The relevant plan is hereby formulated. The main contents are as follows:

(1) Background

At the executive meeting of the State Council presided by Premier Li Keqiang on 1 July 2020, a quota for new local government special bonds was determined to be arranged for local governments to explore new reasonable ways to properly replenish the capital of small and medium-sized banks by subscribing convertible bonds and other ways in accordance with the laws and regulations.

According to the aforesaid policies and arrangements, the Ministry of Finance has allocated certain limit in the new local government special bond limit for local governments to subscribe for qualified capital instruments or to periodically replenish capital to small and medium-sized banks by means of capital injection. According to the unified deployment of the Department of Finance of Heilongjiang Province, the Bank intends to carry out a convertible negotiated deposit business not more than RMB10.0 billion to coordinate with local government special bond funds, so as to replenish Other Tier-one Capital in full.

(2) Meaning and Necessity of Convertible Negotiated Deposit

(I) Meaning of convertible negotiated deposit

Convertible negotiated deposit is an innovative capital tool to replenish the capital of small and medium-sized banks. It is to inject local government bond funds that can be used to replenish the capital of small and medium-sized banks into target banks in the form of deposits and replenish the target banks' Other Tier-one Capital. If the conversion conditions are triggered, the convertible negotiated deposit will be converted into ordinary shares of the target banks or the target banks will repay the principal and interest upon the maturity of the convertible negotiated deposit.

(II) Necessity of convertible negotiated deposit

With the deepening of interest rate liberalisation, small and medium-sized banks are facing intensifying competition. After the COVID-19 epidemic in 2020, in particular, the external environment faced by small and medium-sized banks became more complicated. Therefore, through a convertible negotiated deposit with special bond funds to replenish Other Tier-one Capital of the Bank was conducive to improving the capital adequacy ratio, enhancing the efforts on disposal of the non-performing loans, strengthening the ability to resist risks, increasing the credit investment, optimizing the credit assets structure, serving the real economy in a better way, supporting the development of agriculture, rural area, farmers and small and micro enterprises, and practicing corporate social responsibility.

LETTER FROM THE BOARD

(3) Basic Elements for Convertible Negotiated Deposit

Subject of deposit: Harbin Municipal Finance Bureau

The amount of deposit: not more than RMB10.0 billion

Interest rate: Before the conversion, the interest rate of the convertible negotiated deposit shall make reference to the corresponding local government special bonds issuance interest rate and match with it. According to the recent bond issuance interest rate by the local government of Heilongjiang Province, the interest rate of the special bonds ranges from 2.5% to 4%. If the interest rate of the special bonds then exceeds such range, the Bank will submit to the Shareholders' general meeting for approval separately.

Repayment of principal and interest: The deposit and repayment of convertible negotiated deposit principal should match the issue periods of local government special bonds. Maturity of the deposit shall be set in accordance with the maturity requirements in batches. Among them, RMB2.0 billion is for the six-year maturity, RMB2.0 billion is for the seven-year maturity, RMB2.0 billion is for the eight-year maturity, RMB2.0 billion is for the nine-year maturity and RMB2.0 billion is for the ten-year maturity. The interest is paid semiannually on the convertible negotiated deposit, and the interest rate shall match with the corresponding local government special bonds issuance interest rate.

If the conversion conditions specified in the Agreement are not fulfilled, the Bank shall pay agreed interest in accordance with the Agreement. If the conversion conditions specified in the Agreement are fulfilled and such deposit is partially converted, the deposit interest shall be paid for the remaining unconverted portion of convertible negotiated deposit in accordance with the interest payment requirement specified in the Agreement, and deposit interest shall not be paid for the converted portion.

Use of the deposits: The deposit is included in the Bank's Other Tier-one Capital and is converted to Ordinary Shares in stages to replenish the Bank's capital and be included in its core tier-one capital when the conversion conditions specified in the Agreement are triggered.

Targets of issuance: The Designated Share-holding Entities, namely qualified entities designated by Harbin Municipal Finance Bureau, which are required to comply with relevant requirements of the CBIRC, Harbin Municipal Government and the requirements of the Hong Kong Stock Exchange on the public float. The Designated Share-holding Entities mainly include: (1) government agencies and qualified state-owned enterprises in the local government of Heilongjiang Province which constitute the core connected persons of the Bank; and (2) independent third parties that have no relationship with the core connected persons of the Bank. These qualified entities designated by Harbin Municipal Finance Bureau will have relevant consideration payment arrangements with the Harbin Municipal Finance Bureau for holding the converted Shares.

LETTER FROM THE BOARD

The Shares held by government agencies and qualified state-owned enterprises in the local government of Heilongjiang Province, which constitute the core connected persons of the Bank after conversion, will not be regarded as public float. For the H Shares being held by independent third parties who have no relationship with the core connected persons of the Bank after conversion, given that such Designated Shareholding Entities are not the core connected persons of the Bank, the funds for purchasing the Shares of the Bank have not been directly or indirectly subsidized by the core connected persons of the Bank, and will not take instructions from any core connected persons of the Bank as to their respective purchase and disposal of the Shares of the Bank. The H Shares held by such independent third parties will be regarded as public float.

Core terms of conversion: During the term of the convertible negotiated deposit, if one of the following triggering events occurs, the remaining principal amount of the convertible negotiated deposit subscribed by Harbin Municipal Finance Bureau from the date of the triggering event, after deducting the expected principal repayment amount of the special bonds for the year, may be fully or partially converted into the Bank's Ordinary Shares in stages:

- (i) The core tier-one capital adequacy ratio of the Bank is decreased to 5.125% (or less) (according to the relevant laws and regulations, the core tier-one capital adequacy ratio shall not be lower than 7.5%. As of 30 June 2022, the core tier-one capital adequacy ratio of the Bank was 8.87%); or
- (ii) As confirmed by the regulatory authorities, the core tier-one capital adequacy ratio of the Bank is not less than 5.125%, but non-viability trigger events occurred to the Bank. The non-viability trigger event is defined as the earlier of: (a) the CBIRC having decided that without a conversion, the Bank would become non-viable; or (b) the relevant authorities having decided that injection of capital or equivalent support by a public sector is necessary, without which the Bank would become non-viable.

Subject to the above triggering conditions, if the core tier-one capital adequacy ratio of the Bank is still lower than 5.125% as calculated after all the convertible amount is converted into the Ordinary Shares of the Bank in accordance with the Agreement, the Bank shall at the same time take other measures to ensure that the core tier-one capital adequacy ratio reaches 5.125%, otherwise the Harbin Municipal Finance Bureau has the right to suspend the conversion. Under the circumstance where the core tier-one capital adequacy ratio is still lower than the required level after the conversion, the Bank will adopt the following measures to increase the core tier-one capital adequacy ratio. Firstly, the Bank will strengthen the refined management of capital, optimize asset allocation and investment structure, reduce the scale of assets with high risk weightings, and boost the efficiency of capital allocation; secondly, the Bank will improve its profitability and enhance its ability to replenish internally sourced capital; thirdly, the Bank will proactively carry out multi-channel and multi-level capital replenishment methods, including but not limited to the private placement/allotment of Domestic Shares and private placement of H Shares.

LETTER FROM THE BOARD

Subject to the above triggering conditions, if the Designated Share-holding Entity does not satisfy the relevant requirements of the Banking and Insurance Regulatory Authorities and the Harbin Municipal Government, or if the class and number of Ordinary Shares to be converted and the shareholding structure of the Bank as calculated after the conversion does not satisfy the relevant requirements of the Hong Kong Stock Exchange in respect of the minimum percentage of public float, no conversion shall be made until the conversion is in compliance with the relevant requirements of the Banking and Insurance Regulatory Authorities, the Hong Kong Stock Exchange and the Harbin Municipal Government. Pursuant to Rule 8.08(1) of the Listing Rules, at least 25% of the total number of issued shares of the issuer must be held by the public at all times. When implementing conversion in the future, in the event that the minimum public float requirement cannot be met, the Bank will consider various ways to meet the minimum public float requirement (if applicable), including but not limited to the issuance of new H Shares, otherwise no conversion shall be implemented.

Conversion price: Conversion price is determined on the basis of the highest value of average trading price of H Ordinary Shares of the Bank for 20 trading days preceding the date of the Board resolution approving the convertible negotiated deposit (i.e. 18 November 2022), the appraised value of the net assets per Share as determined after asset appraisal at the time of conversion of the convertible negotiated deposit and RMB1 per Share. The adjustment rule for initial conversion price has been set.

Specifically, the conversion price is determined on the basis of the highest value of the following prices of convertible negotiated deposit in accordance with the Agreement:

- (i) The average trading price of H Ordinary Shares of the Bank for 20 trading days preceding the date of the Board resolution approving the convertible negotiated deposit (i.e. 18 November 2022), which will be translated into the price of RMB with the central parity of the RMB against the HK\$ announced by State Administration of Foreign Exchange on the date of the Board resolution (the “**Initial Conversion Price**”), i.e. HK\$0.285 (approximately RMB0.259);
- (ii) The appraised value of the net assets per Share as determined after asset appraisal (the net assets per Share attributable to the owners of the parent company based on the consolidated statement as of 30 June 2022 is RMB4.52 and is for reference only) at the time of conversion of the convertible negotiated deposit; or
- (iii) RMB1.

The basis for determining the Initial Conversion Price of the convertible negotiated deposit is based on the Measures for the Administration on Securities Issuance of Listed Companies of the CSRC and other relevant laws and regulations, as well as the conversion prices contained in the conversion clauses of domestic and overseas preference shares issued by domestic banks (for replenishing Other Tier-one Capital) with reference to the average trading price in the 20 trading days prior to the pricing base date. The Board of Directors of the Bank considers that the Initial Conversion Price was determined in a fair and reasonable manner.

In accordance with the relevant requirements of the Company Law of the People’s Republic of China that “the share offering price may be equal to or greater than nominal value, but shall not be less than nominal value”, the conversion price shall not be less than RMB1 per Share.

LETTER FROM THE BOARD

For illustrative purposes only, the calculation for the shareholding structure of the Bank following conversion is based on RMB1 and the net assets per Share attributable to owners of the parent company of RMB4.52 in the Bank's consolidated statement as of 30 June 2022. In the event that the Bank triggers the conversion conditions to implement conversion in the future, in order to meet the minimum public float requirement of the Hong Kong Stock Exchange and taking account of the current shareholding structure, based on the calculation that the minimum public float requirement of the Hong Kong Stock Exchange (that is, at least 25% of all issued Shares of the Bank are held by the public) is satisfied, the specific conversion arrangements will be determined after further communication among the Bank, Harbin Municipal Finance Bureau and the qualified Designated Share-holding Entities at the time of the conversion. Deposit can be converted, in any event, into H Shares of the Bank with an upper limit of 10,000,000,000 H Shares.

- (I) If the conversion conditions are triggered within 5 years (inclusive) after the issuance of special bonds, the amount of conversion deposits involved will be RMB10 billion*

The conversion price of RMB1: Based on that the deposit amount will be converted into H Shares of the Bank in full, the maximum number of H Shares of the Bank to be converted will be 10,000,000,000, of which at least 2,225,329,889 H Shares shall be held by the Designated Share-holding Entity(ies) which satisfy the relevant requirements of the CBIRC, Harbin Municipal Government and the requirements of the Hong Kong Stock Exchange on the public float, in order to meet the minimum public float requirement. If the deposit amount is converted into shares in full in compliance with the minimum public float requirement, a total of 7,774,670,111 Domestic Shares and 2,225,329,889 H Shares of the Bank will be converted, among which the Designated Share-holding Entities that meet the relevant requirements of the CBIRC and Harbin Municipal Government and the relevant requirements of the Hong Kong Stock Exchange on the public float hold all the converted H Shares, the shareholding structures of the Bank immediately before and after the conversion are set out as follows:

	As of the Latest Practicable Date		Immediately after the implementation of the conversion	
	Number of Shares	Approximate percentage of the total issued Shares	Number of Shares	Approximate percentage of the total issued Shares
Domestic Shares				
Harbin Economic Development and Investment Company Limited ¹	3,257,943,986	29.629%	3,257,943,986	15.517%
Heilongjiang Financial Holdings Group Co., Ltd. ²	2,035,675,058	18.514%	2,035,675,058	9.696%
Harbin Dazheng Microcredit Co., Ltd. ²	4,300,000	0.039%	4,300,000	0.020%
Heilongjiang Dazheng Investment Group Co., Ltd. ²	616,718	0.006%	616,718	0.003%
Harbin Real Estate Guarantee Co., Ltd. ¹	394,666	0.004%	394,666	0.002%
Other holders of Domestic Shares	2,673,099,125	24.310%	10,447,769,236	49.762%
Total issued Domestic Shares	7,972,029,553	72.502%	15,746,699,664	75.000%

LETTER FROM THE BOARD

	As of the Latest Practicable Date		Immediately after the implementation of the conversion	
	Number of Shares	Approximate percentage of the total issued Shares	Number of Shares	Approximate percentage of the total issued Shares
H Shares				
The Designated Share-holding Entities that meet the relevant requirements of the CBIRC and Harbin Municipal Government and the relevant requirements of the Hong Kong Stock Exchange on the public float	–	–	2,225,329,889	10.599%
Other independent third party H-share holders	3,023,570,000	27.498%	3,023,570,000	14.401%
Total issued H Shares	<u>3,023,570,000</u>	<u>27.498%</u>	<u>5,248,899,889</u>	<u>25.000%</u>
Total issued Shares	<u>10,995,599,553</u>	<u>100.00%</u>	<u>20,995,599,553</u>	<u>100.00%</u>

Notes:

- Harbin Economic Development and Investment Company Limited (“**Harbin Economic Development**”) directly holds 3,257,943,986 Domestic Shares of the Bank, and its controlled corporation by the major shareholders, Harbin Real Estate Guarantee Co., Ltd. (哈爾濱市房屋置業擔保有限責任公司), holds 394,666 Domestic Shares of the Bank. Harbin Economic Development is owned as to 100% by Harbin Investment Group Corporation Limited (哈爾濱市投資集團有限責任公司), which in turn is owned as to 90% and 10% by the Harbin Municipal People’s Government State-owned Assets Supervision and Administration Commission (哈爾濱市人民政府國有資產監督管理委員會) and the Heilongjiang SASAC respectively. According to the SFO, each of the Harbin Municipal People’s Government State-owned Assets Supervision and Administration Commission and Harbin Investment Group Corporation Limited is deemed to be interested in the 3,258,338,652 Domestic Shares held by Harbin Economic Development.
- Heilongjiang Financial Holdings Group Co., Ltd. (“**Heilongjiang Financial Holdings**”) directly holds 2,035,675,058 Domestic Shares of the Bank and indirectly holds 4,300,000 and 616,718 Domestic Shares of the Bank through its indirectly controlled entity, namely Harbin Dazheng Microcredit Co., Ltd. (哈爾濱市大正小額貸款有限責任公司), and Heilongjiang Dazheng Investment Group Co., Ltd. (黑龍江省大正投資集團有限責任公司) respectively. According to the SFO, Heilongjiang Financial Holdings is deemed to be interested in a total of 2,040,591,776 Domestic Shares of the Bank. In addition, Heilongjiang Financial Holdings is wholly owned by the Department of Finance of Heilongjiang Province (黑龍江省財政廳). According to the SFO, the Department of Finance of Heilongjiang Province is also deemed to be interested in such 2,040,591,776 Domestic Shares.

LETTER FROM THE BOARD

The conversion price of RMB4.52: Based on that the deposit amount will be converted into H Shares of the Bank in full, the maximum number of H Shares of the Bank to be converted will be 2,212,389,380, of which at least 278,427,234 H Shares shall be held by the Designated Share-holding Entity(ies) which satisfy the relevant requirements of the CBIRC, Harbin Municipal Government and the requirements of the Hong Kong Stock Exchange on the public float, in order to meet the minimum public float requirement. If the deposit amount is converted into shares in full in compliance with the minimum public float requirement, a total of 1,933,962,146 Domestic Shares and 278,427,234 H Shares of the Bank will be converted, among which the Designated Share-holding Entities that meet the relevant requirements of the CBIRC and Harbin Municipal Government and the relevant requirements of the Hong Kong Stock Exchange on the public float hold all the converted H Shares, the shareholding structures of the Bank immediately before and after the conversion are set out as follows:

	As of the Latest Practicable Date		Immediately after the implementation of the conversion	
	Number of Shares	Approximate percentage of the total issued Shares	Number of Shares	Approximate percentage of the total issued Shares
Domestic Shares				
Harbin Economic Development and Investment Company Limited ¹	3,257,943,986	29.629%	3,257,943,986	24.666%
Heilongjiang Financial Holdings Group Co., Ltd. ²	2,035,675,058	18.514%	2,035,675,058	15.412%
Harbin Dazheng Microcredit Co., Ltd. ²	4,300,000	0.039%	4,300,000	0.033%
Heilongjiang Dazheng Investment Group Co., Ltd. ²	616,718	0.006%	616,718	0.005%
Harbin Real Estate Guarantee Co., Ltd. ¹	394,666	0.004%	394,666	0.003%
Other holders of Domestic Shares	2,673,099,125	24.310%	4,607,061,271	34.881%
Total issued Domestic Shares	7,972,029,553	72.502%	9,905,991,699	75.000%
H Shares				
The Designated Share-holding Entities that meet the relevant requirements of the CBIRC and Harbin Municipal Government and the relevant requirements of the Hong Kong Stock Exchange on the public float	–	–	278,427,234	2.108%
Other independent third party H Shareholders	3,023,570,000	27.498%	3,023,570,000	22.892%
Total issued H Shares	3,023,570,000	27.498%	3,301,997,234	25.000%
Total issued Shares	10,995,599,553	100.00%	13,207,988,933	100.00%

LETTER FROM THE BOARD

Notes:

1. Harbin Economic Development directly holds 3,257,943,986 Domestic Shares of the Bank, and its controlled corporation by the major shareholders, Harbin Real Estate Guarantee Co., Ltd. (哈爾濱市房屋置業擔保有限責任公司), holds 394,666 Domestic Shares of the Bank. Harbin Economic Development is owned as to 100% by Harbin Investment Group Corporation Limited (哈爾濱市投資集團有限責任公司), which in turn is owned as to 90% and 10% by the Harbin Municipal People's Government State-owned Assets Supervision and Administration Commission (哈爾濱市人民政府國有資產監督管理委員會) and the Heilongjiang SASAC respectively. According to the SFO, each of the Harbin Municipal People's Government State-owned Assets Supervision and Administration Commission and Harbin Investment Group Corporation Limited is deemed to be interested in the 3,258,338,652 Domestic Shares held by Harbin Economic Development.
2. Heilongjiang Financial Holdings directly holds 2,035,675,058 Domestic Shares of the Bank and indirectly holds 4,300,000 and 616,718 Domestic Shares of the Bank through its indirectly controlled entity, namely Harbin Dazheng Microcredit Co., Ltd. (哈爾濱市大正小額貸款有限責任公司), and Heilongjiang Dazheng Investment Group Co., Ltd. (黑龍江省大正投資集團有限責任公司) respectively. According to the SFO, Heilongjiang Financial Holdings is deemed to be interested in a total of 2,040,591,776 Domestic Shares of the Bank. In addition, Heilongjiang Financial Holdings is wholly owned by the Department of Finance of Heilongjiang Province (黑龍江省財政廳). According to the SFO, the Department of Finance of Heilongjiang Province is also deemed to be interested in such 2,040,591,776 Domestic Shares.

(II) If the conversion conditions are triggered within 5-6 years (inclusive) after the issuance of special bonds, the amount of conversion deposits involved will be RMB8 billion

The conversion price of RMB1: Based on that the deposit amount will be converted into H Shares of the Bank in full, the maximum number of H Shares of the Bank to be converted will be 8,000,000,000, of which at least 1,725,329,889 H Shares shall be held by the Designated Share-holding Entity(ies) which satisfy the relevant requirements of the CBIRC, Harbin Municipal Government and the requirements of the Hong Kong Stock Exchange on the public float, in order to meet the minimum public float requirement. If the deposit amount is converted into shares in full in compliance with the minimum public float requirement, a total of 6,274,670,111 Domestic Shares and 1,725,329,889 H Shares of the Bank will be converted, among which the Designated Share-holding Entities that meet the relevant requirements of the CBIRC and Harbin Municipal Government and the relevant requirements of the Hong Kong Stock Exchange on the public float hold all the converted H Shares. Immediately after the conversion, the total share capital of the Bank will be 18,995,599,553 Shares, comprising 14,246,699,664 Domestic Shares and 4,748,899,889 H Shares. The entities will have relevant consideration payment arrangements with Harbin Municipal Finance Bureau for holding the converted Shares and each of them will not hold more than 10% of the total issued share capital of the Bank after implementation of the conversion. The Bank will then have a public float of 25%, which meets the requirements of the minimum public float. If the converted Shares are issued to less than six parties, the Bank will disclose the names of the parties according to the Listing Rules requirements. The Bank will consider various means to comply with the requirements of the minimum public float (where applicable), or the conversion will not be implemented.

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The conversion price of RMB4.52: Based on that the deposit amount will be converted into H Shares of the Bank in full, the maximum number of H Shares of the Bank to be converted will be 1,769,911,504, of which at least 167,807,765 H Shares shall be held by the Designated Share-holding Entity(ies) which satisfy the relevant requirements of the CBIRC, Harbin Municipal Government and the requirements of the Hong Kong Stock Exchange on the public float, in order to meet the minimum public float requirement. If the deposit amount is converted into shares in full in compliance with the minimum public float requirement, a total of 1,602,103,739 Domestic Shares and 167,807,765 H Shares of the Bank will be converted, among which the Designated Share-holding Entities that meet the relevant requirements of the CBIRC and Harbin Municipal Government and the relevant requirements of the Hong Kong Stock Exchange on the public float hold all the converted H Shares. Immediately after the conversion, the total share capital of the Bank will be 12,765,511,057 Shares, comprising 9,574,133,292 Domestic Shares and 3,191,377,765 H Shares. Such entities will have relevant consideration payment arrangements with Harbin Municipal Finance Bureau for holding the converted Shares and each of them will not hold more than 10% of the total issued share capital of the Bank after implementation of the conversion. The Bank will then have a public float of 25%, which meets the requirements of the minimum public float. If the converted Shares are issued to less than six parties, the Bank will disclose the names of the parties according to the Listing Rules requirements. The Bank will consider various means to comply with the requirements of the minimum public float (where applicable), or the conversion will not be implemented.

(III) If the conversion conditions are triggered within 6-7 years (inclusive) after the issuance of special bonds, the amount of conversion deposits involved will be RMB6 billion

The conversion price of RMB1: Based on that the deposit amount will be converted into H Shares of the Bank in full, the maximum number of H Shares of the Bank to be converted will be 6,000,000,000, of which at least 1,225,329,889 H Shares shall be held by the Designated Share-holding Entity(ies) which satisfy the relevant requirements of the CBIRC, Harbin Municipal Government and the requirements of the Hong Kong Stock Exchange on the public float, in order to meet the minimum public float requirement. If the deposit amount is converted into shares in full in compliance with the minimum public float requirement, a total of 4,774,670,111 Domestic Shares and 1,225,329,889 H Shares of the Bank will be converted, among which the Designated Share-holding Entities that meet the relevant requirements of the CBIRC and Harbin Municipal Government and the relevant requirements of the Hong Kong Stock Exchange on the public float are designated to hold all the converted H Shares. Immediately after the conversion, the total share capital of the Bank will be 16,995,599,553 Shares, comprising 12,746,699,664 Domestic Shares and 4,248,899,889 H Shares. Such entities will have relevant consideration payment arrangements with Harbin Municipal Finance Bureau for holding the converted Shares and each of them will not hold more than 10% of the total issued share capital of the Bank after implementation of the conversion. The Bank will then have a public float of 25%, which meets the requirements of the minimum public float. If the converted Shares are issued to less than six parties, the Bank will disclose the names of the parties according to the Listing Rules requirements. The Bank will consider various means to comply with the requirements of the minimum public float (where applicable), or the conversion will not be implemented.

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The conversion price of RMB4.52: Based on that the deposit amount will be converted into H Shares of the Bank in full, the maximum number of H Shares of the Bank to be converted will be 1,327,433,628, of which at least 57,188,296 H Shares shall be held by the Designated Share-holding Entity(ies) which satisfy the relevant requirements of the CBIRC, Harbin Municipal Government and the requirements of the Hong Kong Stock Exchange on the public float, in order to meet the minimum public float requirement. If the deposit amount is converted into shares in full in compliance with the minimum public float requirement, a total of 1,270,245,332 Domestic Shares and 57,188,296 H Shares of the Bank will be converted, among which the Designated Share-holding Entities that meet the relevant requirements of the CBIRC and Harbin Municipal Government and the relevant requirements of the Hong Kong Stock Exchange on the public float are designated to hold all the converted H Shares. Immediately after the conversion, the total share capital of the Bank will be 12,323,033,181 Shares, comprising 9,242,274,885 Domestic Shares and 3,080,758,296 H Shares. Such entities will have relevant consideration payment arrangements with Harbin Municipal Finance Bureau for holding the converted Shares and each of them will not hold more than 10% of the total issued share capital of the Bank after implementation of the conversion. The Bank will then have a public float of 25%, which meets the requirements of the minimum public float. If the converted Shares are issued to less than six parties, the Bank will disclose the names of the parties according to the Listing Rules requirements. The Bank will consider various means to comply with the requirements of the minimum public float (where applicable), or the conversion will not be implemented.

(IV) If the conversion conditions are triggered within 7-8 years (inclusive) after the issuance of special bonds, the amount of conversion deposits involved will be RMB4 billion

The conversion price of RMB1: Based on that the deposit amount will be converted into H Shares of the Bank in full, the maximum number of H Shares of the Bank to be converted will be 4,000,000,000, of which at least 725,329,889 H Shares shall be held by the Designated Share-holding Entity(ies) which satisfy the relevant requirements of the CBIRC, Harbin Municipal Government and the requirements of the Hong Kong Stock Exchange on the public float, in order to meet the minimum public float requirement. If the deposit amount is converted into shares in full in compliance with the minimum public float requirement, a total of 3,274,670,111 Domestic Shares and 725,329,889 H Shares of the Bank will be converted, among which the Designated Share-holding Entities that meet the relevant requirements of the CBIRC and Harbin Municipal Government and the relevant requirements of the Hong Kong Stock Exchange on the public float are designated to hold all the converted H Shares. Immediately after the conversion, the total share capital of the Bank will be 14,995,599,553 Shares, comprising 11,246,699,664 Domestic Shares and 3,748,899,889 H Shares. Such entities will have relevant consideration payment arrangements with Harbin Municipal Finance Bureau for holding the converted Shares and each of them will not hold more than 10% of the total issued share capital of the Bank after implementation of the conversion. The Bank will then have a public float of 25%, which meets the requirements of the minimum public float. If the converted Shares are issued to less than six parties, the Bank will disclose the names of the parties according to the Listing Rules requirements. The Bank will consider various means to comply with the requirements of the minimum public float (where applicable), or the conversion will not be implemented.

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The conversion price of RMB4.52: Based on that the deposit amount will be converted into H Shares of the Bank in full, the maximum number of H Shares of the Bank to be converted will be 884,955,752. In the event that the deposit amount is fully converted into the Domestic Shares, the minimum public float requirement could also be satisfied. In that case, the deposit amount will be converted into 884,955,752 Domestic Shares of the Bank. Immediately after the conversion, the total share capital of the Bank will be 11,880,555,305 Shares, comprising 8,856,985,305 Domestic Shares and 3,023,570,000 H Shares. Such entities will have relevant consideration payment arrangements with Harbin Municipal Finance Bureau for holding the converted Shares and each of them will not hold more than 10% of the total issued share capital of the Bank after implementation of the conversion. The Bank will then have a public float of 25.45%, which meets the requirements of the minimum public float. If the converted Shares are issued to less than six parties, the Bank will disclose the names of the parties according to the Listing Rules requirements. The Bank will consider various means to comply with the requirements of the minimum public float (where applicable), or the conversion will not be implemented.

(V) If the conversion conditions are triggered within 8-9 years (inclusive) after the issuance of special bonds, the amount of conversion deposits involved will be RMB2 billion

The conversion price of RMB1: Based on that the deposit amount will be converted into H Shares of the Bank in full, the maximum number of H Shares of the Bank to be converted will be 2,000,000,000, of which at least 225,329,889 H Shares shall be held by the Designated Share-holding Entity(ies) which satisfy the relevant requirements of the CBIRC, Harbin Municipal Government and the requirements of the Hong Kong Stock Exchange on the public float, in order to meet the minimum public float requirement. If the deposit amount is converted into shares in full in compliance with the minimum public float requirement, a total of 1,774,670,111 Domestic Shares and 225,329,889 H Shares of the Bank will be converted, among which the Designated Share-holding Entities that meet the relevant requirements of the CBIRC and Harbin Municipal Government and the relevant requirements of the Hong Kong Stock Exchange on the public float are designated to hold all the converted H Shares. Immediately after the conversion, the total share capital of the Bank will be 12,995,599,553 Shares, comprising 9,746,699,664 Domestic Shares and 3,248,899,889 H Shares. Such entities will have relevant consideration payment arrangements with Harbin Municipal Finance Bureau for holding the converted Shares and each of them will not hold more than 10% of the total issued share capital of the Bank after implementation of the conversion. The Bank will then have a public float of 25%, which meets the requirements of the minimum public float. If the converted Shares are issued to less than six parties, the Bank will disclose the names of the parties according to the Listing Rules requirements. The Bank will consider various means to comply with the requirements of the minimum public float (where applicable), or the conversion will not be implemented.

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The conversion price of RMB4.52: Based on that the deposit amount will be converted into H Shares of the Bank in full, the maximum number of H Shares of the Bank to be converted will be 442,477,876. In the event that the deposit amount is fully converted into the Domestic Shares, the minimum public float requirement could also be satisfied. In that case, the deposit amount will be converted into 442,477,876 Domestic Shares of the Bank. Immediately after the conversion, the total share capital of the Bank will be 11,438,077,429 Shares, comprising 8,414,507,429 Domestic Shares and 3,023,570,000 H Shares. Such entities will have relevant consideration payment arrangements with Harbin Municipal Finance Bureau for holding the converted Shares and each of them will not hold more than 10% of the total issued share capital of the Bank after implementation of the conversion. The Bank will then have a public float of 26.43%, which meets the requirements of the minimum public float. If the converted Shares are issued to less than six parties, the Bank will disclose the names of the parties according to the Listing Rules requirements. The Bank will consider various means to comply with the requirements of the minimum public float (where applicable), or the conversion will not be implemented.

In summary, provided that the convertible negotiated deposit has fulfilled the conversion conditions, and based on that the deposit amount will be converted into H Shares of the Bank in full, the maximum number of H Shares of the Bank to be converted will be 10,000,000,000, of which at least 2,225,329,889 H Shares shall be held by the Designated Share-holding Entity(ies) which satisfy the relevant requirements of the CBIRC, Harbin Municipal Government and the requirements of the Hong Kong Stock Exchange on the public float, in order to meet the minimum public float requirement. If the deposit amount is converted into shares in full in compliance with the minimum public float requirement, the convertible negotiated deposit can be converted to a maximum of 7,774,670,111 Domestic Shares and 2,225,329,889 H Shares of the Bank (taking up approximately 37.03% and 10.60% of the enlarged total share capital of the Bank, respectively), with a par value of RMB1 per Share.

Based on that and the conversion price of RMB1 and RMB4.52, the conversion will not result in a theoretical dilution effect. The Bank will ensure to comply with the theoretical dilution effect requirement in accordance with Rule 7.27B of Listing Rules at the time of entering into the Agreement and completion of the convertible negotiated deposit.

(4) Authorisation

This proposal will be put forward to the EGM and the Class Meetings for consideration. The Bank and Harbin Municipal Finance Bureau will enter into the Agreement within twelve months from the date of approval of the EGM and the Class Meetings. Upon approval by the EGM and the Class Meetings, the Board of Directors will authorise the senior management to carry out relevant work in a timely manner in

LETTER FROM THE BOARD

accordance with the aforesaid convertible negotiated deposit issuance plan and the requirements of the Harbin Municipal Finance Bureau and regulatory authorities, such as making amendments to the convertible negotiated deposit plan and relevant agreements according to requirements of regulatory authorities in the place where the Bank's Shares are listed. At the same time, the Board of Directors authorises the senior management to handle the specific matters related to the issuance of the aforesaid convertible negotiated deposit, including but not limited to: submitting the issuance materials to the financial departments and regulatory authorities, determining the specific scale, time, term and interest rate of deposits, arranging the repayment of principal and interest of deposits and other related matters, signing all relevant legal documents reached by both parties concerning the convertible negotiated deposits, etc., and making appropriate adjustments in accordance with the requirements of financial departments and regulatory authorities. Regarding the specific arrangements for this matter, the Bank will comply with applicable rules and regulations of the place where the Shares are listed including the Listing Rules. The aforesaid authorisation period shall be valid within twelve months from the date of approval by the EGM and Class Meetings.

(5) Capital Replenishment Instrument – Convertible Negotiated Deposit Subscription Agreement

i. Main contents

Harbin Municipal Finance Bureau intends to supplement Other Tier-one Capital of the Bank by means of the convertible negotiated deposit, as detailed below:

1. After obtaining the proceeds from issuance of local government special bonds, the Department of Finance of Heilongjiang Province will deposit the relevant funds in the form of negotiated deposit into the special convertible negotiated deposit account in the Bank according to the Agreement;
2. When the core tier-one capital adequacy ratio of the Bank drops to 5.125% or below or the other event in the Agreement occurs, and upon the satisfaction of specific requirements on the minimum public float prescribed by the Hong Kong Stock Exchange as well as relevant requirements of Banking and Insurance Regulatory Authorities and Harbin Municipal Government, Harbin Municipal Finance Bureau shall convert the negotiated deposits into Ordinary Shares of the Bank in accordance with laws and regulations as well as the Agreement (see “iii Conversion conditions” below for details);
3. If the conversion conditions are not satisfied, the Bank shall repay the principal and interest according to the Agreement upon the maturity of the convertible negotiated deposit;

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4. During the term of the convertible negotiated deposit, the Bank shall report the changes in the core tier-one capital adequacy ratio and any other monitoring indicators on triggering events for conversion conditions of the previous quarter by the tenth day of the first month of each quarter to Harbin Municipal Finance Bureau in written form. When the core tier-one capital adequacy ratio of the Bank drops to 6% or below, and early warning is triggered, the Bank shall promptly inform Harbin Municipal Finance Bureau of the situation, initiate emergency plans, and actively take emergency measures to improve the risk resistance and compensation capability and avoid the occurrence of triggering events.

ii. Agreements on the negotiated deposit

Harbin Municipal Finance Bureau intends to inject RMB10 billion in total in five installments into the Bank by means of convertible negotiated deposit (the actual amount shall be subject to the amount of the local government special bonds issued to supplement the capital of the Bank under the approval of the relevant departments).

The convertible negotiated deposit of RMB10 billion in total shall be deposited in five installments, of which the first installment is RMB2.0 billion, with a term of six years; the second installment is RMB2.0 billion, with a term of seven years; the third installment is RMB2.0 billion, with a term of eight years; the fourth installment is RMB2.0 billion, with a term of nine years; and the fifth installment is RMB2.0 billion, with a term of ten years.

iii. Conversion conditions

According to the Agreement, during the term of the convertible negotiated deposit, the remaining principal of the convertible negotiated deposit subscribed by Harbin Municipal Finance Bureau less the expected principal amounts of the special bonds due in that year from the date of the occurrence of triggering events, may be fully or partially converted into the Ordinary Shares of the Bank if one of the following triggering events occurs:

- (i) The core tier-one capital adequacy ratio of the Bank drops to 5.125% or below; or
- (ii) As confirmed by the regulatory authorities, the core tier-one capital adequacy ratio of the Bank is not less than 5.125%, but non-viability trigger events occurred to the Bank. The non-viability trigger event is defined as the earlier of: (a) the CBIRC having decided that without a conversion, the Bank would become non-viable; or (b) the relevant authorities having decided that injection of capital or equivalent support by a public sector is necessary, without which the Bank would become non-viable.

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Subject to the above triggering conditions, if the core tier-one capital adequacy ratio of the Bank is still lower than 5.125% as calculated after all the convertible amount is converted into the Ordinary Shares of the Bank in accordance with the Agreement, the Bank shall at the same time take other measures to ensure that the core tier-one capital adequacy ratio reaches 5.125%, otherwise the Harbin Municipal Finance Bureau has the right to suspend the conversion.

Subject to the above triggering conditions, if the Designated Share-holding Entity does not satisfy the relevant requirements of the Banking and Insurance Regulatory Authorities and the Harbin Municipal Government, or if the class and number of Ordinary Shares to be converted and the shareholding structure of the Bank after the conversion as calculated do not satisfy the relevant requirements of the Hong Kong Stock Exchange in respect of the minimum public float, no conversion shall be made until the conversion is in compliance with the relevant requirements of the Banking and Insurance Regulatory Authorities, the Hong Kong Stock Exchange and the Harbin Municipal Government.

In principle, only one conversion can be made during the term of the convertible negotiated deposit.

iv. Conversion price

According to the Agreement, the conversion price of the convertible negotiated deposit is determined on the basis of the higher value of the followings:

- (i) The average trading price of H Ordinary Shares of the Bank for 20 trading days preceding the date of the Board resolution approving the convertible negotiated deposit (i.e. 18 November 2022) (the average trading price of H Ordinary Shares of the Bank for the 20 preceding trading days = the total trading amount of H Ordinary Shares of the Bank for the 20 preceding trading days/total trading volume of H Ordinary Shares of the Bank for the 20 preceding trading days), which will be translated into the price of RMB with the central parity of the RMB against the HK\$ announced by State Administration of Foreign Exchange on the date of the Board resolution (i.e. the Initial Conversion Price);
- (ii) The appraised value of the net assets per Share as determined after asset appraisal at the time of this conversion of the convertible negotiated deposit; or
- (iii) RMB1.

If, after the date of the Board resolution to carry on the convertible negotiated deposit business (before the date of the trigger event of the conversion), the Bank issues bonus shares, converts capital reserves to share capital or issues new Shares at a price lower than the net assets per Share or makes rights issue, the Bank will adjust the Initial Conversion Price on a cumulative basis in accordance with the

LETTER FROM THE BOARD

sequence of occurrences of the foregoing events, provided that the distribution of cash dividend of Ordinary Shares by the Bank will not result in the adjustment of the Initial Conversion Price. The specific adjustment rules have been set as follow:

Bonus issue or conversion from capital reserves to share capital:
 $P1=P0 \times N / (N+n)$;

Issuance of new Shares at a price lower than net assets per Share or rights issue: $P1=P0 \times (N+k) / (N+n)$;

$k=n \times A / M$.

In the aforesaid rules, “P0” denotes the effective conversion price before adjustment; “N” denotes the aggregate Ordinary Shares of the Bank before the issuance of bonus dividends of Ordinary Shares, conversion of capital reserves to share capital, issuance of new Shares or right issue; “n” denotes the number of new Shares created due to the issuance of bonus dividends of Ordinary Shares, conversion of capital reserves to share capital, issuance of new Shares or right issue; “A” denotes the price of new Share issue or rights issue; “M” denotes net assets per Share in the year end prior to the completion date of new Share issue or rights issue; and “P1” denotes the effective conversion price after adjustment.

After the determination of conversion price and before the signing of the Capital Increment Agreement, when the Bank undergoes a merger, demerger or any other circumstances that may affect the rights and interests of the convertible negotiated deposit by changing the class and number of Shares of the Bank and changes in Shareholders’ equity, the Bank and the Harbin Municipal Finance Bureau and the Designated Share-holding Entities will adjust the conversion price in accordance with the principles of fairness, equity and justice. The adjustment mechanism of the conversion price under such circumstances will be determined in accordance with the relevant provisions.

The Ordinary Shares to be issued as a result of the conversion of the convertible negotiated deposit will rank *pari passu* with the existing issued Ordinary Shares, and all holders of Ordinary Shares whose names appear on the register of members of the Bank on the record date for dividend entitlement shall be entitled to receive the dividend for the current dividend period.

v. *The number of Shares converted*

The number of Shares converted for convertible negotiated deposit is calculated according to the following formula:

The number of Shares converted = the part of amounts proposed to be converted for the convertible negotiated deposit/the conversion price.

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The Bank will handle the remaining balance at the time of conversion of the convertible negotiated deposit that is insufficient to be converted into one Share in accordance with relevant laws and regulations, in case of no such provisions, whereby any fractional Share shall be rounded down to the nearest integer. The part that is insufficient to be converted into one Share will place in the special convertible negotiated deposit account for the repayment of the principal for special bonds.

vi. Principal and interest payments on special bonds

During the term of the convertible negotiated deposit, if the conversion condition is not triggered, the Bank shall repay the corresponding principal and interest in accordance with the relevant certificates of deposit. If the conversion condition is triggered and the conversion is made, the dividends and bonus and the proceeds from the transfer of equity interest received by the Designated Share-holding Entity during the shareholding period shall be used to pay the principal, interest and expenses of the special bonds due in current period in full, but if the dividends and bonus and the proceeds from the transfer of equity interest are not sufficient to pay the principal, interest and expenses of the special bonds due in current period, the Bank shall ensure that the difference is paid on time and the principal, interest and expenses of the special bonds are repaid on time.

vii. Corporate governance

In order to enhance the corporate governance capability of the Bank, better defuse risks and enhance operational efficiency, the Bank and its Shareholders agree that, upon the completion of the stock conversion under the Agreement, the Designated Share-holding Entities may nominate Directors or Supervisors and perform the responsibilities of Shareholders in compliance with the provisions related to the rights of Shareholders as set out in the Articles of Association, provided that the relevant arrangements set forth in this article shall comply with laws and regulations and the requirements of the relevant banking regulatory rules. Such nomination shall be subject to the Board's approval and approval of Shareholders' general meeting in accordance with requirements of Articles of Association and the approval of the CBIRC and other relevant authorities for its qualifications.

(6) Listing Rules Implications of the Convertible Negotiated Deposit

The proposed convertible negotiated deposit and issuance of shares is subject to the special mandate. Pursuant to Rule 19A.38 of the Listing Rules, the special mandate of the proposed convertible negotiated deposit and issuance of shares is subject to the requirements for approval at the Shareholders' general meeting and Class Meetings.

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The proposed convertible negotiated deposit and its special mandate were considered and approved by the Board on 18 November 2022. None of the Directors has material interest in the above matters and hence no Director has abstained from voting on such Board resolution.

The Bank did not conduct any equity fund raising activities or issue any equity securities within the 12 months immediately preceding the Latest Practicable Date.

This proposal was considered and adopted at the meeting of the Board held on 18 November 2022, which is currently proposed to the EGM and the Class Meetings by way of special resolution for Shareholders' consideration and approval.

3. THE EGM, THE DOMESTIC SHAREHOLDERS' CLASS MEETING AND THE H SHAREHOLDERS' CLASS MEETING

The Bank will convene the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting respectively at Conference Room 4001, Harbin Bank Headquarters Building, No. 888 Shangjiang Street, Daoli District, Harbin, Heilongjiang Province, China on Thursday, 8 December 2022, at 9:00 a.m., 9:30 a.m. or immediately following the conclusion of the EGM and 10:00 a.m. or immediately following the conclusion of the Domestic Shareholders' Class Meeting. The notices of the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting are set out on pages 24 to 29 of this circular. The proxy forms for use at the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting are also enclosed herewith.

If you intend to appoint a proxy to attend the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting (where applicable), you are required to complete and return the proxy form in accordance with the instructions printed thereon as soon as possible. For H Shareholders, the proxy forms should be returned to Computershare Hong Kong Investor Services Limited (17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, Tel: 852-2862 8555), in any event served by hand, by post or by fax not less than 24 hours before the time stipulated for convening the EGM or the H Shareholders' Class Meeting. For Domestic Shareholders, the proxy forms should be returned to the Bank's Board of Directors' Office (No. 888 Shangjiang Street, Daoli District, Harbin 150010, Heilongjiang Province, China, Tel: 86-451-86779933), in any event served by hand, by post or by fax not less than 24 hours before the time stipulated for convening the EGM or the Domestic Shareholders' Class Meeting. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting (where applicable) if you so wish.

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4. VOTING BY POLL

According to the Listing Rules, any vote of Shareholders at the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting must be taken by poll. Results of the poll voting will be published on the Bank's website at www.hrbb.com.cn and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk after the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting.

Pursuant to Rule 2.15 of the Listing Rules, if Shareholders have material interests in a transaction or arrangement, Shareholders shall abstain from voting on the resolutions for approving the transaction or arrangement at the relevant Shareholders' general meetings. As at the Latest Practicable Date:

Heilongjiang Financial Holdings and its indirectly controlled corporation, namely Harbin Dazheng Microcredit Co., Ltd. (哈爾濱市大正小額貸款有限責任公司), and Heilongjiang Dazheng Investment Group Co., Ltd. (黑龍江省大正投資集團有限責任公司), which together hold 2,040,591,776 Domestic Shares of the Bank, representing approximately 18.56% of all issued shares of the Bank, will abstain from voting at the EGM and the Domestic Shareholders' Class Meeting in respect of the proposal on the replenishment of Other Tier-one Capital through a convertible negotiated deposit and issuance of Shares under specific mandate of the Bank; and

The financial departments of Harbin and its subordinate districts, which together hold 772,124,865 Domestic Shares of the Bank, representing approximately 7.02% of the Bank's total issued shares, will abstain from voting at the EGM and the Domestic Shareholders' Class Meeting in respect of the proposal on the replenishment of Other Tier-one Capital through a convertible negotiated deposit and issuance of Shares under specific mandate of the Bank.

5. RECOMMENDATION

The Board of Directors considers that the resolution to be proposed at the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting respectively is in the interests of the Bank and its Shareholders as a whole. Accordingly, the Board of Directors recommends that the Shareholders vote in favour of the aforesaid proposed resolution.

Yours faithfully,
By order of the Board of Directors
Harbin Bank Co., Ltd.
Deng Xinquan
Chairman

NOTICE OF 2022 SECOND EXTRAORDINARY GENERAL MEETING



Harbin Bank Co., Ltd.
哈爾濱銀行股份有限公司*

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 6138)

NOTICE OF 2022 SECOND EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2022 second extraordinary general meeting (the “**EGM**”) of Harbin Bank Co., Ltd. (the “**Bank**”) will be held at Conference Room 4001, Harbin Bank Headquarters Building, No. 888 Shangjiang Street, Daoli District, Harbin, Heilongjiang Province, China, at 9:00 a.m. on Thursday, 8 December 2022 for the purpose of considering and, if thought fit, passing the following resolution:

SPECIAL RESOLUTION

1. To consider and approve the Proposal on the Replenishment of Other Tier-one Capital through A Convertible Negotiated Deposit and Issuance of Shares under Specific Mandate of the Bank.

By order of the Board of Directors
Harbin Bank Co., Ltd.
Deng Xinquan
Chairman

Harbin, China, 21 November 2022

* *Harbin Bank Co., Ltd. is not an authorised institution within the meaning of the Banking Ordinance (Chapter 155 of Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorised to carry on banking/deposit-taking business in Hong Kong.*

NOTICE OF 2022 SECOND EXTRAORDINARY GENERAL MEETING

Notes:

1. Details of the above resolution are set out in the EGM circular which will be despatched by the Bank to the shareholders (the “Shareholders”) of the Bank in due course.

2. **Closure of register of members**

In order to determine the Shareholders who are entitled to attend and vote at the EGM, the H share register of members of the Bank will be closed from Monday, 5 December 2022 to Thursday, 8 December 2022 (both days inclusive). Shareholders whose names appear on the H share register of members and domestic share register of members of the Bank on Monday, 5 December 2022 will be entitled to attend and vote at the EGM. The holders of H Shares of the Bank who intend to attend and vote at the EGM must lodge all the transfer documents accompanied by the relevant H share certificates with the Bank’s H share registrar, Computershare Hong Kong Investor Services Limited (Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong) not later than 4:30 p.m. on Friday, 2 December 2022.

3. **Registration procedures for attending the EGM**

Individual Shareholders who wish to attend the meeting in person shall produce their identity cards or other effective document or proof of identity and stock account cards. Proxies of individual Shareholders shall produce their effective proof of identity and proxy form. A corporate Shareholder should attend the meeting by its legal representative or proxy appointed by the legal representative. A legal representative who wishes to attend the meeting should produce his/her identity card or other valid documents evidencing his/her capacity as a legal representative. If a proxy is appointed to attend the meeting, the proxy should produce his/her identity card and an authorisation instrument duly signed by the legal representative of the corporate Shareholder.

4. **Proxy**

Any Shareholder entitled to attend and vote at the EGM is entitled to appoint one or more persons (whether such person is a Shareholder or not) as his/her proxy or proxies to attend and vote on his/her behalf.

The instrument appointing a proxy must be in writing under the hand of the Shareholder or his/her attorney duly authorised in writing. For a corporate Shareholder, the proxy instrument must be affixed with the common seal or signed by its director or attorney duly authorised in writing. If the instrument appointing the proxy is signed by a person authorised by the appointer, the power of attorney or other documents of authority under which the instrument is signed shall be notarised. The notarised power of attorney or other document of authority shall be deposited together with the instrument appointing the proxy at Computershare Hong Kong Investor Services Limited (for H Shareholders of the Bank) or the Bank’s Board Office (for Domestic Shareholders of the Bank).

To be valid, the proxy form together with the power of attorney or other authorisation document (if any) signed by the authorised person or certified by a notary must be delivered to Computershare Hong Kong Investor Services Limited (for H Shareholders of the Bank) or the Bank’s Board Office (for Domestic Shareholders of the Bank) not less than 24 hours before the time stipulated for convening the EGM or any adjourned meeting thereof.

Completion and return of a proxy form will not preclude a Shareholder from attending in person and voting at the EGM or any adjourned meeting thereof if he/she so wishes, but in such event the instrument appointing a proxy shall be deemed to be revoked.

5. **Publication of poll results**

Pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, any vote of Shareholders at a Shareholders’ general meeting must be taken by poll. As such, the resolution set out in this notice will be voted by poll. Results of the poll voting will be published on the Bank’s website at www.hrbb.com.cn and the HKEx news website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk after the EGM.

6. **Other business**

The EGM is estimated to last no longer than half a day. Shareholders who attend the EGM in person or by proxy shall bear their own traveling, dining and accommodation expenses.

As at the date of this notice, the Board of the Bank comprises Deng Xinquan as executive director; Zhao Hongbo, Zhang Xianjun, Yu Hong and Lang Shufeng as non-executive directors; and Sun Yan, Zhang Zheng, Hou Bojian and Jin Qinglu as independent non-executive directors.

NOTICE OF 2022 FIRST DOMESTIC SHAREHOLDERS' CLASS MEETING



Harbin Bank Co., Ltd.

哈爾濱銀行股份有限公司*

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

(Stock Code: 6138)

NOTICE OF 2022 FIRST DOMESTIC SHAREHOLDERS' CLASS MEETING

NOTICE IS HEREBY GIVEN that the 2022 first domestic shareholders' class meeting ("**Domestic Shareholders' Class Meeting**") of Harbin Bank Co., Ltd. (the "**Bank**") will be held at Conference Room 4001, Harbin Bank Headquarters Building, No. 888 Shangjiang Street, Daoli District, Harbin, Heilongjiang Province, China, at 9:30 a.m. on Thursday, 8 December 2022 or immediately after the conclusion of the 2022 second extraordinary general meeting for the purpose of considering and, if thought fit, passing the following resolution:

SPECIAL RESOLUTION

1. To consider and approve the Proposal on the Replenishment of Other Tier-one Capital through A Convertible Negotiated Deposit and Issuance of Shares under Specific Mandate of the Bank.

By order of the Board of Directors

Harbin Bank Co., Ltd.

Deng Xinquan

Chairman

Harbin, China, 21 November 2022

* *Harbin Bank Co., Ltd. is not an authorised institution within the meaning of the Banking Ordinance (Chapter 155 of Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorised to carry on banking/deposit-taking business in Hong Kong.*

NOTICE OF 2022 FIRST DOMESTIC SHAREHOLDERS' CLASS MEETING

Notes:

1. Details of the above resolution are set out in the 2022 second EGM circular which will be despatched by the Bank to the shareholders (the “Shareholders”) of the Bank in due course.
2. Domestic Shareholders whose names appear on the domestic share register of members of the Bank on Monday, 5 December 2022 will be entitled to attend and vote at the Domestic Shareholders' Class Meeting.

3. Registration procedures for attending the Domestic Shareholders' Class Meeting

Individual Shareholders who wish to attend the meeting in person shall produce their identity cards or other effective document or proof of identity and stock account cards. Proxies of individual Shareholders shall produce their effective proof of identity and proxy form. A corporate Shareholder should attend the meeting by its legal representative or proxy appointed by the legal representative. A legal representative who wishes to attend the meeting should produce his/her identity card or other valid documents evidencing his/her capacity as a legal representative. If appointed a proxy to attend the meeting, the proxy should produce his/her identity card and an authorisation instrument duly signed by the legal representative of the corporate Shareholder.

4. Proxy

Any Domestic Shareholder entitled to attend and vote at the Domestic Shareholders' Class Meeting is entitled to appoint one or more persons (whether such person is a Shareholder or not) as his/her proxy or proxies to attend and vote on his/her behalf.

The instrument appointing a proxy must be in writing under the hand of the Shareholder or his/her attorney duly authorised in writing. For a corporate Shareholder, the proxy instrument must be affixed with the common seal or signed by its director or attorney duly authorised in writing. If the instrument appointing the proxy is signed by a person authorised by the appointer, the power of attorney or other documents of authority under which the instrument is signed shall be notarised. The notarised power of attorney or other document of authority shall be deposited together with the instrument appointing the proxy at the Bank's Board of Directors' Office.

To be valid, the proxy form together with the power of attorney or other authorisation document (if any) signed by the authorised person or certified by a notary must be delivered to the Bank's Board of Directors' Office not less than 24 hours before the designated time for the holding of the Domestic Shareholders' Class Meeting or any adjourned meeting thereof.

Completion and return of a proxy form will not preclude any Domestic Shareholder from attending in person and voting at the Domestic Shareholders' Class Meeting or any adjournment thereof if he/she so wishes, but in such event the instrument appointing a proxy shall be deemed to be revoked.

5. Publication of poll results

Pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, any vote of Shareholders at a Shareholders' general meeting must be taken by poll. As such, the resolution set out in this notice will be voted by poll. Results of the poll voting will be published on the Bank's website at www.hrbb.com.cn and the HKExnews website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk after the Domestic Shareholders' Class Meeting.

6. Other business

The Domestic Shareholders' Class Meeting is estimated to last no longer than half a day. Holders of domestic shares who attend the meeting in person or by proxy shall bear their own traveling, dining and accommodation expenses.

As at the date of this notice, the Board of the Bank comprises Deng Xinquan as executive director; Zhao Hongbo, Zhang Xianjun, Yu Hong and Lang Shufeng as non-executive directors; and Sun Yan, Zhang Zheng, Hou Bojian and Jin Qinglu as independent non-executive directors.

NOTICE OF 2022 FIRST H SHAREHOLDERS' CLASS MEETING



Harbin Bank Co., Ltd.

哈爾濱銀行股份有限公司*

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 6138)

NOTICE OF 2022 FIRST H SHAREHOLDERS' CLASS MEETING

NOTICE IS HEREBY GIVEN that the 2022 first H shareholders' class meeting ("**H Shareholders' Class Meeting**") of Harbin Bank Co., Ltd. (the "**Bank**") will be held at Conference Room 4001, Harbin Bank Headquarters Building, No. 888 Shangjiang Street, Daoli District, Harbin, Heilongjiang Province, China, at 10:00 a.m. on Thursday, 8 December 2022 or immediately after the conclusion of the 2022 first domestic shareholders' class meeting shares for the purpose of considering and, if thought fit, passing the following resolution:

SPECIAL RESOLUTION

1. To consider and approve the Proposal on the Replenishment of Other Tier-one Capital through A Convertible Negotiated Deposit and Issuance of Shares under Specific Mandate of the Bank.

By order of the Board of Directors
Harbin Bank Co., Ltd.
Deng Xinquan
Chairman

Harbin, China, 21 November 2022

* *Harbin Bank Co., Ltd. is not an authorised institution within the meaning of the Banking Ordinance (Chapter 155 of Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorised to carry on banking/deposit-taking business in Hong Kong.*

NOTICE OF 2022 FIRST H SHAREHOLDERS' CLASS MEETING

Notes:

1. Details of the above resolution are set out in the 2022 second EGM circular which will be despatched by the Bank to the shareholders (the “Shareholders”) of the Bank in due course.

2. **Closure of register of members**

In order to determine the shareholders who are entitled to attend and vote at the H Shareholders' Class Meeting, the H share register of members of the Bank will be closed from Monday, 5 December 2022 to Thursday, 8 December 2022 (both days inclusive), during which period no Share transfer will be registered. Any Shareholders whose name appear on the H share register of members of the Bank on Monday, 5 December 2022 will be entitled to attend and vote at the H Shareholders' Class Meeting. The H Shareholders who intend to attend and vote at the H Shareholders' Class Meeting must lodge all the transfer documents together with the relevant H share certificates with the Bank's H share registrar, Computershare Hong Kong Investor Services Limited (Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) not later than 4:30 p.m. on Friday, 2 December 2022.

3. **Registration procedures for attending the H Shareholders' Class Meeting**

Individual Shareholders who wish to attend the meeting in person shall produce their identity cards or other effective document or proof of identity and stock account cards. Proxies of individual Shareholders shall produce their effective proof of identity and proxy form. A corporate Shareholder should attend the meeting by its legal representative or proxy appointed by the legal representative. A legal representative who wishes to attend the meeting should produce his/her identity card or other valid documents evidencing his/her capacity as a legal representative. If appointed a proxy to attend the meeting, the proxy should produce his/her identity card and an authorisation instrument duly signed by the legal representative of the corporate Shareholder.

4. **Proxy**

Any H Shareholder entitled to attend and vote at the H Shareholders' Class Meeting is entitled to appoint one or more persons (whether such person is a Shareholder or not) as his/her proxy or proxies to attend and vote on his/her behalf.

The instrument appointing a proxy must be in writing under the hand of the Shareholder or his/her attorney duly authorised in writing. For a corporate Shareholder, the proxy instrument must be affixed with the common seal or signed by its director or attorney duly authorised in writing. If the instrument appointing the proxy is signed by a person authorised by the appointer, the power of attorney or other documents of authority under which the instrument is signed shall be notarised. The notarised power of attorney or other document of authority shall be deposited together with the instrument appointing the proxy at Computershare Hong Kong Investor Services Limited.

To be valid, the proxy form together with the power of attorney or other authorisation document (if any) signed by the authorised person or certified by a notary must be delivered to Computershare Hong Kong Investor Services Limited not less than 24 hours before the designated time for the holding of the H Shareholders' Class Meeting or any adjourned meeting thereof.

Completion and return of a proxy form will not preclude any H Shareholder from attending in person and voting at the H Shareholders' Class Meeting or any adjournment thereof if he/she so wishes, but in such event the instrument appointing a proxy shall be deemed to be revoked.

5. **Publication of poll results**

Pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, any vote of Shareholders at a Shareholders' general meeting must be taken by poll. As such, the resolution set out in this notice will be voted by poll. Results of the poll voting will be published on the Bank's website at www.hrbb.com.cn and the HKExnews website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk after the H Shareholders' Class Meeting.

6. **Other business**

The H Shareholders' Class Meeting is estimated to last no longer than half a day. Shareholders who attend the meeting in person or by proxy shall bear their own traveling, dining and accommodation expenses.

As at the date of this notice, the Board of the Bank comprises Deng Xinquan as executive director; Zhao Hongbo, Zhang Xianjun, Yu Hong and Lang Shufeng as non-executive directors; and Sun Yan, Zhang Zheng, Hou Bojian and Jin Qinglu as independent non-executive directors.