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錦州銀行股份有限公司

Bank of Jinzhou Co., Ltd.*

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

(Stock code: 416)

**(1) PROPOSED APPOINTMENT OF
INDEPENDENT NON-EXECUTIVE DIRECTOR**

(2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

**(3) PROPOSED ISSUES OF TIER 2 CAPITAL BONDS AND
FINANCIAL BONDS SPECIALIZED FOR SMALL AND MICRO
ENTERPRISES**

**(4) PROPOSED ISSUE OF NEW H SHARES UNDER
SPECIFIC MANDATE AND
CONSEQUENTIAL AMENDMENTS TO THE ARTICLES OF
ASSOCIATION**

**(5) PROPOSED A SHARE OFFERING UNDER SPECIFIC MANDATE
AND CONSEQUENTIAL AMENDMENTS TO THE ARTICLES OF
ASSOCIATION**

The Board announces that, at the meeting of the Board held on 23 March 2016, it has resolved to seek the Shareholders' approval for the following matters:

**PROPOSED APPOINTMENT OF INDEPENDENT NON-EXECUTIVE
DIRECTOR**

The Board proposes to appoint Mr. Lin Yanjun as an independent non-executive director of the Bank, subject to obtaining the Shareholders' approval as an ordinary resolution at the AGM and the approval of the relevant regulatory authorities. The term of office for Mr. Lin Yanjun will commence upon approval by the relevant regulatory authorities till the end of the fourth session of the Board.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In order to enhance the operation efficiency of the Bank and to strengthen the procedures for purchasing or disposing the Shares and assets of the Bank, the Board proposes to amend the related provisions of the Articles of Association.

PROPOSED ISSUES OF TIER 2 CAPITAL BONDS AND FINANCIAL BONDS SPECIALIZED FOR SMALL AND MICRO ENTERPRISES

The Board proposes to issue:

- (i) Tier 2 Capital Bonds in the aggregate principal amount of not more than RMB4 billion with a maturity of not more than 10 years; and
- (ii) Financial Bonds in the aggregate principal amount of not more than RMB10 billion with a maturity of not more than 5 years.

The Bonds will be issued to members of the inter-bank bond market in the PRC, and will be traded and circulated in the national inter-bank bond market according to relevant rules and regulations of the PRC. The Bonds will not be listed on the Stock Exchange.

PROPOSED ISSUE OF NEW H SHARES UNDER SPECIFIC MANDATE AND CONSEQUENTIAL AMENDMENTS TO ARTICLES OF ASSOCIATION

To further improve the Bank's capital adequacy ratio and enhance its risk resistance capability and profitability by replenishing its core capital, the Board proposes to issue, pursuant to a specific mandate to be sought at the AGM, not more than 1,000,000,000 New H Shares, representing approximately 17.30% of the total existing issued share capital of the Bank before the issue, and approximately 14.75% of total enlarged issued share capital of the Bank after the issue; and representing approximately 65.91% of the existing issued H Shares of the Bank before the issue, and approximately 39.72% of the enlarged issued H Shares of the Bank after the issue.

In connection with the proposed New H Share Issue, the Board also proposes to seek the Shareholders' approval for the authorization to the Board to implement the New H Share Issue under a specific mandate and the proposed consequential amendments to the Articles of Association.

PROPOSED A SHARE OFFERING UNDER SPECIFIC MANDATE AND CONSEQUENTIAL AMENDMENTS TO ARTICLES OF ASSOCIATION

The Board proposes to apply for an initial public offering and listing of the Bank's A Shares in order to further optimize the corporate governance structure of the Bank, develop domestic and international financing platforms and improve the liquidity of all Shares held by the Shareholders. The total number of A Shares to be issued under the A Share Offering pursuant to a specific mandate to be sought at the AGM will be not more than 1,927,000,000 A Shares, representing approximately 33.33% of the total existing issued share capital of the Bank before the issue, and approximately 25.00% of total enlarged issued share capital of the Bank after the issue; and representing approximately 45.19% of the existing issued Domestic Shares of the Bank before the issue, and approximately 31.12% of the enlarged issued Domestic Shares of the Bank after the issue.

In connection with the proposed A Share Offering, the Board also proposes to seek the Shareholders' approval for (i) the authorization to the Board to implement the A Share Offering; (ii) the use of the proceeds from the A Share Offering; (iii) the distribution of the accumulated undistributed profits before the A Share Offering; (iv) the three-year dividend plan after the A Share Offering; (v) the price stabilizing plan for the A Shares within three years after the A Share Offering; (vi) undertakings relating to the disclosure of information in the prospectus published in connection with the A Share Offering; (vii) dilution of immediate return and recovery of return on the A Share Offering; (viii) undertakings to be given for the purpose of the A Share Offering and (ix) proposed consequential amendments to the Articles of Association.

GENERAL

The Bank will convene the AGM and Class Meetings (where applicable) to seek approval from the Shareholders for the above matters.

A circular containing, among other things, details of the above matters will be despatched to the Shareholders in due course.

The proposed issues of the Bonds, the New H Share Issue and the A Share Offering are subject to certain conditions, including but not limited to the market condition, the Shareholders' approval at the AGM, the Class Meetings (where applicable), as well as the approvals of the CBRC, the CSRC and/or other relevant regulatory authorities, and accordingly, may or may not proceed. Shareholders and potential investors are advised to exercise caution in dealing in the H Shares or other securities of the Bank.

This announcement is made by the Bank pursuant to the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO and Rule 13.09 of the Listing Rules.

The Board announces that, at the meeting of the Board held on 23 March 2016, it has resolved to seek the Shareholders' approval for various matters. Further details are set out below.

1. PROPOSED APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

The Board proposes to appoint Mr. Lin Yanjun (“**Mr. Lin**”) as an independent non-executive director of the Bank, subject to obtaining the Shareholders' approval as an ordinary resolution at the AGM and the approval of the relevant regulatory authorities.

The biographical details of Mr. Lin are set out below:

Mr. Lin Yanjun, aged 36, graduated from Peking University in June 2001, is currently a senior vice president and chief strategy officer of Jiufu Hujin Holdings Group Co., Ltd.** (玖富互金控股集團有限責任公司). From July 2001 to April 2015, Mr. Lin served successively as a manager at BOC International Holdings Limited, a manager at Cazenove (Asia) Limited, a manager at Bear Stearns Asia Limited, a director at Credit Suisse (Hong Kong) Limited, and a director at Barclays Capital Asia Limited.

Save as disclosed above, Mr. Lin did not hold any other positions in the Bank or any of its subsidiaries, or hold any directorships in other listed companies in the last three years. Mr. Lin does not have any relationship with any Director, senior management or substantial Shareholders of the Bank, nor does he have or is deemed to have any interest or short positions in the Shares, underlying shares or debentures of the Bank or any of its associated corporation within the meaning of Part XV of the SFO.

The Bank will enter into a service contract for his position as an independent non-executive director of the Bank for an initial term commencing from the date of approval by the relevant regulatory authorities till the end of the fourth session of the Board which may be terminated by either party furnishing written notice of not less than three months and in any event subject to retirement and reelection at annual general meeting pursuant to the Articles of Association. Mr. Lin is entitled to receive an independent non-executive director's annual remuneration of RMB210,000.

Save as disclosed above, the Board is not aware of any other matters in relation to the appointment of Mr. Lin that need to be brought to the attention of the Shareholders or any information that need to be disclosed pursuant to the requirements of Rule 13.51(2) (h) to (v) of the Listing Rules.

2. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In order to enhance the operation efficiency of the Bank and to strengthen the procedures for purchasing or disposing the shares and assets of the Bank, the Board proposes to amend the related provisions of the Articles of Association.

The proposed amendments are subject to obtaining the Shareholders' approval as a special resolution at the AGM. Such amendments will become effective upon approval by the Shareholders. The amended Articles of Association are now compared with the existing Articles of Association as follows to highlight the amendments (after adding new articles, the numbering of the articles will be re-numbered accordingly):

Existing Articles	Amended Articles
New article	Article 67 Any unit and individual which and who purchase 5% or more of the total number of issued shares of the Bank should obtain a prior approval of the banking regulatory authority under the State Council and send a written notice to the Bank. If, in the absence of the prior approval of the banking regulatory authority under the State Council, the number

	<p>of shares held by a shareholder equals to or in excess of 5% of the total number of issued shares of the Bank (“Excess Shares”) , prior to obtaining the approval such shareholder holding the Excess Shares shall be subject to the necessary restrictions when exercising the shareholder’s rights as stipulated in Article 59 of the Articles of Association, including but not limited to the following: (1) No voting rights shall be attached to the Excess Shares when a vote is taken at the Shareholders’ general meeting (including the class shareholders’ general meeting); and (2)The rights to nominate directors and supervisors as stipulated in the Articles of Association shall not be attached to the Excess Shares.</p> <p>If a shareholder holding the Excess Shares fails to obtain the approval from the banking regulatory authority under the State Council, such shareholder must transfer such Excess Shares within the period prescribed by the banking regulatory authority under the State Council.</p> <p>Notwithstanding the foregoing provisions, shareholders holding the Excess Share shall not be subject to any restriction when exercising the shareholders rights as stipulated in (1) and (8) of Article 59.</p>
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<p>Article 100 The general meeting of shareholders shall be held by the chairman of the Board of Directors. Where the chairman cannot perform his/her duties or fails to perform his/her duties, half of the directors or more shall jointly recommend one director to preside over the meeting.</p> <p>.....</p>	<p>Article 1010 The general meeting of shareholders shall be held by the chairman of the Board of Directors. Where the chairman cannot perform his/her duties or fails to perform his/her duties, <u>the deputy chairman shall preside over the meeting; where the deputy chairman cannot or fails to perform his/her duties,</u> half of the directors or more shall jointly recommend one director to preside over the meeting.</p>
<p>Article 163 The Board of Directors consists of fifteen (15) directors, including 1 chairman of Board of Directors, and the number of independent director shall be not less than one third (1/3) of all directors. It is not necessary for directors to hold shares of the Bank.</p> <p>The method and procedure for nominating the chairman of the Board of Directors are set out below:</p> <p>(1) Shareholders who individually or jointly hold 10% or above shareholdings of the Bank can nominate the chairman of the Board of Directors and the candidate of the chairman of the Board of Directors shall be the directors of the Bank.</p>	<p>Article 16343 The Board of Directors consists of fifteen (15) directors, including 1 chairman <u>and 1 deputy chairman</u> of Board of Directors, and the number of independent director shall be not less than one third (1/3) of all directors. It is not necessary for directors to hold shares of the Bank.</p> <p>The method and procedure for nominating the chairman of the Board of Directors are set out below:</p> <p>(1) Shareholders who individually or jointly hold 10% or above shareholdings of the Bank can nominate the chairman of the Board of Directors and the candidate of the chairman of the Board of Directors shall be the directors of the Bank.</p>

<p>(2) The qualification and conditions of the candidate for the chairman of the Board of Directors shall be reviewed by the nomination and compensation committee of the Board of the Directors and submit the candidate who meet the qualification for election at the meeting of the Board of Directors.</p>	<p>(2) The qualification and conditions of the candidate for the chairman of the Board of Directors shall be reviewed by the nomination and compensation committee of the Board of the Directors and submit the candidate who meet the qualification for election at the meeting of the Board of Directors.</p>
<p>New article</p>	<p>Article 167 Any fixed assets acquisition and asset disposal of the Bank with an amount below RMB30 million shall be approved by the president with the authorization of the Board of Directors, while an amount is more than RMB30 million (exclusive) but below RMB1 billion, it shall be approved by the Board of Directors; if the amount is more than RMB1 billion (exclusive), it shall be approved by the shareholders' general meeting.</p> <p>Acquisition and disposal of assets carried out under this article shall comply with the Hong Kong Listing Rules.</p>
<p>Article 178 The Board of Directors shall have 1 chairman of Board of Directors. The chairman of Board of Directors shall be elected by more than half of all the directors on the board meeting, and have a term of office for three (3) years and may be re-elected.</p>	<p>Article 18078 The Board of Directors shall have 1 chairman of Board of Directors <u>and 1 deputy chairman of Board of Directors</u>. The chairman of Board of Directors <u>and the deputy chairman of Board of Directors</u> shall be elected by more than half of all the directors on the board meeting, and have a term of office for three (3) years and may be re-elected.</p>

<p>Article 181 The meeting of the Board of Directors of the Bank shall be convened and presided by the chairman of the Board of Directors. Where the chairman of Board of Directors is unable to perform duties or fails to perform duties, more than half of the directors shall elect one director to perform duties.</p>	<p>Article 1831 The meeting of the Board of Directors of the Bank shall be convened and presided by the chairman of the Board of Directors. Where the chairman of Board of Directors is unable to perform duties or fails to perform duties, <u>the deputy chairman of the Board of Directors shall convene and preside the meeting; where the deputy chairman of the Board of Directors is unable to perform his/her duties,</u> more than half of the directors shall elect one director to perform duties.</p>
<p>Article 212 The way and procedures for nomination of supervisions are as follows:</p> <p>(1) The shareholder supervisor candidates are nominated by the Board of Supervisor or the shareholders that individually or jointly hold more than three percent (3%) voting shares of the Bank while such nomination shall comply with the Articles of Association of the Bank and the number of such nomination shall not exceed the number of candidates to be elected. External supervisor candidates are nominated by the Board of Supervisor or the shareholders that individually or jointly hold more than one percent (1%) voting shares of the Company;</p>	<p>Article 2142 The way and procedures for nomination of supervisions are as follows:</p> <p>(1) The shareholder supervisor candidates are nominated by the Board of Supervisor or the shareholders that individually or jointly hold more than three percent (3%) voting shares of the Bank while such nomination shall comply with the Articles of Association of the Bank and the number of such nomination shall not exceed the number of candidates to be elected. External supervisor candidates are nominated by the Board of Supervisor or the shareholders that individually or jointly hold more than one percent (1%) voting shares of the <u>CompanyBank</u>;</p>

The English version of this comparison table is an unofficial translation of its chinese version. In case of any discrepancies the chinese version shall prevail.

3. PROPOSED ISSUES OF THE BONDS

3.1 Proposed plan for the issues of the Bonds

Debt financing is an important means commonly used by banks to supplement working capital and cash flow and to ensure stable business development. In order to capture the favourable market opportunities, strengthen the successful development of the relevant financing work, satisfy the operational needs, further supplement the working capital and reasonably adjust the liabilities of the Bank, the Board proposes to issue the Tier 2 Capital Bonds and the Financial Bonds, in addition to the tier 2 capital bonds in the aggregate principal amount of RMB2.5 billion for a term of ten years as disclosed on page 418 of the Bank's prospectus dated 24 November 2015. The Bank has applied to the relevant authority for approval for the proposed issues of the Bonds. As at the date of this announcement, the Bank had not yet received the above approval.

The proposed issues of the Bonds are subject to obtaining Shareholders' approval as special resolutions at the AGM and necessary approvals from the CBRC and other relevant regulatory authorities.

Particulars of the proposed issues of the Bonds are as follows:

(A) PROPOSED ISSUE OF THE TIER 2 CAPITAL BONDS

- | | | |
|---------------------------------------|---|--|
| 1. Size | : | not more than RMB4 billion (inclusive) |
| 2. Maturity | : | not more than 10 years (inclusive) |
| 3. Interest rate | : | a fixed interest rate to be determined by the Bank and the principal underwriter(s) based on the prevailing market conditions at the time of the issue |
| 4. Use of proceeds | : | to replenish the Bank's tier two capital |
| 5. Target subscribers | : | members of the national inter-bank bond market of the PRC |
| 6. Term of validity of the resolution | : | 24 months, commencing from the date of passing of the relevant special resolution at the AGM |

(B) PROPOSED ISSUE OF THE FINANCIAL BONDS

1. Size : not more than RMB10 billion (inclusive)
2. Maturity : not more than 5 years (inclusive)
3. Interest rate : a fixed interest rate to be determined by the Bank and the principal underwriter(s) based on the prevailing market conditions at the time of the issue
4. Use of proceeds : to support the small and micro enterprise loan business of the Bank
5. Target subscribers : members of the national inter-bank bond market of the PRC
6. Term of validity of the resolution : 24 months, commencing from the date of passing of the relevant special resolution at the AGM

The Bonds will be issued to members of the national inter-bank bond market of the PRC, and will be traded and circulated in the national inter-bank bond market according to relevant rules and regulations of the PRC. The Bonds will not be listed on the Stock Exchange.

3.2 Authorization to the Board to implement the issues of the Bonds

It will be proposed at the AGM that the Board be authorized to implement the issues of the Bonds (including but not limited to the determination of the bond type, offering time, offering method, offering period, interest rate, use of proceeds and other terms of the issue), to make necessary adjustments pursuant to the requirement of the relevant regulatory authorities, and to delegate the Chairman or his designated persons to handle the relevant matters regarding the issues of the Bonds, execute relevant documents, appoint relevant professional parties and take any other actions that he/she may deem necessary for the purposes of the issues of the Bonds.

4. PROPOSED ISSUE OF NEW H SHARES UNDER SPECIFIC MANDATE

4.1 Proposed plan for the New H Share Issue

The Board proposes to issue, pursuant to a specific mandate to be sought at the AGM, not more than 1,000,000,000 New H Shares, representing approximately 17.30% of the total existing issued share capital of the Bank before the issue, and approximately 14.75% of total enlarged issued share capital of the Bank after the issue; and representing approximately 65.91% of the existing issued H Shares of the Bank before the issue, and approximately 39.72% of the enlarged issued H Shares of the Bank after the issue.

The proposed issue of New H Shares under specific mandate and other related matters below are conditional and subject to (i) obtaining Shareholders' approval as special resolutions at the AGM and the Class Meetings (in respect of 4.1 and 4.5) and necessary approvals from the CBRC, the CSRC and other relevant regulatory authorities; (ii) the entering into of subscription agreements between the Bank and the investors and such subscription agreements(s) not being terminated in accordance with the terms therein; and (iii) the Listing Committee of the Stock Exchange granting listing of and permission to deal in all of the New H Shares to be issued and allotted pursuant to the proposed New H Share Issue.

Details of the proposed New H Share Issue are as follows:

(1) Class of Shares to be issued

Ordinary H Shares with a nominal value of RMB1.00 each. New H Shares will be listed on the Main Board of Stock Exchange after issuance. Unless otherwise required by the applicable PRC laws and regulations and the Articles of Association, the New H Shares shall rank *pari passu* with the issued Domestic Shares and H Shares.

(2) Method of issuance

Non-public offering, subject to the approval for the listing and trading of the New H Shares from relevant regulatory authorities (including but not limited to CBRC and CSRC) and the Stock Exchange.

(3) Target placees

The New H Shares will be placed to not more than 10 qualified foreign investors (excluding those in respect of which subscription has been prohibited under relevant laws and regulations), who (together with their

respective ultimate beneficial owners) are independent third parties and not connected persons (as defined under the Listing Rules) of the Bank and the connected persons of the Bank. The actual placee(s) is subject to the adjustment according to the prevailing marketing condition at the time of issue.

(4) Method of subscription

The New H Shares are to be subscribed by the investors in cash, and issued and allotted in accordance with the terms of the subscription agreements to be entered into between the Bank and the investors.

(5) Size of issuance

The Bank will issue not more than 1,000,000,000 New H Shares, representing approximately 17.30% of the total existing issued share capital of the Bank before the issue, and approximately 14.75% of total enlarged issued share capital of the Bank after the issue; and representing approximately 65.91% of the existing issued H Shares of the Bank before the issue, and approximately 39.72% of the enlarged issued H Shares of the Bank after the issue. The actual size of issuance will be determined by the two executive Directors (Mr. Zhang Wei and Mr. Wang Jing) or any senior management delegated by any of them as authorized by the Shareholders based on the prevailing market conditions at the time of the issuance after negotiation with the lead underwriter(s). The size of issuance is subject to adjustments if there is any ex-dividend or ex-rights, such as dividend distribution, bonus distribution, equity increase, new shares placing and allotment of shares, occurs during the period from the approval of the Board to the date of issuance.

(6) Pricing mechanism

The New H Shares will be issued at a price to be determined by the two executive Directors (Mr. Zhang Wei and Mr. Wang Jing) and the senior managements delegated by any of them with reference to the rule of fair trade, the capital market conditions and the stock price of the Bank after negotiation with the lead underwriter(s). In any event, the issue price of New H Shares shall comply with the requirements of the relevant PRC and Hong Kong rules and market practice.

(7) Lock-up period

The New H Shares will not be subject to any lock-up period.

(8) Use of proceeds

The proceeds of the proposed New H Share Issue, after deducting relevant expenses, will all be used to replenish the core tier I capital of the Bank.

(9) Accumulated profits

Any accumulated profits of the Bank which remain undistributed immediately before the proposed New H Share Issue shall be for the benefit of all the Shareholders (including the subscriber(s) of the New H Shares) as a whole.

(10) Underwriting

The global coordinator(s) and bookrunner(s) will be determined by the two executive Directors (Mr. Zhang Wei and Mr. Wang Jing) within the authorization delegated by the Board and shall procure the subscriber(s) for the New H Shares.

(11) Time of issuance

The Bank will select an appropriate time within the validity period of the resolutions to be passed at the AGM and the Class Meetings (where applicable) to implement the New H Share Issue. The New H Share Issue is subject to approval by CBRC, CSRC and the Stock Exchange. The Board and the persons delegated by the Board will determine the actual time of issuance with reference to the domestic and international capital market conditions, as well as the status of review of the Bank's application for the relevant approvals by the PRC and overseas administrative and/or regulatory authorities. It is intended the timing for the entering of the relevant subscription agreement(s) will comply with the relevant restrictions under the Listing Rules which apply to the initial public offer of the H Shares as stated in the prospectus of the Bank dated 24 November 2015.

(12) Validity period of the resolutions

The resolutions relating to the New H Share Issue will be valid for 12 months, commencing from the date of passing of the relevant special resolutions at the AGM and the Class Meetings (where applicable). The Board shall propose the Shareholders' general meeting to consider and approve the extension of the validity period if the New H Share Issue is not completed within such 12-month validity period.

4.2 Reasons for and benefits of the New H Share Issue

The Bank intends to further improve its capital adequacy ratio and enhance its risk resistance capability and profitability by replenishing its core capital. Meanwhile, the Bank will make a good use of financing advantages in Hong Kong capital market to satisfy the Bank's demand for capital for the sustainable and steady development of its business, thus bringing better return to the Shareholders.

Having considered, among other things, the foregoing reasons for and benefits of the New H Share Issue, the Directors are of the view that the specific mandate to issue New H Shares is in the interests of the Bank and the Shareholders as a whole.

4.3 Effects of the New H Share Issue on the shareholding structure of the Bank

For reference and illustration purposes only, assuming that a total of 1,000,000,000 New H Shares under the New H Share Issue are permitted for issuance and all of the New H Shares are issued, and there are no changes to the issued share capital of the Bank prior to completion of the New H Share Issue, the shareholding structure of the Bank as at the date of this announcement and immediately after the completion of the New H Share Issue is set out as follows:

	As at the date of this announcement		Immediately after completion of the New H Share Issue	
	Number of Shares	As a percentage of total issued Shares (%)	Number of Shares	As a percentage of total issued Shares (%)
Domestic Shares	4,264,295,684	73.76	4,264,295,684	62.88
H Shares	1,517,320,000	26.24	1,517,320,000	22.37
New H Shares	—	—	1,000,000,000	14.75
Total	<u>5,781,615,684</u>	<u>100</u>	<u>6,781,615,684</u>	<u>100</u>

4.4 Application for listing

Application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in all the New H Shares on the Stock Exchange, as and when appropriate.

4.5 Authorization to the Board to Implement the New H Share Issue

The Board will seek the Shareholders' authorization at the AGM and the Class Meetings respectively to authorize the Board and two executive Directors delegated by the Board and any senior managements delegated by any of them to deal with and complete all the matters in relation to the New H Share Issue with full authority for a term of 12 months following the passing of the relevant resolution(s) at the AGM and/or the Class Meetings. Such matters include but are not limited to:

- (a) be responsible for determining the placee(s) and final issue price, the execution, implementation, modification, supplement and completion of subscription agreements with investors, and the execution, implementation, modification, supplement and completion of any supplemental agreement or other documents (if any) to the subscription agreements;
- (b) be responsible for determining the actual size of issuance based on the condition at the time of issue;
- (c) be responsible for determining the time of issuance;
- (d) deal with all the relevant approvals, registration, filing, sanction and permission to the relevant PRC and overseas regulatory authorities, institutions and Exchanges, and obtain from the Stock Exchange the approval for listing of and permission to deal in all of the New H Shares to be issued and allotted pursuant to the New H Share Issue on the Main Board of the Stock Exchange;
- (e) deal with matters relating to appointment and engagement of relevant intermediaries;

- (f) approve and authorize the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited to, on behalf of the itself or any other person/institution delegated by it, place, allot and issue New H Shares, and register the placee(s) or HKSCC Nominees Limited as holder of the New H Shares in the H Share register of members of the Bank in Hong Kong;
- (g) implement the proposed amendments to the Articles of Association consequential to the New H Share Issue and deal with the relevant registration and filing procedures with the relevant industry and commerce administration authorities and other matters during the validity period of the resolutions relating to the New H Share Issue; and
- (h) deal with any other matter relating to the issue of the New H Shares.

Upon the authorization by the Shareholders at the AGM and the Class Meetings as mentioned above, the Board will delegate such authorization to Mr. Zhang Wei (an executive Director and Chairman) and Mr. Wang Jing (an executive Director), severally or jointly, to exercise the authorization granted by the Shareholders to the Board as mentioned above.

Depending on market conditions, the Board may or may not exercise the proposed specific mandate, if granted, to issue the New H Shares. If the Board proceeds with the New H Share Issue pursuant to the specific mandate, a separate announcement will be made.

4.6 Proposed consequential amendments to the Articles of Association

Upon completion of the proposed New H Share Issue, the number of H Shares in issue, the registered capital and the capital structure of the Bank will change and therefore consequential amendments to the Articles of Association are necessary. The Board will seek the Shareholders' authorization at the AGM to authorize the Board and the persons delegated by the Board to implement the proposed amendments to the Articles of Association consequential to the New H Share Issue and deal with the relevant registration and filing procedures with the relevant industry and commerce administration authorities and other matters during the validity period of the resolutions relating to the New H Share Issue. The amendments shall be subject to the approval of the AGM and the CBRC, and shall be effective since the completion of the New H Share Issue.

The amendments may involve the following existing articles of the Articles of Association:

Article 25 With the approval of the authority authorized by the State Council, the Bank may issue 5,781,615,684 ordinary shares. The shareholding structure of the Bank is: 5,781,615,684 ordinary shares, among which, 4,264,295,684 are domestic shares, accounting for 73.76% of the total shares of the Bank; 1,517,320,000 are H shares, accounting for 26.24% of the total shares of the Bank.

Article 28 The Bank's registered capital shall be RMB5,781,615,684.

5. PROPOSED A SHARE OFFERING UNDER SPECIFIC MANDATE

5.1 Proposed plan for the A Share Offering

The Board proposes to apply for an initial public offering and listing of the Bank's A Shares in order to further optimize the corporate governance structure of the Bank, develop domestic and international financing platforms and improve the liquidity of all Shares held by the Shareholders after the successful listing of the Bank's H Shares. The total number of A Shares to be issued under the A Share Offering pursuant to a specific mandate to be sought at the AGM will be not more than 1,927,000,000 A Shares, representing approximately 33.33% of the total existing issued share capital of the Bank before the issue, and approximately 25.00% of total enlarged issued share capital of the Bank after the issue; and representing approximately 45.19% of the existing issued Domestic Shares of the Bank before the issue, and approximately 31.12% of the enlarged issued Domestic Shares of the Bank after the issue.

The proposed A Share Offering under specific mandate and other related matters below are conditional and subject to market conditions and obtaining Shareholders' approval as special resolutions at the AGM, Class Meetings (in respect of 5.1, 5.4, 5.6, 5.8 to 5.11 only) and necessary approvals from the CBRC, the CSRC and other relevant regulatory authorities.

Details of the proposed A Share Offering are as follows:

(a) Class of shares to be issued

domestic listed RMB ordinary Shares (A Shares)

(b) Nominal value per share

RMB1.00

(c) Proposed stock exchange for the listing

Shanghai Stock Exchange

(d) Offering size

The total number of A Shares to be issued will be not more than 1,927,000,000 A Shares, representing approximately 45.19% and 33.33% of the Domestic Shares in issue and issued share capital of the Bank as at the date of this announcement, respectively.

The actual offering size will be determined by the Board as authorized by the Shareholders based on capital requirements of the Bank, communications with the regulatory authorities and the prevailing market conditions at the time of the offering.

(e) Target subscribers

Target subscribers will be qualified individuals and institutional investors (excluding those in respect of which subscription has been prohibited under relevant laws and regulations).

If any of the above target subscribers of the A Share Offering is a connected person of the Bank, the Bank will take all reasonable measures to comply with the relevant listing rule requirements of the jurisdictions at which the A Shares are listed.

(f) Strategic placing

The Bank may carry out strategic placings at the time of the A Share Offering, as required, to investors who satisfy the requirements under applicable laws and regulations and the development strategy of the Bank based on the needs for business cooperation and scale of financing. The specific placing ratio will be determined according to the requirements of laws and regulations and subject to market conditions at the time of such placing.

(g) Method of offering

The offering will be conducted through a combination of placing to participants in the price consultation process through price consultation and online subscription pricing method, or through any other methods of offering as authorized by the CSRC.

(h) Pricing methodology

Taking into account the conditions in the capital markets and the Bank at the time of the A Share Offering, the issue price of the A Shares will be fixed through making enquiries with offline investors or fixed directly through negotiations between the lead underwriter(s) and the Bank, or by any other legally practicable methods.

(i) Form of underwriting

The offering will be underwritten by the underwriter(s) on a standby commitment basis.

(j) Time of issuance

The Bank will select an appropriate time within the validity period of the resolutions to be passed at the AGM and the Class Meetings (where applicable) to implement the A Share Offering. The A Share Offering is subject to approval by CBRC, CSRC and the Stock Exchange. The Board and the persons delegated by the Board will determine the actual time of issuance with reference to the domestic and international capital market conditions, as well as the status of review of the Bank's application for the relevant approvals by the PRC and overseas administrative and/or regulatory authorities. It is intended the timing for the implementation of the A Share Offering will comply with the relevant restrictions under the Listing Rules which apply to the initial public offer of the H Shares as stated in the prospectus of the Bank dated 24 November 2015.

(k) Conversion into a joint stock company with limited liability with domestic and overseas listed shares

Since H Shares of the Bank are listed on the Main Board of the Stock Exchange and the Bank intends to apply for the listing of A Shares on the Shanghai Stock Exchange, the Bank will make an application to convert into a joint stock company with limited liability with domestic and overseas listed shares.

(l) Valid period of the resolutions

The resolutions relating to the A Share Offering will be valid for 18 months, commencing from the date of passing of the relevant special resolutions at the AGM and the Class Meetings (where applicable).

5.2 Reasons for and benefits of the A Share Offering

The Directors consider that the A Share Offering will further optimize the corporate governance structure of the Bank, develop domestic and international financing platforms and improve the liquidity of all Shares held by the Shareholders.

The Directors consider that the A Share Offering is in the interests of the Bank and the Shareholders as a whole.

5.3 Effects of the A Share Offering on the shareholding structure of the Bank

For reference and illustration purposes only, assuming that a total of 1,927,000,000 A Shares are to be issued under the A Share Offering and there are no changes to the issued share capital of the Bank prior to the completion of the A Share Offering, the shareholding structure of the Bank as at the date of this announcement and immediately after the completion of the A Share Offering are set out as follows:

	As at the date of this announcement		Immediately after completion of the A Share Offering	
	Number of Shares	As a percentage of total issued Shares (%)	Number of Shares	As a percentage of total issued Shares (%)
Domestic Shares				
- Domestic Shares in issue	4,264,295,684	73.76	4,264,295,684	55.32
- A Shares to be issued under the A Share Offering	—	—	1,927,000,000	25.00
H Shares	<u>1,517,320,000</u>	<u>26.24</u>	<u>1,517,320,000</u>	<u>19.68</u>
Total	<u>5,781,615,684</u>	<u>100</u>	<u>7,708,615,684</u>	<u>100</u>

5.4 Authorization to the Board to implement the A Share Offering

The Board will seek the Shareholders' authorization at the AGM and the Class Meetings respectively to authorize the Board to implement the A Share Offering, including but not limited to:

- (a) in accordance with the relevant regulatory requirements of the securities regulatory authorities of the PRC and outside the PRC and considering the conditions in the capital market, to be fully responsible for the improvement and implementation of the plan, including but not limited to, determining the number of shares to be offered, the issue price, the commitments of the Bank, the strategic placing, the specific offering date, offering methods, the allocation ratio of the fund and other matters relating to the implementation of the plan; to adjust the plan for the A Share Offering, unless required to be voted on the general meetings by relevant laws, regulations, regulatory documents and Articles of Association, in accordance with the circumstances arising from the actual implementation of the plan for the A Share Offering, the market conditions, policy adjustments and the views of regulatory authorities;
- (b) in accordance with the plan for the A Share Offering, to apply for vetting, registration, filing, approval and consent by relevant government agencies and regulatory authorities in, and out of, the PRC; to sign, execute, modify, complete and deliver any agreements, contracts or the necessary documents relating to the A Share Offering; to determine the fund raising account; to publish the statements and commitments relating to the A Share Offering and act appropriately;
- (c) to draft, modify, sign, deliver, publish, disclose, execute, suspend, and terminate any agreements, contracts, announcements, circulars or other necessary documents (including but not limited to letter of intent, prospectus, recommendation and guarantee agreement, underwriting agreement, listing agreement and intermediary service agreement) relating to the A Share Offering; to engage the sponsor, underwriter, legal counsel, accountant, receiving bank and other intermediaries relating to the A Share Offering; to determine and pay for the expenses relating to the A Share Offering;
- (d) to revise the relevant provisions of the Articles of Association and other governance documents relating to the A Share Offering in accordance with the actual issuance, and to handle the registration of the relevant changes with the industry and commerce authorities;

- (e) in accordance with the actual issuance, to handle the approval, filing and registration of the relevant changes with CBRC and the industry and commerce authorities;
- (f) to handle other matters which the Board consider as necessary, proper or appropriate matters for the A Share Offering; and
- (g) to authorize other director or relevant person to, acting individually or in concert, to handle specific matters relating to the implementation the plan for A Share Offering.

5.5 Use of the proceeds from the A Share Offering

In accordance with the *Company Law of the PRC*, the *Securities Law of the PRC*, and the *Administrative Measures for Initial Public Offering and Listing of Shares* (《首次公開發行股票並上市管理辦法》) issued by the CSRC, the proceeds to be raised from the A Share Offering, after deduction of relevant offering expenses, will be used to replenish the core tier I capital of the Bank to enhance its capital adequacy ratio.

5.6 Distribution of the accumulated undistributed profits before the A Share Offering

In accordance with the *Company Law of the PRC*, the *Securities Law of the PRC*, and the *Administrative Measures for Initial Public Offering and Listing of Shares* (《首次公開發行股票並上市管理辦法》) issued by the CSRC, the accumulated undistributed profits of the Bank before the A Share Offering should be shared by the old and new Shareholders after the A Share Offering in proportion to their respective shareholdings.

5.7 Three-year dividend plan after the A Share Offering

In order to further strengthen the awareness of rewarding Shareholders, improve the profit distribution system and offer continuous, stable and reasonable investment returns to Shareholders, the Bank has formulated the *Three-year Dividend Plan after the A Share Offering* based on the requirements of the *Company Law of the PRC*, the *Securities Law of the PRC*, the *Notice of the China Securities Regulatory Commission on Further Implementing Matters Relevant to the Cash Dividend Distribution by Listed Companies* (《中國證券監督管理委員會關於進一步落實上市公司現金分紅有關事項的通知》), and the *Guideline No. 3 on the Supervision and Administration of Listed Companies — Distribution of Cash Dividends of Listed Companies* (《上市公司監管指引第3號—上市公司現金分紅》), as well as the Articles of Association, and taking into full account its

actual operations and the needs of future development. It will also be proposed at the AGM that the Board be authorized to adjust the plan based on any changes in laws, regulations, regulatory documents and related policies or the opinions of the regulatory authorities in, and out of, the PRC.

5.8 Price stabilizing plan for the A Shares within three years after the A Share Offering

Pursuant to the requirements of laws, administrative rules and regulations, departmental rules and regulations and regulatory documents, in particular, the *Opinions on Further Promoting the Reform of the System of Initial Public Offerings* (《關於進一步推進新股發行體制改革的意見》) issued by the CSRC, the Bank has formulated the *Price Stabilising Plan for the A Shares of Bank of Jinzhou Co., Ltd. within Three Years after the A Share Offering* in order to enhance the fiduciary duties of Shareholders and senior management of the Bank and protect the interests of minority Shareholders.

Under this plan, the Bank undertakes that if, within three years after the A Share Offering, the daily closing prices of the A Shares of the Bank for 20 consecutive trading days are lower than its latest audited net asset value per Share (if, after the date of the audit for the latest period, the net assets or the total number of Shares of the Bank have changed due to profit distribution, conversion of capital reserve into share capital, additional offering, and placing of shares, etc., the net asset per Share shall be adjusted accordingly), the Bank will execute the *Price Stabilising Plan for the A Shares of Bank of Jinzhou Co., Ltd. within Three Years after the A Share Offering*. It will also be proposed at the AGM that the Board be authorized to formulate specific stabilisation plan according to applicable laws and regulations and perform the plan after completion of internal and external procedures as well as making public disclosures in accordance with the securities listing rules of the jurisdictions where the Shares of the Bank are listed.

5.9 Undertakings relating to the disclosure of information in the prospectus published in connection with the A Share Offering

In accordance with the *Opinions on Further Promoting the Reform of the System of Initial Public Offerings* (《關於進一步推進新股發行體制改革的意見》) issued by the CSRC and other relevant laws and regulations, the Bank should give the following undertakings relating to the disclosure of information in the listing documents for initial public offering of A shares: the Bank shall, within five days after the competent department such as the CSRC or a people's court has made

a final ruling thereon or a ruling thereon has become effective, initiate the procedures for share repurchase to repurchase all the new A Shares of the Bank under the public offering and listing for any false representation, misleading statement or material omission contained in the prospectus of the Bank which would have a material and substantial effect on the ability of the Bank to satisfy the conditions of offering under law. Details of the share repurchase scheme will be subject to the internal and external review and approval of the Bank under applicable laws, regulations, regulatory documents and the Articles of Association. The repurchase price shall not be lower than the issue price thereof plus interest on such shares for such periods from issue to such repurchase at the prevailing bank demand deposit interest rate. In case of any ex-rights or ex-dividend activities such as profit distribution, bonus shares, conversion of reserves to share capital after the offering and listing, such repurchase shall cover all the new A Shares and their underlying Shares under the public offering, and the above share issue price shall be adjusted for such ex-rights and ex-dividends activities.

In addition, pursuant to relevant provisions required by CSRC, the Bank shall also make the following undertaking in its public offering and listing documents: the Bank will compensate the investors fully and promptly for any losses in securities trading suffered by them due to any false representation, misleading statement or material omission in the prospectus of the Bank in accordance with law based on the final determination or the effective ruling handed down by the competent department such as the CSRC or a people's court. The Bank shall be liable under relevant laws, regulations, regulatory documents and the requirements of the regulatory authorities if it fails to observe the above undertakings. Should the relevant laws, regulations and regulatory documents (including the listing rules of the jurisdiction where the Shares of the Bank are listed) have other requirements in respect of the Bank's performance of the above undertakings, the Bank shall comply with such other requirements.

5.10 Dilution of immediate return and recovery of return on the A Share Offering

In accordance with the *Opinions of General Office of the State Council on Further Strengthening the Protection of Legitimate Rights and Interests of Small and Medium Investors in Capital Market* (Guo Ban Fa [2013] No. 110) (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》(國辦發[2013]110號)) and other relevant laws and regulations, the Bank shall analyze the dilution of immediate return on the A Share Offering, and adopt relevant measures on recovery of return, which will be submitted to Shareholders for approval at the AGM.

5.11 Undertakings to be given for the purpose of the A Share Offering

In accordance with the *Opinions on Further Promoting the Reform of the System of Initial Public Offerings* (《關於進一步推進新股發行體制改革的意見》) issued by the CSRC and other relevant laws and regulations, the Bank should give the following undertakings relating to the listing of A Shares:

- (a) the Bank shall perform its duties and undertake its responsibilities in accordance with the restricting measures committed during the listing of A Shares;
- (b) in case that the Bank could not perform its duties and undertake its responsibilities, the Bank shall disclose the detailed reasons for not performing through the media appointed by the CSRC and shall compensate the investors fully and promptly for any losses in securities trading suffered by them due to the reliance on the commitments of the Bank based on the final determination or the effective ruling handed down by the competent department such as the CSRC or a people's court; and
- (c) the Bank shall follow the detailed restricting measures mentioned in the undertakings made during the listing of A Shares.

5.12 Proposed consequential amendments to the Articles of Association

The Bank proposes to make certain amendments to the Articles of Association to be applicable and valid after the listing of A Shares in accordance with the requirements of the relevant laws, regulations and regulatory documents. The Board will also seek the Shareholders' authorization at the AGM to authorize the Board and the Chairman delegated by the Board to implement the proposed amendments to the Articles of Association consequential to the A Share Offering. The amended Articles of Association will become effective from the date when the A Shares to be issued under the A Share Offering are listed on the relevant stock exchange. The details of the proposed consequential amendments to the Articles of Association will be disclosed in the circular which will be despatched to the Shareholders in due course.

6. OTHER INFORMATION FOR THE NEW H SHARE ISSUE AND THE A SHARE OFFERING

6.1 Fund raising activities since listing of the Bank

Apart from the issue of a total of 1,517,320,000 Shares in the initial public offering of H Shares in December 2015 (including 1,320,000,000 H Shares at the time of listing of the Bank and 197,320,000 over-allotment H Shares), during the period from the date of listing of the H Shares of the Bank on the Stock Exchange (i.e. 7 December 2015) to the date of this announcement, no fund raising activities were conducted by the Bank.

6.2 Report on use of proceeds from past fund raising activities

The Bank issued a total of 1,517,320,000 Shares in the initial public offering of H Shares in December 2015 (including 1,320,000,000 H Shares at the time of listing of the Bank and 197,320,000 over-allotment H Shares), and the total proceeds raised were approximately HK\$7,071 million. The net proceeds after deducting the amount payable to the National Council for Social Security Fund were approximately RMB5,136 million. By reference to the relevant requirements of CSRC relating to the submission of a report of use of proceeds from past fund raising activities for approval at a general meeting before a further shares issuance in the PRC, the Bank will propose an ordinary resolution for approval at the AGM on the use of proceeds from the initial public offering of H Shares. The Bank reports that the funds raised from the initial public offering were used in accordance with the proceeds investment plan, and the actual uses of proceeds were in line with the disclosure in the prospectus of the initial public offering of H Shares dated 24 November 2015.

6.3 Public float

As at the date of this announcement, based on the publicly available information and to the best of the Directors' knowledge, all the H Shares are held by the public, and the Bank has maintained a public float above the minimum requirements as prescribed in the waiver granted by the Stock Exchange from strict compliance with Rule 8.08(1)(d) of the Listing Rules. The Bank undertakes that it will continue to comply with the public float requirement as prescribed in the aforesaid waiver during the application process and after completion of the A Share Offering.

GENERAL

The Bank will convene the AGM and Class Meetings (where applicable) to seek approval from the Shareholders for the above matters.

A circular containing, among other things, details of the above matters will be despatched to the Shareholders in due course.

The proposed issues of the Bonds, the New H Share Issue and the A Share Offering are subject to certain conditions, including but not limited to the market condition, the Shareholders' approval at the AGM, the Class Meetings (where applicable), as well as the approvals of the CBRC, the CSRC and/or other relevant regulatory authorities, and accordingly, may or may not proceed. Shareholders and potential investors are advised to exercise caution in dealing in the H Shares or other securities of the Bank.

DEFINITIONS

Unless the context otherwise requires, the following expressions in this announcement have the following meanings:

“AGM”	the annual general meeting of the Bank to be held on 25 May 2016 or any adjournment thereof
“Articles of Association”	the articles of association of the Bank
“A Share(s)”	ordinary share(s) proposed to be issued by the Bank pursuant to the A Share Offering and subscribed for in Renminbi
“A Share Offering”	the Bank's proposed initial public offering of not more than 1,927,000,000 A Shares, which are proposed to be listed on the Shanghai Stock Exchange
“Bank”	Bank of Jinzhou Co., Ltd.* (錦州銀行股份有限公司), a joint stock company incorporated in the PRC with limited liability, whose H Shares are listed on the Main Board of the Stock Exchange
“Board”	the board of Directors
“Bonds”	collectively, the Tier 2 Capital Bonds and the Financial Bonds

“CBRC”	China Banking Regulatory Commission
“Class Meeting(s)”	the H Shareholders’ Class Meeting and/or the Domestic Shareholders’ Class Meeting (as the case may be)
“CSRC”	China Securities Regulatory Commission
“Chairman”	the chairman of the Board
“Director(s)”	director(s) of the Bank
“Domestic Shareholders’ Class Meeting”	the class meeting of the holders of Domestic Shares to be convened and held on 25 May 2016 immediately after the conclusion of the AGM to be held on the same date at the same place or any adjournment thereof
“Domestic Shareholders”	holders of Domestic Shares
“Domestic Share(s)”	the ordinary share(s) in the capital of the Bank with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in Renminbi by PRC nationals and/or PRC corporate entities
“Financial Bonds”	the financial bonds specialized for small and micro enterprises that the Board has resolved to issue
“H Shareholders’ Class Meeting”	the class meeting of the holders of H Shares to be convened and held on 25 May 2016 immediately after the conclusion of the Domestic Shareholders’ Class Meeting to be held on the same date at the same place or any adjournment thereof
“H Share(s)”	overseas-listed foreign investment shares in the share capital of the Bank, which are listed on the Main Board of the Hong Kong Stock Exchange with a nominal value of RMB1.00 each
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“New H Shares”	not more than 1,000,000,000 new H Shares proposed to be issued upon the exercises of a specific mandate to be granted to the Board by the Shareholders at the AGM and the Class Meetings
“New H Share Issue”	the proposed issue of not more than 1,000,000,000 New H Shares
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holders of the Shares
“Share(s)”	the Domestic Share(s) and/or the H Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tier 2 Capital Bonds”	the tier 2 capital bonds that the Board has resolved to issue

By order of the Board
Bank of Jinzhou Co., Ltd.
Zhang Wei
Chairman

Jinzhou, the PRC, 23 March 2016

As at the date of this announcement, the Board comprises Mr. Zhang Wei, Ms. Chen Man, Ms. Zhao Jie, Mr. Wang Jing and Ms. Wang Xiaoyu, as executive Directors; Mr. Li Dongjun, Mr. Zhang Caiguang, Mr. Wu Zhengkui and Ms. Gu Jie, as non-executive Directors; Mr. Jiang Daxing, Mr. Deng Xiaoyang, Mr. Niu Sihui, Ms. Jiang Jian and Mr. Choon Yew Khee, as independent non-executive Directors.

** Bank of Jinzhou 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 and/or deposit-taking business in Hong Kong.*

*** For identification purpose only.*