

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Bank.

This announcement is not, and does not form any part of, an offer or invitation for the sale of securities in the United States (as defined in Regulation S under the United States Securities Act of 1933 (the “Securities Act”)). Neither this announcement nor anything herein nor any copy thereof may be taken into or distributed, directly or indirectly, in or into the United States or any other jurisdiction where such release or distribution might be unlawful. The securities referred to herein have not been and will not be registered under the Securities Act, and may not be offered, sold or otherwise transferred within the United States unless the securities are registered under the Securities Act, or an exemption from the registration requirements of the Securities Act is available. The Bank does not intend to register any securities described herein in the United States or to make any public offering of the securities in the United States.



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)

(the “Bank”)

(Stock code: 0416)

PLACING OF NEW H SHARES UNDER THE SPECIFIC MANDATE

Sole Global Coordinator



Placing Agents



The Board is pleased to announce that on 16 December 2016 (after trading hours), the Bank and the Placing Agents entered into the Placing Agreement, pursuant to which the Placing Agents severally agree, as the placing agents of the Bank and on a best-effort basis, to procure not less than six (6) and not more than ten (10) Placees, who (together with their respective ultimate beneficial owners) are third parties independent of the Bank and its connected persons, for the Placing Shares at the Placing Price of HK\$7.5 per Placing Share (together with such brokerage, SFC transaction levies and Stock Exchange trading fees (if any) as may be payable) on the terms and subject to the conditions precedent set out in the Placing Agreement.

The Placing Shares comprise up to 1,000,000,000 new H Shares to be allotted and issued by the Bank with an aggregate nominal value of RMB1,000,000,000. The Placing Shares represented approximately 65.91% and 17.30%, respectively, of the total issued H Shares and the total issued Shares of the Bank as at the date of this announcement, and approximately 39.72% and 14.75%, respectively, of the total enlarged issued H Shares and the total enlarged issued Shares of the Bank after the issue of the Placing Shares.

The net proceeds from the Placing will be approximately HK\$7.4 billion. The Bank intends to use the net proceeds from the Placing to replenish the core tier 1 capital of the Bank.

The completion of the Placing is subject to the satisfaction of certain conditions precedent, including but not limited to the approval to be granted by the Listing Committee of the Stock Exchange relating to the listing of and permission to deal in all of the Placing Shares. Accordingly, the Shareholders and potential investors of the Bank are advised to exercise caution in dealing in the H Shares or other securities of the Bank.

References are made to the Bank's announcement dated 23 March 2016, the circular dated 13 May 2016 and the announcement of poll results dated 29 June 2016 of the AGM and the Class Meetings, in relation to, among other things, the issue of not more than 1,000,000,000 new H Shares by the Bank.

The Board is pleased to announce that on 16 December 2016 (after trading hours), the Bank and the Placing Agents entered into the Placing Agreement. The principal terms of the Placing Agreement are set out below.

THE PLACING AGREEMENT

Date: 16 December 2016 (after trading hours)

Parties:

- (i) the Bank;
- (ii) CMB International Capital Limited (“CMBI” or the “**Sole Global Coordinator**”);
- (iii) China Securities (International) Corporate Finance Company Limited; and
- (iv) Dongxing Securities (Hong Kong) Company Limited (together with CMBI and China Securities (International) Corporate Finance Company Limited are collectively referred to as the “**Placing Agents**”).

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, the Placing Agents and their respective ultimate beneficial owners are third parties independent of the Bank and its connected persons.

PLACING AND PLACEES

Pursuant to the Placing Agreement, the Placing Agents severally agree, as the placing agents of the Bank and on a best-effort basis, to procure not less than six (6) and not more than ten (10) Placees, who (together with their respective ultimate beneficial owners) are third parties independent of the Bank and its connected persons, for the Placing Shares at the Placing Price (together with such brokerage, SFC transaction levies and Stock Exchange trading fees (if any) as may be payable) on the terms and subject to the conditions precedent set out in the Placing Agreement.

It is expected that none of the Placees will become a substantial shareholder of the Bank as a result of the completion of the Placing.

NUMBER OF PLACING SHARES

The Placing Shares comprise up to 1,000,000,000 new H Shares to be allotted and issued by the Bank with an aggregate nominal value of RMB1,000,000,000. The Placing Shares represented approximately 65.91% and 17.30%, respectively, of the total issued H Shares and the total issued Shares of the Bank as at the date of this announcement, and approximately 39.72% and 14.75%, respectively, of the total enlarged issued H Shares and the total enlarged issued Shares of the Bank after the issue of the Placing Shares.

RANKING OF PLACING SHARES

The Placing Shares shall rank *pari passu* in all respects among themselves and with all other H Shares.

PLACING PRICE

The Placing Price of HK\$7.5 per Placing Share represents:

- (i) a discount of approximately 11.2% to the closing price of HK\$8.45 per H Share as quoted on the Stock Exchange on 16 December 2016, being the date of the Placing Agreement;
- (ii) a discount of approximately 9.0% to the average closing price of HK\$8.24 per H Share as quoted on the Stock Exchange for the last five (5) trading days prior to the date of the Placing Agreement; and
- (iii) a discount of approximately 7.4% to the average closing price of HK\$8.10 per H Share as quoted on the Stock Exchange for the last twenty (20) trading days prior to the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiation between the Bank and the Placing Agents with reference to the rule of fair trade, the capital market conditions and the stock price of the Bank.

In line with the pricing mechanism as set out in the circular of the Bank dated 13 May 2016, the Placing Price does not represent a discount of 20% or more to the average closing price of the H Shares as quoted on the Stock Exchange over the last five (5) trading days prior to the date of the Placing Agreement and is not less than RMB4.54 per Placing Share, being the audited net asset value per Share as stated in the audited financial statements of the Bank for the year ended 31 December 2015.

PLACING FEE

The Bank will pay to the Placing Agents in Hong Kong dollars a total placing fee equal to one percent (1%) of the Placing Price multiplied by the number of the Placing Shares on the terms and subject to the conditions precedent of the Placing Agreement. The placing fee was negotiated on arm's length basis between the Bank and the Placing Agents and determined with reference to, among other things, the prevailing market rate of placing fee and the size and scale of the Placing.

CONDITIONS OF THE PLACING

Completion of the Placing is conditional upon the fulfillment or waiver (waivable by the Sole Global Coordinator for and on behalf of the Placing Agents in respect of below (iv) to (vi) only) of the following conditions precedent:

- (i) necessary approvals from the relevant regulatory authorities in the PRC, including without limitation, the approvals from the CSRC and the CBRC having been obtained by the Bank and remaining in full force and effect on the Placing Completion Date;
- (ii) the Listing Committee of the Stock Exchange granting to the Bank the approval of listing of, and permission to deal in, the Placing Shares, and such approval not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Placing Shares;
- (iii) the required approvals for the New H Share Issue having been given by the Shareholders and remaining in full force and effect on the Placing Completion Date;
- (iv) the delivery of the legal opinion from PRC legal counsel of the Sole Global Coordinator in a form and substance reasonably satisfactory to the Sole Global Coordinator;
- (v) the delivery of the no-registration opinion by the U.S. legal counsel of the Sole Global Coordinator in a form and substance reasonably satisfactory to the Sole Global Coordinator; and
- (vi) the delivery of the legal opinion by the Hong Kong legal counsel of the Sole Global Coordinator in a form and substance reasonably satisfactory to the Sole Global Coordinator.

In the event of any of the above mentioned conditions precedent not having been fulfilled on or prior to 4:00 p.m. (Hong Kong time) on 6 January 2017 or such later time as may be agreed between the Bank and the Sole Global Coordinator, all rights, obligations and liabilities of the Parties in relation to the Placing shall cease and determine and none of the Parties shall have any claim against any other in respect of the Placing.

TERMINATION

The Sole Global Coordinator (acting on behalf of the Placing Agents) may terminate the Placing Agreement without any liability to the Bank, by notice in writing given to the Bank at any time prior to 8:00 a.m. (Hong Kong time) on the Placing Completion Date, notwithstanding anything contained in the Placing Agreement, upon the occurrence of the following events which, in the sole opinion of the Sole Global Coordinator, has or may have an adverse material effect on the business or financial conditions or prospects of the Group taken as a whole or the full placement of all of the Placing Shares or otherwise makes it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement:

(A) there develops, occurs or comes into force:

- (i) any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date hereof) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory, currency or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory, currency or stock market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, interbank markets and credit markets) in Hong Kong, the PRC, the European Union or the U.S.; or
- (ii) any event, or series of events beyond the reasonable control of the Placing Agents (including, without limitation, any calamity, act of government, strike, labor dispute, lock-out, fire, explosion, flooding, earthquake, civil commotion, economic sanctions, epidemic, pandemic, outbreak of infectious disease, outbreak or escalation of hostilities, act of terrorism and act of God) involving Hong Kong, the PRC, the European Union or the U.S., or the declaration by Hong Kong, the PRC, the European Union or the U.S. of war or a state of emergency or calamity or crisis; or
- (iii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
- (iv) any change in conditions of local, national or international securities markets; or

- (v) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in PRC and Hong Kong; or
 - (vi) a change or development involving a prospective change of taxation or exchange control (or the implementation of exchange control) in the PRC, Hong Kong, the European Union or the U.S. adversely affecting the proposed investments in the Placing Shares; or
 - (vii) any litigation or claim being instigated against any member of the Group which would have a material adverse effect on the Group; or
 - (viii) the commencement by any state, governmental, judicial, regulatory or political body or organization in Hong Kong or the PRC of any action against any of the executive Directors or an announcement by any state, governmental, judicial, regulatory or political body or organization in Hong Kong or the PRC that it intends to take any such action; or
 - (ix) any suspension in the trading of Shares on the Stock Exchange during the Placing Period (other than in relation to the Placing); or
- (B) there has been a material breach by the Bank of any of its representations, warranties and undertakings under the Placing Agreement or any obligations imposed on the Bank under the Placing Agreement; or
- (C) there is any change, or any development involving a prospective change, in or affecting the business, general affairs, management, assets and liabilities, Shareholders' equity, results of operations or position, financial or otherwise, of the Bank (other than those already disclosed to the public on or before the date of the Placing Agreement) as a whole.

COMPLETION OF THE PLACING

Subject to the fulfilment or waiver of the conditions precedent mentioned above, completion of the Placing shall take place at or before 4:00 p.m. on the Placing Completion Date.

The completion of the Placing is subject to the satisfaction of certain conditions precedent, including but not limited to the approval to be granted by the Listing Committee of the Stock Exchange relating to the listing of and permission to deal in all of the Placing Shares. Accordingly, the Shareholders and potential investors of the Bank are advised to exercise caution in dealing in the H Shares or other securities of the Bank.

EFFECT ON THE SHAREHOLDING STRUCTURE

Assuming that there will be no other changes to the issued share capital of the Bank, the shareholding structure of the Bank (a) as at the date of the Placing Agreement and (b) immediately after completion of the Placing, are set out as follows:

	As at the date of the Placing Agreement		Immediately after completion of the Placing	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Domestic Shares	4,264,295,684	73.76	4,264,295,684	62.88
- held by Directors, supervisors and chief executive of the Bank	348,936,385	6.04	348,936,385	5.15
- held by public	3,915,359,299	67.72	3,915,359,299	57.73
H Shares held by public				
- existing H Shares	1,517,320,000	26.24	1,517,320,000	22.37
- Placing Shares to be issued	<u>—</u>	<u>—</u>	<u>1,000,000,000</u>	<u>14.75</u>
Total	<u>5,781,615,684</u>	<u>100</u>	<u>6,781,615,684</u>	<u>100</u>

The Bank considers that it can comply with the public float requirement under Rule 8.08(1) of the Listing Rules after completion of the Placing.

SPECIFIC MANDATE TO ISSUE THE PLACING SHARES

The Placing Shares will be allotted and issued by the Bank pursuant to the Specific Mandate. Pursuant to the Specific Mandate, the Board was authorised to allot and issue not more than 1,000,000,000 new H Shares. As at the date of this announcement, the Bank has not issued any H Shares pursuant to the Specific Mandate.

REGULATORY APPROVALS

The Bank has obtained the necessary PRC regulatory approvals for the Placing, being the approvals from the CBRC and the CSRC.

REASONS FOR THE PLACING

As more specially disclosed in the circular dated 13 May 2016 issued by the Bank, the Bank conducts the Placing after taking into consideration of the ongoing capital adequacy needs of the Bank, the continuing slowdown trend of China's macro-economic development, the China's 13th Five-Year Plan, the price of the Bank's H Shares and their trading volume increase and other possible capital raising plans of the Bank.

The Directors considered that the terms of the Placing Agreement, including but not limited to the Placing Price, are fair and reasonable and in the interests of the Bank and the Shareholders as a whole.

USE OF PROCEEDS

On the assumption that all the Placing Shares are fully placed, the gross proceeds from the Placing will be approximately HK\$7.5 billion and the net proceeds will be approximately HK\$7.4 billion. On such basis, the net price per Placing Share will be approximately HK\$7.4. The net proceeds from the Placing are intended to be used to replenish the core tier 1 capital of the Bank.

EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

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, which have all been used for supplementing the Bank's capital base in accordance with its plan on use of proceeds as disclosed in the prospectus of its initial public offering dated 24 November 2015.

Save as disclosed above, the Bank has not conducted any equity fund raising activity in the 12 months preceding the date of this announcement.

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 Placing Shares.

DEFINITIONS

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

“AGM”	the annual general meeting of the Bank held on 29 June 2016
“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
“Business Day”	a day (excluding Saturday, Sunday and public holidays) on which banks are generally open for business in Hong Kong and the PRC
“CBRC”	China Banking Regulatory Commission
“Class Meetings”	the class meeting of the holders of Domestic Shares and the class meeting of the holders of H Shares held on 29 June 2016 immediately after the conclusion of the AGM
“connected persons(s)”	has the same meaning ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Chairman”	the chairman of the Board
“Director(s)”	the director(s) of the Bank
“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 RMB
“Group”	the Bank and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“H Share(s)”	overseas listed foreign invested ordinary share(s) in the capital of the Bank with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange

“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“New H Share Issue”	the issue of not more than 1,000,000,000 new H Shares pursuant to the Specific Mandate
“Parties”	the parties to the Placing Agreement, namely the Bank and the Placing Agents
“Placee(s)”	any independent individual, professional or institutional investor(s) whom the Placing Agents and/or any of their sub-placing agent(s) has procured to subscribe for any of the Placing Shares under the Placing
“Placing”	the placing of the Placing Shares by or on behalf of the Placing Agents on the terms and subject to the conditions precedent of the Placing Agreement
“Placing Agreement”	the placing agreement dated 16 December 2016 entered into between the Bank and the Placing Agents
“Placing Completion Date”	on or before the 3rd Business Day after the date upon which the conditions precedent shall have been fulfilled or waived but in any event no later than 6 January 2017, or such other date as may be agreed between the Placing Agents and the Bank in writing
“Placing Period”	the period commencing upon the execution of the Placing Agreement and ending on the Placing Completion Date (or such other date as the Bank and the Placing Agents may agree in writing)
“Placing Price”	HK\$7.5 per Placing Share
“Placing Shares”	a total of up to 1,000,000,000 new H Shares to be issued by the Bank pursuant to the Specific Mandate and subject to the terms and conditions precedent set out in the Placing Agreement
“PRC”	the People’s Republic of China, excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC, and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the Domestic Share(s) and the H Share(s)

“Shareholder(s)”	the holders of the Share(s)
“Specific Mandate”	the specific mandate granted by the Shareholders to the Board at the Class Meetings and the AGM to issue no more than 1,000,000,000 new H Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“U.S.”	the United States of America

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

Jinzhou, Liaoning Province, 16 December 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.*