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BQD  **青島銀行**

Bank of Qingdao Co., Ltd.*

青島銀行股份有限公司*

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

(H Shares Stock Code: 3866)

(Preference Shares Stock Code: 4611)

PROPOSED H SHARE RIGHTS ISSUE OF 528,910,494 H SHARES ON THE BASIS OF THREE (3) H RIGHTS SHARES FOR EVERY TEN (10) EXISTING H SHARES AT HK\$3.92 PER H RIGHTS SHARE PAYABLE IN FULL ON ACCEPTANCE

PROPOSED A SHARE RIGHTS ISSUE OF 823,996,506 A SHARES ON THE BASIS OF THREE (3) A RIGHTS SHARES FOR EVERY TEN (10) EXISTING A SHARES AT RMB3.2 PER A RIGHTS SHARE PAYABLE IN FULL ON ACCEPTANCE

**CLOSURE OF H-SHARE REGISTER
FROM FRIDAY, 7 JANUARY 2022 TO THURSDAY, 13 JANUARY 2022**

GLOBAL COORDINATOR OF THE H SHARE RIGHTS ISSUE

 **CITIC SECURITIES**

UNDERWRITERS OF THE H SHARE RIGHTS ISSUE

 **CITIC SECURITIES**

 **AMTD 尚乘**

 **CICC
中金公司**

 **CMS**  **招商證券國際**

JOINT BOOKRUNNERS OF THE H SHARE RIGHTS ISSUE

 **CITIC SECURITIES**

 **AMTD 尚乘**

 **CICC
中金公司**

 **CMS**  **招商證券國際**

 **INTESA**  **SANPAOLO**

INTRODUCTION

References are made to (i) the announcement of the Bank dated 26 February 2021 and the circular of the Bank dated 8 March 2021 in relation to, among others, the proposed issue of A Shares and H Shares by way of Rights Issue; (ii) the poll results announcement of the Bank dated 26 March 2021 in relation to, among others, the 2021 First EGM, the 2021 First A Share Class Meeting and the 2021 First H Share Class Meeting at which the resolutions on the Rights Issue and related matters were considered and approved.

On 16 April 2021, the Bank received the written approval for the Rights Issue, i.e. the Approval in respect of the Rights Issue of Bank of Qingdao from Qingdao Office of CBIRC (Qing Yin Bao Jian Fu [2021] No. 140) (《青島銀保監局關於青島銀行配股方案的批覆》(青銀保監覆[2021]140號)) from Qingdao Office of CBIRC. On 6 December 2021 and 14 December 2021, the Bank successively received the written approval for the H Share Rights Issue, i.e. the Approval in respect of the Issuance of Overseas Listed Foreign Shares of Bank of Qingdao Co., Ltd. (Zheng Jian Xu Ke [2021] No. 3861) (《關於核准青島銀行股份有限公司發行境外上市外資股的批覆》(證監許可[2021]3861號)) and the written approval for the A Share Rights Issue, i.e. the Approval in respect of the Rights Issue of Bank of Qingdao Co., Ltd. (Zheng Jian Xu Ke [2021] No. 3932) (《關於核准青島銀行股份有限公司配股的批覆》(證監許可[2021]3932號)) from the CSRC.

THE RIGHTS ISSUE

The Rights Issue is proposed to be conducted on the basis of three (3) H Rights Shares for every ten (10) existing H Shares held by the Qualified H Shareholders on the H Share Rights Issue Record Date at the Subscription Price of HK\$3.92 per H Rights Share and on the basis of three (3) A Rights Shares for every ten (10) existing A Shares held by the Qualified A Shareholders on the A Share Rights Issue Record Date at the Subscription Price of RMB3.2 per A Rights Share. The Subscription Price of HK\$3.92 per H Rights Share and RMB3.2 per A Rights Share were determined by the Bank with reference to valuation indicators including the stock prices, P/E ratios and P/B ratios of the Bank in the secondary market, taking into account factors such as the development of the Bank and the interests of the Shareholders, the core tier-one capital needs of the Bank for the next three years and following the principles negotiated and determined between the Bank and the sponsor (underwriters). The H Share Rights Issue will proceed on a fully underwritten basis on the terms and conditions set out in the Underwriting Agreement.

The Rights Issue, comprising the A Share Rights Issue and the H Share Rights Issue, is estimated to raise gross proceeds in an aggregate of approximately RMB4,329 million (assuming full subscription for the A Rights Shares) or RMB3,538 million (assuming 70% subscription for the A Rights Shares).

CLOSURE OF H-SHARE REGISTER

The H-share register will be closed from Friday, 7 January 2022 to Thursday, 13 January 2022 (both days inclusive). No transfer of H Shares will be registered during this period. In order to be Qualified H Shareholders, all transfer documents accompanied by the relevant share certificates must be lodged with the H Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Thursday, 6 January 2022.

Shareholders and potential investors of the Bank should note that the H Share Rights Issue is subject to the terms and conditions of the Underwriting Agreement. If any of the conditions of the H Share Rights Issue are not fulfilled, the H Share Rights Issue will not proceed. The Underwriting Agreement contains provisions entitling the Underwriters by notice in writing to terminate the Underwriting Agreement upon the occurrence of certain events. In the event that the Underwriting Agreement does not become unconditional or if it is terminated in accordance with the terms thereof, the H Share Rights Issue will not proceed.

Any H Shareholder or other person dealing in H Shares up to the date on which all the conditions to which the H Share Rights Issue is subject are fulfilled (and the date on which the Underwriters' right of terminating the Underwriting Agreement ceases) and any person dealing in the Nil-paid H Rights during the period from Tuesday, 18 January 2022 to Tuesday, 25 January 2022 (both days inclusive) will bear the risk that the H Share Rights Issue may not become unconditional or may not proceed. If in any doubt, Shareholders and potential investors of the Bank are recommended to consult their professional advisers.

As the tentative timetable may be subject to change and the H Share Rights Issue may or may not proceed, Shareholders and potential investors of the Bank are reminded to exercise caution when dealing in the Shares and securities of the Bank.

INTRODUCTION

References are made to (i) the announcement of the Bank dated 26 February 2021 and the circular of the Bank dated 8 March 2021 in relation to, among others, the proposed issue of A Shares and H Shares by way of Rights Issue; (ii) the poll results announcement of the Bank dated 26 March 2021 in relation to, among others, the 2021 First EGM, the 2021 First A Share Class Meeting and the 2021 First H Share Class Meeting at which the resolutions on the Rights Issue and related matters were considered and approved.

On 16 April 2021, the Bank received the written approval for the Rights Issue, i.e. the Approval in respect of the Rights Issue of Bank of Qingdao from Qingdao Office of CBIRC (Qing Yin Bao Jian Fu [2021] No. 140) (《青島銀保監局關於青島銀行配股方案的批覆》(青銀保監覆[2021]140號)) from Qingdao Office of CBIRC. On 6 December 2021 and 14 December 2021, the Bank received the written approval for the H Share Rights Issue, i.e. the Approval in respect of the Issuance of Overseas Listed Foreign Shares of Bank of Qingdao Co., Ltd. (Zheng Jian Xu Ke [2021] No. 3861) (《關於核准青島銀行股份有限公司發行境外上市外資股的批覆》(證監許可[2021]3861號)) and the written approval for the A Share Rights Issue, i.e. the Approval in respect of the Rights Issue of Bank of Qingdao Co., Ltd. (Zheng Jian Xu Ke [2021] No. 3932) (《關於核准青島銀行股份有限公司配股的批覆》(證監許可[2021]3932號)) from the CSRC, respectively.

THE RIGHTS ISSUE

The Rights Issue is proposed to be conducted on the basis of three (3) H Rights Shares for every ten (10) existing H Shares held by the Qualified H Shareholders on the H Share Rights Issue Record Date at the Subscription Price of HK\$3.92 per H Rights Share and on the basis of three (3) A Rights Shares for every ten (10) existing A Shares held by the Qualified A Shareholders on the A Share Rights Issue Record Date at the Subscription Price of RMB3.2 per A Rights Share. The Subscription Price of HK\$3.92 per H Rights Share and RMB3.2 per A Rights Share were determined by the Bank with reference to valuation indicators including the stock prices, P/E ratios and P/B ratios of the Bank in the secondary market, taking into account factors such as the development of the Bank and the interests of the Shareholders, the core tier-one capital needs of the Bank for the next three years and following the principles negotiated and determined between the Bank and the sponsor (underwriters). The H Share Rights Issue will proceed on a fully underwritten basis on the terms and conditions set out in the Underwriting Agreement.

The Rights Issue, comprising the A Share Rights Issue and the H Share Rights Issue, is estimated to raise gross proceeds in an aggregate of approximately RMB4,329 million (assuming full subscription for the A Rights Shares) or RMB3,538 million (assuming 70% subscription for the A Rights Shares). The Rights Issue will not increase either the number of issued Shares or the market capitalisation of the issuer by more than 50%.

H SHARE RIGHTS ISSUE

The H Share Rights Issue is conditional upon the fulfilment of the conditions set out under the paragraph headed “Conditions of the H Share Rights Issue” in this announcement.

Details of the H Share Rights Issue are as follows:

H Share Rights Issue statistics

Basic of the H Share Rights Issue:	three (3) H Rights Shares for every ten (10) existing H Shares held by the Qualified H Shareholders on the H Share Rights Issue Record Date
Number of H Shares in issue as at the date of this announcement:	1,763,034,980 H Shares
Number of H Rights Shares proposed to be issued (assuming the number of H Shares in issue on the H Share Rights Issue Record Date remains the same as at the date of this announcement):	528,910,494 H Shares
Aggregate nominal value of H Rights Shares:	RMB528,910,494

Subscription Price:	HK\$3.92 per H Rights Share
Global Coordinator:	CLSA Limited
Underwriters:	CLSA Limited, AMTD Global Markets Limited, China International Capital Corporation Hong Kong Securities Limited and China Merchants Securities (HK) Co., Ltd.
Joint Bookrunners:	CLSA Limited, AMTD Global Markets Limited, China International Capital Corporation Hong Kong Securities Limited, China Merchants Securities (HK) Co., Ltd. and Intesa Sanpaolo S.p.A.

Assuming no change in the number of issued H Shares on or before the H Share Rights Issue Record Date, the 528,910,494 H Rights Shares proposed to be issued pursuant to the terms of the H Share Rights Issue represent: (i) 30% of the existing issued H Share capital of the Bank as at the date of this announcement; and (ii) 23.08% of the issued H Share capital of the Bank as enlarged by the allotment and issuance of the H Rights Shares (assuming there is no other change in the shareholding structure of the Bank since the date of this announcement).

As at the date of this announcement, save for the Offshore Preference Shares, the Bank has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into H Shares.

The issuance of Offshore Preference Shares was completed on 19 September 2017 and the Offshore Preference Shares were listed on the Hong Kong Stock Exchange on 20 September 2017, with an actual issuance of 60.15 million shares at a par value of RMB100 per share. Upon the occurrence of a trigger event, the Bank shall, after reporting to and obtaining the approval from the CBIRC but without the need for obtaining the consent of the holders of Preference Shares or the ordinary Shares: (a) cancel any dividends accrued but unpaid in respect of the relevant loss absorption amount up to and including the conversion date; and (b) irrevocably and compulsorily convert with effect from the conversion date all or part of the Offshore Preference Shares into such number of H Shares as is equal to (i) the liquidation preference amount held by the holders of Offshore Preference Shares (as converted into Hong Kong dollars at the fixed exchange rate of US\$1.00 to HK\$7.7574) divided by (ii) the effective conversion price (subject to adjustments as provided in the terms and conditions of the Offshore Preference Shares), rounded down to the nearest whole number of H Shares (to the extent permitted by applicable laws and regulations). Any fractional Share of less than one H Share resulting from the conversion will not be issued and will not be replaced by any cash payment or other adjustment. As at the date of this announcement, no trigger event has occurred which would result in the conversion of the Offshore Preference Shares into H Shares.

Basis of Entitlement

Subject to the fulfilment of the conditions set out in the paragraph headed “Conditions of the H Share Rights Issue” below, Qualified H Shareholders will be provisionally allotted three (3) H Rights Shares for every ten (10) existing H Shares held as at the close of business on the H Share Rights Issue Record Date at the Subscription Price, being HK\$3.92, for each H Rights Share payable in full on acceptance. Application for all or any part of a Qualified H Shareholder’s provisional allotment should be made by lodging the completed Provisional Allotment Letter with the H Share Registrar with a cheque or banker’s cashier order for the sum payable for the H Rights Shares being applied for on or before the Latest Acceptance Date.

Qualified H Shareholders, PRC Southbound Trading Investors and Closure of H-Share Register

The Bank will dispatch the Prospectus Documents comprising the H Share Rights Issue Prospectus, the Provisional Allotment Letter(s) and the Excess Application Form(s), to the Qualified H Shareholders only. To qualify for the subscription of the H Rights Shares, an H Shareholder must be registered as a member of the Bank as at the close of business on the H Share Rights Issue Record Date and must not be an Excluded H Shareholder.

The PRC Southbound Trading Investors may participate in the H Share Rights Issue through CSDCC. CSDCC will provide nominee services for the PRC Southbound Trading Investors to (i) sell (in full or in part) their Nil-paid H Rights on the Hong Kong Stock Exchange under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect; and/or (ii) subscribe (in full or in part) for their pro-rata entitlement in respect of the H Shares held on the H Share Rights Issue Record Date at the Subscription Price under the H Share Rights Issue in accordance with the relevant laws and regulations. However, CSDCC will not support applications by such PRC Southbound Trading Investors for excess H Rights Shares under the H Share Rights Issue through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. In addition, according to the legal opinion of the PRC legal advisers of the Bank, the PRC Southbound Trading Investors (or the relevant CSDCC participants, as the case may be) whose stock accounts with CSDCC are credited with Nil-paid H Rights can only sell those Nil-paid H Rights on the Hong Kong Stock Exchange through CSDCC under Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, and can neither purchase any nil-paid H Rights Shares or transfer such Nil-paid H Rights to other PRC Southbound Trading Investors.

Save for the PRC Southbound Trading Investors and the Qualified H Shareholders who have been exempted by or have obtained the necessary and appropriate approvals from the relevant PRC authorities in accordance with the applicable PRC laws and regulations, according to the legal opinion of the PRC legal advisers of the Bank, other H Shareholders in the PRC are not entitled to participate in the H Share Rights Issue.

The PRC Southbound Trading Investors should seek advice from their intermediaries (including brokers, custodians, nominees or CSDCC participants) and/or other professional advisers for details of the logistical arrangements as required by CSDCC, and provide instructions to such intermediaries in relation to the acceptance and/or sale of the Nil-paid H Rights. Such instructions should be given in advance of the latest time for acceptance of and payment for the H Rights Shares and application and payment for the excess H Rights Shares as described in the paragraph headed “Expected Timetable for H Share Rights Issue” below, and otherwise in accordance with the requirements of the intermediaries of the PRC Southbound Trading Investors and/or CSDCC in order to allow sufficient time to ensure that such instructions are given effect.

The last day of dealings in the H Shares on a cum-rights basis will be Tuesday, 4 January 2022 and the H Shares will be dealt with on an ex-rights basis from Wednesday, 5 January 2022. In order to be Qualified H Shareholders, all the transfer documents accompanied by relevant share certificates must be lodged with the H Share Registrar of the Bank, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Thursday, 6 January 2022 for registration.

The H Share Register will be closed from Friday, 7 January 2022 to Thursday, 13 January 2022 (both days inclusive). No transfer of H Shares will be registered during this period.

Qualified H Shareholders who do not take up the H Rights Shares to which they are entitled should note that their shareholdings in the Bank will be diluted.

Excluded H Shareholders

The Prospectus Documents will not be registered or filed under the applicable securities or equivalent legislation of any jurisdiction other than (a) Hong Kong; and (b) the PRC (pursuant to the CSRC Announcement).

Pursuant to Rule 13.36(2) of the Hong Kong Listing Rules, the Board is currently making enquiries regarding the feasibility of extending the H Share Rights Issue to the Overseas Shareholders. If, based on the enquiries made by the Bank and the legal opinions obtained from the relevant jurisdictions, the Board is of the view that it would be necessary or expedient not to offer the H Rights Shares to certain Overseas Shareholders (who are Excluded H Shareholders) on account either of the legal restrictions under the laws of the place of their registered addresses or the requirements of the relevant regulatory body or stock exchange in that place, no offer of the H Share Rights Issue will be made to such Excluded H Shareholders and no provisional allotment of Nil-paid H Rights or allotment of H Rights Shares will be made to them. Further information will be set out in the H Share Rights Issue Prospectus.

To the extent reasonably practicable and legally permitted, the Bank will send the H Share Rights Issue Prospectus to each of the Excluded H Shareholders for information purposes only, but will not send the Provisional Allotment Letters or the Excess Application Forms to the Excluded H Shareholders. However, the H Share Rights Issue Prospectus shall not be despatched to the Excluded H Shareholders whom the Bank knows to be residents in the jurisdiction(s) which restrain(s) the posting of the Prospectus Documents.

Arrangements will be made for the H Rights Shares, which would otherwise have been provisionally allotted to the Excluded H Shareholders, to be sold in the market in their nil-paid form, as soon as practicable after the commencement of the dealings in the Nil-paid H Rights, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be paid on a pro-rata basis to the Excluded H Shareholders, which means the Bank will pay individual amounts of more than HK\$100 to the relevant Excluded H Shareholders, provided that the Bank will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlements of the Excluded H Shareholders will be made available for excess application by the Qualified H Shareholders.

Subscription Price for the H Rights Shares

The Subscription Price of HK\$3.92 per H Rights Share is payable in full when a Qualified H Shareholder accepts the relevant provisional allotment of H Rights Shares or applies for excess H Rights Shares or when a transferee of Nil-paid H Rights accepts the H Rights Shares.

The Subscription Price of HK\$3.92 per H Rights Share represents:

1. a discount of approximately 11.5% to the closing price of HK\$4.43 per H Share as quoted on the Hong Kong Stock Exchange on 29 December 2021 (being the date of the Underwriting Agreement);
2. a discount of approximately 11.5% to the closing price of HK\$4.43 per H Share as quoted on the Hong Kong Stock Exchange on 29 December 2021 (being the Price Determination Date);
3. a discount of approximately 13.1% to the average closing price of HK\$4.51 per H Share as quoted on the Hong Kong Stock Exchange for the 5 consecutive trading days up to and including 29 December 2021 (being the Price Determination Date);
4. a discount of approximately 9.1% to the average closing price of HK\$4.31 per H Share as quoted on the Hong Kong Stock Exchange for the 10 consecutive trading days up to and including 29 December 2021 (being the Price Determination Date);
5. a discount of approximately 6.9% to the average closing price of HK\$4.21 per H Share as quoted on the Hong Kong Stock Exchange for the 20 consecutive trading days up to and including 29 December 2021 (being the Price Determination Date);
6. a discount of approximately 9.1% to the theoretical ex-rights price of HK\$4.31 per H Share based on the closing price of HK\$4.43 per H Share as quoted on the Hong Kong Stock Exchange on 29 December 2021 (being the Price Determination Date); and

7. Assuming A Rights Shares are 100% subscribed, a theoretical dilution effect (as defined under Rule 7.27B of the Hong Kong Listing Rules) represented by:
- (i) a discount of approximately 6.0% to all the existing Shareholders, which is calculated based on the weighted theoretical diluted price of approximately HK\$4.97 per Rights Share to the weighted benchmarked price of approximately HK\$5.28 per Rights Share;
 - (ii) a discount of approximately 3.1% to all the existing H Shareholders, which is calculated based on the theoretical diluted price of approximately HK\$4.39 per H Rights Share to the benchmarked price of approximately HK\$4.53 per H Rights Share; and
 - (iii) a discount of approximately 7.4% to all the existing A Shareholders, which is calculated based on the theoretical diluted price of approximately HK\$5.34 per A Rights Share to the benchmarked price of approximately HK\$5.77 per A Rights Share.

Both of the abovementioned theoretical diluted price and benchmarked price, as defined under Rule 7.27B of the Hong Kong Listing Rules, have taken into account the closing price of the H Shares and/or A Shares on the date of the Underwriting Agreement and the average of the closing prices of the H Shares and/or A Shares as quoted on the Hong Kong Stock Exchange and/or SZSE for the last five (5) consecutive trading days up to and including the Price Determination Date. Accordingly, the Rights Issue will not result in a theoretical dilution effect of 25% or more under Rule 7.27B of the Hong Kong Listing Rules.

The Subscription Price of HK\$3.92 per H Rights Share was determined by the Bank with reference to valuation indicators including the stock prices, P/E ratios and P/B ratios of the Bank in the secondary market, taking into account factors such as the development of the Bank and the interests of the Shareholders, the core tier-one capital needs of the Bank for the next three years and following the principles negotiated and determined between the Bank and the sponsor (underwriters).

The net price per H Rights Share (i.e. the Subscription Price less estimated cost and expense incurred in the H Share Rights Issue) upon full acceptance of the relevant provisional allotment of the H Rights Shares will be further disclosed as soon as practicable.

After taking into account the reasons for the Rights Issue as stated in the paragraph headed “Reasons for the Rights Issue and Use of Proceeds” below, the Directors (including the independent non-executive Directors) consider that the terms of the H Share Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Bank and the H Shareholders as a whole.

Status of the H Rights Shares

The H Rights Shares, when allotted, issued and fully paid, will rank pari passu in all respects with the H Shares then in issue. Holders of fully-paid H Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment and issue of the H Rights Shares.

H Share Rights Issue Fractional Entitlements

The Bank will neither provisionally allot fractional entitlements to H Rights Shares nor accept any application for fractional entitlements to H Rights Shares. Qualified H Shareholders' entitlements will be rounded down to the nearest whole number. Nil-paid H Rights representing the aggregate of all the fractional entitlements to H Rights Shares (rounded down to the nearest whole number) will be provisionally allotted to a nominee appointed by the Bank and, if a premium (net of expenses) can reasonably be obtained, will be sold by the Bank or its appointed nominee in the market in their nil-paid form after dealing in the Nil-paid H Rights commences and the net proceeds of sale will be retained by the Bank for its own benefit. Any unsold fractions of H Rights Shares will be available for excess application by Qualified H Shareholders. No odd lot matching services will be provided for the H Share Rights Issue.

Application for Excess H Rights Shares

Qualified H Shareholders (other than the PRC Southbound Trading Investors) may apply, by way of excess application, for: (i) any H Rights Shares to which unsold entitlements of the Excluded H Shareholders relate; (ii) any unsold fractional entitlements to the H Rights Shares; and (iii) any H Rights Shares provisionally allotted to but not accepted by the Qualified H Shareholders or otherwise not subscribed for by transferees of Nil-paid H Rights.

Application for excess H Rights Shares shall be made only by Qualified H Shareholders (other than PRC Southbound Trading Investors) by completing and signing an Excess Application Form in accordance with the instructions printed thereon and lodging the same with a separate remittance for the amount payable on application in respect of the excess H Rights Shares being applied for with the H Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:00 p.m. on Friday, 28 January 2022.

All remittances must be made in Hong Kong dollars and by cheque or cashier's order. Cheques must be drawn on an account with, and cashier's order must be issued by, a licensed bank in Hong Kong and made payable to the designated account as mentioned in the H Share Rights Issue Prospectus and crossed "**Account Payee Only**".

The Board will allocate the excess H Rights Shares at its sole and absolute discretion on a fair and equitable basis, and no preference will be given to applications for topping up odd-lot holdings to whole-lot holdings. All excess H Rights Shares will be allocated to Qualified H Shareholders (other than the PRC Southbound Trading Investors) who have applied for excess H Rights Shares on a pro-rata basis with reference to their number of excess H Rights Shares applied for.

If the aggregate number of H Rights Shares not taken up by the Qualified H Shareholders under the Provisional Allotment Letters is greater than the aggregate number of excess H Rights Shares applied for through the Excess Application Forms, the Directors will allocate excess H Rights Shares to each Qualified H Shareholder who applies for excess H Rights Shares in full. No preference will be given to topping up odd lots to whole board lots. There is no guarantee that Qualified H Shareholders with odd lots of H Rights Shares will be topped up to whole board lots pursuant to their applications for excess H Rights Shares.

If no excess H Rights Shares are allotted and issued to a Qualified H Shareholder, the amount tendered on application is expected to be refunded to that Qualified H Shareholder in full without any interest by means of cheque(s) despatched by ordinary post to the applicant's registered address and at the risk of such Qualified H Shareholder on or about Thursday, 10 February 2022. If the number of excess H Rights Shares allotted and issued to a Qualified H Shareholder is less than the number applied for, the surplus application monies are also expected to be refunded to such Qualified H Shareholder without any interest by means of cheque(s) despatched by ordinary post to such Qualified H Shareholder's registered address and at the risk of such Qualified H Shareholder on or about Thursday, 10 February 2022.

If the Underwriters exercise the right to terminate the Underwriting Agreement in accordance with the terms thereof or if the conditions precedent under the Underwriting Agreement are not fulfilled before the Latest Time for Termination and the H Share Rights Issue does not proceed, the monies received in respect of relevant applications for excess H Rights Shares will be returned to the relevant persons without interest, by means of cheque(s) to be despatched by ordinary post to such persons' registered addresses at the risk of such persons on or about Thursday, 10 February 2022.

The Excess Application Form is for use only by the person(s) to whom it is addressed and is not transferable. All enquiries in connection with the Excess Application Form should be addressed to the H Share Registrar.

H Shareholders whose H Shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the H Share Rights Issue, the Board will regard the nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the H-share register. Accordingly, the H Shareholders should note that the aforesaid arrangement in relation to the allocation of excess H Rights Shares will not be extended to Beneficial H Shareholder(s) individually. H Shareholders whose H Shares are held by a nominee company (including HKSCC Nominees Limited) are advised to consider whether they would like to arrange for the registration of the relevant H Shares in the name of the Beneficial H Shareholder(s) prior to the H Share Rights Issue Record Date. For those H Shareholders who would like to have their names registered on the H-share register, all necessary documents must be lodged with the H Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 6 January 2022.

Conditions of the H Share Rights Issue

It is expected that the H Share Rights Issue will be conditional upon the fulfillment of the following matters:

1. the approval of the Rights Issue by the Shareholders at the EGM;
2. the approval of the Rights Issue at the H Share Class Meeting by H Shareholders and the A Share Class Meeting by A Shareholders, respectively;
3. the approval of the Rights Issue by the CSRC and other relevant regulatory authorities;
4. the Listing Committee of the Hong Kong Stock Exchange agreeing to grant the listing of, and permission to deal in, the H Rights Shares in their nil-paid and fully-paid forms on the Hong Kong Stock Exchange, either unconditionally or subject to such conditions which the Bank accepts and the satisfaction of such conditions (if any) by no later than the date of the delivery of the H Share Rights Issue Prospectus; and
5. the delivery to the Hong Kong Stock Exchange and filing and registration of all documents in relation to the H Share Rights Issue as required by laws to be filed and registered with the Companies Registry in Hong Kong.

None of the above conditions for completion of the H Share Rights Issue may be waived by the Bank. As at the date of this announcement, the conditions under 1 to 3 above have been fulfilled.

If any of the above conditions is not fulfilled, the H Share Rights Issue will not proceed.

Furthermore, it should be noted that the H Share Rights Issue will proceed on a fully underwritten basis in accordance with Rule 7.19(1)(a) of the Hong Kong Listing Rules. Please refer to the paragraph headed “H Share Rights Issue Underwriting Arrangement” below for details of the underwriting arrangement. Pursuant to the Underwriting Agreement, the underwriting obligations of the Underwriters under the Underwriting Agreement are conditional upon, among other things, the A Share Rights Issue having become unconditional, including but not limited to, at least 70% of the A Rights Shares having been validly subscribed for at or prior to the date of the H Share Rights Issue Prospectus. **In the event that the Underwriting Agreement does not become unconditional or if it is terminated in accordance with the terms thereof, the H Share Rights Issue may not proceed.**

H Shareholders' Undertakings

Intesa Sanpaolo S.p.A., which directly held 624,753,980 H Shares (representing approximately 13.85% of the total issued share capital of the Bank) as at the date of this announcement, has irrevocably undertaken, among other things, to fully subscribe in cash for the H Rights Shares to be provisionally allotted to it under the H Share Rights Issue based on its shareholding in the Bank after the trading hours on the H Share Rights Issue Record Date and on the basis of the H Share Rights Issue (i.e. three (3) H Rights Shares for every ten (10) existing H Shares) and the subscription price of the H Share Rights Issue determined between the Bank and the sponsor (underwriters). Saved for the above undertaking, subject to compliance with the relevant laws and regulations, Intesa Sanpaolo S.p.A. has also undertaken to apply for excess H Rights Shares by way of excess application, provided however that (1) the total amount payable by Intesa Sanpaolo S.p.A. for the subscription of the H Rights Shares under the H Share Rights Issue (including excess application) shall not exceed EUR270 million, and if the amount of EUR270 million allows Intesa Sanpaolo S.p.A. to reach an overall equity interests of equal to or below 17.5% of the enlarged total issued share capital of the Bank upon completion of the Rights Issue, Intesa Sanpaolo S.p.A. will invest all said amount; (2) the aggregate shareholding of Intesa Sanpaolo S.p.A. resulting from the subscription of the H Rights Shares under the H Share Rights Issue and the excess application in aggregate shall not exceed 17.5% of the enlarged total issued share capital of the Bank upon completion of the Rights Issue; and (3) the completion of the H Share Rights Issue shall take place by the end of 2022. The above subscription undertakings shall only be exercisable upon obtaining the applicable approval of the Rights Issue by the relevant regulatory authorities. The maximum number of the H Rights Shares could be subscribed by Intesa Sanpaolo S.p.A. is 401,200,495.

As at the date of this announcement, Qingdao Conson Industrial Co., Ltd. (“**Conson Industrial**”) and its associates (including Haitian (HK) Holdings Limited) held 603,556,841 Shares in aggregate (representing approximately 13.38% of the total issued share capital of the Bank). Haitian (HK) Holdings Limited, which directly held 100,000,000 H Shares (representing approximately 2.22% of the total issued share capital of the Bank) as at the date of this announcement, has irrevocably undertaken, among other things, to fully subscribe in cash for the H Rights Shares to be provisionally allotted to it under the H Share Rights Issue based on its shareholding in the Bank after the trading hours on the H Share Rights Issue Record Date and on the basis of the H Share Rights Issue (i.e. three (3) H Rights Shares for every ten (10) existing H Shares) and the subscription price of the H Share Rights Issue determined between the Bank and the sponsor (underwriters). Saved for the above undertaking, subject to compliance with the relevant laws and regulations, Haitian (HK) Holdings Limited has also undertaken to apply for excess H Rights Shares by way of excess application with no more than RMB349 million, provided however that (1) the total amount payable by Haitian (HK) Holdings Limited for the subscription of the H Rights Shares by way of excess application shall not exceed RMB349 million, and if the amount of RMB349 million allows Conson Industrial and its associates to reach an overall equity interests of equal to or below 14.99% of the enlarged total issued share capital of the Bank upon completion of the Rights Issue, Haitian (HK) Holdings Limited will invest all said amount; (2) the aggregate shareholding of Conson Industrial and its associates resulting from the subscription of the H Rights Shares under the H Share Rights Issue and the excess application in aggregate shall not exceed 14.99% of the enlarged total issued share capital of the Bank upon completion of the Rights Issue. The above subscription undertaking shall only be exercisable upon obtaining the applicable approval of the Rights Issue by the relevant regulatory authorities. The maximum number of the H Rights Shares could be subscribed by Haitian (HK) Holdings Limited is 124,179,397.

Application for Listing/Dealing Arrangements

Application has been made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the H Rights Shares, in both nil-paid and fully-paid forms. Dealings in the nil-paid and fully-paid H Rights Shares will be subject to the payment of Hong Kong stamp duty, Hong Kong Stock Exchange trading fee, Securities and Futures Commission transaction levy, Financial Reporting Council transaction levy or any other applicable fees and charges in Hong Kong. The board lot size of Nil-paid H Rights and H Rights Shares is 500 Nil-paid H Rights and 500 H Rights Shares, respectively.

H Rights Shares will be Eligible for Admission into CCASS

Subject to the granting of listing of, and permission to deal in, the H Rights Shares in both their nil-paid and fully-paid forms on the Hong Kong Stock Exchange, and subject to compliance with the stock admission requirements of HKSCC, the H Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the H Rights Shares in both their nil-paid and fully-paid forms on the Hong Kong Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. H Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

H Share Rights Issue Underwriting Arrangement

The H Share Rights Issue will proceed on a fully underwritten basis in accordance with Rule 7.19(1)(a) of the Hong Kong Listing Rules. The Underwriters are all licensed or registered under the Securities and Futures Ordinance for Type 1 regulated activity and their ordinary course of business includes underwriting of securities, and they are not connected persons of the Bank. Details of the underwriting arrangement in relation to the H Share Rights Issue are set out below:

Date:	29 December 2021 (after trading hours)
Global Coordinator:	CLSA Limited
Underwriters:	CLSA Limited, AMTD Global Markets Limited, China International Capital Corporation Hong Kong Securities Limited and China Merchants Securities (HK) Co., Ltd.

To the best of the Directors' knowledge and information and having made all reasonable enquiries, as at the date of this announcement, the above underwriters and their ultimate beneficial owner(s) are third parties independent of the Bank and connected persons (as defined in the Hong Kong Listing Rules) of the Bank.

Joint Bookrunners: CLSA Limited, AMTD Global Markets Limited, China International Capital Corporation Hong Kong Securities Limited, China Merchants Securities (HK) Co., Ltd. and Intesa Sanpaolo S.p.A.

For the avoidance of doubt, Intesa Sanpaolo S.p.A. shall not at any time be obligated to procure subscribers for, or subscribe or hold by itself, any H Rights Shares other than those to be subscribed for by it under the above mentioned undertaking. Intesa Sanpaolo S.p.A. is a connected person of the Bank but the service provided by Intesa Sanpaolo S.p.A. to the Bank as a bookrunner constitutes a de minimis transaction under Rule 14A.76 of the Listing Rules and is fully exempt under Chapter 14A of the Listing Rules.

Total number of underwritten H Rights Shares: 83,845,542 shares

Underwriting Fee: the underwriting fee will be further determined after arm's length negotiations between the Bank and the Underwriters with reference to, among other things, the scale of the Rights Issue, the current and expected market conditions and the underwriting fee rates charged by underwriters in the recent market precedents of rights issue.

Conditions of the Underwriting Agreement

The underwriting obligations of the Underwriters under the Underwriting Agreement are conditional upon:

- (i) all the respective representations and warranties and other statements referred to in the Underwriting Agreement on the part of the Bank being true and accurate and not misleading at and as of the date of the Underwriting Agreement, the date of the H Share Rights Issue Prospectus and the date of any supplementary rights issue prospectus, as of the time of sale, as of the Latest Time for Termination and at the time of delivery, as if they had been repeated by reference to the facts and circumstances then existing, to the performance by the Bank of all its obligations under the Underwriting Agreement;
- (ii) the H Rights Shares being duly issued and provisionally allotted by the authorized representatives of the Board on the terms set out in the Prospectus Documents to the Qualified H Shareholders;
- (iii) the Global Coordinator, the Underwriters and Joint Bookrunners having received from the Bank certain documents and, if applicable, certain documents in relation to supplementary rights issue prospectus as specified in the Underwriting Agreement in accordance with the timing specified therein;

- (iv) the approvals of the Rights Issue granted by the CBIRC, the CSRC and other relevant PRC authorities (if any) being valid and not having been withdrawn, amended or revoked and there are no circumstances or events which would or would reasonably result in such approvals being withdrawn, amended or revoked;
- (v) the approvals of the Rights Issue granted by the Shareholders at the EGM, the A Share Class Meeting and the H Share Class Meeting being valid and not having been withdrawn, amended or revoked;
- (vi) the Hong Kong Stock Exchange issuing a certificate authorizing the registration of the Prospectus Documents with the Registrar of Companies (“**Registrar of Companies**”) under section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than 4:00 p.m. on the Business Day prior to the date of the H Share Rights Issue Prospectus;
- (vii) duly certified copy of the Prospectus Documents (and all other required documents) having been lodged with the Registrar of Companies, and the Registrar of Companies having duly registered the Prospectus Documents pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than 4:00 p.m. on the Business Day before the despatch of the H Share Rights Issue Prospectus;
- (viii) the grant of listing of and permission to deal in the Nil-paid H Rights and the H Rights Shares (either unconditional or subject only to allotment and despatch of the share certificates in respect thereof) by the Hong Kong Stock Exchange and dealings in the Nil-paid H Rights and the H Rights Shares being allowed by the Hong Kong Stock Exchange (and such listing and permission not subsequently being withdrawn, amended or revoked);
- (ix) posting of the Prospectus Documents to the Qualified H Shareholders on or before Friday, 14 January 2022 (or such later time and/or date as the Underwriters and the Bank, may agree in writing) and the posting, to the extent reasonably practicable and legally permitted, of the H Share Rights Issue Prospectus for information purposes only to the Excluded H Shareholders; provided that the H Share Rights Issue Prospectus shall not be posted to Excluded H Shareholders who are known by the Bank to be resident in the jurisdictions which restrict the posting of the Prospectus Documents, including but not limited to the United States;
- (x) the compliance with and performance by Intesa Sanpaolo S.p.A. and Haitian (HK) Holdings Limited with all of their respective obligations and undertakings under the Irrevocable Undertakings by the times specified therein;
- (xi) the A Share Rights Issue having become unconditional, including but not limited to, at least 70% of the A Rights Shares having been validly subscribed for at or prior to the date of the H Share Rights Issue Prospectus;
- (xii) the compliance with and performance by the Bank of all of its undertakings and obligations under the terms of the Underwriting Agreement in all material respects;
- (xiii) the consummation of the H Share Rights Issue and the performance of obligations of the Underwriters and/or Joint Bookrunners under the Underwriting Agreement not being prohibited by any statute, order, rule, regulation or directive issued by any legislative, executive or regulatory body or authority;

- (xiv) no stop order or similar order having been issued by any court or other judicial, governmental or regulatory authority in relation to the H Share Rights Issue nor the sale and subscription and/or purchase of the H Rights Shares (in their nil-paid and fully-paid forms, respectively); and
- (xv) no matter having arisen prior to the Latest Time for Termination which might reasonably be expected to give rise to a claim under “Termination of the Underwriting Agreement” and which, in any such case, the Underwriters consider in their absolute discretion, as applicable, to be material in the context of the H Share Rights Issue or the underwriting of the H Share Rights Issue.

The Underwriters may at any time in writing waive any of the conditions specified above (except the conditions specified in (ii), (iv), (v), (vi), (vii), (viii), (ix), (x), (xiii) and (xiv)) or extend time or date for fulfilment of any of the above conditions (in which case a reference in the Underwriting Agreement to the satisfaction of such condition shall be to its fulfilment by the time or date as so extended) and such waiver or extension may be made subject to such terms and conditions as are determined by the Underwriters. As at the date of this announcement, the conditions specified in (iv) and (v) above have been fulfilled.

Termination of the Underwriting Agreement

If at any time prior to the Latest Time for Termination if:

- (i) any matter or circumstance arises as a result of which any of the conditions set out in “Conditions of the Underwriting Agreement” has become incapable of satisfaction as at the required time (unless otherwise waived or modified by the Underwriters);
- (ii) there shall have developed, occurred, happened or come into effect any change, or any development involving a prospective change, or any event or circumstance likely to result in a material adverse change or a development involving a prospective material adverse change, in or affecting the assets, liabilities, business, operations, general affairs, management, prospects, Shareholders’ equity, profits, losses, results of operations, position or condition, financial, trading position or otherwise, or performance of the Bank and the other members of the Company, taken as a whole; or
- (iii) any breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriters, or there has been a breach on the part of the Bank of any other provision of the Underwriting Agreement or any of the Underwriters has cause to believe that any such breach has occurred; or
- (iv) there shall have developed, occurred, happened or come into effect any of the following: (A) a suspension or material limitation (including, without limitation, any minimum or maximum price limit or range) in or on trading in securities generally on the Hong Kong Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the SZSE or the SSE; (B) a suspension or material limitation (including, without limitation, any minimum or maximum price limit or range) in or on trading in any securities of the Bank listed or quoted on a stock exchange; (C) any downgrading or any notice or announcement of any intended or potential downgrading or of any watch, review or possible change that does not indicate an affirmation or improvement in the rating accorded any securities of or guaranteed by the Bank or any other member of the Company by any national or international rating agency; (D) a general moratorium on commercial banking activities

declared by relevant authorities in Hong Kong, the PRC, the United States, the United Kingdom or the European Union (or any member thereof) (each a “**Relevant Jurisdiction**”) or a disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any Relevant Jurisdiction; (E) any change, or any development involving a prospective change, or any event or circumstance likely to result in a change or a development involving a prospective change, in or affecting any taxation, exchange controls or currency exchange rates in any Relevant Jurisdiction; (F) any new laws or any change, or any development involving a prospective change, or any event or circumstance likely to result in a change or a development involving a prospective change, in or affecting existing laws or the interpretation or application of existing laws by any court or other competent authority in any Relevant Jurisdiction; (G) any event or circumstance in the nature of force majeure (including, without limitation, any act of government, economic sanctions, strike or lock-out (whether or not covered by insurance), riot, fire, explosion, flooding, earthquake, civil commotion, act or declaration of war, outbreak or escalation of hostilities (whether or not war is or has been declared), act of terrorism (whether or not responsibility has been claimed), act of God, pandemic, epidemic, outbreak of infectious disease, declaration of a state of emergency or calamity or crisis, in each case, involving or affecting any Relevant Jurisdiction; or (H) any change or development or any event or series of events involving a prospective change or any event or series of events or circumstance likely to result in a change or a development involving a prospective change (whether or not permanent) in any local, national or international financial, political, economic, legal, military, industrial, fiscal, regulatory, currency or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets and credit markets) in or affecting any Relevant Jurisdiction; or

- (v) any statement contained in any of the Offering Documents (as defined in the Underwriting Agreement) was or has become untrue or incorrect in any material respect or misleading; or
- (vi) any matter has arisen or been discovered which would, if this announcement or the H Share Rights Issue Prospectus (or any supplement or amendment thereto) had been issued at that time, constitute a material omission therefore if it had not been disclosed in this announcement or the H Share Rights Issue Prospectus (or any supplement or amendment thereto); or
- (vii) the Bank is required to issue a supplementary prospectus in connection with the H Share Rights Issue; or
- (viii) the permission to deal in and the listing of the H Rights Shares (in their nil-paid and fully-paid forms) has been withdrawn by the Hong Kong Stock Exchange; or
- (ix) an authority or a political body or organization in any Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of the Company; or
- (x) any change or prospective change in the condition, results of operations, prospects, management, business, Shareholders’ equity or in the financial or trading position of any member of the Company which is or may be materially adverse in the context of the H Share Rights Issue; or

- (xi) any director of the Bank committing any act of fraud or other indictable offense, which individually or jointly:
 - (a) is or will be, or is likely to be, materially adverse to the general affairs, management, business, financial, trading or other condition or prospects of the Company;
 - (b) has or will have or is likely to have a material adverse impact on the success of the Rights Issue or dealings in the H Rights Shares in the secondary market; or
 - (c) makes it impracticable, inadvisable or inexpedient to proceed with the H Shares Rights Issue on the terms and in the manner contemplated in the Prospectus Documents, then and in any such case, the Underwriters may terminate the Underwriting Agreement with immediate effect without liability, provided that such notice is received at or prior to the Latest Time for Termination.

If prior to the Latest Time for Termination any notice is given by the Underwriters to exercise their right to terminate the Underwriting Agreement, the obligations of all parties thereunder shall terminate forthwith (save in respect of certain rights and obligations under the Underwriting Agreement) and no party will have any claim against any other for costs, damages, compensation or otherwise, provided that such termination shall be without prejudice to the rights of the Bank and the Underwriters in respect of any breach of the Underwriting Agreement occurring before such termination.

Lock-up Undertakings

Pursuant to the Underwriting Agreement, the Bank undertakes to the Underwriters that for the period from the date of the Underwriting Agreement and ending on the date which is 90 days after the first day of trading of the H Rights Shares on the Hong Kong Stock Exchange, it shall not (except in relation to the Nil-paid H Rights, the H Rights Shares, the A Rights Shares and the Rights Issue as a whole):

- (a) allot or issue or sell, or offer to allot or issue or sell, accept subscription for, pledge, lend, mortgage, assign, charge, purchase any option or contract to sell, or grant any option, right or warrant to subscribe for or purchase or lend or otherwise dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or other equity securities of the Bank or any interests therein (including but not limited to any securities convertible into or exercisable or exchangeable for any Shares or which carry rights to subscribe for or purchase or receive Shares), or deposit Shares with a depositary in connection with the issue of depositary receipts;
- (b) enter into a transaction (including, without limitation, a swap or other derivative transaction) that transfers, in whole or in part, any of the economic consequences of ownership of any Shares or such securities of the Bank or any interest therein or has an effect on the market in the Shares similar to that of a sale of interest in Shares or repurchase of any Shares;
- (c) enter into any transaction with the same economic effect as any transaction described in (a) or (b) above;
- (d) offer or agree or contract or announce any intention to enter into or effect any such transaction described in (a), (b) or (c) above whether any of the foregoing transactions described in (a), (b) or (c) above is to be settled by delivery of Shares or such other securities, in cash or otherwise.

Unless with the prior written consent of the Underwriters not to be unreasonably withheld or delayed; provided that the above restrictions shall cease to apply if the Underwriting Agreement (i) does not become unconditional and is terminated; or (ii) is terminated by the Underwriters pursuant to the termination events set out in “Termination of the Underwriting Agreement”.

Warning of the Risks of Dealing in the H Shares and Nil-paid H Rights

Existing H Shares are expected to be dealt in on an ex-rights basis from Wednesday, 5 January 2022. Dealings in the Nil-paid H Rights are expected to take place from Tuesday, 18 January 2022 to Tuesday, 25 January 2022 (both days inclusive). **If the conditions of the H Share Rights Issue (please see the paragraph headed “Conditions of the H Share Rights Issue” above) are not fulfilled, the H Share Rights Issue will not proceed.**

Furthermore, in the event that the Underwriting Agreement does not become unconditional or if it is terminated in accordance with the terms thereof, the H Share Rights Issue may not proceed.

Any dealing in the H Shares or the Nil-paid H Rights is at the investor’s own risk. If in any doubt, investors are recommended to consult their professional advisers.

Despatch of H Share Certificates and Refund Cheques

Subject to fulfilment of the conditions of the H Share Rights Issue, it is expected that the certificates for the H Rights Shares will be despatched by ordinary post to the Shareholders entitled to receive share certificates, at their own risk, to their registered addresses by the H Share Registrar on or about Thursday, 10 February 2022. If the Underwriting Agreement is terminated or not becoming unconditional, refund cheques are expected to be despatched by ordinary post to the relevant Shareholders, at their own risk, to their registered addresses by the H Share Registrar on or about Thursday, 10 February 2022. Refund cheques in respect of wholly or partially unsuccessful applications for excess H Rights Shares (if any) are expected to be despatched by ordinary post to the applicants, at their own risk, to their registered addresses by the H Share Registrar on or about Thursday, 10 February 2022.

Taxation

Qualified H Shareholders are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holding, disposing of or dealing in the H Rights Shares (in their nil-paid and/or fully-paid forms) and, as regards the Excluded H Shareholders, their receipt of the net proceeds of the Nil-paid H Rights otherwise falling to be issued to them under the H Share Rights Issue. It is emphasized that neither the Bank, the Directors nor any other party involved in the H Share Rights Issue accept responsibility for any tax effects or liabilities of holders of the H Rights Shares resulting from the purchase, holding, disposal of, or dealing in the H Rights Shares (in their nil-paid and/or fully-paid forms).

Expected H Share Rights Issue Timetable

Last day of dealings in H Shares on a cum-rights basis	Tuesday, 4 January 2022
First day of dealings in H Shares on an ex-rights basis	Wednesday, 5 January 2022
Latest time for lodging transfer of H Shares in order to qualify for the H Share Rights Issue	4:30 p.m. on Thursday, 6 January 2022
H-share register closed	Friday, 7 January 2022 to Thursday, 13 January 2022 (both days inclusive)
H Share Rights Issue Record Date	Thursday, 13 January 2022
H-share register re-opens	Friday, 14 January 2022
Despatch of Prospectus Documents	Friday, 14 January 2022
First day of dealings in Nil-paid H Rights	Tuesday, 18 January 2022
Latest time for splitting Nil-paid H Rights	4:30 p.m. on Thursday, 20 January 2022
Last day of dealings in Nil-paid H Rights	Tuesday, 25 January 2022
Latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares	4:00 p.m. on Friday, 28 January 2022
Latest time for the termination of the Underwriting Agreement and for the H Share Rights Issue to become unconditional	5:00 p.m. on Monday, 31 January 2022
Announcement of results of acceptance of and excess applications for H Rights Shares	Wednesday, 9 February 2022
Despatch of certificates for fully-paid H Rights Shares	Thursday, 10 February 2022
Despatch of refund cheques in respect of not accepted or partially accepted applications for excess H Rights Shares	Thursday, 10 February 2022
Commencement of dealings in fully-paid H Rights Shares	9:00 a.m. on Friday, 11 February 2022

All dates and times herein refer to Hong Kong local dates and times. Shareholders should note that the dates specified in the expected timetable of the H Share Rights Issue as set out above, and in other parts of this announcement, are indicative only and may be changed by the Board. In the event any special circumstances arise, the Board or the authorized person(s) by the Board may extend or make adjustments to the timetable if it considers appropriate. Any such change to the expected timetables will be published or notified to the Shareholders accordingly.

EFFECT OF BAD WEATHER ON LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR H RIGHTS SHARES AND APPLICATION AND PAYMENT FOR EXCESS H RIGHTS SHARES

The latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares will not take place if a tropical cyclone warning signal number 8 or above or an “extreme conditions” caused by super typhoons or “black” rainstorm warning signal is issued by the Hong Kong Observatory:

1. in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. Instead, the latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares will be extended to 5:00 p.m. on the same Business Day; or

- in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead, the latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares does not take place on the Latest Acceptance Date, the dates mentioned in the paragraph headed “Expected H Share Rights Issue Timetable” above may be affected. An announcement will be made by the Bank in such event as soon as practicable.

A SHARE RIGHTS ISSUE

Details of the A Share Rights Issue are as follows:

A Share Rights Issue statistics

Basis of A Share Rights Issue:	Three (3) A Rights Shares for every ten (10) existing A Shares held by the Qualified A Shareholders on the A Share Rights Issue Record Date
Number of A Shares in issue as at the date of this announcement:	2,746,655,020 A Shares
Number of A Rights Shares proposed to be issued (assuming the number of A Shares in issue on the A Share Rights Issue Record Date remains the same as at the date of this announcement):	823,996,506 A Shares
Subscription Price:	RMB3.2 per A Rights Share
Sponsor:	CITIC Securities Co., Ltd.
Joint lead Underwriters:	CITIC Securities Co., Ltd., China International Capital Corporation Limited, Zhongtai Securities Co., Ltd. and China Merchants Securities Co., Ltd.

Basis of Entitlement

Subject to fulfilment of the conditions set out below in the paragraph headed “Conditions of the A Share Rights Issue”, Qualified A Shareholders will be provisionally allotted three (3) A Rights Shares for every ten (10) existing A Shares held by Qualified A Shareholders on the A Share Rights Issue Record Date at the Subscription Price, being RMB3.2, for each A Rights Share payable in full on acceptance.

Qualified A Shareholders

To qualify for the A Share Rights Issue, an A Shareholder must be registered on the register of the Bank at the CSDCC Shenzhen branch on the A Share Rights Issue Record Date.

A Share Rights Issue Timetable

Publication of A Share Rights Issue Prospectus	Thursday, 30 December 2021
On-line Roadshow	Friday, 31 December 2021
A Share Rights Issue Record Date	Tuesday, 4 January 2022
Commencement of the A Share Rights Issue and first day for acceptance of and payment for the A Rights Shares	Wednesday, 5 January 2022
Suspension of trading in the A Shares	Wednesday, 5 January 2022 to Tuesday, 11 January 2022 (both days inclusive)
Close of the A Share Rights Issue and last day for payment for the A Rights Shares	Tuesday, 11 January 2022
Verification of payment for subscription for the A Rights Shares	Wednesday, 12 January 2022
Announcement of results of the A Share Rights Issue and resumption of trading in the A Shares	Thursday, 13 January 2022

Conditions of the A Share Rights Issue

It is expected that the A Share Rights Issue will be conditional upon the fulfillment of the following matters:

1. the approval of the Rights Issue by the Shareholders at the EGM;
2. the approval of the Rights Issue at the A Share Class Meeting by A Shareholders and the H Share Class Meeting by H Shareholders, respectively;
3. the approval of the Rights Issue by the CSRC and other relevant regulatory authorities; and
4. the subscription of the A Rights Shares by the A Shareholders being at least 70% of the A Share Rights Issue.

None of the above conditions for completion of the A Share Rights Issue may be waived by the Bank. As at the date of this announcement, the conditions under 1 to 3 above have been fulfilled. **If any of the above conditions is not fulfilled, the A Share Rights Issue will not proceed.**

Pursuant to the Underwriting Agreement, the underwriting obligations of the Underwriters under the Underwriting Agreement are conditional upon, among other things, the A Share Rights Issue having become unconditional, including but not limited to, at least 70% of the A Rights Shares having been validly subscribed for at or prior to the date of the H Share Rights Issue Prospectus.

A Share Rights Issue to Proceed on a Non-Fully-Underwritten Basis

The A Share Rights Issue will proceed on a non-fully-underwritten basis as required under the applicable PRC laws and regulations. Under the applicable PRC laws and regulations and as classified by the CSRC, the A Share Rights Issue may only proceed if the subscription level of the A Rights Shares is at least 70% of the A Share Rights Issue. The rights to subscribe for the A Shares which are not taken up will lapse and no new A Shares will be issued or allotted pursuant to such rights.

A Shareholders' Undertakings

As at the date of this announcement, Haier Group Corporation (“**Haier Group**”) held 812,214,572 A Shares in aggregate (representing approximately 18.01% of the total issued share capital of the Bank) through 8 enterprises within the group, namely Qingdao Haier Industrial Development Co., Ltd., Qingdao Haier Air-Conditioner Electronics Co., Ltd., Haier Smart Home Co. Ltd., Qingdao Haier Mold Co., Ltd., Qingdao Haier Tooling Development Co., Ltd., Qingdao Haier Robot Co., Ltd., Qingdao Haier Air-Conditioner Co., Ltd. and Qingdao Haier Special Refrigerator Co., Ltd. The above 8 enterprises have undertaken respectively, among other things, to fully subscribe in cash for the A Rights Shares to be provisionally allotted to them under the A Share Rights Issue based on their shareholdings in the Bank after the trading hours on the A Share Rights Issue Record Date and on the basis of the A Share Rights Issue (i.e. three (3) A Rights Shares for every ten (10) existing A Shares) and the Subscription Price of the A Share Rights Issue determined between the Bank and the Underwriters.

As at the date of this announcement, Conson Industrial and its associates (including Qingdao Guoxin Capital Investment Co., Ltd. (“**Guoxin Capital**”)) held 603,556,841 Shares in aggregate (representing approximately 13.38% of the total issued share capital of the Bank). Conson Industrial and Guoxin Capital, which directly held 503,556,341 A Shares and 500 A Shares respectively (representing approximately 11.17% and 0.00001% of the total issued share capital of the Bank respectively) as at the date of this announcement, have undertaken respectively, among other things, to fully subscribe in cash for the A Rights Shares to be provisionally allotted to them under the A Share Rights Issue based on their shareholdings in the Bank after the trading hours on the A Share Rights Issue Record Date and on the basis of the A Share Rights Issue (i.e. three (3) A Rights Shares for every ten (10) existing A Shares) and the Subscription Price of the A Share Rights Issue determined between the Bank and the Underwriters.

Application for Listing

Application will be made to the SZSE for the listing of the A Rights Shares.

A Share Rights Issue Prospectus

The Chinese version of the A Share Rights Issue Prospectus is available for public inspection on the website of SZSE (www.szse.cn) and HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) from Thursday, 30 December 2021.

The A Share Rights Issue Prospectus in respect of the A Share Rights Issue will be distributed to the HK Northbound Trading Investors. The A Share Rights Issue Prospectus (together with a wrapper containing the disclosures required under the Companies (Winding Up and Miscellaneous Provisions) Ordinance) was registered with the Companies Registry on Wednesday, 29 December 2021.

CHANGES OF THE SHAREHOLDING OF THE BANK AS A RESULT OF THE RIGHTS ISSUE

For illustrative purpose only, the following tables set out the Bank's shareholding structure as at the date of this announcement and certain possible shareholding structures upon completion of the Rights Issue (which are all subject to change and assuming no change in the issued share capital of the Bank between the date of this announcement and the Rights Issue Record Date) on the basis of the Rights Issue being conducted on the basis of three (3) Rights Shares for every ten (10) existing Shares and assuming:

- (1) full subscription for H Rights Shares and A Rights Shares;
- (2) full subscription for H Rights Shares under the H Share Rights Issue by all Qualified H Shareholders and full subscription for A Rights Shares by all non-public A Shareholders, and the overall subscription level for A Rights Shares being 70%;
- (3) full subscription for H Rights Shares under the H Share Rights Issue by all non-public Shareholders among the Qualified H Shareholders (i.e. all the H Rights Shares were subscribed for by the non-public Shareholders among the Qualified H Shareholders on a pro-rata basis by way of full acceptance of their provisional allotment of relevant H Rights Shares and excess applications) (the shareholding percentage of non-public Shareholders among the Qualified H Shareholders upon completion of the Rights Issue shall be subject to the actual subscription at that time) and full subscription for A Rights Shares; and
- (4) full subscription for H Rights Shares under the H Share Rights Issue by all non-public Shareholders among the Qualified H Shareholders (i.e. all the H Rights Shares were subscribed for by the non-public Shareholders among the Qualified H Shareholders on a pro-rata basis by way of full acceptance of their provisional allotment of relevant H Rights Shares and excess applications) (the shareholding percentage of non-public Shareholders among the Qualified H Shareholders upon completion of the Rights Issue shall be subject to the actual subscription at that time) and full subscription for A Rights Shares by all non-public A Shareholders, and the overall subscription level for A Rights Shares being 70%.

Table under assumption (1) (full subscription for H Rights Shares and A Rights Shares) (for illustrative purpose only):

Name of Shareholders	Class of Shares	As at the date of this announcement		Immediately after the completion of the Rights Issue	
		Number of Shares	Percentage of the total number of issued Shares of the Bank (%)	Number of Shares	Percentage of the total number of issued Shares of the Bank (%)
A Share non-public Shareholders					
Haier Group and its associates ¹	A Shares	812,214,572	18.01	1,055,878,944	18.01
Conson Industrial and its associates ²	A Shares	503,556,841	11.17	654,623,893	11.17
Directors, Supervisors and senior management of the Bank ³	A Shares	3,100,676	0.07	4,030,879	0.07
A Share public Shareholders	A Shares	1,427,782,931	31.66	1,856,117,810	31.66
H Share non-public Shareholders					
Intesa Sanpaolo S.p.A.	H Shares	624,753,980	13.85	812,180,174	13.85
Conson Industrial and its associates ²	H Shares	100,000,000	2.22	130,000,000	2.22
H Share public Shareholders	H Shares	1,038,281,000	23.02	1,349,765,300	23.02
Public Shareholders sub-total	A Shares and H Shares	2,466,063,931	54.68	3,205,883,110	54.68
Total		4,509,690,000	100.00	5,862,597,000	100.00

Table under assumption (2) (full subscription for H Rights Shares by all Qualified H Shareholders and full subscription for A Rights Shares by all non-public A Shareholders, and the overall subscription level for A Rights Shares being 70%) (for illustrative purpose only):

Name of Shareholders	Class of Shares	As at the date of this announcement		Immediately after the completion of the Rights Issue	
		Number of Shares	Percentage of the total number of issued Shares of the Bank (%)	Number of Shares	Percentage of the total number of issued Shares of the Bank (%)
A Share non-public Shareholders					
Haier Group and its associates ¹	A Shares	812,214,572	18.01	1,055,878,944	18.80
Conson Industrial and its associates ²	A Shares	503,556,841	11.17	654,623,893	11.66
Directors, Supervisors and senior management of the Bank ³	A Shares	3,100,676	0.07	4,030,879	0.07
A Share public Shareholders	A Shares	1,427,782,931	31.66	1,608,918,859	28.65
H Share non-public Shareholders					
Intesa Sanpaolo S.p.A.	H Shares	624,753,980	13.85	812,180,174	14.46
Conson Industrial and its associates ²	H Shares	100,000,000	2.22	130,000,000	2.32
H Share public Shareholders	H Shares	1,038,281,000	23.02	1,349,765,300	24.04
Public Shareholders sub-total	A Shares and H Shares	2,466,063,931	54.68	2,958,684,159	52.69
Total		4,509,690,000	100.00	5,615,398,049	100.00

Table under assumption (3) (full subscription for H Rights Shares under the H Share Rights Issue by all non-public Shareholders among the Qualified H Shareholders (i.e. all the H Rights Shares were subscribed for by the non-public Shareholders among the Qualified H Shareholders on a pro-rata basis by way of full acceptance of their provisional allotment of relevant H Rights Shares and excess applications) and full subscription for A Rights Shares) (for illustrative purpose only):

Name of Shareholders	Class of Shares	As at the date of this announcement		Immediately after the completion of the Rights Issue	
		Number of Shares	Percentage of the total number of issued Shares of the Bank (%)	Number of Shares	Percentage of the total number of issued Shares of the Bank (%)
A Share non-public Shareholders					
Haier Group and its associates ¹	A Shares	812,214,572	18.01	1,055,878,944	18.01
Conson Industrial and its associates ²	A Shares	503,556,841	11.17	654,623,893	11.17
Directors, Supervisors and senior management of the Bank ³	A Shares	3,100,676	0.07	4,030,879	0.07
A Share public Shareholders	A Shares	1,427,782,931	31.66	1,856,117,810	31.66
H Share non-public Shareholders					
Intesa Sanpaolo S.p.A.	H Shares	624,753,980	13.85	1,025,954,475	17.50 ⁶
Conson Industrial and its associates ²	H Shares	100,000,000	2.22	224,179,397	3.82 ⁶
H Share non-public Shareholders sub-total	H Shares	724,753,980	16.07	1,250,133,872	21.32 ⁶
H Share public Shareholders	H Shares	1,038,281,000	23.02	1,038,281,000	17.71
Underwriters	H Shares	–	0.00	3,530,602	0.06
Public Shareholders sub-total	A Shares and H Shares	2,466,063,931	54.68	2,897,929,412	49.43
Total		4,509,690,000	100.00	5,862,597,000	100.00

Table under assumption (4) (full subscription for H Rights Shares under the H Share Rights Issue by all non-public Shareholders among the Qualified H Shareholders (i.e. all the H Rights Shares were subscribed for by the non-public Shareholders among the Qualified H Shareholders on a pro-rata basis by way of full acceptance of their provisional allotment of relevant H Rights Shares and excess applications) and full subscription for A Rights Shares by all non-public A Shareholders, and the overall subscription level for A Rights Shares being 70%) (for illustrative purpose only):

Name of Shareholders	Class of Shares	As at the date of this announcement		Immediately after the completion of the Rights Issue	
		Number of Shares	Percentage of the total number of issued Shares of the Bank (%)	Number of Shares	Percentage of the total number of issued Shares of the Bank (%)
A Share non-public Shareholders					
Haier Group and its associates ¹	A Shares	812,214,572	18.01	1,055,878,944	18.80
Conson Industrial and its associates ²	A Shares	503,556,841	11.17	654,623,893	11.66
Directors, Supervisors and senior management of the Bank ³	A Shares	3,100,676	0.07	4,030,879	0.07
A Share public Shareholders	A Shares	1,427,782,931	31.66	1,608,918,859	28.65
H Share non-public Shareholders					
Intesa Sanpaolo S.p.A.	H Shares	624,753,980	13.85	982,694,658	17.50 ⁶
Conson Industrial and its associates ²	H Shares	100,000,000	2.22	187,124,274	3.33 ⁶
H Share non-public Shareholders sub-total	H Shares	724,753,980	16.07	1,169,818,932	20.83 ⁶
H Share public Shareholders	H Shares	1,038,281,000	23.02	1,038,281,000	18.49
Underwriters	H Shares	–	0.00	83,845,542	1.49
Public Shareholders sub-total	A Shares and H Shares	2,466,063,931	54.68	2,731,045,401	48.63
Total		4,509,690,000	100.00	5,615,398,049	100.00

Notes:

1. As at the date of this announcement, Haier Group was interested in 812,214,572 Shares of the Bank through companies controlled or indirectly controlled by it.
2. As at the date of this announcement, Conson Industrial was directly interested in 503,556,341 Shares of the Bank; Guoxin Capital was directly interested in 500 Shares of the Bank; and Haitian (HK) Holdings Limited was directly interested in 100,000,000 Shares of the Bank. Conson Industrial is wholly-owned by Qingdao Conson Development (Group) Co., Ltd.; Haitian (HK) Holdings Limited is wholly-owned by Qingdao Conson Financial Holdings Co., Ltd. (“**Conson Financial**”); Guoxin Capital is held as to 98% by Conson Financial, which is held as to 90.27% by Qingdao Conson Development (Group) Co., Ltd.
3. As at the date of this announcement, the Directors were interested in 1,380,375 A Shares in aggregate; the Supervisors were interested in 870,301 A Shares in aggregate; and the senior management were interested in 850,000 A Shares in aggregate.
4. The Shares held by Haier Group and its associates, Intesa Sanpaolo S.p.A., Conson Industrial and its associates and the Directors, Supervisors and senior management of the Bank are not regarded as public float under the Hong Kong Listing Rules and/or the Listing Rules of the Shenzhen Stock Exchange.
5. The Bank will appoint more than one Underwriters for the H Share Rights Issue and none of the Underwriters will hold, by itself, 10% or more of the total issued share capital of the Bank, and none of the Underwriters will become a connected person of the Bank after the H Share Rights Issue.
6. In those case, the H Share non-public Shareholders will subscribe for excess H Rights Shares by way of excess applications, and the number and proportion of shareholding of each Shareholder will be further determined according to the specific circumstances where his/her/its excess application is made on an arm’s length basis provided that the shareholdings of Intesa Sanpaolo S.p.A. and Conson Industrial and its associates shall not exceed 17.5% and 14.99% of the enlarged total issued share capital respectively and the relevant amount payable by each of Intesa Sanpaolo S.p.A. and Haitian (HK) Holdings Limited shall not exceed the amount as stipulated under the undertaking letters respectively.

Based on publicly available information, as of the date of this announcement, the public float percentage of the Bank was in compliance with Rule 8.08 of the Hong Kong Listing Rules. Upon completion of the Rights Issue, the public float percentage of the Bank will continue to comply with the requirements under Rule 8.08 of the Hong Kong Listing Rules.

FUND RAISING ACTIVITIES INVOLVING ISSUE OF EQUITY SECURITIES IN THE PAST 12 MONTHS

The Bank has not engaged in any equity fund raising activity in the 12 months immediately before the date of this announcement.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

Reasons for the Rights Issue of the Bank are as follows:

1. Regulatory authorities have higher capital regulatory requirements for the banks

In recent years, the CBIRC has been stepping up its capital regulation on commercial banks. In 2012, the CBRC issued the Administrative Measures for the Capital of Commercial Banks (Provisional), which imposed more stringent and prudent requirements on the eligibility criteria and measurement requirements for various types of capital and further strengthened the capital regulatory requirements for commercial banks. Since 2016, the People's Bank of China has implemented the "Macro Prudential Assessment System" to guide banking and financial institutions to strengthen self-discipline and self-management in seven aspects, including capital and leverage, assets and liabilities, liquidity, pricing behavior, asset quality, cross-border financing risk and implementation of credit policies. With the continuous development of business in the next few years, it is expected that the capital gap will become certain constraints to the development of the Bank. In addition, in recent years, domestic and foreign regulatory authorities have continuously raised their capital regulatory requirements for the banks, demand for bank capital will further increase.

2. The Bank's future business development requires capital support

In recent years, the scale of the Bank's assets has grown steadily and rapidly. It is expected that the business scale of the Bank will maintain a steady growth trend in the next few years, and the steady development of business and asset scale requires the Bank to have sufficient capital as support. At the same time, the Bank needs to reserve a certain proportion of risk buffer capital on the basis of continuously meeting the minimum capital adequacy ratio requirements of the regulatory authorities, so as to further enhance the ability to resist risks and cope with the uncertainties of future macroeconomic development. To maintain the good momentum of fast growth, the Bank regards the capital replenishment management plan as an important part of the overall development strategy, insists on matching the capital management objectives with the strategic development objectives, and matches the growth of the asset scale with the growth of the capital scale to ensure the long-term sustainable development of the business.

All of the net proceeds from the Rights Issue (after deducting relevant issuance expenses) will be used to replenish the core tier-one capital, improve the capital adequacy ratio of the Bank, support the sustainable and healthy development of future business and enhance the capital strength and competitiveness of the Bank.

DEFINITIONS

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

“2021 First A Share Class Meeting” or “A Share Class Meeting”	the 2021 first A share class meeting held on Friday, 26 March 2021 at which, among others, the Rights Issue and related matters were considered and approved
“2021 First EGM” or “EGM”	the 2021 first extraordinary general meeting of the Bank held on Friday, 26 March 2021 at which, among others, the Rights Issue and related matters were considered and approved
“2021 First H Share Class Meeting” or “H Share Class Meeting”	the 2021 first H share class meeting held on Friday, 26 March 2021 at which, among others, the Rights Issue and related matters were considered and approved
“A Rights Share(s)”	the new A Share(s) proposed to be placed and issued to the Qualified A Shareholders pursuant to the A Share Rights Issue
“A Share Rights Issue”	the proposed issue of 823,996,506 A Rights Shares at the Subscription Price on the basis of up to three (3) A Rights Shares for every ten (10) existing A Shares held on the A Share Rights Issue Record Date
“A Share Rights Issue Prospectus”	the prospectus, which is in Chinese, containing the details of the A Share Rights Issue which has been published by the Bank on the website of the SZSE (www.szse.cn), the website of the Bank (www.qdccb.com) and the HKEXnews website of Hong Kong Stock Exchange (www.hkexnews.hk) on Thursday, 30 December 2021
“A Share Rights Issue Record Date”	Tuesday, 4 January 2022, or such other date determined by the Board or its authorized person(s) by reference to which entitlements of the A Share Rights Issue are to be determined
“A Share(s)”	the Bank’s ordinary shares of RMB1.00 each, which are listed on the SZSE (stock code: 002948) and traded in RMB
“A Shareholder(s)”	holder(s) of A Shares
“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Bank”	Bank of Qingdao Co., Ltd. and its branches
“Beneficial H Shareholder(s)”	any beneficial owner(s) of H Shares whose H Shares are registered in the name of a registered H Shareholder as shown in the H-share register
“Board”	the board of directors of the Bank

“Business Day(s)”	any day other than Saturday, Sunday or public holiday(s) on which commercial banks and financial institutions in Hong Kong are generally open for normal business to the public
“CBIRC”	China Banking and Insurance Regulatory Commission
“CBRC”	the former China Banking Regulatory Commission
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Company”	Bank of Qingdao Co., Ltd. and its subsidiaries and branches
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“CSDCC”	China Securities Depository and Clearing Corporation Limited
“CSRC”	China Securities Regulatory Commission
“CSRC Announcement”	the announcement of the CSRC Filing Requirements for Hong Kong Listed Issuers Making Rights Issue to Mainland Shareholders through Mainland-Hong Kong Stock Connect (CSRC Announcement [2016] No. 21)
“Director(s)”	the director(s) of the Bank
“EUR”	Euro, the lawful currency of the Eurozone
“Excess Application Form(s)”	application form(s) for excess H Rights Shares
“Excluded H Shareholder(s)”	Overseas Shareholder(s) whom the Board, based on relevant opinions provided by legal advisers, considers it necessary or expedient to exclude any such Overseas Shareholder(s) from participating in the H Share Rights Issue on account either of the legal restrictions under the laws of the place of his/her/their registered address(es) or the requirements of the relevant regulatory body or stock exchange in that place
“Global Coordinator”	CLSA Limited
“H Rights Share(s)”	the new H Share(s) proposed to be placed and issued to the Qualified H Shareholders pursuant to the H Share Rights Issue
“H Share Registrar”	Computershare Hong Kong Investor Services Limited

“H Share Rights Issue”	the proposed issue of 528,910,494 H Rights Shares at the Subscription Price on the basis of up to three (3) H Rights Shares for every ten (10) existing H Shares held on the H Share Rights Issue Record Date
“H Share Rights Issue Prospectus”	the rights issue prospectus in relation to the H Share Rights Issue to be issued by the Bank and despatched to the H Shareholders, which contains further details of the H Share Rights Issue
“H Share Rights Issue Record Date”	Thursday, 13 January 2022, or such other date determined by the Board or its authorized person(s) by reference to which entitlements of the H Share Rights Issue are to be determined
“H Share(s)”	overseas listed foreign share(s) of RMB1.00 each in the share capital of the Bank, which are listed on the Hong Kong Stock Exchange (stock code: 03866) and traded in Hong Kong dollars
“H Shareholder(s)”	holder(s) of H Shares
“HK Northbound Trading Investors”	the Hong Kong investors who hold the shares of PRC listed companies through HKSCC as nominee under Shenzhen-Hong Kong Stock Connect
“HK\$” or “Hong Kong dollars”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong 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
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“H-share register”	the H-share register of the Bank
“Latest Acceptance Date”	Friday, 28 January 2022 or such later date as the Bank and the Underwriters may agree in writing
“Latest Time for Termination”	5:00 p.m. on Monday, 31 January 2022
“Listing Rules of the Shenzhen Stock Exchange”	the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange
“Nil-paid H Rights”	the rights to subscribe for H Rights Shares (in the form of nil-paid H Rights Shares) before the Subscription Price is paid

“Offshore Preference Share(s)”	non-cumulative perpetual offshore preference shares with a total size of US\$1.203 billion and dividend rate of 5.50% issued by the Bank
“Overseas Shareholder(s)”	(i) H Shareholder(s) whose name(s) appear(s) on the H-share register on the H Share Rights Issue Record Date and whose registered address(es) is/are in a place outside Hong Kong; and (ii) Beneficial H Shareholder(s) whose registered address(es) is/are in a place outside Hong Kong
“PRC Southbound Trading Investors”	PRC investors (including enterprises and individuals) who hold the shares of Hong Kong listed companies through CSDCC as nominee under Shenzhen-Hong Kong Stock Connect
“PRC” or “China”	the People’s Republic of China, excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan
“Price Determination Date”	29 December 2021, the date on which the Subscription Price was fixed for the purpose of the Rights Issue
“Prospectus Documents”	the prospectus, the Provisional Allotment Letter(s) and the Excess Application Form(s)
“Provisional Allotment Letter(s)”	provisional allotment letter(s) for the H Rights Shares
“Qualified A Shareholder(s)”	A Shareholder(s) whose name(s) appear(s) on the register of members of the Bank at the Shenzhen branch of CSDCC after the close of trading on the A Share Rights Issue Record Date
“Qualified H Shareholder(s)”	H Shareholder(s) whose name(s) appear(s) on the H-share register on the H Share Rights Issue Record Date (not being Excluded H Shareholders)
“Rights Issue”	A Share Rights Issue and/or H Share Rights Issue
“Rights Issue Record Date(s)”	A Share Rights Issue Record Date and/or H Share Rights Issue Record Date
“Rights Share(s)”	A Rights Share(s) and/or H Rights Share(s)
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai-Hong Kong Stock Connect”	the securities trading and clearing links programme developed by the Hong Kong Stock Exchange, the SSE, HKSCC and CSDCC for the establishment of mutual market access between Hong Kong and Shanghai
“Share(s)”	A Share(s) and/or H Share(s) of the Bank

“Shareholder(s)”	holder(s) of Shares
“Shenzhen-Hong Kong Stock Connect”	the securities trading and clearing links programme developed by the Hong Kong Stock Exchange, the SZSE, HKSCC Nominees Limited and CSDCC for the establishment of mutual market access between Hong Kong and Shenzhen
“SSE”	Shanghai Stock Exchange
“Subscription Price(s)”	the Subscription Price of HK\$3.92 per H Rights Share and/or the Subscription Price of RMB3.2 per A Rights Share (as the case may be)
“Supervisor(s)”	the supervisor(s) of the Bank
“SZSE”	Shenzhen Stock Exchange
“Underwriters”	CLSA Limited, AMTD Global Markets Limited, China International Capital Corporation Hong Kong Securities Limited and China Merchants Securities (HK) Co., Ltd.
“Underwriting Agreement”	the underwriting agreement dated 29 December 2021 entered into between the Bank and the Underwriters in relation to the H Share Rights Issue
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“%”	per cent.

Unless otherwise specified in this announcement, the exchange rate adopted in this announcement for illustration only is HK\$1 to RMB0.81734. No representation is made that any amounts in RMB could have been or could be converted at that rate or at any other rates.

By order of the Board
Bank of Qingdao Co., Ltd.*
Guo Shaoquan
Chairman

Qingdao, Shandong Province, the PRC
29 December 2021

As at the date of this announcement, the Board comprises Mr. Guo Shaoquan, Mr. Wang Lin, Mr. Liu Peng and Ms. Lu Lan as executive Directors; Mr. Zhou Yunjie, Mr. Rosario Strano, Ms. Tan Lixia, Mr. Marco Mussita, Mr. Deng Youcheng and Mr. Choi Chi Kin, Calvin as non-executive Directors; Mr. Simon Cheung, Ms. Fang Qiaoling, Mr. Tingjie Zhang, Mr. Xing Lecheng and Mr. Zhang Xu as independent non-executive Directors.

* *Bank of Qingdao 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.*