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JIANGXI BANK CO., LTD.*

江西銀行股份有限公司*

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

(Stock Code: 1916)

ENGAGEMENT OF CONVERTIBLE NEGOTIATED DEPOSIT BUSINESS TO REPLENISH ADDITIONAL TIER-ONE CAPITAL AND ISSUANCE OF SHARES UNDER A SPECIAL MANDATE

The board of directors (the “**Board**”) of Jiangxi Bank Co., Ltd.* (the “**Bank**”) hereby announces that in order to actively implement the government’s special debt policy of RMB200 billion, enhance the Bank’s capital strength and risk resistance level, the Bank intends to carry out the convertible negotiated deposit business to replenish other tier-one capital. The relevant plan is hereby formulated. The main contents are as follows:

(1) Background

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

According to the aforesaid policies and arrangements, the MOF has allocated RMB200 billion in the 2020 new local government special debt limit for local governments to subscribe for qualified capital instruments or to periodically replenish capital to small and medium-sized banks by means of capital injection. According to the unified deployment of the Jiangxi Provincial Department of Finance, the Bank intends to carry out a convertible negotiated deposit business of not more than RMB3.9 billion to coordinate with local government special bond funds, so as to replenish other tier-one capital in full.

(2) Meaning and Necessity of Convertible Negotiated Deposit

(I) Meaning of convertible negotiated deposit

Convertible negotiated deposit is an innovative capital tool to replenish the capital of small and medium-sized banks. It is to inject local government bond funds that can be used to replenish the capital of small and medium-sized banks into target banks in the form of deposits to replenish the target banks' capital. At the same time, the subscriber of the convertible negotiated deposit enters into an agreement with the target banks to convert the deposit into ordinary Shares upon meeting the conditions for the conversion, or to repay the principal and interest by the target banks upon the maturity of the convertible negotiated deposit or when it becomes redeemable.

(II) Necessity of convertible negotiated deposit

With the deepening of interest rate liberalization, small and medium-sized banks are facing intensifying competition. After the COVID-19 epidemic in 2020, in particular, the external environment faced by small and medium-sized banks became more complicated. Therefore, it is an effective way to further improve financial service capacity by issuing the convertible negotiated deposit with special debt funds, replenishing other tier-one capital of the Bank and stabilizing long-term and core liabilities.

(3) Basic elements for convertible negotiated deposit

Targets of issuance: Jiangxi Provincial Department of Finance or its designated authorities.

Quota: not more than RMB3.9 billion.

Interest rate: Before the conversion, the interest rate of the convertible negotiated deposit shall match with the corresponding local government special bond issuance interest rate.

Repayment of principal and interest: The maturity of the deposit shall be set in accordance with the maturity requirements of the convertible negotiated deposit in batches. Among them, RMB0.8 billion is for the six-year maturity, RMB0.8 billion for the seven-year maturity, RMB0.8 billion for the eight-year maturity, RMB0.8 billion for the nine-year maturity and RMB0.7 billion for the ten-year maturity. The interest is paid semiannually on the convertible negotiated deposit, and the interest rate shall match with the corresponding local government special bond issuance interest rate.

Purpose: to replenish other tier-one capital of the Bank¹.

Core conversion terms: When the core tier-one capital adequacy ratio of the Bank is lower than 5.125%, and other conditions as set out in the Agreement are met, the negotiated deposits will be converted into ordinary Shares periodically and included in the core tier-one capital.

¹ In accordance with the Administrative Measures for the Capital of Commercial Banks (for Trial) (《商業銀行資本管理辦法(試行)》) issued by the China Banking Regulatory Commission (now renamed as the China Banking and Insurance Regulatory Commission), the total capital of commercial banks includes core tier-one capital, other tier-one capital and tier-two capital. Other tier-one capital includes: other tier-one capital instruments and its premium as well as applicable portions of minority shareholders' capital that may be included.

Specifically, in accordance with the Agreement, the conversion for convertible negotiated deposit into ordinary Shares of the Bank shall satisfy the following conditions at the same time: (i) the core tier-one capital adequacy ratio of the Bank is lower than 5.125%; (ii) Jiangxi Provincial Department of Finance consent to the conversion; and (iii) the class and number of the converted ordinary Shares and the shareholding structure of the Bank after the conversion shall satisfy the particular requirement of the Hong Kong Stock Exchange for the minimum public float, otherwise all or part of the Shares shall be held by the independent third parties or the conversion shall be terminated. In view of the fact that the Bank has applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 8.08(1) of the Listing Rules at the time of the listing of the Bank's H Shares, pursuant to which, the minimum public float shall be the higher of: (i) 20%; and (ii) such percentage of H Shares to be held by the public immediately after the whole or part of the over-allotment option is exercised. As at the Latest Practicable Date, the number of H Shares of the Bank held by the public accounts for approximately 22.33% of the total issued share capital of the Bank (the "**Minimum Public Float**"), which is the percentage of H Shares held by the public immediately after the whole or part of the over-allotment option is exercised at the time of the listing of the Bank's H Shares. In this case, in order to be in compliance with the requirements of the Listing Rules regarding the minimum public float, the ordinary shares of the Bank converted in accordance with the plan of convertible negotiated deposit and the Agreement can only be H Shares of the Bank that are issued overseas and listed on the main board of the Hong Kong Stock Exchange, with a par value of RMB1 per Share.

Conversion price: It is determined on the basis of the higher value of average trading price of H ordinary Shares of the Bank for 20 trading days preceding the date of the Board resolution approving the convertible negotiated deposit (i.e. March 26, 2021) and the net assets per Share attributable to the owners of the parent company based on the consolidated statement after asset and capital verification at the time of conversion of the convertible negotiated deposit. The adjustment rule for initial conversion price has been set (see "iv Conversion price" below for details).

Specifically, in accordance with the Agreement, the conversion price is determined on the basis of the higher value of average trading price of H ordinary Shares of the Bank for 20 trading days preceding the date of the Board resolution approving the convertible negotiated deposit (i.e. March 26, 2021) (the average trading price of H ordinary Shares of the Bank for the 20 preceding trading days = the total trading amount of H ordinary Shares of the Bank for the 20 preceding trading days/total trading volume of H ordinary Shares of the Bank for the 20 preceding trading days), which will be translated into the price of RMB with the central parity of the RMB against the Hong Kong dollars announced by State Administration of Foreign Exchange on the date of the Board resolution (the "**Initial Conversion Price**"), i.e. 3.29 Hong Kong dollars, equivalent to RMB2.78, and the net assets per Share attributable to the owners of the parent company based on the consolidated statement after asset and capital verification at the time of conversion of the convertible negotiated deposit. The Bank's net assets per Share attributable to the owners of the parent company based on the consolidated statement as of December 31, 2020 was RMB5.85, for reference only.

The basis for determining the Initial Conversion Price of the convertible negotiated deposit is based on the *Measures for the Administration on Securities Issuance of Listed Companies of the China Securities Regulatory Commission* and other relevant laws and regulations, as well as the conversion clauses of domestic and overseas preference shares issued by domestic banks (for replenishing other tier-one capital) with reference to the average trading price in the 20 trading days prior to the pricing base date.

The Initial Conversion Price of the convertible negotiated deposit is RMB2.78:

- ① It is equal to the average trading price of the Bank's H shares in the 5 trading days prior to the date of the resolution of the Board (i.e. March 26, 2021);
- ② It is equal to the average trading price of the Bank's H shares in the 10 trading days prior to the date of the resolution of the Board (i.e. March 26, 2021);
- ③ It represents a discount of approximately 0.36% to the average trading price of the Bank's H shares in the 30 trading days prior to the date of the resolution of the Board (i.e. March 26, 2021);
- ④ It represents a discount of approximately 2.16% to the average trading price of the Bank's H shares in the 90 trading days prior to the date of the resolution of the Board (i.e. March 26, 2021);
- ⑤ It represents a discount of approximately 0.72% to the average trading price of the Bank's H shares on the date of the resolution of the Board (i.e. March 26, 2021);
- ⑥ It represents a premium of approximately 0.72% over the average trading price of the Bank's H shares in the 5 trading days prior to the Latest Practicable Date (i.e. April 30, 2021).
- ⑦ It represents a discount of approximately 2.88% over the average trading price of the Bank's H shares as at the Latest Practicable Date (i.e. April 30, 2021).

The Board of Directors of the Bank believes that the Initial Conversion Price is based on the market price of the Bank's H shares and is fair and reasonable.

Therefore, under the above conditions, as calculated by the estimated lower conversion price of RMB2.78, the conversion for the convertible negotiated deposit may have one of the following circumstances:

- (I) If the conversion conditions are triggered within 6 years (inclusive) after the issuance date of special bonds, the amount of conversion deposits involved will be RMB3.9 billion***

Assuming in compliance with the Minimum Public Float requirement, under the circumstance of the converted H Shares (i.e., conversion into 152,126,221 H Shares in total of the Bank) being held only by Jiangxi Provincial Department of Finance or its close associates to the maximum extent, rather than being held by independent third parties in full or in part, the equity structures of the Bank immediately after the conversion set out as follows:

	As at Latest Practicable Date		Immediately after the implementation of the conversion	
	Number of Shares	Approximate percentage of the total issued Shares of the Bank	Number of Shares	Approximate percentage of the total issued Shares of the Bank
Domestic Shares				
Jiangxi Provincial Expressway Investment Group Co., Ltd.	937,651,339	15.56%	937,651,339	15.18%
Jiangxi Financial Holding Group Co., Ltd. and its close associates	459,337,688	7.62%	459,337,688	7.44%
China National Tobacco Corporation Jiangxi Branch	263,000,000	4.37%	263,000,000	4.26%
Pingxiang Huixiang Construction Development Co., Ltd.	241,088,500	4.00%	241,088,500	3.90%
Other holder(s) of the Domestic Shares	2,777,699,374	46.11%	2,777,699,374	44.97%
Total issued Domestic Shares	4,678,776,901	77.67%	4,678,776,901	75.75%
H Shares				
Jiangxi Provincial Department of Finance or its close associates	–	–	152,126,221	2.46%
Other independent third parties shareholder(s) of H Shares	1,345,500,000	22.33%	1,345,500,000	21.78%
Total issued H Shares	1,345,500,000	22.33%	1,497,626,221	24.25%
Total issued Shares	6,024,276,901	100%	6,176,403,122	100%

Notes:

1. Jiangxi Provincial Expressway Investment Group Co., Ltd. is a state-owned corporate shareholder. Regarding Jiangxi Provincial Expressway Investment Group Co., Ltd., its controlling shareholder and de facto controller are both Department of Transportation of Jiangxi Province and its ultimate beneficiary is Jiangxi Provincial Expressway Investment Group Co., Ltd..
2. Jiangxi Financial Holding Group Co., Ltd. is a state-owned corporate shareholder. The controlling shareholder of Jiangxi Financial Holding Group Co., Ltd., is Asset Management Center of Administrative Institutions in Jiangxi Province, which is wholly owned by Jiangxi Provincial Department of Finance. As at the Latest Practicable Date, Jiangxi Financial Holding Group Co., Ltd. holds 347,546,956 Domestic Shares of the Bank, Jiangxi Provincial Department of Finance holds 45,000,000 Domestic Shares of the Bank, Jiangxi Fiscal Investment Management Co., Ltd. (a close associate of Jiangxi Provincial Department of Finance) holds 12,969,590 Domestic Shares of the Bank, and Jiangxi Province Administrative Assets Group Company Limited (江西省行政事業資產集團有限公司) (a close associate of Jiangxi Provincial Department of Finance) holds 53,821,142 Domestic Shares of the Bank.
3. China National Tobacco Corporation Jiangxi Branch holds 263,000,000 Shares of the Bank jointly with its wholly-owned subsidiary Jiangxi Jinfeng Investment Management Co., Ltd.. It is a state-owned corporate shareholder. Regarding China National Tobacco Corporation Jiangxi Branch, its controlling shareholder and de facto controller both are China National Tobacco Corporation and its ultimate beneficiary is China National Tobacco Corporation Jiangxi Branch.
4. Pingxiang Huixiang Construction Development Co., Ltd. is a state-owned corporate shareholder. Regarding Pingxiang Huixiang Construction Development Co., Ltd., its controlling shareholder is Pingxiang Huifeng Investment Co., Ltd., its de facto controller is Administration Commission of Pingxiang Economic & Technological Development Zone and its ultimate beneficiary is Pingxiang Huixiang Construction Development Co., Ltd..
5. As at the Latest Practicable Date, the total share capital of the Bank is 6,024,276,901 shares, including 4,678,776,901 Domestic Shares and 1,345,500,000 H Shares. To the best knowledge of the Bank and the Directors after reasonable inquiries, all the H Share issued by the Bank are held by the public.
6. If there is any discrepancy between the arithmetic results and the calculation results of figures listed, it is due to rounding.

Assuming in compliance with the Minimum Public Float requirement, the amount of deposits are fully converted into Shares (i.e., a total of 1,402,877,697 H Shares of the Bank), which are held by Jiangxi Provincial Department of Finance and its close associates to the maximum extent (i.e., 152,126,221 H Shares), and by other designated independent third parties for the remaining H Share converted (i.e., 1,250,751,477 H Shares), the equity structures of the Bank immediately after the conversion to Shares are set out as follows:

	As at Latest Practicable Date		Immediately after the implementation of the conversion	
	Number of Shares	Approximate percentage of the total issued Shares of the Bank	Number of Shares	Approximate percentage of the total issued Shares of the Bank
Domestic Shares				
Jiangxi Provincial Expressway Investment Group Co., Ltd.	937,651,339	15.56%	937,651,339	12.62%
Jiangxi Financial Holding Group Co., Ltd. and its close associates	459,337,688	7.62%	459,337,688	6.18%
China National Tobacco Corporation Jiangxi Branch	263,000,000	4.37%	263,000,000	3.54%
Pingxiang Huixiang Construction Development Co., Ltd.	241,088,500	4.00%	241,088,500	3.25%
Other holder(s) of the Domestic Shares	2,777,699,374	46.11%	2,777,699,374	37.40%
Total issued Domestic Shares	4,678,776,901	77.67%	4,678,776,901	63.00%
H Shares				
Jiangxi Provincial Department of Finance or its close associates	–	–	152,126,221	2.05%
Other independent third parties shareholder(s) of H Shares	1,345,500,000	22.33%	2,596,251,477	34.96%
Total issued H Shares	1,345,500,000	22.33%	2,748,377,698	37.00%
Total issued Shares	6,024,276,901	1.00%	7,427,154,599	1.00%

(II) If the conversion conditions are triggered within 6-7 years (inclusive) after the issuance date of special bonds, the amount of conversion deposits involved will be RMB3.1 billion

Assuming in compliance with the Minimum Public Float requirement, under the circumstance of the converted H Shares (i.e., conversion into 152,126,221 H Shares in total of the Bank) being held only by Jiangxi Provincial Department of Finance or its close associates to the maximum extent, rather than being held by independent third parties in full or in part, immediately after the conversion, the total share capital of the Bank is 6,176,403,122 shares, including 4,678,776,901 Domestic Shares and 1,497,626,221 H Shares. Then the public float of the Bank is 24.25%, which meets the Minimum Public Float requirement.

Assuming in compliance with the Minimum Public Float requirement, the amount of deposits are fully converted into Shares (i.e., a total of 1,115,107,913 H Shares of the Bank), which are held by Jiangxi Provincial Department of Finance and its close associates to the maximum extent (i.e., 152,126,221 H Shares), and by other designated independent third parties for the remaining H Share converted (i.e., 962,981,692 H Shares). Immediately after the conversion, the total share capital of the Bank is 7,139,384,814 shares, including 4,678,776,901 Domestic Shares and 2,460,607,913 H Shares. Then the public float of the Bank is 34.47%, which meets the Minimum Public Float requirement.

(III) If the conversion conditions are triggered within 7-8 years (inclusive) after the issuance date of special bonds, the amount of conversion deposits involved will be RMB2.3 billion

Assuming in compliance with the Minimum Public Float requirement, under the circumstance of the converted H Shares (i.e., conversion into 152,126,221 H Shares in total of the Bank) being held only by Jiangxi Provincial Department of Finance or its close associates to the maximum extent, rather than being held by independent third parties in full or in part, immediately after the conversion, the total share capital of the Bank is 6,176,403,122 shares, including 4,678,776,901 Domestic Shares and 1,497,626,221 H Shares, the public float of the Bank is 24.25%, which meets the Minimum Public Float requirement.

Assuming in compliance with the Minimum Public Float requirement, the amount of deposits are fully converted into Shares (i.e., a total of 827,338,129 H Shares of the Bank), which are held by Jiangxi Provincial Department of Finance and its close associates to the maximum extent (i.e., 152,126,221 H Shares), and by other designated independent third parties for the remaining H Share converted (i.e., 675,211,908 H Shares). Immediately after the conversion, the total share capital of the Bank is 6,851,615,030 shares, including 4,678,776,901 Domestic Shares and 2,172,838,129 H Shares. Then the public float of the Bank is 31.71%, which meets the Minimum Public Float requirement.

(IV) If the conversion conditions are triggered within 8-9 years (inclusive) after the issuance date of special bonds, the amount of conversion deposits involved will be RMB1.5 billion

Assuming in compliance with the Minimum Public Float requirement, under the circumstance of the converted H Shares (i.e., conversion into 152,126,221 H Shares in total of the Bank) being held only by Jiangxi Provincial Department of Finance or its close associates to the maximum extent, rather than being held by independent third parties in full or in part, immediately after the conversion, the total share capital of the Bank is 6,176,403,122 shares, including 4,678,776,901 Domestic Shares and 1,497,626,221 H Shares, the public float of the Bank is 24.25%, which meets the Minimum Public Float requirement.

Assuming in compliance with the Minimum Public Float requirement, the amount of deposits are fully converted into Shares (i.e., a total of 539,568,345 H Shares of the Bank), which are held by Jiangxi Provincial Department of Finance and its close associates to the maximum extent (i.e., 152,126,221 H Shares), and by other designated independent third parties for the remaining H Share converted (i.e., 387,442,124 H Shares). Immediately after the conversion, the total share capital of the Bank is 6,563,845,246 shares, including 4,678,776,901 Domestic Shares and 1,885,068,345 H Shares. Then the public float of the Bank is 28.72%, which meets the Minimum Public Float requirement.

(V) If the conversion conditions are triggered within 9-10 years (inclusive) after the issuance date of special bonds, the amount of conversion deposits involved will be RMB0.7 billion

Assuming in compliance with the Minimum Public Float requirement, under the circumstance of the converted H Shares (i.e., conversion into 152,126,221 H Shares in total of the Bank) being held only by Jiangxi Provincial Department of Finance or its close associates to the maximum extent, rather than being held by independent third parties in full or in part, immediately after the conversion, the total share capital of the Bank is 6,176,403,122 shares, including 4,678,776,901 Domestic Shares and 1,497,626,221 H Shares, the public float of the Bank is 24.25%, which meets the Minimum Public Float requirement.

Assuming in compliance with the Minimum Public Float requirement, the amount of deposits are fully converted into Shares (i.e., a total of 251,798,561 H Shares of the Bank), which are held by Jiangxi Provincial Department of Finance and its close associates to the maximum extent (i.e., 152,126,221 H Shares), and by other designated independent third parties for the remaining H Share converted (i.e., 99,672,340 H Shares). Immediately after the conversion, the total share capital of the Bank is 6,276,075,462 shares, including 4,678,776,901 Domestic Shares and 1,597,298,561 H Shares. Then the public float of the Bank is 25.45%, which meets the Minimum Public Float requirement.

In summary, the convertible negotiated deposit can be converted to a maximum of 1,402,877,697 H Shares of the Bank, with a par value of RMB1 per Share, provided that the conditions for conversion are satisfied. Based on that and the conversion price of RMB2.78, the theoretical dilution effect is 0.51%. The Bank will comply with the theoretical dilution effect requirement in accordance with Rule 7.27B of Listing Rules during the term of the Agreement.

(4) Authorization

This proposal will be put forward to the Shareholders' General Meeting and the Shareholders' Class Meetings for consideration. The Bank and Jiangxi Provincial Department of Finance will enter into the Agreement within three months from the date of approval of the Shareholders' General Meeting and the Shareholders' Class Meetings. Upon approval by the Shareholders' General Meeting and the Shareholders' Class Meetings, the Board of Directors will authorize the senior management to carry out relevant work in a timely manner in accordance with the aforesaid convertible negotiated deposit issuance plan and the requirements of the Jiangxi Provincial Department of Finance and regulatory authorities, such as making amendments to the plan and relevant agreements according to requirements of regulatory authorities in the place where the Bank's Shares are listed. At the same time, the Board of Directors authorizes the senior management to handle the specific matters related to the issuance of the aforesaid convertible negotiated deposits, including but not limited to: submitting the issuance materials to the financial departments and regulatory authorities, determining the specific scale, time, term and interest rate of deposits, arranging the repayment of principal and interest of deposits and other related matters, signing all relevant legal documents reached by both parties concerning the convertible negotiated deposits, etc., and making appropriate adjustments in accordance with the requirements of financial departments and regulatory authorities. Regarding the specific arrangements for this matter, the Bank will comply with applicable rules and regulations of the place where the Shares are listed, such as the Listing Rules. The aforesaid authorization period shall be valid within three months from the date of approval by the Shareholders' General Meeting and Shareholders' Class Meetings.

(5) The agreement on replenishing the “convertible negotiated deposit” of small and medium-sized banks' capital with the special bonds (the “Agreement”)

i Main Contents

Jiangxi Provincial Department of Finance intends to supplement the tier-one capital of the Bank by means of the convertible negotiated deposit, as detailed below:

- ① After obtaining the proceeds from issuance of local government special bonds, Jiangxi Provincial Department of Finance will deposit the relevant funds in the form of negotiated deposit into the special RMB deposit account for corporate it opens in the Bank according to the Agreement.
- ② With the consent of Jiangxi Provincial Department of Finance, when the core tier-one capital adequacy ratio of the Bank is lower than 5.125%, Jiangxi Provincial Department of Finance shall convert the negotiated deposits into ordinary Shares of the Bank in accordance with laws and regulations as well as the Agreement (see “iii Conversion conditions” below for details).

- ③ If the conversion conditions are not satisfied, the Bank shall repay the principal and pay the interest according to the Agreement upon the maturity of the convertible negotiated deposit.
- ④ During the term of the convertible negotiated deposit, the Bank shall report the changes in the core tier-one capital adequacy ratio of the previous quarter by the fifteenth day of the first month of each quarter to Jiangxi Provincial Department of Finance. When the core tier-one capital adequacy ratio of the Bank drops to 7.5%, and early warning is triggered, the Bank shall promptly inform Jiangxi Provincial Department of Finance of the situation, formulate emergency plans, and actively take emergency measures to improve the ability to resist risks and avoid the occurrence of triggering events.

The term of the Agreement starts from the issuance date of the special bonds to the earlier of the following: (i) the date on which the shares held by Jiangxi Provincial Department of Finance are withdrawn, (ii) the maturity date of the special bonds, or (iii) the expiry date of 10 years from the issuance date of the special bonds.

ii Agreements on the negotiated deposit

Jiangxi Provincial Department of Finance intends to inject RMB3.9 billion in total in five installments into the Bank by means of convertible negotiated deposit (the actual amount shall be subject to the amount of the local government special bonds issued to supplement the capital of the Bank under the approval of the provincial government).

The interest rate of the convertible negotiated deposit under the Agreement shall be fixed, and the annual interest rate (after considering tax factors) is subject to the actual issuing rate of the corresponding local government special bonds. Interest shall be paid on the deposit under the Agreement every six months, and the Interest Payment Day of the convertible negotiated deposit shall be at least 10 working days ahead of the Interest Payment Day of the special bonds. The interest shall be paid to the local Treasury of Jiangxi Provincial Department of Finance by transfer. The transfer voucher of the Bank shall be the valid voucher of the interest payment.

The value date of the convertible negotiated deposit shall be the value date of the proceeds from special bonds, and the date of cessation in calculation of interest shall be the conversion completion date or the maturity date of the special bonds. The interest of difference between the deposit period and the value date of the funds from special bonds shall be borne by the Bank.

The convertible negotiated deposit of RMB3.9 billion in total shall be deposited in 5 installments, of which the first installment is RMB0.8 billion, with a term of 6 years; the second installment is RMB0.8 billion, with a term of 7 years; the third installment is RMB0.8 billion, with a term of 8 years; the fourth installment is RMB0.8 billion, with a term of 9 years; and the fifth installment is RMB0.7 billion, with a term of 10 years.

iii Conversion conditions

The parties agree that the conversion of the convertible negotiated deposit into the ordinary Shares of the Bank shall be subject to the following conditions:

- ① the core tier-one capital adequacy ratio of the Bank is lower than 5.125%;
- ② Jiangxi Provincial Department of Finance consents to the conversion;
- ③ The class and number of the converted ordinary Shares and the shareholding structure of the Bank after the conversion shall satisfy the particular requirement of Hong Kong Stock Exchange for the minimum public float, otherwise all or part of the Shares shall be held by the independent third parties or the conversion shall be terminated.

If the above conditions are met, Jiangxi Provincial Department of Finance will convert all or part of the convertible negotiated deposit into the Shares of the Bank, with the shareholding ratio determined based on the conversion price standards set out in the Agreement.

iv Conversion price

The conversion price is determined on the basis of the higher value of average trading price of H ordinary Shares of the Bank for 20 trading days preceding the date of the Board resolution approving the convertible negotiated deposit (i.e. March 26, 2021) (the average trading price of H ordinary Shares of the Bank for the 20 preceding trading days = the total trading amount of H ordinary Shares of the Bank for the 20 preceding trading days/total trading volume of H ordinary Shares of the Bank for the 20 preceding trading days), which will be translated into the price of RMB with the central parity of the RMB against the Hong Kong dollars announced by State Administration of Foreign Exchange on the date of the Board resolution (the “**initial conversion price**”), and the net assets per Share attributable to the owners of the parent company based on the consolidated statement after asset and capital verification at the time of conversion of the convertible negotiated deposit.

If, after the date of the Board resolution to carry on the convertible negotiated

deposit business (before the date of the trigger event of the conversion), the Bank issues bonus dividends of ordinary Shares, converts capital reserves to share capital and issues new Shares at a price lower than the audited net assets per Share in the year end prior to the issuance (excluding any additional share capital from the conversion of financial instruments issued by the Bank with a provision for conversion into ordinary Shares) and makes rights issue (whether at a price lower than the audited net assets per Share in the year end prior to the issuance or not), the Bank will adjust the initial conversion price on a cumulative basis in accordance with the sequence of occurrences of the foregoing events, provided that the distribution of cash dividend of ordinary Shares by the Bank will not result in the adjustment of the initial conversion price. The specific adjustment rules have been set as follow:

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

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

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

In the case of rights issue (whether at a price lower than the audited net assets per Share in the year end prior to the issuance or not), the total number of shares of capital of the Bank will increase and the equity interest per share will be diluted accordingly. Therefore, a corresponding discount shall be applied to the initial conversion price so as to ensure that all Shareholders’ rights and interests are protected.

The Bank undertakes that it will not issue new Shares at a price lower than net assets per Share issue during the term of the Agreement. As a state-owned enterprise, in order to ensure the appreciation and preservation of state-owned assets and protect the interests of original shareholders, in accordance with general market principles, the Bank will not issue new shares at a price lower than the net assets per share. Besides, in addition to the issuance of new shares, the Bank may also adopt other methods including the issuance of capital bonds to raise funds. Therefore, the aforementioned undertaking of the Bank will not affect the Bank’s ability to raise funds in the future, and is in the overall interest of the Bank and its shareholders.

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

All or part of the convertible negotiated deposit will be converted by Jiangxi Provincial Department of Finance to Shares held in the Bank (“Target Shares”), and the number of Shares converted = the principle amount of the convertible negotiated deposit/the conversion price, and the Target Shares are ordinary Shares.

v *Implementation of the conversion*

Jiangxi Provincial Department of Finance, the Bank and the Shareholders (which are related to the implementation of the conversion) of the Bank will enter into the Capital Increment Agreement according to the conversion standards and conditions agreed in the Agreement. After the conversion, Jiangxi Provincial Department of Finance will exercise the corporate governance over the Bank based on the actual shareholding with other Shareholders of the Bank.

The negotiated deposit in the Bank from Jiangxi Provincial Department of Finance will be converted to the capital for subscription of the Bank's Shares after the Capital Increment Agreement is entered into among Jiangxi Provincial Department of Finance, the Bank and the Shareholders (which are related to the implementation of the conversion) of the Bank, and Articles of Association is amended.

After the register of members is determined, the Bank shall be responsible for the amendment to the corporate registration particulars in relation to the Target Shares with the company registration authority, and Jiangxi Provincial Department of Finance will provide assistance and cooperation correspondingly.

As agreed among all the parties, since the date when the negotiable deposit is deducted as the conversion capital from the negotiable deposit account of Jiangxi Provincial Department of Finance, the Bank will not pay any interest on those deducted convertible negotiable deposit. Since the completion date of the conversion, the Shareholders whose names appear on the register of members after the conversion shall be entitled to the capital reserve, surplus reserve and accumulative undistributed profits of the Bank in proportion to their respective Shares.

vi *Corporate Governance*

In order to enhance the corporate governance capability of the Bank, better defuse risks and enhance operational efficiency, the Bank and its Shareholders agree that, upon the completion of the stock conversion under the Agreement, Jiangxi Provincial Department of Finance may nominate one Director to join the risk management committee and perform the responsibilities of Shareholders in compliance with the provisions related to the rights of Shareholders as set out in the Articles of Association, provided that the relevant arrangements set forth in this article shall comply with laws and regulations and the requirements of the relevant banking regulatory rules. Such nomination shall be subject to the Board's approval and approval of Shareholders' General Meeting in accordance with requirements of Articles of Association.

vii *Withdrawal of Shares*

The Target Shares held by Jiangxi Provincial Department of Finance under the Agreement will be accepted in priority by the 5 top state-owned Shareholders according to their shareholding proportions under the coordination of the Bank by means of market-based transfer, in order to realize the withdrawal of the converted Shares, provided that the ultimate holders and the transferred Shares shall comply with the relevant rules and regulations of the Hong Kong Stock Exchange and subject to the approval of the regulatory authorities.

The Bank shall provide assistance and cooperation for the transfer of the Shares held by Jiangxi Provincial Department of Finance under the Agreement. For the avoidance of doubt, the Bank and the 5 top state-owned Shareholders have no obligations under this Agreement in relation to the withdrawal of Shares.

viii *Liability for breach of contract*

If the Bank submits any false information or document to the Jiangxi Provincial Department of Finance, provides an invalid warranty or undertaking, or breaches any repayment obligation under the Agreement, Jiangxi Provincial Department of Finance may at its discretion:

- ① Make remedy in accordance with the provisions on the remedy measures for breach of contract in the Agreement;
- ② Declare the early termination of the Agreement and require the Bank to immediately repay all the principal, interest and other expenses payable as of the date on which Jiangxi Provincial Department of Finance declares the early termination of the Agreement.

If the Bank fails to pay or fails to pay in full the principal, interest and other fees payable upon the maturity of the convertible negotiated deposit under the Agreement (including the declaration of the early termination of the Agreement by Jiangxi Provincial Department of Finance according to the relevant terms of the Agreement), and Jiangxi Provincial Department of Finance chooses not to convert the relevant deposits into Shares in accordance with the conversion conditions as set out in the Agreement, Jiangxi Provincial Department of Finance shall have the right to charge penalty interest on the overdue principal, interest and fees on a daily basis at the rate of issuance interest rate of convertible negotiated deposit *2/ number of days of the year.

The Bank shall be obliged to ensure the safety of the deposit account of Jiangxi Provincial Department of Finance under the Agreement, pay the relevant interest on schedule and cooperate with Jiangxi Provincial Department of Finance for the withdrawal of the relevant deposits according to the term of corresponding installments of deposits as set out in the Agreement. If the Bank fails to pay the interest as agreed or rejects the withdrawal request of Jiangxi Provincial Department of Finance without reasonable ground, and still fails to pay the full amount within 5 working days as of the date of dunning after being dunned by Jiangxi Provincial Department of Finance, Jiangxi Provincial Department of Finance shall have the right to terminate the Agreement, and the Bank shall immediately repay all or the remaining principal, interest and all other expenses payable and shall indemnify the Jiangxi Provincial Department of Finance for any losses incurred.

The Bank shall make repayment on schedule according to the Agreement. If the Bank suffers losses or makes false profit but loss in fact due to poor operation, which endangers the security of the convertible negotiated deposit, Jiangxi Provincial Department of Finance shall have the right to withdraw the convertible negotiated deposit ahead of time.

ix Effectiveness and termination

The Agreement shall come into force upon the satisfaction of the following conditions:

- ① The Agreement is signed and stamped by the legal representatives or authorized representatives of the relevant parties;
- ② The Agreement is approved by securities regulatory authorities in the place where the Bank's Shares are listed and considered and passed by the Shareholders' General Meetings and Shareholders' Class Meetings; and
- ③ The convertible negotiated deposit and deposits into the Target Shares under the Agreement is approved by the relevant government authorities or upstream authorities (if necessary).

The Agreement shall be terminated in any of the following circumstances:

- ① The parties reach consensus to terminate the Agreement;
- ② The convertible negotiated deposit cannot be implemented due to force majeure and other objective factors beyond the control of the parties;
- ③ The severe violation of the Agreement or applicable laws by any party of the Agreement makes it impossible to perform and complete the Agreement. In this case, other parties have the right to unilaterally terminate the Agreement through written notice.

(6) *Listing Rules Implications of the Convertible Negotiated Deposit*

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

The proposed convertible negotiated deposit and its special mandate were considered and approved by the Board on March 26, 2021. None of the Directors has material interest in the above matters and hence no Director has abstained from voting on such Board resolution.

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

This proposal was considered and adopted at the meeting of the Board held on March 26, 2021, which is to be proposed to the Shareholders' General Meeting and the Shareholders' Class Meetings by way of special resolutions for Shareholders' consideration and approval.

Circular

For the circular, notices and other documents of Shareholders' General Meeting and Shareholders' Class Meetings which set out the details of the convertible negotiated deposit, please refer to the disclosure on the website of Hong Kong Stock Exchange by the Bank in due course.

DEFINITIONS

“Shareholders’ General Meeting”	the shareholders’ general meeting of the Bank in due course for the purpose of consideration and approval of matters in relation to the convertible negotiated deposit
“Agreement”	the agreement on replenishing the “convertible negotiated deposit” of small and medium-sized banks’ capital with the special bonds, and subject to the approval at the Shareholders’ General Meeting and Shareholders’ Class Meetings, which the Bank intends to enter into with Jiangxi Provincial Department of Finance

“Shareholders’ Class Meetings”	The Class Meeting of Domestic Shareholders and Class Meeting of H Shareholders of the Bank in due course for the purpose of consideration and approval of matters in relation to the convertible negotiated deposit
“Articles of Association”	articles of association of the Bank (as amended from time to time)
“Bank”	Jiangxi Bank Co., Ltd.*, a joint stock company incorporated in the PRC with limited liability and the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange
“Board” or “Board of Directors”	the board of Directors of the Bank
“China” or “PRC”	the People’s Republic of China
“Director(s)”	the director(s) of the Bank
“Domestic Share(s)”	ordinary shares in the Bank’s share capital, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid in full in RMB
“H Share(s)”	overseas listed Shares in the Bank’s share capital, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange
“H Shareholder(s)”	holder(s) of H Shares
“Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	April 30, 2021, which is the latest practicable date for determining certain information contained in this announcement before the issuance of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange

“MOF”	the Ministry of Finance of the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the Domestic Share(s) and the H Share(s)
“Shareholder(s)”	the shareholder(s) of the Bank
“%”	percent

By Order of the Board
Jiangxi Bank Co., Ltd.*
CHEN Xiaoming
Chairman

Nanchang, the PRC, May 5, 2021

As of the date of this announcement, the board of directors of the Bank comprises Mr. CHEN Xiaoming, Mr. LUO Yan and Mr. XU Jihong as executive directors; Mr. QUE Yong, Mr. LI Zhanrong, Mr. LIU Sanglin, Mr. DENG Jianxin and Ms. ZHUO Liping as non-executive directors; and Ms. ZHANG Rui, Ms. ZHANG Wangxia, Mr. WONG Hin Wing and Ms. WANG Yun as independent non-executive directors.

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