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中国光大银行
CHINA EVERBRIGHT BANK

中國光大銀行股份有限公司
China Everbright Bank Company Limited

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock code: 6818)

ANNOUNCEMENT ON THE COMPLETION OF THE NON-PUBLIC ISSUANCE OF DOMESTIC PREFERENCE SHARES

Reference is made to the announcements (the "**Announcements**") published by China Everbright Bank Company Limited (the "**Company**") entitled Proposed Issuance of Domestic Preference Shares on 20 December 2016 and Extension of the Validity Period of the Shareholder Resolutions on Domestic Preference Shares Issuance Plan and Re-Grant of Specific Mandate in relation to Domestic Preference Shares Issuance on 10 January 2019. Unless otherwise specified, the terms defined in the Announcements shall have the same meaning in this announcement.

The Board of the Company announces that, as at the date of this announcement, the Company has completed the issuance of Preference Shares (hereinafter referred to as the "**Issuance**") and raised the proceeds from the Issuance of RMB35,000,000,000 (including the offering expenses totaling RMB43,100,000). The relevant fund verification entity has issued fund verification reports in respect of such proceeds.

I. SUBSCRIBERS OF THE ISSUANCE

The subscribers under the Issuance are 19 qualified investors in compliance with the requirements of the Experimental Administrative Measures on Preference Shares and other laws and regulations.

II. THE TYPE AND KEY TERMS OF THE ISSUANCE OF PREFERENCE SHARES

1	Par value	RMB100
2	Issue price	Issued at par value
3	Number of securities to be issued and size of issue	The Preference Shares proposed to be issued under the non-public Issuance will be 350,000,000 shares, with total proceeds of RMB35 billion.

4	Subscribers of the Issuance and arrangement for placing to original shareholders	The Preference Shares to be issued under the Issuance shall be issued to the qualified investors as stipulated under the Experimental Administrative Measures on Preference Shares, and to not more than 200 target investors in aggregate. The non-public Issuance does not arrange for preferential offerings to existing shareholders.
5	Method of issuance	The Issuance shall be issued by non-public issuance, according to relevant procedures upon approval by the regulatory authorities.
6	Dividend accumulation	No
7	Participation in distribution of remaining profit	No
8	Dividend adjustment	Yes
9	Method of dividend payment	Dividends for the Preference Shares shall be payable in cash calculated based on the aggregate par value of the issued and outstanding Preference Shares under the Issuance. Dividends for the Preference Shares shall be paid on each financial year. The start date for calculating dividends shall be the due date for receiving subscription payments for the Issuance (i.e. 18 July 2019). Taxes payable on the dividend income of holders of the Preference Shares shall be borne by such holders of the Preference Shares in accordance with relevant laws and regulations.
10	Principles for determining coupon rate	The Preference Shares are priced at coupon rates subject to readjustments at different intervals. The coupon rate, as determined by benchmark rate plus a fixed premium, shall remain unchanged for the first 5 years commencing from the start date for calculating dividends. Subsequently, the benchmark rate shall be readjusted once every 5 years during which the coupon rate shall remain unchanged. The fixed premium, being the difference between the coupon rate and the benchmark rate upon the Issuance, shall remain constant throughout the duration of the Preference Shares.

The benchmark rate upon the Issuance shall be the arithmetic average yield (rounded to 0.01%) of PRC Treasury bonds with a maturity of 5 years as contained in the yield curves of the inter-bank fixed-rate Treasury bonds published by www.chinabond.com.cn (or any other websites recognised by China Government Securities Depository Trust & Clearing Co., Ltd.; similarly hereinafter) during the 20 trading days immediately preceding but exclusive of the first date of the Issuance (i.e. 15 July 2019); The benchmark rate as of the coupon rate readjustment date shall be the arithmetic average yield (rounded to 0.01%) of PRC Treasury bonds with a maturity of 5 years as contained in the yield curves of the inter-bank fixed-rate Treasury bonds to be published by www.chinabond.com.cn during the 20 trading days immediately preceding but exclusive of the readjustment date (which is each fifth anniversary of the first date of the Issuance and which is on 15 July). If the yield of PRC Treasury bonds with a maturity of 5 years is not published on www.chinabond.com.cn during any of the 20 trading days immediately preceding the readjustment date, the benchmark rate as of the readjustment date shall be the arithmetic average yield (rounded to 0.01%) of PRC Treasury bonds with a maturity of 5 years available on www.chinabond.com.cn during the latest 20 trading days prior to the coupon rate readjustment date.

Through price inquiry, the coupon rate for the Preference Shares is determined at 4.80%, including benchmark rate of 3.04% and fixed premium of 1.76%. The coupon rate for the Preference Shares shall not be higher than the annual average return on weighted average equity of the Company for the last two financial years preceding the Issuance.

11 Conditions for distribution of dividends

(1) If the Company has distributable after-tax profit after making up for previous years' losses, contributing to the statutory reserve and making general provision according to the law, the Company may pay dividends to the holders of the Preference Shares pursuant to the Articles of Association, provided that the Capital Adequacy Ratio of the Company meets the regulatory requirements. The holders of the Preference Shares shall rank pari passu with holders of the Preference Shares in issue of the Company in terms of dividend distribution and have priority in dividend distribution over holders of Ordinary Shares. Payment of dividends for Preference Shares shall not be linked with the Company's own rating or be adjusted as a result of any change to such rating.

(2) Under any circumstances, the Company shall have the right to cancel dividend payments for the Preference Shares upon the consideration and approval at a shareholders' general meeting, and such cancellation shall not constitute an event of default. The Company may, at its discretion, use any income so cancelled dividend payments to repay other debts that are due. The cancellation of any dividend payment for Preference Shares shall not constitute any other restrictions on the Company other than the restriction on the payment of dividends for Ordinary Shares. The Company shall take the rights and interests of the holders of the Preference Shares into full account when exercising the aforesaid rights. The Company shall notify holders of the Preference Shares at least ten working days prior to a dividend payment date of its decision to cancel the payment of dividends for all or partial Preference Shares.

(3) Declaration and payment of dividends for all Preference Shares by the Company shall be decided by the Board pursuant to authorisation at a shareholders' general meeting. Cancellation of the declaration of dividends for all or partial Preference Shares shall be subject to consideration and approval at a shareholders' general meeting. If the Company cancels all or part of the distribution of dividends for Preference Shares for certain financial year, the Company shall not make any distribution of dividends for the same financial year to the holders of Ordinary Shares.

12	Conversion arrangements	1. Trigger conditions for mandatory conversion (1) Upon the occurrence of an additional tier-1 capital trigger event (i.e. the Core Tier-1 Capital Adequacy Ratio of the Company falling to 5.125% or below), the Company shall have the right to convert all or part of the then issued and outstanding Preference Shares into A Shares based on the aggregate par value of such Preference Shares without the approval of the holders of the Preference Shares in order to restore the Core Tier-1 Capital Adequacy Ratio of the Company to above 5.125%. In case of partial conversion, the Preference Shares shall be converted at the same ratio under the same terms and conditions. Upon conversion of the Preference Shares into A Shares, such A Shares shall not be converted back to Preference Shares in any event. (2) Upon the occurrence of a trigger event of tier-2 capital instrument, the Company shall have the right to convert all the then issued and outstanding Preference Shares into A Shares based on the aggregate par value of such Preference Shares without the approval of the holders of the Preference Shares. In particular, a trigger event of tier-2 capital instrument shall refer to the earlier occurrence of either of the following: 1) the CBIRC has determined that the Company can no longer sustain itself if no conversion or write-down is carried out; or 2) the relevant authorities have determined that the Company can no longer sustain itself without a capital injection from the public sector or other support to the same effect. Upon conversion of the Preference Shares into A Shares, such A Shares shall not be converted back to Preference Shares in any event. Upon the occurrence of the above trigger events, the Company shall report to the CBIRC for vetting and approval, and shall perform the obligations for information disclosure such as making extraordinary reports or announcements in accordance with the Securities Laws and the relevant regulations of the CSRC.

2. Mandatory conversion price and determination principles

The average trading price of the A Shares of the Company for the 20 trading days preceding the Date of Publication of the Board Resolution in which the proposal for the Issuance of Preference Shares is considered and approved shall be used as the initial mandatory conversion price for the Preference Shares.

The average trading price of the A Shares of the Company for the 20 preceding trading days = Total trading amount of A Shares of the Company for such 20 preceding trading days/ Total trading volume of A Shares for such 20 trading days, i.e. RMB4.09 per share.

3. Ratio and amount of mandatory conversion, and the determination principles

Upon the mandatory conversion of the Preference Shares, the formula for determining the number of shares to be converted shall be: Q = V/P.

Any fractional shares during the mandatory conversion of the Preference Shares shall be dealt with by the Company in accordance with relevant regulatory rules.

In the above formula: "Q" denotes the number of A Shares that shall be converted from the Preference Shares held by each preference shareholder; "V" denotes the aggregate par value of the Preference Shares held by each preference shareholder for the mandatory conversion as determined under the principle that the losses shall be absorbed in equal proportion by the Preference Shares; and "P" denotes the then valid mandatory conversion price.

Upon the occurrence of a trigger event, all or part (as determined in accordance with the principle that the losses shall be absorbed in equal proportion) of the Preference Shares then issued and outstanding shall be converted into corresponding number of A Shares based on the above formula.

4. Mandatory conversion period

The period for mandatory conversion of the Preference Shares shall commence on the first trading day immediately following the completion date of the Issuance and end on the date of redemption or conversion of all the Preference Shares.

5. Method for adjustment of the mandatory conversion price

Upon the occurrence of certain events relating to the A Shares of the Company (e.g. issuance of stock dividends, conversion of capital reserves, issuance of new A Shares at a price lower than the market price (excluding any increase in the share capital as a result of the conversion of financial instruments issued by the Company that are convertible into Ordinary Shares) and placement) after the date of the Board's approval of the proposal for the Issuance, the mandatory conversion price shall be subject to cumulative adjustments in the same order of the occurrences of such events. The distribution of cash dividends for Ordinary Shares shall not result in any adjustment to the mandatory conversion price. Details about the adjustment method shall be as follows:

Issuance of stock dividends or conversion of capital reserves: $P1 = P0 \times N/(N + n)$;

Issuance of new A Shares at a price lower than the market price or placement: $P1 = P0 \times (N + k)/(N + n)$; $k = n \times A/M$;

In the above formula: “P0” denotes the effective mandatory conversion price before adjustment; “N” denotes the total ordinary share capital of the Company before the stock dividends issuance, conversion of capital reserves, issuance or placement of new A Shares; “n” denotes the number of new shares as a result of the stock dividends issuance, conversion of capital reserves, issuance or placement of new A Shares; “A” denotes the price for the issuance or placement of the new A Shares; “M” denotes the closing price of A Shares on the trading day immediately preceding the date of announcement regarding the issuance or placement of new A Shares (i.e. the announcement containing the effective and irrevocable terms for the issuance or placement of new A Shares); and “P1” denotes the effective mandatory conversion price after adjustment.

6. Attribution of dividends for Ordinary Shares in the year of mandatory Conversion

The additional A Shares to be issued as a result of the mandatory conversion of the Preference Shares shall rank pari passu with the existing issued A Shares in terms of rights and interests, and all the holders of Ordinary Shares (including holders of Ordinary A Shares arising from mandatory conversion of the Preference Shares) whose names appear on the register of members of the Company on the record date for dividend attribution of Ordinary Shares shall be entitled to dividend distribution for the relevant period.

13 Redemption arrangements

1. Holders of the right of redemption

The right of redemption for the Preference Shares shall be owned by the Company. The Company shall exercise the conditional right of redemption, subject to prior approval by the CBIRC. The holders of the Preference Shares shall have no right to require the Company to redeem Preference Shares, and shall not form any expectations that the right of redemption of the Preference Shares shall be exercised. No sell-back terms for investors shall be set for the Preference Shares, and the holders of the Preference Shares have no right to sell back to the Company the Preference Shares held by them.

2. Redemption conditions and period

Subject to the prior approval of the CBIRC and the satisfaction of the relevant requirements, the Company shall have the right to redeem all or part of the Preference Shares after the fifth year following the completion date of the issuance of the Preference Shares. The specific date of redemption shall be determined by the Board in line with market conditions, subject to authorisation at a shareholders' general meeting. The date of redemption shall be no earlier than the distribution date of dividends on the Preference Shares for the previous dividend year when the Company declares such redemption. The redemption period for the Preference Shares shall commence on the fifth year following the completion date of the issuance of the Preference Shares and end on the completion date of the redemption or conversion of all the Preference Shares. Where redemption is in part, the Preference Shares shall be redeemed based on the same proportion and the same conditions.

The exercise by the Company of the right to redeem the Preference Shares shall be subject to the satisfaction of the following requirements:

(1) the Company replaces the redeemed Preference Shares with capital tools of the same or better quality, and the replacement of the capital tools is effected only on conditions that the earning capacity of the Company is sustainable; or

(2) the Company's capital level remains to be significantly higher than the regulatory capital requirements of the CBIRC upon exercise of the right of redemption.

3. Redemption price and pricing principle

The Preference Shares shall be redeemed in cash. The redemption price will be an amount equal to the nominal value of the Preference Shares plus the amount of dividend accrued for the dividend year during which the announcement in relation to the redemption of the Company was made. The formula for determining the accrued dividends shall be:

$IA=V0 \times i \times t/365$

IA：the amount of dividend accrued for the dividend year during which the announcement in relation to the redemption of the Company was made;

V0：the aggregate nominal value of the Preference Shares to be redeemed that are held by the holders of the Preference Shares under the Issuance;

i：the dividend rate of the Preference Shares for the year;

t：number of days on which dividend is accrued, meaning the actual number of calendar days from the first date of the dividend year during which the announcement in relation to the redemption of the Company was made to the date of redemption date (excluding the redemption date).

14	Rating arrangements	According to comprehensive assessment by China Chengxin Securities Rating Co., Ltd., the Company's issuer credit rating is "AAA" and the Preference Shares are rated at "AA+".
15	Guarantee arrangements	There is no guarantee arrangement in relation to the Preference Shares.

16	Transfer arrangements	There shall be no lock-up period for the Preference Shares. The Preference Shares to be issued are transferable on the designated platform of Shanghai Stock Exchange, while the eligibility of the investors participating in the transfer shall meet the relevant rules of the CSRC. Neither transfer nor trade in Preference Shares with the same terms shall result in more than 200 investors in such Preference Shares.
17	Arrangements for restoration of voting rights	1. Terms for restoration of voting rights During the duration of the Preference Shares, if the Company fails to pay the agreed dividends for the Preference Shares for three financial years in aggregate or for two consecutive financial years, commencing on the date immediately following the date on which the proposal not to distribute the agreed dividends for that year was approved at a shareholders' general meeting, the holders of the Preference Shares shall have the right to attend and vote at a shareholders' general meeting and jointly vote with the holders of Ordinary Shares. The formula for calculating the voting rights of Ordinary Shares entitled to Preference Shares with voting rights restored shall be as follows: R = W/S. Any fractional voting right restored shall be rounded down to the nearest integer. In the above formula: "R" denotes the share of a voting right in respect of A Shares restored from the Preference Shares held by each holder of the Preference Shares; "W" denotes the par value of the Preference Shares held by each holder of the Preference Shares; and the initial conversion price "S" denotes the average trading price of A Shares of the Company 20 trading days prior to the Date of Publication of the Board Resolution in which the proposal for the Issuance was considered and approved. The average trading price of the A Shares of the Company for the 20 preceding trading days = Total trading amount of A Shares of the Company for such 20 preceding trading days/ Total trading volume of A Shares for such 20 trading days, i.e. RMB4.09 per share.

2. Method for adjusting the conversion price at the time of restoration of voting rights

Upon the occurrence of certain events relating to the A Shares of the Company (e.g. issuance of stock dividends, conversion of capital reserves, issuance of new A Shares at a price lower than the market price (excluding any increase in the share capital as a result of the conversion of financial instruments issued by the Company that are convertible into ordinary shares) and placement) after the date of the Board's approval of the proposal for the Issuance, the conversion price at the time of restoration of voting rights shall be subject to cumulative adjustments in the same order of the occurrence of such events. The distribution of cash dividends for Ordinary Shares shall not result in any adjustment to the conversion price at the time of restoration of voting rights. Details about the adjustment method shall be as follows:

Issuance of stock dividends or conversion of capital reserves: $S1 = S0 \times N/(N + n)$;

Issuance of new A Shares at a price lower than the market price or placement: $S1 = S0 \times (N + k)/(N + n)$; $k = n \times A/M$;

In the above formula: "S0" denotes the conversion price before adjustment; "N" denotes the total ordinary share capital of the Company before the stock dividends issuance, conversion of capital reserves, issuance or placement of new A Shares; "n" denotes the number of new shares as a result of the stock dividends issuance, conversion of capital reserves, issuance or placement of new A Shares; "A" denotes the price for the issuance or placement of the new A Shares; "M" denotes the closing price of A Shares on the trading day immediately preceding the date of announcement regarding the issuance or placement of new A Shares (i.e. the announcement containing the effective and irrevocable terms for the issuance or placement of new A Shares); and "S1" denotes the conversion price after adjustment.

		3. Cancellation of the restored voting rights Upon restoration of voting rights and full payment of the dividends for Preference Shares for that year, the voting rights granted to holders of the Preference Shares in accordance with the terms for restoration of voting rights shall be cancelled commencing on the date of full payment of such dividends. If the terms for the restoration of voting rights are triggered again subsequently, the voting rights of holders of the Preference Shares may be restored again.
18	Use of proceeds	Subject to the approval by the CBIRC, the proceeds from the Issuance, after deduction of the expenses relating to the Issuance, shall be used for replenishment of the Company's additional tier-1 capital.
19	Description of special provisions	None

III. COMPLIANCE OF THE PROCESS OF THE ISSUANCE OF PREFERENCE SHARES AND THE SUBSCRIBERS

The Issuer's legal counsel Beijing King & Wood Mallesons for the Issuance is of the view that: the Issuance has obtained the necessary internal approvals from the Issuer and has obtained the approvals from the CBIRC and the CSRC; the legal documents (including the Subscription Invitations and the Application and Quotation Sheets) produced and signed in respect of the Issuance are legal and valid; the process of the Issuance is fair and equal in accordance with the Implementation Measures of Non-public Issuance of Shares by Listed Companies; the offering results (including the subscribers, the coupon rate, the number of preference shares, the allotment results for all subscribers) determined by the Issuance process are fair, equal and in compliance with the Experimental Administrative Measures on Preference Shares and other relevant laws and regulations; The application for the trading of the Preference Shares on the Shanghai Stock Exchange is subject to the approval of the Shanghai Stock Exchange.

IV. SPECIFIC REMEDIAL MEASURES OF THE COMPANY

According to the requirements under the Opinions of the General Office of the State Council on Further Strengthening the Protection of the Legitimate Rights of Minority Investors in Capital Market (Guo Ban Fa [2013] No. 110), the Opinions of the State Council on Further Promoting Healthy Development of the Capital Market (Guo Fa [2014] No. 17) and the Guiding Opinions on Matters Concerning the Immediate Return Dilution by IPO, Refinancing and Material Asset Reorganization (CSRC Announcement [2015] No. 31) and other related requirements, the

Company analysed the possible impact that the non-public Issuance of the Preference Shares might have on the returns for the current period, and, taking into consideration the actual situation, put forward relevant measures for making up the shortfall in returns:

1. **Strengthening management of proceeds and making full use of the benefits of the proceeds**

   The Company will strengthen the management of proceeds of the Preference Shares and regulate the use of proceeds to further improve the operational efficiency of capital, achieve a reasonable level of return on capital and the positive impact on financial indicators including return on net assets and earnings per share, so as to effectively make up for the dilutive effect on the returns of holders of Ordinary Shares for the relevant period arising from the Issuance, and further strengthen capacity for sustainable development of the Company.

2. **Improving the capital constraint mechanism and enhancing capital allocation efficiency**

   The Company will adhere to using capital constraint as a starting point for strategic planning and policy formulation to give full play to the role of capital management in transforming the mode of development and method of enhancing results and constantly improve the output efficiency of capital. Meanwhile, the Company will further promote strategic transformation and structural adjustment, optimise capital allocation efficiency, adopt a comprehensive appraisal system that places emphasis on economic value added and return on economic capital, encourage the development of capital-saving products, and accord priority to the allocation of financial resources to agency operations that do not consume risk assets and do not take up funds position, so as to give full play to the role of capital in effective resources allocation.

3. **Stepping up structural adjustment and promoting technological innovation and development**

   The Company will continue to develop corporate banking steadily, expand supply chain financing and enhance its comprehensive service capacity for major clients. The Company will also focus on development of retail banking to enhance the profitability of its retail business; adjust credit structure with credit resources moderately tilted to business for medium-, small- and micro-enterprises, so as to enhance the overall contributions from customers of small- and micro-enterprises; strengthen asset quality management and establish a comprehensive system for the coordination and management of asset quality; increase the proportion of core debts for effective cost control; optimise revenue structure by developing settlement, agency and trading business and expanding the scale of credit card, investment banking, wealth management, custody and treasury business so as to achieve diversified growth in revenue from fee-based business; and at the same time step up efforts in innovation and strengthen scientific and technological support, so as to maintain its leading capability of innovation in the industry and further enrich the development of the Company.

4. **Strengthening risk management measures and improving risk management capabilities**

The Company will continue to strengthen assets and liabilities management and step up liquidity limit management and adjustments to examination mechanisms to prevent and control liquidity risk and improve capabilities in emergency liquidity management. The Company will also continue to improve its stratified industry management system and strengthen credit management and control for strong cycling industries to prevent and control credit risk; improve various systems and implement measures conscientiously; strengthen training and education; step up risk investigation and provision of warnings as well as to commence safety operation checks and business risk investigations to avoid operational risk; and continue to promote the effective establishment of the internal control system and build up a sound compliance culture, so as to enhance risk management capabilities continuously.

5. **Adhering to a stable policy on returns for holders of ordinary shares**

The Company will firmly establish awareness of providing shareholders with returns on the basis of steady business development, continue to improve the mechanism for distribution of dividends for holders of Ordinary Shares, and strive to maintain reasonableness and stability in its profit distribution policy to create long-term value for shareholder.

On behalf of the Board
China Everbright Bank Company Limited
Li Xiaopeng
Chairman

Beijing, the PRC
25 July 2019

As at the date of this announcement, the Executive Director of the Company is Mr. Ge Haijiao; the Non-executive Directors are Mr. Li Xiaopeng, Mr. Cai Yunge, Mr. Fu Dong, Mr. Shi Yongyan, Mr. Wang Xiaolin, Mr. He Haibin and Mr. Zhao Wei; and the Independent Non-executive Directors are Mr. Qiao Zhimin, Mr. Xie Rong, Ms. Fok Oi Ling Catherine, Mr. Xu Hongcai, Mr. Feng Lun and Mr. Wang Liguo.