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中國工商銀行股份有限公司

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED

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

Stock Code: 1398

USD Preference Shares Stock Code: 4603

EUR Preference Shares Stock Code: 4604

RMB Preference Shares Stock Code: 84602

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

Reference is made to the announcement entitled Announcement of the Resolutions of the Board of Directors published by Industrial and Commercial Bank of China Limited (the “**Bank**”) on 30 August 2018. Unless the context otherwise requires, capitalized terms used in this announcement shall have the same meaning as those defined in the aforementioned announcement.

The Board of the Bank announces that, as at the date of this announcement, the Bank has received gross proceeds from the issuance of Domestic Preference Shares (the “**Issuance**”) of RMB70,000,000,000 (including offering expenses of RMB20,656,000). The relevant fund verification entity has issued fund verification reports in respect of such proceeds.

1 SUBSCRIBERS OF THE ISSUANCE

The subscribers under the Issuance are 32 qualified investors in compliance with the requirements of the Administrative Measures on the Pilot of Preference Shares and other laws and regulations. The range of all the subscribers’ subscription amounts is between RMB10,000,000 and RMB15,000,000,000. No preferential offering has been arranged under the Issuance to existing shareholders.

2 THE TYPE AND KEY TERMS OF THE ISSUANCE OF DOMESTIC PREFERENCE SHARES

1.	Nominal Value	RMB100
2.	Issuance Price	Issued at nominal value
3.	Number of Securities Issued	The aggregate number of shares to be issued shall be 700 million.
4.	Issue Size	The aggregate amount to be issued shall be RMB70 billion.
5.	Method of Issuance	The Domestic Preference Shares are proposed to be issued by way of non-public issuance, carried out in one go in accordance with the relevant procedures and the approval of regulatory authorities.
6.	Dividend Accumulation	No
7.	Participation in Distribution of Residual Assets	No
8.	Dividend Adjustment	Yes
9.	Term	No maturity
10.	Method of Dividend Payment	Dividends for the Domestic Preference Shares will be paid in cash, calculated based on the aggregate par value of the Domestic Preference Shares that have been issued by the Bank and outstanding. Dividends for the Domestic Preference Shares shall be paid on an annual basis and will accrue from the payment due date of the Domestic Preference Shares, i.e. 24 September 2019. Dividend payment dates shall be each anniversary of the payment due date of the Domestic Preference Shares, i.e. 24 September; if such anniversary date is not a trading day of the Shanghai Stock Exchange, the relevant dividend payment date shall be postponed to the immediately following trading day, and no dividend shall accrue during such postponed period. If any dividend on the Domestic Preference Shares needs to be calculated and paid before the dividend payment date, the dividend shall be calculated <i>pro rata</i> based on the actual number of days lapsed, and each year shall be regarded as having 360 days for the purpose of such calculation. Results of dividend calculation shall be rounded to two decimal places (RMB0.01). Taxes payable on the Domestic Preference Shareholders for receiving such dividends shall be borne by such Domestic Preference Shareholders in accordance with relevant laws and regulations.

11.	Determination Principles of Dividend Rate	<p>The dividend rate for the Domestic Preference Shares shall be adjusted at different intervals. The dividend rate shall be the benchmark rate plus a fixed spread and there shall be dividend rate adjustment periods. The dividend rate will be fixed for the first 5 years after the issuance of the Domestic Preference Shares and will be readjusted once after each 5 years thereafter. The dividend rate during each adjustment period shall remain unchanged. The fixed spread shall be equal to the difference between the dividend rate for the Domestic Preference Shares at the time of issuance and the benchmark rate, which will remain unchanged during the term of the Domestic Preference Shares.</p> <p>The benchmark rate at the time of issuance of the Domestic Preference Shares shall be the arithmetic average yield (rounded to 0.01%) of China Treasury Bonds with a maturity of 5 years as contained in the yield curves of China Treasury Bonds published by China Bond Information Network (www.chinabond.com.cn or any other websites recognized by China Government Securities Depository Trust & Clearing Co., Ltd.; the same below) during the 20 trading days immediately preceding but exclusive of the first date of the issuance (i.e. 19 September 2019); the benchmark rate as of the dividend rate readjustment date shall be the arithmetic average yield (rounded to 0.01%) of China Treasury Bonds with a maturity of 5 years as contained in the yield curves of the China Treasury Bonds to be published by China Bond Information Network 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, i.e. 24 September). If the yield of China Treasury Bonds with a maturity of 5 years is not published on China Bond Information Network 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 China Treasury Bonds with a maturity of 5 years available on China Bond Information Network during the latest 20 trading days prior to the dividend rate readjustment date of the Domestic Preference Shares.</p>
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		<p>The dividend rate for the Domestic Preference Shares is determined at 4.20% through price discovery, in which the benchmark rate is 2.96% and the fixed spread is 1.24%. The dividend rate for the Domestic Preference Shares will not be higher than the annual average of the weighted average return on equity of the Bank for the last two financial years preceding the issuance.¹</p>
12.	Conditions to Distribution of Dividends	<ol style="list-style-type: none"> 1. If the Bank has distributable after-tax profit² after making up for previous years' losses, contributing to the statutory reserve and making general provision, the Bank may pay dividends to the Domestic Preference Shareholders, provided the capital adequacy ratio of the Bank meets the requirements of the regulatory rules. The Domestic Preference Shares issued under the Issuance rank <i>pari passu</i> and ahead of the Ordinary Shares. Distribution of dividends to the Domestic Preference Shareholders will not be affected by the rating of the Bank and will not be adjusted as a result of any change to such rating. 2. In all circumstances, the Bank shall have the right to cancel all or part of dividend payments for the Domestic Preference Shares after having obtained shareholders' approval in general meeting, and such will not constitute an event of default. The Bank, at its discretion, may use any dividends so cancelled to repay other debts that are due and such cancelled dividends will not be repaid in any circumstance. The cancellation of any dividend payment to the Domestic Preference Shareholders will only constitute a restriction on the payment of dividend to the Ordinary Shareholders and will not constitute any other restrictions on the Bank. The Bank will fully consider the rights and interests of the Preference Shareholders when exercising the above-mentioned rights. 3. If the Bank cancels all or part of the dividends for the Domestic Preference Shares, the Bank shall not make any distribution to the Ordinary Shareholders before the Bank decides to declare to pay agreed dividends for the current period to the Domestic Preference Shareholders in full.

1 As determined in accordance with the Rules for Preparation of Information Disclosure by Companies Offering Securities to the Public No. 9 — Calculation and Disclosure of Return on Equity and Earnings Per Share (as amended in 2010), and calculated based on the return attributable to the Ordinary Shareholders of the Bank.

2 i.e. the undistributed profit as shown in the financial statements of the parent company prepared in accordance with Chinese Accounting Standards or International Financial Reporting Standards, whichever amount is lower.

13.	Conversion Arrangement	<p>1. Mandatory conversion trigger events</p> <p>(1) Upon the occurrence of an Additional Tier 1 Capital Trigger Event (i.e. the Core Tier 1 Capital adequacy ratio of the Bank falling to 5.125% or below), the Bank shall have the right to convert all or part of the Domestic Preference Shares that have been issued by the Bank and outstanding into A shares based on the aggregate par value of such Domestic Preference Shares without the approval of the Domestic Preference Shareholders in order to restore the Core Tier 1 Capital adequacy ratio of the Bank to above 5.125%. In case of partial conversion, the Domestic Preference Shares shall be converted at the same ratio under the same terms and conditions.</p> <p>(2) Upon the occurrence of a Tier 2 Capital Trigger Event (i.e. the earlier of (a) the CBIRC has determined that the Bank will not be able to continue to exist if there is no conversion or write-down of capital, or (b) the relevant regulatory departments have determined that the Bank will not be able to continue to exist if the public departments do not provide a capital injection or other equivalent support), the Bank shall have the right to convert all the issued and outstanding Domestic Preference Shares into A shares based on the aggregate par value of such Domestic Preference Shares without the approval of the Domestic Preference Shareholders.</p> <p>Upon the occurrence of the above trigger events, the Bank shall report to the CBIRC for review and determination and shall comply with the relevant information disclosure requirements such as making extraordinary reports or announcements in accordance with the Securities Law of the People's Republic of China and relevant regulatory regulations.</p>
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		<p>2. Mandatory conversion price and determination of mandatory conversion price</p> <p>The initial mandatory conversion price of the Domestic Preference Shares will be equal to the average trading price of the A shares of the Bank for the 20 trading days preceding the date of publication of the Board resolution in respect of the issuance plan of the Domestic Preference Shares.</p> <p>The average trading price of the A shares of the Bank for the 20 preceding trading days = total trading amount of A shares of the Bank for such 20 preceding trading days/total trading volume of A shares for such 20 trading days, i.e. RMB5.43 per share.</p> <p>3. Principles for determining the ratio and number for mandatory conversion</p> <p>Upon the mandatory conversion of the Domestic Preference Shares, the formula for determining the number of shares to be converted shall be: $Q = V/P$.</p> <p>In the above formula: “Q” denotes the number of A shares that shall be converted from the Domestic Preference Shares held by each holder; “V” denotes the aggregate value of Domestic Preference Shares held by each Domestic Preference Shareholder for the mandatory conversion as determined under the principle that the losses will be absorbed in equal proportion by the Domestic Preference Shares and the Offshore Preference Shares; and “P” denotes the mandatory conversion price for the Domestic Preference Shares. Any fractional share arising from the mandatory conversion of the Domestic Preference Shares will be paid by the Bank in cash at the par value of the corresponding number of Domestic Preference Shares, plus the relevant accrued interest, which shall be calculated on the basis of the actual number of days of holding such Domestic Preference Shares from the last dividend payment date (a year shall be regarded as having 360 days for the purpose of such calculation). No dividend will be paid on any Domestic Preference Share that has been converted into A share.</p>
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Upon the occurrence of the above trigger events, all or part (as determined in accordance with the principle that the losses will be absorbed in equal proportion) of the Domestic Preference Shares issued and outstanding will be converted into corresponding number of A shares based on the above formula.

4. Mandatory conversion period

The period for mandatory conversion of the Domestic Preference Shares commences on the first trading day immediately following the completion date of the issuance of the Domestic Preference Shares and ends on the date of redemption or conversion of all the Domestic Preference Shares.

5. Method of adjustments of the mandatory conversion price

Upon the occurrence of certain prescribed events relating to the A shares of the Bank (e.g. bonus issuance, capital conversion or increase, issuance of new A shares at a price lower than the market price (excluding any increase in the share capital as a result of conversion of certain financial instruments issued by the Bank that are convertible into Ordinary Shares) and placement) after the date of passing the Board resolution in respect of the issuance plan of the Domestic Preference Shares, the mandatory conversion price shall be subject to cumulative adjustments in the same order of the occurrence of such events. The distribution of cash dividends to the Ordinary Shareholders will not result in any adjustment to the mandatory conversion price. The mandatory conversion price will be adjusted based on the following:

Bonus issuance or capital conversion or increase: $P1 = P0 \times N/(N + n)$;

Issuance of new Ordinary 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 formulae, “P0” denotes the effective mandatory conversion price before adjustment; “N” denotes the total share capital of the Ordinary Shares of the Bank before the bonus issuance, capital conversion or increase, issuance or placement of new Ordinary Shares; “n” denotes the number of new shares as a result of the bonus issuance, capital conversion or increase, issuance or placement of new Ordinary Shares; “A” denotes the price for the issuance or placement of the new Ordinary Shares; “M” denotes the closing price of Ordinary Shares on the trading date immediately preceding the date of announcement of issuance or placement of new Ordinary Shares (i.e. announcement containing the effective and irrevocable terms of issuance or placement of new Ordinary Shares); and “P1” denotes the effective mandatory conversion price after adjustment.

In the event that the rights and benefits of the Domestic Preference Shareholders may be affected by the change in the share class, number of shares and shareholders’ interests of the Bank due to write-off of any shares redeemed by, or merger or division of the Bank or any other circumstances, the Bank will, adjust the mandatory conversion price based on the actual circumstances and in accordance with the principles of fairness, justice, equity and full protection and balance of the interests of the Preference Shareholders and the Ordinary Shareholders. The adjustment mechanism for the mandatory conversion price in those circumstances will be determined in accordance with the relevant regulations.

6. Entitlement to dividends of Ordinary Shares in the year of mandatory conversion

The new A shares to be issued as a result of the mandatory conversion of the Domestic Preference Shares will rank *pari passu* with the existing issued A shares, and all Ordinary Shareholders 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.

14.	Redemption Arrangement	<p>1. Redemption right</p> <p>The Bank shall have the right to redeem the Domestic Preference Shares subject to obtaining the approval of the CBIRC. The Domestic Preference Shares are not, and should not be expected to be, subject to sale back to the Bank at the option of the Domestic Preference Shareholders. The Domestic Preference Shares will not contain terms that will allow the Domestic Preference Shares to be put back by the investors, and the Domestic Preference Shareholders have no right to put back the Preference Shares held by them.</p> <p>2. Redemption conditions and period</p> <p>Subject to the approval of the CBIRC and the satisfaction of the relevant requirements, the Bank shall have the right to redeem all or part of the Domestic Preference Shares from the fifth anniversary of the end day of the Issuance exercise (i.e. 24 September 2019). The specific commencement date of the redemption period shall be determined by the Board with reference to market conditions subject to the authorization at the shareholders' general meeting (which authorization can be further delegated). The redemption period of the Domestic Preference Shares commences on such commencement date and ends on the completion date of redemption or conversion of all the Domestic Preference Shares. In the case of partial redemption, the Domestic Preference Shares will be redeemed on a <i>pro rata</i> basis and on the same conditions. If the Bank exercises the right to redeem the Domestic Preference Shares, the Bank will notify the holders of the Domestic Preference Shares as soon as possible. The Bank will perform its disclosure obligations by means of interim reports and announcements in accordance with regulatory rules.</p>
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15.	Rating Arrangement	<p>China Chengxin Securities Rating Co., Ltd. has issued the Credit Rating Report of Industrial and Commercial Bank of China Limited for Non-public Issuance of Domestic Preference Shares in 2019, based on its comprehensive analysis and valuation of the operation of the Bank and in accordance with applicable regulatory rules. According to such rating report, the Bank's issuer credit rating is AAA and the Bank's rating outlook is "stable", and the Domestic Preference Shares are rated as AA+.</p> <p>China Chengxin Securities Rating Co., Ltd. will continue to conduct follow-up ratings on the credit risk of the Domestic Preference Shares during the validity of the credit rating of the Domestic Preference Shares or the term of the Domestic Preference Shares.</p>
16.	Guarantee Arrangement	There is no guarantee in relation to the Issuance.
17.	Trading or Transfer Arrangement	<p>There will be no lock-up period for the Domestic Preference Shares.</p> <p>The Domestic Preference Shares will be traded on the designated trading platform of the Shanghai Stock Exchange. The suitability of such transferees will comply with applicable regulations of the CSRC.</p>

18.	Restoration of Voting Rights	<p>1. Terms of restoration of voting rights</p> <p>During the term of the Domestic Preference Shares, if the Bank fails to pay the agreed dividend to the Domestic Preference Shareholders for three financial years in aggregate or for two consecutive financial years, commencing on the date immediately following the date on which the shareholders' general meeting resolves that the Bank will not pay the agreed dividend for the current dividend period, the Domestic Preference Shareholders will be granted the right to attend and vote at the shareholders' general meetings as if they are the Ordinary Shareholders. The formula for calculating the voting rights of the Domestic Preference Shares with voting rights restored is as follow:</p> <p>$R = W/S$. Any fractional voting right will be rounded down to the nearest whole number.</p> <p>In the above formula: "R" denotes the voting right of A shares that can be restored from the Domestic Preference Shares for each Domestic Preference Shareholder; "W" denotes the total par value of the Domestic Preference Shares held by each Domestic Preference Shareholder; and "S" denotes the average trading price of A shares of the Bank for the 20 trading days preceding the date of publication of the Board resolution in respect of the issuance plan of the Domestic Preference Shares.</p> <p>Average trading price of A shares of the Bank for the 20 preceding trading days = total trading value of A shares of the Bank for such 20 preceding trading days/total trading volume of A shares for such 20 preceding trading days, i.e. RMB5.43 per share.</p>
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		<p>2. Cancellation of restoration of voting rights</p> <p>After the restoration of voting rights to the Domestic Preference Shares, upon the full payment of the dividend to the Domestic Preference Shares for the current dividend period, the voting rights granted to the Domestic Preference Shareholders in accordance with the terms of restoration of voting rights will be cancelled commencing on the date of full payment of such dividend. After such cancellation, if the terms for the restoration of voting rights are triggered again, the Domestic Preference Shareholders may be re-granted with voting rights.</p>
19.	Use of Proceeds	Subject to the approval by the CBIRC, the proceeds from the issuance of the Domestic Preference Shares, after deduction of the expenses relating to the Issuance, will be used for replenishment of the Bank's additional tier 1 capital.
20.	Explanations on Other Special Terms	None.

3 COMPLIANCE OF THE PROCESS OF THE ISSUANCE AND THE SUBSCRIBERS

King & Wood Mallesons, the issuer's legal counsel for the Issuance is of the view that: the Issuance of the Bank has obtained the necessary internal approvals and authorizations of the Bank 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 lawful and valid; the process of the Issuance is fair and equal; the offering results, including the subscribers, the dividend rate, the number of Domestic Preference Shares, the allotment results for all subscribers, determined by the Issuance process are fair, equal and in compliance with the Administrative Measures on the Pilot of Preference Shares and other relevant laws and regulations; the application for the trading of the Domestic Preference Shares under the Issuance on the Shanghai Stock Exchange is subject to the approval of the Shanghai Stock Exchange.

4 COMMITMENTS OF THE BANK ON REMEDIAL MEASURES FOR THE DILUTION OF CURRENT RETURNS BY THE ISSUANCE OF DOMESTIC PREFERENCE SHARES

The Bank has not made any commitment on the business performance with respect to the issuance of the Domestic Preference Shares. In order to effectively utilize the proceeds of the Domestic Preference Share issuance, promote the continuous and healthy development of the Bank's business, fully protect the interests of Ordinary Shareholders, especially minority shareholders, enhance the Bank's ability to develop continuously, improve the Bank's scale and operating results, decrease the risk of dilution of immediate return, and ensure the returns to shareholders in the long and medium term, the Bank will take the following measures:

- (1) **Leveraging proceeds from issuance.** The Bank will increase the capital management efficiency of the proceeds from the issuance of the Domestic Preference Shares (which are classified as additional tier 1 capital) and take full advantage of the gains and leverage from such proceeds, to deliver reasonable returns on capital and to realize positive effect on financial indicators (such as return on equity and earnings per share etc.), so as to effectively mitigate the dilution on immediate returns of the holders of Ordinary Shares by the issuance of the Domestic Preference Shares and to ensure the Bank's continuous development.
- (2) **Implementing centralized capital management.** The Bank will continuously improve a value management system around economic capital, and optimize its resources allocation and its operation and management mechanism, with a focus on capital allocations to businesses or segments with stable operation and management, strong return on capital, low capital occupancy and accommodative policy environments for the purpose of consistently optimizing capital allocations.
- (3) **Enhancing risk management.** The Bank will strictly implement the State's macroeconomic control policies to strengthen comprehensive risk management system construction, consistently improve its risk management capabilities in terms of credit, market, liquidity and operational risks, etc., consistently identify, calculate, monitor, dispose and report risks in key areas, consistently enhance internal control and compliance management, strive for an overall stability of credit asset qualities in complex situations, and effectively curb the occurrence of all types of material risk events.
- (4) **Reforming and innovating to promote development momentum.** The Bank will continuously promote the reform in areas including liberalization of interest rates, improving competitiveness in key cities, personnel structure adjustment and optimization of outlet layout, continuously deepen innovation in terms of resource allocation, business authorization, evaluation and assessment, risk management and control and system processes, further enhance the vitality and creativity at all levels and in all fields, and increase the driving force for business growth.

- (5) Promoting the transformation of business development model and adjustment to asset structure.** The Bank will effectively promote the transformation of the business development model, strengthen the stability, coordination and sustainability of development, concurrently adhere to the principle of “enabling stock assets to be handled in a flexible way and take advantage of asset increments”, continuously optimize asset portfolio, accelerate self-accumulation of capital and further enhance the capital strength and development potential.
- (6) Firmly adhering to the policy of stable returns to holders of Ordinary Shares.** Aiming to create the best values to the shareholders, the Bank will firmly foster the awareness of creating values to the shareholders based on its stable and healthy development, consistently improve the mechanism of dividend distribution to the holders of Ordinary Shares and maintain a consistent, reasonable and stable cash dividend distribution policy.

**The Board of Directors of
Industrial and Commercial Bank of China Limited**

Beijing, PRC
27 September 2019

As at the date of this announcement, the board of directors comprises Mr. CHEN Siqing, Mr. GU Shu and Mr. HU Hao as executive directors, Mr. YE Donghai, Mr. ZHENG Fuqing, Ms. MEI Yingchun, Mr. DONG Shi, and Mr. LU Yongzhen as non-executive directors, Mr. Anthony Francis NEOH, Mr. YANG Siu Shun, Ms. Sheila Colleen BAIR, Mr. SHEN Si, Mr. Nout WELLINK and Mr. Fred Zulu HU as independent non-executive directors.