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BANK OF TIANJIN CO., LTD.*
天津銀行股份有限公司*

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1578)

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

The board of directors (the “**Board**”) of Bank of Tianjin Co., Ltd.* (the “**Bank**”) hereby announces that in order to actively implement the government’s special bond policy, 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

In 2020, the Office of the Financial Stability and Development Commission of the State Council issued 11 financial reform measures, and the former China Banking and Insurance Regulatory Commission issued the Work Plan for Deepening Reform and Capital Replenishment of Small and Medium-sized Banks (CBIRC [2020] No. 25), which requires the organization to formulate an implementation plan for risk mitigation by reasonably using special bonds to replenish the capital of small and medium-sized banks, combine capital replenishment with deepening the reform of small and medium-sized banks and improving their governance structure, and promote one policy for one bank in a steady manner. On 1 July 2020, the Executive Meeting of the State Council decided to allow local governments to explore new ways to reasonably replenish the capital of small and medium-sized banks in compliance with the law and regulations. The meeting pointed out that in accordance with the requirements of the Central Committee of the Communist Party of China and the State Council, it is necessary to increase financial support and play the indispensable role of small and medium-sized banks in carrying out the "six stability" and "six guarantees" work, especially in supporting the survival and development of small and medium-sized enterprises and private enterprises. Priority should be given to supporting small and medium-sized banks with sustainable market-oriented operation capabilities to replenish capital, enhance their service to small and medium-sized enterprises, and support their ability to maintain employment.

According to the aforesaid policies and arrangements, the MOF has allocated in the 2023 new local government special bond limit for local governments to periodically replenish capital to small and medium-sized banks by means of subscription for qualified capital instruments or capital injection. According to the unified deployment of Tianjin Municipal Government, the Bank intends to carry out a convertible negotiated deposit business of not more than RMB6.7 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 the fulfillment of 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, commercial banks are facing the challenges of intensified competition, narrowing spreads and increased difficulty in risk management of liquidity, and small and medium-sized banks are at a disadvantage in terms of the scale of their own capital, attractiveness of customer deposits and bargaining power. Therefore, the issuance of convertible negotiated deposit to replenish other tier-one capital of the Bank through local government bond is conducive to improving the capital adequacy level, stabilizing long-term and core liabilities, increasing non-performing disposal efforts, enhancing the ability to withstand risks, increasing credit allocation, optimizing credit asset structure, better serving the real economy, supporting the development of Beijing-Tianjin-Hebei region and small and micro inclusive, and practicing corporate social responsibility.

(3) Basic elements for convertible negotiated deposit

Subject of deposit: Tianjin Finance Bureau.

Targets of issuance: Tianjin Finance Bureau or its designated institutions, including Tianjin Finance Bureau and its close associates or Independent Third Parties. Such Independent Third Parties will have relevant consideration payment arrangements with Tianjin Finance Bureau in respect of their holding of the converted shares.

Quota: Not more than RMB6.7 billion (of which not more than RMB4,752,310,000 (70.93% of the convertible negotiated deposit) may be converted into Domestic Shares of the Bank and not more than RMB1,947,690,000 (29.07% of the convertible negotiated deposit) may be converted into H Shares of the Bank).

Interest rate: Before the conversion, the interest rate of the convertible negotiated deposit shall match with the corresponding interest rate on the issuance of local government special bond. In accordance with the recent interest rate of the local government bonds issued by Tianjin, the interest rate will not exceed 4% for the special bond. If the interest rate of the special bonds exceeds this range at that time, the Bank will separately submit to the Shareholders' General Meeting for consideration and approval.

Repayment of principal and payment of interest: The maturity of the deposit shall be set in accordance with the maturity requirements of the convertible negotiated deposit in batches. Among them, 6-year deposits of RMB1.34 billion, 7-year deposits of RMB1.34 billion, 8-year deposits of RMB1.34 billion, 9-year deposits of RMB1.34 billion and 10-year deposits of RMB1.34 billion. The interest is paid semi-annually on the convertible negotiated deposit, and the interest rate shall match with the corresponding interest rate on the issuance of local government special bond.

Purpose: To replenish other tier-one capital of the Bank.¹

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.

Specifically, in accordance with the Agreement, the conversion of 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% (In accordance with the relevant laws and regulations, the core tier-one capital adequacy ratio should not be less than 7.5% and the Bank's core tier-one capital adequacy ratio as at 31 December 2022 is 10.38%); (ii) Tianjin Finance Bureau consents 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, the minimum public float of the Bank shall be 17.12% (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. The ordinary shares of the Bank converted in accordance with the terms of convertible negotiated deposit and the Agreement are 70.93% Domestic Shares and 29.07% 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.

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))》, 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.

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. 14 July 2023) 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 “(5)(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. 14 July 2023) (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. HK\$1.78, equivalent to approximately RMB1.62, 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, 2022 was RMB9.85, 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 and Registration 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 RMB1.62:

- ① It represents a premium of approximately 5.76% over 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. 14 July 2023);
- ② It represents a premium of approximately 5.44% over 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. 14 July 2023);
- ③ It represents a discount of approximately 0.96% 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. 14 July 2023);
- ④ It represents a discount of approximately 1.85% 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. 14 July 2023).

The Board of Directors of the Bank believes that the Initial Conversion Price is determined by reference to 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 RMB1.62, 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 RMB6.7 billion**

Assuming in compliance with the Minimum Public Float requirement, the amount of deposits are fully converted into Shares (i.e., a total of 2,933,524,691 domestic Shares and 1,202,277,777 H Shares of the Bank), which are held by Tianjin Finance Bureau or its close associates to the maximum extent (i.e., a total of 2,933,524,691 domestic Shares and 1,202,277,777 H Shares). The equity structures of the Bank immediately before and after the conversion to Shares are set out as follows:

	As of the Latest Practicable Date		Immediately after the implementation of the conversion	
	Number of shares (share(s))	Approximate percentage of the total issued Shares of the Bank (%)	Number of shares (share(s))	Approximate percentage of the total issued Shares of the Bank (%)
Domestic Shares				
Tianjin Finance Bureau or its close associates	59,905,424	0.99	2,993,430,115	29.33
Tianjin Port Free Trade Zone Investment Co., Ltd. ⁽¹⁾	967,462,369	15.94	967,462,369	9.48
Tianjin Bohai Chemical Industry Group Co., Ltd. and its close associates ⁽²⁾	489,857,052	8.07	489,857,052	4.80
Tianjin Pharmaceutical Holdings Ltd. and its close associates ⁽³⁾	489,107,183	8.06	489,107,183	4.79
Other holder(s) of the Domestic Shares	2,299,620,731	37.87	2,299,620,731	22.53
Total issued Domestic Shares	4,305,952,759	70.93	7,239,477,450	70.93

	As of the Latest Practicable Date		Immediately after the implementation of the conversion	
	Number of shares (share(s))	Approximate percentage of the total issued Shares of the Bank (%)	Number of shares (share(s))	Approximate percentage of the total issued Shares of the Bank (%)
H Shares				
Tianjin Finance Bureau or its close associates	–	–	1,202,277,777	11.78
Australia and New Zealand Banking Group Limited ⁽⁴⁾	725,644,563	11.95	725,644,563	7.11
CSSC International Holding Company Limited ⁽⁵⁾	303,193,000	4.99	303,193,000	2.97
Hong Kong Bohai Leasing Asset Management Corp., Limited ⁽⁶⁾	106,993,500	1.76	106,993,500	1.05
Other independent third parties shareholder(s) of H Shares	628,768,000	10.37	628,768,000	6.16
Total issued H Shares	1,764,599,063	29.07	2,966,876,840	29.07
Total share capital	6,070,551,822		10,206,354,290	

- (1) Tianjin Port Free Trade Zone Investment Co., Ltd. is wholly-owned by Tianjin Port Free Trade Zone Investment Holdings Co., Ltd., which is controlled by Tianjin Port Free Trade Zone State-owned Assets Supervision and Administration Bureau. By virtue of the SFO, Tianjin Port Free Trade Zone Investment Holdings Co., Ltd. is deemed to be interested in the Shares held by Tianjin Port Free Trade Zone Investment Co., Ltd..
- (2) Tianjin Bohai Chemical Industry Group Co., Ltd. (i) directly holds 487,078,366 Shares; and (ii) through a number of controlled corporations, holds an aggregate of 2,778,686 Shares. As such, Tianjin Bohai Chemical Industry Group Co., Ltd. is interested in a total of 489,857,052 Shares by virtue of the SFO.
- (3) Tianjin Pharmaceutical Holdings Ltd. (i) directly holds 487,713,488 Shares; and (ii) through a number of controlled corporations, holds an aggregate of 1,393,695 Shares. As such, Tianjin Pharmaceutical Holdings Ltd. is interested in a total of 489,107,183 Shares by virtue of the SFO. Jinhushen Biological Medical Science and Technology Co., Ltd. is a controlling shareholder of Tianjin Pharmaceutical Holdings Ltd. By virtue of the SFO, Jinhushen Biological Medical Science and Technology Co., Ltd. is deemed to be interested in the Shares held by Tianjin Pharmaceutical Holdings Ltd..
- (4) Australia and New Zealand Banking Group Limited, a Shareholder of the Bank, was incorporated in the State of Victoria, Australia on 14 July 1977. After an internal reorganization in January 2023, Australia and New Zealand Banking Group Limited is wholly owned by ANZ BH Pty Ltd, which is wholly owned by ANZ Group Holdings Limited. Accordingly, ANZ BH Pty Ltd and ANZ Group Holdings Limited are deemed to be interested in the 725,644,563 shares held by Australia and New Zealand Banking Group Limited.
- (5) CSSC International Holding Company Limited is wholly-owned by China State Shipbuilding Corporation Limited. As such, China State Shipbuilding Corporation Limited is deemed to be interested in the 303,193,000 Shares held by CSSC International Holding Company Limited.

- (6) Tianjin Bohai Leasing Co., Ltd. is wholly-owned by Bohai Leasing Co., Ltd. (Stock Code: 000415.SZ). Hong Kong Bohai Leasing Asset Management Corp., Limited is wholly-owned by Tianjin Bohai Leasing Co., Ltd. As such, Bohai Leasing Co., Ltd. and Tianjin Bohai Leasing Co., Ltd. are deemed to be interested in the 106,993,500 Shares held by Hong Kong Bohai Leasing Asset Management Corp., Limited.

Then the public float of the Bank will be 17.29%, which meets the Minimum Public Float requirement.

If the public float after the implementation of the conversion cannot meet the Minimum Public Float requirement, the conversion will not be implemented. In such case, the Bank will consider various means to comply with the Minimum Public Float requirement (where applicable), or will not implement the conversion.

(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 RMB5.36 billion

Assuming in compliance with the Minimum Public Float requirement, the amount of deposits are fully converted into Shares (i.e., a total of 2,346,819,753 domestic Shares and 961,822,222 H Shares of the Bank), which are held by Tianjin Finance Bureau or its close associates to the maximum extent (i.e., 2,346,819,753 domestic Shares and 961,822,222 H Shares). Immediately after the conversion, the total share capital of the Bank is 9,379,193,797 Shares, including 6,652,772,512 Domestic Shares and 2,726,421,285 H Shares. Then the public float of the Bank is 18.81%, which meets the Minimum Public Float requirement.

If the public float after the implementation of the conversion cannot meet the Minimum Public Float requirement, the conversion will not be implemented. In such case, the Bank will consider various means to comply with the Minimum Public Float requirement (where applicable), or will not implement the conversion.

(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 RMB4.02 billion

Assuming in compliance with the Minimum Public Float requirement, the amount of deposits are fully converted into Shares (i.e., a total of 1,760,114,814 domestic Shares and 721,366,666 H Shares of the Bank), which are held by Tianjin Finance Bureau or its close associates to the maximum extent (i.e., 1,760,114,814 domestic Shares and 721,366,666 H Shares). Immediately after the conversion, the total share capital of the Bank is 8,552,033,302 Shares, including 6,066,067,573 Domestic Shares and 2,485,965,729 H Shares. Then the public float of the Bank is 20.63%, which meets the Minimum Public Float requirement.

If the public float after the implementation of the conversion cannot meet the Minimum Public Float requirement, the conversion will not be implemented. In such case, the Bank will consider various means to comply with the Minimum Public Float requirement (where applicable), or will not implement the conversion.

(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 RMB2.68 billion

Assuming in compliance with the Minimum Public Float requirement, the amount of deposits are fully converted into Shares (i.e., a total of 1,173,409,876 domestic Shares and 480,911,111 H Shares of the Bank), which are held by Tianjin Finance Bureau or its close associates to the maximum extent (i.e., 1,173,409,876 domestic Shares and 480,911,111 H Shares). Immediately after the conversion, the total share capital of the Bank is 7,724,872,809 Shares, including 5,479,362,635 Domestic Shares and 2,245,510,174 H Shares. Then the public float of the Bank is 22.84%, which meets the Minimum Public Float requirement.

If the public float after the implementation of the conversion cannot meet the Minimum Public Float requirement, the conversion will not be implemented. In such case, the Bank will consider various means to comply with the Minimum Public Float requirement (where applicable), or will not implement the conversion.

(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 RMB1.34 billion

Assuming in compliance with the Minimum Public Float requirement, the amount of deposits are fully converted into Shares (i.e., a total of 586,704,938 domestic Shares and 240,455,555 H Shares of the Bank), which are held by Tianjin Finance Bureau or its close associates to the maximum extent (i.e., 586,704,938 domestic Shares and 98,521,706 H Shares) and the remaining 141,933,849 H Shares will be held by the Independent Third Parties designated by Tianjin Finance Bureau. Immediately after the conversion, the total share capital of the Bank is 6,897,712,315 Shares, including 4,892,657,697 Domestic Shares and 2,005,054,618 H Shares. Then the public float of the Bank is 17.12%, which meets the Minimum Public Float requirement.

If the public float after the implementation of the conversion cannot meet the Minimum Public Float requirement, the conversion will not be implemented. In such case, the Bank will consider various means to comply with the Minimum Public Float requirement (where applicable), or will not implement the conversion.

In summary, provided that the conditions for conversion are satisfied, the convertible negotiated deposit can be converted to a maximum of 2,933,524,691 domestic Shares and 1,202,277,777 H Shares of the Bank. Tianjin Finance Bureau or its close associates currently hold 59,905,424 domestic Shares of the Bank. After the conversion, the maximum number of shares held by Tianjin Finance Bureau or its close associates will be 2,993,430,115 domestic Shares and 1,202,277,777 H Shares (accounting for approximately 29.33% and 11.78% of the Bank's share capital after the conversion), with a par value of RMB1 per Share. If the converted Shares will be issued to fewer than six entities, the Bank will disclose the names of each entity as required by the Listing Rules.

Based on that and the conversion price of RMB1.62, no theoretical dilutive effect will be resulted from the conversion. 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

The Board will propose this plan to the Shareholders' General Meeting and the Shareholders' Class Meeting for consideration. The Bank and Tianjin Finance Bureau will enter into the Agreement within 12 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 in conjunction with the requirements of the Tianjin Finance Bureau 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, the repayment of principal and interest of deposits and other matters in respect of the Agreement, 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 12 months from the date of approval by the Shareholders' General Meeting and Shareholders' Class Meetings.

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

(i) Main Contents

Tianjin Finance Bureau 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, Tianjin Finance Bureau 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 Tianjin Finance Bureau, when the core tier-one capital adequacy ratio of the Bank is lower than 5.125%, Tianjin Finance Bureau 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 pay the interest and repay the principal upon the maturity of the convertible negotiated deposit according to the Agreement.

- 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 Tianjin Finance Bureau. 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 Tianjin Finance Bureau 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 conversion on the convertible negotiated deposit is completed, or (ii) the expiry date of 10 years from the issuance date of the special bonds.

(ii) Agreements on the negotiated deposit

Tianjin Finance Bureau intends to inject RMB6.7 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 Tianjin municipal 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. The deposits under the Agreement are interest-bearing semi-annually and the principal is repaid in a lump sum at maturity, and the interest follows the principal.

The commencement date of the convertible negotiated deposit is the same as that of the local government special bonds. The Bank will transfer the full amount of interest payable on the corresponding interest payment date to the local government special bonds principal and interest repayment supervision account opened by Tianjin Finance Bureau at the Bank on 14 days prior to the interest payment date of the local government special bonds. The Bank will repay the principal amount due under the conversion agreement on 14 days prior to the principal repayment date of the local government special bonds and the proof of payment provided by the Bank for Tianjin Finance Bureau is a valid proof of the principal and interest paid.

The convertible negotiated deposit of RMB6.7 billion in total shall be deposited in 5 installments, of which the first installment is RMB1.34 billion, with a term of 6 years; the second installment is RMB1.34 billion, with a term of 7 years; the third installment is RMB1.34 billion, with a term of 8 years; the fourth installment is RMB1.34 billion, with a term of 9 years; and the fifth installment is RMB1.34 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 Tianjin Finance Bureau 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.

When the above terms and conditions are satisfied, all or part of convertible negotiated deposit shall be converted by Tianjin Finance Bureau into capital contribution to the Bank in the proportion of 70.93% of the Domestic Shares and 29.07% of the H Shares issued abroad and listed on the main board of the Hong Kong Stock Exchange, with a par value of RMB1 per Share, and the percentage of shareholding shall be recognized in accordance with the conversion price standard as agreed 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. 14 July 2023) (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 of 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 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 to ensure that all Shareholders’ rights and interests are protected.

The ordinary Shares of the Bank 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 Tianjin Finance Bureau to Shares held in the Bank (the “**Target Shares**”), and the number of Shares converted = the principal amount of the convertible negotiated deposit/the conversion price, and the Target Shares are ordinary Shares.

(v) *Implementation of the conversion*

Tianjin Finance Bureau or its designated institutions, 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, Tianjin Finance Bureau or its designated institutions 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 Tianjin Finance Bureau will be converted to the capital for subscription of the Bank’s Shares after the capital increment agreement is entered into among Tianjin Finance Bureau or its designated institutions, 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 Tianjin Finance Bureau or its designated institutions will provide assistance and cooperation correspondingly.

After the conversion of the negotiated deposit into ordinary Shares, the Bank shall continue to repay the interest on the local government special bond.

(vi) Withdrawal of Shares

After the conversion, within the period specified by the Tianjin Finance Bureau, the Bank shall actively facilitate the realization of Tianjin Finance Bureau's shareholdings for the repayment of the principal of the local government special debt through the participation of the original shareholders and the introduction of new strategic investors in market-based transfer and repurchase, and the Bank shall ensure that the conversion price determined by the acquisition by the original shareholders, market-based transfer and repurchase by the Bank shall not be lower than the conversion price stipulated in the Agreement.

(vii) Liability for breach of contract

The Bank shall pay the principal and interest on time. If the Bank fails to remit the amount payable to the principal and interest repayment supervision account for the local government special debts on the payment date as agreed in the Agreement, the Bank shall pay liquidated damages to Tianjin Finance Bureau at the rate of 0.03% of the daily interest rate based on the actual number of days of deferred arrival and the balance of the unpaid principal and interest of the deposit. The Bank shall also be liable to Tianjin Finance Bureau for any reasonable loss (including but not limited to litigation costs, arbitration fees, attorney's fees, liquidated damages, damages, etc.) suffered by Tianjin Finance Bureau as a result of the Bank's breach of contract.

(viii) Effectiveness and termination

Neither Tianjin Finance Bureau nor the Bank shall change or cancel the Agreement without prior notice. If any change is required, the Tianjin Finance Bureau and the Bank shall agree and sign a supplementary agreement, which shall have the equal binding effect as the Agreement.

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, the other party has 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 specific 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 specific mandate were considered and approved by the Board on 14 July 2023. 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 14 July 2023, 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, respectively.

Circular

The circular, which set out the details of the convertible negotiated deposit, notices and other documents of Shareholders' General Meeting and Shareholders' Class Meetings, are expected to be despatched to the Shareholders on or before 15 September 2023, as the Bank requires more time to prepare certain information for inclusion in the circular.

Warning

The proposed issuance of the convertible negotiated deposit is subject to a number of conditions precedent, including but not limited to the approvals from the Shareholders and approvals from relevant regulatory bodies, which may or may not be fulfilled. There is no assurance that the Bank will proceed with the proposed issuance of the convertible negotiated deposit. The Shareholders and potential investors of the Bank should exercise caution when they deal or contemplate dealing in the Shares or other securities (if any) of the Bank.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following items shall have the meanings set out below:

“Shareholders’ General Meeting”	the shareholders’ general meeting of the Bank to be convened in due course for the purpose of consideration and approval of matters in relation to the convertible negotiated deposit
“Agreement”	the agreement on the convertible negotiated deposit, and subject to the approval at the Shareholders’ General Meeting and Shareholders’ Class Meetings, which the Bank intends to enter into with Tianjin Finance Bureau
“Shareholders’ Class Meetings”	the Class Meeting of Domestic Shareholders and Class Meeting of H Shareholders of the Bank to be convened in due course for the purpose of consideration and approval of matters in relation to the convertible negotiated deposit
“Articles of Association”	the articles of association of the Bank (as amended from time to time)
“Bank”	Bank of Tianjin 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
“HK\$” or “HKD”	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

“Independent Third Parties”	Persons who, to the best of the Directors' knowledge having made all reasonable enquiries, are not connected with the Bank and Tianjin Finance Bureau (as defined in the Listing Rules)
“Latest Practicable Date”	on 14 July 2023, being the latest practicable date prior to the publication of this announcement for ascertaining certain data contained herein
“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” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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
Bank of Tianjin Co., Ltd.*
DONG Xiaodong
Company Secretary

Tianjin, China
14 July 2023

As at the date of this announcement, the board of directors of the Bank comprises Mr. WU Hongtao, Mr. ZHENG Ke and Ms. DONG Xiaodong as executive directors; Ms. SUN Jingyu, Ms. DONG Guangpei, Mr. Alistair Marshall BULLOCH, Mr. ZHAO Wei, Mr. WANG Shunlong and Ms. LI Jun as non-executive directors; Mr. JIN Qingjun, Mr. HUA Yaogang, Mr. HE Jia, Mr. ZENG Jianhua and Mr. LU Jianzhong as independent non-executive directors.

* *Bank of Tianjin Co., Ltd. is not an authorised 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 authorised to carry on banking/deposit-taking business in Hong Kong.*