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泸州银行股份有限公司*
LUZHOU BANK CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1983)

CONNECTED TRANSACTION ACQUISITION OF PROPERTY

THE ACQUISITION

On 15 June 2021, the Bank entered into the Property Purchase Agreement with Suining Jiale as the bid winner under a public tender, pursuant to which, subject to the terms and conditions of the Property Purchase Agreement, the Bank agreed to purchase and Suining Jiale agreed to sell the Property for a consideration of RMB51,168,114. The Property is intended to be used by the Bank for the establishment of its Suining branch, which includes business premises and underground garages.

LISTING RULES IMPLICATIONS

As defined in Chapter 14A of the Listing Rules, as at the date of the Property Purchase Agreement, Mr. XIONG Guoming is a connected person of the Bank by virtue of his position as a Director. Suining Jiale, being the company in which Mr. XIONG Guoming indirectly holds 30% or more interest, is a connected person of the Bank by virtue of it being an associate of Mr. XIONG Guoming as defined under Chapter 14A of the Listing Rules; therefore, the entering into of the Property Purchase Agreement and the transaction thereunder constitute connected transactions of the Bank.

As the highest applicable percentage ratios for the Acquisition exceed 0.1% but are less than 5%, pursuant to Rule 14A.35 of the Listing Rules, the Acquisition constitutes a non-exempt connected transaction of the Bank, which is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under Rule 14A.76 of Chapter 14A of the Listing Rules.

Due to the inadvertent negligence of the Bank's management personnel involved in the Acquisition, the Bank was not aware that the Acquisition constitutes a connected transaction of the Bank subject to disclosure under the Listing Rules, so it failed to disclose the Acquisition mentioned above in a timely manner.

When reviewing the Bank's major transactions to prepare for media release, the Bank's management was informed of the Acquisition and became aware of the failure to disclose the Acquisition in a timely manner. After the Directors became aware of the incident and were fully notified by the management of the failure to disclose the underlying transaction in a timely manner, they immediately instructed management personnel to report any amount and terms related to the purchase of the Property. In view of the failure to comply with Rule 14A.35 of the Listing Rules in time, in order to prevent similar situations from happening again in the future, the Bank has taken a series of remedial measures set out herein to ensure full knowledge of and timely compliance with relevant requirements of the Listing Rules, and made an appropriate disclosure as set out in this announcement.

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PROPERTY PURCHASE AGREEMENT

The key terms of the Property Purchase Agreement are summarised as follows:

Date of agreement:	15 June 2021
Parties:	(1) The Bank, as the Buyer; and (2) Suining Jiale, as the Seller
Nature of transaction:	Pursuant to the Property Purchase Agreement, the Bank agreed to purchase and Suining Jiale agreed to sell the Property, subject to the terms and conditions of the Property Purchase Agreement.
The Property:	The Property is located in Wucaibinfen Road, Hedong New District, Suining, China. It comprises business premises with a gross floor area of 3,600.7 sq.m. and 40 underground garages with a gross floor area of 1,271.7 sq.m. As at the date of signing the Property Purchase Agreement, the Property was wholly-owned by Suining Jiale. Suining Jiale's portion of the apportioned land cost of the land on which the Property is situated is RMB14,958,698, and the construction cost of the Property is approximately RMB22,455,045.
Closing:	Unless the delivery of the Property is delayed due to force majeure, Suining Jiale shall deliver the Property to the Bank by 31 May 2022. According to the Property Purchase Agreement, Suining Jiale shall provide, at the time of closing, the certificate of the completion and acceptance of the underlying construction project it has obtained and a report on the measurement of property area.

Consideration and payment terms:

The total consideration of the Property Purchase Agreement is RMB51,168,114 (tax inclusive), including RMB44,923,918 in total for business premises, RMB4,000,000 for in total underground garages and RMB2,244,196 in total of taxes and surcharges.

The consideration was determined by the Bank through an open tender process. In the process of determining the tender price, the Bank has considered normal commercial terms and made reference to, among others, the available prevailing market prices of properties of similar nature in neighbouring areas.

The consideration will be paid by the Bank to Suining Jiale in cash in the following ways:

- (a) RMB10,028,411 will be paid to Suining Jiale within 5 days after the Property Purchase Agreement is signed;
- (b) RMB24,461,959 will be paid to Suining Jiale within 5 days after the Property Purchase Agreement is filed;
- (c) RMB9,784,783.6 will be paid to Suining Jiale within 5 days after the Property is delivered by Suining Jiale to the Bank; and
- (d) RMB6,892,960.4 will be paid to Suining Jiale within 5 days after the real estate title of the Property is obtained and handed over to the Bank with all registration procedures completed.

As of the date of this announcement, the Bank has made the payments specified in the above paragraphs (a) and (b) using internal resources of the Group, and the remaining consideration for the Property will continue to be paid with internal resources of the Group in accordance with the Property Purchase Agreement.

REASONS FOR AND BENEFITS OF THE ACQUISITION

According to the Bank's 2020 organisational plan, the Bank plans to set up a branch in Suining, Sichuan Province. The Property will be used as the business premises of the Suining branch to be established by the Bank.

The Directors (including independent non-executive Directors), having made all reasonable and due inquiries, are of the view that the Property Purchase Agreement and the transaction contemplated thereunder are fair and reasonable and on normal commercial terms. Although the Acquisition is not conducted in the ordinary and usual course of business of the Bank, it is in the interests of the Bank and its shareholders as a whole.

Mr. XIONG Guoming is indirectly interested in the shares of Suining Jiale in respect of the Acquisition. Mr. XIONG Guoming has abstained from voting on the resolution in relation to the Acquisition.

GENERAL INFORMATION

Information on the Bank

The Bank is a joint stock company incorporated in the PRC with limited liability, whose H Shares are listed on the Main Board of the Stock Exchange (stock code: 1983). The Bank is primarily engaged in banking business in the PRC.

Information on Suining Jiale

Suining Jiale Yijia Industrial Development Co., Ltd. is a limited company incorporated in the PRC. It is primarily engaged in housing construction, real estate development and operation, property management, planning and creative services, conference, exhibition and related services. It is an associate of Mr. XIONG Guoming, a Director of the Bank.

LISTING RULES IMPLICATIONS

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As the highest applicable percentage ratios for the Acquisition exceed 0.1% but are less than 5%, pursuant to Rule 14A.35 of the Listing Rules, the Acquisition constitutes a non-exempt connected transaction of the Bank, which is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under Rule 14A.76 of Chapter 14A of the Listing Rules.

Due to the inadvertent negligence of the Bank's management personnel involved in the Acquisition, the Bank was not aware that the Acquisition constitutes a connected transaction of the Bank subject to disclosure under the Listing Rules, so it failed to disclose the Acquisition mentioned above in a timely manner.

When reviewing the Bank's major transactions to prepare for media release, the Bank's management was informed of the Acquisition and became aware of the failure to disclose the Acquisition in a timely manner. After the Directors became aware of the incident and were fully notified by the management of the failure to disclose the underlying transaction in a timely manner, they immediately instructed management personnel to report any amount and terms related to the purchase of the Property. In view of the failure to comply with Rule 14A.35 of the Listing Rules in time, in order to prevent similar situations from happening again in the future, the Bank has taken a series of remedial measures set out herein to ensure full knowledge of and timely compliance with relevant requirements of the Listing Rules, and made an appropriate disclosure as set out in this announcement.

The Bank has dealt with this incident seriously and taken the following remedial measures to prevent similar incidents from happening again:

- 1 the memorandum of connected transactions and the list of connected persons are re-circulated to all Directors, management personnel and accounting staff of the Bank;
- 2 the management of the Bank is designated to monitor connected transactions and prevent the non-disclosure of connected transactions from happening again; and
- 3 internal training courses are arranged to interpret the Listing Rules and the reporting procedures for connected transactions and notifiable transactions, with emphasis laid on the importance of identifying relevant transactions before signing the contract to ensure the Bank's duly compliance with relevant requirements of the Listing Rules in the future.

DEFINITIONS

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

“Acquisition”	the acquisition of the Property from Suining Jiale by the Bank pursuant to the Property Purchase Agreement
“Bank”	Luzhou Bank Co., Ltd. (泸州银行股份有限公司*), a joint stock company in the PRC with limited liability and its H Shares are listed on the Main Board of the Stock Exchange (stock code: 1983)
“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China, but for the purposes of this announcement and for geographical reference only, unless the context otherwise requires, excluding Hong Kong, the Macau Special Administrative Region and Taiwan of the PRC
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Bank
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Property”	portion of the 1st floor, the 2nd floor and portion of the 3rd floor, Unit C1-3-05-D, Suining Financial Center and 40 underground garages at Wucaibinfen Road, Hedong New District, Suining

“Property Purchase Agreement”	the property purchase agreement dated 15 June 2021 entered into between the Bank and Suining Jiale in relation to the Acquisition
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Suining Jiale”	Suining Jiale Yijia Industrial Development Co., Ltd. (遂寧市佳樂益佳實業發展有限公司), a limited company incorporated in the PRC and an associate of Mr. XIONG Guoming, a Director of the Bank
“Share(s)”	share(s) of the Bank
“%”	per cent

By order of the Board
Luzhou Bank Co., Ltd.*
YOU Jiang
Chairman

Luzhou, the PRC, 27 July 2021

As at the date of this announcement, the Board comprises Mr. YOU Jiang and Mr. LIU Shirong as executive Directors, Ms. PAN Lina, Mr. XIONG Guoming, Mr. LIU Qi and Mr. DAI Zhiwei as non-executive Directors and Mr. GU Mingan, Mr. HUANG Yongqing, Mr. YE Changqing, Mr. TANG Baoqi and Mr. ZHONG Jin as independent non-executive Directors.

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