

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



WEIHAI CITY COMMERCIAL BANK CO., LTD.*

威海市商業銀行股份有限公司*

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

(Stock Code: 9677)

VOLUNTARY ANNOUNCEMENT PROPOSED MANDATE TO ISSUE FINANCIAL BONDS

The board of directors (the “**Board**”) of Weihai City Commercial Bank Co., Ltd.* (the “**Bank**”) is pleased to announce that, pursuant to the resolution of the Board dated 31 March 2021, it is recommended that, subject to shareholders’ approval and obtaining approval from relevant regulatory authorities, the chairman of the Board be authorized to determine the issue of financial bonds with a total issuance size of not more than RMB48 billion, in tranches between 2021 and 2023, including determining specific types of financial bonds, issue scale and timing and key terms, based on market conditions and other factors while the Bank’s management will be responsible for specific implementation of each bond issue and report the issue status to the Board (“**Authorisation**”) (the “**Proposed Issue Mandate**”).

In order to fully meet the needs of the Bank’s asset structure optimization and capital allocation, further enhance its capital strength, optimize its capital structure, and improve its capacity to serve the real economy, the Bank plans to issue related bonds with a total amount of not more than RMB48 billion between 2021 and 2023, including non-capital financial bonds not exceeding RMB30 billion, tier-two capital bonds not exceeding RMB10 billion, and perpetual bonds not exceeding RMB8 billion. The Board convened a meeting on 31 March 2021 to consider and review the matters on the Proposed Issue Mandate. After careful consideration and review by the Board, it recommends shareholders to consider and approve the authorization to the Board as appropriate, and the Board delegates the authorization to the operating management to implement the issue of financial bonds after approval by the relevant regulatory authorities. Particulars of the Proposed Issue Mandate are as follows:

Size of the Issue:

The size of bonds issuance will be not more than RMB48 billion between 2021 and 2023, including non-capital financial bonds not exceeding RMB30 billion, tier-two capital bonds not exceeding RMB10 billion, and perpetual capital bonds not exceeding RMB8 billion. Such bonds may be issued in tranches.

**Nature of the
Bonds and
Use of the Funds
Raised:**

- (I) The order of repayment of the principal and interest of non-capital financial bonds is the same as the general liabilities of commercial banks, and is ahead of commercial banks' long-term subordinated debts, tier-two capital instruments, hybrid capital bonds, other tier-one capital instruments, and unsecured financial bonds from commercial banks in respect of equity capital. Funds raised from non-capital financial bonds will be used in accordance with applicable laws and regulations, regulatory approvals and relevant provisions of national industrial policies to optimize the Bank's mid- and long-term asset-liability structure, increase stable sources of mid- and long-term liabilities and support the development of mid- and long-term business, including issuing small- and micro-enterprise loans, agriculture-related loans, green industry loans and other loans.
- (II) The order of repayment of the principal and interest of tier-two capital bonds shall be after the issuer's deposits and general creditors, but before the equity capital, other tier-one capital instruments and hybrid capital bonds. Funds raised from tier-two capital bonds will be used to supplement the Bank's secondary capital, optimize the capital structure, increase the level of capital adequacy, and enhance the capacity to resist risks and serve the real economy.
- (III) The order of repayment of the principal and interest of perpetual capital bonds shall be after the issuer's depositors, general creditors, and holders of subordinated debts (including but not limited to subordinated debts, hybrid capital bonds, tier-two capital instruments, etc.), but before the ordinary shareholders. The perpetual capital bonds and the perpetual capital bonds that may be issued by the issuer in the future are to be compensated in the same order. If the subsequent revision of Bankruptcy Law of the People's Republic of China (《中華人民共和國破產法》) stipulate otherwise to the issuer's debt compensation order, the relevant laws and regulations shall prevail. Funds raised from perpetual capital bonds shall be used to supplement other tier-one capital of the Bank, optimize the capital structure, increase the level of capital adequacy, and enhance the ability to resist risks and serve the real economy.

Types and Terms of the Bonds:	The types of bonds include but not limited to non-capital financial bonds such as ordinary financial bonds, green financial bonds, special financial bonds for small and micro enterprises, tier-two capital bonds, and perpetual capital bonds. Perpetual capital bonds have no fixed terms, and the terms of all other types of bonds shall not exceed 10 years (inclusive). Within the overall scale of the planned issue, the proportion and scale of each type of bonds shall be finalized according to the actual needs of the Bank, market conditions or application level of investors before the issue.
Coupon Rate:	The coupon rate of each tranche of bonds may adopt a fixed rate or a floating rate or a combination of the two in proportion.
Issue Method:	The issue of each tranche of bonds may adopt public issue or targeted issue, and the issue method shall be determined according to the needs of the Bank and market conditions.
Authorization:	It is proposed at the 2020 annual general meeting to authorize the Board, and the chairman can be delegated to determine the specific bond issue types, issue scale, issue timing, terms, interest calculation method, forms of interest rates, interest rate levels, whether to issue by tranches, write-down or conversion of shares, the use of proceeds and other related matters based on the actual needs of the Bank, market conditions and management opinions. The operating management shall be responsible for the specific implementation. After each issue of bonds, the management shall report the issue status of the products to the Board in a timely manner. The authorization shall be valid from the date of approval at the 2020 annual general meeting to 31 December 2023.
Validity of Resolution:	From the date of approval at the 2020 annual general meeting to 31 December 2023.

The Proposed Issue Mandate is subject to (among others) shareholders' approval, approval from relevant regulatory authorities as well as market conditions. Therefore, the abovementioned proposed issue of financial bonds may or may not proceed. Shareholders and investors should exercise caution when dealing in the shares of the Bank.

A circular containing (among others) further details of the Proposed Issue Mandate, together with the notice of the 2020 annual general meeting, will be despatched to the shareholders of the Bank as and when appropriate.

By Order of the Board
Weihai City Commercial Bank Co., Ltd.*
TAN Xianguo
Chairman

Weihai, China
31 March 2021

As at the date of this announcement, the Board of the Bank comprises Mr. TAN Xianguo, Mr. MENG Dongxiao, Mr. ZHANG Renzhao, Mr. BI Qiubo and Ms. TAO Zunjian as executive directors; Mr. LI Hang, Mr. WANG Song, Mr. SUN Chenglong, Mr. YI Jijun and Mr. WANG Qixiang as non-executive directors; Mr. LIU Xue, Mr. LU Qing, Mr. SUN Guomao, Mr. ZHANG Guanghong and Mr. FAN Chi Chiu as independent non-executive directors.

* *Weihai City Commercial 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 and/or deposit-taking business in Hong Kong.*