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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 March 22, 2024, 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 Board recommends 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 RMB32 billion (inclusive), including non-capital financial bonds not exceeding RMB20 billion (inclusive), tier-two capital bonds not exceeding RMB6 billion (inclusive), and perpetual capital bonds not exceeding RMB6 billion (inclusive), in tranches between 2024 and 2026, including determining specific types of financial bonds, issue scale and timing and key terms, based on actual needs of the Bank, market conditions and other factors while the Bank’s operating management will be responsible for specific implementation of each bond issue and report the issue status to the Board (the “**Authorization**”) (the “**Proposed Issue Mandate**”).

Particulars of the Proposed Issue Mandate are as follows:

Size of the Issue:

The size of bonds issuance will be not more than RMB32 billion (inclusive) between 2024 and 2026, including non-capital financial bonds not exceeding RMB20 billion (inclusive), tier-two capital bonds not exceeding RMB6 billion (inclusive), and perpetual capital bonds not exceeding RMB6 billion (inclusive). 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 prior to commercial banks' long-term subordinated debts, tier-two capital instruments, hybrid capital bonds, other tier-one capital instruments, and 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 depositors and general creditors, but prior to 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 tier-two 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 subordinated debts which are prior to the perpetual capital bonds, but prior to all classes of shares held by the shareholders of the issuer. The perpetual capital bonds and the issuer's other tier-one capital instruments with the same repayment order are to be repaid 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 repayment 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 subscription 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 2023 annual general meeting to authorize the Board, and the chairman of the Board 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 operating management opinions. The operating management shall be responsible for the specific implementation, and after each issue of bonds, shall report the issue status of the products to the Board in a timely manner. The authorization shall be valid within 36 months from the date of approval at the 2023 annual general meeting.

Validity of Resolution:

Within 36 months from the date of approval at the 2023 annual general meeting.

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, will be disseminated to the shareholders of the Bank as and when appropriate.

**Weihai City Commercial Bank Co., Ltd.*
Board of Directors**

Weihai, China
March 22, 2024

As at the date of this announcement, the Board comprises Mr. TAN Xianguo, Mr. MENG Dongxiao, Ms. TAO Zunjian, Mr. LU Jiliang and Mr. ZHANG Wenbin as executive Directors; Mr. YI Jijun, Mr. SONG Bin, Mr. YIN Lin, Mr. ZHAO Bing and Ms. LI Jie as non-executive Directors; Mr. FAN Chi Chiu, Mr. WANG Yong, Mr. WANG Shaohong, Ms. SUN Zuying and Mr. YANG Yunhong 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.*