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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)

DISCLOSEABLE TRANSACTION SUCCESSFUL COMPLETION OF THE PUBLIC TENDER PROCESS FOR THE DISPOSAL OF THE CREDITOR'S RIGHTS OF CERTAIN NON-PERFORMING DEBTS

References are made to the supplemental circular dated November 30, 2020 and the announcement of poll results of 2020 second extraordinary general meeting dated December 15, 2020 of Luzhou Bank Co., Ltd. (the **"Bank"**), in relation to (among others) consideration and approval by the shareholders of the Bank for the public transfer of the creditor's rights of certain non-performing debts with an aggregate amount exceeding 10% of the Bank's latest (the year of 2019) audited net asset, with total estimated losses exceeding RMB10,000,000 in total.

The board (the **"Board"**) of directors of the Bank (the **"Directors"**) announces that, on January 8, 2021, the Bank completed the public tender process, at which China Orient Asset Management Co., Ltd. Zhejiang Branch (**"Orient Asset"**) won the bid on such creditor's rights of non-performing debts at the agreed price of RMB500,000,000. The deposit of RMB30,000,000 paid by Orient Asset during the bidding process was transferred to the designated account of the Bank as a performance bond for the Creditor's Rights Transfer Agreement upon completion of the bidding and the remaining balance shall be settled in accordance with the consideration payment arrangement under the contemplated Creditor's Rights Transfer Agreement.

It is expected that the Bank (as the vendor) will enter into the Creditor's Rights Transfer Agreement with Orient Asset (as the purchaser) on or before January 14, 2021 to transfer its creditor rights and relevant rights as set forth in the Creditor's Rights Transfer Agreement to Orient Asset for a consideration of RMB500,000,000. The Bank shall publish further announcement on entering into the Creditor's Rights Transfer Agreement and/or if there are any material changes of terms thereof.

I. THE CREDITOR'S RIGHTS TRANSFER AGREEMENT TO BE ENTERED INTO BETWEEN THE BANK AND ORIENT ASSET

A summary of the principal terms of the Creditor's Rights Transfer Agreement to be entered into is set out as follows:

Parties

- (1) The Bank, as the vendor; and
- (2) Orient Asset, as the purchaser

As at the date of this announcement, Orient Asset and its ultimate beneficial owners are, to the best knowledge, information and belief of the Bank's directors having made all reasonable enquiries, third parties independent of the Bank and its connected persons.

TRANSFER SUBJECT

The transfer subject is the Bank's asset of creditor's rights set forth in the Creditor's Rights Transfer Agreement, including but not limited to the principal creditor's rights and security rights entitled by the Bank over borrowers, mortgagors, pledgors and guarantors, as well as other statutory or agreed ancillary rights related to these creditor's rights, exclusive of the arbitration fees and litigation fees that the Arbitration Commission and the court determine to return to the Bank after the Reference Date.

As of the Reference Date, the remaining balance of the principal, interest and default penalty under the loan-related creditor's rights entitled by the Bank and to be transferred to Orient Asset pursuant to the Creditor's Rights Transfer Agreement shall be a total of RMB806,910,663.63.

CONSIDERATION AND PAYMENT TERMS

A total consideration for the transfer of the loan-related creditor's rights to Orient Asset under the Creditor's Rights Transfer Agreement shall be RMB500,000,000. The consideration for the creditor's rights transfer was determined with reference to the valuation of RMB554,790,000 on the proposed transfer of the creditor's rights carried out by Shenzhen Great Strategy Real Estate Appraisal & Consulting Co., Ltd.[#] (深圳市國策房地產土地評估有限公司) as well as the final agreed price of this second round of open auction following the failure of the first round of open auction for a consideration of RMB550,000,000. The directors of the Bank believe that the consideration for the creditor's rights transfer is fair and reasonable.

The deposit of RMB30,000,000 paid by Orient Asset during the bidding process was transferred to the designated account of the Bank as the performance bond for the Creditor's Rights Transfer Agreement upon completion of the bidding. The remaining balance of the consideration of RMB470,000,000 shall be settled in accordance with the consideration payment arrangement under the Creditor's Rights Transfer Agreement by Orient Asset by an one-off payment to the designated account of the Bank on or before January 21, 2021.

Closing

Closing shall be subject to the Bank's receipt of Orient Asset's full payment as agreed under the Creditor's Rights Transfer Agreement. The recovery of amounts (including principal and interest) obtained in relation to the creditor's rights after the Reference Date shall be attributed to Orient Asset. Orient Asset shall individually assume any future loss, damage, risk or liability arising from such creditor's rights after the Reference Date.

Management during the Transition Period

During the transition period (a period from the Reference Date to the Closing date), the Bank shall maintain and manage the creditor's rights not lower than the usual standards in the management and disposal of other similar assets that it legally owned to avoid the loss of any relevant legal rights, including the limitation periods for legal action. The Bank shall obtain the prior consent of Orient Asset in disposing of the creditor's rights, and dispose of the creditor's rights in accordance with relevant laws and regulations. Upon receiving a written notice of material events related to the assets of the debtors, the Bank shall inform Orient Asset. Any change of the security rights related to the creditor's rights, change of the qualifications of the subject of the litigation and execution of the project, etc. shall be handled by Orient Asset on its own, and complemented by the Bank.

II. REASONS AND BENEFITS OF THE DISPOSAL OF THE CREDITOR'S RIGHTS OF CERTAIN NON-PERFORMING DEBTS

The loan disposed in this public tender belongs to the Bank's non-performing assets, which involve a relatively large amount and multiple stakeholders. The disposal of the creditor's rights of those non-performing debts and the entering into the Creditor's Rights Transfer Agreement will help the Bank to reduce the proportion of low-return assets in its capital cost, increase efforts to clear non-performing assets with low-return and optimize asset structure, and the proceeds from the creditor's rights transfer would be used to activate the credit stock, accelerate asset turnover. After consideration, the Bank considers that the disposal of the creditor's rights of those non-performing debts and the entering into the Creditor's Rights Transfer Agreement are beneficial to the Bank and its shareholders.

Based on the difference between the transfer consideration and the remaining balance of the principal and interest of the loan in respect of those non-performing debts as at the Reference Date, it is estimated that the total loss incurred on the transfer of the creditor's rights is approximately RMB306,000,000 (including principal, interest, disbursements, etc., exclusive of the arbitration fees and litigation fees that the Arbitration Commission and the court determine to return to the Bank after the Reference Date). In accordance with the Bank's asset impairment provision policy, the Bank has made provision for impairment of approximately RMB427,840,000 for those non-performing loans. Upon successful transfer of the creditor's rights of those non-performing debts, the provision for asset impairment shall be reversed.

III. GENERAL INFORMATION

Information about the Bank

The Bank is a joint stock company incorporated in the PRC with limited liability and its H shares are listed on the Main Board of the Stock Exchange (stock code: 1983).

Information about Orient Asset

China Orient Asset Management Co., Ltd. is a joint stock company incorporated in the PRC with limited liability, which is principally engaged in asset management, insurance, banking, securities, trust, credit rating and overseas business. The ultimate beneficial owner of China Orient Asset Management Co., Ltd. is the Ministry Of Finance, who is a third party independent of the Bank and its connected persons.

IV. LISTING RULES IMPLICATIONS

As one or more applicable ratios of the transactions under the disposal of the creditor's rights of those non-performing debts and the entering into the Creditor's Rights Transfer Agreement are higher than 5% but less than 25%, the disposal of the creditor's rights of those non-performing debts and the entering into the Creditor's Rights Transfer Agreement constitute a disclosable transaction of the Bank under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

It is expected that the Bank shall enter into the above-mentioned Creditor's Rights Transfer Agreement with Orient Asset on or before January 14, 2021. The Bank shall publish further announcement on entering into the Creditor's Rights Transfer Agreement and/or if there are any material changes of terms thereof.

V. DIRECTOR'S CONFIRMATION

The directors of the Bank (including the independent non-executive directors) are of the view that the Creditor's Rights Transfer Agreement is on normal commercial terms and shall be entered into in the ordinary and usual course of business of the Bank, which is fair and reasonable and in the interests of the Bank and the Shareholders as a whole.

VI. DEFINITIONS

"Reference Date"	November 22, 2020
"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
"Closing"	the date of transfer of the creditor's rights set out in the Creditor's Rights Transfer Agreement
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Creditor's Rights Transfer Agreement"	the creditor's rights transfer agreement expected to be entered into between the Bank and Orient Asset on or before January 14, 2021
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"%"	per cent

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

Luzhou, China, January 10, 2021

As at the date of this announcement, the Board of directors comprises Mr. YOU Jiang, Mr. XU Xianzhong and Mr. LIU Shirong as executive directors, Ms. PAN Lina, Mr. XIONG Guoming, Mr. LIU Qi, Mr. DAI Zhiwei and Ms. LIU Anyuan 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.

The English name is for identification purpose only.