

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.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

This announcement is not, and does not form any part of, an offer or invitation for the sale of securities in the United States (as defined in Regulation S under the Securities Act). Neither this announcement nor anything herein nor any copy thereof may be taken into or distributed, directly or indirectly, in or into the United States or any other jurisdiction where such release or distribution might be unlawful. The securities referred to herein have not been and will not be registered under the Securities Act, and may not be offered, sold or otherwise transferred within the United States unless the securities are registered under the Securities Act, or an exemption from the registration requirements of the Securities Act is available. The Company does not intend to register any securities described herein in the United States or to make any public offering of the securities in the United States.



CHINA ZHESHANG BANK CO., LTD.

浙 商 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: 2016)

(Stock Code of Preference Shares: 4610)

PLACING OF NEW H SHARES UNDER GENERAL MANDATE

Placing Agents



A CITIC Securities
Company



The Board is pleased to announce that on March 23, 2018, the Company entered into the Placing Agreement with the Placing Agents in relation to the Placing of 759,000,000 new H Shares at the Placing Price of HK\$4.80 per H Share.

The Placing Shares represent approximately 20.00% and 4.23%, respectively, of the total existing issued H Shares and the total existing issued share capital of the Company as at the date of this announcement, and approximately 16.67% and 4.05%, respectively, of the total issued H Shares and the total issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Shares will be sold by the Placing Agents to not less than six (6) Placees subject to termination in certain events, as set out below under the heading “Termination”.

On the assumption that all Placing Shares are fully placed, the aggregate gross proceeds from the Placing are expected to be approximately HK\$3,643.20 million and the aggregate net proceeds (after deducting all applicable costs and expenses, including commission and legal fees) from the Placing are expected to be approximately HK\$3,615.20 million. The Company intends to use the net proceeds from the Placing to replenish the core tier-one capital.

The Placing Shares will be allotted and issued under the General Mandate.

Since completion of the Placing is subject to the satisfaction of certain conditions precedent, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the H Shares.

THE PLACING AGREEMENT

Date: March 23, 2018

Parties: (i) The Company; and
(ii) The Placing Agents

PLACING

Pursuant to the Placing Agreement, the Placing Agents, each on a several but not joint nor joint and several basis, have agreed to act as the placing agents and to use their best endeavour to procure, as agents of the Company, subscribers to subscribe for 759,000,000 new H Shares during the Placing Period on the terms and conditions set out in the Placing Agreement.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Placing Agents and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

THE PLACEES

The Placing Agents will place the Placing Shares to not less than six (6) Placees, who will be professional, institutional or other investors. The choice of Placees for the Placing Shares shall be determined by the relevant Placing Agent, subject to prior consent of the Company and the requirements of the Listing Rules and in particular, each Placing Agent shall use its reasonable endeavour, based on information available to such Placing Agent, information provided by the Company and confirmations from the Placees procured by such Placing Agent, to ensure that each Placee procured by such Placing Agent is not a connected person of the Company. It is expected that none of the individual Placees will become a substantial shareholder of the Company immediately after the completion of the Placing.

NUMBER OF PLACING SHARES

The Placing Shares comprise 759,000,000 new H Shares to be allotted and issued by the Company.

Assuming that there will be no other change in the issued share capital of the Company from the date of this announcement to the completion of the Placing except for the allotment and issue of the Placing Shares pursuant to the Placing Agreement, the Placing Shares represent (i) approximately 20.00% and 4.23%, respectively, of the total existing issued H Shares and the total existing issued share capital of the Company as at the date of this announcement, and (ii) approximately 16.67% and 4.05%, respectively, of the total issued H Shares and the total issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The aggregate nominal value of the Placing Shares will be RMB759,000,000 (equivalent to approximately HK\$941,442,056, at the exchange rate of RMB1=HK\$1.240372).

PLACING PRICE

The Placing Price of HK\$4.80 per Placing Share:

- (i) represents a discount of approximately 1.84% to the closing price of HK\$4.89 per H Share as quoted on the Stock Exchange on March 23, 2018, being the date of the Placing Agreement; and
- (ii) equals to the average closing price of HK\$4.80 per H Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiation between the Company and the Placing Agents with reference to the current market conditions, the recent market price of the H Shares and the audited net assets per share of the Company as at June 30, 2017.

CONDITIONS PRECEDENT TO THE PLACING

Completion of the Placing on the Closing Date is conditional upon the fulfilment of the following Conditions Precedent:

- (i) all necessary approval and consents from relevant authorities of the PRC (including but not limited to such approvals from the CBRC and the CSRC) in connection with the Placing having been obtained and remain in full force and effect on the Closing Date;
- (ii) the Listing Committee granting approval for the listing of, and permission to deal in, the Placing Shares on the Stock Exchange (and such listing and permission not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Placing Shares upon completion of the Placing); and
- (iii) the Placing Agents receiving on the Closing Date, in form and substance satisfactory to the Placing Agents, a PRC legal opinion from the PRC counsel to the Placing Agents.

If the Conditions Precedent are not fulfilled, or waived by the Placing Agents at or before 8:00 a.m. (Hong Kong time) on May 31, 2018, the Placing Agreement shall terminate and neither the Company nor the Placing Agents shall be liable to the other or have any claim against the other for costs, damages, compensation or otherwise arising under the Placing Agreement save and except for any liability for antecedent breaches of either Party or as otherwise stipulated in the Placing Agreement.

TERMINATION

If at any time at or prior to 8:00 a.m. (Hong Kong time) on the Closing Date, any of the specific events provided in the Placing Agreement, such as any breach of any of the representations and warranties by the Company as set out in the Placing Agreement, occurs, then and in any such case, the Placing Agents may, after consultation with the Company (to the extent that the same is reasonably practicable), terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received on or prior to 8:00 a.m. (Hong Kong time) on the Closing Date.

COMPLETION OF THE PLACING

Subject to the fulfilment of the Conditions Precedent, completion of the Placing shall take place on the Closing Date.

EFFECT ON SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company as at the date of the Placing Agreement and immediately after completion of the Placing on the Closing Date (assuming that there will be no other change in the issued share capital of the Company from the date of the Placing Agreement to the completion of the Placing on the Closing Date except for the allotment and issue of the Placing Shares pursuant to the Placing Agreement):

	As at the date of the Placing Agreement		As at the Closing Date	
	Number of Shares	Approximate percentage of total issued share capital	Number of Shares	Approximate percentage of total issued share capital
Zhejiang Provincial Financial Holdings Co., Ltd.	2,655,443,774	14.79%	2,655,443,774	14.19%
Placees	–	–	759,000,000	4.05%
Other Public H Shareholders	3,795,000,000	21.13%	3,795,000,000	20.27%
Other Domestic Shareholders	11,509,253,004	64.08%	11,509,253,004	61.49%
Total Issued Shares	17,959,696,778	100.00%	18,718,696,778	100.00%

LOCK-UP UNDERTAKING

The Company has undertaken under the Placing Agreement that it will not (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any H Shares or any interests in H Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any H Shares or interest in H Shares except for the Placing Shares; (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above; or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, for the period commencing from the date of the Placing Agreement and up to thirty (30) days from the Closing Date unless with the prior written consent of the Placing Agents.

GENERAL MANDATE TO ISSUE THE PLACING SHARES

The Placing Shares will be issued and allotted by the Company pursuant to the General Mandate, under which the Board is authorized to issue, allot and deal with H Shares which shall not exceed 20% of the H Shares issued by the Company as at the date on which such resolution is passed at the 2016 annual general meeting of the Company, being 759,000,000 H Shares in total. As at the date of this announcement, the Company has not issued any new H Shares pursuant to the General Mandate.

As the Placing Shares will be issued and allotted by the Company pursuant to the General Mandate, the Placing is not subject to the approval of the Shareholders.

REGULATORY APPROVALS

The Company has obtained all necessary PRC regulatory approvals in respect of the Placing, including the approvals from the CBRC and the CSRC.

RANKING OF THE PLACING SHARES

The Placing Shares, when issued pursuant to the Placing Agreement, will be fully paid up and will rank *pari passu* in all aspects with other H Shares then in issue with clear legal and beneficial title free from all Encumbrances and together with all rights attaching to them as at the Closing Date, including the right to receive all dividends declared, made or paid, the record date for which falls on or after the Closing Date.

REASONS AND BENEFITS OF THE PLACING

In order to keep the core capital adequacy ratio remaining constantly at the required level, and to meet the capital requirements of the Company for its continuous business development, the Company entered into the Placing Agreement to allot and issue new H Shares for the purpose of replenishing core tier-one capital of the Company.

The Directors are of the opinion that the terms of the Placing Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

On the assumption that all Placing Shares are fully placed, the aggregate gross proceeds from the Placing are expected to be approximately HK\$3,643.20 million and the aggregate net proceeds (after deducting all applicable costs and expenses, including commission and legal fees) from the Placing are expected to be approximately HK\$3,615.20 million. The Company intends to use the net proceeds from the Placing to replenish the core tier-one capital. The net price (after deducting all applicable costs and expenses, including commission and legal fees) to be raised per H Share upon completion of the Placing will be approximately HK\$4.76.

EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

Pursuant to the approval of the CBRC (Yin Jian Fu [2017] No. 45) and the approval of the CSRC (Zheng Jian Xu Ke [2017] No. 360), the Company made a non-public issuance of US\$2.175 billion Offshore Preference Shares in the offshore market on March 29, 2017. The Offshore Preference Shares had a par value of RMB100 and raised US\$20 per share, all of which were subscribed in US\$. Such Offshore Preference Shares were listed on the Hong Kong Stock Exchange on March 30, 2017.

Stock Code of Offshore Preference Shares	Issuing Date	Issuing Price (US\$/ share)	Initial Annual Dividend Rate (%)	Issue Volume (Share)	Total Issue Amount (US\$)	Listing Date	Approved Number of Shares for Listing and Dealing (Share)
4610	March 29, 2017	20	5.45	108,750,000	2,175,000,000	March 30, 2017	108,750,000

Based on the CNY Central Parity Rate published by the China Foreign Exchange Trading Centre on March 29, 2017, the gross proceeds from the offering of the Offshore Preference Shares were approximately RMB14.989 billion. Subject to applicable laws and regulations and the approvals by the relevant regulatory authorities such as the CBRC and the CSRC, the capital raised from the Offshore Preference Shares issuance were used to replenish the Company's additional tier one capital, increase the tier one capital adequacy ratio of the Company and optimize the capital structure.

As at the date of this announcement, all of the net proceeds (after deducting all applicable costs and expenses) from the offering of the Offshore Preference Shares has been used to replenish the Company's additional tier one capital.

Save as disclosed above, there has been no other fund raising activity involving the issue of equity securities of the Company in the 12 months preceding the date of this announcement.

APPLICATION FOR LISTING

Application will be made to the Listing Committee for listing of, and permission to deal in the Placing Shares on the Stock Exchange.

Since completion of the Placing is subject to the satisfaction of certain conditions precedent, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the H Shares.

DEFINITIONS

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

“Board”	the board of directors of the Company
“CBRC”	China Banking Regulatory Commission (中國銀行業監督管理委員會)
“Closing Date”	March 29, 2018 or such other date as the Company and the Placing Agents may agree in writing
“Conditions Precedent”	conditions precedent for the completion of the Placing provided in the Placing Agreement
“Company”	China Zheshang Bank Co., Ltd. (浙商銀行股份有限公司), a sino-foreign joint venture incorporated in the PRC on April 16, 1993 in accordance with the PRC laws, and reorganized to a joint-stock company with approval of the CBRC on June 30, 2004 and the H Shares of which are listed on the Stock Exchange (Stock Code: 2016)
“connected person”	has the meaning ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Directors”	the directors of the Company
“Domestic Shares”	ordinary shares issued by the Company with a nominal value of RMB1.00 each, which are subscribed for or credited as paid in full in RMB
“Domestic Shareholders”	holders of Domestic Shares
“Encumbrance”	mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or any other type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect
“General Mandate”	the general mandate granted by the Shareholders to the Board at the 2016 annual general meeting of the Company held on May 31, 2017
“H Shares”	overseas-listed foreign shares in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars. Such shares of the Company are listed and traded on the Stock Exchange

“H Shareholders”	holders of H Shares
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Committee”	the listing committee appointed by the Stock Exchange for considering applications for listing and the granting of listing of securities on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Offshore Preference Shares”	the US\$2,175,000,000 Non-Cumulative Perpetual Offshore Preference Shares (Stock Code 4610) at the dividend yield of 5.45% issued by the Company on March 29, 2017
“Placee(s)”	any professional, institutional or other investor procured by or on behalf of any Placing Agent to subscribe for any of the Placing Shares
“Placing”	placement of Placing Shares pursuant to the Placing Agreement
“Placing Agents”	CMB International Capital Limited, CLSA Limited and China Industrial Securities International Capital Limited
“Placing Agreement”	the placing agreement entered into on March 23, 2018 between the Company and the Placing Agents in relation to the Placing
“Placing Price”	the price payable for the Placing Shares at HK\$4.80 per H Share
“Placing Period”	the period commencing upon the execution of the Placing Agreement and terminating at completion of the Placing on the Closing Date (or such later time and date as the Company and the Placing Agents may agree in writing), unless terminated earlier pursuant to the Placing Agreement
“Placing Shares”	759,000,000 new H Shares to be allotted and issued by the Company pursuant to the Placing Agreement
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Act”	the United States Securities Act of 1933, as amended
“Shares”	Domestic Shares and H Shares
“Shareholders”	holders of Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“U.S.” or “United States”	the United States of America
“US\$”	United States dollars, the lawful currency of the United States

By Order of the Board
China Zheshang Bank Co., Ltd.
Shen Renkang
Chairman

Hangzhou, the PRC
March 23, 2018

As of the date of this announcement, the executive directors of the Company are Mr. Shen Renkang, Mr. Liu Xiaochun, Ms. Zhang Luyun and Mr. Xu Renyan; the non-executive directors are Mr. Wang Mingde, Ms. Wang Yibing, Ms. Shen Xiaojun, Ms. Gao Qinhong, Mr. Hu Tiangao, Ms. Lou Ting and Mr. Zhu Weiming; the independent non-executive directors are Mr. Jin Xuejun, Mr. Tong Benli, Mr. Yuan Fang, Mr. Dai Deming, Mr. Liu Pak Wai and Mr. Zheng Jindu.