

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.

BQD  青岛银行

Bank of Qingdao Co., Ltd.*

青島銀行股份有限公司*

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

(H Shares Stock Code: 3866)

(Preference Shares Stock Code: 4611)

**PRELIMINARY PRICE CONSULTATION PERIOD OF
A SHARE OFFERING
AND
SUMMARY OF PRINCIPAL PROVISIONS OF
A SHARE PROSPECTUS**

This announcement is made by Bank of Qingdao Co., Ltd. (the “**Bank**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Bank dated 23 March 2018, 15 May 2018, 28 August 2018 and 30 November 2018 and the circular of the Bank dated 23 April 2018 in relation to the A Share Offering and relevant matters. Unless otherwise defined, capitalised terms used herein have the same meanings as defined in the circular of the Bank. Unless otherwise explained, the currency for the amount described herein is Renminbi.

I. PRELIMINARY PRICE CONSULTATION PERIOD OF THE A SHARE OFFERING

As disclosed in the announcement of the Bank dated 30 November 2018, the CSRC has approved the Bank's public offering of no more than 450,977,251 new A Shares. As required by the applicable PRC laws and regulations, the Bank and the sponsor (joint lead underwriter) of the A Share Offering will conduct preliminary price consultations among target subscribers who meet the requirements of the PRC laws and regulations on the preliminary price consultation days, 7 December 2018 and 10 December 2018 from 9:30 a.m. to 3:00 p.m., in the PRC to determine the issue price. The Bank will make further announcement(s) once the final size and the issue price of the A Share Offering have been determined.

II. SUMMARY OF THE PRINCIPAL PROVISIONS OF THE A SHARE PROSPECTUS

The full text of the A Share prospectus (the “**A Share Prospectus**”) and the relevant appendices, a summary of the A Share Prospectus were published by the Bank in connection with the A Share Offering in Chinese only on the website of the Shenzhen Stock Exchange (www.szse.cn) and the HKEX news website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) on 5 December 2018. A summary of the A Share Prospectus was also published on China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily on the same date.

A summary of the principal provisions of the A Share Prospectus is as follows:

(I) Summary of the A Share Offering

Class of Shares to be offered:	RMB ordinary Shares (A Shares)
Number of Shares to be offered:	No more than 450,977,251 Shares, representing no more than 10% of the total share capital after the offering. The actual size of offering will be determined by the Board as authorised in the general meeting based on the capital requirements of the Bank, the Bank's communications with regulatory authorities and the prevailing market conditions at the time of the offering.
Nominal value per Share:	RMB1.00
Offer price per Share:	RMB 【】
Pricing method:	The offer price will be fixed through making enquiries with target subscribers or be fixed directly through negotiations between the Bank and the lead underwriter(s) or be fixed through other methods approved by the CSRC.
Price-to-earnings ratio of the offering:	【】 times (calculated by dividing the offer price per Share by the earnings per Share, which is calculated by dividing the audited net profit attributable to the ordinary shareholders of the parent company for 2017 before or after deduction of non-recurring profit or loss (whichever is lower) by the total share capital of the Bank after the offering)
Net asset value per Share before the offering:	RMB4.52 per Share (calculated by dividing the Bank's audited equity attributable to the ordinary shareholders of the parent company (after deducting other equity instruments) as at 30 June 2018 by the total number of Shares before the offering)
Net asset value per Share after the offering:	RMB 【】 per Share (calculated by dividing the Bank's audited equity attributable to the ordinary shareholders of the parent company (after deducting other equity instruments) as at 30 June 2018 plus the net proceeds from the offering by the total number of Shares after the offering)
Price-to-book ratio of the offering:	【】 times (calculated by dividing the offer price per Share by the net asset value per Share after the offering)
The stock exchange of the proposed application for listing:	The Shenzhen Stock Exchange

Total share capital after the A Share Offering:	No more than 4,509,690,000 Shares, of which no more than 2,746,655,020 Shares being A Shares and 1,763,034,980 Shares being H Shares
Number of domestic-listed circulating Shares:	No more than 2,746,655,020 Shares
Number of foreign-listed circulating Shares:	1,763,034,980 Shares
Offering method:	The offering will be conducted through a combination of placing to target subscribers on an offline basis and an offering to public investors online at a fixed price, or through any other methods of offering as authorised by the CSRC.
Target subscribers:	Qualified natural persons and institutional investors (excluding those whose subscription has been prohibited under applicable PRC laws and regulations). If any of the above target subscribers of the A Share Offering is a connected person of the Bank, the Bank will take all reasonable measures to comply with the relevant listing rule requirements of the jurisdictions at which the Shares are listed.
Form of underwriting:	The offering is underwritten by an underwriting syndicate led by the joint lead underwriters by way of standby commitment basis.
Gross and net proceeds raised:	The gross proceeds raised were determined by multiplying the price fixed after price consultations by the number of Shares to be offered, and the estimated net proceeds raised will be determined after deducting the offering expenses from gross proceeds raised.
Estimated offering expenses:	The total offering expenses are approximately RMB75.8472 million which consists of underwriting and sponsor fees of RMB56.7295 million, auditing and capital verification fees of RMB7.2562 million, information disclosure fees of RMB6.6981 million, legal expenses of RMB3.4434 million and handling fees for the offering of RMB1.7199 million. None of the above fees includes value-added tax.

(II) Use of proceeds

The resolution with respect to the use of proceeds raised from the initial public offering and listing of the A Shares of the Bank of Qingdao Co., Ltd. has been considered and approved in the 2016 Second Extraordinary General Meeting, the 2016 First Domestic Share Class Meeting and the 2016 First H Share Class Meeting convened by the Bank on 14 October 2016. According to the above resolution, the proceeds raised from the offering, after deducting the offering expenses, will be fully used to replenish the core tier-one capital of the Bank in order to increase its capital adequacy ratio.

(III) Share capital before and after the A Share Offering

Assuming the shareholding of the Bank before the offering was calculated based on 30 June 2018, prior to the offering, the total share capital of the Bank is RMB4,058.71 million Shares, of which RMB1,763.03 million Shares are H Shares and RMB2,295.68 million Shares are Domestic Shares. Assuming RMB450,977,251 A Shares are issued under the A Share Offering, after the completion of the offering, the total share capital of the Bank will be RMB4,509.69 million Shares. The percentage of the Shares issued in the offering is 10% of the total share capital thereafter. The following is the shareholding structure of the Bank before and after the offering:

Shareholders	Class of Shares	Before the Offering		After the Offering	
		Number of Shares (0'000 Shares)	Percentage of Shareholding	Number of Shares (0'000 Shares)	Percentage of Shareholding
Qingdao Conson Industrial Co., Ltd.	Domestic Shares	50,356	12.41%	50,356	11.17%
Qingdao Haier Investment and Development Co., Ltd.	Domestic Shares	40,969	10.09%	40,969	9.08%
Qingdao Haier Air-Conditioner Electronics Co., Ltd.	Domestic Shares	21,869	5.39%	21,869	4.85%
Other Shareholders of Domestic Shares	Domestic Shares	116,374	28.67%	161,472	35.81%
Total Domestic Shares	Domestic Shares	229,568	56.56%	274,666	60.91%
Intesa Sanpaolo S.p.A.	H Shares	62,475	15.39%	62,475	13.85%
AMTD Strategic Investment Limited	H Shares	30,180	7.44%	30,180	6.69%
Other Shareholders of H Shares	H Shares	83,648	20.61%	83,648	18.55%
Total H Shares	H Shares	176,303	43.44%	176,303	39.09%
Total	–	405,871	100.00%	450,969	100.00%

Notes:

- (1) As of 30 June 2018, eight enterprises including Qingdao Haier Investment and Development Co., Ltd., Qingdao Haier Air-Conditioner Electronics Co., Ltd., Qingdao Haier Co., Ltd, Qingdao Haier Mold Co., Ltd., Qingdao Haier Tooling Development Co., Ltd., Qingdao Haier Robot Co., Ltd, Qingdao Haier Air-Conditioner Co., Ltd. and Qingdao Haier Special Refrigerator Co., Ltd. were related shareholders holding an aggregate of 812.21 million Shares of the Bank, representing a shareholding percentage of 20.01%.
- (2) As of 30 June 2018, Qingdao Conson Industrial Co., Ltd. and Haitian (HK) Holdings Limited were related shareholders holding an aggregate of 603.56 million Shares of the Bank, representing a shareholding percentage of 14.87%.
- (3) As of 30 June 2018, AMTD Strategic Investment Limited and AMTD Investment Solutions Group Limited were related shareholders holding an aggregate of 401.8 million Shares of the Bank, representing a shareholding percentage of 9.90%.

The above English version of the summary of the principal provisions of the A Share Prospectus is an unofficial translation of its Chinese version. In case of any discrepancies, the Chinese version shall prevail. Any discrepancies between the numerical figures and percentages showed in this announcement are due to rounding.

The Bank will keep the Shareholders and potential investors informed of any further development in relation to the A Share Offering in accordance with the Listing Rules and applicable laws and regulations. This announcement does not constitute an invitation or offer to acquire, subscribe for or purchase any securities of the Bank.

By order of the Board
Bank of Qingdao Co., Ltd.*
Guo Shaoquan
Chairman

Qingdao, Shandong Province, PRC, 5 December 2018

As at the date of this announcement, the Board comprises Mr. Guo Shaoquan, Mr. Wang Lin, Mr. Yang Fengjiang and Ms. Lu Lan as executive directors; Mr. Zhou Yunjie, Mr. Rosario Strano, Ms. Tan Lixia, Mr. Marco Mussita, Mr. Deng Youcheng and Mr. Choi Chi Kin, Calvin as non-executive directors; Mr. Wong Tin Yau, Kelvin, Mr. Chen Hua, Ms. Dai Shuping, Mr. Simon Cheung and Ms. Fang Qiaoling as independent non-executive directors.

* *Bank of Qingdao Co., Ltd. is not an authorised 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 authorised to carry out banking/deposit-taking business in Hong Kong.*