

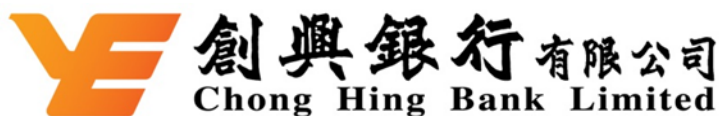
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**(1) ISSUE OF NEW SHARES UNDER GENERAL MANDATE;  
(2) PROPOSED RIGHTS ISSUE OF UP TO 361,313,000 RIGHTS SHARES AT  
THE SUBSCRIPTION PRICE OF HK\$14.26 PER RIGHTS SHARE ON THE  
BASIS OF ONE RIGHTS SHARE FOR EVERY TWO SHARES HELD ON  
THE RECORD DATE  
AND  
(3) CLOSURE OF REGISTER OF MEMBERS**



**Joint Coordinators for the Subscription and Financial Advisers to the Rights Issue**

**ISSUE OF NEW SHARES UNDER GENERAL MANDATE**

On 14 August 2018 (after trading hours), Chong Hing Bank Limited (the "**Bank**") entered into the Subscription Agreement with the Subscriber pursuant to which the Bank has agreed to allot and issue to the Subscriber 70,126,000 Subscription Shares at the Subscription Price of HK\$14.26 per Subscription Share.

The Subscription Shares represent: (i) approximately 10.75% of the total number of issued Shares as at the date of this announcement; and (ii) approximately 9.70% of the total number of issued Shares as enlarged by the allotment.

## **PROPOSED RIGHTS ISSUE**

In addition to the Subscription, the Bank proposes to raise up to approximately HK\$5.15 billion before expenses, by way of the Rights Issue of up to 361,313,000 Rights Shares at the Subscription Price of HK\$14.26 per Rights Share.

The Bank will provisionally allot one Rights Share in nil-paid form for every two Shares held by each Qualifying Shareholder on the Record Date, which is currently expected to be Thursday, 30 August 2018. Fractional entitlements will not be allotted or issued but will be aggregated and sold for the benefit of the Bank.

The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders.

Pursuant to the Irrevocable Undertaking, each of Yuexiu Financial Holdings (which is interested as at the date of this announcement in 489,375,000 Shares representing 75.0% of the total number of issued Shares of the Bank) and Yue Xiu Enterprises (which holds all issued shares of Yuexiu Financial Holdings) has irrevocably undertaken to the Bank that it will (in the case of Yuexiu Financial Holdings) subscribe or (in the case of Yue Xiu Enterprises) procure Yuexiu Financial Holdings to subscribe for the Undertaken Shares to be provisionally allotted to Yuexiu Financial Holdings, subject to the terms and conditions of the Rights Issue. The obligation of Yuexiu Financial Holdings and Yue Xiu Enterprises is, however, subject to the public float requirement under Rule 8.08 of the Listing Rules.

Subject to the Rights Shares expected to be taken up by Yuexiu Financial Holdings pursuant to the Irrevocable Undertaking, there is no minimum amount to be raised under the Rights Issue in order for the Rights Issue to proceed.

**The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares and the level of subscription of the excess Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or transferees of nil-paid Rights Shares will not be issued by the Bank and the size of the Rights Issue will be reduced accordingly.**

## **WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES**

**The Rights Issue is subject to the fulfilment of certain conditions as set out in the section headed "*Proposed Rights Issue - Conditions of the Rights Issue*" of this announcement. If any of such conditions is not fulfilled, or becomes incapable of fulfilment, on or prior to the Latest Time for Termination, the Rights Issue will not proceed and a further announcement will be made by the Bank. Any Shareholders or other persons dealing in the Shares or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled, which is expected to be 5:00 p.m. on Monday, 17 September 2018, will bear the risk that the Rights Issue may not become unconditional or may not proceed.**

**Any Shareholders or other persons contemplating selling or purchasing the Shares and/or the nil-paid Rights Shares are advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares. If they are in any doubt about their position, they are recommended to consult their own professional advisers.**

## **TRADING ARRANGEMENTS**

The last day for dealing in the Shares on a cum-rights basis is Wednesday, 22 August 2018. The Shares will be dealt in on an ex-rights basis from Thursday, 23 August 2018. To qualify for the Rights Issue, a Qualifying Shareholder's name must appear on the register of members of the Bank at 5:00 p.m. on the Record Date, which is currently expected to be Thursday, 30 August 2018.

In order to be registered as a member at 5:00 p.m. on the Record Date, any transfer of Shares (together with the relevant share certificate(s)) must be lodged with the Bank's share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration by 4:30 p.m. on Friday, 24 August 2018. The register of members will be closed from Monday, 27 August 2018 to Thursday, 30 August 2018 (both days inclusive). No transfers of Shares will be registered during this period. The latest time for acceptance of and payment for the Rights Shares and application for excess Rights Shares is expected to be 4:00 p.m. on Friday, 14 September 2018. The Bank will make an application to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully paid forms. For details of the trading arrangements, please refer to the section headed "*Expected Timetable*" in this announcement.

## **USE OF PROCEEDS**

The estimated gross proceeds and the estimated net proceeds of the Subscription after the deduction of all estimated expenses will be approximately HK\$1.00 billion and HK\$0.99 billion, respectively. As regards the Rights Issue, if only Yuexiu Financial Holdings participates in the Rights Issue, the estimated gross proceeds of the Rights Issue and the estimated net proceeds of the Rights Issue after the deduction of all estimated expenses will be HK\$3.00 billion and HK\$2.97 billion, respectively; and if all Rights Shares are subscribed, the estimated gross proceeds of the Rights Issue and the estimated net proceeds of the Rights Issue after the deduction of all estimated expenses will be HK\$5.15 billion and HK\$5.12 billion, respectively.

The Bank intends to use the net proceeds of the Subscription and the Rights Issue to strengthen the capital base of the Bank, which will lead to a stronger capital adequacy ratio position to support the ongoing growth of business development.

## **LISTING RULES IMPLICATIONS**

The issue of the Subscription Shares is made pursuant to the General Mandate.

As the Rights Issue will not increase the total number of issued Shares or the market capitalisation of the Bank by more than 50%, the Rights Issue is not subject to the approval of minority Shareholders in general meeting pursuant to Rule 7.19A of the Listing Rules.

The Bank has not conducted any rights issue or open offer within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period. The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own.

## **GENERAL**

The Prospectus containing further information in relation to the Rights Issue and financial and other information relating to the Group is expected to be despatched by the Bank, together with the PALs and EAFs, to Qualifying Shareholders on or before Friday, 31 August 2018. A copy of the Prospectus will also be made available on the websites of the Bank ([www.chbank.com](http://www.chbank.com)) and the

Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). To the extent reasonably practicable and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, the Bank will send copies of the Prospectus to Non-Qualifying Shareholders for their information only but will not send any PALs or EAFs to them. The Prospectus will not be distributed, and the Rights Shares will not be sold, in the United States.

## **ISSUE OF NEW SHARES UNDER GENERAL MANDATE**

On 14 August 2018 (after trading hours), the Bank entered into the Subscription Agreement with the Subscriber pursuant to which the Bank has agreed to allot and issue to the Subscriber 70,126,000 Subscription Shares at the Subscription Price of HK\$14.26 per Subscription Share.

### **The Subscription Agreement**

Date: 14 August 2018

Parties: (i) the Bank as issuer; and  
(ii) the Subscriber.

Subject to the condition set out in the section headed "*Condition*" below being fulfilled in accordance with the terms of the Subscription Agreement, the Subscription Shares will be allotted and issued to the Subscriber.

### **Information on the Subscriber**

The Subscriber is a company incorporated in Hong Kong and is principally engaged in financing and investment holding. It is wholly owned by Guangzhou Metro Group Co., Ltd. ("**GZ Metro**"), a wholly State-owned company under the Guangzhou Municipal Government. Established in 1992, GZ Metro is responsible for the financing, investment, construction, operation, property development and expansion of Guangzhou's urban rail transportation. As at 31 March 2018, GZ Metro had total assets of more than RMB 270 billion.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber, the Joint Coordinators and their respective ultimate beneficial owners are third parties independent of the Bank and its connected persons.

The Subscription Agreement is not conditional upon the completion of the Rights Issue.

### **Number of the Subscription Shares**

Pursuant to the Subscription Agreement, the Bank has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 70,126,000 Subscription Shares.

The Subscription Shares to be allotted and issued under the Subscription represent (i) approximately 10.75% of the total number of issued Shares as at the date of this announcement; and (ii) approximately 9.70% of the total number of issued Shares as enlarged by the allotment.

DBS and Nomura are the joint coordinators for the Subscription.

### **Subscription Price**

The Subscription Price is HK\$14.26 per Subscription Share. The Subscription Price represents:

- (i) a discount of approximately 2.06% to the closing price of HK\$14.56 per Share as quoted on the Stock Exchange on 14 August 2018, being the date of the Subscription Agreement;
- (ii) a discount of approximately 2.99% to the closing price of HK\$14.70 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 2.46% to the average of the closing prices per Share as quoted on the Stock Exchange for the five trading days ending on the Last Trading Day of approximately HK\$14.62 per Share;
- (iv) a discount of approximately 1.72% to the average of the closing prices per Share as quoted on the Stock Exchange for the ten trading days ending on the Last Trading Day of approximately HK\$14.51 per Share; and
- (v) a discount of approximately 39.68% to the consolidated net asset value (excluding additional equity instruments and before the 2018 interim cash dividend) attributable to Shareholders of the Bank as at 30 June 2018 of approximately HK\$23.64 per Share.

Each Subscription Share has no par value.

The net subscription price, after deduction of all estimated expenses, is estimated to be approximately HK\$14.12 per Subscription Share.

The Subscription Price was determined by the Directors after arm's length negotiations between the Bank and the Subscriber with reference to the market price of the Shares of the Last Trading Day and is the same as the Subscription Price under the Rights Issue.

After taking into consideration the reasons for the Subscription as stated in the section headed "*Reasons for the Subscription and the Rights Issue and Use of Proceeds of the Subscription and the Rights Issue*" in this announcement, the Directors (including the independent non-executive Directors) consider the terms of the Subscription, including the Subscription Price (and the discounts to the relative values as indicated above), to be fair and reasonable and to be in the interests of the Bank and the Shareholders as a whole.

### **Ranking**

The Subscription Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the other Shares in issue on the date of allotment and issue of the Subscription Shares.

### **Condition**

The completion of the Subscription is conditional upon the Listing Committee having granted the listing of and the permission to deal in the Subscription Shares and such grant being in force and not having been revoked.

The Bank shall use its reasonable endeavours to satisfy the above condition as soon as possible and in any event on or before the Long Stop Date.

In the event that the above condition is not fulfilled on or before the Long Stop Date, the Subscription Agreement shall lapse and be of no further force and effect but certain surviving clauses in the Subscription Agreement will continue to have effect.

## **Application for Listing**

The Bank will apply to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares.

## **The Completion of the Subscription**

The completion of the Subscription shall take place on the third Business Day after the date upon which the condition of the Subscription Agreement under the section headed "*Condition*" of this announcement has been fulfilled, or such other date as the Bank and the Subscriber may agree in writing.

## **The Subscriber's Undertaking**

The Subscriber has undertaken to the Bank that for so long as it holds any Shares:

- (i) the Subscriber's Aggregate Shareholding shall at all times be lower than the Subscriber's Shareholding Threshold; and
- (ii) it will not take any action or omit to take any action that would cause it at any time (i) to no longer be considered as a member of the public vis-à-vis the Bank pursuant to Rule 8.24 of the Listing Rules; or (ii) to be considered as a connected person of the Bank pursuant to Rule 14A.07 of the Listing Rules.

The Bank shall be entitled not to allot and issue to the Subscriber and its close associates any Shares if such allotment would result in the Subscriber's Aggregate Shareholding meeting or exceeding the Subscriber's Shareholding Threshold.

## **Nomination of Director**

To the extent permissible under the applicable laws, regulations, the Articles, the Listing Rules or by the Stock Exchange or the Hong Kong Monetary Authority, upon the completion of the Subscription, and for so long as the Subscriber beneficially owns at least 5% or more of the total number of issued Shares, the Subscriber shall have the right to nominate one candidate to be put forward for the appointment to the Board as a non-executive Director and the Bank shall procure that such candidate be appointed to the Board as soon as practicable, provided that:

- (i) such candidate fulfills the qualification and experience requirements of a director under the applicable laws, regulations, the Listing Rules and the Articles;
- (ii) the Hong Kong Monetary Authority shall have consented in writing to that candidate being appointed as a Director; and
- (iii) any Director so appointed by the Board will be subject to the retirement, re-election and Shareholders' approval requirements under the Articles.

If at any time the Subscriber holds less than 5% of the total number of issued Shares, then the Subscriber shall procure its nominee Director immediately to resign as a Director and holder of any office within the Bank with no compensation for loss of office and its director nomination right shall cease thereafter.

## **PROPOSED RIGHTS ISSUE**

In addition to the Subscription, the Bank proposes to raise up to approximately HK\$5.15 billion, before expenses, by way of the Rights Issue, on the basis of one Rights Share for every two Shares

held by the Qualifying Shareholders at 5:00 p.m. on the Record Date.

The Rights Issue will involve the issue of up to 361,313,000 Rights Shares at a Subscription Price of HK\$14.26 per Rights Share payable in full on application.

### ***Rights Issue Statistics***

Basis of Rights Issue : One Rights Share for every two Shares held at 5:00 p.m. on the Record Date

Number of Shares in issue : 722,626,000 Shares as at the date of the completion of the Subscription (assuming no change of the total number of issued Shares from the date of this announcement to the date of the completion of the Subscription other than the allotment and issue of the Subscription Shares)

Number of Rights Shares : Up to 361,313,000 Rights Shares (assuming no change of the total number of issued Shares from the date of this announcement to the Record Date other than the allotment and issue of the Subscription Shares)

Subscription Price : HK\$14.26 per Rights Share

Status : The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects among themselves and with the Shares then in issue. **Following issuance of the fully paid Rights Shares, holders of the fully paid Rights Shares will be entitled to receive all future dividends and distributions the record dates of which are on or after the date of issue of the fully paid Rights Shares, including the Bank's 2018 interim cash dividend of HK\$0.17 per Share for the six months ended 30 June 2018 as announced by the Bank on 14 August 2018.**

Latest time for acceptance : 4:00 p.m. on Friday, 14 September 2018

Amount to be raised by the Rights Issue before expenses : Up to approximately HK\$5.15 billion

As at the date of this announcement, save for the 2020 Subordinated Notes and the 2027 Subordinated Notes, the Bank has no outstanding convertible securities, options or warrants in issue or similar rights which confer any right to subscribe for, or convert or exchange into, Shares.

Assuming no new Shares (other than the Subscription Shares and the Rights Shares) are allotted and issued and no Shares are bought back before 5:00 p.m. on the Record Date, the nil-paid Rights Shares proposed to be provisionally allotted represent:

- (i) approximately 55.37% of the Bank's total number of issued Shares as at the date of this announcement; and
- (ii) 50% of the Bank's total number of issued Shares as at the date of the completion of the Subscription (assuming no change of the total number of issued Shares other than the allotment and issue of the Subscription Shares); and

- (iii) approximately 33.33% of the Bank's total number of issued Shares as enlarged by the allotment and issue of the Rights Shares (assuming no change of the total number of issued Shares other than the allotment and issue of the Subscription Shares and Rights Shares).

### ***Qualifying Shareholders***

The Bank will send the Prospectus Documents to the Qualifying Shareholders only. The Bank will, to the extent reasonably practicable and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, send the Prospectus to the Non-Qualifying Shareholders for their information only. The Bank will not send any PAL or EAF to the Non-Qualifying Shareholders. The Prospectus will not be distributed, and the Rights Share will not be sold, in the United States.

To qualify for the Rights Issue, a Shareholder must be:

- (i) registered as a member of the Bank at 5:00 p.m. on the Record Date; and
- (ii) a Qualifying Shareholder.

In order to be registered as a member of the Bank at 5:00 p.m. on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificate(s)) with the Bank's share registrar and transfer office, being Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17<sup>th</sup> Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 24 August 2018.

Each Qualifying Shareholder is entitled to subscribe for the Rights Shares in proportion to his/her/its shareholding in the Bank held at 5:00 p.m. on the Record Date. Qualifying Shareholders who take up their *pro rata* entitlements in full will not suffer any dilution to their interests in the Bank under the Rights Issue (apart from fractional entitlements to Rights Shares). If a Qualifying Shareholder does not take up his/her/its entitlement under the Rights Issue in full, his/her/its proportionate holding of Shares in the Bank will be diluted.

The PRC Stock Connect Investors can participate in the Rights Issue through ChinaClear. ChinaClear will provide nominee services for the PRC Stock Connect Investors to (i) sell (in full or in part) their Rights Shares on the Stock Exchange; and/or (ii) subscribe (in full or in part) for their pro-rata entitlement in respect of Shares held on the Record Date under the Rights Issue in accordance with the relevant laws and regulations. However, ChinaClear will not provide services relating to excess Rights Shares, and the PRC Stock Connect Investors are not permitted to purchase any other Rights Shares.

The PRC Stock Connect Investors cannot subscribe for Rights Shares until after the Bank completes its filing with the China Securities Regulatory Commission.

### ***Closure of Register of Members***

The register of members of the Bank will be closed from Monday, 27 August 2018 to Thursday, 30 August 2018 (both days inclusive) to determine the eligibility of the Shareholders to participate in the Rights Issue. No transfers of Shares will be registered during this period.

### ***Subscription Price***



The Subscription Price for the Rights Shares is HK\$14.26 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of Rights Shares or, where applicable, upon application for excess Rights Shares under the Rights Issue or when a renounee or transferee of nil-paid Rights Shares applies for the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 2.06% to the closing price of HK\$14.56 per Share as quoted on the Stock Exchange on 14 August 2018, being the date on which the Subscription Price for the Rights Issue is fixed;
- (ii) a discount of approximately 2.99% to the closing price of HK\$14.70 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 1.82% to the theoretical ex-rights price of HK\$14.52 per Share, which is calculated on the basis of the closing price of HK\$14.70 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iv) a discount of approximately 2.46% to the average of the closing prices per Share as quoted on the Stock Exchange for the five trading days ending on the Last Trading Day of approximately HK\$14.62 per Share;
- (v) a discount of approximately 1.72% to the average of the closing prices per Share as quoted on the Stock Exchange for the ten trading days ending on the Last Trading Day of approximately HK\$14.51 per Share; and
- (vi) a discount of approximately 39.68% to the consolidated net asset value (excluding additional equity instruments and before the 2018 interim cash dividend) attributable to Shareholders of the Bank as at 30 June 2018 of approximately HK\$23.64 per Share.

Each Rights Share has no par value.

The Subscription Price was determined by the Directors with reference to the market price of the Shares of the Last Trading Day and is the same as the Subscription Price under the Subscription Agreement.

After taking into consideration the reasons for the Rights Issue as stated in the section headed "*Reasons for the Subscription and the Rights Issue and Use of Proceeds of the Subscription and the Rights Issue*" in this announcement, the Directors (including the independent non-executive Directors) consider the terms of the Rights Issue, including the Subscription Price (and the discounts to the relative values as indicated above), to be fair and reasonable and to be in the interests of the Bank and the Shareholders as a whole.

### ***Basis of Provisional Allotment of Rights Shares***

The basis of the provisional allotment shall be one Rights Share for every two Shares held at 5:00 p.m. on the Record Date, being up to 361,313,000 Rights Shares in aggregate (assuming no change of the total number of issued Shares from the date of this announcement to the Record Date other than the allotment and issue of the Subscription Shares), at a price of HK\$14.26 per Rights Share. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied

for.

If a Qualifying Shareholder wishes to accept only a part of, or to renounce or transfer a part of, the Rights Shares provisionally allotted to him/her/it under the PAL, such Qualifying Shareholders will need to split his/her/its PAL into the denominations required. Details of how to split PALs will be set out in the Prospectus.

### ***Fractions of Rights Shares***

The Bank will not provisionally allot or issue fractions of Rights Shares. All fractions of Rights Shares will be aggregated (rounded down to the nearest whole number). All nil-paid Rights Shares arising from such aggregation will be provisionally allotted (in nil-paid form) to the Bank or its nominee, and will be sold in the market if a premium (net of expenses) can be obtained, with the Bank retaining the proceeds for its own benefit. Any unsold fractions of Rights Shares will be made available to meet excess applications by the Qualifying Shareholders (other than the PRC Stock Connect Investors).

No odd lot matching services will be provided as the Directors are of the view that, having compared the fees to be charged by a designated securities broker and the market value of the odd lots of Shares, it will not be cost-effective for the Bank to appoint such a broker to provide matching services for odd lots of Shares.

### ***Share Certificates and Refund Cheques for Rights Issue***

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all fully paid Rights Shares are expected to be despatched on or before Monday, 24 September 2018 to those who have accepted and (where applicable) applied and paid for the Rights Shares by ordinary post at their own risk.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be despatched on or before Monday, 24 September 2018 by ordinary post to the applicants at their own risk.

### ***Status of Rights Shares***

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects among themselves and with the Shares then in issue. **Following issuance of the fully paid Rights Shares, holders of the fully paid Rights Shares will be entitled to receive all future dividends and distributions the record dates of which are on or after the date of issue of the fully paid Rights Shares, including the Bank's 2018 interim cash dividend of HK\$0.17 per Share for the six months ended 30 June 2018 as announced by the Bank on 14 August 2018.**

### ***Overseas Shareholders***

If there are Overseas Shareholders at 5:00 p.m. on the Record Date, the Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below. The Directors will make enquiries, to be based on legal opinions provided by legal advisers if the Directors consider necessary, as to whether the issue of Rights Shares to any Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas jurisdictions or the requirements of any relevant regulatory body or stock exchange pursuant to Rule 13.36(2)(a) of the Listing Rules. If, after making such enquiries, the Directors are of the opinion that it would be necessary or expedient, on account

either of the legal restrictions under the laws of the relevant jurisdiction or any requirement of the relevant regulatory body or stock exchange in such jurisdiction, not to offer Rights Shares to any such Overseas Shareholders, no provisional allotment of nil-paid Rights Shares or allotment of fully paid Rights Shares will be made to such Overseas Shareholders.

The Rights Issue will not be extended to the Non-Qualifying Shareholders and no Rights Shares will be provisionally allotted to them. The Bank will, to the extent reasonably practicable, send the Prospectus to the Non-Qualifying Shareholders on the date of despatch for their information only but will not send PALs or EAFs to them. The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong and the PRC in accordance with the CSRC Notice.

The basis of exclusion of the Non-Qualifying Shareholders, if any, from the Rights Issue will be disclosed in the Prospectus.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, had they been Qualifying Shareholders, to be provisionally allotted (in nil-paid form) to the Bank or its nominee, and will be sold in the market in their nil-paid form after dealings in the nil-paid Rights Shares commence on the Stock Exchange and in any event before the last date for dealing in nil-paid Rights Shares, if a premium (net of expenses) can be obtained. The proceeds of sale, less expenses and stamp duty, above HK\$100 will be paid to the relevant Non-Qualifying Shareholder(s) (*pro rata* to their entitlements at 5:00 p.m. on the Record Date) in Hong Kong dollars. The Bank will retain individual amounts of HK\$100 or less for the benefit of the Bank. Any unsold entitlement of Non-Qualifying Shareholders, together with any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by renounees or transferees of nil-paid Rights Shares, will be made available to meet excess applications on EAFs by the Qualifying Shareholders (other than the PRC Stock Connect Investors).

**Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should note that they may or may not be entitled to the Rights Issue subject to the results of the enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. The Bank reserves the right to treat as invalid any acceptances of or applications for the Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should exercise caution when dealing in the Shares.**

#### ***Application for Excess Rights Shares***

Qualifying Shareholders (other than the PRC Stock Connect Investors) may apply, by way of excess applications, for (i) any unsold entitlements of the Non-Qualifying Shareholders (if any), (ii) any unsold Rights Shares created by aggregating fractions of the Rights Shares, (iii) any Rights Shares provisionally allotted but not validly accepted by Qualifying Shareholders or otherwise subscribed for by renounees or transferees of nil-paid Rights Shares, (iv) any Waived Pro Rata Entitlement Shares and (v) any Waived Excess Shares. For further details of the Waived Pro Rata Entitlement Shares and any Waived Excess Shares, please refer to the section headed "*Proposed Rights Issue -*

*Public Float*" in this announcement.

Applications for excess Rights Shares can be made only by Qualifying Shareholders (other than the PRC Stock Connect Investors) and only by completing an EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for with the share registrar and transfer office of the Bank in Hong Kong, being Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17<sup>th</sup> Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:00 p.m. on Friday, 14 September 2018.

The Directors will, subject to the compliance with the Listing Rules and the applicable laws and regulations of the relevant jurisdictions, allocate the excess Rights Shares at their discretion on a fair and equitable basis according to the principle that any excess Rights Shares will be allocated to Qualifying Shareholders (other than the PRC Stock Connect Investors) who apply for them on a pro rata basis by reference to the number of excess Rights Shares applied for, but no reference will be made to the number of Rights Shares applied for under a PAL or the existing number of Shares held by such Qualifying Shareholders. The Bank will also disregard such number of Rights Shares applied for through EAFs of Yuexiu Financial Holdings and its associates in excess of the difference between the total number of the Rights Shares and the Undertaken Shares. If the aggregate number of Rights Shares available for excess application is greater than the aggregate number of excess Rights Shares applied for through EAFs, the Directors will allocate in full to each Qualifying Shareholder the number of excess Rights Shares applied for under the EAFs. No preference will be given to topping up odd lots to whole board lots.

Investors with their Shares held by a nominee (or which are held in CCASS) should note that the Directors will regard the nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Bank. Accordingly, investors whose Shares are registered in the name of a nominee (or which are held in CCASS) should note that the above arrangement for allocation of excess Rights Shares will not be extended to them individually. Beneficial owners with their Shares held by a nominee (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to 4:30 p.m. on Friday, 24 August 2018.

Investors whose Shares are held by a nominee (or which are held in CCASS) and who would like to have their names registered on the register of members of the Bank must lodge all necessary documents with the share registrar and transfer office of the Bank, being Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17<sup>th</sup> Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for completion of the relevant registration by 4:30 p.m. on Friday, 24 August 2018. The register of members of the Bank will be closed from Monday, 27 August 2018 to Thursday, 30 August 2018 (both days inclusive).

### ***Application for Listing and Dealing Arrangements***

The Bank will make an application to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully paid forms. No part of the securities of the Bank in issue or for which listing or permission to deal is being or is proposed to be sought is listed or dealt in on any stock exchange (other than the Stock Exchange). The nil-paid Rights Shares shall have the same board lot size as the Shares (i.e. 1,000 Shares in one board lot).

Dealings in the Rights Shares in their nil-paid and fully paid forms will be subject to the payment of

stamp duty and any other applicable fees and charges in Hong Kong.

### ***Rights Shares will be Eligible for Admission into CCASS***

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the nil-paid and fully paid Rights Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter.

All activities under CCASS are subject to the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

### **Irrevocable Undertaking by Yuexiu Financial Holdings**

Pursuant to the Irrevocable Undertaking, each of Yuexiu Financial Holdings (which is interested as at the date of this announcement in 489,375,000 Shares representing 75.0% of the total issued share capital of the Bank) and Yue Xiu Enterprises (which holds all issued shares of Yuexiu Financial Holdings) has irrevocably undertaken to the Bank that it will (in the case of Yuexiu Financial Holdings) subscribe or (in the case of Yue Xiu Enterprises) procure Yuexiu Financial Holdings to subscribe for the Undertaken Shares to be provisionally allotted to Yuexiu Financial Holdings, subject to the terms and conditions of the Rights Issue. The obligation of Yuexiu Financial Holdings and Yue Xiu Enterprises is, however, subject to the public float requirement under Rule 8.08 of the Listing Rules.

As at the date of this announcement, save for the Irrevocable Undertaking, the Bank has not obtained undertakings from any other Shareholders that they will subscribe for any or all of the Rights Shares to be provisionally allotted to them.

Pursuant to the Irrevocable Undertaking, each of Yuexiu Financial Holdings and Yue Xiu Enterprises has undertaken to the Bank that, it will not, among other things, acquire any further Shares on or before the Record Date.

Subject to the Rights Shares expected to be taken up by Yuexiu Financial Holdings pursuant to the Irrevocable Undertaking, there is no minimum amount to be raised under the Rights Issue in order for the Rights Issue to proceed.

**The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares and the level of subscription of the excess Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or transferees of nil-paid Rights Shares will not be issued by the Bank and the size of the Rights Issue will be reduced accordingly.**

### **Public Float**

Yuexiu Financial Holdings will take up the Undertaken Shares under the Irrevocable Undertaking and may apply for excess Rights Shares. Depending on the level of subscription of the Rights Shares, the taking up of the entitlement to the Rights Shares by Yuexiu Financial Holdings or the allotment and issue of the excess Rights Shares applied for by Yuexiu Financial Holdings may cause its shareholding in the Bank to exceed the 75% Threshold and the Bank may therefore fail to comply with the public float requirement under Rule 8.08 of the Listing Rules.

Notwithstanding any provisions of the Irrevocable Undertaking and any terms and conditions of the PAL as may be lodged by Yuexiu Financial Holdings, Yuexiu Financial Holdings will waive, and Yue Xiu Enterprises will procure Yuexiu Financial Holdings to waive, the right of taking up the Waived Pro Rata Entitlement Shares and the Bank shall be entitled to allot and issue the Undertaken Shares less the Waived Pro Rata Entitlement Shares to Yuexiu Financial Holdings. The obligations of Yuexiu Financial Holdings and Yue Xiu Enterprises in respect of the Undertaken Shares under the Irrevocable Undertaking will be reduced accordingly. The Waived Pro Rata Entitlement Shares will be made available to meet excess applications on EAFs by other Qualifying Shareholders (other than the PRC Stock Connect Investors).

Notwithstanding any terms and conditions of the EAF as may be submitted by Yuexiu Financial Holdings, Yuexiu Financial Holdings will waive, and Yue Xiu Enterprises will procure Yuexiu Financial Holdings to waive, the right of taking up the Waived Excess Shares and the Bank shall be entitled to allot and issue the excess Rights Shares allocated to Yuexiu Financial Holdings upon fair and equitable basis as described in the section headed "*Proposed Rights Issue - Terms of the Rights Issue - Application for Excess Rights Shares*" in this announcement less the Waived Excess Shares to Yuexiu Financial Holdings. The Waived Excess Shares will be made available to meet excess applications on EAFs by other Qualifying Shareholders (other than the PRC Stock Connect Investors).

### **Conditions of the Rights Issue**

The Rights Issue is conditional upon the fulfilment of the following conditions:

- (i) permission for the listing of and to deal in the Rights Shares (in their nil-paid and fully paid forms) on the Main Board of the Stock Exchange being granted (subject only to allotment and despatch of the appropriate documents of title) by no later than the Business Day prior to the commencement of trading of the Rights Shares (in their nil-paid and fully paid forms, respectively), and such permission not being withdrawn or amended prior to the Latest Time for Termination;
- (ii) the Stock Exchange issuing a certificate authorising registration of the Prospectus with the Hong Kong Companies Registry under section 38D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Business Day prior to the date of the Prospectus and, following registration of the Prospectus as referred to in (iii) below, a copy of the Prospectus having been submitted to the Stock Exchange for publication on its website not later than the date of the Prospectus;
- (iii) a duly certified copy of the Prospectus (and other required documents) having been lodged with the Hong Kong Companies Registry not later than the Business Day prior to the date of the Prospectus (or such later time and/or date as the Bank may determine), and the Hong Kong Companies Registry issuing a confirmation of registration letter not later than the Business Day prior to the date of the Prospectus;
- (iv) each condition to enable the nil-paid Rights Shares to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied on or before the Business

Day prior to the commencement of trading of the Rights Shares (in their nil-paid and fully-paid forms, respectively) and no notification having been received by the Bank from HKSCC by such time that such admission or facility for holding and settlement has been or is to be refused;

- (v) compliance by each of Yuexiu Financial Holdings and Yue Xiu Enterprises with its obligations under the Irrevocable Undertaking and the Irrevocable Undertaking remaining in full force and effect; and
- (vi) completion of the Subscription.

If any of the above conditions is not fulfilled, or becomes incapable of fulfilment, on or prior to the Latest Time for Termination, the Rights Issue will not proceed and a further announcement will be made by the Bank.

### **WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES**

**The Rights Issue is subject to the fulfilment of certain conditions as set out in the section headed "*Proposed Rights Issue - Conditions of the Rights Issue*" of this announcement. If any of such conditions is not fulfilled, or becomes incapable of fulfilment, on or prior to the Latest Time for Termination, the Rights Issue will not proceed and a further announcement will be made by the Bank. Any Shareholders or other persons dealing in the Shares or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled, which is expected to be 5:00 p.m. on Monday, 17 September 2018, will bear the risk that the Rights Issue may not become unconditional or may not proceed.**

**Any Shareholders or other persons contemplating selling or purchasing the Shares and/or the nil-paid Rights Shares are advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares. If they are in any doubt about their position, they are recommended to consult their own professional advisers.**

### **EXPECTED TIMETABLE**

The expected timetable for the Subscription and the proposed Rights Issue is set out below:

Completion of the Subscription . . . . .	Tuesday, 21 August 2018
First day of dealings in Subscription Shares . . . . .	Wednesday, 22 August 2018
Last day of dealings in Shares on a cum-rights basis . . .	Wednesday, 22 August 2018
First day of dealings in Shares on an ex-rights basis. . . .	Thursday, 23 August 2018
Latest time for lodging transfers of Shares and related documents in order to qualify for the Rights Issue . . . . .	4:30 p.m. on Friday, 24 August 2018
Register of members closes . . . . .	Monday, 27 August 2018 to Thursday, 30 August 2018 (both days inclusive)
Record Date . . . . .	Thursday, 30 August 2018
Despatch of the Prospectus Documents . . . . .	Friday, 31 August 2018

Register of members re-opens . . . . .	Friday, 31 August 2018
Dealings in nil-paid Rights Shares commence. . . . .	9:00 a.m. on Tuesday, 4 September 2018
Latest time for splitting of nil-paid Rights Shares . . . . .	4:30 p.m. on Thursday, 6 September 2018
Dealings in nil-paid Rights Shares close . . . . .	4:00 p.m. on Tuesday, 11 September 2018
Latest time for payment for and acceptance of Rights Shares and the application and payment for excess Rights Shares . . . . .	4:00 p.m. on Friday, 14 September 2018
Latest Time for Termination . . . . .	5:00 p.m. on Monday, 17 September 2018
Announcement of results of acceptances of and excess applications for the Rights Issue. . . . .	Friday, 21 September 2018
Despatch of refund cheques for wholly and partially unsuccessful excess applications on or before . . . . .	Monday, 24 September 2018
Despatch of share certificates for Rights Shares on or before. . . . .	Monday, 24 September 2018
Dealings in fully paid Rights Shares commence . . . . .	9:00 a.m. on Wednesday, 26 September 2018
Register of member closes <sup>(1)</sup> . . . . .	Thursday, 27 September 2018
Register of member re-opens. . . . .	Friday, 28 September 2018

*Notes:*

- (1) *The register of members of the Bank will be closed on Thursday, 27 September 2018 to ascertain the Shareholders who are entitled to receive the 2018 interim cash dividend. In order to qualify for the 2018 interim cash dividend, all transfer documents along with relevant share certificates must be lodged for registration with the Bank's share registrar and transfer office by not later than 4:30 p.m. on Wednesday, 26 September 2018. Further details of the closure of register of members in relation to the 2018 interim cash dividend are set out in the interim results announcement of the Bank dated 14 August 2018.*
- (2) *Shareholders should note that the dates or deadlines specified in the expected timetable of the Rights Issue as set out above, and in other parts of this announcement, are indicative only and may be subject to changes. In the event any special circumstances arise, the Directors may extend, or make adjustment to, the timetable if they consider appropriate. The Bank will make an announcement to notify Shareholders and the Stock Exchange of any such extension or adjustment to the expected timetable.*
- (3) *All times and dates in this announcement refer to Hong Kong local times and dates.*

**Effect of Bad Weather on Latest Time for Acceptance of and Payment for Rights Shares and Excess Rights Shares**

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place as shown if there is a "black" rainstorm warning or a



tropical cyclone warning signal no. 8 or above in force in Hong Kong:

- (i) at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 14 September 2018. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) at any local time between 12:00 noon and 4:00 p.m. on Friday, 14 September 2018. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the next following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place at 4:00 p.m. on Friday, 14 September 2018, the dates mentioned in the section headed "*Expected Timetable*" above may be affected. The Bank will notify Shareholders by way of announcements on any change to the expected timetable as soon as practicable.

## **REASONS FOR THE SUBSCRIPTION AND THE RIGHTS ISSUE AND USE OF PROCEEDS OF THE SUBSCRIPTION AND THE RIGHTS ISSUE**

The Bank is engaged in the provision of banking and related financial services. The Directors (including the independent non-executive Directors) are of the view that the Subscription and the Rights Issue are appropriate means of raising additional capital in order to promote steady and healthy development of the Bank's business and sustainably enhance its capital base. The Subscription and the Rights Issue will provide the Bank with immediate funding, broaden the shareholders' base of the Bank, and enable the Bank to improve risk resistance and profitability.

As disclosed in the 2017 annual report of the Bank, the Bank plans to continue to promote its business growth by (i) keeping pace with finance and technology integration trend by devoting resources to build a dedicated digital transformation team and upgrade its electronic platforms, as well as participating in various digital and innovative projects, and (ii) continuing to deepen the regional synergies between Guangdong and Hong Kong, as well as expanding its Mainland operations to attract high-quality Mainland customers, thereby establishing its unique role in the Pearl River Delta region.

The Bank is committed to building an intelligent platform to increase the income stream and to further enhance customer experience. The Bank successfully launched the treasury receipt and payment system in 2017 and completed the land security deposit system in early 2018. In February 2018, the Bank became one of the first Hong Kong banks to provide JETCO Pay services, a mobile application which enables the Bank to provide safe and convenient remittance and billing settlement service to its customers. The Bank will continue to devote its effort in upgrading the electronic platforms and information infrastructure as well as developing the digital banking services, with a vision to build a modern operation platform which will support the Bank's ongoing business growth.

In March 2018, the Bank entered into an agreement with Administration for Industry and Commerce of Guangzhou on "Hong Kong and Guangzhou Pass" Commercial Service Co-operation, which officially launched the "Cross-Border Link". Under the Cross-Border Link and by utilising the Bank's service network to the electronic commercial registration online platform, a more convenient and efficient remote commercial registration service will be provided to applicants who are interested in setting up foreign-invested enterprises in Guangzhou. As a core member of the financial sector of the Guangzhou-based Yuexiu Group, the Bank will continue to leverage on Yuexiu Group's regional

resources and synergies with the Group's wide range of business segments to accelerate its business growth in Mainland and particularly the Guangdong-Hong Kong-Macao Greater Bay Area.

The Bank believes that GZ Metro will bring in significant synergies to the Bank. Leveraging on their business footprints and experience in Guangdong Province, the Bank expects that its business development and operation will benefit from (i) the regional network, customer resources and relationships of GZ Metro, which may facilitate the Bank's business expansion and better capture cross-border business opportunities, as well as (ii) the leading management experience and deep regional knowledge, which the Bank's business operation, management and corporate governance may learn from.

The estimated gross proceeds and the estimated net proceeds of the Subscription after the deduction of all estimated expenses will be approximately HK\$1.00 billion and HK\$0.99 billion, respectively. As regards the Rights Issue, if only Yuexiu Financial Holdings participates in the Rights Issue, the estimated gross proceeds of the Rights Issue and the estimated net proceeds of the Rights Issue after the deduction of all estimated expenses will be HK\$3.00 billion and HK\$2.97 billion, respectively; and if all Rights Shares are subscribed, the estimated gross proceeds of the Rights Issue and the estimated net proceeds of the Rights Issue after the deduction of all estimated expenses will be HK\$5.15 billion and HK\$5.12 billion, respectively.

The Bank intends to use the net proceeds of the Subscription and the Rights Issue to strengthen the capital base of the Bank, which will lead to a stronger capital adequacy ratio position to support the ongoing growth of business development.

The estimated expenses of the Subscription and the Rights Issue (including printing, registration, translation, legal and accounting charges and other related expenses) amount to approximately HK\$10 million and HK\$30 million, respectively and will be borne by the Bank. The net subscription price per Subscription Share is expected to be approximately HK\$14.12 per Subscription Share. The net subscription price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares is expected to be approximately HK\$14.12 per Rights Share (if only Yuexiu Financial Holdings participates in the Rights Issue) or HK\$14.18 per Rights Share (if all Rights Shares were subscribed).

## **EFFECT OF THE SUBSCRIPTION AND THE RIGHTS ISSUE ON SHAREHOLDINGS IN THE BANK AND THE 2018 INTERIM CASH DIVIDEND**

For illustrative purpose only, set out below is the shareholding structure of the Bank as at (i) the date of this announcement, (ii) immediately after completion of the Subscription and (iii) immediately after completion of the Rights Issue (assuming no change of the total number of issued Shares other than the allotment and issue of the Subscription Shares and the Rights Shares):

As at the date of this announcement		As at the date of the completion of the Subscription		Immediately after completion of the Rights Issue			
				Assuming all Rights Shares are fully subscribed for by the Qualifying Shareholders		Assuming only Yuexiu Financial Holdings but no other Qualifying Shareholders subscribes for the Rights Shares	
<i>No. of Shares</i>	<i>% of issued Shares</i>	<i>No. of Shares</i>	<i>% of issued Shares</i>	<i>No. of Shares</i>	<i>% of issued Shares</i>	<i>No. of Shares</i>	<i>% of issued Shares</i>
			(Approx.)	(Approx.)		(Approx.)	(Approx.)

**Shareholders**

Yuexiu Financial Holdings	489,375,000	75%	489,375,000	67.72%	734,062,500	67.72%	699,753,000	75.00%
<b>Public Shareholders</b>								
The Subscriber	-	-	70,126,000	9.70%	105,189,000	9.70%	70,126,000	7.52%
Other Shareholders (being public Shareholders)	163,125,000	25%	163,125,000	22.57%	244,687,500	22.57%	163,125,000	17.48%
Sub-total	163,125,000	25%	233,251,000	32.28%	349,876,500	32.28%	233,251,000	25.00%
<b>Total</b>	<b>652,500,000</b>	<b>100%</b>	<b>722,626,000</b>	<b>100%</b>	<b>1,083,939,000</b>	<b>100%</b>	<b>933,004,000</b>	<b>100%</b>

Note: Certain percentage figures included in the table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

As disclosed in the announcement of the Bank dated 14 August 2018 in relation to the results for the six months ended 30 June 2018, the Bank has declared to pay the 2018 interim cash dividend for the period at HK\$0.17 per Share to Shareholders whose names appear on the register of members of the Bank on Thursday, 27 September 2018. Assuming the Subscription completes and the Rights Issue becomes unconditional and is fully subscribed, the total amount of interim dividend to be paid will amount to HK\$184,269,630.

## **EQUITY FUND RAISING BY THE BANK IN THE PAST 12 MONTHS**

Save for the Subscription and the Rights Issue, the Bank has not raised any funds by an issue of equity securities in the 12 months preceding the date of this announcement.

## **LISTING RULES IMPLICATIONS**

The issue of the Subscription Shares is made pursuant to the General Mandate granted to the Directors by the Shareholders at the AGM subject to a limit of up to 20% of the total number of issued Shares as at the date of the AGM (i.e. 70,126,000 Shares, representing approximately 10.75% of 652,500,000 Shares in issue as at the date of the AGM). Up to the date of this announcement, the General Mandate has not been utilized. The issue of the Subscription Shares will utilise approximately 53.74% of the General Mandate.

As the Rights Issue will not increase the total number of issued Shares or the market capitalisation of the Bank by more than 50%, the Rights Issue is not subject to the approval of minority Shareholders in general meeting pursuant to Rule 7.19A of the Listing Rules.

The Bank has not conducted any rights issue or open offer within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period. The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own.

## **TAXATION**

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding the Non-Qualifying Shareholders,

their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

## GENERAL

The Prospectus containing further information in relation to the Rights Issue and financial and other information relating to the Group is expected to be despatched by the Bank, together with the PALs and EAFs, to Qualifying Shareholders on or before Friday, 31 August 2018. A copy of the Prospectus will also be made available on the websites of the Bank ([www.chbank.com](http://www.chbank.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). To the extent reasonably practicable and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, the Bank will send copies of the Prospectus to Non-Qualifying Shareholders for their information only but will not send PALs or EAFs to them.

## DEFINITIONS

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

"2020 Subordinated Notes"	USD204.024 million 6% Subordinated Notes due 2020 issued by the Bank on and listed on the Stock Exchange (Stock Code: 04327)
"2027 Subordinated Notes"	USD382.903 million 3.876% Tier 2 Subordinated Notes due 2027 issued by the Bank and listed on the Stock Exchange (Stock Code: 05249)
"75% Threshold"	the threshold of 75% of total number of issued Shares calculated based on (i) the aggregate of (a) the number of Rights Shares being validly accepted and (b) the Rights Shares subject to valid excess applications, or (ii) in the event of full subscription or over-subscription of Rights Shares, the number of all Rights Shares
"AGM"	the annual general meeting of the Bank held on 18 May 2018
"Articles"	the articles of association of the Bank, as amended from time to time
"Bank"	Chong Hing Bank Limited, a limited liability company incorporated in Hong Kong, the Shares (Stock Code: 01111) and debt securities (Stock Codes: 04327 and 05249) and capital securities (Stock Code: 05804) of which are listed on the Stock Exchange
"Banking Ordinance"	the Banking Ordinance (Cap. 155 of the Laws of Hong Kong), as amended from time to time
"Board"	the board of Directors
"Business Day"	any day (other than a Saturday and Sunday, or a day on which a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.) on which licensed banks are open for normal banking business in Hong Kong
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"ChinaClear"	China Securities Depository and Clearing Corporation Limited

"close associate"	has the meaning ascribed thereto under the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), as amended from time to time
"connected person"	has the meaning ascribed thereto under the Listing Rules
"CSRC Notice"	the notice of the CSRC titled "Filing Requirements for Hong Kong Listed Issuers Making Rights Issues to Mainland Shareholders through Mainland-Hong Kong Stock Connect" (《關於港股通下香港上市公司向境內原股東配售股份的備案規定》) (Announcement [2016] No. 21)
"DBS"	DBS Asia Capital Limited (星展亞洲融資有限公司), a corporation licensed under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
"Director(s)"	the director(s) of the Bank
"EAF(s)"	the excess application form(s) to be issued to the Qualifying Shareholders (other than the PRC Stock Connect Investors) in respect of applications for excess Rights Shares in connection with the Rights Issue
"Excluded Jurisdiction"	any jurisdiction outside Hong Kong in respect of which the Directors determine, in accordance with Rule 13.36(2)(a) of the Listing Rules, that it is necessary or expedient not to offer Rights Shares to Shareholders in such jurisdiction on account either of the legal restrictions under the laws of that jurisdiction or the requirements of a relevant regulatory body or stock exchange in that jurisdiction
"General Mandate"	the mandate granted to the Directors by the Shareholders at the AGM to issue, allot and deal with such number of additional Shares not exceeding 20% of the total number of issued Shares as at the date of the AGM
"Group"	the Bank and its subsidiaries
"Guangzhou Yue Xiu Holdings"	Guangzhou Yue Xiu Holdings Limited* (廣州越秀集團有限公司), a limited liability company incorporated in the PRC which is beneficially wholly-owned by the Guangzhou Municipal People's Government of the PRC
"HK\$"	Hong Kong dollar, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Irrevocable Undertaking"	the irrevocable undertaking given by Yue Xiu Enterprises and Yuexiu Financial Holdings in favour of the Bank to take up the Undertaken Shares (in the case of Yuexiu Financial Holdings) or procure Yuexiu Financial Holdings to take up (in the case of Yue Xiu Enterprises) the Undertaken Shares to be provisionally allotted to Yuexiu Financial Holdings

<b>"Joint Coordinators"</b>	DBS and Nomura
<b>"Last Trading Day"</b>	Monday, 13 August 2018, being the last full trading day of the Shares on the Stock Exchange immediately prior to the publication of this announcement
<b>"Latest Time for Termination"</b>	5:00 p.m. on Monday, 17 September 2018
<b>"Listing Committee"</b>	the Listing Committee of the Stock Exchange
<b>"Listing Rules"</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>"Long Stop Date"</b>	30 August 2018 or such other date as may be agreed by the parties to the Subscription Agreement in writing
<b>"Nomura"</b>	Nomura International (Hong Kong) Limited, a corporation licensed under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
<b>"Non-Qualifying Shareholder(s)"</b>	those Shareholder(s) whose registered address(es) as shown on the register of members of the Bank at 5:00 p.m. on the Record Date is/are in any of the Excluded Jurisdictions, and any Shareholder(s) and beneficial owner(s) of Shares who is/are otherwise known to the Bank to be resident in any of the Excluded Jurisdictions (other than the PRC Stock Connect Investors)
<b>"Overseas Shareholder(s)"</b>	those Shareholder(s) whose name(s) appear on the register of members of the Bank at 5:00 p.m. on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong, and any Shareholder(s) and beneficial owner(s) of Shares at that time who is/are otherwise known to the Bank to be resident in a place(s) outside Hong Kong
<b>"PAL(s)"</b>	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in respect of their assured entitlements in connection with the Rights Issue
<b>"PRC"</b>	the People's Republic of China, which for the purpose of this announcement does not include Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
<b>"PRC Stock Connect Investors"</b>	the PRC southbound trading investors through Shanghai-Hong Kong Stock Connect who hold the Shares through ChinaClear as nominee
<b>"Prospectus Documents"</b>	the Prospectus, the PAL and the EAF
<b>"Prospectus"</b>	the prospectus to be issued by the Bank in connection with the Rights Issue
<b>"Qualifying"</b>	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear on the register of members of the Bank at 5:00 p.m. on the

<b>"Shareholder(s)"</b>	Record Date
<b>"Record Date"</b>	Thursday, 30 August 2018
<b>"Rights Issue"</b>	the proposed offer by way of rights of the Rights Shares to Qualifying Shareholders on the terms set out in this announcement and in the Prospectus Documents
<b>"Rights Share(s)"</b>	the new Share(s) proposed to be allotted and issued under the Rights Issue
<b>"RMB"</b>	Renminbi, the lawful currency of the PRC
<b>"SFO"</b>	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), as amended from time to time
<b>"Share(s)"</b>	ordinary share(s) in the capital of the Bank
<b>"Shareholder(s)"</b>	holder(s) of the Shares
<b>"Stock Exchange"</b>	The Stock Exchange of Hong Kong Limited
<b>"Subscriber"</b>	Guangzhou Metro Investment Finance (HK) Limited (廣州地鐵投融資(香港)有限公司), a company incorporated in Hong Kong with limited liability
<b>"Subscriber's Aggregate Shareholding"</b>	the aggregate shareholding (direct and indirect) of the Subscriber and its close associates in the total number of issued Shares
<b>"Subscriber's Shareholding Threshold"</b>	10% of the Bank's total number of issued Shares (or such other percentage as prescribed from time to time in the Listing Rules for the definition of "substantial shareholder" or such other minimum percentage as prescribed in the Banking Ordinance for the definition of "minority shareholder controller")
<b>"Subscription"</b>	the subscription for 70,126,000 Shares by the Subscriber pursuant to the Subscription Agreement
<b>"Subscription Agreement"</b>	the subscription agreement dated 14 August 2018 and entered into between the Bank and the Subscriber in relation to the subscription of 70,126,000 Shares
<b>"Subscription Price"</b>	the subscription price of HK\$14.26 per Subscription Share or Rights Share pursuant to the Subscription or the Rights Issue (where appropriate)
<b>"Subscription Share(s)"</b>	70,126,000 new Shares to be allotted and issued to the Subscriber upon the completion of the Subscription
<b>"subsidiary"</b>	has the meaning ascribed to it under the Companies Ordinance
<b>"Undertaken Shares"</b>	244,687,500 Rights Shares to be subscribed for by Yuexiu Financial Holdings pursuant to the Irrevocable Undertaking
<b>"U.S." or "United States"</b>	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia

"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended
"Waived Excess Shares"	such excess Rights Shares (rounded up to the nearest integral multiples of a board lot) that will result in Yuexiu Financial Holdings' shareholding in the Bank exceeding the 75% Threshold and the Bank failing to comply with the public float requirement under Rule 8.08 of the Listing Rules
"Waived Pro Rata Entitlement Shares"	such Undertaken Shares (rounded up to the nearest integral multiples of a board lot) that will result in Yuexiu Financial Holdings' shareholding in the Bank exceeding the 75% Threshold and the Bank failing to comply with the public float requirement under Rule 8.08 of the Listing Rules
"Yue Xiu Enterprises"	Yue Xiu Enterprises (Holdings) Limited (越秀企業(集團)有限公司), a company incorporated in Hong Kong and the sole shareholder of Yuexiu Financial Holdings
"Yuexiu Financial Holdings"	Yuexiu Financial Holdings Limited (越秀金融控股有限公司), a company incorporated in Hong Kong and the controlling shareholder of the Bank
"Yuexiu Group"	Guangzhou Yue Xiu Holdings and its subsidiaries from time to time (excluding the Group)
"%"	per cent.

*\* for identification purposes only*

By Order of the Board  
**Chong Hing Bank Limited**  
**Zhang Zhaoxing**  
*Chairman*

Hong Kong, 14 August 2018

*As of the date of this announcement, the Board comprises:*

- *Executive Directors*  
*Mr. Zong Jianxin (Deputy Chairman and Chief Executive) and Mr. Lau Wai Man (Deputy Chief Executive);*
- *Non-executive Directors*  
*Mr. Zhang Zhaoxing (Chairman), Mr. Zhu Chunxiu (Deputy Chairman), Mr. Li Feng and Mr. Chow Cheuk Yu Alfred; and*
- *Independent Non-executive Directors*  
*Mr. Cheng Yuk Wo, Mr. Ma Chiu Cheung Andrew, Mr. Lee Ka Lun and Mr. Yu Lup Fat Joseph.*