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**SHENGJING BANK**

**SHENGJING BANK CO., LTD.\***

**盛京銀行股份有限公司\***

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

**(Stock Code: 02066)**



**CHINA EVERGRANDE GROUP**

**CHINA EVERGRANDE GROUP**

**中國恒大集團**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3333)**

**CONNECTED TRANSACTION**

**DISCLOSEABLE TRANSACTION**

**JOINT ANNOUNCEMENT**

**(1) PROPOSED SUBSCRIPTION AND  
ISSUANCE OF DOMESTIC SHARES  
UNDER SPECIFIC MANDATES**

**(2) PROPOSED SUBSCRIPTIONS AND ISSUANCE OF H SHARES  
UNDER SPECIFIC MANDATES**

**(3) APPLICATION FOR WHITEWASH WAIVER  
AND**

**(4) RESUMPTION OF TRADING IN THE H SHARES OF THE BANK**

**PROPOSED SUBSCRIPTIONS AND ISSUANCE**

The Board and the board of directors of China Evergrande Group are pleased to announce that on 20 June 2019, Evergrande Nan Chang, a wholly-owned subsidiary of China Evergrande Group, and the Bank entered into the Domestic Share Subscription Agreement, pursuant to which, Evergrande Nan Chang has conditionally agreed to subscribe for, and the Bank has conditionally agreed to issue and allot, 2,200,000,000 Domestic Shares, representing approximately 37.95% of the issued share capital of the Bank as at the date of this announcement and 25.01% of the enlarged issued share capital of the Bank after completion of the Proposed Subscriptions and Issuance, respectively, at the subscription price of RMB6.00 per Domestic Share.

On the same day, the Bank entered into an H Share Subscription Agreement with Zhengbo and Future Capital, respectively, pursuant to which, each of Zhengbo and Future Capital has conditionally agreed to subscribe for, and the Bank has conditionally agreed to issue and allot, 400,000,000 H Shares, representing approximately 6.90% of the issued share capital of the Bank as at the date of this announcement and 4.55% of the enlarged share capital of the Bank after completion of the Proposed Subscriptions and Issuance, respectively, at the subscription price of HK\$6.818182 (equivalent to approximately RMB6.00) per H Share.

The Proposed Subscription and Issuance of Domestic Shares and the Proposed Subscriptions and Issuance of H Shares are inter-conditional upon each other in order to ensure that the Bank shall continue to meet the minimum public float requirement under the Listing Rules after completion of the Proposed Subscriptions and Issuance.

Except that Mr. Suen Cho Hung, Paul, the ultimate beneficial owner of Zhengbo, directly and indirectly holds in aggregate 20,898,500 H Shares, representing approximately 0.36% of the total issued capital of the Bank and Ms. Lo Ki Yan, Karen, the ultimate beneficial owner of Future Capital, directly and indirectly holds in aggregate 10,610,000 H Shares, representing approximately 0.18% of the total issued capital of the Bank, the H Share Subscribers and their respective ultimate beneficial owners are third parties independent of the Bank and the connected persons of the Bank as at the date of this announcement.

The subscriber of the Domestic Subscription Shares and the H Share Subscribers are independent from each other as at the date of this announcement, except that (i) Mr. Suen Cho Hung, Paul, the ultimate beneficial owner of Zhengbo, directly and indirectly holds (a) 246,615,000 shares, representing approximately 2.85% equity interest in Evergrande Health and (b) corporate bonds issued by China Evergrande Group and/or its wholly-owned subsidiaries in the principal amount of US\$248,900,000; and (ii) Ms. Lo Ki Yan, Karen, the ultimate beneficial owner of Future Capital, directly and indirectly holds (a) 123,000 shares, representing approximately 0.000937% equity interest in China Evergrande Group and (b) 160,280,000 shares, representing approximately 1.86% equity interest in Evergrande Health.

### **SPECIFIC MANDATES**

The 2,200,000,000 Domestic Subscription Shares and 800,000,000 H Subscription Shares will be issued pursuant to the Specific Mandates to be sought from the Independent Shareholders at the EGM and the Class Meetings.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Evergrande Nan Chang holds 1,001,680,000 Domestic Shares, representing approximately 17.28% equity interest in the Bank and therefore is a connected person of the Bank under Chapter 14A of the Listing Rules. Accordingly, the Proposed Subscription and Issuance of Domestic Shares constitutes a connected transaction of the Bank and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The subscription of the Domestic Shares by Evergrande Nan Chang under the Domestic Share Subscription Agreement constitutes a discloseable transaction for China Evergrande Group and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **IMPLICATIONS UNDER THE TAKEOVERS CODE**

As at the date of this announcement, Evergrande Nan Chang holds in aggregate 1,001,680,000 Domestic Shares, representing approximately 17.28% of the total number of issued Shares of the Bank.

Upon completion of the Proposed Subscriptions and Issuance, 2,200,000,000 Domestic Subscription Shares will be issued to Evergrande Nan Chang, and the interests of Evergrande Nan Chang in the voting rights of the Bank will increase from approximately 17.28% to approximately 36.40% (assuming there are no other changes in the issued share capital of the Bank save for the allotment and issue of the Shares pursuant to the Proposed Subscriptions and Issuance).

Under Rule 26.1 of the Takeovers Code, Evergrande Nan Chang would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Bank not already owned or agreed to be acquired by Evergrande Nan Chang or parties acting in concert with it unless the Whitewash Waiver is granted by the Executive and approved by the Independent Shareholders with at least 75% of the independent vote at the EGM and Class Meetings pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code.

## **APPLICATION FOR WHITEWASH WAIVER**

Evergrande Nan Chang will make an application to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the approval of the Independent Shareholders on the Proposed Subscriptions and Issuance and the Whitewash Waiver, by way of poll at the EGM and the Class Meetings.

Evergrande Nan Chang and parties acting in concert with it will abstain from voting on the resolutions to be proposed at the EGM and/or the Class Meetings to approve the Proposed Subscriptions and Issuance and the Share Subscription Agreements, the Specific Mandates and the Whitewash Waiver.

Completion of the Proposed Subscriptions and Issuance are conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders. The Executive may or may not grant the Whitewash Waiver and the Independent Shareholders may or may not approve the Whitewash Waiver. **The Proposed Subscriptions and Issuance will not proceed if the Whitewash Waiver is not granted or approved.**

### **INDEPENDENT BOARD COMMITTEES**

Pursuant to the Listing Rules, the Connected Transaction IBC (comprising all the independent non-executive Directors) has been formed to advise the Independent Shareholders on the Proposed Subscription and Issuance of Domestic Shares, the Domestic Share Subscription Agreement and the Specific Mandates.

Pursuant to Rule 2.8 of the Takeovers Code, the Whitewash Waiver IBC (comprising the non-executive Directors and independent non-executive Directors who have no direct or indirect interest in the Proposed Subscription and Issuance of Domestic Shares and the Whitewash Waiver) has also been formed to advise the Independent Shareholders on the Proposed Subscription and Issuance of Domestic Shares and the Whitewash Waiver. ZHANG Qiyang, a non-executive Director, is also a vice president of Evergrande Group Limited (恒大集團有限公司), a wholly-owned subsidiary of China Evergrande Group, and is considered to be interested in the Proposed Subscription and Issuance of Domestic Shares and the Whitewash Waiver. Therefore, he does not form part of the Whitewash Waiver IBC.

### **INDEPENDENT FINANCIAL ADVISER**

Somerley Capital Limited has been appointed with the approval of the Independent Board Committees as the Independent Financial Adviser to advise the Independent Board Committees and the Independent Shareholders in connection with the Proposed Subscription and Issuance of Domestic Shares, the Domestic Share Subscription Agreement, the Specific Mandates and the Whitewash Waiver and to make recommendations on voting.

## **EGM AND CLASS MEETINGS**

The EGM and the Class Meetings will be convened to consider and, if thought fit, pass resolutions to approve, among other things, (i) the Proposed Subscriptions and Issuance and the Share Subscription Agreements; (ii) the grant of Specific Mandates for the allotment and issue of the Domestic Subscription Shares and the H Subscription Shares; and (iii) the Whitewash Waiver.

The voting at the EGM and the Class Meetings will be conducted by way of poll.

The Proposed Subscriptions and Issuance, the Share Subscription Agreements and the Specific Mandates will be proposed by way of special resolutions at the EGM and Class Meetings for approval by the Independent Shareholders; the Whitewash Waiver will be proposed by way of a resolution to be passed by at least 75% of the independent vote that are cast either in person or by proxy at the EGM and Class Meetings for approval by the Independent Shareholders.

Evergrande Nan Chang, its associates and parties acting in concert with it, who are Shareholders of the Bank, holding 1,001,680,000 Domestic Shares representing approximately 17.28% of the total issued capital of the Bank as at the date of this announcement, will be required to abstain from voting on the resolutions to be proposed at the EGM and the Domestic Share Class Meeting to approve the Proposed Subscriptions and Issuance and the Share Subscription Agreements, the Specific Mandates and the Whitewash Waiver.

Mr. Suen Cho Hung, Paul and its associates who are Shareholders of the Bank, holding 20,898,500 H Shares as at the date of this announcement representing approximately 0.36% of the total issued capital of the Bank, will be required to abstain from voting on the resolutions to be proposed at the EGM and the H Share Class Meeting to approve the Proposed Subscriptions and Issuance and the Share Subscription Agreements, the Specific Mandates and the Whitewash Waiver.

Ms. Lo Ki Yan, Karen and its associates who are Shareholders of the Bank, holding 10,610,000 H Shares representing approximately 0.18% of the total issued capital of the Bank as at the date of this announcement, will be required to abstain from voting on the resolutions to be proposed at the EGM and the H Share Class Meeting to approve the Proposed Subscriptions and Issuance and the Share Subscription Agreements, the Specific Mandates and the Whitewash Waiver.

## **DESPATCH OF WHITEWASH CIRCULAR**

The Whitewash Circular containing, among other things, (i) details of the Proposed Subscriptions and Issuance, the Share Subscription Agreements, the Specific Mandates and the Whitewash Waiver; (ii) a letter of advice from the Connected Transaction IBC on the Proposed Subscription and Issuance of Domestic Shares, the Domestic Share Subscription Agreement and Specific Mandates; (iii) a letter of advice from the Whitewash Waiver IBC on the Proposed Subscription and Issuance of Domestic Shares and the Whitewash Waiver; and (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committees and Independent Shareholders on the Proposed Subscription and Issuance of Domestic Shares, the Domestic Share Subscription Agreement, the Specific Mandates and the Whitewash Waiver, is expected to be despatched to the Shareholders within 15 business days from the date of this announcement pursuant to Rule 14A.68 of the Listing Rules or 21 days from the date of this announcement pursuant to Rule 8.2 of the Takeovers Code, whichever is earlier.

The Bank will seek the Executive's consent if it becomes clear that the Whitewash Circular may not be able to be despatched within 21 days from the date of this announcement and will apply to the Executive for an extension for the despatch of the Whitewash Circular. Further announcement(s) will be made by the Bank as appropriate.

**WARNING: THE COMPLETION OF THE PROPOSED SUBSCRIPTIONS AND ISSUANCE ARE SUBJECT TO THE SATISFACTION OF CERTAIN CONDITIONS, INCLUDING THE WHITEWASH WAIVER BEING GRANTED BY THE EXECUTIVE AND APPROVED BY THE INDEPENDENT SHAREHOLDERS. ACCORDINGLY, THE PROPOSED SUBSCRIPTIONS AND ISSUANCE MAY OR MAY NOT PROCEED. SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES, AND ARE RECOMMENDED TO CONSULT THEIR STOCKBROKER, BANK MANAGER, SOLICITOR OR OTHER PROFESSIONAL ADVISER IF THEY ARE IN ANY DOUBT ABOUT THEIR POSITION AND AS TO ACTIONS THEY SHOULD TAKE.**

## **RESUMPTION OF TRADING IN THE H SHARES OF THE BANK**

At the request of the Bank, trading in the H Shares of the Bank on the Hong Kong Stock Exchange was suspended with effect from 9:00 a.m. on 20 June 2019, pending the release of this announcement. Application has been made by the Bank for the resumption of trading in the H Shares on the Hong Kong Stock Exchange with effect from 9:00 a.m. on 21 June 2019.



## 1. PROPOSED SUBSCRIPTIONS AND ISSUANCE

The Board and the board of directors of China Evergrande Group are pleased to announce that on 20 June 2019, Evergrande Nan Chang, a wholly-owned subsidiary of China Evergrande Group, and the Bank entered into the Domestic Share Subscription Agreement, pursuant to which, Evergrande Nan Chang has conditionally agreed to subscribe for, and the Bank has conditionally agreed to issue and allot, 2,200,000,000 Domestic Shares, representing approximately 37.95% of the issued share capital of the Bank as at the date of this announcement and 25.01% of the enlarged issued share capital of the Bank after completion of the Proposed Subscriptions and Issuance, respectively, at the subscription price of RMB6.00 per Domestic Share.

On the same day, the Bank entered into an H Share Subscription Agreement with Zhengbo and Future Capital, respectively, pursuant to which, each of Zhengbo and Future Capital has conditionally agreed to subscribe for, and the Bank has conditionally agreed to issue and allot, 400,000,000 H Shares, representing approximately 6.90% of the issued share capital of the Bank as at the date of this announcement and 4.55% of the enlarged issued share capital of the Bank after completion of the Proposed Subscriptions and Issuance, respectively, at the subscription price of HK\$6.818182 (equivalent to approximately RMB6.00) per H Share.

Except that Mr. Suen Cho Hung, Paul, the ultimate beneficial owner of Zhengbo, directly and indirectly holds in aggregate 20,898,500 H Shares, representing approximately 0.36% of the total issued capital of the Bank, and Ms. Lo Ki Yan, Karen, the ultimate beneficial owner of Future Capital, directly and indirectly holds in aggregate 10,610,000 H Shares, representing approximately 0.18% of the total issued capital of the Bank, the H Share Subscribers and their respective ultimate beneficial owners are third parties independent of the Bank and the connected persons of the Bank as at the date of this announcement.

The subscriber of the Domestic Subscription Shares and the H Share Subscribers are independent from each other as at the date of this announcement, except that (i) Mr. Suen Cho Hung, Paul, the ultimate beneficial owner of Zhengbo, directly and indirectly holds (a) 246,615,000 shares, representing approximately 2.85% equity interest in Evergrande Health and (b) corporate bonds issued by China Evergrande Group and/or its wholly-owned subsidiaries in the principal amount of US\$248,900,000; and (ii) Ms. Lo Ki Yan, Karen, the ultimate beneficial owner of Future Capital, directly and indirectly holds (a) 123,000 shares, representing approximately 0.000937% equity interest in China Evergrande Group and (b) 160,280,000 shares, representing approximately 1.86% equity interest in Evergrande Health.

## Principal Terms of the Domestic Share Subscription Agreement

- Date:** 20 June 2019
- Parties:** The Bank (as the issuer); and  
Evergrande Nan Chang (as the subscriber).
- Subject matter:** 2,200,000,000 Domestic Shares to be issued by the Bank, with a par value of RMB1.00 each and an aggregate nominal value of RMB2,200,000,000, representing approximately 37.95% of the issued share capital of the Bank as at the date of this announcement and 25.01% of the enlarged issued share capital of the Bank after the completion of the Proposed Subscriptions and Issuance, subject to the subscription amount finally approved by domestic and overseas regulatory authorities and in any event no more than 2,200,000,000 Domestic Shares.
- Subscription price:** RMB6.00 per Domestic Share.
- Conditions precedent:** The Domestic Share Subscription Agreement will become effective upon the fulfilment of the following conditions:
- (i) the Proposed Subscription and Issuance of Domestic Shares having been duly approved by the board of directors of the subscriber and China Evergrande Group;
  - (ii) the Proposed Subscriptions and Issuance having been duly approved by the Board;
  - (iii) the Proposed Subscriptions and Issuance having been duly approved by the Independent Shareholders at the EGM and the Class Meetings;
  - (iv) CBIRC Liaoning Office having approved the Proposed Subscriptions and Issuance and the shareholder qualification of the subscriber;
  - (v) CSRC having approved the Proposed Subscriptions and Issuance of H Shares;



- (vi) anti-monopoly review authorities in PRC having cleared issues regarding concentration of business operators involved in the Proposed Subscriptions and Issuance (if required);
- (vii) the Whitewash Waiver having been duly approved by the Independent Shareholders at the EGM and the Class Meetings;
- (viii) the Executive having granted the Whitewash Waiver;
- (ix) the Hong Kong Stock Exchange having approved the listing of and dealing in the H Subscription Shares on the Main Board of the Hong Kong Stock Exchange;
- (x) the parties having obtained all other necessary domestic and overseas regulatory approvals required for the Proposed Subscription and Issuance of Domestic Shares (if required); and
- (xi) the conditions precedent No. (i) to (x) to the Proposed Subscriptions and Issuance of H Shares set out in the H Share Subscription Agreements having been fulfilled.

For the condition (x) set out above, as at the date of this announcement, the parties to the Domestic Share Subscription Agreement are not aware of any other necessary domestic and overseas regulatory approval required for the Proposed Subscription and Issuance of Domestic Shares, and the Bank will further confirm if any other domestic or overseas regulatory approvals are required for the Proposed Subscription and Issuance of Domestic Shares before completion of the Proposed Subscription and Issuance of Domestic Shares.

None of the conditions above may be waived by any party to the Domestic Share Subscription Agreement. If any conditions above cannot be fulfilled (including but not limited to, if the Whitewash Waiver is not granted or approved as per conditions (vii) and (viii) above), the Proposed Subscription and Issuance of Domestic Shares will not proceed.

If the conditions above are not fulfilled by 30 April 2020, unless both parties agree to extend, the transactions contemplated under the Domestic Share Subscription Agreement will not proceed.

As at the date of this announcement, none of the conditions set out above has been fulfilled except for (i) and (ii).

**Completion on Domestic Share Issuance Date:**

The subscriber shall ensure the consideration is paid on the Domestic Share Issuance Date to the bank account designated by the Bank. The Bank shall deliver the following to the subscriber on the Domestic Share Issuance Date:

- (i) a written confirmation evidencing the Domestic Subscription Shares have been issued under the name of the subscriber;
- (ii) a receipt of the total purchase price to be paid by the subscriber under the Domestic Share Subscription Agreement; and
- (iii) a written confirmation confirming there has been no Material Adverse Changes of the Bank since the date of the Domestic Share Subscription Agreement.

The subscriber shall deliver the following to the Bank on the Domestic Share Issuance Date:

- (i) a payment proof evidencing the total purchase price to be paid by the subscriber under the Domestic Share Subscription Agreement is duly paid; and

- (ii) a receipt of the written confirmation evidencing the Domestic Subscription Shares have been issued under the name of the subscriber delivered by the Bank.

**Lock-up:**

The subscriber shall not transfer any of the Domestic Subscription Shares within five (5) years from the date on which the registration of Domestic Subscription Shares is completed under the China Securities Depository and Clearing Corporation Limited, except for special circumstances such as (i) disposals as risk management measures approved by CBIRC or its dispatched institutions, (ii) transfer ordered by CBIRC or its dispatched institutions, (iii) transfer as part of judicial enforcement; (iv) transfer among different entities controlled by the subscriber; and other lock-up arrangements required by the regulatory authorities on the subscriber, provided that the transferees mentioned shall comply with relevant laws, regulations and other requirements stipulated by CBIRC.

**Arrangement in relation to undistributed retained profits, ex-rights and ex-dividend:**

The undistributed retained profits of the Bank before completion of the Proposed Subscription and Issuance of Domestic Shares will be shared by the Shareholders of the Bank after the completion of the Proposed Subscriptions and Issuance in proportion to their respective shareholding in the Bank. For the avoidance of doubt, this shall not apply to the profit distribution of the Bank for the year 2018 resolved at the 2018 annual general meeting of the Bank.

Except for the profit distribution for the year 2018, the Bank shall not make any ex-rights or ex-dividends arrangements, including but not limited to, dividends distribution, bonus issue, or conversion of its capital reserve into share capital from the date of the Domestic Share Subscription Agreement to the completion date of registration of the Domestic Subscription Shares with China Securities Depository and Clearing Corporation Limited without written consent of the subscriber.

**Termination:**

The subscriber has the right to unilaterally terminate the Domestic Share Subscription Agreement if there is any Material Adverse Change in the Bank as of the Domestic Share Issuance Date.

Either party to the Domestic Share Subscription Agreement has the right to unilaterally terminate the Domestic Share Subscription Agreement if any of the relevant domestic and overseas regulatory approval required in the conditions precedent above is revoked or withdrawn due to reasons unrelated to the parties to the Domestic Share Subscription Agreement as of the Domestic Share Issuance Date.

The Domestic Share Subscription Agreement may be terminated upon unanimous written consent of the parties.

Either party to the Domestic Share Subscription Agreement has the right to unilaterally terminate the Domestic Share Subscription Agreement, if the conditions above are not fulfilled by 30 April 2020, unless both parties agree to extend.

**Principal Terms of the H Share Subscription Agreements**

	<b>Zhengbo H Share Subscription Agreement</b>	<b>Future Capital H Share Subscription Agreement</b>
<b>Date:</b>	20 June 2019	20 June 2019
<b>Parties:</b>	The Bank (as the issuer); and Zhengbo (as the subscriber)	The Bank (as the issuer); and Future Capital (as the subscriber)

<b>Subject matter:</b>	400,000,000 H Shares to be issued by the Bank, with a par value of RMB1.00 each and an aggregate nominal value of RMB400,000,000, representing approximately 6.90% of the issued share capital of the Bank as at the date of the announcement and 4.55% of the enlarged issued share capital of the Bank after completion of the Proposed Subscriptions and Issuance, respectively, subject to the subscription amount finally approved by domestic and overseas regulatory authorities.	400,000,000 H Shares to be issued by the Bank, with a par value of RMB1.00 each and an aggregate nominal value of RMB400,000,000, representing approximately 6.90% of the issued share capital of the Bank as at the date of the announcement and 4.55% of the enlarged issued share capital of the Bank after completion of the Proposed Subscriptions and Issuance, respectively, subject to the subscription amount finally approved by domestic and overseas regulatory authorities.
<b>Subscription price:</b>	HK\$6.818182 per H Share (equivalent to approximately RMB6.00 per H Share)	HK\$6.818182 per H Share (equivalent to approximately RMB6.00 per H Share)
<b>Conditions precedent:</b>	<p>The H Share Subscription Agreement will become effective upon the fulfilment of the following conditions:</p> <ul style="list-style-type: none"> <li>(i) the Proposed Subscriptions and Issuance of H Shares having been duly approved by the board of directors or general meeting of the subscriber (subject to the articles of associations of the subscriber);</li> <li>(ii) the Proposed Subscriptions and Issuance having been duly approved by the Board;</li> </ul>	

- (iii) the Proposed Subscriptions and Issuance having been duly approved by the Independent Shareholders at the EGM and the Class Meetings;
- (iv) CBIRC Liaoning Office having approved the Proposed Subscriptions and Issuance and the shareholder qualification of the subscriber under the Domestic Share Subscription Agreement;
- (v) CSRC having approved the Proposed Subscriptions and Issuance of H Shares;
- (vi) anti-monopoly review authority in PRC having cleared issues regarding concentration of business operators involved in the Proposed Subscriptions and Issuance (if required);
- (vii) the Whitewash Waiver having been duly approved by the Independent Shareholders at the EGM and the Class Meetings;
- (viii) the Executive having granted the Whitewash Waiver;
- (ix) the Hong Kong Stock Exchange having approved the listing of and dealing in the H Subscription Shares on the Main Board of the Hong Kong Stock Exchange;
- (x) the parties having obtained all other necessary domestic and overseas regulatory approvals required for the Proposed Subscriptions and Issuance of H Shares (if required); and
- (xi) the conditions precedent No. (i) to (x) to the Proposed Subscription and Issuance of Domestic Shares set out in the Domestic Share Subscription Agreement having been fulfilled.



For the condition (x) set out above, as at the date of this announcement, the parties to the H Share Subscription Agreements are not aware of any other necessary domestic and overseas regulatory approval required for the Proposed Subscriptions and Issuance of H Shares, and the Bank will further confirm if any other domestic or overseas regulatory approvals are required for the Proposed Subscriptions and Issuance of H Shares before completion of the Proposed Subscriptions and Issuance of H Shares.

None of the conditions above may be waived by any party to the H Share Subscription Agreement. If any conditions above cannot be fulfilled (including but not limited to, if the Whitewash Waiver is not granted or approved as per conditions (vii) and (viii) above), the Proposed Subscriptions and Issuance of H Shares will not proceed.

If the conditions above are not fulfilled by 30 April 2020, unless both parties agree to extend, the transactions contemplated under the H Share Subscription Agreements will not proceed.

As at the date of this announcement, none of the conditions set out above has been fulfilled except for (i) and (ii).

**Completion on H Share  
Issuance Date:**

The subscriber shall ensure the consideration is paid to the bank account of the broker(s) designated by the Bank at least one business day prior to the H Share Issuance Date. Upon receipt of the total purchase price to be paid by the subscriber under the H Share Subscription Agreement, the Bank shall issue the H Subscription Shares under the name of the subscriber on the H Share Issuance Date.

The Bank shall subsequently register or procure the H Shares registrar of the Bank to register the subscriber as the Shareholder of the relevant H Subscription Shares subscribed by it and issue the share certificate of the relevant H Subscription Shares under the name of the subscriber and entrust the designated broker(s) to deliver such share certificate to the subscriber.

**Lock-up:** The subscriber shall not transfer or entrust for management any of the H Subscriptions Shares within six (6) months from the date on which the Proposed Subscription and Issuance of H Shares is completed. The Bank shall not repurchase any of the H Subscription Shares during the aforesaid period.

**Arrangement in relation to undistributed retained profits:** The undistributed retained profits of the Bank before completion of the Proposed Subscriptions and Issuance of H Shares will be shared by the Shareholders of the Bank after the completion of the Proposed Subscriptions and Issuance in proportion to their respective shareholding in the Bank. For the avoidance of doubt, this shall not apply to the profit distribution of the Bank for the year 2018 resolved on the 2018 annual general meeting of the Bank.

**Termination:** The H Share Subscription Agreement may be terminated upon unanimous written consent of the parties to the relevant H Share Subscription Agreement.

Either party to the H Share Subscription Agreement has the right to unilaterally terminate the H Share Subscription Agreement if the conditions above are not fulfilled by 30 April 2020, unless both parties agree to extend.

### **Interconditionality of the Proposed Subscriptions and Issuance**

The Proposed Subscription and Issuance of Domestic Shares and the Proposed Subscriptions and Issuance of H Shares are inter-conditional upon each other for the following reasons: (1) assuming the Proposed Subscription and Issuance of Domestic Shares is completed, the Bank will only be able to fulfill the minimum public float requirement under the Listing Rules if the Proposed Subscriptions and Issuance of H Shares proceed. Given that the Domestic Shares held by Evergrande Nan Chang will not be treated as being held in public hands and completion of the Proposed Subscription and Issuance of Domestic Shares alone will significantly dilute shareholding of the H Shareholders which may cause the public float of the Bank drop below 25% as required under the Listing Rules and as such, it is necessary for the completion of the Proposed Subscription and Issuance of Domestic Shares and the Proposed Subscriptions and Issuance of H Shares to be inter-conditional with each other in order to ensure that the Bank will continue to meet the minimum public float requirement under the Listing Rules after completion of the Proposed Subscriptions and the Issuance; and (2) the Proposed Subscription and Issuance of Domestic Shares and the Proposed Subscriptions

and Issuance of H Shares shall form an integrated transaction from the Bank's perspective which reflects the Bank's genuine capital needs to strengthen the Bank's capital base for the purpose of supporting the ongoing growth of the Bank's business.

Accordingly, if the Proposed Subscription and Issuance of Domestic Shares is not approved at the EGM and Class Meetings or by competent regulatory authorities, or cannot proceed due to other reasons, the Proposed Subscriptions and Issuance of H Shares will not proceed. If the Proposed Subscriptions and Issuance of H Shares are not approved at the EGM and Class Meetings or by competent regulatory authorities, or cannot proceed due to other reasons, then the Proposed Subscription and Issuance of Domestic Shares will not proceed.

### **Basis for determining the Subscription Price**

The subscription price per Domestic Share and the subscription price per H Share were determined after arm's length negotiations between the Bank and the subscribers, mainly considering the following major factors: (i) the audited net asset per Share attributable to Shareholders/equity holders of the Bank as at 31 December 2018, namely RMB9.73 per share, (ii) the average market price of the H Shares during the negotiations between all parties from 17 May 2019 to 5 June 2019, approximately HK\$4.4 per H Share, (iii) the profit distribution as resolved by the Bank at its 2018 annual general meeting, and (iv) the genuine need of the Bank to improve its Tier-one capital adequacy ratio, namely 8.52% as at 31 December 2018, which is close to 8.5%, the minimum regulatory requirement, thus supporting its future growth.

The subscription price per Domestic Share and the subscription price per H Share are the same after exchange rate adjustment. The exchange rate applied is the average median exchange rate announced by the People's Bank of China on the date of the Share Subscription Agreements.

The subscription price per Domestic Share and the subscription price per H Share represent:

- a premium of approximately 37.19% to the closing price of HK\$4.97 per H Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day;
- a premium of approximately 31.12% to the average closing price of approximately HK\$5.20 per H Share as quoted on the Hong Kong Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;

- a premium of approximately 34.19% to the average closing price of approximately HK\$5.08 per H Share as quoted on the Hong Kong Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
- a premium of approximately 41.60% to the average closing price of approximately HK\$4.82 per H Share as quoted on the Hong Kong Stock Exchange for the last 15 consecutive trading days up to and including the Last Trading Day;
- a premium of approximately 45.57% to the average closing price of HK\$4.68 per H Share as quoted on the Hong Kong Stock Exchange for the last 20 consecutive trading days up to and including the Last Trading Day; and
- a discount/ of 38.34% to the latest published audited net assets per Share attributable to shareholders/equity holders of the Bank as at 31 December 2018, being RMB9.73 per Share.

### **Specific Mandates**

The 2,200,000,000 Domestic Subscription Shares and 800,000,000 H Subscription Shares will be issued pursuant to the Specific Mandates to be sought from the Independent Shareholders at the EGM and the Class Meetings.

### **Ranking of Domestic Shares and H Shares to be Issued**

The Domestic Subscription Shares and the H Subscription Shares to be issued pursuant to the Shares Subscription Agreements will rank, upon issue, *pari passu* in all respects with the existing Domestic Shares and H Shares in issue, respectively, at the time of allotment and issue of such Shares.

### **Application for Listing of the H Subscription Shares**

Application will be made by the Bank to the Listing Committee of the Hong Kong Stock Exchange for the grant of the listing of, and permission to deal in, the H Subscription Shares on the Main Board of the Hong Kong Stock Exchange.

## Effect on Shareholding Structure of the Bank

The following table illustrates the shareholding structure of the Bank as at the date of this announcement and immediately after the completion of the Proposed Subscriptions and Issuance (assuming no other changes to the total issued share capital of the Bank prior to the completion of the Proposed Subscriptions and Issuance):

	Class of Shares	As at the date of this announcement			Immediately after the completion of the Proposed Subscriptions and Issuance		
		Number of Shares held	Percentage of total issued Shares	Percentage of the relevant class of Shares	Number of Shares held	Percentage of total issued Shares	Percentage of the relevant class of Shares
Evergrande Nan Chang	Domestic Shares	1,001,680,000	17.28%	23.54%	3,201,680,000	36.40%	49.59%
Li Yuguo <sup>1</sup>	Domestic Shares	400,000,000	6.90%	9.40%	400,000,000	4.55%	6.20%
Wu Gang <sup>2</sup>	Domestic Shares	146,149	0.0025%	0.0034%	146,149	0.0017%	0.0023%
Other Domestic Shareholders	Domestic Shares	2,854,111,551	49.24%	67.06%	2,854,111,551	32.45%	44.21%
<b>Total Domestic Shares</b>		<b>4,255,937,700</b>	<b>73.42%</b>	<b>100%</b>	<b>6,455,937,700</b>	<b>73.39%</b>	<b>100%</b>
Suen Cho Hung, Paul <sup>3</sup>	H Shares	20,898,500	0.36%	1.36%	20,898,500	0.24%	0.89%
Zhengbo <sup>3</sup>	H Shares	0	0%	0%	400,000,000	4.55%	17.09%
Ms. Lo Ki Yan, Karen <sup>4</sup>	H Shares	10,610,000	0.18%	0.69%	10,610,000	0.12%	0.45%
Future Capital <sup>4</sup>	H Shares	0	0%	0%	400,000,000	4.55%	17.09%
Other H Shareholders	H Shares	1,509,234,000	26.04%	97.95%	1,509,234,000	17.16%	64.48%
<b>Total H Shares</b>		<b>1,540,742,500</b>	<b>26.58%</b>	<b>100%</b>	<b>2,340,742,500</b>	<b>26.61%</b>	<b>100%</b>
<b>Total issued Shares</b>		<b>5,796,680,200</b>	<b>100%</b>		<b>8,796,680,200</b>	<b>100%</b>	

### Notes:

- 1) Mr. Li Yuguo, the non-executive Director of the Bank, indirectly holds 400,000,000 Domestic Shares through his wholly-owned subsidiaries.
- 2) Mr. Wu Gang, the executive Director of the Bank, directly holds 146,149 Domestic Shares.
- 3) Mr. Suen Cho Hung, Paul, the ultimate beneficial owner of Zhengbo, directly and indirectly holds in aggregate 20,898,500 H Shares representing approximately 0.36% of the total issued capital of the Bank as at the date of this announcement and will be deemed to be further interested in the 400,000,000 H Shares to be subscribed by Zhengbo after the completion of the Proposed Subscriptions and Issuance. Mr. Suen Cho Hung, Paul will hold directly and indirectly in aggregate 420,898,500 H Shares representing approximately 4.78% of the total issued capital of the Bank after the completion of the Proposed Subscription and Issuance.

- 4) Ms. Lo Ki Yan, Karen, the ultimate beneficial owner of Future Capital, directly and indirectly holds in aggregate 10,610,000 H Shares representing approximately 0.18% of the total issued capital of the Bank as at the date of this announcement and will be deemed to be further interested in the 400,000,000 H Shares to be subscribed by Future Capital after the completion of the Proposed Subscriptions and Issuance. Ms. Lo Ki Yan, Karen will hold directly and indirectly in aggregate 410,610,000 H Shares representing approximately 4.67% of the total issued capital of the Bank after the completion of the Proposed Subscription and Issuance.

### **Use of proceeds**

The net proceeds from the Proposed Subscriptions and Issuance (after deducting all applicable costs and expenses, including the legal fees) are expected to be approximately RMB18 billion (equivalent to approximately HK\$20.4 billion). The net price (after deducting all applicable costs and expenses, including the legal fees) raised per Share upon completion of the Proposed Subscriptions and Issuance will be approximately RMB6.00 (equivalent to approximately HK\$6.818182).

The net proceeds from the Proposed Subscriptions and Issuance are intended to be used to strengthen the Bank's capital base to support the ongoing growth of the Bank's business.

### **Reasons for and Benefit of the Proposed Subscriptions and Issuance**

The Proposed Subscriptions and Issuance will help enhance the Bank's capital base. The Bank's relevant capital adequacy ratios, which constantly meet the regulatory requirements in the PRC, are still in a relatively low level compared with its peers in the banking industry. The Board believes that the Proposed Subscriptions and Issuance will help improve the Bank's capital adequacy ratios, thus strengthening their risk management ability, supporting its future growth and maintaining sustainable development.

Based on the above, the Directors (excluding the non-executive Directors and independent non-executive Directors forming the Connected Transaction IBC and the Whitewash Waiver IBC whose view will be given in the letters of the Connected Transaction IBC and the Whitewash Waiver IBC, respectively, after considering the advice of the Independent Financial Adviser) consider that the terms of the Share Subscription Agreements are fair and reasonable, and in the interests of the Bank and the Shareholders as a whole.



China Evergrande Group is optimistic about the future development of the Bank. In view of the fact that the Bank currently has a real need to raise its level of capital adequacy, Evergrande Nan Chang as the single largest shareholder in the Bank is willing to assume the responsibility and participate in this capital increase exercise. The capital increase will enable the Bank to increase its core capital adequacy ratio, supplement its capital, and ensure the Bank's continued and stable development in the future.

### **Fund Raising Activity of the Bank in the Past 12 Months**

The Bank did not conduct any fund raising activity through the issue of equity securities in the 12 months immediately before the date of this announcement.

### **Information of the Parties**

#### ***a) The Bank***

The Bank is a joint stock limited company incorporated in the PRC on 10 September 1997 in accordance with PRC laws. The principal activities of the Bank and its subsidiaries are the provision of corporate and personal deposits, loans and advances, settlement, treasury business and other banking services as approved by the CBIRC. The Bank mainly operates in mainland China, which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administration Region of the PRC and Taiwan.

#### ***b) Evergrande Nan Chang***

Evergrande Nan Chang, being the subscriber of the Domestic Subscription Shares, is indirectly wholly-owned by China Evergrande Group. The principal activities of Evergrande Nan Chang are industrial investment and investment management. As at the date of this announcement, Evergrande Nan Chang holds 1,001,680,000 Domestic Shares, representing approximately 17.28% of the total number of issued Shares.

#### ***c) China Evergrande Group***

China Evergrande Group is the ultimate beneficial owner of Evergrande Nan Chang, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 3333). China Evergrande Group is a large-scale diversified group with "properties for the people" as its core foundation, cultural tourism and healthcare as supplemental growth businesses and new energy vehicle industry as its emerging segment. It ranked 230th in the Fortune Global 500 in 2018. As at the date of this announcement, China Evergrande Group holds 1,001,680,000 Domestic Shares, representing approximately 17.28% of the total number of issued Shares through its indirectly wholly-owned subsidiary, Evergrande Nan Chang.

The ultimate controlling shareholder of China Evergrande Group is Mr. Hui Ka Yan. Mr. Hui Ka Yan is deemed to be interested in 10,162,119,735 shares of China Evergrande Group, representing approximately 77.41% of the total number of issued shares of China Evergrande Group as at the date of this announcement.

**d) Zhengbo**

Zhengbo, being one of the subscribers subscribing for 400,000,000 H Subscription Shares, is a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Suen Cho Hung, Paul. The principal activity of Zhengbo is investment holding.

Mr. Suen Cho Hung, Paul has over 20 years of experience in strategic planning and corporate management of business enterprises in Hong Kong and the PRC. As at the date of this announcement, Mr. Suen Cho Hung, Paul indirectly holds approximately 18.14% equity interest in Courage Investment Group Limited (a company listed on the Hong Kong Stock Exchange, stock code: 1145; and a company listed on the Singapore Exchange Securities Trading Limited, stock code: CIN), approximately 16.45% equity interest in EPI (Holdings) Limited (a company listed on the Hong Kong Stock Exchange, stock code: 689) , approximately 16.83% equity interest in PT International Development Corporation Limited (a company listed on the Hong Kong Stock Exchange, stock code: 372), approximately 30.63% equity interest in Birmingham Sports Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 2309) and approximately 9.89% equity interest in China Strategic Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 235).

Except for Mr. Suen Cho Hung, Paul directly and indirectly holding in aggregate 20,898,500 H Shares, representing approximately 0.36% of the total issued capital of the Bank as at the date of this announcement, Zhengbo and Mr. Suen Cho Hung, Paul are both third parties independent of the Bank.

Zhengbo and Mr. Suen Cho Hung, Paul are independent from other subscribers under the Proposed Subscriptions and Issuance as at the date of this announcement, except that Mr. Suen Cho Hung, Paul, directly and indirectly holds (i) 246,615,000 shares, representing approximately 2.85% equity interest in Evergrande Health and (ii) corporate bonds issued by China Evergrande Group and/or its wholly-owned subsidiaries in the principal amount of US\$248,900,000.

**e) *Future Capital***

Future Capital, being one of the subscribers subscribing for 400,000,000 H Subscription Shares, is a company incorporated in Hong Kong with limited liability and wholly-owned by Ms. Lo Ki Yan, Karen. The principal activity of Future Capital is investment holding.

Ms. Lo Ki Yan, Karen is a seasoned investor with real estate investments in particular, properties in Hong Kong and the United States of America and other investments in Hong Kong and overseas.

Except for Ms. Lo Ki Yan, Karen directly and indirectly holding in aggregate 10,610,000 H Shares, representing approximately 0.18% of the total issued capital of the Bank, Future Capital and Ms. Lo Ki Yan, Karen are both third parties independent of the Bank as at the date of this announcement.

Future Capital and Ms. Lo Ki Yan, Karen are independent from other subscribers under the Proposed Subscriptions and Issuance as at the date of this announcement, except that Ms. Lo Ki Yan, Karen, directly and indirectly holds (i) 123,000 shares, representing approximately 0.000937% equity interest in China Evergrande Group and (ii) 160,280,000 shares, representing approximately 1.86% equity interest in Evergrande Health.

## **2. LISTING RULES IMPLICATIONS**

As at the date of this announcement, Evergrande Nan Chang holds 1,001,680,000 Domestic Shares, representing approximately 17.28% equity interest in the Bank and therefore is a connected person of the Bank under Chapter 14A of the Listing Rules. Accordingly, the Proposed Subscription and Issuance of Domestic Shares constitutes a connected transaction of the Bank and subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The subscription of the Domestic Shares by Evergrande Nan Chang under the Domestic Share Subscription Agreement constitutes a discloseable transaction for China Evergrande Group and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

### **Board's Approval**

The connected Director, ZHANG Qiyang, who is also a vice president of Evergrande Group Limited (恒大集團有限公司), a wholly-owned subsidiary of China Evergrande Group, has abstained from voting at the Board meeting for approval of the relevant resolutions in respect of the Proposed Subscriptions and Issuance, the Specific Mandates and the Whitewash Waiver.

Save as disclosed above, none of the Directors has a material interest in the Proposed Subscriptions and Issuance or is required to abstain from voting on the Board resolutions for considering and approving the Proposed Subscriptions and Issuance, the Specific Mandates and the Whitewash Waiver pursuant to the Listing Rules and/or the Articles of Association.

The Board has approved the resolutions for considering and approving the Proposed Subscriptions and Issuance, the Specific Mandates and the Whitewash Waiver, subject to the Independent Shareholders' approval at the EGM and the Class Meetings, with one non-executive Director having voted against the resolutions as he considers that issue of Shares at the subscription price below the net assets per Share of the Bank will impair the existing minority shareholders' interest.

### **3. TAKEOVERS CODE IMPLICATIONS AND WHITEWASH WAIVER**

#### **Implications under the Takeovers Code**

As at the date of this announcement, Evergrande Nan Chang holds in aggregate 1,001,680,000 Domestic Shares, representing approximately 17.28% of the total number of issued Shares of the Bank.

Upon completion of the Proposed Subscriptions and Issuance, 2,200,000,000 Domestic Subscription Shares will be issued to Evergrande Nan Chang, and the interests of Evergrande Nan Chang in the voting rights of the Bank will increase from approximately 17.28% to approximately 36.40% (assuming there are no other changes in the issued share capital of the Bank save for the allotment and issue of the Shares pursuant to the Proposed Subscriptions and Issuance).

Under Rule 26.1 of the Takeovers Code, Evergrande Nan Chang would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Bank not already owned or agreed to be acquired by Evergrande Nan Chang or parties acting in concert with it unless the Whitewash Waiver is granted by the Executive and approved by the Independent Shareholders with at least 75% of the independent vote at the EGM and Class Meetings pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code.

#### **Application for Whitewash Waiver**

Evergrande Nan Chang will make an application to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the approval of the Independent Shareholders on the Proposed Subscriptions and Issuance and the Whitewash Waiver, by way of poll at the EGM and the Class Meetings.

Evergrande Nan Chang and parties acting in concert with it will abstain from voting on the resolutions to be proposed at the EGM and/or the Class Meetings to approve the Proposed Subscriptions and Issuance and the Share Subscription Agreements, the Specific Mandates and the Whitewash Waiver.

Completion of the Proposed Subscriptions and Issuance are conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders. The Executive may or may not grant the Whitewash Waiver and the Independent Shareholders may or may not approve the Whitewash Waiver. **The Proposed Subscriptions and Issuance will not proceed if the Whitewash Waiver is not granted or approved.**

As at the date of this announcement, the Bank does not believe that the Proposed Subscriptions and Issuance gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Bank will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the Whitewash Circular. The Bank notes that the Executive may not grant the Whitewash Waiver if the Proposed Subscriptions and Issuance does not comply with other applicable rules and regulations.

#### **Interest of Evergrande Nan Chang and parties acting in concert with it in the securities of the Bank**

Pursuant to paragraph 3 of Schedule VI to the Takeovers Code, the Executive will not normally waive an obligation to make a mandatory general offer with respect to a company under Rule 26 of the Takeovers Code if there occurs any disqualifying transaction prior to the grant of such waiver. Disqualifying transactions include transactions where the person seeking a waiver or any person acting in concert with it has acquired voting rights in such company in the six months prior to the announcement of the proposals but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of such company in relation to the relevant proposal. Further, a waiver will not be granted or if granted will be invalidated if, without the prior consent of the Executive, any acquisitions or disposals of voting rights are made by such persons between the time of announcement of the proposals and the completion of the subscription.

As at the date of this announcement, Evergrande Nan Chang holds 1,001,680,000 Domestic Shares, representing approximately 17.28% of the total number of issued Shares.

As at the date of this announcement, save for entering into of the Domestic Share Subscription Agreement and holding 1,001,680,000 Domestic Shares, representing approximately 17.28% of the total number of the issued Shares, neither Evergrande Nan Chang nor any party acting in concert with it:

- (i) has acquired any voting rights in the Bank in the Six-Month Period;
- (ii) owns or has control or direction over any voting rights or rights over the Shares or convertible securities, warrants or options or derivatives of the Bank or holds any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Bank;
- (iii) has received any irrevocable commitment to vote in favour of or against the resolutions in respect of the Proposed Subscription and Issuance of Domestic Shares, the Domestic Share Subscription Agreement, the Specific Mandates and/or the Whitewash Waiver;
- (iv) has any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to shares of Evergrande Nan Chang or of the Bank which may be material to the Proposed Subscription and Issuance of Domestic Shares, the Domestic Share Subscription Agreement, the Specific Mandates and/or the Whitewash Waiver, with any other persons;
- (v) has any agreement or arrangement to which it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a precondition or a condition to the Proposed Subscription and Issuance of Domestic Shares, the Domestic Share Subscription Agreement, the Specific Mandates and/or the Whitewash Waiver, other than the conditions relating to the coming into effect of the Domestic Share Subscription Agreement; and
- (vi) has borrowed or lent any relevant securities (as defined in note 4 to Rule 22 of the Takeovers Code) in the Bank.

The Bank has no outstanding warrants, options or securities convertible into shares of the Bank as at the date of this announcement.

There has been no understanding, arrangement, or agreement or special deals (within the meaning of the Takeovers Code) between any Shareholders, and (1) Evergrande Nan Chang or parties acting in concert with it; and (2) the Bank, its subsidiaries or associated companies, save for entering into of the H Share Subscription Agreements between the Bank and the H Share Subscribers, being existing shareholders of the Bank.



#### **4. INDEPENDENT BOARD COMMITTEES**

Pursuant to the Listing Rules, the Connected Transaction IBC (comprising all the independent non-executive Directors) has been formed to advise the Independent Shareholders on the Proposed Subscription and Issuance of Domestic Shares, the Domestic Share Subscription Agreement and the Specific Mandates.

Pursuant to Rule 2.8 of the Takeovers Code, the Whitewash Waiver IBC (comprising the non-executive Directors and independent non-executive Directors who have no direct or indirect interest in the Proposed Subscription and Issuance of Domestic Shares and the Whitewash Waiver) has also been formed to advise the Independent Shareholders on the Proposed Subscription and Issuance of Domestic Shares and the Whitewash Waiver. ZHANG Qiyang, a non-executive Director, is also a vice-president of Evergrande Group Limited (恒大集團有限公司), a wholly-owned subsidiary of China Evergrande Group, and is considered to be interested in the Proposed Subscription and Issuance of Domestic Shares and the Whitewash Waiver. Therefore, he does not form part of the Whitewash Waiver IBC.

#### **5. INDEPENDENT FINANCIAL ADVISER**

Somerley Capital Limited has been appointed with the approval of the Independent Board Committees as the Independent Financial Adviser to advise the Independent Board Committees and the Independent Shareholders in connection with the Proposed Subscription and Issuance of Domestic Shares, the Domestic Share Subscription Agreement, the Specific Mandates and the Whitewash Waiver and to make recommendations on voting.

#### **6. EGM AND CLASS MEETINGS**

The EGM and the Class Meetings will be convened to consider and, if thought fit, pass resolutions to approve, among other things, (i) the Proposed Subscriptions and Issuance and the Share Subscription Agreements; (ii) the grant of Specific Mandates for the allotment and issue of the Domestic Subscription Shares and the H Subscription Shares; and (iii) the Whitewash Waiver.

The voting at the EGM and the Class Meetings will be conducted by way of poll.

The Proposed Subscriptions and Issuance, the Share Subscription Agreements and the Specific Mandates will be proposed by way of special resolutions at the EGM and Class Meetings for approval by the Independent Shareholders; the Whitewash Waiver will be proposed by way of a resolution to be passed by at least 75% of the independent vote that are cast either in person or by proxy at the EGM and Class Meetings for approval by the Independent Shareholders.

Evergrande Nan Chang, its associates and parties acting in concert with it, who are Shareholders of the Bank, holding 1,001,680,000 Domestic Shares representing approximately 17.28% of the total issued capital of the Bank as at the date of this announcement, will be required to abstain from voting on the resolutions to be proposed at the EGM and the Domestic Share Class Meeting to approve the Proposed Subscriptions and Issuance and the Share Subscription Agreements, the Specific Mandates and the Whitewash Waiver.

Mr. Suen Cho Hung, Paul and its associates who are Shareholders of the Bank, holding 20,898,500 H Shares representing approximately 0.36% of the total issued capital of the Bank as at the date of this announcement, will be required to abstain from voting on the resolutions to be proposed at the EGM and the H Share Class Meeting to approve the Proposed Subscriptions and Issuance and the Share Subscription Agreements, the Specific Mandates and the Whitewash Waiver.

Ms. Lo Ki Yan, Karen and its associates who are Shareholders of the Bank, holding 10,610,000 H Shares representing approximately 0.18% of the total issued capital of the Bank as at the date of this announcement, will be required to abstain from voting on the resolutions to be proposed at the EGM and the H Share Class Meeting to approve the Proposed Subscriptions and Issuance and the Share Subscription Agreements, the Specific Mandates and the Whitewash Waiver.

## **7. DESPATCH OF WHITEWASH CIRCULAR**

The Whitewash Circular containing, among other things, (i) details of the Proposed Subscriptions and Issuance, the Share Subscription Agreements, the Specific Mandates and the Whitewash Waiver; (ii) a letter of advice from the Connected Transaction IBC on the Proposed Subscription and Issuance of Domestic Shares, the Domestic Share Subscription Agreement and Specific Mandates; (iii) a letter of advice from the Whitewash Waiver IBC on the Proposed Subscription and Issuance of Domestic Shares and the Whitewash Waiver; and (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committees and Independent Shareholders on the Proposed Subscription and Issuance of Domestic Shares, the Domestic Share Subscription Agreement, the Specific Mandates and the Whitewash Waiver, is expected to be despatched to the Shareholders within 15 business days from the date of this announcement pursuant to Rule 14A.68 of the Listing Rules or 21 days from the date of this announcement pursuant to Rule 8.2 of the Takeovers Code, whichever is earlier.

The Bank will seek the Executive's consent if it becomes clear that the Whitewash Circular may not be able to be despatched within 21 days from the date of this announcement and will apply to the Executive for an extension for the despatch of the Whitewash Circular. Further announcement(s) will be made by the Bank as appropriate.

**WARNING: THE COMPLETION OF THE PROPOSED SUBSCRIPTIONS AND ISSUANCE ARE SUBJECT TO THE SATISFACTION OF CERTAIN CONDITIONS, INCLUDING THE WHITEWASH WAIVER BEING GRANTED BY THE EXECUTIVE AND APPROVED BY THE INDEPENDENT SHAREHOLDERS. ACCORDINGLY, THE PROPOSED SUBSCRIPTIONS AND ISSUANCE MAY OR MAY NOT PROCEED. SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES, AND ARE RECOMMENDED TO CONSULT THEIR STOCKBROKER, BANK MANAGER, SOLICITOR OR OTHER PROFESSIONAL ADVISER IF THEY ARE IN ANY DOUBT ABOUT THEIR POSITION AND AS TO ACTIONS THEY SHOULD TAKE.**

## **8. RESUMPTION OF TRADING IN THE H SHARES OF THE BANK**

At the request of the Bank, trading in the H Shares of the Bank on the Hong Kong Stock Exchange was suspended with effect from 9:00 a.m. on 20 June 2019, pending the release of this announcement. Application has been made by the Bank for the resumption of trading in the H Shares on the Hong Kong Stock Exchange with effect from 9:00 a.m. on 21 June 2019.

## **9. DEFINITIONS**

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

“Articles of Association”	the articles of association of the Bank
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Bank”, or “our”	Shengjing Bank Co., Ltd. (盛京銀行股份有限公司), a joint stock company incorporated in the PRC with limited liability, whose H Shares are listed on the Main Board of the Hong Kong Stock Exchange
“Board”	the board of Directors of the Bank
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會), and, if the context requires, includes its predecessors, namely the China Banking Regulatory Commission and the China Insurance Regulatory Commission

“CBIRC Liaoning Office”	China Banking and Insurance Regulatory Commission Liaoning Office
“China Evergrande Group”	China Evergrande Group (中國恒大集團), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 3333). As at the date of this announcement, it holds 1,001,680,000 Domestic Shares, representing approximately 17.28% equity interest of the Bank, through its wholly-owned subsidiary Evergrande Nan Chang
“CSRC”	the China Securities Regulatory Commission
“Class Meetings”	Domestic Share Class Meeting and H Share Class Meeting
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Connected Transaction IBC”	an independent committee of the Board, comprising all the independent non-executive Directors, namely NI Guoju, KEUNG Chak, TAI Kwok Leung, Alexander, XING Tiancai and LI Jinyi, established pursuant to the requirements of the Listing Rules to advise the Independent Shareholders on the Proposed Subscription and Issuance of Domestic Shares, the Domestic Share Subscription Agreement and the Specific Mandates
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Bank
“Domestic Shareholder(s)”	holder(s) of the Domestic Shares
“Domestic Share(s)”	ordinary share(s) in the share capital of the Bank with nominal value of RMB1.00 each, which are subscribed for or credited as paid up in RMB
“Domestic Share Class Meeting”	the class meeting of the Domestic Shareholders to be held to consider and, if thought fit, approve, among other things, the Proposed Subscriptions and Issuance, the Share Subscription Agreements, the Specific Mandates and the Whitewash Waiver

“Domestic Share Issuance Date”	such date as may be notified by the Bank to Evergrande Nan Chang within the validity period of the CSRC approval and upon fulfillment of the conditions precedent under the Domestic Share Subscription Agreement
“Domestic Share Subscription Agreement”	the Domestic Share subscription agreement entered into between Evergrande Nan Chang and the Bank on 20 June 2019, pursuant to which, Evergrande Nan Chang has conditionally agreed to subscribe for, and the Bank has conditionally agreed to issue and allot, 2,200,000,000 Domestic Shares at the subscription price of RMB6.00 per Domestic Share
“Domestic Subscription Shares”	new Domestic Shares to be allotted and issued by the Bank to Evergrande Nan Chang pursuant to the Domestic Share Subscription Agreement
“disqualifying transaction”	has the meaning ascribed to it under the Takeovers Code
“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time and any delegate of such Executive Director
“EGM”	an extraordinary general meeting of the Bank to be convened to consider, if thought fit, to approve, among others, the Proposed Subscriptions and Issuance, the Share Subscription Agreements, the Specific Mandates and the Whitewash Waiver
“Evergrande Health”	Evergrande Health Industry Group Limited (恒大健康產業集團有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 708) and a non-wholly owned subsidiary of China Evergrande Group
“Evergrande Nan Chang”	Evergrande Group (Nan Chang) Co., Ltd.(恒大集團(南昌)有限公司), holding 1,001,680,000 Domestic Shares, representing approximately 17.28% equity interest of the Bank as at the date of this announcement and the subscriber of the Domestic Subscription Shares

“Future Capital”	Future Capital Group Limited, being one of the subscribers for the H Subscription Shares, is a company incorporated in Hong Kong with limited liability and ultimately controlled by Ms. Lo Ki Yan, Karen
“Future Capital H Share Subscription Agreement”	the H Share subscription agreement entered into between Future Capital and the Bank on 20 June 2019, pursuant to which, Future Capital has conditionally agreed to subscribe for, and the Bank has conditionally agreed to issue and allot, 400,000,000 H Shares at the subscription price of HK\$6.818182 (equivalent to approximately RMB6.00) per H Share
“H Share(s)”	overseas-listed foreign shares in the share capital of the Bank with nominal value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange
“H Shareholder(s)”	holder(s) of the H Shares
“H Share Class Meeting”	the class meeting of the H Shareholders to be held to consider and, if thought fit, approve other things, the Proposed Subscriptions and Issuance, the Share Subscription Agreements, the Specific Mandates and the Whitewash Waiver
“H Share Issuance Date”	such date as may be notified by the Bank to the H Share Subscribers within the validity period of the CSRC approval and upon fulfillment of the conditions precedent under the H Share Subscription Agreements
“H Share Subscribers”	Zhengbo and Future Capital
“H Share Subscription Agreements”	the Zhengbo H Share Subscription Agreement and the Future Capital H Share Subscription Agreement
“H Subscription Shares”	new H Shares to be allotted and issued by the Bank to the H Share Subscribers pursuant to the H Share Subscription Agreements



“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committees”	the Connected Transaction IBC and the Whitewash Waiver IBC
“Independent Financial Adviser” or “Sommerley”	Sommerley Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under SFO, being the independent financial adviser to advise the Independent Board Committees and the Independent Shareholders in connection with the Proposed Subscription and Issuance of Domestic Shares, the Domestic Share Subscription Agreement, the Specific Mandates and the Whitewash Waiver and to make recommendations on voting
“Independent Shareholders”	Shareholders other than (i) Evergrande Nan Chang, its associates and parties acting in concert with it; (ii) Mr. Suen Cho Hung, Paul, Ms. Lo Ki Yan, Karen, their respective associates and parties acting in concert with any of them; and (iii) any other Shareholders who are interested or involved in the Proposed Subscriptions and Issuance and/or the Whitewash Waiver
“Last Trading Day”	19 June 2019, being the last full trading day immediately prior to the date of the Share Subscription Agreements
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Material Adverse Changes”	the occurrence of a situation or event which would have a material adverse effect on the Bank’s existence, business, operations, assets or financial indicators or would result in a decrease by more than 10% of the Bank’s net assets as compared with the audited net assets of the Bank as at 31 December 2018, except for such changes resulting from changes in International Financial Reporting Standards (if applicable), the PRC General Accepted Accounting Principles (including the PRC Accounting Standards for Business Enterprises issued by the Ministry of Finance and relevant regulations), or any other generally accepted accounting or auditing principles or standards
“Proposed Subscriptions and Issuance”	the Proposed Subscription and Issuance of Domestic Shares and the Proposed Subscriptions and Issuance of H Shares
“Proposed Subscription and Issuance of Domestic Shares”	the proposed subscription of 2,200,000,000 Domestic Shares by Evergrande Nan Chang pursuant to the Domestic Share Subscription Agreement
“Proposed Subscriptions and Issuance of H Shares”	the proposed subscription of 400,000,000 H Shares by Zhengbo and Future Capital pursuant to the H Share Subscription Agreements, respectively
“PRC” or “China”	the People’s Republic of China and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the Domestic Shares and the H Shares
“Shareholder(s)”	the holder(s) of ordinary share(s) of the Bank
“Share Subscription Agreements”	the Domestic Share Subscription Agreement and the H Share Subscription Agreements

“Six-Month Period”	the period from 20 December 2018, being the date six months before the date of this announcement, up to and including the date of this announcement
“Specific Mandates”	the specific mandates proposed to be granted by the Independent Shareholders to the Directors at the EGM and the Class Meetings to allot and issue the Domestic Shares and H Shares pursuant to the Domestic Share Subscription Agreement and the H Share Subscription Agreements
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Whitewash Circular”	a circular containing, among other things, details of the Proposed Subscriptions and Issuance, the Share Subscription Agreements, the Specific Mandates and the Whitewash Waiver, the letters of advice of the Independent Board Committees and the letter of advice from the Independent Financial Adviser
“Whitewash Waiver”	a waiver from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code of the obligation on the part of Evergrande Nan Chang to make a general offer for all securities of the Bank (other than those already owned or agreed to be acquired by Evergrande Nan Chang and its concert parties) as a result of the allotment and issue of the Domestic Shares under the Domestic Share Subscription Agreement
“Whitewash Waiver IBC”	an independent committee of the Board, comprising the non-executive Directors and independent non-executive Directors who have no direct or indirect interest in the Proposed Subscription and Issuance of Domestic Shares and the Whitewash Waiver, namely LIU Yanxue, LI Jianwei, LI Yuguo, YUEN Wing Shing, ZHAO Weiqing, NI Guoju, KEUNG Chak, TAI Kwok Leung, Alexander, XING Tiancai and LI Jinyi, established pursuant to the requirements of the Takeovers Code to provide recommendations to the Independent Shareholders on the Proposed Subscription and Issuance of Domestic Shares and the Whitewash Waiver

“Zhengbo”	Zhengbo Holdings Limited, being one of the subscribers for the H Subscription Shares, is a company incorporated in the British Virgin Islands with limited liability and ultimately controlled by Mr. Suen Cho Hung, Paul
“Zhengbo H Share Subscription Agreement”	the H Share subscription agreement entered into between Zhengbo and the Bank on 20 June 2019, pursuant to which, Zhengbo has conditionally agreed to subscribe for, and the Bank has conditionally agreed to issue and allot, 400,000,000 H Shares at the subscription price of HK\$6.818182 (equivalent to approximately RMB6.00) per H Share
“%”	per cent

By order of the Board  
**Shengjing Bank Co., Ltd.**  
**ZHOU Zhi**  
*Joint Company Secretary*

By order of the Board  
**China Evergrande Group**  
**Hui Ka Yan**  
*Chairman*

Shenyang, Liaoning Province, China  
20 June 2019

*As at the date of this announcement, the executive directors of the Bank are QIU Huofa, ZHANG Qiang, WANG Yigong and WU Gang; the non-executive directors of the Bank are ZHANG Qiyang, LIU Yanxue, LI Jianwei, LI Yuguo, YUEN Wing Shing and ZHAO Weiqing; and the independent non-executive directors of the Bank are NI Guoju, KEUNG Chak, TAI Kwok Leung, Alexander, XING Tiancai and LI Jinyi.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information (other than those relating to Evergrande Nan Chang and parties acting in concert with it) contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.*

*As at the date of this announcement, the directors of China Evergrande Group comprises Hui Ka Yan, Xia Haijun, He Miaoling, Shi Junping, Pan Darong, Huang Xiangui, Chau Shing Yim, David, He Qi and Xie Hongxi. As at the date of this announcement, the directors of Evergrande Nan Chang are Zhong Wenyan, Rong Xiaohong and Zhang Xuhong.*

*The directors of China Evergrande Group and Evergrande Nan Chang jointly and severally accept full responsibility for the accuracy of the information contained in this announcement relating to Evergrande Nan Chang and parties acting in concert with it, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.*

\* *Shengjing Bank Co., Ltd. is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry on banking and/or deposit-taking business in Hong Kong.*