

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Huishang Bank Corporation Limited*

徽商銀行股份有限公司*

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

(Stock Code: 3698 and 4608 (Preference shares))

PARTICIPATION IN THE INITIAL ESTABLISHMENT OF A COMMERCIAL BANK ACQUISITION OF PART OF ASSETS AND LIABILITIES OF OTHER BANKING FINANCIAL INSTITUTION AND NON-PUBLIC ISSUANCE OF DOMESTIC SHARES AND H SHARES UNDER GENERAL MANDATE

Huishang Bank Corporation Limited (the “**Bank**”) hereby announces that, the board of directors of the Bank (the “**Board**”) held a meeting on January 7, 2020 and considered and approved, among others, the relevant resolutions on the participation in the initial establishment of a commercial bank, acquisition of part of assets and liabilities of other banking financial institution and non-public issuance of domestic shares and H shares of the Bank under general mandate.

PARTICIPATION IN THE INITIAL ESTABLISHMENT OF A COMMERCIAL BANK

The Board passed a resolution on January 7, 2020, proposing to participate in the initial establishment of a new provincial local commercial bank with a one-off capital contribution of no more than RMB3.6 billion. The shareholding ratio of the Bank shall not exceed 15%. The business scope of the commercial bank, other participants and their specific shareholding ratios shall be subject to the promoters’ agreement and the approval of regulatory authorities.

The proposed transaction is subject to the selection result and the agreement to be entered into related to the project. The Bank shall duly perform its disclosure obligations in a timely manner in accordance with the relevant provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

ACQUISITION OF PART OF ASSETS AND LIABILITIES OF OTHER BANKING FINANCIAL INSTITUTION

In order to enhance market position and industry influence, and improve the service capacity of the real economy, the Board passed a resolution on January 7, 2020, proposing to acquire part of assets and liabilities of other banking financial institution.

The proposed transaction is subject to the result of the tender and the agreement to be entered into related to the project. The Bank will perform its disclosure obligations in a timely manner in accordance with the relevant provisions of the Listing Rules.

NON-PUBLIC ISSUANCE OF DOMESTICS SHARES AND H SHARES UNDER GENERAL MANDATE

To minimize the impact of participating in the abovementioned transactions on the Bank's core tier 1 capital adequacy ratio and supplement the core tier 1 capital promptly and efficiently, the Board passed a resolution on January 7, 2020, proposing the non-public issuance of domestic shares and overseas listed foreign shares (H shares) of the Bank to specific target under general mandate given to the Board at the 2018 annual general meeting. Among which, the number of domestic shares shall not exceed 1,735,000,000 shares, the number of H shares shall not exceed 695,000,000 shares and the price of the issuance shall not be lower than the Bank's latest audited net assets per share (the "**Issuance**").

The proceeds raised from the Issuance will all be used to supplement the Bank's core tier 1 capital after deducting the issuance expenses. This resolution shall become effective from the date of approval by the Board to June 30, 2020.

The Bank has not yet signed relevant agreement for this Issuance. Upon the formal signing of relevant agreement, the Bank will perform its disclosure obligations in a timely manner in accordance with the relevant provisions of the Listing Rules.

By order of the Board
Huishang Bank Corporation Limited*
Wu Xuemin
Chairman

Hefei, Anhui Province, China
January 7, 2020

As at the date of this announcement, the Board comprises Wu Xuemin, Zhang Renfu and He Jiehua as executive directors; Zhu Yicun, Yan Chen, Wu Tian, Qian Dongsheng, Gao Yang, Wang Wenjin and Zhao Zongren as non-executive directors; Dai Peikun, Zhou Yana, Liu Zhiqiang, Yin Jianfeng and Huang Aiming as independent non-executive directors.

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