
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Huishang Bank Corporation Limited*, you should at once hand this circular, together with the accompanying proxy form for the EGM dispatched to shareholders on January 8, 2020 and the reply slip for the EGM, to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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))

**(1) PARTICIPATION IN THE INITIAL ESTABLISHMENT OF A
COMMERCIAL BANK**
**(2) ACQUISITION OF PART OF ASSETS AND LIABILITIES OF
OTHER BANKING FINANCIAL INSTITUTION**
(3) ISSUANCE OF TIER-2 CAPITAL BONDS
AND
NOTICE OF THE 2020 FIRST EXTRAORDINARY GENERAL MEETING

A notice convening the Extraordinary General Meeting to be held at the Hall, 11/F, Block A, Tianhui Building, 79 Anqing Road, Hefei, Anhui Province, the PRC at 9:00 a.m. on Saturday, February 22, 2020 is set out on pages 9 to 12 of this circular.

If you intend to appoint a proxy to attend the EGM, you are required to complete and return the accompanying proxy form in accordance with the instructions printed thereon. For H Shareholders, the proxy form should be returned to Computershare Hong Kong Investor Services Limited and for Domestic Shareholders, the proxy form should be returned to the Bank's registered office and principal place of business in the PRC, in each case, in person or by post not less than 24 hours before the time fixed for holding the EGM or any adjourned meeting thereof (i.e. before 9:00 a.m. on Friday, February 21, 2020 for the purpose of the EGM). Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or at any other adjourned meeting should you so wish.

If you intend to attend the EGM in person or by proxy, you are required to complete and return the accompanying reply slip to Computershare Hong Kong Investor Services Limited (for H Shareholders) or to the Bank's registered office and principal place of business in the PRC (for Domestic Shareholders) on or before Sunday, February 2, 2020.

H Shareholders and Domestic Shareholders of the Bank are advised that the register of members of the Bank will be closed from Thursday, January 23, 2020 to Saturday, February 22, 2020 (both days inclusive), during which time no transfer of H Shares and Domestic Shares of the Bank will be effected and registered. Among which, in order to qualify for attending and voting at the EGM, H Shareholders must lodge relevant transfer documents with the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by 4:30 p.m. on Wednesday, January 22, 2020. Shareholders of the Bank whose names appear on the register of members of the Bank at the close of business on Thursday, January 23, 2020 are entitled to attend and vote at the EGM.

* *Huishang Bank Corporation Limited 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/deposit-taking business in Hong Kong.*

February 7, 2020

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DEFINITIONS

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

“Articles of Association” or “Articles”	the articles of association of the Bank, as amended from time to time
“Bank”	Huishang Bank Corporation Limited (徽商銀行股份有限公司), 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
“Baoshang Bank”	Baoshang Bank Co., Ltd.
“Board of Directors” or “Board”	the board of Directors of the Bank
“Company Law”	Company Law of the People’s Republic of China, as amended, supplemented or otherwise modified from time to time
“DIFM”	Deposit Insurance Fund Management Company Limited (存款保險基金管理有限責任公司), a wholly-owned company established by the People’s Bank of China and a nationally designated deposit insurance management entity
“Director(s)”	the director(s) of the Bank
“Domestic Share(s)”	ordinary share(s) issued by the Bank in the PRC with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in RMB
“Domestic Shareholder(s)”	holder(s) of Domestic Share(s)
“Extraordinary General Meeting” or “EGM”	the 2020 first extraordinary general meeting of the Bank to be held at the Hall, 11/F, Block A, Tianhui Building, 79 Anqing Road, Hefei, Anhui Province, the PRC at 9:00 a.m. on Saturday, February 22, 2020
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“H Share(s)”	overseas-listed foreign investment share(s) in the share capital of the Bank, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange

DEFINITIONS

“H Shareholder(s)”	holder(s) of H Share(s)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	February 4, 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Notice of the EGM”	notice of the EGM dated January 8, 2020
“PRC”	the People’s Republic of China, and for the purpose of this circular only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the Domestic Share(s) and the H Share(s) of the Bank
“Shareholder(s)”	the shareholder(s) of the Bank
“Takeover Committee”	committee for the takeover of Baoshang Bank Co., Ltd.

LETTER FROM THE BOARD



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))

Executive Directors:

Mr. Wu Xuemin (*Chairman*)
Mr. Zhang Renfu (*President*)
Mr. He Jiehua

Non-executive Directors:

Mr. Zhu Yicun
Mr. Yan Chen
Mr. Wu Tian
Mr. Qian Dongsheng
Mr. Gao Yang
Mr. Wang Wenjin
Mr. Zhao Zongren

Independent non-executive Directors:

Mr. Dai Peikun
Ms. Zhou Yana
Mr. Liu Zhiqiang
Mr. Yin Jianfeng
Ms. Huang Aiming

*Registered office and principal place
of business in the PRC:*

Block A, Tianhui Building,
79 Anqing Road,
Hefei,
Anhui Province,
the PRC

*Principal place of business
in Hong Kong:*

40/F, Sunlight Tower,
248 Queen's Road East,
Wanchai,
Hong Kong

To the Shareholders

Dear Sir or Madam,

**(1) PARTICIPATION IN THE INITIAL ESTABLISHMENT OF A
COMMERCIAL BANK**

**(2) ACQUISITION OF PART OF ASSETS AND LIABILITIES OF
OTHER BANKING FINANCIAL INSTITUTION**

**(3) ISSUANCE OF TIER-2 CAPITAL BONDS
AND**

NOTICE OF THE 2020 FIRST EXTRAORDINARY GENERAL MEETING

I. INTRODUCTION

The Extraordinary General Meeting of the Bank will be held on Saturday, February 22, 2020, and ordinary resolutions to be proposed at the EGM include the resolution on the consideration and approval of the participation in the initial establishment of a commercial bank and the resolution on acquisition of part of assets and liabilities of other banking financial

LETTER FROM THE BOARD

institution, and the special resolution on consideration and approval of the issuance of tier-2 capital bonds. The purpose of this circular is to set out the Notice of the EGM and to provide you with details regarding the resolutions mentioned above.

II. MATTERS TO BE CONSIDERED AT THE EGM

1. The Participation in the Initial Establishment of a Commercial Bank

Subject to consideration and approval at the thirteenth meeting of the fourth session of the Board, the Bank plans to make a one-off capital contribution of no more than RMB3.6 billion in participating in the initial establishment of a new provincial financial institution in the Inner Mongolia Autonomous Region that operates only in the autonomous region (the “**Investment**”), and the main contents of its establishment plan are as follows:

- 1) Name of the newly-established bank: So-and-so Bank Co., Ltd., the specific name shall be subject to the approval of relevant regulatory authorities and company registration agencies;
- 2) Registered address: Inner Mongolia Autonomous Region;
- 3) Registered capital: RMB20 billion (proposed);
- 4) Percentage of capital contribution: approximately 50.16% equity interest held by finance and state-owned enterprises of Inner Mongolia Autonomous Region, approximately 29.84% equity interest held by DIFM, approximately 15% equity interest held by the Bank and approximately 5% equity interest held by CCB Financial Asset Investment Co., Ltd., a subsidiary of China Construction Bank Corporation. The specific percentage of shareholding shall subject to the promoters’ agreement and approval of relevant regulatory authorities;
- 5) Scope of business: subject to the approval of relevant regulatory authorities and registration of company registration agencies.

Subject to approval of the Investment at the EGM, the Board delegates authority to the Chairman (and authorized persons of the Chairman) to handle specific matters relating to the Investment, including but not limited to negotiating and determining with other promoters the promoters’ agreement, Articles of Association and other documents relating to the establishment of the new bank and signing such documents, and being responsible for reporting and preparation of the new bank in accordance with laws and regulations and the provisions of promoters’ agreement; in the case of changes in relevant laws, regulations and regulatory documents or changes in regulatory policies or market conditions, except for matters that must be re-voted by the general meeting in accordance

LETTER FROM THE BOARD

with the provisions of relevant laws, regulations, regulatory documents and the Articles of Association, making corresponding adjustments to the specific plans and other related matters of the Investment (including suspension and termination of the Investment).

Implications Under The Listing Rules

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) for the Investment exceeds 5% but is less than 25%, the Investment constitutes a discloseable transaction of the Bank and is subject to reporting and announcement requirements but is exempted from Shareholders' approval requirements under Chapter 14 of the Listing Rules. The Articles of Association stipulates that the major investment plans of the Bank shall be decided on by Shareholders at general meetings, and therefore the Investment is submitted to the general meeting for consideration and approval.

2. Acquisition of Part of Assets and Liabilities of Other Banking Financial Institution

In order to explore the path of sustainable development of the city commercial bank, the Bank proposes to acquire part of assets and liabilities of Baoshang Bank and establish or acquire directly four branches of Baoshang Bank (the “**Acquisition**”) upon consideration and approval at the thirteenth meeting of the fourth session of the Board. The main contents are as follows:

- 1) The Bank acquires from Baoshang Bank all assets of the Beijing Branch, Shenzhen Branch, Chengdu Branch and Ningbo Branch of Baoshang Bank (the “**Four Branches of Baoshang Bank**”) and assets outside Inner Mongolia Autonomous Region in the net value of RMB91.2 billion (the book value of the assets is RMB140.9 billion) and the business of the Four Branches of Baoshang Bank in the value of RMB15.3 billion based on the takeover date (that is, May 24, 2019). The final acquisition amount is subject to the special report(s) of the intermediary agencies as at the benchmark date (December 31, 2019).
- 2) The Bank takes over the liabilities equivalent to the book value of the above assets of Baoshang Bank (subject to the special report(s) of the intermediary agencies as at the benchmark date). The balance of the transferred liabilities offset by the net value of the acquired assets as at the benchmark date, after deducting the business value, of RMB34.4 billion will be settled by DIFM and the Bank accordingly (subject to the special report(s) of the intermediary agencies as at the benchmark date).
- 3) The Bank takes over the employees of the Four Branches of Baoshang Bank, the local business department of the head office and the credit card business, and assumes the corresponding social insurance liabilities and obligations.

LETTER FROM THE BOARD

- 4) The Bank takes over the office space, vehicles, equipment or other fixed assets, rights and obligations under the contracts or agreements related to service procurement of the Four Branches of Baoshang Bank, the local business department of the head office and the credit card business within validity period.
- 5) The Takeover Committee and the Bank jointly appoint the intermediary agencies responsible for the clearance of the assets of Baoshang Bank, and investigate and issue special report(s) with respect to the assets and liabilities of the Four Branches of Baoshang Bank, the local business department of the head office and the credit card business as of the benchmark date.

Upon the Acquisition, the Bank will set up four branches or acquire directly the Four Branches of Baoshang Bank to take over the aforesaid business and employees. The establishment of the four branches by the Bank or change in the Four Branches of Baoshang Bank shall be subject to relevant approval procedures.

Subject to approval of the Acquisition at the EGM, the Board delegates authority to the Chairman (and authorized persons of the Chairman) to adjust the plan for the Acquisition in accordance with opinions of the regulatory departments and the stock exchange based on the actual condition of the Bank; and to handle specific matters relating to the Acquisition, including but not limited to signing of agreements, settlement of assets, establishment of branches, regulatory approval, etc.; in the case of changes in relevant laws, regulations and regulatory documents or changes in regulatory policies or market conditions, except for matters that must be re-voted by the general meeting in accordance with the provisions of relevant laws, regulations, regulatory documents and the Articles of Association, making corresponding adjustments to the plan for the Acquisition and other related matters (including suspension and termination).

Implications Under The Listing Rules

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) for the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Bank and is subject to reporting and announcement requirements but is exempted from Shareholders' approval requirements under Chapter 14 of the Listing Rules. Pursuant to the Articles of Association and the authorization plan for the Board at general meeting of the Bank, the Acquisition shall be submitted to the general meeting for review and approval.

LETTER FROM THE BOARD

3. Issuance of Tier-2 Capital Bonds

In order to maintain robust capital adequacy level as well as to enhance sustainability and meet the pre-redemption conditions of existing capital bonds, the Bank proposes to issue tier-2 capital bonds with a total amount not exceeding RMB20 billion by 2021 to ensure that its capital adequacy level is significantly higher than the regulatory level. Upon consideration and approval at the eighth meeting of the fourth session of the Board, the following issuance plan and related authorization matters are submitted to the EGM for approval:

- 1) Type of bond: tier-2 capital bond, which complies with relevant regulatory requirements as stipulated in the *Management Measures for Capital of Commercial Banks (Trial)* (《商業銀行資本管理辦法(試行)》) and can be used to supplement the capital of commercial banks.
- 2) Total amount: not more than RMB20 billion or equivalent.
- 3) Term of the bond: not less than five years.
- 4) Interest rate: to be determined based on the market interest rates.
- 5) Target of issuance: domestic and offshore institutional investors.
- 6) Means of loss absorption: upon the occurrence of triggering events specified in the issuing documents, the loss will be absorbed by means of write-down.
- 7) Use of proceeds: to replenish the Bank's tier-2 capital.
- 8) Term of the resolution: 36 months from the date of approval by the EGM of this issuance of tier-2 capital bonds.

To promote the smooth progress of the issuance of tier-2 capital bonds, as agreed by the Board, it is proposed that the EGM authorizes and approves the Board to delegate authority to the Chairman (and authorized persons of the Chairman) to handle specific matters relating to this issuance of tier-2 capital bonds in accordance with the above issuance plan and the regulations and approval requirements issued by relevant regulatory authorities, including but not limited to filing of application with relevant regulatory authorities, determination of total amount of issuance, date of issuance, tranches of issuance, terms of issuance, handling matters with respect to redemption, as well as other relevant matters in connection with this issuance of tier-2 capital bonds. The term of the said authorization shall be 36 months from the date of approval by the EGM.

The resolution on the issuance of tier-2 capital bonds will be submitted to the EGM for consideration and approval as a special resolution.

LETTER FROM THE BOARD

III. THE EGM

The Bank will convene the EGM at the Hall, 11/F, Block A, Tianhui Building, 79 Anqing Road, Hefei, Anhui Province, the PRC at 9:00 a.m. on Saturday, February 22, 2020 to consider and, if thought fit, to pass resolutions in respect of the matters set out in the Notice of the EGM. A proxy form and a reply slip have been dispatched to the Shareholders in accordance with the Listing Rules. The Notice of the EGM is set out on pages 9 to 12 of this circular.

Whether or not you intend to attend and/or vote at the EGM, you are requested to complete and return the proxy form in accordance with the instruction printed thereon. If you intend to attend the EGM, you are required to complete and return the reply slip to the H Share Registrar (for H Shareholders) or the registered office and principal place of business of the Bank in the PRC (for Domestic Shareholders) on or before Sunday, February 2, 2020. The reply slip may be submitted or delivered by hand, by post or by fax to the H Share Registrar (for H Shareholders) or the registered office and principal place of business of the Bank in the PRC (for Domestic Shareholders). Completion and return of the proxy form and reply slip will not preclude a Shareholder from attending and voting at the EGM.

IV. RECOMMENDATIONS

The Board (including the independent non-executive Directors) considers that the resolutions to be proposed at the EGM are in the interests of the Bank and the Shareholders as a whole and accordingly recommends that the Shareholders vote in favor of all the resolutions to be proposed at the EGM and as set out in the Notice of the EGM.

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

Hefei, Anhui Province, the PRC

February 7, 2020

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NOTICE OF THE EXTRAORDINARY GENERAL MEETING



Huishang Bank Corporation Limited*

徽商银行股份有限公司*

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

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

NOTICE OF THE 2020 FIRST EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2020 first extraordinary general meeting (the “EGM”) of Huishang Bank Corporation Limited* (the “**Bank**”) will be held at 9:00 a.m. on Saturday, February 22, 2020 at the Hall, 11/F, Block A, Tianhui Building, 79 Anqing Road, Hefei, Anhui Province, the PRC. Details are as follows:

ORDINARY RESOLUTIONS

1. To consider and approve the resolution on the participation in the initial establishment of a commercial bank;
2. To consider and approve the resolution on the acquisition of part of assets and liabilities of other banking financial institution; and

SPECIAL RESOLUTION

3. To consider and approve the resolution on the issuance of tier-2 capital bonds.

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

Hefei, Anhui Province, the PRC
January 8, 2020

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

Notes:

1. The Bank's circular containing details of the above resolutions proposed at the EGM for consideration and approval will be dispatched to Shareholders of the Bank in due course.
2. Pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), all votes of resolutions at the EGM will be taken by poll except where the chairman decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. An announcement on the voting results will be published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Bank (www.hsbank.com.cn) in accordance with the Listing Rules.

3. Closure of register of members and eligibility for attending and voting at the EGM

H Shareholders and Domestic Shareholders of the Bank are advised that the register of members of the Bank will close from Thursday, January 23, 2020 to Saturday, February 22, 2020 (both days inclusive), during which time no transfer of H Shares and Domestic Shares of the Bank will be effected and registered. Among which, in order to qualify for attending and voting at the EGM, H Shareholders must lodge relevant transfer documents with the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by 4:30 p.m. on Wednesday, January 22, 2020.

Shareholders of the Bank whose names appear on the register of members of the Bank at the close of business on Thursday, January 23, 2020 are entitled to attend and vote at the EGM.

4. Reply slip

Shareholders intending to attend and vote at the EGM in person or by proxy should complete and lodge the accompanying reply slip and return it to the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited (for H Shareholders) or the address of the registered office and principal place of business in the PRC (for Domestic Shareholders) of the Bank on or before Sunday, February 2, 2020. The reply slip may be delivered by hand, by post or by fax to the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited (for H Shareholders) or the address of the registered office and principal place of business in the PRC (for Domestic Shareholders) of the Bank. Completion and return of the reply slip will not preclude the Shareholders from attending and voting at the EGM.

However, the failure to return the reply slip may result in an adjournment of the EGM, if the number of Shares carrying voting rights represented by the Shareholders proposing to attend the EGM by reply slip does not reach more than half of the total number of shares of the Bank carrying voting rights at the EGM.

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

5. Proxy

Every Shareholder who has the right to attend and vote at the EGM is entitled to appoint one or more proxies, whether or not they are members of the Bank, to attend and vote on his/her behalf at the EGM.

A proxy shall be appointed by an instrument in writing. Such instrument shall be signed by the appointer or his/her attorney duly authorized in writing. If the appointer is a legal person, the instrument shall be signed under a legal person's seal or signed by its director or an attorney duly authorized in writing. In order to be valid, the instrument appointing a proxy and the power of attorney or other documents of authority (if any) under which it is signed, or a copy of such authority notarially certified, must be completed and returned to the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited (for H Shareholders) or the registered office and principal place of business in the PRC (for Domestic Shareholders) of the Bank no later than 24 hours before the time fixed for holding the EGM (i.e. before 9:00 a.m. on Friday, February 21, 2020 for the purpose of the EGM) or any adjourned meeting thereof. Completion and return of the proxy form will not preclude the Shareholders from attending and voting in person at the EGM or at any adjourned meeting should you so wish.

6. Other businesses

- (a) The EGM is expected to last for no more than half a working day. Shareholders and their proxies attending the meeting shall bear their own traveling and accommodation expenses.
- (b) The address of Computershare Hong Kong Investor Services Limited is:

17M Floor, Hopewell Centre,
183 Queen's Road East,
Wanchai, Hong Kong
Tel No.: (852) 2862 8628
Fax No.: (852) 2865 0990

The address of the registered office and principal place of business in the PRC of the Bank:

The Board Office,
Block A, Tianhui Building,
79 Anqing Road,
Hefei,
Anhui Province,
the PRC
Tel No.: (86) 0551 6266 7787
Fax No.: (86) 0551 6266 7787

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

As at the date of this notice, the Board of the Bank 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.

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