

*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))**

### **DISCLOSEABLE TRANSACTION PARTICIPATION IN THE INITIAL ESTABLISHMENT OF A COMMERCIAL BANK**

#### **PROMOTERS' AGREEMENT**

The Board is pleased to announce that, on March 18, 2020, the Bank entered into the Promoters' Agreement with Other Promoters in relation to the jointly initial establishment of a new provincial banking financial institution that operates only in the Inner Mongolia Autonomous Region.

Pursuant to the Promoters' Agreement, the total contribution of each promoter of the New Bank shall be RMB24 billion, of which RMB20 billion shall be included in the registered capital and the remaining RMB4 billion shall be included in the capital reserves. The Bank will subscribe for 15% equity interests in the New Bank by making a capital contribution of RMB3.6 billion in cash.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) for the transaction contemplated under the Promoters' Agreement exceeds 5% but is less than 25%, this transaction constitutes a discloseable transaction of the Bank and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules but is exempted from Shareholders' approval requirements.

References are made to the announcements of the Bank dated on January 7, 2020 and February 22, 2020, and the circular dated on February 7, 2020.

The Board is pleased to announce that, on March 18, 2020, the Bank entered into the Promoters' Agreement with Other Promoters in relation to the jointly initial establishment of a new provincial banking financial institution that operates only in the Inner Mongolia Autonomous Region.

Pursuant to the Promoters' Agreement, the total contribution of each promoter of the New Bank shall be RMB24 billion, of which RMB20 billion shall be included in the registered capital and the remaining RMB4 billion shall be included in the capital reserves. The Bank will subscribe for 15% equity interests in the New Bank by making a capital contribution of RMB3.6 billion in cash.

## **PROMOTERS' AGREEMENT**

The main terms of the Promoters' Agreement are set out below:

### **1. Parties**

- (i) The Bank
- (ii) Other Promoters, namely Department of Finance of Inner Mongolia Autonomous Region (內蒙古自治區財政廳), Baotou Municipal Bureau of Finance (包頭市財政局), Baotou Rare Earth High-tech Industrial Development Zone Management Commission (包頭稀土高新技術產業開發區管理委員會), DIFM, CCB Investment, Inner Mongolia Power, Inner Mongolia Highway, Inner Mongolia Financial Asset, Inner Mongolia Highway Transportation Investment and Northern Rare Earth.

The ultimate beneficiary owner of DIFM is the People's Bank of China. CCB Investment is a wholly-owned subsidiary of China Construction Bank (to the knowledge of the Bank, as at 30 September 2019, shareholders directly holding more than 5% of the shareholding of China Construction Bank are Central Huijin Investment Co., Ltd. (holding 57.11% of the shareholding) and HKSCC Nominees Limited (holding 36.78% of the shareholding). The ultimate beneficiary owner of both Inner Mongolia Power and Inner Mongolia Highway are the State-owned Assets Supervision and Administration Commission of Inner Mongolia Autonomous Region (內蒙古自治區國有資產監督管理委員會). The ultimate beneficiary owners of Inner Mongolia Financial Asset are Department of Finance of Inner Mongolia Autonomous Region and Baotou Municipal Bureau of Finance. The ultimate beneficiary owner of Inner Mongolia Highway Transportation Investment is Department of Transport of Inner Mongolia Autonomous Region (內蒙古自治區交通運輸廳). To the knowledge of the Bank, as at 27 November 2019, shareholders holding more than 5% of the shareholding of Northern Rare Earth are Baotou Iron & Steel (Group) Co. Ltd. (包頭鋼鐵(集團)有限責任公司) (holding 38.92% of the shareholding) and Jiaying Co., Ltd. (嘉鑫有限公司) (holding 8.34% of the shareholding).

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, Other Promoters and their respective ultimate beneficial owners (if any) are the third parties independent of the Bank and its connected persons.

### **2. Name**

It shall be subject to the approval of the banking and insurance regulatory authority and the registration of the market regulation department.

### 3. Scope of Business

The scope of business of the New Bank shall be: taking deposits from the public; extending short-term, medium-term and long-term loans; effecting domestic and overseas payment settlements; accepting and discounting instruments; issuing financial bonds; acting as the issuing agent, cashing agent and underwriter of government bonds; trading government bonds and financial institution bonds; engaging in interbank lending; trading foreign exchanges as principal and agent; engaging in bank card business; providing letters of credit services and guarantee; collecting and making payment as agents and acting as insurance agents; providing safe deposit box services; gold market services; securities investment and fund distribution business; engaging in counseling, consulting and wealth management business; proprietary trading and agency for trading, repurchasing, lending and wealth management business of precious metal; other business approved by the banking and insurance regulatory authorities under the State Council. The final scope of business is subject to the approval of the banking and insurance regulatory authority and the registration of the market regulation department.

### 4. Total Capital Contribution and Registered Capital

The total contribution of each promoter shall be RMB24 billion, of which RMB20 billion shall be included in the registered capital and the remaining RMB4 billion shall be included in the capital reserves.

### 5. Shareholding Structure and Capital Contribution

The number of shares, shareholding percentage and the amount of capital contribution in cash of each promoter of the New Bank are set out below:

Promoters' name	Number of subscribed shares (Share)	Shareholding percentage (%)	Payable amount of capital contribution (RMB)
Department of Finance of Inner Mongolia Autonomous Region	3,333,333,333	16.6667	3,999,999,999.60
Baotou Municipal Bureau of Finance	416,666,666	2.0833	499,999,999.20
Baotou Rare Earth High-tech Industrial Development Zone Management Commission	1,000,000,000	5.0000	1,200,000,000.00
DIFM	5,500,000,003	27.5000	6,600,000,003.60
CCB Investment	1,000,000,000	5.0000	1,200,000,000.00
The Bank	3,000,000,000	15.0000	3,600,000,000.00
Inner Mongolia Power	1,666,666,666	8.3333	1,999,999,999.20
Inner Mongolia Highway	1,666,666,666	8.3333	1,999,999,999.20
Inner Mongolia Financial Asset	1,000,000,000	5.0000	1,200,000,000.00
Inner Mongolia Highway Transportation Investment	1,000,000,000	5.0000	1,200,000,000.00
Northern Rare Earth	416,666,666	2.0833	499,999,999.20
Total	20,000,000,000	100	24,000,000,000.00

*Note:* The shareholding percentage of each promoter in the table above is rounded up to the nearest four decimal places and the total shareholding percentage does not equal to 100.0000%, which is due to rounding.

The amount of capital contributions from each promoter of the New Bank shall be determined with reference to the initial capital requirement of the New Bank after arm's length negotiations among each promoter. As at the date of this announcement, the payable amount of capital contribution has been paid by each promoter of the New Bank respectively. The payable amount of capital contribution of the Bank has been financed by its internal resources.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE PROMOTERS' AGREEMENT**

In order to enhance market position and industry influence, and improve the service capacity of real economy, the Bank proposes to participate in the initial establishment of the New Bank by entering into the Promoters' Agreement.

The Directors consider that the Promoters' Agreement has been entered into on normal commercial terms after arm's length negotiations between the parties and such terms are fair and reasonable and in the interest of the Bank and its Shareholders as a whole.

## **INFORMATION ON THE BANK**

The Bank is a joint stock company incorporated in the PRC with limited liability in April 1997, whose H shares are listed on the main board of the Hong Kong Stock Exchange (stock code: 3698). The main scope of business of the Bank includes taking deposits from corporate and retail customers, granting of loans using the deposits received, and conducting of capital business in the PRC, which encompass money market activities, investment and trading activities and transactions on behalf of customers.

## **INFORMATION ON OTHER PROMOTERS**

Department of Finance of Inner Mongolia Autonomous Region, Baotou Municipal Bureau of Finance and Baotou Rare Earth High-tech Industrial Development Zone Management Commission are PRC Governmental Bodies.

DIFM is a company incorporated in the PRC with limited liability in May 2019, whose scope of business includes: conducting investment in equity, debts, funds, etc.; managing relevant assets of the deposit insurance fund according to law; acquiring, operating, managing and disposing of assets directly or by entrustment; handling deposit insurance related businesses according to law; asset evaluation; as well as other businesses as approved by the relevant state departments.

CCB Investment is a company incorporated in the PRC with limited liability in July 2017, whose scope of business includes: focusing on conducting debt-to-equity conversion and ancillary supporting business, conducting public fund raising from qualified public investors for debt-to-equity conversion in accordance with relevant laws and regulations, issuance of financial bonds specifically for debt-to-equity conversion, as well as other businesses as approved by the China Banking and Insurance Regulatory Commission.

Inner Mongolia Power is a company incorporated in the PRC with limited liability in July 1991, whose scope of business includes: power supply, technical services, steam car heat supply, power engineering survey and design, enterprise self-produced products and related technology export business; raw and auxiliary materials required for enterprise production and scientific research, machinery and equipment, instruments and apparatus, spare and accessory parts and other commodity and related technology import business; carrying on sino-foreign joint venture, cooperative production business and the business of the “Three-plus-one” trading-mix; contracting overseas projects in this industry and domestic international bidding projects, and exporting the equipment and materials required for the above-mentioned overseas projects; dispatching labour for project production and service of this industry, fuel chemical industry (except franchise), metal smelting and pressing industry, electrical equipment, building materials, paper and office supplies, rubber products, leather, furniture, textiles, clothing processing, food processing, agricultural and sideline products, wine, beverages, storage and transportation, catering, entertainment services, department stores.

Inner Mongolia Highway is a company incorporated in the PRC with limited liability in July 2004, whose scope of business includes: financing, construction, tolling, and loan repayment of highways and corresponding auxiliary roads that have been completed and operated, are being constructed and to be constructed in the autonomous region; protection of road properties, maintenance of road rights, development services, unified operation and management of capital operations; agency advertising, equipment rental.

Inner Mongolia Financial Asset is a company incorporated in the PRC with limited liability in August 2015, whose scope of business includes: acquiring and operating by entrustment non-performing assets of financial and non-financial enterprises, managing, investing and disposing of non-performing assets, converting debts into equity; external investment; asset management; and related consulting services.

Inner Mongolia Highway Transportation Investment is a company incorporated in the PRC with limited liability in February 2017, whose scope of business includes: toll road construction, operation, maintenance, investment and financing, design, research and development, material supply and marketing, service facilities, transportation mechanical and electrical engineering, transportation facility operation and development, general aviation services, civil engineering construction industry, social work, tourism management services, vehicle rental.

Northern Rare Earth is a joint stock company incorporated in the PRC with limited liability in September 1997, whose shares are listed on the Shanghai Stock Exchange (stock code: 600111), whose scope of business includes: rare earth ore concentrate, rare earth deep-processing products, new rare earth materials and rare earth application products; niobium concentrates and its deep-processing products; operation of metallurgical products, coal and its deep-processing products, chemical products, optoelectronic products; manufacturing, purchasing, and sales of equipment and spare parts; importing products required by this enterprise; exporting products; technology development and application, promotion and transfer, technology, information services; analysis and testing; building installation and repair; own real estate operating activities, and machinery and equipment leasing.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) for the transaction contemplated under the Promoters’ Agreement exceeds 5% but is less than 25%, this transaction constitutes a discloseable transaction of the Bank and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules but is exempted from Shareholders’ approval requirements.

## DEFINITIONS

“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
“Board”	the board of directors of the Bank
“CCB Investment”	CCB Financial Asset Investment Co., Ltd. (建信金融資產投資有限公司), a company incorporated in the PRC with limited liabilities in July 2017 and a wholly-owned subsidiary of China Construction Bank
“China Construction Bank”	China Construction Bank Corporation (中國建設銀行股份有限公司), a joint stock company officially incorporated in the PRC with limited liability, whose shares are listed on the Hong Kong Stock Exchange (stock code: 939) and the Shanghai Stock Exchange (stock code: 601939), respectively
“DIFM”	Deposit Insurance Fund Management Co., Ltd. (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 agency
“Director(s)”	the director(s) of the Bank
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Inner Mongolia Financial Asset”	Inner Mongolia Financial Asset Management Co., Ltd. (內蒙古金融資產管理有限公司), a company incorporated in the PRC with limited liability in August 2015
“Inner Mongolia Highway”	Inner Mongolia Highway Construction and Development Co., Ltd. (內蒙古高等級公路建設開發有限責任公司), a company incorporated in the PRC with limited liability in July 2004
“Inner Mongolia Highway Transportation Investment”	Inner Mongolia Highway Transportation Investment Development Co., Ltd. (內蒙古公路交通投資發展有限公司), a company incorporated in the PRC with limited liability in February 2017
“Inner Mongolia Power”	Inner Mongolia Power (Group) Co., Ltd. (內蒙古電力(集團)有限責任公司), a company incorporated in the PRC with limited liability in July 1991
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Bank”	a new regional commercial bank proposed to be jointly established by the Bank and Other Promoters under the Promoters’ Agreement



“Northern Rare Earth”	China Northern Rare Earth (Group) High-Tech Co., Ltd. (中國北方稀土(集團)高科技股份有限公司), a joint stock company incorporated in the PRC with limited liability in September 1997, whose shares are listed on the Shanghai Stock Exchange (stock code: 600111)
“Other Promoters”	Department of Finance of Inner Mongolia Autonomous Region, the Baotou Municipal Bureau of Finance, Baotou Rare Earth High-tech Industrial Development Zone Management Commission, DIFM, CCB Investment, Inner Mongolia Power, Inner Mongolia Highway, Inner Mongolia Financial Asset, Inner Mongolia Highway Transportation Investment and Northern Rare Earth
“PRC Governmental Body(ies)”	has the meaning as ascribed thereto under the Listing Rules
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Promoters’ Agreement”	the promoters’ agreement on joint initial establishment of a commercial bank entered into between the Bank and Other Promoters on March 18, 2020
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of share(s) of the Bank
“%”	per cent.

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

Hefei, Anhui Province, the PRC  
March 19, 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.*