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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)

SUBSCRIPTION OF H SHARES UNDER A GENERAL MANDATE

Sole Placing Agent



SUBSCRIPTION OF NEW SHARES UNDER A GENERAL MANDATE

The Board is pleased to announce that on November 11, 2014 (after trading hours), the Bank entered into the Subscription Agreement with GOME Electrical Appliances Holding Limited, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Bank has conditionally agreed to allot and issue 632,500,000 Subscription Shares at the Subscription Price of HK\$3.80 per Subscription Share.

As at the date of this announcement, the Subscription Shares represent approximately 5.72% of the existing issued share capital of the Bank, approximately 20.00% of the existing issued H shares, and approximately 5.41% of the issued share capital of the Bank as enlarged by the Subscription Shares (assuming there are no other changes in the share capital of the Bank between the date of this Subscription Agreement and the date of Completion). The Subscription Shares will be issued under the General Mandate granted to the Board at the Annual General Meeting and will rank *pari passu* in all respects among themselves and with the existing H Shares.

CITIC Securities Corporate Finance (HK) Limited is the sole placing agent of the Subscription.

Application will be made to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

Since completion of the Subscription is subject to the fulfilment of the condition(s) as set out in the Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

On November 11, 2014 (after trading hours), the Bank entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Bank has conditionally agreed to allot and issue 632,500,000 Subscription Shares at the Subscription Price of HK\$3.80 per Subscription Share.

PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT

Date

November 11, 2014 (after trading hours)

Parties

- (i) The Bank
- (ii) GOME Electrical Appliances Holding Limited

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Subscriber is not a connected person of the Bank.

The Subscription Shares

As at the date of this announcement, the Subscription Shares represent approximately 5.72% of the existing issued share capital of the Bank, approximately 20.00% of the existing issued H shares, and approximately 5.41% of the issued share capital of the Bank as enlarged by the Subscription Shares (assuming there are no other changes in the share capital of the Bank between the date of this Subscription Agreement and the date of Completion). The Subscription Shares will be issued under the General Mandate granted to the Board at the Annual General Meeting and will rank *pari passu* in all respects among themselves and with the existing H Shares.

Subscription Price

The Subscription Price is HK\$3.80 per Subscription Share. The aggregate nominal value of the 632,500,000 Subscription Shares is RMB632,500,000, and the aggregate gross proceeds of the Subscription will be HK\$2,403.5 million.

The Subscription Price represents:

- (i) a premium of approximately 12.43% to the closing price of HK\$3.38 per H Share as quoted on the Stock Exchange on November 11, 2014, being the date of the Subscription Agreement;
- (ii) a premium of approximately 12.76% to the average closing price of approximately HK\$3.37 per H Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including November 10, 2014, being the trading day immediately preceding the date of the Subscription Agreement; and
- (iii) a premium of approximately 13.43% to the average closing price of approximately HK\$3.35 per H Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including November 10, 2014, being the trading day immediately preceding the date of the Subscription Agreement.

The Subscription Price was arrived at after arm's length negotiations between the Bank and the Subscriber with reference to the latest published financial data (including net assets) of the Bank. The Directors consider that the terms and conditions of the Subscription Agreement (including the Subscription Price) are fair and reasonable and are in the interests of the Bank and the Shareholders as a whole.

The aggregate Subscription Price will be payable by the Subscriber in cash upon Completion.

Ranking of Subscription Shares

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

Conditions Precedent

Completion is conditional upon the following conditions being satisfied or waived:

- (a) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Subscription Shares (and such permission not being revoked prior to Completion);
- (b) the warranties provided by the Bank under the Subscription Agreement remaining true and accurate in all respects, and the Bank is not in breach of certain of its undertakings under the Subscription Agreement;
- (c) the warranties provided by the Subscriber under the Subscription Agreement remaining true and accurate in all respects;
- (d)
 - (i) no suspension in trading of the H Shares on the Stock Exchange for thirty (30) consecutive trading days; and
 - (ii) the Bank not being placed on the list of delisting of the Stock Exchange;
- (e) there has not been any incident since December 31, 2013 that would materially adversely affect the income, management, business, legal and financial positions, Shareholders' interest or operating results of the Bank and/or its subsidiaries and/or branches;
- (f)
 - (i) there not having occurred any incident (including the introduction of any new law or change in existing law (or the judicial interpretation thereof) or any other similar event) which would prevent the completion of the Subscription by the Subscriber or otherwise prevent the consummation of the Subscription by the Subscriber pursuant to the terms of the Agreement; and
 - (ii) there not having occurred any incident (including the introduction of any new law or change in existing law (or the judicial interpretation thereof) or any other similar event) which would prevent the completion of the Subscription by the Bank or otherwise prevent the consummation of the Subscription by the Bank pursuant to the terms of the Agreement; and

- (g) all approvals and consents from the PRC government and regulatory authorities in relation to the Subscription (including but not limited to approvals from the CBRC and the CSRC) have been obtained.

The Subscriber has the right to waive conditions (b), (d)(i), (e) and (f)(i) and the Bank has the right to waive conditions (c) and (f)(ii), provided that the waiving of either condition (f)(i) or (f)(ii) will not result in any party being in breach of applicable laws, regulations or the Listing Rules.

If Completion does not occur by the Long Stop Date (December 31, 2014), the parties will consult on whether to continue with the implementation of the Agreement. If the parties fail to come to an agreement by January 31, 2015 (including that day) on the continue implementation of the Agreement, the Agreement will lapse automatically and the rights and obligations of the parties under the Agreement will terminate, save for antecedent breaches thereof.

If any PRC government or regulatory authorities make any changes to any terms and conditions of the Subscription Agreement during the process of the granting of approvals, and such changes are not accepted by the Subscriber, then such approvals will not be regarded as fulfillment of conditions (a) and (g) above.

Lock-up Undertakings

Pursuant to the Subscription Agreement, the Subscriber has undertaken to the Bank that, unless with the prior written consent of the Bank, the Subscriber will not, and will procure the Subscriber's nominee(s) to not (if applicable), within six (6) months from the date on which the Subscription Shares are listed and traded on the Stock Exchange (namely the date of Completion) (being up to the day immediately preceding the corresponding day of the date of listing and trading in the sixth calendar month):

- (i) transfer any Subscription Shares and any direct or indirect interests therein;
- (ii) enter into any share swap, derivative transactions or other arrangements, and such transaction or arrangement would result in the transfer of all or part of the Subscription Shares held by the Subscriber;
- (iii) transfer the interests of any entities that directly or indirectly hold the Subscription Shares; and
- (iv) declare the intent of entering into the transactions described above.

Subject to certain conditions in the Subscription Agreement, the Subscriber may transfer the Subscription Shares to any wholly-owned subsidiary of the Subscriber, or a wholly-owned subsidiary of the Subscriber may transfer the Subscription Shares to another wholly-owned subsidiary. The lock-up undertakings will lapse immediately upon the occurrence of (a) subject to the H Shares not having been suspended from trading, the average closing price of the H Shares for thirty (30) consecutive trading days is below HK\$3.28, being the lowest trading price of the H Shares since the date of listing and up to November 7, 2014; (b) the H Shares have been suspended from trading for more than thirty (30) consecutive trading days; (c) the average daily trading volume of the H Shares is below 135,000 H Shares for thirty (30) consecutive trading days, being the lowest daily trading volume of the H Shares since the date of listing and up to November 7, 2014; (d) the Bank has breached the obligations under the Subscription Agreement; or (e) the Bank has breached its warranties under the Subscription Agreement. Notwithstanding the above, to the extent that any such permitted transfer or lock-up undertaking contravenes the applicable laws and regulations or the requirements of the regulatory authorities in the PRC, such provision will not be applicable unless with the consent or approval of the regulatory authorities in the PRC.

Other Terms

The Bank has undertaken to the Subscriber that for the period from the date of the Subscription Agreement and up to the date of Completion (both dates inclusive), it will not, without the written consent of the Subscriber, issue any Shares or securities convertible into Shares to any third party other than the Subscriber and/or its nominee.

Unless with the written consent of the Subscriber, the Bank will not make any cash or other kind of distribution where the record date falls on or before the date of Completion.

The Bank and the Subscriber have agreed that they will fully capitalize on their respective competitive edge to conduct subsequent business cooperations upon Completion, subject to such cooperation being in compliance with the applicable laws, regulations and the Listing Rules.

Completion of the Subscription

Completion will take place on any Business Day between the second(2nd) to seventh(7th) Business Days (both days inclusive) after the conditions precedent to the Subscription Agreement have been satisfied or waived.

General Mandate

The Subscription Shares will be issued under the General Mandate. Under the General Mandate, the Bank is allowed to issue a maximum of 1,577,463,856 Domestic Shares and 632,500,000 H Shares, representing 20.00% of the total amount of the Domestic Shares and H Shares in issue, respectively, as at the date of the Annual General Meeting on June 30, 2014. As at June 30, 2014, the issued share capital of the Bank is comprised of 7,887,319,283 Domestic Shares and 3,162,500,000 H Shares. Up to the date of this announcement, no Domestic Shares nor H Shares have been issued under the General Mandate and the number of Domestic Shares and H Shares that may be issued under the General Mandate is 1,577,463,856 and 632,500,000, respectively. As such, the Board has already received authorization at the Annual General Meeting, thus the Board has authority to approve the allotment and issue of the Subscription Shares by the Bank, and no further approval from the Shareholders is necessary.

Application for Listing

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

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

Headquartered in Hefei, Anhui Province, the PRC, the Bank is the first regional joint stock commercial bank in the PRC established through the reorganisation of city commercial banks and city credit cooperatives, and is the largest city commercial bank in Central China in terms of the size of total assets, loans and deposits. The Bank's principal activities include the taking of deposits from corporate and retail customers, using such deposits to issue loans and fund businesses, including money market operations, investment and trading operations and transactions on behalf of customers in the PRC. The Subscriber is a leading retailer in the PRC of home appliances and electronic products.

The Directors consider that the Subscription provides the Bank with an opportunity to enhance its shareholders' base and raise additional funds for the Bank. The Directors consider the Subscription to be beneficial to the capital requirements of the Bank, increases the level of diversification of business development and core competitiveness of the Bank. The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Subscription Agreement are, in each case, fair and reasonable, on normal commercial terms and are in the interests of the Bank and its Shareholders as a whole.

The aggregate gross proceeds of the Subscription will be HK\$2,403.5 million and the aggregate net proceeds of the Subscription, after the deduction of the related expenses will be used to replenish the core capital of the Bank and to support the development of the Bank's business.

The net price to the Bank of the new H Shares under the Subscription Agreement will be determined and disclosed in accordance with the requirements of the Listing Rules upon Completion and after determination of relevant expenses incurred or to be incurred in relation to the Subscription.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The net proceeds from the Bank's initial public offering on the Stock Exchange in 2013 amounted to approximately HK\$10,147 million. As at the date of this announcement, all the proceeds have already been utilized in accordance with the applications set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Bank dated October 31, 2013. Save as disclosed above, the Bank has not conducted any equity fund raising activities in the past twelve months.

EFFECT ON SHAREHOLDING STRUCTURE

The shareholding structure of the Bank (i) as at the date of this announcement; and (ii) immediately upon the issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Bank from the date of this announcement and up to Completion (other than as a result of the allotment and issue of the Subscription Shares on Completion)), are summarised as follows:

Shareholders	As at the date of this announcement:		Immediately upon Completion:	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
The Subscriber	–	–	632,500,000	5.41
Domestic Shareholders	7,887,319,283	71.38	7,887,319,283	67.52
Other H Shareholders	3,162,500,000	28.62	3,162,500,000	27.07
	<u>11,049,819,283</u>	<u>100%</u>	<u>11,682,319,283</u>	<u>100%</u>

Since completion of the Subscription is subject to the fulfilment of the condition(s) as set out in the Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITION

“Annual General Meeting”	the annual general meeting of the Bank held on June 30, 2014
“Bank”	Huishang Bank Corporation Limited
“Board”	the board of Directors of the Bank
“Business Day(s)”	any day (not being a Saturday or Sunday) on which banks in Hong Kong are open for business
“Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement
“CBRC”	China Banking Regulatory Commission
“connected persons”	has the meaning as ascribed thereto in the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Directors”	the directors of the Bank
“Domestic Shares”	ordinary shares issued by the Bank in the PRC, with a nominal value of RMB1.00 each, which are subscribed for and paid for in RMB
“General Mandate”	the general mandate which was granted to the Board to issue a maximum of 1,577,463,856 Domestic Shares and 632,500,000 H Shares, representing 20.00% of the total amount of the Domestic Shares and H Shares in issue, respectively, as at the date of the Annual General Meeting on June 30, 2014
“H Shares”	overseas-listed shares in the share capital of the Bank, with a nominal value of RMB1.00 each, which are listed and traded on the Stock Exchange
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	December 31, 2014
“PRC”	the People’s Republic of China, which for the purposes of this announcement, shall not include Hong Kong, Macau and Taiwan
“Shareholders”	persons whose names appear on the register of members of the Bank as registered holders of the Shares

“Shares”	shares in the total share capital of the Bank, with a nominal value of RMB1.00 each, including H Shares and Domestic Shares issued by the Bank
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	GOME Electrical Appliances Holding Limited (國美電器控股有限公司 [△] , Stock Code: 493) a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Subscription”	the subscription of the Subscription Shares by the Subscriber in accordance with the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated November 11, 2014, entered into between the Bank and the Subscriber
“Subscription Price”	HK\$3.80 per Subscription Share
“Subscription Shares”	632,500,000 new Shares to be subscribed for by the Subscriber in accordance with the terms and conditions of the Subscription Agreement
“%”	per cent.

On behalf of the Board
Huishang Bank Corporation Limited
Li Hongming
Chairman

Hefei, Anhui, China
November 11, 2014

As at the date of this announcement, the Board of Directors of the Bank comprises Li Hongming, Xu Demei, Wu Xuemin, Zhang Renfu and Ci Yaping, as executive Directors; Zhang Feifei, Zhu Jiusheng, Guo Shigang, Qian Zheng, Zhao Zongren, Wu Tian and Gao Yang, as non-executive Directors; Au Ngai Daniel, Dai Genyou, Wang Shihao, Zhang Shenghuai, Fung Weichang and Zhu Hongjun, as independent non-executive Directors.

* *Huishang Bank Corporation Limited is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of 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.*

[△] *For identification purposes only*