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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)**

### **NON-PUBLIC ISSUE OF H SHARES UNDER A GENERAL MANDATE**

#### **Placing Agents**



#### **SUBSCRIPTION OF NEW SHARES UNDER A GENERAL MANDATE**

The Board is pleased to announce that on December 31, 2015 (after trading hours), the Bank entered into the Investment Agreement with China Kingkong, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Bank has also conditionally agreed to allot and issue 572,000,000 Subscription Shares to Subscriber, at the Subscription Price of HK\$4.09 per Subscription Share.

As at the date of this announcement, the Subscription Shares represent approximately 5.18% of the existing issued share capital of the Bank, approximately 18.09% of the existing issued H Shares, and approximately 4.92% of the issued share capital of the Bank as enlarged by the issue of the Subscription Shares (assuming that there are no other changes in the share capital of the Bank between the date of the Investment 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.

Haitong International Securities Company Limited, UBS AG Hong Kong Branch and Guotai Junan Securities (Hong Kong) Limited are the placing agents of the Subscription.

The Bank will apply 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 Investment Agreement, the Subscription may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

Reference is made to the announcements of the Bank dated September 24, 2015, November 3, 2015 and December 7, 2015, respectively, in relation to, among others, the proposed non-public issue of H Shares by the Bank under the General Mandate, and the Bank having obtained the approval in principle from the CBRC Anhui Office, and the approval from the CSRC in respect of this issue.

The Board is pleased to announce that on December 31, 2015 (after trading hours), the Bank entered into the Investment Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Bank has also conditionally agreed to allot and issue 572,000,000 Subscription Shares to Subscriber, at the Subscription Price of HK\$4.09 per Subscription Share.

## **PRINCIPAL TERMS OF THE INVESTMENT AGREEMENT**

### **Date**

December 31, 2015

### **Parties**

- (i) The Bank
- (ii) China Kingkong (the Subscriber)

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**

Subject to the fulfilment or waiver of the conditions precedent, the Subscriber shall subscribe for, and the Bank shall allot and issue 572,000,000 H Shares to the Subscriber at the Subscription Price pursuant to the terms and conditions of the Investment Agreement. As at the date of this announcement, the Subscription Shares represent approximately 5.18% of the existing issued share capital of the Bank, approximately 18.09% of the existing issued H Shares, and approximately 4.92% of the issued share capital of the Bank as enlarged by the issue of the Subscription Shares (assuming that there are no other changes in the share capital of the Bank between the date of the Investment 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**

After it was agreed between the Bank and the Subscriber through negotiation, the Subscription Price is HK\$4.09 per Subscription Share, which is determined with reference to the audited net asset value per Share of the Bank as at June 30, 2015 (being approximately RMB3.42 (rounded up to the nearest two decimal place) as estimated under the China Accounting Standards for Business Enterprises) divided by the central parity rate of RMB on the interbank foreign exchange market as published by the China Foreign Exchange Trade System of the People's Bank of China on the date of the Investment Agreement (being HK\$1: RMB0.83778).

The aggregate nominal value of the 572,000,000 Subscription Shares is RMB572,000,000, and the aggregate proceeds of the Subscription will be HK\$2,339,480,000.

The Subscription Price represents:

- (i) a premium of approximately 16.52% to the closing price of HK\$3.51 per H Share as quoted on the Stock Exchange on December 31, 2015, being the date of the Investment Agreement;
- (ii) a premium of approximately 19.94% to the average closing price of HK\$3.41 per H Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including December 30, 2015, being the trading day immediately preceding the date of the Investment Agreement; and
- (iii) a premium of approximately 20.29% to the average closing price of approximately HK\$3.40 per H Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including December 30, 2015, being the trading day immediately preceding the date of the Investment Agreement.

The Subscription Price was arrived at after arm's length negotiations between the Bank and the Subscriber with reference to the audited net asset value per Share of the Bank as at June 30, 2015 (as calculated under the China Accounting Standards for Business Enterprises). The Directors consider that the terms and conditions of the Investment 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 through the remittance of transferable and immediately available funds to an account designated by the Bank 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 on the Stock Exchange and such permission not being revoked prior to Completion;
- (b) the Subscriber having performed and complied with their respective obligations required to be performed under the Investment Agreement upon or prior to Completion in all material respects;
- (c) the warranties provided by the Subscriber under the Investment Agreement remaining true, accurate and correct in all respects;
- (d)
  - (i) no suspension of trading in H Shares on the Stock Exchange for thirty (30) consecutive trading days; and
  - (ii) the Bank not being placed on any list of delisting of the Stock Exchange;

- (e) (i) there not having occurred any circumstances (including any new laws and regulations or new judicial interpretations taking effect, the Subscriber being considered by the regulatory authorities not to be qualified as Shareholder or any objection raised by the regulatory authorities against the Subscriber in respect of their respective qualifications as Shareholders) or other events of similar effect, which would prevent Completion by the Subscriber pursuant to the terms and conditions of the Investment Agreement; and
- (ii) there not having occurred any circumstances (including any new laws and regulations or new judicial interpretations taking effect, the Subscriber being considered by the regulatory authorities not to be qualified as Shareholders or any objection raised by the regulatory authorities against the Subscriber in respect of their respective qualifications as Shareholders) or other events of similar effect, which would prevent Completion by the Bank pursuant to the terms and conditions of the Investment Agreement; and
- (f) all approvals and consents from the PRC government and regulatory authorities in relation to any transactions under the Investment Agreement (including but not limited to the approvals and consents from the CBRC and the CSRC) having been obtained by the Bank; and consents from the PRC regulatory authorities in relation to any transactions under the Investment Agreement having been obtained by the Subscriber.

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

If the delivery of the Subscription Shares and the payment of the Subscription Price do not occur on or before the Long Stop Date (being January 25, 2016), the Investment Agreement will be automatically terminated and the parties thereto may separately negotiate and reach an agreement in respect of any transactions under the Investment Agreement.

### **Lock-up Undertakings**

Pursuant to the Investment 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) not to (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 preceding the corresponding day of the date of listing and trading in the sixth calendar month):

- (i) transfer the Subscription Shares held by the Subscriber and any direct or indirect interests therein;
- (ii) enter into any equity swap, derivative transactions or any other arrangements, and such transactions or arrangements 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 any intent of the Subscriber to enter into the transactions described above with others.

## **Completion of the Subscription**

Completion will take place on the seventh (7th) Business Day after the satisfaction or waiver of the conditions precedent to the Investment Agreement, or such other date as the parties to the Investment Agreement may agree.

## **General Mandate**

The Subscription Shares will be issued under the General Mandate. Under the General Mandate, the Bank may 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 May 29, 2015. As at May 29, 2015, the issued share capital of the Bank was comprised of 7,887,319,283 Domestic Shares and 3,162,500,000 H Shares. Up to the date of this announcement, neither 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 are 1,577,463,856 Domestic Shares and 632,500,000 H Shares, respectively. As such, the Board has received an authorization at the Annual General Meeting. Thus, the Board has the authority to approve the allotment and issue of the Subscription Shares by the Bank, and no further approval from the Shareholders is required.

## **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 company incorporated under the laws of Hong Kong engaging in investments and related consultation services, and is an indirect subsidiary of Qingdao City Construction Investment Group Co., Ltd.

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 and the enhancement of 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 Investment 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 proceeds of the Subscription will be HK\$2,339,480,000 and the 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 of the Bank's new H Shares under the Investment 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 12 MONTHS

The fund raising activities of the Bank in the past 12 months include:

- (i) during the period from November 2014 to February 2015, the Bank intended to allocate and issue 471,000,000 H Shares of RMB1.00 each to GOME Electrical Appliances Holding Limited at a subscription price of HK\$3.80 per H Share. The intended use of the proceeds of the subscription was to replenish the core capital of the Bank and to support the development of the Bank's business. However, the subscription agreement was lapsed and relevant issuance was terminated on 31 January 2015; and
- (ii) the Bank proposed to issue not more than 1,228 million A shares to be listed on the Shanghai Stock Exchange, which is still in progress. The intended use of the proceeds of the A shares offering was to replenish the capital of the Bank.

## EFFECT ON SHAREHOLDING STRUCTURE

The shareholding structure of the Bank (i) as at the date of this announcement; and (ii) immediately upon issue of the Subscription Shares (assuming that there will be 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 summarized 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>
Subscriber	–	–	572,000,000	4.92
Domestic Shareholders	7,887,319,283	71.38	7,887,319,283	67.87
Other H Shareholders	3,162,500,000	28.62	3,162,500,000	27.21
	<u>11,049,819,283</u>	<u>100%</u>	<u>11,621,819,283</u>	<u>100%</u>

**Since completion of the Subscription is subject to the fulfilment of the condition(s) as set out in the Investment 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 May 29, 2015
“Bank”	Huishang Bank Corporation Limited
“Board”	the board of Directors of the Bank

“Business Day(s)”	a day (other than a Saturday) on which banks in Hong Kong are normally open for business
“Completion”	completion in accordance with the terms of the Investment Agreement
“CBRC”	China Banking Regulatory Commission
“CBRC Anhui Office”	China Banking Regulatory Commission Anhui Office (中國銀行業監督管理委員會安徽監管局)
“connected person(s)”	has the meaning ascribed to it under 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 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 May 29, 2015
“H Share(s)”	overseas-listed foreign shares in the registered share capital of the Bank, with a nominal value of RMB1.00 each
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Investment Agreement”	the investment agreement dated December 31, 2015 entered into between the Bank and the Subscriber
“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”	January 25, 2016
“PRC”	the People’s Republic of China, which for the purpose 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
“Share(s)”	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” or “China Kingkong”	China Kingkong (Holdings) Group Limited, a company incorporated under the laws of Hong Kong with limited liability
“Subscription”	the subscription of the Subscription Shares by the Subscriber in accordance with the terms and conditions of the Investment Agreement
“Subscription Price”	HK\$4.09 per Subscription Share
“Subscription Shares”	572,000,000 new Shares to be subscribed for by the Subscriber in accordance with the terms and conditions of the Investment Agreement
“%”	per cent.

By order of the Board  
**Huishang Bank Corporation Limited\***  
**Li Hongming**  
*Chairman*

Hefei, Anhui, China  
December 31, 2015

*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, Qian Li, Lu Hui, Zhao Zongren, Qiao Chuanfu 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 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.*