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Guangzhou Rural Commercial Bank Co., Ltd.*

廣州農村商業銀行股份有限公司*

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

(H Share Stock code: 1551)

(Preference Share Stock code: 4618)

ENTERING INTO THE DOMESTIC SHARES SUBSCRIPTION AGREEMENT

Reference is made to the announcements of the Bank dated 16 April 2021, 8 June 2021, 17 September 2021, and 24 November 2021 and the circular dated 14 May 2021, in relation to, among others, the Bank's proposed non-public issuance of no more than 1,340 million Domestic Shares and the proposed non-public issuance of no more than 305 million H Shares to eligible Subscribers under Specific Mandate.

ENTERING INTO THE DOMESTIC SHARES SUBSCRIPTION AGREEMENT

The Board is pleased to announce that on 8 December 2021, the Bank and the Subscribers entered into the Domestic Shares Subscription Agreement, pursuant to which the Subscribers conditionally agreed to subscribe, and the Bank conditionally agreed to allot and issue a total of 1.338 billion Domestic Shares, the subscription price was RMB5.89 per Domestic Shares, and the total cash consideration was approximately RMB7.881 billion (equivalent to HK\$9.652 billion).

The Issuance of Domestic Shares will be conducted under Specific Mandate granted by the Shareholders at the 2020 Annual General Meeting and the 2021 first Domestic Shareholders and H Shareholders Class Meetings held on 8 June 2021. The net proceeds raised from the Issuance of Domestic Shares after deducting related issuance costs will be entirely used to replenish the core tier 1 capital of the Bank.

As the Issuance of Domestic Shares and the Subscription are subject to the satisfaction of certain conditions, they may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Bank's securities.

Reference is made to the announcements of the Bank dated 16 April 2021, 8 June 2021, 17 September 2021, and 24 November 2021 and the circular dated 14 May 2021, in relation to, among others, the Bank's proposed non-public issuance of no more than 1,340 million Domestic Shares and the proposed non-public issuance of no more than 305 million H Shares to eligible Subscribers under Specific Mandate.

I. ENTERING INTO THE DOMESTIC SHARES SUBSCRIPTION AGREEMENT

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The details of the Domestic Shares Subscription Agreement are set out as below:

Date: 8 December 2021

Parties:

- (i) The Bank (as an issuer)
- (ii) Guangzhou Metro (as a Subscriber)
- (iii) CityRenewal Group (as a Subscriber)
- (iv) Guangzhou Industrial Holdings (as a Subscriber)
- (v) Guangzhou Business Holdings (as a Subscriber)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as of the date of this announcement, the aforementioned Subscribers and their ultimate beneficial owners are all third parties independent to the Bank and its connected persons under the Listing Rules.

The Bank expects that upon the completion of the Issuance of Domestic Shares, each of the Subscribers will not become a substantial Shareholder under the Listing Rules.

Type and par value of Shares to be issued: The type of Shares to be issued under the Issuance of Domestic Shares is ordinary Domestic Shares with a par value of RMB1.00 each.

| | |
|---|---|
| Number of Shares to be issued: | <p>The total number of the Domestic Shares under the Issuance of Domestic Shares is 1.338 billion Domestic Shares, including:</p> <ul style="list-style-type: none"> (i) 722,950,000 Domestic Shares to be subscribed for by Guangzhou Metro; (ii) 328,550,000 Domestic Shares to be subscribed for by CityRenewal Group; (iii) 204,360,000 Domestic Shares to be subscribed for by Guangzhou Industrial Holdings; and (iv) 82,140,000 Domestic Shares to be subscribed for by Guangzhou Business Holdings. |
| Subscription price and method of pricing: | <p>The subscription price under the Issuance of Domestic Shares is RMB5.89 per Domestic Share (approximately HK\$7.21 as calculated based on the central parity rate of HK\$1 to RMB 0.81651 as quoted by the People’s Bank of China on the date of entering into the Domestic Shares Subscription Agreement).</p> <p>The issue price under the Issuance of Domestic Shares was determined on the premise of full consideration of the interests of Shareholders, investors’ acceptance and issuance risks.</p> <p>Requirements of the PRC Company Law and the Interim Measures: According to the requirements of the PRC Company Law, the issue price under the Issuance of Domestic Shares shall not be less than the par value of the Shares, i.e. RMB1.00 per Share. In addition, pursuant to the Interim Measures, when a financial enterprise engages in an economic transaction involving asset evaluation, it shall refer to the audited or registered asset evaluation result for price determination. The corresponding net assets per share attributable to the total equity value of the holders of ordinary shares of the parent company after the Bank’s asset evaluation on 31 December 2020 was RMB6.09 per share, and the Bank determined the placing price with reference to the assessed net asset value per share (after ex-right and ex-dividend adjustments (if applicable)).</p> |

Distribution of retained profit: The Bank had distributed the profit according to the resolution passed at relevant general meetings of the Bank before the completion of the Issuance of Domestic Shares. In addition to the above-mentioned profit distribution, the retained profit accrued before the Issuance of Domestic Shares will be shared by existing and new Shareholders upon the Issuance of Domestic Shares and the Issuance of H Shares in proportion to their respective shareholdings.

Prerequisites and completion: The Issuance of Domestic Shares is subject to the following prerequisites:

- (i) The Bank has obtained the approvals from the Board of Directors and the general meeting regarding the plans for the Issuance of Domestic Shares and the Issuance of H Shares and the relevant proposals of the Issuance of Domestic Shares;
- (ii) The Bank has obtained approvals from the CSRC and the China Banking Regulatory Authority regarding matters related to the Issuance of Domestic Shares and the Issuance of H Shares; and
- (iii) The Issuance of H Shares has been successfully completed.

Subject to the satisfaction of the above-mentioned prerequisites, the Subscribers shall pay the subscription price to the designated deposit account within 10 business days after the Bank obtained the shareholder qualification approval document from the CBIRC for shareholder's qualification of the Subscribers or the shareholder qualification has been approved by the Bank and the Bank notified the Subscribers of the payment of the subscription price.

Lock-up period: If any one of the subscribers who has subscribed for new Domestic Shares is deemed to be a Shareholder holding more than 5% of the Bank's Shares or voting rights, or a shareholder holding less than 5% of the Bank's total capital or Shares but having significant influence on the Bank's operation and management (including but not limited to assigning Directors, supervisors or senior management to the Bank, influencing the Bank's financial and operating management decisions through agreements or by other means, and other circumstances identified by the CBIRC or its dispatching branches), such Subscriber shall not transfer the new Domestic Shares within five years from the date of the new Domestic Shares are allotted and issued to it.

According to the Bank's current calculations, the Bank expects that Guangzhou Metro and CityRenewal Group will be subject to the above lock-up period.

II. USE OF PROCEEDS

Upon the completion of the Issuance of Domestic Shares, the gross proceeds of the Bank will be approximately RMB7.881 billion (equivalent to HK\$9.652 billion), and the net proceeds are expected to be RMB7.877 billion (calculated on this basis, the net issuance price per newly-issued Domestic Shares is approximately RMB5.887). The net proceeds raised from the Issuance of Domestic Shares after deducting related issuance costs will be entirely used to replenish the core tier 1 capital of the Bank.

III. REASONS FOR THE ISSUANCE OF DOMESTIC SHARES

The Issuance of Domestic Shares mainly aims to replenish core tier 1 capital of the Bank, continue to meet regulatory requirements, and effectively enhance the ability to resist risks, boost market confidence and optimize the equity structure.

While the core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio of the Bank are in compliance with relevant PRC laws, regulations and regulatory requirements, the relevant ratios have shown a downward trend since 31 December 2018. The Board believes that the Issuance of Domestic Shares will help increase the capital base of the Bank, thereby further improving the Capital Adequacy Indicators to ensure the on-going compliance with regulatory requirements of the Bank. By improving the capital base through the Issuance of Domestic Shares, the Bank will be able to enhance its stability, strengthen its risk management capability and lay a stronger foundation for its future business growth and sustainable development.

IV. THE ISSUANCE OF DOMESTIC SHARES UNDER SPECIFIC MANDATE

The Specific Mandate has been granted by Shareholders at the 2020 Annual General Meeting and the 2021 first Domestic Shareholders and H Shareholders Class Meetings held on 8 June 2021. As at the date of this announcement, the number of new Domestic Shares to be issued under Specific Mandate by the Bank is 1.34 billion. As of the date of this announcement, the Bank has not issued any Domestic Shares under Specific Mandate. The issuance of Domestic Shares to Subscribers by the Bank in accordance with the Domestic Shares Subscription Agreement will be carried out under Specific Mandate. The proposed issuance of Domestic Shares will utilize approximately 99.85% of Specific Mandate, therefore no separate Shareholders approval is required.

V. FUND-RAISING ACTIVITIES OF THE BANK FOR THE PAST TWELVE MONTHS

At the 2019 Annual General Meeting of the Bank convened on 22 May 2020, the Bank obtained the approval from the Shareholders for the extension of the validity period of the proposal of initial public offering and listing of not more than 1,596,694,878 RMB ordinary Shares (A Shares) for twelve months to 21 May 2021. Currently, the proposed initial public offering and listing of RMB ordinary Shares (A Shares) has not been completed, and the validity period has expired on 21 May 2021. The Bank has no plan for public offering and listing of A Shares before the completion of the Issuance.

References are made to the announcements of the Bank dated 24 November 2021 and 1 December 2021, in relation to the placing of new H Shares by the Bank under Specific Mandate. The Bank has successfully allotted and issued a total of 305,000,000 new H Shares to not less than six independent places at the Placing Price of HK\$7.18 per Placing Share on 1 December 2021. Immediately after the completion of the Placing, the registered capital of the Bank increased to RMB10,113,268,539 and the total number of ordinary Shares of the Bank increased to 10,113,268,539, of which 7,987,933,539 are Domestic Shares and 2,125,335,000 are H Shares. The gross proceeds from the Placing amounted to approximately HK\$2,189.90 million and the net proceeds from the Placing (after deducting related costs and expenses, commissions and levies) amounted to approximately HK\$2,184.53 million. The net proceeds from the Placing after deducting related Issuance costs will be entirely used to replenish the core tier 1 capital of the Bank.

VI. EFFECT OF THE ISSUANCE OF DOMESTIC SHARES ON THE SHAREHOLDING STRUCTURE OF THE BANK

Once allotted, the new Domestic Shares to be issued under the Issuance of Domestic Shares will rank pari passu in all respect with those Domestic Shares issued when those new Domestic Shares and H Shares are issued.

Assuming that there are no other changes to the total issued share capital of the Bank other than the Issuance of Domestic Shares from the date of this announcement to the date of the completion of the Issuance of Domestic Shares, the shareholding structure of the Bank immediately after the completion of the Issuance of Domestic Shares (assuming the number of Domestic Shares to be issued is 1.338 billion shares) is set out as below:

| | As at the date of this announcement | | Immediately after the completion of the Issuance of Domestic Shares (assuming 1.338 billion Domestic Shares are issued) | |
|--|--|--|---|--|
| | Number of Shares | Approximate percentage of total issued Shares of the Bank ⁽¹⁾ | Number of Shares | Approximate percentage of total issued Shares of the Bank ⁽¹⁾ |
| Domestic Shares | 7,987,933,539 | 78.98% | 9,325,933,539 | 81.44% |
| Including | | | | |
| Guangzhou Metro | – | – | 722,950,000 | 6.31% |
| CityRenewal Group | 338,185,193 | 3.34% | 666,735,193 | 5.82% |
| Guangzhou Industrial Holdings ⁽²⁾ | 365,193,516 | 3.61% | 569,553,516 | 4.97% |
| Guangzhou Business Holdings | 191,749,019 | 1.90% | 273,889,019 | 2.39% |
| Yi Xuefei (Director) | 500,000 | 0.005% | 500,000 | 0.004% |
| Su Zhigang (Director retired on 18 March 2021) ⁽³⁾ | 60,020,000 | 0.593% | 60,020,000 | 0.524% |
| Zhu Kelin (Director retired on 18 March 2021) | 1,201,000 | 0.012% | 1,201,000 | 0.010% |
| Liu Guojie (Director retired on 18 March 2021) ⁽⁴⁾ | 20,000,000 | 0.198% | 20,000,000 | 0.175% |
| Feng Yaoliang (Director) ⁽⁵⁾ | 100,010,000 | 0.989% | 100,010,000 | 0.873% |
| Lai Zhiguang (Director) ⁽⁶⁾ | 62,500,000 | 0.618% | 62,500,000 | 0.546% |
| Liao Wenyi (Director) | 1,103,000 | 0.011% | 1,103,000 | 0.01% |
| Lai Jiaxiong (Supervisor) | 452,224 | 0.004% | 452,224 | 0.004% |
| Other Domestic Shareholders | 6,847,019,587 | 67.70% | 6,847,019,587 | 59.79% |

| | As at the date of this announcement | | Immediately after the completion of the Issuance of Domestic Shares (assuming 1.338 billion Domestic Shares are issued) | |
|--|--|--|---|--|
| | Number of Shares | Approximate percentage of total issued Shares of the Bank ⁽¹⁾ | Number of Shares | Approximate percentage of total issued Shares of the Bank ⁽¹⁾ |
| H Shares (held by public shareholders) | 2,125,335,000 | 21.02% | 2,125,335,000 | 18.56% |
| Including | | | | |
| Placees in H Share Placing | 305,000,000 | 3.02% | 305,000,000 | 2.66% |
| Other holders of H Shares | 1,820,335,000 | 18.00% | 1,820,335,000 | 15.90% |
| Total | 10,113,268,539 | 100.00% | 11,451,268,539 | 100.00% |

Notes:

- (1) Certain amounts and percentage figures included in the table above have been subject to rounding adjustments, any discrepancy between the total amount and the arithmetical sum of the amounts listed is due to rounding.
- (2) As at the date of this announcement, apart from directly holding the new Domestic Shares of the Issuance, Guangzhou Industrial Holdings through its subsidiaries held 45,312,844 Domestic Shares of the Bank by Guangzhou Industrial Holdings Capital Management Co., Ltd., and 319,880,672 Domestic Shares of the Bank by Guangzhou Vanlead Group Co., Ltd. (廣州萬力集團有限公司), and Guangzhou Industrial Holdings is deemed to be interested in the shares of the Banks held by Guangzhou Industrial Holdings Capital Management Co., Ltd. and Guangzhou Vanlead Group Co., Ltd..
- (3) As at the date of this announcement, these 60,020,000 Domestic Shares are directly held by Guangzhou Chimelong Group Co., Ltd., which is indirectly owned as to 87.14% by Su Zhigang.
- (4) As at the date of this announcement, these 20,000,000 Domestic Shares are directly held by Guangzhou Haojin Motorcycle Co., Ltd. (廣州豪進摩托車股份有限公司), which is owned as to 99.90% by Liu Guojie.
- (5) As at the date of this announcement, these 100,010,000 Domestic Shares are held by Guangzhou Huaxin Group Co., Ltd. (廣州華新集團有限公司), which is owned as to 99.31% by Feng Yaoliang.
- (6) As at the date of this announcement, these 62,500,000 Domestic Shares are held by Guangzhou Dongsheng Investment Co., Ltd. (廣州市東升投資有限公司), a company 100% held by Guangdong Dongsheng Industrial Group Co., Ltd. (廣東東升實業集團有限公司), which is in turn owned as to 80% by Lai Zhiguang.

VII. GENERAL INFORMATION

The Bank

The Bank is a corporate rural commercial bank located in Guangzhou, Guangdong Province, China. As one of the first rural commercial banks in China to realize nationwide cross-regional and cross-industry operation, the Bank has major business lines including corporate banking, personal banking and financial market business.

Subscribers

Guangzhou Metro

Guangzhou Metro was incorporated in the PRC on 21 November 1992, whose 100% equity interest is held directly by the Guangzhou Municipal People's Government. Its principal business activities are urban rail transportation construction and railway transportation equipment repair. As at the date of this announcement, Guangzhou Metro does not hold any equity interest in the Bank.

CityRenewal Group

CityRenewal Group was incorporated in the PRC on 5 April 1985, whose 100% equity interest is held directly by the Pearl River Enterprises Group (90% of which is held by the Guangzhou Municipal People's Government as the ultimate beneficial owner and 10% of which is held directly by the Department of Finance of Guangdong Province). Its principal business activities are park management services, land reclamation services, real estate development and operation, and general contracting of property construction and municipal infrastructure projects. As at the date of this announcement, CityRenewal Group holds approximately 3.34% equity interest in the Bank.

Guangzhou Industrial Holdings

Guangzhou Industrial Holdings was incorporated in the PRC on 26 May 1978, whose 90% equity interest is held directly by the Guangzhou Municipal People's Government and 10% is held directly by the Department of Finance of Guangdong Province. Its principal business activities are hospital management, wholesale trading of commodities, investment of corporate self-owned funds, management of corporate headquarters and asset management. As at the date of this announcement, Guangzhou Industrial Holdings does not hold any equity interest in the Bank, Guangzhou Industrial Holdings Capital Management Co., Ltd., a subsidiary of the Guangzhou Industrial Holdings, holds approximately 0.448% equity interest in the Bank, and Guangzhou Vanlead Group Co., Ltd. holds approximately 3.16% equity interest in the Bank.

Guangzhou Business Holdings

Guangzhou Business Holdings was incorporated in the PRC on 10 June 1996, whose 90% of equity interest is held directly by the Guangzhou Municipal People's Government and 10% is held directly by the Department of Finance of Guangdong Province. Its principal business activities are corporate headquarters management, corporate management services and asset management. As at the date of this announcement, Guangzhou Business Holdings holds approximately 1.90% equity interest in the Bank.

VIII. OTHERS

This announcement does not constitute any invitation or offer to acquire, purchase or subscribe for the Bank's securities.

As the Issuance of Domestic Shares and the Subscription are subject to the satisfaction of certain conditions, they may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Bank's securities.

IX. DEFINITIONS

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

| | |
|---------------------------------|--|
| “Bank” | Guangzhou Rural Commercial Bank Co., Ltd., a joint stock company incorporated in the PRC with limited liability and whose H Shares are listed on the Main Board of the Stock Exchange (Stock code: 1551) |
| “Board” or “Board of Directors” | the board of Directors of the Bank |
| “CBIRC” | the China Banking and Insurance Regulatory Commission |
| “connected person(s)” | has the meaning ascribed to it in the Listing Rules |
| “CSRC” | the China Securities Regulatory Commission |
| “Director(s)” | the director(s) of the Bank |
| “Capital Adequacy Indicators” | core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio |
| “Domestic Share(s)” | the ordinary shares issued by the Bank, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid in Renminbi |
| “Guangzhou Business Holdings” | Guangzhou Business Investment Holdings Group Co., Ltd., a company incorporated in the PRC |
| “Guangzhou Industrial Holdings” | Guangzhou Industrial Investment Holdings Group Limited, a company incorporated in the PRC |
| “Guangzhou Metro” | Guangzhou Metro Group Co., Ltd., a company incorporated in the PRC |
| “CityRenewal Group” | Guangzhou CityRenewal Group Co., Ltd., a company incorporated in the PRC |

| | |
|---------------------------------|---|
| “H Share(s)” | the overseas listed foreign shares of the Bank which are issued in Hong Kong, subscribed for in Hong Kong dollars and listed on the Stock Exchange |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Hong Kong dollars” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Issuance” | the Issuance of Domestic Shares and the Issuance of H Shares |
| “Issuance of Domestic Share(s)” | the non-public issuance by the Bank of 1.338 billion Domestic Shares to the Subscribers under the Specific Mandate |
| “Issuance of H Share(s)” | the non-public issuance by the Bank of 305 million H Shares to eligible investors under the Specific Mandate, and please refer to the announcement of the Bank dated 1 December 2021 for more details |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “PRC” or “China” | the People’s Republic of China, which for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region and Taiwan region |
| “Renminbi” or “RMB” | Renminbi, the lawful currency of the PRC |
| “Share(s)” | the shares in the issued share capital of the Bank |
| “Shareholder(s)” | holder(s) of the Shares |
| “Specific Mandate” | a specific mandate for the Issuance to be granted by the Shareholders at the 2020 Annual General Meeting and the 2021 first Domestic Shareholders and H Shareholders Class Meetings on 8 June 2021 |

| | |
|--------------------|---|
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscribers” | Guangzhou Metro, CityRenewal Group, Guangzhou Industrial Holdings and Guangzhou Business Holdings |
| “Interim Measures” | Interim Measures for the Administration of Assessment of State-owned Assets of Financial Enterprises (《金融企業國有資產評估監督管理暫行辦法》) |
| “Subscription” | the subscription of the Issuance of Domestic Share(s) by the Subscribers |
| “%” | percent |

By Order of the Board
Guangzhou Rural Commercial Bank Co., Ltd.*
Cai Jian
Chairman

Guangzhou, the PRC
8 December 2021

As at the date of this announcement, the Board comprises three executive directors, namely Mr. Cai Jian, Mr. Yi Xuefei and Mr. Zhang Jian; six non-executive directors, namely Ms. Feng Kaiyun, Mr. Zuo Liang, Mr. Zhang Junzhou, Mr. Zhuang Yuemin, Mr. Feng Yaoliang and Mr. Lai Zhiguang; and five independent non-executive directors, namely, Mr. Liao Wenyi, Mr. Du Jinmin, Mr. Tan Jinsong, Mr. Zhang Hua and Mr. Ma Hok Ming.

* *Guangzhou Rural Commercial Bank Co., Ltd. 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 and/or deposit-taking business in Hong Kong.*