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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)

**ANNOUNCEMENT
PROPOSED NON-PUBLIC ISSUANCE OF DOMESTIC SHARES
AND H SHARES UNDER SPECIFIC MANDATE
AND
MAJOR TRANSACTION**

PROPOSED NON-PUBLIC ISSUANCE OF DOMESTIC SHARES AND H SHARES UNDER SPECIFIC MANDATE

The Board is pleased to announce that, on 26 April 2023, the Board resolved to propose the issuance of not more than 2,964 million Domestic Shares and not more than 676 million H Shares to eligible subscribers, so as to further optimize its equity structure, enhance the capital strength of the Bank, replenish core tier 1 capital, continue to comply with regulatory requirements, enhance the Bank's resilience to risks, and shore up market confidence. The net proceeds raised from the Issuance after deducting related issuance costs will be entirely used to replenish the core tier 1 capital of the Bank. The Issuance will be conducted under Specific Mandate. Pursuant to the Articles of Association and Rule 19A.38 of the Listing Rules, the Bank will seek approval from the Shareholders in relation to the granting of the Specific Mandate to conduct the Issuance at the AGM and Class Meetings.

THE TRANSACTION AND THE TRANSACTION MANDATE

The Board is pleased to announce that, on 26 April 2023, the Board approved the Transaction, pursuant to which the Bank conditionally agrees to transfer Transferred Assets, the transaction details of the proposed asset transfer are subject to the approval of the general meeting. The Board proposed to seek Shareholders' approval of the Transaction Mandate at the AGM, enabling the Directors to transfer Transferred Assets during the mandate period.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Transaction exceeds 25% but is less than 75%, the Transaction constitutes a major transaction of the Bank under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules. As none of the existing Shareholders has any material interest in the Issuance or the Transaction, no Shareholder is required to abstain from voting on the resolution to be proposed at the AGM to approve the Issuance or the Transaction and the Transaction Mandate.

AGM, CLASS MEETINGS AND CIRCULAR

The Bank will hold AGM and will submit special resolution for considering and if thought fit, approving, inter alia, (i) the Issuance of Domestic Shares and the Issuance of H Shares; and (ii) the Transaction and the Transaction Mandate. The Bank will hold Class Meetings and will submit special resolution to seek the approval of holders of Domestic Shares and H Shares respectively for the Issuance.

A circular containing, among other things, (i) details of the Issuance of Domestic Shares and the Issuance of H Shares; (ii) details of the Transaction and the Transaction Mandate; and (iii) a notice of the AGM and Class Meetings, is expected to be despatched to the Shareholders on or before 30 May 2023, as additional time is required by the Bank for preparation of certain information for inclusion in the circular.

As the Issuance and the Transaction 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.

I. THE ISSUANCE

The Board is pleased to announce that, on 26 April 2023, the Board resolved to propose the issuance of not more than 2,964 million Domestic Shares and not more than 676 million H Shares to eligible subscribers, so as to further optimize the equity structure, enhance the Bank's capital strength, replenish core tier 1 capital, continue to comply with regulatory requirements, enhance the Bank's resilience to risks and shore up market confidence. The net proceeds raised from the Issuance after deducting related issuance costs will be entirely used to replenish the core tier 1 capital of the Bank. The Issuance will be conducted under Specific Mandate.

(I) Proposed Issuance of Domestic Shares Under Specific Mandate

On 26 April 2023, the Board approved the resolution on the Issuance of Domestic Shares and proposed to seek approval from Shareholders in relation to the granting of Specific Mandate at the AGM and the Class Meetings, to approve and authorize the Board to issue no more than 2,964 million Domestic Shares to eligible subscribers. The details of the Issuance of Domestic Shares are set out below:

Type and par value of Shares to be issued	:	The type of Shares to be issued under the Issuance is ordinary Domestic Shares to be subscribed for in RMB by domestic investors, with par value of RMB1.00 each.
Number of Shares to be issued	:	The aggregate number of Shares to be issued under the Issuance of Domestic Shares will not exceed 2,964 million shares, accounting for about 31.78% of the number of Domestic Shares issued by the Bank before the completion of the Issuance of the Domestic Shares. The actual number of Shares to be issued is to be approved/registered by regulatory authorities.

Target placees : The target placees of the Issuance of Domestic Shares consist of not more than 35 qualified domestic institutional investors. The Board will be authorized to determine the placees and the number of Shares to be subscribed for by them after discussions with the placees and regulatory authorities. The actual placee(s) and the number of Shares subscribed for by them will be subject to the approval/ registration by regulatory authorities.

There is no pre-emptive arrangement for the Issuance of the Domestic Shares.

Method of pricing : The issue price for the Issuance of Domestic Shares will be determined with reference to market practice and regulatory requirements, the capital market condition and the price of the Bank's H Shares, fully taking into account factors such as interest of the Shareholders, acceptability of the investors and issuance risk. The exchange rate of the final issue price will be the exchange rate of Hong Kong dollars to Renminbi quoted by the People's Bank of China on the date when the issue price of the Issuance is determined.

Method of Issuance : The Issuance of Domestic Shares will be conducted by way of non-public issuance of shares to not more than 35 selected placees under Specific Mandate.

- Timing of Issuance : The Board of Directors of the Bank shall select an appropriate occasion and window to complete the Issuance of Domestic Shares according to market conditions after obtaining the approval of the Issuance of Domestic Shares from the Shareholders and the approval/registration of the relevant regulatory authorities (including but not limited to China's securities regulatory and management authorities and China's banking supervisory and regulatory authorities and their local offices) and within the validity period of the Issuance plan approved by the Shareholders at the AGM and the Class Meetings. Given that the Bank will also proceed with the Issuance of H Shares, the Issuance of Domestic Shares will be completed simultaneously with or not earlier than the Issuance of H Shares.
- Use of proceeds : The net proceeds raised from the Issuance of Domestic Shares after deducting related issuance costs will be entirely used to replenish core tier 1 capital of the Bank.
- Distribution of retained profit : The Bank will distribute the profit according to the relevant resolution passed at AGM before the completion of the Issuance of Domestic Shares. The retained profit accrued before the Issuance of Domestic Shares will be shared by existing and new Shareholders upon the Issuance of Domestic Shares in proportion to their respective shareholdings.

Lock-up arrangement : Domestic Shares to be issued and held by investors participating in the Issuance of Domestic Shares shall be transferred in accordance with the PRC Company Law, the Implementation Rules on the Administrative Licensing Matters concerning Small and Medium-sized Rural Banking Institutions (《農村中小銀行機構行政許可事項實施辦法》), the Interim Measures on the Equity Management of Commercial Banks (《商業銀行股權管理暫行辦法》), the Articles of Association and other relevant rules. In particular, any subscriber who is deemed to be a substantial shareholder of the Bank upon completion the Issuance of Domestic Shares shall not transfer their newly-subscribed Shares within 5 years from the date on which the Shares are issued and allotted to them. Substantial shareholders mean shareholders who hold or control 5% or above shares or voting right of a commercial bank, or who hold less than 5% of total capital or total shares of the commercial bank but have significant influence on the operation and management of the commercial bank. The aforementioned “significant influence” includes without limitation the designation of Director(s), supervisor(s) or senior executive(s) to the Bank, exerting influence on the Bank’s financial, operational and management decisions by way of agreement or through other means, and other circumstances as identified by China’s banking supervisory and regulatory authorities or its local offices.

Saved for the above, there are no other lock-up arrangements on the Issuance of Domestic Shares.

Validity period : The plan of the Issuance of Domestic Shares shall remain valid for 12 months from the date on which resolutions are considered and approved at the AGM and the Class Meetings. The Board may seek approval of the extension of the validity period for the plan of the Issuance of Domestic Shares at general meetings depending on the actual circumstances.

The relevant proposals on the Issuance of Domestic Shares shall be implemented subject to the consideration and approval of the AGM, the Class Meetings and the determination/registration of the relevant regulatory authorities such as China's banking supervisory and regulatory authorities, China's securities regulatory and management authorities, and ultimately subject to the plan determined/registered by relevant regulatory authorities.

(II) Proposed Issuance of H Shares Under Specific Mandate

On 26 April 2023, the Board also approved the resolution on the Issuance of H Shares and proposed to seek approval from Shareholders in relation to the granting of Specific Mandate at the AGM and the Class Meetings, to approve and authorize the Board to issue no more than 676 million H Shares to eligible subscribers. The details of the Issuance of H Shares are set out below:

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

Number of Shares to be issued : The aggregate number of Shares to be issued under the Issuance of H Shares will not exceed 676 million shares, accounting for about 31.81% of the number of H Shares issued by the Bank before the completion of the Issuance of H Shares. The actual issue number is to be determined with reference to the approval of the Issuance plan by relevant regulatory authorities, market conditions and the actual situation of the Bank.

In addition, as the Bank will also conduct Issuance of Domestic Shares, the actual number of H Shares to be issued by the Bank will be determined with reference to the actual number of Domestic Shares to be issued, so as to maintain the minimum public float of H shares imposed by the Stock Exchange on the Bank upon completion of the Issuance of H Shares and Domestic Shares.

Target placees : The target placees of the Issuance of H Shares shall be eligible to subscribe for H Shares of the Bank, and consist of eligible investors (except as restricted by laws) who are independent of the Bank and its connected persons. The selection of placees is subject to market conditions and the actual conditions of the Bank.

Method of pricing : The issue price for the Issuance of H Shares will be determined with reference to international market practice and regulatory requirements, the then capital market conditions and the pricing of the Issuance of Domestic Shares, fully taking into account factors such as interest of the Shareholders, acceptability of the investors and issuance risk. The exchange rate of the final issue price will be the exchange rate of Hong Kong dollar to Renminbi quoted by the People's Bank of China on the date when the issue price for the Issuance of H Shares is determined. The issue price shall not represent a discount of more than 20% to the benchmark price. The above benchmark price refers to the higher of the prices below:

- (I) the closing price on the date of execution of the H Shares placing and subscription agreement;

- (II) the average closing price for the five trading days preceding the earliest of the following three dates;
1. the date when the H Shares placing transaction or arrangement is announced;
 2. the date of execution of the H Shares placing and subscription agreement;
 3. the price determination date of the placement or subscription of H Shares.

Given that the Bank will also conduct the Issuance of Domestic Shares, if the Issuance of H Shares is completed simultaneously with the Issuance of Domestic Shares, the issue price of the H Shares shall be the same as the issue price of the Domestic Shares after adjustment as per the exchange rate.

- Method of Issuance : The Issuance of H Shares will be conducted by way of non-public issuance of H Shares to selected places under Specific Mandate.
- Timing of Issuance : The Board of Directors of the Bank shall select an appropriate occasion and window to complete the Issuance of H Shares according to market conditions after obtaining the approval of the Issuance of H Shares from the Shareholders and the approval of the relevant regulatory authorities (including but not limited to China's banking supervisory and regulatory authorities and their local offices) and within the validity period of the Issuance plan approved by the Shareholders at the AGM and the Class Meetings. Given that the Bank will also proceed with the Issuance of Domestic Shares, the Issuance of H Shares will be completed simultaneously with or earlier than the Issuance of Domestic Shares.

- Use of proceeds : The net proceeds raised from the Issuance of H Shares after deducting related issuance costs will be entirely used to replenish core tier 1 capital of the Bank.
- Distribution of retained profit : The Bank will distribute the profit according to the relevant resolution passed at AGM before the completion of the Issuance of H Shares. The retained profit accrued before the Issuance of H Shares will be shared by existing and new Shareholders upon the Issuance of H Shares in proportion to their respective shareholdings.
- Validity period : The plan of the Issuance of H Shares shall remain valid for 12 months from the date on which resolutions are considered and approved at the AGM and the Class Meetings. The Board may seek approval of the extension of the validity period for the plan of the Issuance of H Shares at general meetings depending on the actual circumstances.
- Listing arrangement : Application will be made by the Bank for the listing and permission to deal in the H Shares issued in the Issuance of H shares on the Stock Exchange.

The relevant proposals on the Issuance of H Shares shall be implemented subject to the consideration and approval of the AGM, the Class Meetings and the approval of the relevant regulatory authorities such as China's banking supervisory and regulatory authorities, and ultimately subject to the plan approved by relevant regulatory authorities.

(III) Grant of Authority to the Board to Handle Matters in Relation to the Issuance

According to the need of the Issuance, a proposal will be put forward at the AGM and the Class Meetings for the Shareholders to authorize the Board, who would in turn delegate such authority to Mr. Cai Jian, the Chairman, Mr. Lin Ripeng, the Deputy President, who is acting as President and Mr. Li Yaguang, the Deputy President, to jointly or severally handle matters in relation to the Issuance, the relevant authority will remain valid for 12 months from the date on which it is considered and approved at the AGM and Class Meetings.

(IV) Specific Mandate for the Issuance

The Issuance will be conducted under the Specific Mandate. Pursuant to the Articles of Association and Rule 19A.38 of the Listing Rules, the Bank will seek approval from the Shareholders in relation to the granting of the Specific Mandate to conduct the Issuance at the AGM and Class Meetings.

(V) Pricing Principle of the Issuance

The Bank will consider the following factors when determining the price of the Issuance: (i) the operation and financial conditions of the Bank; (ii) the prevailing market situation; (iii) the market demand for H Shares; (iv) the legal requirements under the applicable laws and regulations (including, but not limited to, the PRC Company Law); and (v) if the Issuance of H Shares is completed simultaneously with the issuance of Domestic Shares, the issue price of H shares shall be the same as the issue price of Domestic Shares after adjusting for exchange rate. As at the date of this announcement, the indicative range for the issue price of the Domestic Shares and the H Shares had not yet been determined.

In addition, according to Rule 7.27B of the Listing Rules, the Bank may not undertake a Specific Mandate placing that would result in a theoretical dilution effect of 25% or more, unless the Stock Exchange found that there are exceptional circumstances.

(VI) Fund-Raising Activities of the Bank for the Past Twelve Months

The Bank (i) completed the issuance and listing of tier 2 capital bonds with a total issue size of RMB15 billion on 3 April 2023, please refer to the notice of the Bank dated 29 April 2022, the announcements of the Bank dated 16 June 2022, 24 March 2023 and 3 April 2023 and the circular of the 2021 annual general meeting dated 27 May 2022 for details; and (ii) completed the public offering of green financial bonds in the national interbank bond market on 5 May 2022 with an issue size of RMB3 billion, please refer to the announcements of the Bank dated 21 April 2022 and 6 May 2022 for details. Saved as the above, Directors confirm that the Bank has not been involved in any fund-raising activities in relation to the issuance of its equity securities within the 12 months immediately preceding the date of this announcement.

(VII) Effect of the Issuance on the Shareholding Structure of the Bank

As at the date of the announcement, the number of the total issued ordinary Shares of the Bank is 11,451,268,539 shares, including 9,325,933,539 Domestic Shares and 2,125,335,000 H Shares. The number of the total issued overseas preference shares of the Bank is 71,500,000 shares. The 676 million H Shares to be issued under the Issuance of H Shares accounts for 31.81% of the total number of the issued H Shares, and the 2,964 million Domestic Shares to be issued under the Issuance of Domestic Shares accounts for 31.78% of the total number of issued Domestic Shares.

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

Assuming that there are no other changes to the total issued share capital of the Bank other than the Issuance from the date of this announcement to the date of the completion of the Issuance, the shareholding structure of the Bank (1) as at the date of this announcement; (2) immediately after the completion of the Issuance of H Shares (assuming the number of H Shares to be issued is 676 million shares, and the Issuance of Domestic Shares is not completed); (3) immediately after the completion of the Issuance (assuming the number of Domestic Shares to be issued is 2,964 million shares and the number of H Shares to be issued is 676 million shares) is set out as below:

	As at the date of this announcement		Immediately after the completion of the Issuance of H Shares (assuming only H Shares are issued)		Immediately after the completion of the Issuance	
	Number of Shares	Approximate percentage of total issued ordinary Shares of the Bank	Number of Shares	Approximate percentage of total issued ordinary Shares of the Bank	Number of Shares	Approximate percentage of total issued ordinary Shares of the Bank
Domestic Shares	9,325,933,539	81.4%	9,325,933,539	76.9%	12,289,933,539	81.4%
H Shares	2,125,335,000	18.6%	2,801,335,000	23.1%	2,801,335,000	18.6%
Total	<u>11,451,268,539</u>	<u>100.00%</u>	<u>12,127,268,539</u>	<u>100.00%</u>	<u>15,091,268,539</u>	<u>100.00%</u>

Note: 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.

At the time of our listing in June 2017, the Stock Exchange granted the Bank a waiver from strictly complying with the minimum percentage requirement under Rule 8.08(1) of the Listing Rules. Pursuant to the waiver granted by the Stock Exchange, the minimum percentage of the H Shares held by the public from time to time is reduced to the highest of: (a) 15% of the total issued share capital of the Bank (assuming the over-allotment option is not exercised); (b) such percentage of H Shares to be held by the public immediately after completion of the global offering (assuming the over-allotment option is not exercised); or (c) such percentage of H Shares to be held by the public after the exercise of the over-allotment option. Immediately following the completion of the global offering and the exercise in full of the over-allotment option, the number of H Shares held by the public represents approximately 18.56% of the total issued share capital of the Bank. The Bank expects that the public float of H Shares will, after completion of the Issuance, still meet the minimum percentage requirement as adjusted by the waiver granted by the Stock Exchange.

II. THE TRANSACTION AND THE TRANSACTION MANDATE

The Board is pleased to announce that, on 26 April 2023, the Board approved the Transaction, pursuant to which the Bank conditionally agrees to transfer Transferred Assets, the transaction details of the proposed asset transfer are subject to the approval of the AGM. The Board proposes to seek Shareholders' approval of the Transaction Mandate at the AGM, who would in turn delegate such authority to Mr. Cai Jian, the Chairman, Mr. Lin Ripeng, the Deputy President, who is acting as President and Mr. Li Yaguang, the Deputy President, to jointly or severally handle related matters in relation to the Transaction, enabling the Directors and authorised persons to transfer Transferred Assets during the mandate period.

The Transaction under the Transaction Mandate shall be subject to the following terms:

Mandate period

The Transaction Mandate shall be effective during the mandate period, being a period of 12 months from the date on which the relevant resolutions in respect of the Transaction under the Transaction Mandate are approved at the AGM.

Transferred Assets

The Bank has conditionally agreed to transfer related assets, being certain credit assets, assets from businesses such as investment in wealth management products, bonds, bank acceptance bills and commercial acceptance bills, as well as other assets held by the Bank. The interests, benefits and obligations in relation to such assets, rights to request, demand, obtain and accept the receivables arising therefrom, sum of any debt repayment, and the rights and power in relation to the execution and realization of the value of such assets, shall thereby be transferred from the Bank to the Purchaser.

Scope of mandate

The Bank will submit a proposal at the AGM to proceed with the Transaction under the Transaction Mandate for the Shareholders to authorise the Board to formulate the transaction plan and make appropriate adjustments to it in the light of the Bank's actual and regulatory requirements, organise the implementation of Transaction, execute all documents relating to the Transaction, exercise the Bank's powers, do such acts and things and take all measures in connection with the Transaction as they consider necessary, appropriate or expedient for the implementation of the Transaction under the Transaction Mandate and the transactions contemplated thereunder.

Consideration and Payment

The Consideration of the Transaction shall be determined with reference to (i) the original book value of the debt principal amount of such Transferred Assets; (ii) the liquidity of the Transferred Assets; and (iii) the general market price discount of assets similar to the Transferred Assets purchased by financial asset management companies.

The payment schedule for the sale and purchase of each relevant Transferred Assets shall be governed by specific transfer agreement to be entered into between the Bank and the Purchaser. It is expected that standard form specific asset transfer agreements will be entered into and the relevant Consideration shall be settled by cash after satisfaction of the agreed payment conditions of relevant asset transfer agreement pursuant to the payment terms thereunder.

Information on the Transferred Assets

The Transferred Assets comprise certain credit assets, assets from businesses such as investment in wealth management products, bonds, bank acceptance bills and commercial acceptance bills, as well as other assets of the Bank. The audited book value of the Transferred Assets for the financial year ended 31 December 2022 was RMB12,105 million, the net profit (before taxation) for the financial years ended 31 December 2021 and 31 December 2022 was RMB504 million and RMB-1,988 million, respectively, and the net profit (after taxation) for the financial years ended 31 December 2021 and 31 December 2022 was RMB378 million and RMB-1,491 million, respectively.

Compliance with Laws and Regulations

According to relevant Chinese laws and regulations, transfer assets in batches shall be carried out in a public manner as required by China's banking supervisory and regulatory authorities. In addition, according to the Articles of Association, the Transaction shall be approved by the general meeting and the Transaction shall be conducted in a public manner in accordance with the principles of transparency, fairness and competitive selection. Therefore, in order to comply with the above regulatory requirements and to shorten the time for obtaining internal approval of the Bank, the Board recommends to seek approval from the Shareholders for the Transaction Mandate, pursuant to which the Board will be mandated to take necessary actions to conduct the Transaction within the scope of the Transaction Mandate approved by the Shareholders, including but not limited to selecting a qualified Purchaser through public transfer such as tendering or bidding, signing specific transfer agreements and other relevant legal documents.

The Transaction under the Transaction Mandate is subject to relevant applicable laws and regulations, including any applicable transaction regulations in Hong Kong. Subsequent to the completion of the Transaction, the Bank will issue a separate announcement to disclose, among other things, the identity of the Purchaser and its ultimate beneficial owner of the Transaction, the principal business and the payment terms of the Transaction.

Financial Effect of the Transaction on the Bank

The amount receivable for the Transaction will be reflected in the Bank's 2023 balance sheet upon receipt of the above-mentioned consideration. The deposit of the Bank at central bank will increase, while the accounts of "loans and advances" and "financial investment assets", which were originally shown as Transferred Assets, will decrease accordingly. The accrued principal and interest of the Transferred Assets will be reduced accordingly based on the consideration of the Transaction. The expected gain/loss of the Transaction will be calculated based on the consideration of the Transaction and the book value of the Transferred Assets. The actual amount will be disclosed in accordance with the Listing Rules after the consideration of the Transaction is confirmed. The above-mentioned estimation may be different from the actual financial effect of the Transaction.

Use of Proceeds

The proceeds of the Transaction are intended to be used for the general working capital of the Bank, improve the capital adequacy ratio and liquidity of the Bank.

Reasons for and Benefits of the Transaction

The Bank optimizes its asset structure and improves its asset quality in order to further enhance the level of refinement and management. Upon completion of the Transaction, the Bank will achieve rapid cash flow, improve liquidity, effectively enhance the capital adequacy ratio and risk-resilience of the Bank, improve operating efficiency and profitability, and optimize the Bank's business structure and assets quality, laying the foundation for stable operations and long-term development.

Therefore, the Directors of the Bank (including the independent non-executive Directors) believe that the Transaction will be entered into on normal commercial terms in the ordinary and usual course of business of the Bank, which are fair and reasonable, and are in the interests of the Bank and its Shareholders as a whole.

Information on the Parties

Information relating to the Group

The Bank is a joint stock company incorporated in the PRC with limited liability on 9 December 2009, whose H Shares are listed on the Main Board of the Stock Exchange (H Share Stock Code: 1551, Preference Share Stock Code: 4618). The Bank is principally engaged in corporate banking, retail banking and financial markets business in the PRC.

Information relating to the Purchaser

As of the date of this announcement, the Purchaser has not yet been determined. The Purchaser will be determined by public means in accordance with the PRC laws and regulations, and the Bank will disclose the information relating to the Purchaser in accordance with the Listing Rules once the Purchaser is determined.

Listing Rules Implications

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Transaction (measured by the book value of the Transferred Assets) exceeds 25% but is less than 75%, the Transaction constitutes a major transaction of the Bank under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules. As none of the existing Shareholders has any material interest in the Transaction and the Transaction Mandate, no Shareholder is required to abstain from voting on the resolution to be proposed at the AGM to approve the Transaction and the Transaction Mandate.

III. AGM, CLASS MEETINGS AND CIRCULAR

The Bank will hold AGM and will submit special resolution for considering and if thought fit, approving, inter alia, (i) the Issuance of Domestic Shares and the Issuance of H Shares; and (ii) the Transaction and the Transaction Mandate. The Bank will hold Class Meetings and will submit special resolution to seek the approval of holders of Domestic Shares and H Shares respectively for the Issuance. To the best of the Directors' knowledge, information and belief, none of the Directors has a material interest in the Issuance and the Transaction, and shall abstain from voting on the relevant resolutions at the AGM and the Class Meetings.

A circular containing, among other things, (i) further details of the Issuance of Domestic Shares and the Issuance of H Shares; (ii) details of the Transaction and the Transaction Mandate; and (iii) a notice of the AGM and Class Meetings, is expected to be despatched to the Shareholders on or before 30 May 2023, as additional time is required by the Bank for preparation of certain information for inclusion in the circular.

IV. GENERAL INFORMATION

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

As the Issuance and Transaction 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.

V. DEFINITIONS

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

“Articles of Association”	the articles of association of the Bank, which was passed by the shareholders of the Bank at the general meeting held on 16 June 2022 and was approved by the China Banking and Insurance Regulatory Commission, Guangdong Bureau effective on 2 August 2022 (as amended, supplemented or otherwise revised from time to time)
“AGM”	the annual general meeting the Bank is to convene to consider and, if thought fit, to approve, inter alia, (i) the Issuance of Domestic Shares and the Issuance of H Shares; and (ii) the Transaction and the Transaction Mandate
“Bank”	Guangzhou Rural Commercial Bank Co., Ltd., a joint stock company incorporated in the PRC with limited liability on 9 December 2009, whose H Shares are listed on the Main Board of the Stock Exchange (H Share Stock Code: 1551, Preference Share Stock Code: 4618)
“Board” or “Board of Directors”	the board of directors of the Bank
“Class Meeting(s)”	the general description of the Domestic Shareholders Class Meeting and the H Shareholders Class Meeting to be held immediately after the conclusion of the AGM, to approve the relevant resolutions on the Issuance

“Connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Bank
“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
“Group”	the Bank and its subsidiaries
“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 proposed non-public issuance by the Bank of not more than 2,964 million domestic shares to eligible subscribers through the Specific Mandate
“Issuance of H Share(s)”	the proposed non-public issuance by the Bank of not more than 676 million H Shares to eligible subscribers through the Specific Mandate.
“Listing Rules”	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 of the PRC and Taiwan region
“Purchaser”	the purchaser of the Transaction, details of which will be disclosed in accordance with the Listing Rules upon determination
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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 AGM and the Class Meetings
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	related transactions as contemplated under the related asset transfer
“Transaction Mandate”	the general and conditional mandate to be granted by the Shareholders to the Board of the Bank at the AGM to transfer related assets for the mandate period
“Transferred Assets”	certain credit assets, assets from businesses such as investment in wealth management products, bonds, bank acceptance bills and commercial acceptance bills, as well as other assets held by the Bank
“%”	percent

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

Guangzhou, the PRC
26 April 2023

As at the date of this announcement, the Board comprises one executive director, namely Mr. Cai Jian; five non-executive directors, namely Mr. Da Hengcheng, Mr. Zuo Liang, Ms. Feng Kaiyun, Mr. Zhang Junzhou, Mr. Feng Yaoliang and Mr. Lai Zhiguang; and six independent non-executive directors, namely Mr. Liao Wenyi, Mr. Du Jinmin, Mr. Tan Jinsong, Mr. Zhang Weiguo, 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.*

Note: This announcement is a framework for reference based on the preliminary transaction. Specific disclosures will be subject to the actual situation of the transaction and further comments and requirements of the Stock Exchange.