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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)**

**PLACING OF NEW H SHARES UNDER SPECIFIC MANDATE**

**Placing Agents**

(in no particular order)



References are made to the announcements of the Bank dated 26 April 2023 and 20 June 2023 and the circular of the Bank dated 31 May 2023 in relation to, among others, the proposed issuance of H Shares to subscribers.

The Board is pleased to announce that on 20 December 2023 (after trading hours), the Bank (as the issuer) entered into the Placing Agreement with Huatai Financial Holdings (Hong Kong) Limited and China International Capital Corporation Hong Kong Securities Limited (collectively, the Placing Agents), pursuant to which, each of the Placing Agents has agreed to act as the agent of the Bank and to use its best efforts to procure the placees to subscribe for a total of up to 549,590,000 new H Shares at the Placing Price per Placing Share upon the terms and subject to the conditions set out in the Placing Agreement.

The Placing Shares are expected to be placed to no less than six independent placees who shall be professional institutions and other investors that are eligible to subscribe for H Shares of the Bank, and together with their respective ultimate beneficial owners, third parties independent of, and not connected with, the Bank and the connected persons of the Bank.

The Placing is made pursuant to the Specific Mandate granted by the Shareholders at the 2022 AGM, the first domestic shareholders class meeting of 2023 and the first H shareholders class meeting of 2023 of the Bank held on 20 June 2023, respectively. The net proceeds from the Placing after deducting related issuance costs will be entirely used to replenish the core tier-one capital of the Bank.

**As Completion is subject to the satisfaction of the Conditions and the Placing Agents' termination rights, the Placing may or may not proceed. Shareholders and potential investors of the Bank should exercise caution when dealing in the securities of the Bank.**

References are made to the announcements of Guangzhou Rural Commercial Bank Co., Ltd.\* (the “**Bank**”) dated 26 April 2023 and 20 June 2023 (the “**Announcements**”) and the circular of the Bank dated 31 May 2023 (the “**Circular**”) in relation to, among others, the proposed issuance of not more than 676 million H Shares to subscribers. The Issuance has been approved by the relevant Shareholders of the Bank at the AGM and the Class Meetings, and by Guangdong Office of the National Administration of Financial Regulation (“**NAFR Guangdong Office**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements and the Circular.

## **THE PLACING**

The Board is pleased to announce that on 20 December 2023 (after trading hours), the Bank entered into a placing agreement (the “**Placing Agreement**”) with Huatai Financial Holdings (Hong Kong) Limited and China International Capital Corporation Hong Kong Securities Limited (collectively, the “**Placing Agents**”), pursuant to which, each of the Placing Agents has agreed to act as the agent of the Bank and to use its best efforts to procure certain independent placees to subscribe for a total of up to 549,590,000 new H Shares (the “**Placing Shares**”) at HK\$2.37 per Placing Share (exclusive of any brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee as may be payable by the placees) (the “**Placing Price**”) to be issued by the Bank under the Specific Mandate upon the terms and subject to the conditions set out in the Placing Agreement (the “**Placing**”).

## **THE PLACING AGREEMENT**

The principal terms of the Placing Agreement are set out below:

**(a) Date**

20 December 2023 (after trading hours)

**(b) Parties**

- (1) The Bank; and
- (2) The Placing Agents.

**(c) The Placing Agents**

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agents and their ultimate beneficial owners are third parties independent of, and not connected with, the Bank and the connected persons (as defined under the Listing Rules) of the Bank.

**(d) Number of the Placing Shares**

The Placing Agents have agreed to act as the agents of the Bank to use their best efforts to procure the placees to subscribe for up to 549,590,000 new H Shares at the Placing Price upon the terms and subject to the conditions set out in the Placing Agreement.

The number of the Placing Shares represents: (a) approximately 25.86% and 4.80% of the total existing issued H Shares and the total existing ordinary issued Shares, respectively, up to the date of this announcement; and (b) approximately 20.55% and 4.58% of the total existing issued H Shares and the total existing ordinary issued Shares, respectively, as enlarged by the issuance of the Placing Shares immediately after the completion of the Placing (the “**Completion**”) (assuming all the Placing Shares are subscribed for in full and there will be no change in the total number of Shares in issue from the date of this announcement to the Completion other than the Placing).

Based on the nominal value of RMB1.00 per Placing Share, the aggregate nominal value of the 549,590,000 Placing Shares will be RMB549,590,000.

**(e) Rights of the Placing Shares**

The Placing Shares will, on issuance, be free from all liens, charges and encumbrances, and together with all rights attaching thereto as at the date of issuance of the Placing Shares, including the right to receive all dividends declared, made or paid for which a record date occurs on or after the date of issuance of the Placing Shares. The Placing Shares will rank *pari passu* with the other existing H Shares upon issuance.

**(f) Placees**

The Placing Shares are expected to be placed to no less than six independent placees who shall be professional institutions and other investors that are eligible to subscribe for H Shares of the Bank, and together with their respective ultimate beneficial owners, third parties independent of, and not connected with, the Bank and the connected persons of the Bank.

Immediately after the Completion of the Placing, it is expected that none of the placees will become a substantial shareholder (as defined under the Listing Rules) of the Bank.

**(g) Placing Price**

The Placing Price is HK\$2.37 per Placing Share (exclusive of any brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee as may be payable by the placees) and represents:

- (i) a premium of approximately 14.49% to the closing price of HK\$2.07 per H Share as quoted on the Hong Kong Stock Exchange on 20 December 2023, being the date on which the Placing Agreement is signed;
- (ii) a premium of approximately 15.05% to the average closing price of HK\$2.06 per H Share as quoted on the Hong Kong Stock Exchange for the five consecutive trading days of the H Shares immediately prior to the date of the Placing Agreement (including 20 December 2023, being the date on which the Placing Agreement is signed);
- (iii) a premium of approximately 18.50% to the average closing price of HK\$2.00 per H Share as quoted on the Hong Kong Stock Exchange for the twenty consecutive trading days of the H Shares immediately prior to the date of the Placing Agreement (including 20 December 2023, being the date on which the Placing Agreement is signed); and
- (iv) a premium of approximately 19.70% to the average closing price of HK\$1.98 per H Share as quoted on the Hong Kong Stock Exchange for the thirty consecutive trading days of the H Shares immediately prior to the date of the Placing Agreement (including 20 December 2023, being the date on which the Placing Agreement is signed).

The Placing Price was determined through order and book building process by the Placing Agents and arm's length negotiations between the Bank and the Placing Agents with reference to the prevailing market price of the H Shares and with due consideration to the interests of the existing Shareholders, investors' acceptance and the issuance risks, as well as the international practices and regulatory requirements, and taking into account factors such as the capital market conditions and the pricing of the issuance of the Domestic Shares of the Bank at the time of the issuance of the Bank.

The Directors consider that the Placing Price and the terms and conditions of the Placing Agreement are fair and reasonable and that the Placing is in the interests of the Bank and the Shareholders as a whole.

## (h) **Conditions of the Placing**

Completion of the Placing is conditional upon the satisfaction of the following conditions (the “**Conditions**”):

- (a) the approvals from the Shareholders of the Bank at the AGM and the Class Meetings held on 20 June 2023 for the issuance and placement of the Placing Shares being obtained and remaining in full force and effect on the Closing Date and the delivery to the Placing Agents of a copy of each of the above approvals;
- (b) the approvals of all relevant PRC regulatory authorities including the NAFR Guangdong Office in connection with the issuance and placement of the Placing Shares being obtained and remaining in full force and effect on the Closing Date, and the delivery to the Placing Agents of a copy of each of the above approvals;
- (c) the Listing Committee of the Hong Kong Stock Exchange granting the listing of, and permission to deal in, the Placing Shares (“**Listing Approvals**”) (and such Listing Approvals not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Placing Shares and the delivery to the Placing Agents of a copy of the Listing Approvals);
- (d) the delivery to the Placing Agents of the final or substantially finalised version of the relevant CSRC filing documents and the opinion of the PRC legal counsel of the Bank in respect of the CSRC filing documents, in the form and substance of such opinion satisfactory to the Placing Agents; and
- (e) the delivery to the Placing Agents of (i) a Hong Kong legal opinion issued by the Hong Kong legal counsel of the Placing Agents; (ii) a no-registration opinion issued by the U.S. legal counsel of the Placing Agents, in the form of above two documents satisfactory to the Placing Agents.

The Bank has obtained the necessary PRC regulatory approval for the Placing, being the approval from the NAFR Guangdong Office, and will make application to the Listing Committee of the Hong Kong Stock Exchange for the listing of, and the permission to deal in, the Placing Shares as soon as practicable.

## (i) **Termination**

The Placing Agents may terminate the Placing Agreement without liability to the Bank by giving notice in writing to the Bank, which may be given at any time prior to 8:00 a.m. (Hong Kong time) on the Closing Date (as defined below) in accordance with the terms thereof, on the grounds of, including but not limited to, breach of any of the representations, warranties and undertakings by the Bank as set out in the Placing Agreement and the occurrence of certain force majeure events.

## **(j) Completion of the Placing**

Completion of the Placing shall take place on the second business day, being any day (excluding a Saturday, Sunday or public holiday in Hong Kong and a day on which a tropical cyclone warning number 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. to 5:00 p.m.) on which licensed banks are generally open for business in Hong Kong and the Stock Exchange is generally open for trading of securities in Hong Kong, after the date on which the Conditions are fulfilled but in any event no later than 29 December 2023, or such other date as the Bank and the Placing Agents may agree in writing (the “Closing Date”).

## **DISTRIBUTION OF RETAINED PROFIT**

The Bank will distribute the profit according to the resolution(s) passed at relevant general meetings before the Completion of the Placing. The retained profit accrued before the issuance of the Placing Shares will be shared by existing and new Shareholders upon the issuance of the Placing Shares in proportion to their respective shareholdings.

## **LOCK-UP UNDERTAKING**

The Bank has undertaken to the Placing Agents that for a period from the date of the Placing Agreement up to 30 days after the Closing Date, neither the Bank nor any of its subsidiaries or affiliates over which it exercises management or voting control, nor any person acting on its or their behalf will, except for the Placing Shares and the private placement of no more than 2.964 billion Domestic Shares under the Specific Mandate as approved by the Shareholders of the Bank in the AGM and Class Meetings, (i) sell, transfer, dispose of, allot or issue or offer to sell, transfer, dispose of, allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any H Shares or any interests in H Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any H Shares or interest in H Shares, or (ii) agree (either conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above, or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above without first having obtained the written consent of the Placing Agents.

## **SPECIFIC MANDATE TO ISSUE THE PLACING SHARES**

As disclosed in the poll results announcement of the Bank dated 20 June 2023, the grant of the Specific Mandate was approved by the Shareholders at the AGM and Class Meetings of the Bank held on the same day.

As at the date of this announcement, the maximum number of new H Shares that can be issued by the Bank under the Specific Mandate is 676,000,000 H Shares. Up to the date of this announcement, no H Shares have been issued by the Bank under the Specific Mandate. The Placing Shares will be issued pursuant to the Specific Mandate. The issuance of the Placing Shares will utilize 81.30% of the Specific Mandate. As such, the Placing is not subject to any further approval of the Shareholders.

## REASONS FOR THE PLACING

The Issuance is launched mainly to further optimize the Bank's shareholding structure, improve the capital strength of the Bank, effectively replenish the Bank's core tier-one capital, ensure continuous compliance with regulatory requirements, efficaciously enhance the Bank's resilience to risks and shore up market confidence.

According to the Capital Management Measures for Commercial Banks (《商業銀行資本管理辦法》), the core tier-one capital of commercial banks includes paid-in capital (i.e. ordinary shares), capital reserves, etc. After the Issuance, the Bank will directly increase its paid-in capital and capital reserves, thereby increasing the core tier-one capital, without taking into consideration the uncertainty of the risk-weighted assets, will in turn effectively increase the core tier-one capital adequacy ratio. At the same time, as total capital includes tier-one capital and tier-one capital includes core tier-one capital, ceteris paribus, the tier-one capital adequacy ratio and capital adequacy ratio of the Bank will also be effectively enhanced.

Capital adequacy ratio is calculated as follows:

$$\begin{aligned} \text{Capital adequacy ratio} &= \frac{\text{Total capital} - \text{Corresponding capital deductions}}{\text{Risk-weighted assets}} \times 100\% \\ \text{Tier-one capital adequacy ratio} &= \frac{\text{Tier-one capital} - \text{Corresponding capital deductions}}{\text{Risk-weighted assets}} \times 100\% \\ \text{Core tier-one capital adequacy ratio} &= \frac{\text{Core tier-one capital} - \text{Corresponding capital deductions}}{\text{Risk-weighted assets}} \times 100\% \end{aligned}$$

The Board believes that the Issuance will help increase the Bank's capital base, so as to further enhance its capital adequacy indicators to ensure the Bank's continuous compliance with the regulatory requirement. By improving its capital base through the Issuance, the Bank can improve its stability, strengthen the Bank's risk management ability and thus lay a stronger foundation to support its future business growth and sustainable development.

## USE OF PROCEEDS

Assuming that all Placing Shares are subscribed for in full, the aggregate gross proceeds from the Placing are expected to be approximately HK\$1,303 million.



The net proceeds from the Placing, after deducting relevant costs and expenses, commission and levies, are expected to be approximately HK\$1,301 million (on this basis the net price per Placing Share will be approximately HK\$2.37), and, after deducting related issuance costs, will be entirely used to replenish core tier-one capital of the Bank.

## EFFECT ON SHAREHOLDING STRUCTURE OF THE BANK

As at the date of this 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 offshore preference shares of the Bank is 71,500,000 shares.

Assuming that all Placing Shares are subscribed for in full, and there is no other change in the share capital of the Bank immediately prior to the Completion, the shareholding structure of the Bank (i) as at the date of this announcement; and (ii) immediately after the completion of the Issuance of H Shares (assuming that all Placing Shares are subscribed for in full) are set out as follows:

	As at the date of this announcement		Immediately after the completion of the Issuance of H Shares (assuming only 549.59 million H Shares are issued)	
	Number of Shares	Approximate percentage of total issued shares of the Bank <sup>(1)</sup>	Number of Shares	Approximate percentage of total issued shares of the Bank <sup>(1)</sup>
<b>Domestic Shares</b>	<b>9,325,933,539</b>	<b>81.44%</b>	<b>9,325,933,539</b>	<b>77.71%</b>
Including total Domestic Shares held by core connected persons	164,065,224	1.43%	164,065,224	1.37%
Feng Yaoliang (Director)	100,010,000	0.87%	100,010,000	0.83%
Lai Zhiguang (Director)	62,500,000	0.55%	62,500,000	0.52%
Liao Wenyi (Director)	1,103,000	0.01%	1,103,000	0.01%
Lai Jiexiong (Supervisor)	452,224	0.004%	452,224	0.004%
Domestic Shares held by other non-connected Domestic Shareholders	9,161,868,315	80.01%	9,161,868,315	76.34%

	As at the date of this announcement		Immediately after the completion of the Issuance of H Shares (assuming only 549.59 million H Shares are issued)	
	Number of Shares	Approximate percentage of total issued shares of the Bank <sup>(1)</sup>	Number of Shares	Approximate percentage of total issued shares of the Bank <sup>(1)</sup>
<b>H Shares (held by public Shareholders)</b>	<b>2,125,335,000</b>	<b>18.56%</b>	<b>2,674,925,000</b>	<b>22.29%</b>
Placees	–	–	549,590,000	4.58%
H Shares held by other public Shareholders	2,125,335,000	18.56%	2,125,335,000	17.71%
<b>Total</b>	<b>11,451,268,539</b>	<b>100%</b>	<b>12,000,858,539</b>	<b>100%</b>

*Note:*

- (1) Certain amounts and percentage figures included in the table above have been subject to rounding adjustments, and 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 Hong Kong 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 Hong Kong 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 the Completion of the Placing (not considering the Issuance of Domestic Shares), still meet the relevant requirements of the Listing Rules of the Hong Kong Stock Exchange.

## FUND RAISING ACTIVITIES OF THE BANK IN THE PAST 12 MONTHS

The Bank completed the issuance and listing of the tier-two capital bonds in a total amount of RMB15 billion on 3 April 2023, details of which are set out in 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. 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.

**As Completion is subject to the satisfaction of the Conditions and the Placing Agents' termination rights, the Placing may or may not proceed. Shareholders and potential investors of the Bank should exercise caution when dealing in the securities of the Bank.**

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

Guangzhou, the PRC  
21 December 2023

*As at the date of this announcement, the Board comprises one executive director, namely Mr. Cai Jian; eight non-executive directors, namely Mr. Wang Xiaobin, Mr. Da Hengcheng, Mr. Zuo Liang, Mr. Liu Wensheng, Mr. Zhang Junzhou, Mr. Meng Sen, 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.*