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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 ON
ENTERING INTO THE DOMESTIC SHARES SUBSCRIPTION
AGREEMENT AND COMPLETION OF ISSUANCE OF DOMESTIC
SHARES**

References are made to the announcements of the Bank dated 26 April 2023, 20 June 2023 and 28 December 2023 (the “**Announcements**”) and the circular dated 31 May 2023 (the “**Circular**”), in relation to, among others, the Bank’s proposed private placement of Domestic Shares to Subscribers under Specific Mandate.

Unless otherwise defined, the terms used in this announcement shall have the same meanings as those defined in the Announcements and Circular.

The Board is pleased to announce that on 29 December 2023, 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 2,408,930,788 Domestic Shares, the total cash consideration was approximately RMB5.257 billion (equivalent to HK\$5.709 billion). As at the date of this announcement, all the prerequisites set out in the Domestic Shares Subscription Agreement have been fulfilled, and the Issuance of Domestic Shares was completed on 29 December 2023. For the Issuance of Domestic Shares, a total of 2,408,930,788 Domestic Shares were issued to the Subscribers of Domestic Shares on 29 December 2023. In the Issuance of Domestic Shares, each Subscriber of Domestic Shares and their respective ultimate beneficial owners are independent of the Bank and the connected persons of the Bank and are the third parties not related to the Bank and the connected persons of the Bank.

The Issuance of Domestic Shares has been conducted under Specific Mandate granted by the Shareholders at the 2022 AGM and the 2023 first Domestic Shareholders and H Shareholders Class Meetings held on 20 June 2023. 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.

References are made to the announcements of the Bank dated 26 April 2023, 20 June 2023 and 28 December 2023 and the circular dated 31 May 2023, in relation to, among others, the Bank's proposed private placement of Domestic Shares to Subscribers under Specific Mandate.

I. ENTERING INTO THE DOMESTIC SHARES SUBSCRIPTION AGREEMENT AND COMPLETION OF ISSUANCE OF DOMESTIC SHARES

The Board is pleased to announce that on 29 December 2023, 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 2,408,930,788 Domestic Shares, the subscription price was RMB2.18 per Domestic Shares, and the total cash consideration was approximately RMB5.257 billion (equivalent to HK\$5.709 billion).

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

Date:	29 December 2023
Parties:	(i) The Bank (as an issuer) (ii) Subscribers of Domestic Shares (as Subscribers)
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:	The total number of the Shares under the Issuance of Domestic Shares is 2,408,930,788 Domestic Shares.

Subscription price and method of pricing:

The subscription price under the Issuance of Domestic Shares is RMB2.18 per Domestic Share (approximately HK\$2.37).

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.

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.

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/registration from the CSRC and the Guangdong Office of the National Administration of Financial Regulation regarding matters related to the Issuance of Domestic Shares and the Issuance of H Shares;

- (iii) The Issuance of H Shares has been successfully completed; and
- (iv) The Subscribers have paid the subscription price to the designated deposit account as instructed by the Bank after the Bank obtained the shareholder qualification approval document of the Subscribers from the Guangdong Office of the National Administration of Financial Regulation or the shareholder qualification of the Subscribers has been approved by the Bank.

As of the date of this announcement, the aforementioned prerequisites have been met and the placing was completed on 29 December 2023.

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 National Financial Regulatory Administration or its dispatching organizations), such Subscriber shall not transfer the new Domestic Shares within five years from the date of the new Domestic Shares are issued and allotted to it.

Upon the completion of the Issuance of Domestic Shares, Guangzhou Finance Holdings Group Co., Ltd., Guangzhou CityRenewal Group Co., Ltd. and Guangzhou Radio Group Co., Ltd. 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 RMB5.257 billion (equivalent to HK\$5.709 billion), and the net proceeds are expected to be RMB5.254 billion (calculated on this basis, the net issuance price per newly-issued Domestic Share is RMB2.18). 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 mainly aims to further optimize the equity structure, enhance the capital strength of the Bank, effectively replenish the core tier 1 capital of the Bank, continuously meet regulatory requirements, effectively enhance the ability to resist risks, and boost market confidence.

According to the Capital Management Measures for Commercial Banks, the core tier 1 capital of commercial banks includes paid-up capital (i.e. ordinary shares), capital reserves, etc. After the Issuance, the paid-up capital and capital reserve will be directly increased, thereby increasing the amount of core tier 1 capital and effectively increasing the core tier 1 capital adequacy ratio under the condition of unchanged risk-weighted assets. At the same time, since the total capital includes tier 1 capital, which includes core tier 1 capital, the Bank's tier 1 capital adequacy ratio and capital adequacy ratio will also be effectively improved with other conditions remaining unchanged.

The calculation method for capital adequacy ratio is:

$$\begin{aligned} \text{Capital adequacy ratio} &= \frac{\text{Total capital} - \text{Corresponding capital deductions}}{\text{Risk-weighted assets}} * 100\% \\ \text{Tier 1 capital adequacy ratio} &= \frac{\text{Tier 1 capital} - \text{Corresponding capital deductions}}{\text{Risk-weighted assets}} * 100\% \\ \text{Core tier 1 capital adequacy ratio} &= \frac{\text{Core tier 1 capital} - \text{Corresponding capital deductions}}{\text{Risk-weighted assets}} * 100\% \end{aligned}$$

The Board believes that the Issuance 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, 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 2022 AGM and the 2023 first Domestic Shareholders and H Shareholders Class Meetings held on 20 June 2023. As at the date of this announcement, the number of new Domestic Shares to be issued under Specific Mandate by the Bank is 2,408,930,788.

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

The Bank completed the issuance and listing of tier 2 capital bonds with a total issue amount 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. Saved as the above and the Issuance of H Shares, 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.

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

The shareholding structure of the Bank immediately after the completion of the Issuance of Domestic Shares is set out as below:

	Immediately before the completion of the Issuance of Domestic Shares		Immediately after the completion of the Issuance of Domestic Shares	
	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	9,325,933,539	77.71%	11,734,864,327	81.44%
Including				
Feng Yaoliang (Director)	100,010,000	0.83%	100,010,000	0.69%
Lai Zhiguang (Director)	62,500,000	0.52%	62,500,000	0.43%
Liao Wenyi (Director)	1,103,000	0.01%	1,103,000	0.008%
Lai Jiaxiong (Supervisor)	452,224	0.004%	452,224	0.003%
Domestic Shares held by other				
Domestic Shareholders	9,161,868,315	76.34%	11,570,799,103	80.30%
H Shares (held by public shareholders)	2,674,925,000	22.29%	2,674,925,000	18.56%
Total	<u>12,000,858,539</u>	<u>100%</u>	<u>14,409,789,327</u>	<u>100%</u>

(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.

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 and H Shares issued when those new Domestic Shares are issued.

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 of Domestic Shares

The Subscribers of Domestic Shares comprise not less than 6 Subscribers. 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.

Upon the completion of the Issuance of Domestic Shares, each of the Subscribers will not become a substantial Shareholder under the Listing Rules.

VIII. 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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Bank
“Capital Adequacy Indicators”	core tier 1 capital adequacy ratio, tier 1 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 fully paid in Renminbi
“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” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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》)
“Issuance”	the Issuance of Domestic Shares and the Issuance of H Shares
“Issuance of Domestic Share(s)”	the issuance by the Bank of 2,408,930,788 Domestic Shares to the Subscribers under the Specific Mandate
“Issuance of H Share(s)”	the issuance by the Bank of 549,590,000 H Shares to eligible investors under the Specific Mandate, and please refer to the announcement of the Bank dated 21 December 2023 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 2022 AGM and the 2023 first Domestic Shareholders and H Shareholders Class Meetings on 20 June 2023
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	not less than six subscribers
“%”	percent

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

Guangzhou, the PRC
29 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.*