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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

Sole Placing Agent



Reference is made to the announcements of the Bank dated 16 April 2021, 8 June 2021, 17 September 2021 and 17 November 2021 and the circular of the Bank dated 14 May 2021, in relation to, among others, the Bank’s proposed issuance of no more than 305 million H shares and the proposed issuance of no more than 1.34 billion Domestic Shares under Specific Mandate.

PLACING OF NEW H SHARES UNDER SPECIFIC MANDATE

The Board is pleased to announce that on 23 November 2021 (after trading hours), the Bank (as the issuer) and China International Capital Corporation Hong Kong Securities Limited (as the Placing Agent) entered into the Placing Agreement, pursuant to which the Placing Agent 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 305,000,000 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 number of Placing Shares represents: (a) approximately 16.76% and 3.11% of the total existing issued H Shares and the total existing ordinary issued Shares, respectively, as at the date of this announcement; and (b) approximately 14.35% and 3.02% of the total issued H Shares and the total ordinary issued Shares, respectively, as enlarged by the issuance of the Placing Shares immediately after 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).

On the assumption that all Placing Shares are fully placed, the aggregate gross proceeds from the Placing are expected to be approximately HK\$2,189.90 million and the aggregate net proceeds (after deduction of the commissions and estimated expenses) from the Placing are expected to be approximately HK\$2,184.53 million. The net proceeds to be raised from the Placing after deducting related issuance costs will be entirely used to replenish core tier 1 capital of the Bank.

The Placing Shares are expected to be placed to no less than six but no more than ten independent Placees who shall be professional, institutional 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 Shares will be issued under the Specific Mandate. The Placing is not subject to any further approval of the Shareholders.

Application will be made by the Bank to the Listing Committee of the Hong Kong Stock Exchange for the listing of, and the permission to deal in, the Placing Shares.

As Completion is subject to the satisfaction of the Conditions and the Placing Agent's 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 16 April 2021, 8 June 2021, 17 September 2021 and 17 November 2021, and circular of the Bank dated 14 May 2021 (the “**Circular**”), in relation to, among other things, the proposed issuance of no more than 305 million H Shares under the Specific Mandate, which has been approved by the relevant Shareholders of the Bank at the the AGM and the Class Meetings, the CSRC and the CBIRC Guangdong Office. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Circular.

THE PLACING

The Board is pleased to announce that on 23 November 2021 (after trading hours), the Bank entered into a placing agreement (the “**Placing Agreement**”) with China International Capital Corporation Hong Kong Securities Limited (the “**Placing Agent**”), pursuant to which, the Placing Agent has agreed to act as the agent of the Bank and to use its best efforts to procure certain placees (the “**Placees**”) to subscribe for a total of up to 305,000,000 new H Shares (the “**Placing Shares**”) at HK\$7.18 (exclusive of any brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee as may be payable by the Placees) (the “**Placing Price**”) per Placing Share 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

23 November 2021 (after trading hours)

(b) Parties

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

(c) The Placing Agent

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) 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 Agent has agreed to act as agent of the Bank to use its best efforts to procure the Placees to subscribe for up to 305,000,000 new H Shares at the Placing Price upon the terms and subject to the conditions set out in the Placing Agreement.

The number of Placing Shares represents: (a) approximately 16.76% and 3.11% of the total existing issued H Shares and the total existing ordinary issued Shares, respectively, as at the date of this announcement; and (b) approximately 14.35% and 3.02% 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 305,000,000 Placing Shares will be RMB305,000,000.

(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 but no more than ten independent Placees who shall be professional, institutional 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, 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\$7.18 per Placing Share (exclusive of any brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee as may be payable by the Placees) and represents:

- (i) a premium of approximately 139.33% to the closing price of HK\$3.0000 per H Share as quoted on the Hong Kong Stock Exchange on 23 November 2021, being the last trading day immediately prior to the date of the Placing Agreement;
- (ii) a premium of approximately 140.94% to the average closing price of HK\$2.9800 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 23 November 2021);
- (iii) a premium of approximately 139.53% to the average closing price of HK\$2.9975 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 23 November 2021); and
- (iv) a premium of approximately 139.49% to the average closing price of HK\$2.9980 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 23 November 2021).

The Placing Price was determined through order and book building process by the Placing Agent and arm's length negotiations between the Bank and the Placing Agent with reference to the prevailing market price of the H Shares, the interests of the existing Shareholders, investors' capabilities and the potential issuance risks, as well as the market practice and applicable regulatory requirements, and with reference to the capital market conditions and the valuations of comparable companies at the time when the Bank issues the Placing Shares. In addition, pursuant to the Interim Measures for Supervision and Management of State-owned Asset Evaluation of Financial Enterprises (《金融企業國有資產評估監督管理暫行辦法》), when a financial enterprise engages in an economic transaction involving asset evaluation, it shall take the approved or filed asset evaluation results as the reference basis for pricing. If the transaction price differs by more than 10% from the asset appraisal result, such financial enterprise shall submit a written explanation to the financial regulator (or financial enterprise) on the reasons for the difference. The net assets per share corresponding to the value of all equity attributable to the ordinary shareholders of the parent company upon the asset evaluation of the Bank using 31 December 2020 as the benchmark date is RMB6.09 per share, and the Bank took the assessed net asset value per share (after ex-rights and ex-dividend adjustments (if applicable)) as reference when determining the Placing Price.

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 on 8 June 2021 for the issue and placing of the Placing Shares being obtained and remaining in full force and effect on the Closing Date;
- (b) the approvals of all relevant PRC regulatory authorities including the CSRC and CBIRC Guangdong Office in connection with the issue and placing of the Placing Shares being obtained and remaining in full force and effect on the Closing Date, and the delivery to the Placing Agent 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 Agent of a copy of the Listing Approvals); and
- (d) the delivery to the Placing Agent of the legal opinion by the PRC legal counsel of the Bank.

The Bank has obtained the necessary PRC regulatory approval for the Placing, being the approval from the CSRC and CBIRC 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) Distribution of retained profit

The Bank will distribute the profit according to the resolution 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.

(j) Termination

The Placing Agent 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.

(k) 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 3 December 2021, or such other date as the Bank and the Placing Agent may agree in writing (the “**Closing Date**”).

LOCK-UP UNDERTAKING

The Bank has undertaken to the Placing Agent 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 non-public issuance of no more than 1.34 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, allot or issue or offer to sell, transfer, dispose, 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 Agent.

SPECIFIC MANDATE TO ISSUE THE PLACING SHARES

As disclosed in the poll results announcement of the Bank dated 8 June 2021, 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 305,000,000 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 100% of the Specific Mandate. As such, the Placing is not subject to any further approval of the Shareholders.

REASONS FOR THE PLACING

The Placing is launched mainly to replenish the Bank's core tier 1 capital, to ensure continuing compliance with regulatory requirements, to enhance the Bank's resilience to risks, to shore up market confidence and to optimize its equity structure.

While the Bank's core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and the capital adequacy ratio (collectively, the "**Capital Adequacy Indicators**") are in compliance with the regulatory requirements under the Administrative Measures for the Capital of Commercial Banks (Provisional) (《商業銀行資本管理辦法(試行)》) (China Banking Regulatory Commission Order [2012] No.1), there has been a decrease in such ratios since 31 December 2018. The Board believes the issuance of H Shares will help increase the Bank's capital base, so as to further enhance its Capital Adequacy Indicators to ensure the Bank's continuing compliance with the regulatory requirement. By improving its capital base through the issuance of H Shares, 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\$2,189.90 million.

The net proceeds from the Placing, after deducting relevant costs and expenses, commission and levies, are expected to be approximately HK\$2,184.53 million (on this basis the net price per Placing Share will be approximately HK\$7.16), and, after deducting related issuance costs, will be entirely used to replenish core tier 1 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 9,808,268,539 shares, including 7,987,933,539 Domestic Shares and 1,820,335,000 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 (assuming all the Placing Shares are subscribed for in full) are set out as follows:

	As at the date of this announcement		Immediately after the Completion (assuming all the Placing Shares are subscribed for in full)	
	Number of Shares	Approximate percentage of issued share of the Bank ⁽¹⁾	Number of Shares	Approximate percentage of issued share of the Bank ⁽¹⁾
Domestic Shares	7,987,933,539	81.44%	7,987,933,539	78.98%
Including				
Yi Xuefei (Director)	500,000	0.005%	500,000	0.005%
Su Zhigang (Director retired on 18 March 2021) ⁽²⁾	60,020,000	0.612%	60,020,000	0.593%
Zhu Kelin (Director retired on 18 March 2021)	1,201,000	0.012%	1,201,000	0.012%
Liu Guojie (Director retired on 18 March 2021) ⁽³⁾	20,000,000	0.204%	20,000,000	0.198%
Feng Yaoliang (Director) ⁽⁴⁾	100,010,000	1.02%	100,010,000	0.989%
Lai Zhiguang (Director) ⁽⁵⁾	62,500,000	0.637%	62,500,000	0.618%
Liao Wenyi (Director)	1,103,000	0.011%	1,103,000	0.011%
Lai Jiexiong (Supervisor)	452,224	0.005%	452,224	0.004%
Domestic Shares held by other Domestic Shareholders	7,742,147,315	78.94%	7,742,147,315	76.55%

	As at the date of this announcement		Immediately after the Completion (assuming all the Placing Shares are subscribed for in full)	
	Number of Shares	Approximate percentage of issued share of the Bank ⁽¹⁾	Number of Shares	Approximate percentage of issued share of the Bank ⁽¹⁾
H Shares (held by the public Shareholders)	1,820,335,000	18.56%	2,125,335,000	21.02%
Including Placees	–	–	305,000,000	3.02%
H Shares held by other public Shareholders	1,820,335,000	18.56%	1,820,335,000	18.00%
Total	9,808,268,539	100.00%	10,113,268,539	100.00%

Notes:

- (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.
- (2) 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.
- (3) 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.
- (4) 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.
- (5) 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% own by Lai Zhiguang.

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 Completion of the Placing, be approximately 21.02%, which still meet the minimum percentage requirement as adjusted by the waiver granted by the Hong Kong Stock Exchange.

FUND RAISING ACTIVITIES OF THE BANK IN THE PAST 12 MONTHS

At the Annual General Meeting of 2019 of the Bank convened on 22 May 2020, the Bank received 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 issuance 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. Save as disclosed above, the 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 Agent's 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
24 November 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.*