

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Huishang Bank Corporation Limited* **徽商銀行股份有限公司***

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 3698 and 4608 (Preference Shares))

ANNOUNCEMENT ON THE ADJUSTMENT TO THE CONVERSION PRICE OF THE OFFSHORE PREFERENCE SHARES

Reference is made to the announcement of poll results of the 2017 annual general meeting and corresponding arrangements for payment of dividend and bonus issue dated July 2, 2018 of Huishang Bank Corporation Limited (the “**Bank**”), relating to the consideration and approval of the Profit Distribution Plan of the Bank for 2017 at the 2017 annual general meeting of the Bank, pursuant to which the Bank distributed a dividend of 1 share (tax inclusive) for every 10 shares (the “**Bonus Issue**”) and RMB0.25 (tax inclusive) for every 10 shares to the shareholders whose names appear on the register of members of the Bank on July 11, 2018.

References are made to the announcement of proposed issuance of U.S.\$888,000,000 5.50% non-cumulative perpetual offshore preference shares (the “**Offshore Preference Shares**”) dated November 3, 2016 and the formal notice regarding issuance of the Offshore Preference Shares dated November 10, 2016. According to the relevant provisions of the conversion terms of the Offshore Preference Shares, the conversion price of the Offshore Preference Shares shall be adjusted if the Bank issues any H shares credited as fully paid up to the H shareholders of the Bank by way of bonus issue or capitalisation issue.

The adjustment to conversion price of the Offshore Preference Shares as a result of the Bonus Issue shall be based on the following formula:

$$P_1 = P_0 \times N / (N + n)$$

where: “**P₁**” is the conversion price effective after adjustment; “**P₀**” is the conversion price effective before adjustment; “**N**” is the total number of H shares of the Bank before the Bonus Issue or capitalization issue of H shares; and “**n**” is the number of new H shares issued under the Bonus Issue or capitalisation issue of H shares. According to the calculation, the adjusted conversion price is HK\$4.03 per H share.

As the H shares under the Bonus Issue were delivered to the H shareholders of the Bank on August 29, 2018, the conversion price of the Offshore Preference Shares shall be adjusted from HK\$4.44 per H share to HK\$ 4.03 per H share pursuant to the relevant provisions of the conversion terms of the Offshore Preference Shares with effect from August 29, 2018. The conversion of the Offshore Preference Shares is conditional upon the occurrence of a Trigger Event. Further details are described in the Terms and Conditions of the Offshore Preference Shares. Assuming full conversion of the Offshore Preference Shares, the number of H shares converted from the Offshore Preference Shares, based on the conversion prices effective before adjustment and after adjustment, would not exceed 1,551,780,000 H shares and 1,709,653,399 H shares, respectively.

By order of the Board
Huishang Bank Corporation Limited*
Wu Xuemin
Chairman

Hefei, Anhui Province, China
August 30, 2018

As at the date of this announcement, the board of directors of the Bank comprises Wu Xuemin and Ci Yaping as executive directors; Zhang Feifei, Zhu Jiusheng, Qian Li, Lu Hui, Zhao Zongren, Qiao Chuanfu and Gao Yang as non-executive directors; Au Ngai Daniel, Dai Genyou, Wang Shihao, Zhang Shenghuai, Zhu Hongjun and Zhou Yana as independent non-executive directors.

* *Huishang Bank Corporation Limited 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/deposit-taking business in Hong Kong.*