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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)

General Mandate relating to the Issuance of Domestic Shares and the Proposed A Share Offering

GENERAL MANDATE RELATING TO THE ISSUANCE OF DOMESTIC SHARES

On May 5, 2015, the Board resolved to submit to the AGM for approval a special resolution relating to the grant of a general mandate to the Board in respect of the issuance of Domestic Shares, under which the Board may issue, allot and/or deal with not more than 20% of the total number of Domestic Shares in issue. Such proposal will be submitted as an extraordinary resolution at the AGM for the consideration and approval by the Shareholders' in accordance with the Articles of Association and shall be passed as a special resolution.

PLAN FOR THE A SHARE OFFERING

The Board announces that, after the successful listing of the Bank's H Shares, the Board proposes to apply for an initial public offering and listing of the Bank's A Shares in order to further optimize the corporate governance structure, develop domestic and international financing platforms and improve the liquidity of all Shares held by the Shareholders. The proposal for the A Share Offering has been approved by the Board at the Board Meeting and will be submitted as an extraordinary resolution at the AGM for the consideration and approval by the Shareholders' in accordance with the Articles of Association and shall be passed as a special resolution.

Subject to the passing of the special resolution in respect of the general mandate at the AGM, the Bank will issue A Shares through the A Share Offering under the abovementioned general mandate.

OTHER RESOLUTIONS RELATING TO THE A SHARE OFFERING

The Board also passed other relevant resolutions in connection with the A Share Offering at Board meeting, including, among other things, (1) authorization to deal with matters relating to the A Share Offering, (2) use of proceeds from the A Share Offering, (3) accumulated profit distribution plan before the A Share Offering, (4) proposed amendments to the Articles of Association in connection with the A Share Offering, (5) three-year dividend plan after the A Share Offering, (6) price stabilization plan for the A Shares within three years after the A Share Offering, (7) undertakings on the disclosure of information in the prospectus published in connection with the A Share Offering, (8) dilution of current returns as a result of the A Share Offering and proposed remedial measures, (9) proposed status report on the use of previously raised funds, (10) proposed amendments to the Procedures for General Meetings and (11) proposed amendments to the Administrative Measures for the Control of Related Party Transactions. These resolutions will be submitted at the AGM for the consideration and approval by the Shareholders' as extraordinary resolutions in accordance with the Articles of Association, of which items (1) to (4) shall be passed as special resolutions and items (5) to (11) shall be passed as ordinary resolutions, respectively.

SHAREHOLDERS' APPROVAL

Relevant matters in respect of the A Share Offering are subject to the consideration and approval of the Shareholders as well as approvals from the CSRC and other regulatory authorities.

I. GENERAL MANDATE TO ISSUE DOMESTIC SHARES

On May 5, 2015, the Board resolved to submit a special resolution relating to the grant of a general mandate to the Board in respect of the issuance of Domestic Shares at the AGM for approval, under which the Board may issue, allot and/or deal with not more than 20% of the total number of Domestic Shares in issue. Such proposal will be submitted at the AGM for consideration and approval by the Shareholders as an extraordinary resolution in accordance with the Articles of Association and shall be passed as a special resolution. As of the date of this announcement, there is a total of 7,887,319,283 Domestic Shares in issue. Upon the passing of the special resolution in respect of the general mandate and assuming that no new Domestic Shares will be issued by the Bank prior to the date of the AGM, the Bank will be authorized to issue not more than 1,577,463,856 Domestic Shares under the general mandate.

The general mandate shall take effect immediately upon the passing of this special resolution and will continue to be in effect until the earliest of (i) the conclusion of the next annual general meeting of the Bank following the date on which this resolution has been passed; (ii) the expiration of the 12 months following the date of passing of this resolution; or (iii) the date on which the authorization to the Board under this resolution is revoked or varied by a special resolution at any general meeting.

Details of this resolution are set out in the supplemental AGM circular, which will be dispatched to the Shareholders in due course.

II. PLAN FOR THE A SHARE OFFERING

After the successful listing of the H Shares, the Board proposes to apply for an initial public offering and listing of the A Shares in order to further optimize the corporate governance structure of the Bank, develop domestic and international financing platforms and improve the liquidity of all Shares held by the Shareholders. Under the requirements of the relevant laws, regulations and regulatory documents, such as the *Company Law of the PRC*, the *Securities Law of the PRC*, and the *Measures for the Administration of Initial Public Offerings and Listing of Shares* and the *Opinions on Further Promoting the IPO System Reform* issued by the CSRC, the Board has set out the following plan, which has been approved by the Board at the Board Meeting and will be submitted for consideration and approval by the Shareholders' at the AGM as an extraordinary resolution in accordance with the Articles of Association and passed as a special resolution.

(a) Class of Shares

RMB ordinary Shares (A Shares)

(b) Nominal value per Share

RMB1.00

(c) Proposed stock exchange for the listing

Shanghai Stock Exchange

(d) Offering size

The number of Shares to be issued will be not more than 1,228,000,000 Shares, representing 15.60% and 11.11% of the Domestic Shares in issue and issued share capital of the Bank, respectively. The actual total offering size will be determined based on capital requirements of the Bank, communications with the regulatory authorities and the prevailing market conditions at the time of the offering.

Subject to the passing of the special resolution in respect of the general mandate to issue Domestic Shares at the AGM, the Bank will issue A Shares under the A Share Offering pursuant to the general mandate.

(e) Target subscribers

Target subscribers will be qualified individuals and institutional investors (excluding those in respect of which subscription has been prohibited under national laws and regulations).

If any of the above target subscribers of the A Share Offering is a connected person of the Bank, the Bank will take all reasonable measures to comply with the relevant listing rule requirements of the jurisdictions at which the Shares are listed.

(f) Strategic placing

The Bank may carry out strategic placings at the time of the A Share Offering, as required, to investors who satisfy the requirements under applicable laws and regulations and the development strategy of the Bank based on the needs for business cooperation and scale of financing. The specific placing ratio will be determined according to the requirements of laws and regulations and subject to market conditions at the time of such placing.

(g) Mode of offering

The offering will be conducted through a combination of placings to target subscribers at a price to be determined between the Bank and the subscriber on an offline basis, an offering to qualified public investors online at a fixed price, or through any other methods of offering as authorized by the CSRC.

(h) Pricing methodology

Taking into full account the interests of the existing Shareholders as a whole, and the conditions in the capital markets and the Bank at the time of the A Share Offering, the issue price of the A Shares will be fixed through making enquiries with offline investors or fixed directly through negotiations between the lead underwriter(s) and the Bank, or by any other legally practicable methods.

(i) Form of underwriting

The offering will be underwritten by an underwriting syndicate led by a lead underwriter on a standby commitment basis.

(j) Conversion into a joint stock company with limited liability with domestic and overseas listed shares

According to the plan for the A Share Offering and taking into account that H Shares have been issued in the H Share market, the Bank will make an application to convert into a joint stock company with limited liability with domestic and overseas listed shares.

(k) Term of the offering plan

The offering plan is subject to approval by special resolution at the AGM and shall be valid for 12 months from the date of approval.

III. OTHER RESOLUTIONS RELATING TO THE A SHARE OFFERING

The Board also passed other relevant resolutions in connection with the A Share Offering at the Board meeting, including, among other things, (1) authorization to deal with matters relating to the A Share Offering, (2) use of proceeds from the A Share Offering, (3) accumulated profit distribution plan before the A Share Offering, (4) proposed amendments to the Articles of Association in connection with the A Share Offering, (5) three-year dividend plan after the A Share Offering, (6) price stabilization plan of A Shares within three years after the A Share Offering, (7) undertakings on the disclosure of information in the prospectus published in connection with the A Share Offering, (8) dilution of current returns as a result of the A Share Offering and proposed remedial measures, (9) proposed status report on the use of previously raised funds, (10) proposed amendments to the Procedures for General Meetings and (11) proposed amendments to the Administrative Measures for the Control of Related Party Transactions. These resolutions shall be submitted at the AGM for consideration and approval as extraordinary resolutions in accordance with the Articles of Association, of which items (1) to (4) shall be passed as special resolutions and items (5) to (11) shall be passed as ordinary resolutions, respectively.

The following summarizes the contents of the relevant resolutions, details of which will be set out in the supplemental AGM circular to be dispatched to its Shareholders in due course.

(1) Authorization to deal with matters relating to the A Share Offering

For the purposes of the A Share Offering, a resolution will be proposed by the Board at the AGM to authorize the Board to determine and to deal with the matters in connection with the A Share Offering.

Such authorization is subject to approval by special resolution and shall be valid for 12 months from the date of approval.

(2) Use of proceeds from the A Share Offering

All of the proceeds from the A Share Offering (after deduction of listing expenses), will be used to replenish the Core Tier I capital of the Bank to enhance its capital adequacy ratio. The Bank also commissioned the Feasibility Analysis Report on the Use of Proceeds from the A Share Offering.

The use of proceeds from the A Share Offering and the feasibility analysis report are subject to approval by special resolution.

(3) Accumulated profit distribution plan before the A Share Offering

In addition to an annual profit distribution and taking into account the interests of both the existing and new Shareholders, the undistributed profits of the Bank accumulated prior to the date of the A Share Offering will be shared by all the Shareholders upon completion of the A Share Offering in proportion to their respective shareholdings.

The accumulated profit distribution plan before the A Share Offering is subject to approval by special resolution.

(4) Amendments to the Article of Association in connection with the A Share Offering

The Bank intends to make certain amendments to the Articles of Association based on the existing Articles of Association and in accordance with the requirements of the relevant laws, regulations and regulatory documents such as the *Securities Law of the PRC*, the *Guidance for the Articles of Association of Listed Companies*, the *Announcement No. 47 [2014] of the China Securities Regulatory Commission – the Guidance for the Articles of Association of Listed Companies (2014 Second Revision)*, the *Guideline No. 3 on the Supervision and Administration of Listed Companies – Distribution of Cash Dividends of Listed Companies*, the *Notice of the China Securities Regulatory Commission on Further Implementing Matters Relevant to the Cash Dividend Distribution by Listed Companies*. Such amendments are subject to approval by special resolution, and shall take effect on the date of the A Share Offering.

(5) Three-year dividend plan after the A Share Offering

In order to further strengthen the awareness of rewarding Shareholders, improve the profit distribution system and offer continuous, stable and reasonable investment returns to Shareholders, the Bank has formulated the *Three-year Dividend Plan after the A Share Offering* based on the requirements of the *Company Law of the PRC*, the *Securities Law of the PRC*, the *Notice of the China Securities Regulatory Commission on Further Implementing Matters Relevant to the Cash Dividend Distribution by Listed Companies* and the *Guideline No. 3 on the Supervision and Administration of Listed Companies – Distribution of Cash Dividends of Listed Companies*, as well as the *Articles of Association*, and taking into full account its actual operations and the needs of future development. It will also be proposed at the AGM that the Board be authorized to adjust the plan based on any changes in laws, regulations, regulatory documents and related policies or the opinions of the regulatory authorities in, and out of, China.

Such plan is subject to approval by ordinary resolution, and shall take effect upon the completion of the A Share Offering.

(6) Price stabilization plan of A Shares within three years after the A Share Offering

Pursuant to the requirements of laws, administrative rules and regulations, departmental rules and regulations and regulatory documents, such as the *Company Law of the PRC*, the *Securities Law of the PRC*, and the *Opinions on Further Promoting the IPO System Reform* issued by the CSRC, the Bank has formulated the *Price Stabilization Plan of A Shares within Three Years after the A Share Offering* in order to enhance the fiduciary duties of Shareholders and senior management of the Bank and protect the interests of minority Shareholders. Under this plan, the Bank undertakes that if, within three years after the A Share Offering, the daily closing prices of the A Shares of the Bank for 20 consecutive trading days are lower than its latest audited net assets value per Share (if, after the date of the audit for the latest period, the net assets or the total number of Shares of the Bank have changed due to profits distribution, conversion of capital reserve into Share capital, additional offering, and placing of Shares, etc., the net asset per Share shall be adjusted accordingly), the Bank and its Directors (other than the independent Directors and Directors not entitled to receive remunerations from the Bank) and senior management will take stabilization actions for the share price of the Bank, subject to the compliance with relevant laws and regulations and other provisions required by regulatory documents (including the listing rules of the jurisdictions where the Shares of the Bank are listed), which may include the repurchase of A Shares by the Bank and the increase the shareholding of A Shares by its Directors and the senior management. It will also be proposed at the AGM that the Board be authorized to adjust the plan and undertakings based on any changes in laws, regulations, regulatory documents and related policies or the opinions of the regulatory authorities in, and out of, China, and execute and submit documents relating to such plan and undertakings to the regulatory authorities, and make public disclosures, such as the publication of relevant circulars and announcements, and issue the Shareholders' communication documents in accordance with the securities listing rules of the jurisdictions where the Shares of the Bank are listed.

Such plan is subject to approval by ordinary resolution. The Bank and its Directors and senior management, when performing their obligations with respect to the price stabilization of A Shares, shall meet the requirements governing information disclosure provided by the securities listing rules of the jurisdictions at which the Shares of the Bank are listed and other applicable regulatory requirements, and comply with the regulation and relevant provisions of applicable to commercial banks.

(7) Undertakings on the disclosure of information in the prospectus published in connection with the A Share Offering

Under the requirements of the *Opinions on Further Promoting the IPO System Reform* issued by the CSRC and other relevant regulations that require the issuer to make undertakings publicly in its public offering and listing documents, the Bank shall make the following undertaking in its public offering and listing document: the Bank shall, within five days after the competent department such as the CSRC or a people's court has made a final ruling thereon or a ruling thereon has become effective, initiate the procedures for share repurchase to repurchase all the new A Shares of the Bank under the public offering and listing for any false representation, misleading statement or material omission contained in the prospectus of the Bank which would have a material and substantial effect on the ability of the Bank to satisfy the conditions of offering under law. Details of the share repurchase scheme will be subject to the internal and external review and approval of the Bank under applicable laws, regulations, regulatory documents and the Articles of Association. The repurchase price shall not be lower than the issue price thereof plus interest on such shares for such periods from issue to such repurchase at the prevailing bank demand deposit interest rate. In case of any ex-rights or ex-dividend activities such as profit distribution, bonus shares, conversion of reserves to share capital after the offering and listing, such repurchase shall cover all the new A Shares and their underlying Shares under the public offering, and the above share issue price shall be adjusted for such ex-rights and ex-dividends activities.

In addition, pursuant to relevant provisions required by CSRC, the Bank shall also make the following undertaking in its public offering and listing documents: the Bank will compensate the investors fully and promptly for any losses in securities trading suffered by them due to any false representation, misleading statement or material omission in the prospectus of the Bank in accordance with law based on the final determination or the effective ruling handed down by the competent department such as the CSRC or a people's court. The Bank shall be liable under relevant laws, regulations, regulatory documents and the requirements of the regulatory authorities if it fails to observe the above undertakings. Should the relevant laws, regulations and regulatory documents (including the listing rules of the jurisdiction where the Shares of the Bank are listed) have other requirements in respect of the Bank's performance of the above undertakings, the Bank shall comply with such other requirements.

The above undertakings are subject to approval as an ordinary resolution.

(8) Dilution of current returns as a result of the A Share Offering and proposed remedial measures

The General Office of the State Council issued the *Opinions of the General Office of the State Council on Further Strengthening the Protection of Lawful Rights and Interests of Medium and Small Investors in the Capital Markets* (Guo Ban Fa [2013] No. 110) on December 25, 2013, which states that "If a company proceeds with an initial public offering of shares, or a listed company undergoes refinancing or engages in mergers and acquisitions or restructuring and therefore dilutes its current returns, it shall undertake to adopt specific measures to make remedy for such returns and honor the undertaking".

The relevant analysis and proposed remedial measures are subject to approval by ordinary resolution.

(9) Status report on the use of previously raised funds

Upon verification of the use of previously raised funds, the Bank prepared the *Status Report on the Use of Previously Raised Funds*. PricewaterhouseCoopers LLP (Special General Partnership) will conduct an audit and inspection on Bank's use of the funds raised previously and issue the *Assurance Report on Bank's Use of the Previously Raised Funds* accordingly.

The *Status Report on the Use of Previously Raised Funds* is subject to approval by ordinary resolution.

(10) Proposed amendments to the Procedures for General Meetings

In order to meet the relevant regulatory requirements, the Bank has prepared the *Procedures for General Meetings* which shall take effect following the public offering and listing of A Shares on the basis of the existing *Procedures for General Meetings* and under the requirements of the relevant laws, regulations and regulatory documents, such as the *Guidance for the Articles of Association of Listed Companies* and the *Rules for General Meetings of Listed Companies*. Such amendments are subject to approval by ordinary resolution and shall take effect on the date of the A Share Offering.

(11) Amendments to the Administrative Measures for the Control of Related Party Transactions

In order to meet the relevant regulatory requirements, the Bank has prepared the *Administrative Measures for the Control of Related Party Transactions* which shall take effect following the A Share Offering on the basis of the existing *Administrative Measures for the Control of Related Party Transactions* and under the requirements of the relevant laws, regulations and regulatory documents, such as the *Administrative Measures for Information Disclosure by Listed Companies*, the *Listing Rules of the Shanghai Stock Exchange*, the *Guidelines of the Shanghai Stock Exchange for the Implementation of Related Party Transactions*, and the Listing Rules. Such amendments are subject to approval by ordinary resolution and shall take effect on the date of the A Share Offering.

The plans of the A Share Offering forms the basis of the A Share Offering, while other resolutions in relation to the A Share Offering are supporting documents. Under the requirements of the *Opinion on Further Promoting the IPO System Reform* issued by the CSRC in November 2013 and other relevant regulations, any company intending to issue A shares is required to amend its articles of association, formulate a return plan for shareholders for three years after the A share offering and a price stabilization plan of A shares within three years after an A share offering, execute undertakings regarding repurchase of new A shares under the A share offering and compensation for the losses of investors, in accordance with such new requirements. Such other resolutions in relation to the A Share Offering do not form part of the A Share Offering Plan and the passing of any one of the resolutions is not conditional upon any other resolutions. However, if any one of such resolutions is not passed, the application documents for the A Share Offering may not be able to meet the requirements of the CSRC, which may effectively constitute an impediment to the successful application of the A Share Offering of the Bank.

IV. IMPACT OF THE A SHARE OFFERING ON THE SHAREHOLDING STRUCTURE OF THE BANK

Assuming that a total of 1,228,000,000 A Shares are permitted to be issued under the A Share Offering and there are no changes to the share capital of the Bank prior to the completion of the A Share Offering, the shareholding structure of the Bank as at the date of this announcement and immediately after the completion of the A Share Offering is set out as follows:

	As at the date of this announcement		Immediately after completion of the A Share Offering	
	Number of shares	Approximate percentage of the Bank's issued share capital	Number of shares	Approximate percentage of the Bank's issued share capital
Domestic Shares				
The Domestic Shares in issue	7,887,319,283	71.38%	7,887,319,283	64.24%
The A Shares to be newly issued under the A Share Offering	–	–	1,228,000,000	10.00%
H Shares	<u>3,162,500,000</u>	<u>28.62%</u>	<u>3,162,500,000</u>	<u>25.76%</u>
Total	<u>11,049,819,283</u>	<u>100%</u>	<u>12,277,819,283</u>	<u>100%</u>

Except for the proposed subscription of the Bank's new H Shares by GOME Electrical Appliances Holding Limited, which lapsed on January 31, 2015, the Bank has not conducted any fund raising activities in connection with the issue of Share capital within the twelve months immediately preceding the date of this announcement. Based on publicly available information and the knowledge of the Directors, the Bank has a public float of 25% which satisfies the requirements under Rule 8.08 of the Listing Rules as at the date of this announcement.

V. SHAREHOLDERS' APPROVAL

Relevant matters in connection with the general mandate relating to the issuance of Domestic Shares and the A Share Offering are subject to the approval by the Shareholders at the AGM and to the approvals from the CSRC and other regulatory authorities.

A supplemental AGM circular containing, among other things, details of the A Share Offering Plan and other relevant resolutions and the general mandate relating to the issuance of the Domestic Shares, together with the supplemental notice of the AGM, will be dispatched to Shareholders in accordance with the Listing Rules and the Articles of Association in due course.

The A Share Offering may or may not proceed to completion. Shareholders and potential investors are advised to exercise caution in dealing in the H Shares. Further details on the A Share Offering will be provided by the Bank in due course.

VI. DEFINITIONS

Unless the context otherwise requires, the following expressions in this announcement have the following meanings:

“A Share(s)”	ordinary share(s) proposed to be issued by the Bank pursuant to the A Share Offering and subscribed for in RMB
“A Share Offering”	the Bank’s proposed initial public offering of not more than 1,228,000,000 A Shares, which will be listed on the Shanghai Stock Exchange
“AGM”	the 2014 annual general meeting of the Bank to be held at the 11/F Hall, Block A, Tianhui Building, 79 Anqing Road, Hefei, Anhui Province, PRC at 9:00 a.m. on Friday, May 29, 2015
“Articles of Association”	the articles of association of the Bank, as amended from time to time
“Bank”	Huishang Bank Corporation Limited (徽商銀行股份有限公司), a joint stock company incorporated in the PRC with limited liability, whose H Shares are listed on the Main Board of the Hong Kong Stock Exchange
“Board”	the board of Directors of the Bank
“Board Meeting”	the meeting of the Board held on May 5, 2015 to approve, among other things, the general mandate relating to the proposed issuance of the Domestic Shares and the A Share Offering
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the directors of the Bank
“Domestic Share(s)”	ordinary shares issued by the Bank in the PRC with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in RMB
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“H Share(s)”	overseas-listed foreign investment shares in the share capital of the Bank, which are listed on the Main Board of the Hong Kong Stock Exchange with a nominal value of RMB1.00 each
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the Domestic Share(s) and the H Share(s) of the Bank
“Shareholder(s)”	the shareholder(s) of the Bank

By order of the Board
Huishang Bank Corporation Limited
LI Hongming
Chairman

Hefei, Anhui, China
May 5, 2015

As at the date of this announcement, the Board comprises Li Hongming, Xu Demei, Wu Xuemin, Zhang Renfu and Ci Yaping, as executive Directors; Zhang Feifei, Zhu Jiusheng, Zhao Zongren and Gao Yang, as non-executive Directors; Au Ngai Daniel, Dai Genyou, Wang Shihao, Zhang Shenghuai, Fung Weichang and Zhu Hongjun, as independent non-executive Directors.

* *Huishang Bank Corporation Limited is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of 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.*