

14 August 2018

Strong Support to Chong Hing Bank from GZ Metro by Subscription of 70,126,000 New Issued Shares at a Consideration of Approximately HK\$1.0 billion

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Bank Also Proposes Rights Issue on the Basis of One Rights Share for Every Two Shares

Chong Hing Bank Limited (the “Bank”; stock code: 01111), announced today that the Bank has entered into the Subscription Agreement with Guangzhou Metro Investment Finance (HK) Limited (the “Subscriber”), which is wholly owned by Guangzhou Metro Group Co., Ltd. (“**GZ Metro**”) – a wholly State-owned company under the Guangzhou Municipal Government, pursuant to which the Bank has agreed to allot and issue to the Subscriber 70,126,000 Subscription Shares at the Subscription Price of HK\$14.26 per Subscription Share. With the Subscription Price representing only a small discount to the market price, it demonstrates the strong support from GZ Metro who is optimistic about the Bank’s prospects and future growth strategies. Moreover, the Bank has also proposed a Rights Issue on the basis of one rights share for every two shares at the subscription price of HK\$14.26 per Rights Share. The Bank’s parent company - Yue Xiu Enterprises (Holdings) Limited (“Yuexiu Group”) has irrevocably undertaken to the Bank that it will subscribe for all of the Rights Shares to be provisionally allotted to them – Yuexiu Group’s commitment of at least HK\$3.0 billion through the Rights Issues has not only reflected that the controlling shareholder is fully confident in the Bank’s prospects, but also reaffirmed its commitment to keep putting resources into the Bank’s business development and providing its full support.

Assuming all Rights Shares are fully subscribed for by the qualifying shareholders, at least HK\$6.15 billion will be raised in total by both the Subscription and the Rights Issue. DBS Asia Capital Limited and Nomura International (Hong Kong) Limited are the Joint Coordinators for the Subscription and Financial Advisers to the Rights Issue.

Strong Support from GZ Metro to Seize Business Opportunities in the Greater Bay Area, in line with the Bank’s Development Plans

Pursuant to the Subscription Agreement, GZ Metro will subscribe 70,126,000 Subscription Shares at a total subscription amount of HK\$1.0 billion. The Subscription Shares to be allotted and issued under the Subscriptions represent 10.75% of the total number of issued Shares as at 14 August 2018, and approximately 9.7% of the total number of issued Shares as enlarged by the allotment. The subscription price of HK\$14.26 per Subscription Share represents a discount of 2.99% to the closing price of HK\$14.7 per Share as quoted on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 13 August 2018 (the “Last Trading Day”). With the Subscription Price representing only a small discount to the market price, it demonstrates GZ Metro’s full confidence in the Bank’s future prospects and growth potential.

GZ Metro is a wholly State-owned company under the Guangzhou Municipal Government. Established in 1992, it is responsible for the investment, financing, construction, operation, property development and expansion of Guangzhou's urban rail transportation. As at 31 March 2018, GZ Metro had total assets of more than RMB 270 billion. The Bank believes that GZ Metro will bring in significant synergies to the Bank leveraging on their business footprints and experience in Guangdong Province. Complementing the Bank's development plans in the Greater Bay Area, the Bank expects that its business development and operation will benefit from the regional network, customer resources and relationships of GZ Metro, which may facilitate the Bank's business expansion and enable it to better capture cross-border business opportunities. The Bank may also gain from GZ Metro's management experience and deep regional knowledge, which would benefit the Bank's business operation, management and corporate governance.

Proposes Rights Issue on the Basis of One Rights Share for Every Two Shares

In addition, the Bank proposes to raise at least approximately HK\$3.0 billion, before expenses, by way of the Rights Issue of 361,313,000 Rights Shares, representing 55.37% of the Bank's issued share capital as at 14 August 2018, at the subscription price of HK\$14.26 per Rights Share, same subscription price as GZ Metro's Subscription Agreement. The Bank will provisionally allot one Rights Share in nil-paid form for every two Shares held by each qualifying shareholder at 5 p.m. on 30 August 2018 (the "Record Date"). The latest time for acceptance of and payment for the Rights Shares and application for excess Rights Shares is expected to be at 4 p.m. on 14 September 2018.

Pursuant to the Irrevocable Undertaking, each of Yuexiu Financial Holdings Limited ("Yuexiu Financial Holdings"), which is interested in 489,375,000 Shares representing 75.0% of the total issued share capital of the Bank as at 14 August 2018, and Yuexiu Group, the Bank's parent company which holds 100% of Yuexiu Financial Holdings, has irrevocably undertaken to the Bank that it will (in the case of Yuexiu Financial Holdings) subscribe or (in the case of Yuexiu Group) procure Yuexiu Financial Holdings to subscribe for the Undertaken Shares to be provisionally allotted to Yuexiu Financial Holdings, subject to the terms and conditions of the Rights Issue. The obligation of Yuexiu Financial Holdings and Yuexiu Group is, however, subject to the public float requirement under the Listing Rules. Pursuant to the Irrevocable Undertaking, Yuexiu Group will commit at least HK\$3.0 billion through the Rights Issue, which reflects that the controlling shareholder is fully confident in the Bank's prospects and Yuexiu Group will keep putting in resources and providing full support to the Bank's business development.

The estimated net proceeds of the Subscriptions after the deduction of all estimated expenses are approximately HK\$990 million. Assuming all Rights Shares are fully subscribed for by the qualifying shareholders, the estimated net proceeds of the Rights Issue are expected to be approximately HK\$5.12 billion after the deduction of all estimated expenses; hence, a total of HK\$6.11 billion net proceeds are expected to be raised from both the Subscriptions and Rights Issue. The Bank intends to use the net proceeds to strengthen the capital base of the Bank, which will lead to a stronger capital adequacy ratio position to support the ongoing growth of its business.

Looking ahead, the Bank plans to continue to promote its business growth by keeping pace with the finance and technology integration trend by devoting resources to build a dedicated digital transformation team and upgrade its electronic platforms, as well as participating in various digital and innovative projects. Indeed, the Bank is committed to building an intelligent platform to increase the income stream and further enhance the customer experience. To support the Bank's business growth, efforts will be devoted to upgrading the electronic platforms and information infrastructure as well as developing the digital banking services.

Chong Hing Bank is also committed to deepening the regional synergies between Guangdong Province and Hong Kong, as well as expanding its Mainland operations to attract high-quality Mainland customers, thereby establishing its unique role in the Pearl River Delta region. As a core member of the financial sector of the Guangzhou-based Yuexiu Group, the Bank will continue to leverage Yuexiu Group's regional resources and take advantages of the synergies with the group's wide range of businesses to accelerate its business growth in the Mainland and particularly the Guangdong-Hong Kong-Macao Greater Bay Area.

Mr Zong Jianxin, Deputy Chairman and Chief Executive of Chong Hing Bank, said, "The Subscription and Rights Issue will further enhance the Bank's capital base, facilitating the future growth of our business and enabling us to implement our development strategies. Chong Hing Bank has laid down a solid foundation over the years. We will continue to leverage the resources of the Yuexiu Group, seize the opportunities presented by the development of the Guangdong-Hong Kong-Macao Greater Bay Area and establish the Bank as a 'Greater Bay Bank'. We are pleased to have the strong support from GZ Metro which demonstrates by the Subscription their endorsement of Chong Hing Bank's business development and prospects. The Bank will benefit from the synergies with GZ Metro, based on their regional network, customer resources and relationship, as well as their business operations, management experience and rich regional knowledge. Looking forward, we are fully confident of the Bank's prospects as we believe that with the enhanced capital strength, we will achieve long-term sustainable growth and bring satisfactory return to our shareholders."

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Appendix: Shareholding Structure of the Bank Before and After the Corporate Exercise[s]:

	As at the Date of this Announcement		As at the Date of the Completion of the Subscriptions		Immediately after Completion of the Rights Issue			
	No. of Shares	% of Issued Shares	No. of Shares	% of Issued Shares	Assuming all Rights Shares are Fully Subscribed for by the Qualifying Shareholders		Assuming only Yuexiu Financial Holdings but No Other Qualifying Shareholders Subscribe for the Rights Shares	
	No. of Shares	% of Issued Shares	No. of Shares	% of Issued Shares	No. of Shares	% of Issued Shares	No. of Shares	% of Issued Shares
Shareholders								
Yuexiu Financial Holdings	489,375,000	75.0%	489,375,000	67.72%	734,062,500	67.72%	699,753,000	75.00%
Public Shareholders								
The Subscriber	-	-	70,126,000	9.70%	105,189,000	9.70%	70,126,000	7.52%
Other Shareholders (Being Public Shareholders)	163,125,000	25.0%	163,125,000	22.57%	244,687,500	22.57%	163,125,000	17.48%
Sub-total	163,125,000	25.0%	233,251,000	32.28%	349,876,500	32.28%	233,251,000	25.00%
Total	652,500,000	100%	722,626,000	100%	1,083,939,000	100%	933,004,000	100%

Note: Certain percentage figures included in the table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

About Chong Hing Bank

Chong Hing Bank (formerly known as 'Liu Chong Hing Bank Limited') was founded in 1948. The Bank has been listed on the mainboard of the Stock Exchange of Hong Kong (Stock code: 01111) since 1994 and currently operates a network of 39 branches in Hong Kong. Together with its subsidiaries (Chong Hing Securities Limited and Chong Hing Insurance Company Limited), the Bank offers a wide range of banking services to individual and corporate customers, which include HKD and foreign currency deposits, credit, wealth management, investment, securities, insurance and other commercial banking products. Besides, the Bank joined hands with a number of local financial institutions and is one of the founding members of BCT group which provides a full range of mandatory provident fund services to customers. The Bank has branches in Guangzhou, Shenzhen, Shantou and Macau, sub-branches in Guangzhou Tianhe, Foshan, Nansha and Hengqin, and representative offices in Shanghai and San Francisco.

Chong Hing Bank has been a member of Yuexiu Group since 14 February 2014. Yuexiu Group was established in Hong Kong in 1985. As at the end of 2017, Yuexiu Group had total assets of about RMB480 billion, making it one of the leading state-owned enterprise groups in Guangzhou in terms of economic efficiency.

For other information about Chong Hing Bank, please go to the Bank's website www.chbank.com.

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