

19 September 2018

Chong Hing Bank Secures Capital Ample for Bracing Rapid Business Development with Share Subscription and Rights Issue

Chong Hing Bank Limited (the “Bank”; stock code: 01111) completed on 21 August 2018 the new share allotment under a subscription agreement entered into with Guangzhou Metro Investment Finance (HK) Limited (“GZ Metro”) by allotting and issuing 70,126,000 Subscription Shares of the Bank at the Subscription Price of HK\$14.26 per Subscription Share to GZ Metro. Meanwhile, the Bank proposed earlier a Rights Issue on the basis of one rights share for every two shares at HK\$14.26 per Rights Share. The latest time for payment for and acceptance of the Rights Shares and the application and payment for excess Rights Shares of the Rights Issue was at 4:00 p.m. on Friday, 14 September 2018. The results of acceptances of and excess applications for the Rights Issue are expected to be announced on Friday, 21 September 2018 as scheduled.

Since the Bank became a member of Yuexiu Group, its business results have recorded remarkable growth year after year. Its net profit had grown by 181% from HK\$557 million in 2013 to HK\$1,565 million in 2017, or a CAGR of 29.5%. Its return on equity also increased notably to 10.1% in the first half of 2018 from 6.3% in the same period last year. Separately, on 20 August 2018, Moody’s raised the Bank’s Long-term Deposits Rating from Baa2 to Baa1. Moody’s believes that the Subscription and Rights Issue will strengthen the capital position and support strong asset growth and have positive effect on the credit rating of the Bank.

The Bank plans to continue to promote its business growth by keeping pace with the finance and technology integration trend by devoting resources to its digital transformation initiatives and upgrade its electronic platforms, as well as participate in various digital and innovative projects. Indeed, the Bank has been committed to building an intelligent platform to increase the income stream and further enhance customer experience. The Bank will continue to devote its effort to upgrading the electronic platforms and information infrastructure as well as developing the digital banking services, with a vision to build a modern operation platform which will support the Bank’s ongoing business growth.

Looking forward, Chong Hing Bank will continue to devote itself to realising its corporate vision of establishing itself as an “integrated commercial bank with cross-border expertise” by consolidating its businesses in Hong Kong, while grasping the massive development opportunities presented by the Guangdong-Hong Kong-Macao Bay Area Initiative. Chong Hing Bank has established a solid foundation and will endeavour to leverage on the resources of Yuexiu Group and the new strategic investor GZ Metro, as well as the beneficial policies between Hong Kong and mainland China to establish a cross-border linking mechanism and offer differentiated cross-border products and services focusing on the targeted customer bases in the Greater Bay Area. Chong Hing Bank has commissioned a dedicated office to conduct strategic studies on the Greater Bay Area and develop professional service solutions for cross-border customers. It will further improve synergy and establish an efficient cooperation mechanism by capitalising on the resources of Yuexiu Group and its professional advantage in the industry.

The Bank expects that Yuexiu Group and GZ Metro, which possess an enormous base of customers and upstream and downstream suppliers, can provide opportunities for the business expansion of the Bank. These will facilitate the Bank to vigorously develop various kinds of banking services and strongly support the future business growth of the Bank.

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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.

For media enquiries, please contact:

Strategic Financial Relations Limited

Ms. Maggie Au / Mr. Antonio Yu

Tel: (852) 2864 4815 / (852) 2114 4319

Email: maggie.au@sprg.com.hk or antonio.yu@sprg.com.hk

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Unless otherwise expressed, capitalised terms in this release shall have the same meanings as defined in the announcement of the Bank relating to the Subscription and the Rights Issue dated 14 August 2018 and the prospectus of the Bank relating to the Rights Issue dated 31 August 2018.