

3 September 2018

Dealings in Chong Hing Bank's Nil Paid Rights Commence on 4 September

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**Strives to Capture Business Opportunities in Greater Bay Area
Aspires to Become “Integrated Commercial Bank with Cross-Border Expertise”**

The dealings in the Nil Paid Rights of the Rights Issue proposed earlier by **Chong Hing Bank Limited (the “Bank”; stock code: 01111)** are expected to commence tomorrow (4 September 2018, Tuesday) and the latest time for payment for and acceptance of Rights Shares and the application and payment for excess Rights Shares will be at 4:00 p.m. on 14 September 2018 (Friday). Qualifying Shareholders are entitled to subscribe for the Rights Shares in proportion to their respective shareholdings in the Bank held at 5:00 p.m. on the Record Date on the basis of one Rights Share for every two Shares of the Bank at HK\$14.26 per Rights Share.

Yuexiu Financial Holdings Limited (“Yuexiu Financial Holdings”), which was interested as at the Latest Practicable Date in 489,375,000 Shares, representing 67.72% of the total number of issued Shares of the Bank, has irrevocably undertaken to the Bank that it will subscribe for the 244,687,500 Rights Shares provisionally allotted to it. Assuming all Rights Shares are subscribed, the estimated net proceeds of the Rights Issue after the deduction of all estimated expenses will be HK\$5.12 billion.

The Bank signed a Subscription Agreement earlier with Guangzhou Metro Investment Finance (HK) Limited (“GZ Metro”) in relation to the subscription for 70,126,000 Shares by GZ Metro, also at HK\$14.26 per Subscription Share. The Subscription was completed on 21 August 2018. GZ Metro is a wholly State-owned company under the Guangzhou Municipal Government. Established in 1992, GZ Metro 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, 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 learn from GZ Metro’s leading management experience and deep regional knowledge for the Bank’s business operation, management and corporate governance.

The Bank intends to use the net proceeds of the Rights Issue to strengthen the capital base of the Bank, which will lead to a stronger capital adequacy ratio position to support the ongoing growth of business development.

For the first half of 2018, the unaudited and consolidated profit attributable to equity owners of the Bank amounted to HK\$854 million, representing an increase of 66.9% over the corresponding period in 2017. The increase in consolidated profit for the period was mainly attributable to a widened net interest margin and higher non-interest income as well as lower impairment allowances on financial

assets. Net interest income of HK\$1,360 million was 22.1% higher than in the same period last year. Net interest margin of 1.72% was 18 basis points more than the corresponding period in the previous year. Overall, the Bank's core businesses, financial position and asset quality are strong, while the impaired loan ratio remains low. The Bank expects that upon receipt of the proceeds of the Rights Issue, the capital and financial position of the Bank will be further strengthened.

The Bank will continuously devote itself to realising its corporate vision of establishing itself as an "integrated commercial bank with cross-border expertise". The Bank is committed to consolidating its business base in Hong Kong, while grasping development opportunities presented by the Guangdong-Hong Kong-Macao Greater Bay Area initiative. The goal is to actively expand the Bank's businesses in the Mainland, 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. Over the year, the Bank has commissioned a dedicated office to conduct a strategic study on the Greater Bay Area. The objective is to develop professional service solutions for cross-border customers, and to further improve synergy and establish an efficient cooperation mechanism by capitalising on the resources of the Yuexiu Group and its professional advantage in the industry.

In view of the emerging Fintech trend, the Bank dedicates its best efforts to the development of digital banking, and strengthens the building of e-payment channels, as well as optimising e-banking and offering more convenient banking services to customers in the Mainland and Hong Kong. The Bank began its transformation two years ago and leveraged technologies to improve operational efficiency and customer experience. To this end, the Bank launched a Digital Banking Transformation Office with a focus on setting up its digital transformation strategy. This drove the development of digital channels and the application of Fintech by making use of big data and business analysis, and launched new products and services tailored to customers' needs.

Looking ahead, the Bank will continuously enhance its banking services for its customers and continue to build its business network in the Mainland by utilising its superior business management, corporate governance and risk management, the extensive resources provided by the Yuexiu Group and the beneficial policies between Hong Kong and the Mainland, and lead the Bank to achieve new milestones through implementing its sustainable development strategy.

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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.

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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.