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CZBANK  **浙商银行**

CHINA ZHESHANG BANK CO., LTD.

浙商银行股份有限公司

(A joint-stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2016)

INSIDE INFORMATION

ANNOUNCEMENT IN RELATION TO PROPOSED CAPITAL INCREASE IN A SUBSIDIARY AND POTENTIAL CONNECTED TRANSACTIONS

This announcement is made by the Bank pursuant to Rules 13.09(2) and 13.10B of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The Board hereby announces that the Bank's capital increase in Zheyin Financial Leasing was considered and approved at the 2024 sixth extraordinary meeting of the seventh session of the Board held on December 27, 2024. The Bank proposes to contribute capital of up to RMB1.02 billion.

As at the date of this announcement, the Bank holds 51.00% of the total issued shares of Zheyin Financial Leasing. As at the same date, Zhejiang Financial Holdings, as a substantial shareholder of the Bank, holds approximately 12.57% of the total issued shares of the Bank and 29.00% of the total issued shares of Zheyin Financial Leasing. Therefore, Zhejiang Financial Holdings is a connected person of the Bank, and Zheyin Financial Leasing is a connected subsidiary of the Bank. Accordingly, the Proposed Capital Increase may constitute connected transactions of the Bank under Chapter 14A of the Listing Rules. To the best of the Directors' knowledge and belief, having made all reasonable enquiries, as at the date of this announcement, the remaining counterparty to the Proposed Capital Increase (i.e. Zhoushan Marine) and its ultimate beneficial owner(s) are independent third parties of the Bank and its connected persons.

The final proceeds to be raised, the specific price of the capital increase and the percentages of shareholders' equity interest in Zheyin Financial Leasing after the change shall be subject to the actual subscription by the shareholders of Zheyin Financial Leasing and the results of approval by the regulatory authorities. As at the date of this announcement, the Bank has not entered into the Capital Increase Agreement in respect of the Proposed Capital Increase, and the Bank will make an announcement in accordance with the Listing Rules in due course.

SUMMARY OF THE PROPOSED CAPITAL INCREASE

The Board hereby announces that the Bank's capital increase in Zheyin Financial Leasing was considered and approved at the 2024 sixth extraordinary meeting of the seventh session of the Board held on December 27, 2024. As at the date of this announcement, Zheyin Financial Leasing is a subsidiary of the Bank, with the Bank, Zhejiang Financial Holdings and Zhoushan Marine having 51.00%, 29.00% and 20.00% shareholding, respectively. The Capital Increase of Zheyin Financial Leasing is intended to be subscribed by its existing shareholders in proportion to their shareholding through the issuance of 1.15 billion shares to be issued under the Capital Increase, with the proceeds to be raised not exceeding RMB2 billion. The Bank, as the controlling shareholder of Zheyin Financial Leasing, proposes to contribute capital of up to RMB1.02 billion. The final proceeds to be raised, the specific price of the capital increase and the percentage of shareholders' equity interest in Zheyin Financial Leasing after the change shall be subject to the actual subscription by the shareholders of Zheyin Financial Leasing and the results of approval by the regulatory authorities. As at the date of this announcement, the Bank has not entered into the Capital Increase Agreement in respect of the Proposed Capital Increase, and the Bank will make an announcement in accordance with the Listing Rules in due course.

BASIC INFORMATION ABOUT ZHEJIANG FINANCIAL HOLDINGS AND ZHEYIN FINANCIAL LEASING

Zhejiang Financial Holdings

Zhejiang Financial Holdings was established on September 6, 2012, with the unified social credit code of 913300000542040763 and a registered capital of RMB12.0 billion. With its registered address at Room 1601, 16/F, Block 1, East Building, Huijin International Building, No. 165 Huancheng North Road, Xiacheng District, Hangzhou, Zhejiang, the PRC (中國浙江省杭州市下城區環城北路 165 號匯金國際大廈東 1 幢 16 層 1601 室) and with Yang Qiangmin (楊強民) as the legal representative, it is mainly engaged in financial equity investment, government equity investment fund management, asset management and other businesses. As at the date of this announcement, Zhejiang Financial Holdings is the substantial shareholder of the Bank, holding approximately 12.57% of the total issued share capital of the Bank.

As of the end of 2023, Zhejiang Financial Holdings had total assets of RMB287,666 million, with its operating revenue of RMB33,527 million and net profit of RMB5,053 million (audited) achieved in 2023.

As of June 30, 2024, Zhejiang Financial Holdings had total assets of RMB280,465 million, with its operating revenue of RMB16,619 million and net profit of RMB2,297 million (unaudited) achieved for the six months ended June 30, 2024.

As of the date of this announcement, Zhejiang Financial Holdings is not a subject in the list of judgement defaulters.

Zheyin Financial Leasing

Zheyin Financial Leasing was established on January 18, 2017, with the unified social credit code of 91330900MA28KA6292 and a registered capital of RMB4 billion. With its registered address at 23rd Floor, No. 111 Yingbin Avenue, the Zhoushan Economic Development Zone, Zhejiang Province, the PRC (within the Free Trade Pilot Zone) (中國浙江省舟山經濟開發區迎賓大道 111 號 23 層(自貿試驗區內)), and Wang Guoping (汪國平) as the legal representative, it is mainly engaged in business activities as approved by the China Banking Regulatory Commission in accordance with relevant laws, administrative regulations and other provisions, the scope of which is detailed in the approval documents (with its operations subject to its financial license). As at the date of this announcement, Zheyin Financial Leasing is a subsidiary of the Bank, with the Bank, Zhejiang Financial Holdings and Zhoushan Marine having 51.00%, 29.00% and 20.00% shareholding, respectively.

As of the end of 2023, Zheyin Financial Leasing had total assets of RMB68,381 million, with its operating revenue of RMB2,181 million and net profit of RMB909 million (audited) achieved in 2023.

As of June 30, 2024, Zheyin Financial Leasing had total assets of RMB72,878 million, with its operating revenue of RMB1,037 million and net profit of RMB496 million (unaudited) achieved for the six months ended June 30, 2024.

As of the date of this announcement, Zheyin Financial Leasing is not a subject in the list of judgement defaulters.

APPRAISAL AND PRICING OF THE SUBJECT MATTER

The price of capital increase under the Proposed Capital Increase will be determined in the following manner:

1. Except such circumstances as described in item 2, the price of capital increase will be determined on the basis of the audited net asset value per share of Zheyin Financial Leasing as of December 31, 2023.

2. In case that any shareholder of Zheyin Financial Leasing expresses in its response to the capital increase subscription order that it does not wish to participate in the subscription, or is deemed to have waived the subscription for the capital increase as a result of its failure to reply before the deadline for the subscription order, or expresses in its response to the capital increase subscription order that it does not wish to subscribe for its subscribed amount in full, each of which results in a change of the proportion of the shareholding of the respective shareholder following the capital increase, then the board of directors has been given at the shareholders' meeting of Zheyin Financial Leasing the mandate to delegate the management to appoint an asset valuer to conduct an asset valuation of the value of the shareholdings of Zheyin Financial Leasing on December 31, 2023 as the benchmark date, and to determine the final issue price for the shares on the basis of the valuation, in accordance with the relevant provisions under Paragraph (4) of Article 6 to the Provisional Supervisory and Administrative Measures for the Valuation of State-owned Assets in Financial Enterprises 《金融企業國有資產評估監督管理暫行辦法》).
3. For the avoidance of doubt, the price of the capital increase will remain unchanged after it has been determined in accordance with items 1 and 2.

The specific price of the capital increase and the percentage of shareholders' equity interest after the change shall be subject to the actual subscription by the shareholders of Zheyin Financial Leasing and the results of approval by the regulatory authorities.

IMPACTS OF THE PROPOSED CAPITAL INCREASE AND THE POTENTIAL CONNECTED TRANSACTIONS ON THE BANK

The Proposed Capital Increase will further replenish the capital of Zheyin Financial Leasing to ensure its own capital requirements for business development, which will be conducive to enhancing its competitiveness in the industry, the Bank's return on capital and strategic synergies between the holding company and the subsidiaries. It is expected that the Proposed Capital Increase will not be detrimental to the interests of the Bank and its shareholders as a whole, and will not have a material impact on the Bank's normal operating activities and financial conditions.

OPINION OF THE DIRECTORS

The Proposed Capital Increase and the Potential Connected Transactions were considered and approved at the 2024 sixth extraordinary meeting of the seventh session of the Board of Directors. As Mr. HOU Xingchuan holds office at Zhejiang Financial Holding, he has abstained from voting on the Board resolutions approving the Proposed Capital Increase and the Potential Connected Transactions. The remaining Directors have voted for, and unanimously considered and approved the Board resolutions approving the Proposed Capital Increase and the Potential Connected Transactions. Save as aforesaid, no other Directors have a material interest in the Proposed Capital Increase or the Potential Connected Transactions, and therefore no other Directors are required to abstain from voting on the relevant board resolutions.

The Directors (including all independent non-executive Directors) consider that the Proposed Capital Increase and the Potential Connected Transactions are (i) conducted in the ordinary and usual course of business of the Group and expected to be conducted on normal commercial terms; (ii) on terms that are fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Bank holds 51.00% of the total issued shares of Zheyin Financial Leasing. As at the same date, Zhejiang Financial Holdings, as a substantial shareholder of the Bank, holds approximately 12.57% of the total issued shares of the Bank and 29.00% of the total issued shares of Zheyin Financial Leasing. Therefore, Zhejiang Financial Holdings is a connected person of the Bank, and Zheyin Financial Leasing is a connected subsidiary of the Bank. Accordingly, the Proposed Capital Increase may constitute connected transactions of the Bank under Chapter 14A of the Listing Rules. To the best of the Directors' knowledge and belief, having made all reasonable enquiries, as at the date of this announcement, the remaining counterparty to the Proposed Capital Increase (i.e. Zhoushan Marine) and its ultimate beneficial owner(s) are independent third parties of the Bank and its connected persons.

The Proposed Capital Increase represents a targeted capital increase in Zheyin Financial Leasing available to its original shareholders, which may result in changes to its original shareholding structure to such extent that other shareholders waive their participation. The Proposed Capital Increase and the Potential Connected Transactions are subject to the approval by the regulatory authorities and certain uncertainties. As at the date of this announcement, the Bank has not entered into the Capital Increase Agreement in respect of the Proposed Capital Increase, and the Bank will fulfill the corresponding obligations required by approval procedures and information disclosure in strict compliance with the relevant requirements of the Listing Rules and other relevant regulations. Investors are advised to pay attention to the investment risks thereof.

DEFINITIONS

“A Share(s)”	ordinary share(s) of RMB1.00 each in the share capital of the Bank, which is (are) listed on the Shanghai Stock Exchange and traded in RMB
“Bank”	China Zheshang Bank Co., Ltd. (浙商银行股份有限公司), a Sino-foreign joint venture incorporated in the PRC on April 16, 1993 in accordance with the PRC laws, and reorganized to a joint-stock company with approval of the China Banking Regulatory Commission on June 30, 2004, the H Shares of which have been listed on the Stock Exchange (Stock Code: 2016); the A Shares of which have been listed on the Shanghai Stock Exchange (Stock Code: 601916)

“Board” or “Board of Directors”	the board of directors of the Bank
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“connected subsidiary”	has the meaning ascribed thereto in the Listing Rules
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“H Share(s)”	overseas listed foreign shares of RMB1.00 each in the share capital of the Bank, which are listed on the Stock Exchange and traded in Hong Kong dollars
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC” or “China”	the People’s Republic of China, excluding, for the purposes of this circular only, Hong Kong, Special Administrative Region of the People’s Republic of China and Taiwan
“Proposed Capital Increase”	the capital increase by the Bank in Zheyin Financial Leasing was considered and approved at the 2024 sixth extraordinary meeting of the seventh session of the Board held on December 27, 2024, in which case, the Bank intends to make a capital contribution of up to RMB1,020 million.
“Potential Connected Transactions”	the relevant transactions under the Proposed Capital Increase
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhejiang Financial Holdings”	Zhejiang Provincial Financial Holdings Co., Ltd. (浙江省金融控股有限公司)
“Zheyin Financial Leasing”	Zhejiang Zheyin Financial Leasing Co., Ltd. (浙江浙銀金融租賃股份有限公司)

“Zhoushan Marine”

Zhoushan Marine Comprehensive Development and Investment Co., Ltd. (舟山海洋綜合開發投資有限公司)

“%”

percentage

By order of the Board
China Zheshang Bank Co., Ltd.
Lu Jianqiang
Chairman

Hangzhou, the PRC
December 27, 2024

As at the date of this announcement, the executive Directors of the Bank are Mr. Lu Jianqiang, Ms. Ma Hong and Mr. Chen Haiqiang; the non-executive Directors are Mr. Hou Xingchuan, Mr. Ren Zhixiang, Mr. Hu Tiangao and Mr. Ying Yuxiang; the independent non-executive Directors are Mr. Wang Guocai, Mr. Wang Wei, Mr. Xu Yongbin, Mr. Fu Tingmei and Mr. Shi Hao.