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**JINSHANG BANK CO., LTD.\***

**晉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: 2558)**

## **ANNOUNCEMENT**

### **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

#### **SUMMARY**

Reference is made to the prospectus of the Bank dated June 28, 2019 in relation to, among other things, the Original Huaneng Framework Agreement and the Original SSCO Framework Agreement and the announcement of the Bank dated March 26, 2020 and the circular of the Bank dated April 24, 2020 in relation to, among other things, the Huaneng Framework Supplemental Agreement and the SSCO Framework Supplemental Agreement.

In light of the impending expirations of (i) the Original Huaneng Framework Agreement and the Huaneng Framework Supplemental Agreement with Huaneng Capital and (ii) the Original SSCO Framework Agreement and the SSCO Framework Supplemental Agreement with SSCO, on October 19, 2021, the Bank entered into the New Huaneng Framework Agreement with Huaneng Capital and the New SSCO Framework Agreement with SSCO, to renew such transactions for a term of three years from January 1, 2022 to December 31, 2024 and which are renewable subject to agreement between both parties and compliance with the Listing Rules.

As at the date of this announcement, Huaneng Capital and SSCO, which hold approximately 10.28% and 20.66% in the total issued share capital of the Bank respectively, are substantial Shareholders of the Bank. According to Chapter 14A of the Listing Rules, Huaneng Capital, SSCO and their respective associates are connected persons of the Bank. As a result, the entering into of the New Huaneng Framework Agreement and the New SSCO Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Bank under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules and excluding profits ratio) calculated for the annual caps on transactions under the New Huaneng Framework Agreement and the New SSCO Framework Agreement exceed 5%, according to Chapter 14A of the Listing Rules, the New Huaneng Framework Agreement and the New SSCO Framework Agreement and the transactions contemplated thereunder are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

The Bank will establish an Independent Board Committee to advise Independent Shareholders as to the New Huaneng Framework Agreement and the New SSCO Framework Agreement and the transactions contemplated thereunder. The Independent Board Committee will advise the Independent Shareholders at the Extraordinary General Meeting after considering the advice and recommendation of the Independent Financial Adviser.

The Bank will, as soon as practicable and in compliance with the Listing Rules, send to Shareholders a circular containing, among others, (i) further details of the New Huaneng Framework Agreement and the New SSCO Framework Agreement; (ii) an advisory letter from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders on the terms of the New Huaneng Framework Agreement and the New SSCO Framework Agreement, the transactions contemplated thereunder and the proposed annual caps for the three years ending December 31, 2022, 2023 and 2024; (iii) recommendations from the Independent Board Committee to Independent Shareholders; and (iv) the notice of Extraordinary General Meeting. As the Extraordinary General Meeting relates to other resolutions and information, the circular and pertinent materials are currently expected to be despatched to the Shareholders on or before November 30, 2021.

### **I. CONTINUING CONNECTED TRANSACTIONS DETAILS**

#### **A. New Huaneng Framework Agreement**

##### ***Background information***

In the ordinary and usual course of business, the Group participates in the Great Wall Securities Asset Management Schemes and Huaneng Guicheng Trust Schemes, and expects to continue to participate in such asset management schemes and collective trust schemes. To comply with the requirements of the Listing Rules, the Bank entered into the Original Huaneng Framework Agreement with Huaneng Capital on June 24, 2019 to cover both the Great Wall Securities Asset Management Schemes and Huaneng Guicheng Trust Schemes. The Original Huaneng Framework Agreement will be valid until December 31, 2021, unless terminated earlier in accordance with the terms thereunder.

On March 26, 2020, the Bank entered into the Huaneng Framework Supplemental Agreement with Huaneng Capital to raise amounts and widen scope of the annual caps under the Original Huaneng Framework Agreement. In addition to the Bank's continuing participation in the Great Wall Securities Asset Management Schemes and the Huaneng Guicheng Trust Schemes, the revised annual caps have also taken into account the Bank's participation in two new funds management schemes launched by associates of Huaneng Capital, which are IGWFM and GWFM. The widen scope of the annual caps have also taken into account the fee- and commission-based products and services provided by the Bank to Huaneng Capital and its associates, which mainly include bank acceptance bills, settlement services, debt securities underwriting and distribution, direct banking services and fund/trust products distribution services and the products and services provided by Huaneng Capital and its associates to the Bank, which mainly include the Yuncheng payment (being a service fee, based on a fixed fee rate, to be paid by the Bank to Yuncheng Financial Service in relation to the Bank's products on a mobile application developed and managed by Yuncheng Financial Service). Such revision on annual caps was approved at the annual general meeting of the Bank on June 9, 2020.

In light of the impending expirations of the Original Huaneng Framework Agreement and Huaneng Framework Supplemental Agreement, on October 19, 2021, the Bank entered into the New Huaneng Framework Agreement with Huaneng Capital with a term of three years from January 1, 2022 to December 31, 2024 and which are renewable subject to agreement between both parties and compliance with the Listing Rules. Pursuant to it, the Group shall continue to participate in the above transactions with Huaneng Capital and its associates.

***Principal terms of the New Huaneng Framework Agreement***

The main terms of the New Huaneng Framework Agreement are set out below:

- Date: October 19, 2021
- Parties thereto: (i) the Bank; and  
(ii) Huaneng Capital
- Subject matter: (i) Investments by the Bank in asset management schemes, collective trust schemes and funds management schemes launched by Huaneng Capital and its associates;  
(ii) Fee- and commission-based products and services to be provided by the Bank to Huaneng Capital and its associates; and  
(iii) Products and services to be provided by Huaneng Capital and its associates to the Bank.
- Term: From January 1, 2022 to December 31, 2024

Pursuant to the New Huaneng Framework Agreement, the transactions contemplated thereunder will be conducted on normal commercial terms that comply with applicable laws and regulations and industry practices and the parties should sign specific agreements separately for each actual transaction based on the terms thereunder.

***Historical transaction amounts***

The following table sets forth the investment amount, return of investment, management fees and trust remuneration, and fees and commissions received from/paid to Huaneng Capital and its associates during the following years/period.

	Actual amounts for the years ended December 31,		Actual amounts for the six months ended June 30, 2021	Approved annual cap for the year ending December 31, 2021
	2019	2020	2021	2021
Investment amount	2,673,859.6	3,699,375.3	1,273,937.2	12,340,000.0
Return of investment	120,321.9	97,748.2	54,349.0	520,500.0
Management fees and trust remuneration	2,173.8	4,734.1	2,976.5	41,100.0
Fees and commissions received by the Bank	4,250.8	14,048.0	5,424.1	49,500.0
Fees and commissions paid by the Bank	1,290.0	1,454.9	1,657.8	12,900.0

### ***Proposed annual caps***

For the years ending December 31, 2022, 2023 and 2024, the proposed annual caps on the investment amount, return of investment, management fees and trust remuneration, fees and commissions receivable from/payable to Huaneng Capital and its associates under the New Huaneng Framework Agreement are as follows:

	<b>Proposed annual transaction caps for the year ending December 31,</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>(in the thousands of RMB)</i>		
Investment amount	10,340,000.0	12,624,000.0	13,936,400.0
Return of investment	478,800.0	573,600.0	622,600.0
Management fees and trust remuneration	28,300.0	34,200.0	37,200.0
Fees and commissions receivable			
by the Bank	21,200.0	27,300.0	32,400.0
Fees and commissions payable by the Bank	5,000.0	7,000.0	9,000.0

### ***Basis for the proposed annual caps***

The Directors determined the proposed annual caps of the investment amount under the New Huaneng Framework Agreement with reference to, among others, (a) the historical amounts for the investment amount, return of investment, and management fees and trust remuneration for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021, and the fluctuations in the volume of these products and services for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021; (b) the effect of cumulative calculation of investment amount due to short holding period of investment in the products under the Great Wall Securities Asset Management Schemes, the Huaneng Guicheng Trust Schemes, the IGWFM Schemes and GWFM Schemes by the Bank; (c) an expected annualized growth rate of 10%-22% of the investment amounts for the years ending December 31, 2022, 2023 and 2024 based on referential historical transactions amounts with counterparties that are comparable to Great Wall Securities, Huaneng Guicheng Trust, IGWFM and GWFM; and (d) the Bank and Huaneng Capital have made specific arrangements for part of the businesses for cooperation.

The Directors calculated the expected annualized return on investment of the assets management schemes, collective trust schemes, and funds management schemes ranging from 4.0% to 5.6% considering the loose monetary policies.

The annual caps of the management fees and trust remuneration are calculated based on the investment amount and the management fees/trust remuneration rate (if applicable) as published by Great Wall Securities, Huaneng Guicheng Trust, IGWFM and GWFM.

The Directors determined the proposed annual caps of the fees and commissions related to the fee- and commission-based products to be provided to Huaneng Capital and its associates and the fees related to the products and services to be provided by Huaneng Capital and its associates to the Bank with reference to, among others, (a) the historical amounts for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021, and the fluctuations in the volume of these products and services for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021; (b) the significant increase in the expected fees and commissions from bond underwriting business for the coming years as the Bank obtained Class-B lead underwriter qualification for underwriting debt financing instruments issued by non-financial enterprises in February 2019 as well as the broader service scope of the Bank and the increasingly mature business capabilities, which is consistent with the Bank's strategy to cooperate with leading enterprises in Shanxi province and achieve business diversification; (c) the possibility of the Group's future launch of new products and services; and (d) the Bank and Huaneng Capital have made specific arrangements for part of the businesses for cooperation.

### ***Pricing***

For asset management schemes, collective trust schemes and funds management schemes launched by Great Wall Securities, Huaneng Guicheng Trust, IGWFM and GWFM, the management fees and trust remuneration are applicable to all investors participating in such plans equally and evenly, including the Group and any other independent third party investor participants. For single asset management schemes launched by Great Wall Securities, the management fees are at prevailing market rate based on arm's length negotiation.

The fees and commissions of the fee- and commission-based products and services to be offered to Huaneng Capital and its associates are at the normal fee standards of the Bank. For such fee- and commission-based products and services, fees and commissions are charged by the Bank at a certain rate which is also applicable to independent counterparties.

For the products or services to be provided by Huaneng Capital and/or its associates, the Bank will be attentive to the purpose of the contracts with prudence, analyze the businesses, and, if possible, set pricing standards no higher than those of independent third-party by comparing factors such as third-party prices and duration.

## **B. New SSCO Framework Agreement**

In the ordinary and usual course of business, the Group provides fee- and commission-based products and services to SSCO and its associates. To comply with the requirements of the Listing Rules, the Bank entered into the Original SSCO Framework Agreement with SSCO on June 24, 2019. The Original SSCO Framework Agreement will be valid until December 31, 2021, unless terminated earlier in accordance with the terms thereunder.

On March 26, 2020, the Bank entered into the SSCO Framework Supplemental Agreement to adjust the annual caps on fees and commissions related to fee- and commission-based financial products and services offered by the Group to SSCO and its associates, as a replacement for the original annual caps, due to the cooperation status, market environment, expectations for further strengthening of cooperation. Such revision on annual caps was approved at the annual general meeting of the Bank on June 9, 2020.

In light of the impending expirations of the Original SSCO Framework Agreement and SSCO Framework Supplemental Agreement, on October 19, 2021, the Bank entered into the New SSCO Framework Agreement with SSCO with a term of three years from January 1, 2022 to December 31, 2024 and which are renewable subject to agreement between both parties and compliance with the Listing Rules. Pursuant to it, the Group shall continue to provide fee- and commission-based products and services to SSCO and its associates.

The fee- and commission-based products and services to be provided to SSCO and its associates mainly include bank acceptance bills, letters of credit, debt securities distribution, debt securities underwriting, syndicated loans, direct banking services, settlement services and wealth management business.

***Principal terms of the New SSCO Framework Agreement***

The main terms of the New Huaneng Framework Agreement are set out below:

- Date: October 19, 2021
- Parties thereto: (i) the Bank; and  
(ii) SSCO
- Subject matter: Fee- and commission-based products to be provided by the Bank to SSCO and its associates
- Term: From January 1, 2022 to December 31, 2024

Pursuant to the New SSCO Framework Agreement, the terms and conditions (including but not limited to prices) for the provision of fee- and commission-based financial products and services by the Bank to SSCO and/or its associates shall be fair and reasonable and determined on normal commercial terms and negotiated on an arm's length basis and the parties shall sign specific fee- and commission-based product and service agreements separately for each actual transaction based on the terms thereunder. The transactions will be conducted in the usual and ordinary course of business of the Group and on normal commercial terms which comply with the provisions of applicable laws and regulations and industry practices.

### ***Historical transaction amounts***

The following table sets forth the fees and commissions received from the provision of fee- and commission-based products and services to SSCO and its associates during the following years/period.

	Actual amounts for the years ended December 31,		Actual amounts for the six months ended June 30,	Approved annual cap for the year ending December 31,
	2019	2020	2021	2021
	<i>(in the thousands of RMB)</i>			
Fees and commissions received from the provision of fee- and commission-based products and services to SSCO and its associates	128,627.4	181,154.8	89,293.7	285,000.0

### ***Proposed annual caps***

For the years ending December 31, 2022, 2023 and 2024, the proposed annual caps on the fees and commission receivable by the Group from SSCO and/or its associates are as follows:

	Proposed annual transaction caps		
	For the year ending December 31,		
	2022	2023	2024
	<i>(in the thousands of RMB)</i>		
Total	278,200.0	311,500.0	354,900.0

### ***Basis for the proposed annual caps***

The Directors determined the proposed annual caps with reference to, among others, (a) the historical amounts for the provision of fee- and commission-based products and services by the Group to SSCO and its associates for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021, and the fluctuations in the volume of these products and services for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021; (b) the significant increase in the expected fees and commissions from bond underwriting business for the coming years as the Bank obtained Class-B lead underwriter qualification for underwriting debt financing instruments issued by non-financial enterprises in February 2019, which is consistent with the Bank's strategy to cooperate with leading enterprises in Shanxi province and achieve business diversification; (c) the significant increase in the income of fees and commissions from investment and financing business through the multi-functional online direct banking platform since 2018, which is consistent with the Bank's strategy to diversify its business cooperation with SSCO and its associates; (d) the possibility of the Group's future launch of new products and services; and (e) the Bank and SSCO have made specific arrangements for part of the businesses for cooperation.

## ***Pricing***

Pursuant to the terms of the New SSCO Framework Agreement, the two parties shall, based on the terms of the New SSCO Framework Agreement, sign a specific fee- and commission-based products and services agreement for each actual transaction. The transactions shall be conducted on normal commercial terms that comply with applicable laws and regulations and industry practices.

The fees and commissions of such fee- and commission-based products and services charged to SSCO and its associates by the Group are at the normal fee standards and not lower than comparable third party quotations. For such fee- and commission-based products and services, the Group generally charges fees and commissions at a certain rate which is also applicable to independent counterparties.

## **II. GROUNDS AND BENEFITS OF ENTERING INTO NEW HUANENG FRAMEWORK AGREEMENT AND NEW SSCO FRAMEWORK AGREEMENT**

Relying on China Huaneng Group Co., Ltd. (中國華能集團有限公司) (“**Huaneng Group**”), Huaneng Capital is a comprehensive financial service provider specializing in energy and basic industries. SSCO, as the state-owned financial capital operation platform in Shanxi province, has great financial strength. The cooperation helps the Bank to enhance its cooperation with leading enterprises in the province and its business diversification.

The Directors (excluding the independent non-executive Directors, whose opinions will be set out in a letter from the Independent Board Committee included in the circular to be despatched to the Shareholders) are of the opinion that the New Huaneng Framework Agreement and the New SSCO Framework Agreement were entered into in the ordinary course of business of the Bank, on normal commercial terms, and negotiated on an arm’s length basis, while the transaction terms and relevant proposed annual caps under the New Huaneng Framework Agreement and the New SSCO Framework Agreement are fair and reasonable and in the interests of the Bank and its Shareholders as a whole.

## **III. INTERNAL CONTROL**

The Bank has adopted and implemented the following internal procedures and corporate governance measures to monitor and verify the terms of future transactions:

- (i) The Bank places great importance on the management of connected transactions and takes the initiative to actively update the list of connected persons. In order to comprehensively and accurately identify connected persons, the Bank conducts penetration management of substantial Shareholders to achieve effective collection of data related to connected transactions. To meet the management requirements of the Stock Exchange in relation to connected transactions, the Bank has formulated the “Measures for the Management of Related Party Transactions”, which further clarifies the duties of the connected transaction functional department and strictly implements the approval and information disclosure system of connected transactions so as to ensure that all the connected transactions of the Bank are effectively monitored and

supervised, maintain stable business operations, establish a risk monitoring system, and ensure that all relevant connected transactions are in the interests of our Shareholders as a whole. In order to complete the implementation of the “Measures for the Management of Related Party Transactions”, the Bank has engaged an external advisory body to provide advisory services for the establishment of a related party (connected) transaction system. The Bank has commenced the establishment of a related party (connected) transaction system to facilitate the continuous identification and monitoring of connected transactions of the Bank in the future.

- (ii) The “Measures for the Management of Related Party Transactions” aims to standardize and set out the management responsibilities and division of responsibilities as well as monitoring mechanisms related to the connected transactions of the Bank, and to safeguard the interests of our Shareholders as a whole and the interests of the Bank and its stakeholders. The connected transactions of the Bank must be conducted in accordance with the principles, rules and procedures specified in the said policies and administrative measures.
- (iii) Senior management of the Bank is responsible for ensuring that the employees fully understand the policies and administrative measures of the “Measures for the Management of Related Party Transactions” and will implement the provisions therein to ensure that connected transactions comply with the provisions of relevant policies and administrative measures.
- (iv) As part of the internal control and risk management procedures, each responsible department must perform certain procedures before entering into any agreement, including reviewing specific contracts entered into between the Bank and connected persons, regularly checking the specific terms of continuing connected transactions, and comparing the terms of comparable transactions to ensure that the pricing policies and/or other contractual terms are entered into on normal commercial terms in the ordinary and usual course of business of the Bank and are fair and reasonable and in the interests of us and our Shareholders as a whole.
- (v) Each responsible department must also report and submit detailed information to the Risk Management Department of the Bank on the continuing connected transactions for its review and analysis before entering into any specific contract, and ensure that the connected transactions comply with applicable laws, rules and regulations as well as internal policies and administrative measures.
- (vi) As part of the internal control and risk management procedures and to ensure that the continuing connected transactions do not exceed the relevant annual caps, the responsible departments are responsible for monitoring the transaction amount and submitting the transaction amount data to the Risk Management Department on a regular basis. If it is expected that the transaction amount of any continuing connected transaction that is or will be incurred in the financial year will reach or exceed the relevant annual cap, the responsible department shall contact the Risk Management Department to report to our management and consider the measures to be taken to ensure that the requirements under the Listing Rules are complied with, including obtaining the approval of independent Shareholders (if required).

- (vii) The Risk Management Department must report the continuing connected transactions to the Board, relevant committees and/or our management as requested so that they can carry out the review to ensure that the continuing connected transactions are entered into on normal commercial terms in the ordinary and usual course of business of the Bank and are fair and reasonable and in the interests of us and our Shareholders as a whole. The independent non-executive Directors will also conduct annual reviews of continuing connected transactions in accordance with the Listing Rules. The Bank will engage an external auditor to make reports on continuing connected transactions every year. The external auditor will write to the Board to confirm the matters required by the Listing Rules, including whether the continuing connected transactions are conducted in accordance with the relevant pricing policies.

The Directors have confirmed that the Bank's qualifications and internal control procedures can effectively guarantee the transactions between the Bank and Huaneng Capital, SSCO and/or their respective associates in accordance with the New Huaneng Framework Agreement and the New SSCO Framework Agreement, and the terms are fair and reasonable and have gone through negotiation on an arm's length basis, and have been entered into on normal commercial terms that comply with industry practices, and such procedures and measures are sufficient to assure the Independent Shareholders that the Bank will properly monitor continuing connected transactions.

#### **IV. APPROVAL BY THE BOARD OF DIRECTORS**

At the 22th meeting of the fifth Board of Directors held on October 19, 2021, the Board approved the terms of the New Huaneng Framework Agreement and the New SSCO Framework Agreement, the transactions contemplated thereunder, and the proposed annual caps for the years ending December 31, 2022, 2023 and 2024.

XIANG Lijun, a non-executive Director of the Bank, served in several subsidiaries of Huaneng Group, so he has abstained from voting on the resolution regarding the New Huaneng Framework Agreement and its proposed annual caps at the Board meeting. WANG Jianjun, a non-executive Director of the Bank, served in several subsidiaries of Shanxi Lu'an Mining (Group) Co., Ltd. (山西潞安礦業(集團)有限責任公司), being a subsidiary of SSCO, so he has abstained from voting on the resolution regarding the New SSCO Framework Agreement and its proposed annual caps at the Board meeting. Save as aforesaid, none of the Directors has significant interests in the New Huaneng Framework Agreement or New SSCO Framework Agreement, or is required to abstain from voting on relevant Board resolutions.

#### **V. ABOUT THE PARTIES TO THE AGREEMENTS**

##### **The Bank**

The Bank's principal businesses include corporate banking, retail banking and financial markets business. The Bank provides corporate banking customers with a wide range of products and services, including corporate loans, bill discounting, corporate deposits, transactional banking services, investment banking services, and other fee- and commission-based products and services. The Bank provides retail banking customers with a wide range of products and services, including personal loans, personal deposits, card services, and other fee- and commission-based products and services. The Bank's financial markets business primarily consists of interbank market transactions, investment management, wealth management, and bill discounting and rediscounting.

## **Huaneng Capital**

Huaneng Capital, established in 2003, is a financial asset investment and professional management institution and financial service platform of Huaneng Group. Huaneng Capital has gradually become a comprehensive financial service provider specializing in energy and basic industries and a comprehensive financial holding company by leveraging the reputation and business resources supported by Huaneng Group's strong industrial background. Huaneng Capital is held as to 61.22% equity interest by Huaneng Group.

## **SSCO**

SSCO, established by State-owned Assets Supervision and Administration Commission of the People's Government of Shanxi Province (山西省人民政府國有資產監督管理委員會) ("Shanxi SASAC") in July 2017, is mainly responsible for state-owned capital operation and related business. It is the only provincial state-owned capital operation company in Shanxi province that covers multiple areas including energy, metallurgy, power, equipment manufacturing, infrastructure construction and consumption, and has a mission to strategically adjust the structure of state-owned capital in Shanxi province. SSCO is wholly-owned by Shanxi SASAC.

## **VI. IMPLICATION OF THE LISTING RULES**

As at the date of this announcement, Huaneng Capital and SSCO are the substantial Shareholders of the Bank and hold approximately 10.28% and 20.66% in the total issued share capital of the Bank respectively. Therefore, according to Chapter 14A of the Listing Rules, Huaneng Capital, SSCO and their respective associates are connected persons of the Bank. The entering into of the New Huaneng Framework Agreement and the New SSCO Framework Agreement with Huaneng Capital and SSCO and the transactions contemplated thereunder constitute continuing connected transactions under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules and excluding profits ratio) calculated for the annual caps on transactions under the New Huaneng Framework Agreement and the New SSCO Framework Agreement exceed 5%, according to Chapter 14A of the Listing Rules, the New Huaneng Framework Agreement and the New SSCO Framework Agreement and the transactions contemplated thereunder are subject to, among others, the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Bank will establish an Independent Board Committee to advise Independent Shareholders on the New Huaneng Framework Agreement, the New SSCO Framework Agreement and the proposed annual caps. The Independent Board Committee consists of all independent non-executive Directors. The Bank will, after considering the advice and recommendation by the Independent Financial Adviser, advise the Independent Shareholders on the New Huaneng Framework Agreement, the New SSCO Framework Agreement and the proposed annual caps for vote at the Extraordinary General Meeting. For such purpose, the Bank has appointed Opus Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the New Huaneng Framework Agreement and the New SSCO Framework Agreement, the transactions contemplated thereunder and the proposed annual caps for the three years ending December 31, 2022, 2023 and 2024.

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder who has a material interest in the New Huaneng Framework Agreement or the New SSCO Framework Agreement must abstain from voting on the relevant resolutions at the Extraordinary General Meeting. Therefore, Huaneng Capital and its associates must abstain from voting on the resolution(s) regarding the New Huaneng Framework Agreement and its proposed annual caps at the Extraordinary General Meeting, and SSCO and its associates must abstain from voting on the resolution(s) regarding the New SSCO Framework Agreement and its proposed annual caps at the Extraordinary General Meeting.

The Bank will, as soon as practicable and in compliance with the Listing Rules, send to Shareholders a circular, among others, (i) further details of the New Huaneng Framework Agreement and the New SSCO Framework Agreement; (ii) an advisory letter from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders on the terms of the New Huaneng Framework Agreement and the New SSCO Framework Agreement, the transactions contemplated thereunder and the proposed annual caps for the three years ending December 31, 2022, 2023 and 2024; (iii) recommendations from the Independent Board Committee to Independent Shareholders; and (iv) the notice of Extraordinary General Meeting. As the Extraordinary General Meeting relates to other resolutions and information, the circular and pertinent materials are currently expected to be despatched to the Shareholders on or before November 30, 2021.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below.

“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Bank”	Jinshang Bank Co., Ltd.*, a limited liability company established in China on October 16, 1998 in accordance with relevant Chinese laws and regulations, and (if the context requires) includes its predecessor, branches and sub-branches (excluding its subsidiary)
“Board” or “Board of Directors”	the board of Directors
“China” or “PRC”	the People’s Republic of China
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Bank
“Extraordinary General Meeting”	the extraordinary general meeting to be held by the Bank to consider, and if thought fit, approve the New Huaneng Framework Agreement and the New SSCO Framework Agreement, the transactions contemplated thereunder and the proposed annual caps for the three years ending December 31, 2022, 2023 and 2024, or any adjournment thereof
“Great Wall Securities”	Great Wall Securities Co., Ltd. (長城證券股份有限公司), being an associate of Huaneng Capital

“Great Wall Securities Asset Management Schemes”	the asset management schemes launched by Great Wall Securities
“Group”	the Bank together with its subsidiary
“GWFM”	Great Wall Fund Management Co., Ltd. (長城基金管理有限公司), being an associate of Huaneng Capital
“GWFM Schemes”	the funds management schemes launched by GWFM
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huaneng Capital”	Huaneng Capital Service Co., Ltd. (華能資本服務有限公司)
“Huaneng Framework Supplemental Agreement”	the supplemental agreement to the Original Huaneng Framework Agreement that the Bank entered into with Huaneng Capital on March 26, 2020 to adjust the annual caps under the Original Huaneng Framework Agreement
“Huaneng Guicheng Trust”	Huaneng Guicheng Trust Corp., Ltd. (華能貴誠信託有限公司), being an associate of Huaneng Capital
“Huaneng Guicheng Trust Schemes”	collective trust schemes launched by Huaneng Guicheng Trust
“IGWFM”	Invesco Great Wall Fund Management Co., Ltd (景順長城基金管理有限公司), being an associate of Huaneng Capital
“IGWFM Schemes”	the funds management schemes launched by IGWFM
“Independent Board Committee”	an independent Board committee composed of all independent non-executive Directors of the Bank to advise the Independent Shareholders on the New Huaneng Framework Agreement and the New SSCO Framework Agreement, the transactions contemplated thereunder and the proposed annual caps for the three years ending December 31, 2022, 2023 and 2024
“Independent Financial Adviser” or “Opus Capital”	Opus Capital Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, which has been appointed as the independent financial adviser to advise the Independent Board Committee and Independent Shareholders on the terms of the New Huaneng Framework Agreement and the New SSCO Framework Agreement, the transactions contemplated thereunder and the proposed annual caps for the three years ending December 31, 2022, 2023 and 2024

“Independent Shareholders”	all Shareholders excluding Huaneng Capital, or SSCO and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“New Huaneng Framework Agreement”	the framework agreement that the Bank entered into with Huaneng Capital on October 19, 2021 regarding renewal of the Original Huaneng Framework Agreement and the Huaneng Framework Supplemental Agreement
“New SSCO Framework Agreement”	the framework agreement that the Bank entered into with SSCO on October 19, 2021 regarding the renewal of the Original SSCO Framework Agreement and the SSCO Framework Supplemental Agreement
“Original Huaneng Framework Agreement”	the framework agreement that the Bank entered into with Huaneng Capital on June 24, 2019 to cover both the Great Wall Securities Asset Management Schemes and Huaneng Guicheng Trust Schemes
“Original SSCO Framework Agreement”	the framework agreement that the Bank entered into with SSCO on June 24, 2019 to provide fee- and commission-based products and services to SSCO and its associates
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder of Shares in the share capital of the Bank with a nominal value of RMB1.00 each
“Shares”	the ordinary shares issued by the Bank with a nominal value of RMB1.00 each, including the domestic shares of the Bank which are subscribed for or credited as paid up in Renminbi and H shares of the Bank which are subscribed for and traded in Hong Kong dollars and listed and traded on the Stock Exchange
“SSCO”	Shanxi State-owned Capital Operation Co., Ltd. (山西省國有資本運營有限公司), which was formerly named as Shanxi State-owned Capital Investment and Operation Co., Ltd. (山西省國有資本投資運營有限公司)
“SSCO Framework Supplemental Agreement”	the supplemental agreement to the Original SSCO Framework Agreement that the Bank entered into with SSCO on March 26, 2020 to adjust the annual caps on fees and commissions related to fee- and commission-based financial products and services offered by the Bank to SSCO and/or its associates under the Original SSCO Framework Agreement

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yuncheng Financial Service”	Yuncheng Financial Service Company Limited, being an associate of Huaneng Capital
“%”	percentage

By order of the Board  
**Jinshang Bank Co., Ltd.\***  
**Li Weiqiang**  
*Joint company secretary*

Taiyuan, October 19, 2021

*As at the date of this announcement, the Board comprises Ms. HAO Qiang and Mr. ZHANG Yunfei as executive Directors; Mr. LI Shishan, Mr. XIANG Lijun, Mr. LIU Chenhong, Mr. LI Yang and Mr. WANG Jianjun as non-executive Directors; Mr. JIN Haiteng, Mr. SUN Shihu, Mr. WANG Liyan, Mr. DUAN Qingshan, Mr. SAI Zhiyi and Mr. YE Xiang as independent non-executive Directors.*

\* *Jinshang Bank Co., Ltd. is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the 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.*