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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

CONNECTED TRANSACTIONS IN RELATION TO ENTERING INTO CREDITOR'S RIGHTS TRANSFER AGREEMENTS

SUMMARY

The Bank and its subsidiary entered into a total of three and five Creditor's Rights Transfer Agreements with Jinyang AMC in 2020 and 2021, respectively, pursuant to which the Group agreed to transfer its creditor's rights assets as set out in each of the Creditor's Rights Transfer Agreements to Jinyang AMC.

LISTING RULES IMPLICATIONS

Jinyang AMC is a non-wholly owned subsidiary of SSCO, which is a substantial Shareholder of the Bank, directly and indirectly holding approximately 20.76% interest in the total issued share capital of the Bank. Therefore, Jinyang AMC is a connected person of the Bank under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Creditor's Rights Transfer Agreements constitute connected transactions of the Group under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the transactions contemplated under the Creditor's Rights Transfer Agreements, on an aggregated basis for each of 2020 and 2021, exceeds 0.1% but is less than 5%, according to Chapter 14A of the Listing Rules, the transactions contemplated under the Creditor's Rights Transfer Agreements are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Bank and its subsidiary entered into a total of three and five Creditor's Rights Transfer Agreements with Jinyang AMC in 2020 and 2021, respectively, pursuant to which the Group agreed to transfer its creditor's rights assets as set out in each of the Creditor's Rights Transfer Agreements to Jinyang AMC.

CREDITOR’S RIGHTS TRANSFER AGREEMENTS

1. Creditor’s Rights Transfer Agreement I

The main terms of the Creditor’s Rights Transfer Agreement I are set out below:

Date

December 1, 2020

Parties

- (i) the Bank as transferor; and
- (ii) Jinyang AMC as transferee.

Subject matter

Subject to the terms and conditions of the Creditor’s Rights Transfer Agreement I, the Bank agreed to transfer and Jinyang AMC agreed to receive, the creditor’s rights assets including the principal and interests derived therefrom as of the benchmark date (i.e. November 10, 2020) and the disbursements incurred before the benchmark date (including legal costs and others incurred to realize the creditor’s rights), which amounted to approximately RMB45.35 million. Since the closing date, the Bank as the transferor shall transfer all rights, interests and liabilities in relation to the creditor’s rights assets as of the benchmark date to Jinyang AMC, including ownership and related interest (present and future and realistic and contingent), due and undue repayment, rights of claim, litigation, taking back and receipt of repayable amounts, rights and legal remedy to execute and realize all creditor’s rights assets, and liabilities of the Bank to the creditor’s rights assets. Jinyang AMC could not return the creditor’s rights assets to the Bank for any reason.

Consideration and payment terms

The consideration for the creditor’s rights assets under the Creditor’s Rights Transfer Agreement I is RMB2.80 million, which was determined through public tender based on the base price set up by the Bank. The base price was determined by the Bank’s non-performing assets disposal pricing team by reference to the valuation amount of such assets by independent valuer of not less than RMB2.74 million. Jinyang AMC should pay the consideration in a lump sum within three business days after the execution of the Creditor’s Rights Transfer Agreement I to the designated account of Shanxi Property Exchange Center which shall transfer such amount to the Bank’s designated account with immediately available funds on the same day when it receives the full consideration from Jinyang AMC.

Conditions precedent

The transfer of the creditor's rights assets shall be conditional on the fulfillment of the following on or before the closing date, unless waived by the Bank in writing:

- (i) the Bank has received the full amount of the consideration; and
- (ii) Jinyang AMC has provided a copy of the following documents (which should be confirmed to be consistent with the originals) to the Bank, including its business license or registration certificate, its articles of association, its internal authorization letters approving Jinyang AMC to execute this transaction, and its corporate qualification documents allowing it to execute this transaction.

Closing

The closing takes place upon the payment of the full consideration by Jinyang AMC to the Bank. The Bank should deliver the documents in relation to the creditor's rights assets to Jinyang AMC in time. The parties agreed that the Bank only has liability to deliver those documents as they are as of the closing date and the Bank should deliver all originals of the documents in relation to the creditor's rights assets to Jinyang AMC. The Bank has the right to designate an earlier closing date but should notify Jinyang AMC in writing at least five business days in advance. The closing date may be postponed to a later date as mutually agreed upon by both parties.

Assets management during the transition period

During the period from the benchmark date to the effective date of the Creditor Rights Transfer Agreement I, the Bank shall continue to manage and dispose of the creditor's rights assets according to the standard adopted by the Bank before the benchmark date and in compliance with all relevant PRC laws and regulations and the provisions of the Creditor's Rights Transfer Agreement I.

Since the period from the second day following the effective date of the Creditor's Rights Transfer Agreement I to the closing date, the Bank should manage the creditor's rights assets as usual but should not actively dispose of any creditor's rights assets unless separately agreed by both parties.

2. Creditor's Rights Transfer Agreement II

The main terms of the Creditor's Rights Transfer Agreement II are set out below:

Date

December 8, 2020

Parties

- (i) the Bank as transferor; and
- (ii) Jinyang AMC as transferee.

Subject matter

Subject to the terms and conditions of the Creditor's Rights Transfer Agreement II, the Bank agreed to transfer and Jinyang AMC agreed to receive, the creditor's rights assets including the principal and interests derived therefrom as of the benchmark date (i.e. November 16, 2020) and the disbursements incurred before the benchmark date (including legal costs and others incurred to realize the creditor's rights), which amounted to approximately RMB69.31 million. Since the closing date, the Bank as the transferor shall transfer all rights, interests and liabilities in relation to the creditor's rights assets as of the benchmark date to Jinyang AMC, including ownership and related interest (present and future and realistic and contingent), due and undue repayment, rights of claim, litigation, taking back and receipt of repayable amounts, rights and legal remedy to execute and realize all creditor's rights assets, and liabilities of the Bank to the creditor's rights assets. Jinyang AMC could not return the creditor's rights assets to the Bank for any reason.

Consideration and payment terms

The consideration for the creditor's rights assets under the Creditor's Rights Transfer Agreement II is RMB1.41 million, which was determined through public tender based on the base price set up by the Bank. The base price was determined by the Bank's non-performing assets disposal pricing team by reference to the valuation amount of such assets by independent valuer of not less than RMB1.41 million. Jinyang AMC should pay the consideration in a lump sum within three business days after the execution of the Creditor's Rights Transfer Agreement II to the designated account of Shanxi Property Exchange Center which shall transfer such amount to the Bank's designated account with immediately available funds on the same day when it receives the full consideration from Jinyang AMC.

Conditions precedent

The transfer of the creditor's rights assets shall be conditional on the fulfillment of the following on or before the closing date, unless waived by the Bank in writing:

- (i) the Bank has received the full amount of the consideration; and
- (ii) Jinyang AMC has provided a copy of the following documents (which should be confirmed to be consistent with the originals) to the Bank, including its business license or registration certificate, its articles of association, its internal authorization letters approving Jinyang AMC to execute this transaction, and its corporate qualification documents allowing it to execute this transaction.

Closing

The closing takes place upon the payment of the full consideration by Jinyang AMC to the Bank. The Bank should deliver the documents in relation to the creditor's rights assets to Jinyang AMC in time. The parties agreed that the Bank only has liability to deliver those documents as they are as of the closing date and the Bank should deliver all originals of the documents in relation to the creditor's rights assets to Jinyang AMC. The Bank has the right to designate an earlier closing date but should notify Jinyang AMC in writing at least five business days in advance. The closing date may be postponed to a later date as mutually agreed upon by both parties.

Assets management during the transition period

During the period from the benchmark date to the effective date of the Creditor Rights Transfer Agreement II, the Bank shall continue to manage and dispose of the creditor's rights assets according to the standard adopted by the Bank before the benchmark date and in compliance with all relevant PRC laws and regulations and the provisions of the Creditor's Rights Transfer Agreement II.

Since the period from the second day following the effective date of the Creditor's Rights Transfer Agreement II to the closing date, the Bank should manage the creditor's rights assets as usual but should not actively dispose of any creditor's rights assets unless separately agreed by the Bank and Jinyang AMC.

3. Creditor's Rights Transfer Agreement III

The main terms of the Creditor's Rights Transfer Agreement III and a supplemental agreement dated July 9, 2021 (which mainly amended the closing term) are set out below:

Date

December 31, 2020

Parties

- (i) Qingxu Village and Township Bank as transferor; and
- (ii) Jinyang AMC as transferee.

Subject matter

Subject to the terms and conditions of the Creditor's Rights Transfer Agreement III, Qingxu Village and Township Bank agreed to transfer and Jinyang AMC agreed to receive, the creditor's rights assets including the principal and interests derived therefrom as of the benchmark date (i.e. November 21, 2020), legal costs and any interest accrued from the benchmark date to the closing date to the extent permitted by judicial policies, which amounted to approximately RMB19.75 million. On the closing date, Qingxu Village and Township Bank as the transferor shall transfer all following rights and interests as of the benchmark date to Jinyang AMC, all interests in relation to the creditor's rights assets, due and undue repayment, rights of claim, litigation, taking back and receipt of repayable amounts (no matter whether it should be paid by the obligors), and rights and legal remedy to execute and realize all creditor's rights assets.

Consideration and payment terms

The consideration for the creditor's rights assets under the Creditor's Rights Transfer Agreement III is RMB13.50 million, which was determined through public tender based on the base price set up by Qingxu Village and Township Bank. The base price was determined by Qingxu Village and Township Bank's pricing team by reference to the valuation amount of such assets by independent valuer of approximately RMB13.43 million. Jinyang AMC should pay the consideration offset the deposit already paid in a lump sum within ten business days after the public tender to the designated account of Shanxi Property Exchange Center.

Conditions precedent

The transfer of the creditor's rights assets shall be conditional on the fulfillment of the following:

- (i) Shanxi Property Exchange Center has received the full amount of the consideration and the liquidated damages if any;
- (ii) Shanxi Property Exchange Center has received the services fees from the parties;
- (iii) as of the closing date, Jinyang AMC has fulfilled and will continue to fulfill its undertakings or commitments before the closing under the Creditor's Rights Transfer Agreement III in all material respects; and
- (iv) as of the closing date, the representations and warranties of Jinyang AMC under the Creditor's Rights Transfer Agreement III remain true and accurate in all material respects as if such representations and warranties were made on the closing date.

Closing

The closing takes place upon the payment of the full consideration by Jinyang AMC to Qingxu Village and Township Bank. Qingxu Village and Township Bank should deliver the documents in relation to the creditor's rights assets to Jinyang AMC in time. The parties agreed that Qingxu Village and Township Bank only has liability to deliver those documents as they are as of the closing date and it should deliver all originals of the documents in relation to the creditor's rights assets to Jinyang AMC.

4. Creditor's Rights Transfer Agreement IV

The main terms of the Creditor's Rights Transfer Agreement IV and a supplemental agreement dated July 9, 2021 (which mainly amended the closing term) are set out below:

Date

March 31, 2021

Parties

- (i) Qingxu Village and Township Bank as transferor; and
- (ii) Jinyang AMC as transferee.

Subject matter

Subject to the terms and conditions of the Creditor's Rights Transfer Agreement IV, Qingxu Village and Township Bank agreed to transfer and Jinyang AMC agreed to receive, the creditor's rights assets including the principal and interests derived therefrom as of the benchmark date (i.e. February 28, 2021), legal costs and any interest accrued from the benchmark date to the closing date to the extent permitted by judicial policies, which amounted to approximately RMB44.08 million. On the closing date, Qingxu Village and Township Bank as the transferor shall transfer all following rights and interests as of the benchmark date to Jinyang AMC, all interests in relation to the creditor's rights assets, due and undue repayment, rights of claim, litigation, taking back and receipt of repayable amounts (no matter whether it should be paid by the obligors), and rights and legal remedy to execute and realize all creditor's rights assets.

Consideration and payment terms

The consideration for the creditor's rights assets under the Creditor's Rights Transfer Agreement IV is RMB29.00 million, which was determined through public tender based on the base price set up by Qingxu Village and Township Bank. The base price was determined by Qingxu Village and Township Bank's pricing team by reference to the valuation amount of such assets by independent valuer of approximately RMB28.87 million. Jinyang AMC should pay the consideration offset the deposit already paid in a lump sum within three business days after the public tender to the designated account of Shanxi Property Exchange Center.

Conditions precedent

The transfer of the creditor's rights assets shall be conditional on the fulfillment of the following:

- (i) Shanxi Property Exchange Center has received the full amount of the consideration and the liquidated damages if any;
- (ii) Shanxi Property Exchange Center has received the services fees from the parties;
- (iii) as of the closing date, Jinyang AMC has fulfilled and will continue to fulfill its undertakings or commitments before the closing under the Creditor's Rights Transfer Agreement IV in all material respects; and
- (iv) as of the closing date, the representations and warranties of Jinyang AMC under the Creditor's Rights Transfer Agreement IV remain true and accurate in all material respects as if such representations and warranties were made on the closing date.

Closing

The closing takes place upon the payment of the full consideration by Jinyang AMC to Qingxu Village and Township Bank. Qingxu Village and Township Bank should deliver the documents in relation to the creditor's rights assets to Jinyang AMC in time. The parties agreed that Qingxu Village and Township Bank only has liability to deliver those documents as they are as of the closing date and it should deliver all originals of the documents in relation to the creditor's rights assets to Jinyang AMC.

5. Creditor's Rights Transfer Agreement V

The main terms of the Creditor's Rights Transfer Agreement V and a supplemental agreement dated July 9, 2021 (which mainly amended the closing term) are set out below:

Date

May 31, 2021

Parties

- (i) Qingxu Village and Township Bank as transferor; and
- (ii) Jinyang AMC as transferee.

Subject matter

Subject to the terms and conditions of the Creditor's Rights Transfer Agreement V, Qingxu Village and Township Bank agreed to transfer and Jinyang AMC agreed to receive, the creditor's rights assets including the principal and interests derived therefrom as of the benchmark date (i.e. April 30, 2021), legal costs and any interest accrued from the benchmark date to the closing date to the extent permitted by judicial policies, which amounted to approximately RMB13.27 million. On the closing date, Qingxu Village and Township Bank as the transferor shall transfer all following rights and interests as of the benchmark date to Jinyang AMC, all interests in relation to the creditor's rights assets, due and undue repayment, rights of claim, litigation, taking back and receipt of repayable amounts (no matter whether it should be paid by the obligors), and rights and legal remedy to execute and realize all creditor's rights assets.

Consideration and payment terms

The consideration for the creditor's rights assets under the Creditor's Rights Transfer Agreement V is RMB9.41 million, which was determined through public tender based on the base price set up by Qingxu Village and Township Bank. The base price was determined by Qingxu Village and Township Bank's pricing team by reference to the valuation amount of such assets by independent valuer of approximately RMB9.41 million. Jinyang AMC should pay the consideration offset the deposit already paid in a lump sum within five business days after the execution of the Creditor's Rights Transfer Agreement V to the designated account of Shanxi Property Exchange Center.

Conditions precedent

The transfer of the creditor's rights assets shall be conditional on the fulfillment of the following:

- (i) Shanxi Property Exchange Center has received the full amount of the consideration and the liquidated damages if any;
- (ii) Shanxi Property Exchange Center has received the services fees from the parties;
- (iii) as of the closing date, Jinyang AMC has fulfilled and will continue to fulfill its undertakings or commitments before the closing under the Creditor's Rights Transfer Agreement V in all material respects; and
- (iv) as of the closing date, the representations and warranties of Jinyang AMC under the Creditor's Rights Transfer Agreement V remain true and accurate in all material respects as if such representations and warranties were made on the closing date.

Closing

The closing takes place upon the payment of the full consideration by Jinyang AMC to Qingxu Village and Township Bank. Qingxu Village and Township Bank should deliver the documents in relation to the creditor's rights assets to Jinyang AMC in time. The parties agreed that Qingxu Village and Township Bank only has liability to deliver those documents as they are as of the closing date and it should deliver all originals of the documents in relation to the creditor's rights assets to Jinyang AMC.

6. Creditor's Rights Transfer Agreement VI

The main terms of the Creditor's Rights Transfer Agreement VI are set out below:

Date

June 29, 2021

Parties

- (i) Qingxu Village and Township Bank as transferor; and
- (ii) Jinyang AMC as transferee.

Subject matter

Subject to the terms and conditions of the Creditor's Rights Transfer Agreement VI, Qingxu Village and Township Bank agreed to transfer and Jinyang AMC agreed to receive, the creditor's rights assets including the principal and interests derived therefrom as of the benchmark date (i.e. May 31, 2021), legal costs and any interest accrued from the benchmark date to the closing date to the extent permitted by judicial policies, which amounted to approximately RMB23.05 million. On the closing date, Qingxu Village and Township Bank as the transferor shall transfer all following rights and interests as of the benchmark date to Jinyang AMC, all interests in relation to the creditor's rights assets, due and undue repayment, rights of claim, litigation, taking back and receipt of repayable amounts (no matter whether it should be paid by the obligors), and rights and legal remedy to execute and realize all creditor's rights assets.

Consideration and payment terms

The consideration for the creditor's rights assets under the Creditor's Rights Transfer Agreement VI is RMB15.70 million, which was determined through public tender based on the base price set up by Qingxu Village and Township Bank. The base price was determined by Qingxu Village and Township Bank's pricing team by reference to the valuation amount of such assets by independent valuer of approximately RMB15.70 million. Jinyang AMC should pay the consideration offset the deposit already paid in a lump sum within five business days after the execution of the Creditor's Rights Transfer Agreement VI to the designated account of Shanxi Property Exchange Center.

Closing

The closing takes place upon the payment of the full consideration by Jinyang AMC to Qingxu Village and Township Bank. Qingxu Village and Township Bank should deliver the documents in relation to the creditor's rights assets to Jinyang AMC in time. The parties agreed that Qingxu Village and Township Bank only has liability to deliver those documents as they are as of the closing date and it should deliver all originals of the documents in relation to the creditor's rights assets to Jinyang AMC.

7. Creditor's Rights Transfer Agreement VII

The main terms of the Creditor's Rights Transfer Agreement VII are set out below:

Date

October 28, 2021

Parties

- (i) Taiyuan Shuiximen sub-branch of the Bank as transferor; and
- (ii) Jinyang AMC as transferee.

Subject matter

Subject to the terms and conditions of the Creditor's Rights Transfer Agreement VII, Taiyuan Shuiximen sub-branch of the Bank agreed to transfer and Jinyang AMC agreed to receive, the creditor's rights assets including the principal and interests derived therefrom as of the benchmark date (i.e. July 27, 2021) and the disbursements incurred before the benchmark date (including legal costs and others incurred to realize the creditor's rights), which amounted to approximately RMB197.99 million. Since the closing date, the Taiyuan Shuiximen sub-branch of the Bank as the transferor shall transfer all rights, interests and liabilities in relation to the creditor's rights assets as of the benchmark date to Jinyang AMC, including ownership and related interest (present and future and realistic and contingent), due and undue repayment, rights of claim, litigation, taking back and receipt of repayable amounts, rights and legal remedy to execute and realize all creditor's rights assets, and liabilities of Taiyuan Shuiximen sub-branch of the Bank to the creditor's rights assets. Jinyang AMC could not return the creditor's rights assets to Taiyuan Shuiximen sub-branch of the Bank for any reason.

Consideration and payment terms

The consideration for the creditor's rights assets under the Creditor's Rights Transfer Agreement VII is approximately RMB70.61 million, which was determined through public tender based on the base price set up by the Bank. The base price was determined by the Bank's non-performing assets disposal pricing team by reference to the valuation amount of such assets by independent valuer of approximately RMB70.61 million. Jinyang AMC should pay the consideration in a lump sum within three business days after the execution of the Creditor's Rights Transfer Agreement VII to the designated account of Shanxi Property Exchange Center which shall transfer such amount to the designated account of Taiyuan Shuiximen sub-branch of the Bank with immediately available funds on the same day when it receives the full consideration from Jinyang AMC.

Conditions precedent

The transfer of the creditor's rights assets shall be conditional on the fulfillment of the following on or before the closing date, unless waived by Taiyuan Shuiximen sub-branch of the Bank in writing:

- (i) Taiyuan Shuiximen sub-branch of the Bank has received the full amount of the consideration; and
- (ii) Jinyang AMC has provided a copy of the following documents (which should be confirmed to be consistent with the originals) to Taiyuan Shuiximen sub-branch of the Bank, including its business license or registration certificate, its articles of association, its internal authorization letters approving Jinyang AMC to execute this transaction, and its corporate qualification documents allowing it to execute this transaction.

Closing

The closing takes place upon the payment of the full consideration by Jinyang AMC to Taiyuan Shuiximen sub-branch of the Bank. Taiyuan Shuiximen sub-branch of the Bank should deliver the documents in relation to the creditor's rights assets to Jinyang AMC in time. The parties agreed that Taiyuan Shuiximen sub-branch of the Bank only has liability to deliver those documents as they are as of the closing date and Taiyuan Shuiximen sub-branch of the Bank should deliver all originals of the documents in relation to the creditor's rights assets to Jinyang AMC. Taiyuan Shuiximen sub-branch of the Bank has the right to designate an earlier closing date but should notify Jinyang AMC in writing at least five business days in advance. The closing date may be postponed to a later date as mutually agreed upon by both parties.

Assets management during the transition period

During the period from the benchmark date to the effective date of the Creditor Rights Transfer Agreement VII, Taiyuan Shuiximen sub-branch of the Bank shall continue to manage and dispose of the creditor's rights assets according to the standard adopted by it before the benchmark date and in compliance with all relevant PRC laws and regulations and the provisions of the Creditor's Rights Transfer Agreement VII.

Since the period from the second day following the effective date of the Creditor's Rights Transfer Agreement VII to the closing date, Taiyuan Shuiximen sub-branch of the Bank should manage the creditor's rights assets as usual but should not actively dispose of any creditor's rights assets unless separately agreed by both parties.

8. Creditor's Rights Transfer Agreement VIII

The main terms of the Creditor's Rights Transfer Agreement VIII are set out below:

Date

October 28, 2021

Parties

- (i) Taiyuan Pingyang Road sub-branch of the Bank as transferor; and
- (ii) Jinyang AMC as transferee.

Subject matter

Subject to the terms and conditions of the Creditor's Rights Transfer Agreement VIII, Taiyuan Pingyang Road sub-branch of the Bank agreed to transfer and Jinyang AMC agreed to receive, the creditor's rights assets including the principal and interests derived therefrom as of the benchmark date (i.e. July 27, 2021) and the disbursements incurred before the benchmark date (including legal costs and others incurred to realize the creditor's rights), which amounted to approximately RMB713.29 million. Since the closing date, Taiyuan Pingyang Road sub-branch of the Bank as the transferor shall transfer all rights, interests and liabilities in relation to the creditor's rights assets as of the benchmark date to Jinyang AMC, including ownership and related interest (present and future and realistic and contingent), due and undue repayment, rights of claim, litigation, taking back and receipt of repayable amounts, rights and legal remedy to execute and realize all creditor's rights assets, and liabilities of Taiyuan Pingyang Road sub-branch of the Bank to the creditor's rights assets. Jinyang AMC could not return the creditor's rights assets to Taiyuan Pingyang Road sub-branch of the Bank for any reason.

Consideration and payment terms

The consideration for the creditor's rights assets under the Creditor's Rights Transfer Agreement VIII is approximately RMB105.37 million, which was determined through public tender based on the base price set up by the Bank. The base price was determined by the Bank's non-performing assets disposal pricing team by reference to the valuation amount of such assets by independent valuer of approximately RMB105.37 million. Jinyang AMC should pay the consideration in a lump sum within three business days after the execution of the Creditor's Rights Transfer Agreement VIII to the designated account of Shanxi Property Exchange Center which shall transfer such amount to the designated account of Taiyuan Pingyang Road sub-branch of the Bank with immediately available funds on the same day when it receives the full consideration from Jinyang AMC.

Conditions precedent

The transfer of the creditor's rights assets shall be conditional on the fulfillment of the following on or before the closing date, unless waived by Taiyuan Pingyang Road sub-branch of the Bank in writing:

- (i) Taiyuan Pingyang Road sub-branch of the Bank has received the full amount of the consideration; and
- (ii) Jinyang AMC has provided a copy of the following documents (which should be confirmed to be consistent with the originals) to Taiyuan Pingyang Road sub-branch of the Bank, including its business license or registration certificate, its articles of association, its internal authorization letters approving Jinyang AMC to execute this transaction, and its corporate qualification documents allowing it to execute this transaction.

Closing

The closing takes place upon the payment of the full consideration by Jinyang AMC to Taiyuan Pingyang Road sub-branch of the Bank. Taiyuan Pingyang Road sub-branch of the Bank should deliver the documents in relation to the creditor's rights assets to Jinyang AMC in time. The parties agreed that Taiyuan Pingyang Road sub-branch of the Bank only has liability to deliver those documents as they are as of the closing date and Taiyuan Pingyang Road sub-branch of the Bank should deliver all originals of the documents in relation to the creditor's rights assets to Jinyang AMC. Taiyuan Pingyang Road sub-branch of the Bank has the right to designate an earlier closing date but should notify Jinyang AMC in writing at least five business days in advance. The closing date may be postponed to a later date as mutually agreed upon by both parties.

Assets management during the transition period

During the period from the benchmark date to the effective date of the Creditor Rights Transfer Agreement VIII, Taiyuan Pingyang Road sub-branch of the Bank shall continue to manage and dispose of the creditor's rights assets according to the standard adopted by it before the benchmark date and in compliance with all relevant PRC laws and regulations and the provisions of the Creditor's Rights Transfer Agreement VIII.

Since the period from the second day following the effective date of the Creditor's Rights Transfer Agreement VIII to the closing date, Taiyuan Pingyang Road sub-branch of the Bank should manage the creditor's rights assets as usual but should not actively dispose of any creditor's rights assets unless separately agreed by both parties.

GROUND AND BENEFITS OF ENTERING INTO THE CREDITOR'S RIGHTS TRANSFER AGREEMENTS

The creditor's rights assets under the Creditor's Rights Transfer Agreements constitute the Group's non-performing assets, which involve a relatively large amount and multiple stakeholders and creditors. Through the disposal of such non-performing assets, the Group can reduce the amount of its non-performing assets.

All such creditor's rights assets are transferred via public tender processes held by Shanxi Property Exchange Center following its procedures. Participants to the public tender processes should submit all required documents and pay a certain amount as deposit to Shanxi Property Exchange Center. The Group then enters into a creditor's rights transfer agreement with the one which offers the highest price and if there is only one participant, with such participant. The proceeds from the transfers were used to make up the Group's losses on such creditors' rights assets so as to decrease the amount of the Group's NPL and to promote the high-quality and sustainable development of the Group.

After careful and prudent consideration, the Directors of the Bank consider that the terms of the Creditor's Rights Transfer Agreements are fair and reasonable and in the interests of the Group and the shareholders as a whole. None of the Directors of the Bank has a material interest in the Creditor's Rights Transfer Agreements.

Based on the difference between the consideration for the transfer of the creditor's rights assets under the Creditor's Rights Transfer Agreements of approximately RMB17.71 million in 2020 and approximately RMB230.09 million in 2021 and the carrying amount of the creditor's rights assets as of the benchmark date of each of the Creditor's Rights Transfer Agreements of approximately RMB134.41 million in 2020 and approximately RMB991.68 million in 2021, the Group recorded a loss of approximately RMB116.70 million (unaudited) in 2020 and approximately RMB761.60 million (unaudited) in 2021 as a result of the disposal of the creditor's rights assets under the Creditor's Rights Transfer Agreements.

INFORMATION ON THE PARTIES

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.

Qingxu Village and Township Bank

Qingxu Village and Township Bank was established as a joint stock company with limited liability in the PRC on January 19, 2012, in which the Bank holds 51% equity interest. The business scope of Qingxu Village and Township Bank mainly includes taking deposits from the public; extending short-term, medium-term and long-term loans; effecting domestic settlements; handling bills acceptance and discount; engaging in interbank lending; engaging in bank card (debit card) business; acting as the issuing agent, cashing agent and underwriter of government bonds; collecting and making payment as agents; insurance agent; and other businesses approved by the PRC banking regulatory authorities.

Jinyang AMC

Jinyang AMC is a joint stock company with limited liability established in the PRC on March 30, 2017. Jinyang AMC was ultimately owned by SSCO as to 66%. The business scope of Jinyang AMC mainly includes acquisition and management as a trustee of non-performing assets of financial institutions and non-financial institutions, managing, investing and disposing all kinds of non-performing assets; change of creditor's rights to equity interest, managing, investing and disposing of equity assets; external investments; sale and purchase of securities; assets securitization business and issue of bonds; inter-bank transactions and commercial financing for financial institutions; assets management, wealth management, private equity investments; financial, investments, legal and risk management consultation; assets and projects evaluation; bankruptcy management, custody and liquidation of financial institutions and other business activities as approved by regulatory authorities.

SSCO was established and wholly-owned 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) in July 2017 and 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.

LISTING RULES IMPLICATIONS

Jinyang AMC is a non-wholly owned subsidiary of SSCO, which is a substantial Shareholder of the Bank, directly and indirectly holding approximately 20.76% interest in the total issued share capital of the Bank. Therefore, Jinyang AMC is a connected person of the Bank under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Creditor's Rights Transfer Agreements constitute connected transactions of the Group under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the transactions contemplated under the Creditor's Rights Transfer Agreements, on an aggregated basis for each of 2020 and 2021, exceeds 0.1% but is less than 5%, according to Chapter 14A of the Listing Rules, the transactions contemplated under the Creditor's Rights Transfer Agreements are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

REMEDIAL ACTIONS

Pursuant to Rules 14A.35 and 14A.49 of the Listing Rules, the Bank should make an announcement of the Creditor's Rights Transfer Agreements as soon as practicable after the terms have been agreed unless any exemptions apply as provided in the Listing Rules and disclose the connected transactions conducted during the financial year in its annual report. As stated above, the transactions contemplated under the Creditor's Rights Transfer Agreements are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. However, the Bank fails to publish an announcement in a timely matter and disclose the creditor's rights transfer agreements entered into with Jinyang AMC in 2020 in its 2020 annual report due to an inadvertent oversight and the fact that the Group has a large number of connected persons and the methods for the Bank to obtain the updated corporate structure of some connected persons are limited. The Bank discovered this matter recently and makes this announcement on its initiative. The Bank deeply regrets the delay of the publication of this announcement, and it would like to stress that such delay was inadvertent and the Bank had no intention to withhold any information relating to the disposal of the creditor's rights assets, in particular, all information of such creditor's rights assets and their disposal were publicly disclosed on the website of Shanxi Property Exchange Center.

To prevent the re-occurrence of such event, the Bank has adopted the following remedial measures:

- (i) the Bank has reminded of responsible persons of all business departments at the headquarter, the Bank's branches, sub-branches and its subsidiary to check against the connected persons list before entering into any creditor's transfer agreement and report any transaction with connected persons to the relevant responsible department at the headquarter for double check;
- (ii) the Bank will strengthen the coordination and reporting arrangements for connected persons and connected transactions among various departments at the headquarter, the Bank's branches and sub-branches and its subsidiary, so as to update its connected persons list in a timely matter and comply with applicable requirements under the Listing Rules;
- (iii) the Bank will also offer trainings to the responsible persons of all business departments at the headquarter, the Bank's branches, sub-branches and its subsidiary in relation to the requirements of connected persons and connected transactions of the Listing Rules; and
- (iv) the Bank will work more closely with its legal advisers on compliance issues and shall, as and when appropriate, consult other professional advisers before entering into any potential connected transaction.

The Directors believe that the implementation of the remedial measures as disclosed above will strengthen and reinforce the knowledge of the responsible staff, and management in relation to connected transactions under the Listing Rules, and improve the regulatory compliance abilities of the Bank in the identification and reporting of related issues with assistance from appropriate external advisers.

DEFINITIONS

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

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| “Bank” | Jinshang Bank Co., Ltd.*, a limited liability company established in China on October 16, 1998 in accordance with relevant PRC 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 |
| “business days” | a day excluding Saturday, Sunday and public holiday in the PRC |
| “China” or “PRC” | the People's Republic of China |
| “connected person(s)” | has the same meaning ascribed to it under the Listing Rules |
| “Creditor's Rights Transfer Agreement I” | the creditor's rights transfer agreement dated December 1, 2020 entered into by the Bank and Jinyang AMC |

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| “Creditor’s Rights Transfer Agreement II” | the creditor’s rights transfer agreement dated December 8, 2020 entered into by the Bank and Jinyang AMC |
| “Creditor’s Rights Transfer Agreement III” | the creditor’s rights transfer agreement dated December 31, 2020 entered into by Qingxu Village and Township Bank and Jinyang AMC |
| “Creditor’s Rights Transfer Agreement IV” | the creditor’s rights transfer agreement dated March 31, 2021 entered into by Qingxu Village and Township Bank and Jinyang AMC |
| “Creditor’s Rights Transfer Agreement V” | the creditor’s rights transfer agreement dated May 31, 2021 entered into by Qingxu Village and Township Bank and Jinyang AMC |
| “Creditor’s Rights Transfer Agreement VI” | the creditor’s rights transfer agreement dated June 29, 2021 entered into by Qingxu Village and Township Bank and Jinyang AMC |
| “Creditor’s Rights Transfer Agreement VII” | the creditor’s rights transfer agreement dated October 28, 2021 entered into by Taiyuan Shuiximen sub-branch of the Bank and Jinyang AMC |
| “Creditor’s Rights Transfer Agreement VIII” | the creditor’s rights transfer agreement dated October 28, 2021 entered into by Taiyuan Pingyang Road sub-branch of the Bank and Jinyang AMC |
| “Creditor’s Rights Transfer Agreements” | the Creditor’s Rights Transfer Agreement I, the Creditor’s Rights Transfer Agreement II, the Creditor’s Rights Transfer Agreement III, the Creditor’s Rights Transfer Agreement IV, the Creditor’s Rights Transfer Agreement V, the Creditor’s Rights Transfer Agreement VI, the Creditor’s Rights Transfer Agreement VII, the Creditor’s Rights Transfer Agreement VIII and their supplemental agreements (if any) |
| “Director(s)” | the director(s) of the Bank |
| “Group” | the Bank together with its subsidiary |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Jinyang AMC” | Jinyang Assets Management Co., Ltd. (晉陽資產管理股份有限公司) |
| “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 |
| “NPL” | non-performing loans |

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| “Qingxu Village and Township Bank” | Qingxu Jinshang Village and Township Bank Co., Ltd. (清徐晉商村鎮銀行股份有限公司), a joint stock company established in the PRC on January 19, 2012 and held by the Bank as to 51% |
| “RMB” or “Renminbi” | Renminbi, the lawful currency of the PRC |
| “Shanxi Property Exchange Center” | Shangxi Property Exchange Center Co., Ltd. (山西省產權交易中心股份有限公司) through which the public tender in relation to the transfer of the creditor’s rights assets under the Creditor’s Rights Transfer Agreements was held |
| “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) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “%” | percentage |

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

Taiyuan, April 21, 2022

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 Chenhang, 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.*