

# THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this prospectus or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your H Shares (as defined herein) in China Zhesang Bank Co., Ltd., you should at once hand this prospectus and the accompanying Provisional Allotment Letter (as defined herein) and Excess Application Form (as defined herein) to the purchaser or other transferee or to the bank manager, the licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

A copy of this prospectus, together with copies of the Provisional Allotment Letter and the Excess Application Form and (where applicable) the documents specified in the paragraph "Statutory and General Information – Documents Delivered to the Registrar of Companies" in Appendix III to this prospectus have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, the Hong Kong Stock Exchange (as defined herein) and the Securities and Futures Commission take no responsibility as to the contents of any of the Prospectus Documents (as defined herein) or any other documents referred to above.

Dealings in the securities of China Zhesang Bank Co., Ltd. and the H Rights Shares (as defined herein) and the Nil-paid H Rights (as defined herein) may be settled through the CCASS (as defined herein) and you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of and permission to deal in the H Rights Shares and the Nil-paid H Rights on the Hong Kong Stock Exchange and subject to compliance with the stock admission requirements of HKSCC (as defined herein), the H Rights Shares and the Nil-paid H Rights will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in the CCASS with effect from the respective commencement dates of dealings in the H Rights Shares and the Nil-paid H Rights on the Hong Kong Stock Exchange or such other date(s) as determined by HKSCC. All activities under the CCASS are subject to the General Rules of the CCASS and the CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited, Hong Kong Securities Clearing Company Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This prospectus is for information purposes only and shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale or purchase of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities have not been registered under the U.S. Securities Act of 1933, as amended, (the "U.S. Securities Act") or the laws of any state in the United States, and may not be offered or sold within the United States, absent registration or an exemption from the registration requirements of the U.S. Securities Act and applicable state laws. There is no intention to register any portion of the rights issue or any securities described herein in the United States or to conduct a public offering of securities in the United States.

This prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, any securities (including the Shares and the Rights Shares (in their nil-paid or fully-paid forms)) or to take up entitlements to any securities (including the Shares and the Rights Shares (in their nil-paid or fully-paid forms)) in any jurisdiction in which such an offer or solicitation is unlawful. Neither this prospectus nor anything in this prospectus forms the basis of any contract of commitment whatsoever.

**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)  
(H Shares Stock Code: 2016)

**H SHARE RIGHTS ISSUE OF 1,366,200,000 H SHARES ON THE BASIS OF  
THREE (3) H RIGHTS SHARES FOR EVERY TEN (10) EXISTING H SHARES  
AT HK\$2.23 PER H RIGHTS SHARE  
PAYABLE IN FULL ON ACCEPTANCE**

**A SHARE RIGHTS ISSUE OF 5,014,409,033 A SHARES ON THE BASIS OF  
THREE (3) A RIGHTS SHARES FOR EVERY TEN (10) EXISTING A SHARES  
AT RMB2.02 PER A RIGHTS SHARE  
PAYABLE IN FULL ON ACCEPTANCE**

**SOLE GLOBAL COORDINATOR OF THE H SHARE RIGHTS ISSUE**



**CITIC SECURITIES**

**UNDERWRITER OF THE H SHARE RIGHTS ISSUE**



**CITIC SECURITIES**

Existing H Shares have been dealt in on an ex-rights basis from Monday, June 26, 2023. Dealings in the Nil-paid H Rights will take place from Friday, July 7, 2023 to Friday, July 14, 2023 (both days inclusive).

The latest time for acceptance of and payment for H Rights Shares and application of and payment for excess H Rights Shares is at 4:00 p.m. on Wednesday, July 19, 2023. Further details on the expected timetable for the H Share Rights Issue are set out in the section headed "Expected Timetable" in this prospectus.

The procedure for acceptance or transfer of the H Rights Shares is set out in the "Letter from the Board" on pages 51 to 96 of this prospectus.

The H Share Rights Issue will proceed on a fully-underwritten basis. The Underwriting Agreement contains provisions entitling the Underwriter by notice in writing to terminate the Underwriting Agreement on the occurrence of certain events, including force majeure, as set out in the paragraph headed "Letter from the Board – Termination of the Underwriting Agreement" on pages 84 to 86 of this prospectus. If the Underwriting Agreement does not become unconditional or if it is terminated in accordance with the terms thereof, the H Share Rights Issue may not proceed. Any person dealing in the H Shares and/or Nil-paid H Rights up to the time when all conditions to which the H Share Rights Issue is subject are fulfilled (which is expected to be 5:00 p.m. on Thursday, July 20, 2023) will bear the risk that the H Share Rights Issue may not become unconditional and may not proceed. Shareholders' and potential investors' attention is also drawn to the paragraph headed "Letter from the Board – Warning of the Risks of Dealing in the H Shares and Nil-paid H Rights" in this prospectus. Any person who is in any doubt about his/her position is recommended to consult his/her professional adviser.

July 5, 2023

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The H Share Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated. Furthermore, if any of the conditions of the H Share Rights Issue set out under the paragraph headed “Letter from the Board-Conditions of the H Share Rights Issue” are not fulfilled, the H Share Rights Issue will not proceed, in which case a further announcement will be made by the Bank at the relevant time. Shareholders’ and potential investors’ attention is drawn to the paragraph headed “Letter from the Board-Warning of the Risks of Dealing in the H Shares and Nil-paid H Rights”. It should also be noted that the H Shares have been dealt in on an ex-rights basis from Monday, June 26, 2023 and that dealings in the Nil-paid H Rights are expected to take place from Friday, July 7, 2023 to Friday, July 14, 2023 (both days inclusive). Such dealings will take place when the conditions of the H Share Rights Issue remain unfulfilled, and the Underwriting Agreement does not become unconditional or is subject to termination in accordance with the terms thereof. Any person dealing in the securities of the Bank up to the date on which such condition is fulfilled or waived and up to the Latest Time for Termination (as defined herein) and any person dealing in the Nil-paid H Rights from Friday, July 7, 2023 to Friday, July 14, 2023 (being the first and last day of dealings in the Nil-paid H Rights, respectively) will accordingly bear the risk that the H Share Rights Issue may not become unconditional and may not proceed. Any person dealing in or contemplating any dealing in the securities of the Bank, the Nil-paid H Rights and/or the H Rights Shares during this period, who is in any doubt about his, her or its position, is recommended to consult his, her or its own professional adviser.

EXCEPT AS OTHERWISE SET OUT HEREIN, THE H SHARE RIGHTS ISSUE DESCRIBED IN THIS PROSPECTUS IS NOT BEING MADE TO H SHAREHOLDERS, BENEFICIAL H SHAREHOLDERS OR INVESTORS WITH REGISTERED ADDRESSES IN THE SPECIFIED TERRITORIES. This prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the Nil-paid H Rights or the H Rights Shares or to take up any entitlements to the Nil-paid H Rights or the H Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. None of the Nil-paid H Rights, the H Rights Shares, this prospectus, the Provisional Allotment Letter or the Excess Application Form will be registered under the securities laws of any of the Specified Territories and none of the Nil-paid H Rights, the H Rights Shares, this prospectus, the Provisional Allotment Letter and the Excess Application Form will qualify for distribution under any of the relevant securities laws of any of the Specified Territories (other than pursuant to any applicable exceptions as agreed by the Bank). Accordingly, the Nil-paid H Rights and the H Rights Shares may not be offered, sold, pledged, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, into or within any Specified Territories other than Hong Kong absent registration or qualification under the respective securities laws of such Specified Territories, or absent exemption from the registration or qualification requirements under applicable rules of such Specified Territories.

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No action has been taken by the Bank to permit a public offering of the Nil-paid H Rights and/or H Rights Shares, other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of and does not constitute an offer or invitation in any jurisdiction or in any circumstances, in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Nil-paid H Rights and/or H Rights Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

Each person acquiring the Nil-paid H Rights and/or H Rights Shares under the H Share Rights Issue will be required to confirm, or be deemed by his/her acquisition of the Nil-paid H Rights and/or H Rights Shares to confirm, that he/she is aware of the restrictions on offers and sales of the Nil-paid H Rights and/or H Rights Shares described in this prospectus.

For a description of certain restrictions regarding the take-up of the Nil-paid H Rights for, and the offering and sale of, the H Rights Shares, see the notices below.

### NOTICE TO INVESTORS IN THE PRC

If a Shareholder resident in the PRC and/or any other PRC resident (including both individuals and companies) wishes to invest in Nil-paid H Rights or fully-paid H Rights Shares, he/she/it shall be responsible for complying with relevant laws of the PRC. The Bank will not be responsible for verifying the PRC legal qualification of such Shareholder and/or resident and thus, should the Bank suffer any losses and damages due to non-compliance with the relevant laws of the PRC by any such Shareholder and/or resident, the Shareholder and/or resident shall be responsible to compensate the Bank for the same. The Bank shall not be obliged to issue the nil-paid H Rights Shares or fully-paid H Rights to any such Shareholder and/or resident, if issuing the nil-paid H Rights Shares or fully-paid H Rights to he/she/it does not comply with the relevant laws of the PRC.

H Shareholders or Beneficial H Shareholders (other than PRC Southbound Trading Investor) in the PRC are generally Excluded H Shareholders, however, Qualified Domestic Institutional Investors (the “**QDIIs**”) and Beneficial H Shareholders who hold interests in H Shares through QDIIs may be able to take up their Nil-paid H Rights to subscribe for H Rights Shares being offered in the H Share Rights Issue, provided that they fulfil the requirements under the relevant PRC laws and regulations to the satisfaction of the Bank. For the avoidance of doubt, the PRC Southbound Trading Investors can participate in the H Share Rights Issue through CSDCC. CSDCC will provide nominee services for the PRC Southbound Trading Investors to (i) sell (in full or in part) their Nil-paid H Rights on the Hong Kong Stock Exchange under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect; and/or (ii) subscribe (in full or in part) for their pro-rata entitlement in respect of Shares held on the H Share Rights Issue Record Date at the Subscription Price under the H Share Rights Issue in accordance with the relevant laws and regulations.

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**However, CSDCC will not support applications by such PRC Southbound Trading Investors for excess Rights Shares under the Rights Issue through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.** The PRC Southbound Trading Investors (or the relevant CSDCC participants as the case may be) whose stock accounts in the CSDCC are credited with nil-paid Rights Shares can only sell those nil-paid Rights Shares on the Hong Kong Stock Exchange via CSDCC under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect and can neither purchase any Nil-paid H Rights nor transfer such Nil-paid H Rights to other PRC Southbound Trading Investors. In order to ensure the timeliness of the clearing and currency exchange of payment for H Share Rights Issue, the long stop date for the reporting of H Share Rights Issue set by CSDCC is three (3) Shanghai Stock Exchange/Shenzhen Stock Exchange business days earlier than that set by HKSCC.

### NOTICE TO INVESTORS IN SINGAPORE

This prospectus and any other document or material issued in connection with the offer of Nil-paid H Rights or the H Rights Shares has not been and will not be lodged with or registered as a prospectus in Singapore under the Securities and Futures Act 2001 of Singapore (“SFA”). The offer of Nil-paid H Rights or the H Rights Shares is made in reliance on the offering exemption under section 273(1)(cd) of the SFA. This prospectus and any other document or material in connection with the offer of Nil-paid H Rights or the H Rights Shares may not be circulated or distributed, nor may Nil-paid H Rights or the H Rights Shares be offered or sold, whether directly or indirectly, to any person in Singapore other than to a member of the Bank pursuant to section 273(1)(cd) of the SFA or otherwise pursuant to, and in accordance with the conditions of an exemption under section 274 or section 275, or where applicable, section 276 of the SFA.

### NOTICE TO INVESTORS IN DENMARK

The Prospectus Documents and the offering of the Rights Shares have not been filed with or approved by the Danish Financial Supervisory Authority or any other regulatory authority in the Kingdom of Denmark. Accordingly, the Rights Shares may not be offered, sold or delivered and the Prospectus Documents may not be distributed or delivered, directly or indirectly, in the Kingdom of Denmark by way of a public offering or otherwise unless in compliance with the Danish Capital Markets Act, Consolidated Act no. 41 of 13 January 2023 as amended from time to time, and the Prospectus Regulation.

As such, the Prospectus Documents have been prepared on the basis that any offering of the Rights Shares in any member state of the European Union (each such state an “**EU Member State**”), including the Kingdom of Denmark, will be made pursuant to an exemption under the Prospectus Regulation (as defined below) from a requirement to publish a prospectus for offers of the Rights Shares. The Prospectus Documents are not a prospectus for the purpose of the Prospectus Regulation. The expression “Prospectus Regulation” means Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus

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to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, and includes any relevant delegated regulations and regulatory technical standards enacted pursuant thereto.

Accordingly, any person making or intending to make any offer within the Kingdom of Denmark or the European Economic Area (“**EEA**”) of the Rights Shares should only do so in circumstances in which no obligation arises for the Bank to produce a prospectus for such offer.

The Rights Shares are therefore not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the Kingdom of Denmark or in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive (EU) 2014/65 (as amended, “**MiFID II**”); (ii) a customer within the meaning of Directive 2016/97/EU, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a “qualified investor” as defined in the Prospectus Regulation.

Notwithstanding the foregoing, an offering of Rights Shares in the Kingdom of Denmark may be made without the publication of a prospectus which has been approved by the Danish Financial Supervisory Authority pursuant to applicable exemptions for the publishing of a prospectus pursuant to the Prospectus Regulation.

With reference to the above, the release, publication or distribution of the Prospectus Documents, the form of acceptance or any other document relating to the offering of Rights Shares and the making of the offering of Rights Shares in certain jurisdictions (“**Restricted Jurisdictions**”) may be restricted by law, be considered unlawful or otherwise violate any applicable laws or regulations, or may require the Bank to change or amend the terms or conditions of the offering of Rights Shares in any way, to make a filing with any governmental, regulatory or other authority or take action in relation to the offering of Rights Shares. Therefore, copies of the Prospectus Documents and any other materials relating to the offering of Rights Shares are not being, and must not be, sent or otherwise distributed in or into or from any Restricted Jurisdiction or, in their capacities as such, to custodians, trustees or nominees holding shares for persons in any Restricted Jurisdictions, and persons receiving any such documents (including custodians, nominees and trustees) must not distribute or send them in, into or from any Restricted Jurisdiction. Neither the Bank nor any receiving agent accept or assume any responsibility or liability for any violation by any person whomsoever of any such restriction.

### NOTICE TO INVESTORS IN THE UNITED KINGDOM

The Prospectus Documents (i) have not been prepared in accordance with the United Kingdom Prospectus Regulation or any measure made under such Regulation or otherwise relating thereto; and (ii) have not been reviewed and they will not be approved by the United Kingdom Financial Conduct Authority, and therefore may not contain all information required where a document is prepared pursuant to the United Kingdom Prospectus Regulation and other

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applicable United Kingdom law. Members of the public in the United Kingdom are not eligible to participate in the offering of the Rights Shares and/or the Nil-paid H Rights unless they are Relevant Persons (as defined below).

This prospectus and any other Prospectus Document is being distributed only to, and is directed only at, persons who are outside the United Kingdom, or if in the United Kingdom to persons who are “qualified investors” within the meaning of article 2(e) of the United Kingdom Prospectus Regulation who are also persons who: (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”); (ii) fall within Article 49(2)(a) to (d) of the Order; or (iii) otherwise are persons to whom an invitation or inducement to engage in an investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) in connection with the issue or sale of any H Rights Shares may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred as “**Relevant Persons**”). The H Rights Shares and the Nil-paid H Rights are only available in the United Kingdom to, and any invitation, offer or agreement to purchase or otherwise acquire the H Rights Shares and the Nil-paid H Rights will be engaged in only with, Relevant Persons. This prospectus and its contents should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person in the United Kingdom who is not a Relevant Person. Any person in the United Kingdom that is not a Relevant Person should not act or rely on this prospectus or any other Prospectus Document or any of its contents.

An offer to the public of any H Rights Shares and/or Nil-paid H Rights which are the subject of the offering contemplated by this prospectus may not be made in the United Kingdom, except that an offer to the public in the United Kingdom of any H Rights Shares and/or Nil-paid H Rights may be made at any time under the following exemptions under the United Kingdom Prospectus Regulation:

- to any legal entity which is a qualified investor as defined under Article 2 of the United Kingdom Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the United Kingdom Prospectus Regulation); or
- any other circumstances falling within section 86 of the FSMA,

provided that no such offer of H Rights Shares and/or Nil-paid H Rights shall require the Bank and/or the Sole Global Coordinator or any of its or their affiliates to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

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Each person in the United Kingdom who acquires any H Rights Shares and/or Nil-paid H Rights in the Rights Issue or to whom any offer is made will be deemed to have represented, warranted, acknowledged and agreed to and with the Bank, the Sole Global Coordinator and its and their affiliates that it meets the criteria outlined in this section.

### **NOTICE TO INVESTORS IN THE U.S.**

This prospectus may not be circulated, distributed, forwarded, delivered or redistributed, electronically or otherwise, to persons within the U.S., and may not be relied upon as a basis for any investment decision or for any other purpose by any person within the U.S.

These materials do not constitute or form a part of any offer or solicitation of any offer to purchase or subscribe for securities in the U.S. The H Rights Shares in their nil-paid and fully-paid forms have not been and will not be registered under the U.S. Securities Act or under any securities laws of any state or other jurisdiction of the U.S. and may not be offered, sold, pledged, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the U.S. except pursuant to an applicable exemption from the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the U.S. The H Rights Shares in both nil-paid and fully-paid forms, the Prospectus Documents have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state's securities commission in the U.S. or any U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the H Rights Shares in either nil-paid or fully-paid form, the Provisional Allotment Letter, the Excess Application Form or the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offence in the United States. There will be no public offer or any directed selling efforts of these securities in the U.S. The H Rights Shares in both nil-paid and fully-paid forms are being offered and sold in offshore transactions in reliance on Regulation S under the U.S. Securities Act. Each purchaser or subscriber of H Rights Shares being offered and sold the Rights Shares outside the U.S. will be deemed to have represented and agreed, among other things, that the purchaser or subscriber is acquiring the H Rights Shares in an offshore transaction meeting the requirements of Regulation S under the U.S. Securities Act. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees is subject to any of the above representations and warranties.

Any person purchasing or taking up the Nil-paid H Rights or subscribing for or accepting the H Rights Shares will be required to represent, among others, that such person:

- (i) is not within the United States or otherwise a "U.S. person" as defined in Regulation S under the U.S. Securities Act;
- (ii) is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire the Nil-paid H Rights or the H Rights Shares;

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- (iii) is not doing so for the account of any person who is located in the United States, unless:
  - (a) the instruction to take up was received from a person outside the United States; and
  - (b) the person giving such instruction has confirmed that (x) it has the authority to give such instruction, and (y) either (A) has investment discretion over such account; or (B) is an investment manager or investment company that it is acquiring the H Rights Shares in an “offshore transaction” within the meaning of Regulation S under the U.S. Securities Act and who is not otherwise a U.S. Person within the meaning and meeting the requirements of Regulation S under the U.S. Securities Act; and
- (iv) is not acquiring the Nil-paid H Rights or the H Rights Shares with a view to the offer, sale, resale, transfer, deliver or distribute, directly or indirectly, of any such Nil-paid H Rights or H Rights Shares into the United States or any other jurisdiction referred to in (ii) above.

None of the Prospectus Documents has been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the H Share Rights Issue, the Prospectus Documents, the nil-paid H Rights Shares, the fully-paid H Rights Shares, the H Rights Shares or the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offence in the United States.

### NOTICE TO INVESTORS IN SOUTH KOREA

Nothing in this electronic transmission constitutes an offer of securities for sale in any jurisdiction where it is unlawful to do so.

A registration statement for the offering and sale of the Nil-paid H Rights or H Rights Shares has not been filed and will not be filed under the Financial Investment Services and Capital Markets Act of Korea. Accordingly, the Nil-paid H Rights or H Rights Shares may not be offered, sold or delivered, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as such term is defined in the Foreign Exchange Transactions Act of Korea, the Enforcement Decree thereof and the regulations thereunder) except as otherwise permitted under applicable Korean laws and regulations. In addition, until the expiration of one year after the issuance of the Nil-paid H Rights or H Rights Share, as the case may be, the Nil-paid H Rights or H Rights Shares, as the case may be, may not be transferred to any resident of Korea except as otherwise permitted under applicable Korean laws and regulations.

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Therefore, if you are in Korea or a resident of Korea, and are not otherwise permitted to have access to this prospectus in accordance with the foregoing restrictions, you are not authorized and will not be able to purchase any of the securities described herein, and please do not distribute or copy the information in this prospectus, but delete and destroy all copies of this prospectus including all attachments.

### NOTICE TO INVESTORS IN IRELAND

If you are in any doubt about the contents of this prospectus or as to the action you should take, you are recommended to immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser (being, in the case of persons resident in Ireland, an adviser authorised or exempt under the Investment Intermediaries Act 1995 of Ireland (as amended) or an authorised investment firm within the meaning of the European Union (Markets in Financial Instruments) Regulations 2017, as amended (the “**MiFID Regulations**”) who specialises in advising on the acquisition of shares and other securities.

This prospectus: (i) has not been prepared in accordance with Regulation 2017/1129/EU (as amended, substituted or replaced) (the “**Prospectus Regulation**”) or any measures made under the Prospectus Regulation or the laws of any EU Member State or EEA treaty adherent state that implements the Prospectus Regulation or those measures, including the European Union (Prospectus) Regulations 2019 (as amended) and the Central Bank (Investment Market Conduct) Rules 2019 (as amended) (together, the “**Irish Prospectus Regulations**”); and (ii) has not been reviewed, prior to its being issued, by any regulatory authority in any EU Member State or EEA treaty adherent state, and therefore may not contain all the information required where a document is prepared pursuant to that Prospectus Regulation or those laws, including the Irish Prospectus Regulations.

For the avoidance of doubt, this prospectus does not constitute a prospectus for the purposes of the Prospectus Regulation and relevant implementing measures in Ireland.

No action may be taken with respect to the Rights Shares in Ireland otherwise than in conformity with the provisions of (i) the MiFID Regulations, or any codes of conduct issued in connection therewith and the provisions of the Irish Investor Compensation Act 1998; (ii) the Irish Companies Act 2014, the Irish Central Bank Acts 1942 to 2018 and any code of conduct rules made under Section 117(1) of the Irish Central Bank Act 1989; (iii) the Irish Prospectus Regulations or, as applicable, section 1363 of the Irish Companies Act 2014 by the Central Bank of Ireland (the “**Central Bank**”); and (iv) the Market Abuse Regulation (Regulation (EU) 596/2014) and any rules issued under section 1370 of the Irish Companies Act 2014 by the Central Bank.

Nothing herein shall constitute, or is intended to constitute, or shall be treated as constituting or shall be deemed to constitute, any offer or sale of the Rights Shares to the public or the marketing of a collective investment scheme or any other form of offer, sale, marketing, advertising or provision of facilities for the participation by the public, as beneficiaries, in

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profits or income arising from the acquisition, holding, management or disposal of securities or any other property whatsoever, otherwise than in accordance with the provisions of the Prospectus Regulation, the Irish Prospectus Regulations, EU prospectus law and Irish prospectus law (each as defined in Chapter 1 of Part 23 of the Companies Act 2014), the Central Bank Acts 1942–2018, the Unit Trusts Act, 1990 (as amended), the MiFID Regulations, the Investment Intermediaries Act, 1995 (as amended) and any regulations made thereunder and any codes of conduct, guidance and any other requirements issued in connection therewith (as each of the foregoing may be amended, supplemented, varied and/or replaced from time to time) (the “**Irish Securities Laws**”).

The materials relating to the Rights Shares do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law.

The Bank will not be regulated by the Central Bank by virtue of issuing the Rights Shares. Any investment in the Rights Shares does not have the status of a bank deposit and is not subject to the deposit protection scheme operated by the Central Bank or any other government guarantee scheme.

### NOTICE TO INVESTORS IN AUSTRALIA

#### **Exempt Australian investors**

This prospectus does not constitute a prospectus, product disclosure statement or any other form of “disclosure document” under Chapter 6D of the Corporations Act 2001 of the Commonwealth of Australia (“**Australian Corporations Act**”). It has not been, and will not be, lodged or registered with the Australian Securities and Investments Commission (“**ASIC**”) or the Australian Securities Exchange (“**ASX**”) or any other regulatory body or agency in Australia. Accordingly, this prospectus is not required to, nor does it contain all of the information a prospective investor would expect to be contained in an offering document or which he/she/it may require in order to make an informed investment decision regarding, or about the rights attaching to, the Rights Shares offered under this prospectus.

No offer of securities is being made in Australia, and the distribution or receipt of this prospectus in Australia does not constitute an offer of securities capable of acceptance by any person in Australia, except in the limited circumstances described below relying on ASIC relief or on certain exemptions in the Australian Corporations Act.

The offer to which this prospectus relates is being made in Australia in reliance on ASIC Corporations (Foreign Rights Issues) Instrument 2015/356 (“**ASIC Instrument**”) issued by ASIC. This prospectus, and any other document issued by the Bank in connection with this offer only constitutes an offer in Australia to persons who are recorded as Australian resident shareholders as at the H Share Rights Issue Record Date.

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If the ASIC Instrument does not apply, then this prospectus may only be provided in Australia to select investors who are able to demonstrate that they fall within one or more of the following categories (“**Exempt Investors**”):

- “sophisticated investors” who meet the criteria set out in section 708(8) of the Australian Corporations Act; or
- “professional investors” who meet the criteria set out in section 708(11) and as defined in section 9 of the Australian Corporations Act.

ASIC has not reviewed this prospectus or commented on the merits of investing in the securities nor has any other Australian regulator.

The provisions of the Australian Corporations Act that define these categories of Exempt Investors are complex, and if you are in any doubt as to whether you fall within one of these categories, you should seek appropriate professional advice regarding these provisions.

### **Australian selling restrictions**

Unless the ASIC Instrument applies, the securities may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the securities may be issued, and no draft or definitive offer memorandum, advertisement or other offer material relating to any of the securities may be distributed in Australia except where disclosure to investors is not required under Chapter 6D of the Australian Corporations Act, or is otherwise in compliance with all applicable Australian laws and regulations.

As any offer of securities under this prospectus will be made without disclosure in Australia pursuant to Chapter 6D of the Australian Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the Australian Corporations Act, require disclosure to investors under Chapter 6D of the Australian Corporations Act if the ASIC Instrument does not apply or if none of the exemptions in section 708 apply to that resale. Accordingly, any person who acquires securities pursuant to this prospectus should not, within 12 months of acquisition of the securities, offer, transfer, assign or otherwise alienate those securities to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D of the Australian Corporations Act, unless a compliant disclosure document is prepared and lodged with ASIC.

### **General information only**

This prospectus is intended to provide general information only and has been prepared without taking into account any particular person’s objectives, financial situation or needs. Investors should, before acting on this information, consider the appropriateness of this information having regard to their personal objectives, financial situation and needs. Investors should review and consider the contents of this prospectus and obtain financial advice specific to their situation before making any decision to make an application for securities.

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## NOTICE

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### **FORWARD-LOOKING STATEMENTS**

All statements in this prospectus other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements may be identified by the use of words such as “might”, “may”, “could”, “would”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue”, “illustration”, “projection” or similar expressions and the negative thereof. Forward-looking statements in this prospectus include, but not limited to, statements in respect of the Bank’s business strategies, product offerings, market position, competition, financial prospects, performance, liquidity and capital resources, as well as statements regarding trends in the relevant industries and markets in which the Bank operates, technological advances, financial and economic developments, legal and regulatory changes, and their interpretation and enforcement.

The forward-looking statements in this prospectus are based on management’s present expectations about future events. Management’s present expectations reflect numerous assumptions regarding the Bank’s strategy, operations and industry development. By their nature, they are subject to known and unknown risks and uncertainties, which could cause actual results and future events to differ materially from those implied or expressed by forward-looking statements. Should one or more of these risks or uncertainties materialize, or should any assumptions underlying forward-looking statements prove to be incorrect, the Bank’s actual results could differ materially from those expressed or implied by forward-looking statements. Additional risks not known to the Bank or that the Bank does not currently consider material could also cause the events and trends discussed in this prospectus not to occur, and the estimates, illustrations and projections of financial performance not to be realized.

Prospective investors are cautioned that forward-looking statements speak only as at the Latest Practicable Date. Except as required by applicable laws, the Bank does not undertake, and expressly disclaims, any duty to revise any forward-looking statement in this prospectus, being it as a result of new information, future events or otherwise.

### **ARBITRATION OF DISPUTES**

If you have a claim against or dispute with us, a Director, a Supervisor, the general manager or other senior officers of ours, or a holder of our A Shares relating to any rights or obligations conferred or imposed by our Articles of Association or by the PRC Company Law and other relevant laws and administrative regulations concerning our affairs, our Articles of Association require you to submit the dispute or claim to either the China International Economic and Trade Arbitration Commission, or the Hong Kong International Arbitration Centre, for arbitration. Our Articles of Association further provide that the arbitral award will be final and conclusive and binding on all parties.

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## DEFINITIONS

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*In this prospectus, unless the context otherwise requires, the following expressions and terms have the following meanings:*

“2021 First A Share Class Meeting” or “A Share Class Meeting”	the 2021 first A share class meeting held on Tuesday, November 23, 2021 at which, among others, the Rights Issue and related matters were considered and approved
“2021 First H Share Class Meeting” or “H Share Class Meeting”	the 2021 first H share class meeting held on Tuesday, November 23, 2021 at which, among others, the Rights Issue and related matters were considered and approved
“2021 Third EGM” or “EGM”	the 2021 third extraordinary general meeting of the Bank held on Tuesday, November 23, 2021 at which, among others, the Rights Issue and related matters were considered and approved
“2022 First A Share Class Meeting”	the 2022 first A share class meeting held on Monday, November 21, 2022 at which, among others, the resolutions on the proposed extension of validity period for the Rights Issue and the proposed extension of validity period of the authorization to the Board and its authorized person(s) to deal with matters related to the Rights Issue were considered and approved
“2022 First H Share Class Meeting”	the 2022 first H share class meeting held on Monday, November 21, 2022 at which, among others, the resolutions on the proposed extension of validity period for the Rights Issue and the proposed extension of validity period of the authorization to the Board and its authorized person(s) to deal with matters related to the Rights Issue were considered and approved
“2022 Second EGM”	the 2022 second extraordinary general meeting of the Bank held on Monday, November 21, 2022 at which, among others, the resolutions on the proposed extension of validity period for the Rights Issue and the proposed extension of validity period of the authorization to the Board and its authorized person(s) to deal with matters related to the Rights Issue were considered and approved
“A Rights Share(s)”	the new A Share(s) proposed to be placed and issued to the Qualified A Shareholders pursuant to the A Share Rights Issue

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## DEFINITIONS

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“A Share(s)”	the Bank’s ordinary shares(s) of RMB1.00 each, which are listed on the Shanghai Stock Exchange (stock code: 601916) and traded in RMB
“A Shareholder(s)”	holder(s) of A Shares
“A Share Rights Issue”	the proposed issue of 5,014,409,033 A Rights Shares at the Subscription Price on the basis of up to three (3) A Rights Shares for every ten (10) existing A Shares held on the A Share Rights Issue Record Date
“A Share Rights Issue Prospectus”	the prospectus, which is in Chinese, containing the details of the A Share Rights Issue which has been published by the Bank on the website of the Shanghai Stock Exchange ( <a href="http://www.sse.com.cn">www.sse.com.cn</a> ), the website of the Bank ( <a href="http://www.czbank.com">www.czbank.com</a> ) and the HKEXnews website of Hong Kong Stock Exchange ( <a href="http://www.hkexnews.hk">www.hkexnews.hk</a> ) on Monday, June 12, 2023
“A Share Rights Issue Record Date”	Wednesday, June 14, 2023, or such other date determined by the Board or its authorized person(s) by reference to which entitlements of the A Share Rights Issue are to be determined
“Articles of Association”	the articles of association of the Bank, as amended, supplemented or otherwise modified from time to time
“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Bank”	China Zheshang Bank Co., Ltd. (浙商银行股份有限公司) and its branches
“Beneficial H Shareholder(s)”	any beneficial owner(s) of H Shares whose H Shares are registered in the name of a registered H Shareholder as shown in the H-share register
“Board”	the board of directors of the Bank
“business day”	any day other than Saturday, Sunday or public holiday(s) on which commercial banks and financial institutions in Hong Kong are generally open for normal business to the public

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## DEFINITIONS

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“CBIRC”	China Banking and Insurance Regulatory Commission (currently known as the National Administration of Financial Regulation)
“CBRC”	the former China Banking Regulatory Commission
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a person admitted to participate in CCASS as a direct participant or a general clearing participant, or a custodian participant or a CCASS Investor Participant
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“CSDCC”	China Securities Depository and Clearing Corporation Limited
“CSRC”	China Securities Regulatory Commission
“CSRC Announcement”	the announcement of the CSRC Filing Requirements for Hong Kong Listed Issuers Making Rights Issue to Mainland Shareholders through Mainland-Hong Kong Stock Connect (CSRC Announcement [2016] No. 21)
“Director(s)”	the director(s) of the Bank
“Excess Application Form(s)”	application form(s) for excess H Rights Shares

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## DEFINITIONS

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“Excluded H Shareholder(s)”	the H Shareholder(s) whose name(s) appear in the H-share register at the close of the business on the H Share Rights Issue Record Date and whose address(es) as shown in such register is/are in any of the Specified Territories, except for those H Shareholders with addresses in the PRC, Singapore, Denmark, the United Kingdom, Ireland and Australia who fulfil the relevant requirements to the satisfaction of the Bank; and any H Shareholders or Beneficial H Shareholders at that time who are otherwise known by the Bank to be resident in any of the Specified Territories, except for those H Shareholders or Beneficial H Shareholders with addresses in the PRC, Singapore, Denmark, the United Kingdom, Ireland and Australia who fulfil the relevant requirements to the satisfaction of the Bank
“Group”	China Zheshang Bank Co., Ltd. and its subsidiaries
“H Rights Share(s)”	the new H Share(s) proposed to be placed and issued to the Qualified H Shareholders pursuant to the H Share Rights Issue
“H Share(s)”	overseas listed foreign share(s) of RMB1.00 each in the share capital of the Bank, which are listed on the Hong Kong Stock Exchange (stock code: 2016) and traded in Hong Kong dollars
“H Share Committed Shareholders”	Zhejiang Seaport (Hong Kong) Co., Limited (浙江海港(香港)有限公司) and Zhejiang Provincial Seaport Investment & Operation Group Co., Ltd. (浙江省海港投資運營集團有限公司)
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“H Share Rights Issue”	the proposed issue of 1,366,200,000 H Rights Shares at the Subscription Price on the basis of up to three (3) H Rights Shares for every ten (10) existing H Shares held on the H Share Rights Issue Record Date
“H Share Rights Issue Record Date”	Tuesday, July 4, 2023, or such other date determined by the Board or its authorized person(s) by reference to which entitlements of the H Share Rights Issue are to be determined
“H Shareholder(s)”	holder(s) of H Shares
“H-share register”	the H-share register of the Bank
“HK\$” or “Hong Kong dollars”	Hong Kong dollar, the lawful currency of Hong Kong

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## DEFINITIONS

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“HK Northbound Trading Investors”	the Hong Kong investors who hold the shares of PRC listed companies through HKSCC as nominee under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise revised from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Irrevocable Undertakings”	the irrevocable undertakings given by the H Share Committed Shareholders dated June 9, 2023, pursuant to which the H Share Committed Shareholders have irrevocably undertaken to, among other things, accept and subscribe for the H Rights Shares provisionally allotted to them under the H Share Rights Issue based on their shareholdings in the Bank on the H Share Rights Issue Record Date.
“Intermediary”	in relation to a Beneficial H Shareholder whose H Shares are deposited in CCASS and registered in the name of HKSCC Nominees, means the Beneficial H Shareholder’s broker, custodian, nominee or other relevant person who is a CCASS Participant or who has deposited the Beneficial H Shareholder’s H Shares with a CCASS Participant
“Latest Acceptance Date”	Wednesday, July 19, 2023 or such later date as the Bank and the Underwriter may agree in writing
“Latest Practicable Date”	Wednesday, June 28, 2023, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
“Latest Time for Termination”	5:00 p.m. on Thursday, July 20, 2023

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## DEFINITIONS

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“Listing Rules of the Shanghai Stock Exchange”	the Rules Governing the Listing of Shares on the Shanghai Stock Exchange
“MOF”	the Ministry of Finance of the PRC (中華人民共和國財政部)
“Nil-paid H Rights”	the rights to subscribe for H Rights Shares (in the form of H Rights Shares in nil-paid) before the Subscription Price is paid
“Offer Documents”	any of the Prospectus Documents, any other documents or material relating to the H Share Rights Issue or the application for listing approval (or any amendment or supplement to any of them, and in each case whether or not approved by the Underwriter)
“Overseas Shareholder(s)”	(i) H Shareholder(s) whose name(s) appear(s) on the H-share register on the H Share Rights Issue Record Date and whose registered address(es) is/are in a place outside Hong Kong; and (ii) Beneficial H Shareholder(s) whose registered address(es) is/are in a place outside Hong Kong
“PRC” or “China”	the People’s Republic of China, excluding, for the purposes of this prospectus, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“PRC Company Law”	the Company Law of the People’s Republic of China
“PRC Southbound Trading Investors”	PRC investors (including enterprises and individuals) who hold the shares of Hong Kong listed companies through CSDCC as nominee under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect
“Price Determination Date”	June 9, 2023, the date on which the Subscription Price was fixed for the purpose of the Rights Issue
“Prospectus Documents”	this prospectus, the Provisional Allotment Letter(s) and the Excess Application Form(s)
“Provisional Allotment Letter(s)”	provisional allotment letter(s) for the H Rights Shares

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## DEFINITIONS

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“Qualified A Shareholder(s)”	A Shareholder(s) whose name(s) appear(s) on the register of members of the Bank at the Shanghai branch of CSDCC after the close of trading on the A Share Rights Issue Record Date
“Qualified H Shareholder(s)”	H Shareholder(s) whose name(s) appear(s) on the H-share register of the Bank on the H Share Rights Issue Record Date (not being Excluded H Shareholders)
“Rights Issue”	A Share Rights Issue and/or H Share Rights Issue
“Rights Issue Record Date(s)”	A Share Rights Issue Record Date and/or H Share Rights Issue Record Date
“Rights Share(s)”	A Rights Share(s) and/or H Rights Share(s)
“RMB”	Renminbi, the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange of the PRC (中國國家外匯管理局)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Shanghai-Hong Kong Stock Connect”	the securities trading and clearing links programme developed by the Hong Kong Stock Exchange, the Shanghai Stock Exchange, HKSCC and CSDCC for the establishment of mutual market access between Hong Kong and Shanghai
“Share(s)”	A Share(s) and/or H Share(s)
“Shareholder(s)”	holder(s) of Shares
“Shenzhen-Hong Kong Stock Connect”	the securities trading and clearing links programme developed by the Hong Kong Stock Exchange, the Shenzhen Stock Exchange, HKSCC and CSDCC for the establishment of mutual market access between Hong Kong and Shenzhen
“Sole Global Coordinator”	CLSA Limited
“Southbound Trading”	the southbound trading under the Shenzhen-Hong Kong Stock Connect and Shanghai-Hong Kong Stock Connect

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## DEFINITIONS

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“Specified Territory(ies)”	the PRC, Singapore, Denmark, the United Kingdom, the U.S., South Korea, Ireland and Australia
“State Council”	the State Council of the PRC (中國國務院)
“Subscription Price(s)”	the Subscription Price of HK\$2.23 per H Rights Share and/or the Subscription Price of RMB2.02 per A Rights Share
“subsidiary(ies)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Supervisor(s)”	the supervisor(s) of the Bank
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“Underwriter”	CLSA Limited
“Underwriting Agreement”	the underwriting agreement dated June 11, 2023 entered into between the Bank and the Underwriter in relation to the H Share Rights Issue
“Prospectus Regulation”, “United Kingdom Prospectus Regulation” or “UK Prospectus Regulation”	Prospectus Regulation (EU) 2017/1129. It also forms part of retained European law as defined within the EU (Withdrawal) Act 2018 of the United Kingdom
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“U.S. dollars”	United States dollars, the lawful currency of the United States
“%”	per cent.

*Unless otherwise specified in this prospectus, the exchange rate adopted in this prospectus for illustration only is HK\$1 to RMB0.90678. No representation is made that any amounts in RMB could have been or could be converted at that rate or at any other rates.*

*Unless otherwise specified in this prospectus, all figures disclosed in the “Risk Factors” and “Business” sections of this prospectus are presented in accordance with the International Financial Report Standards.*

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## EXPECTED TIMETABLE

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### Expected H Share Rights Issue Timetable

H-share register re-opens . . . . .	Wednesday, July 5, 2023
Despatch of Prospectus Documents . . . . .	Wednesday, July 5, 2023
First day of dealings in Nil-paid H Rights . . . . .	Friday, July 7, 2023
Latest time for splitting Nil-paid H Rights . . . . .	4:30 p.m. on Tuesday, July 11, 2023
Last day of dealings in Nil-paid H Rights . . . . .	Friday, July 14, 2023
Latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares . . . . .	4:00 p.m. on Wednesday, July 19, 2023
Latest time for the termination of the Underwriting Agreement and for the H Share Rights Issue to become unconditional . . . . .	5:00 p.m. on Thursday, July 20, 2023
Announcement of results of acceptance of and excess applications for H Rights Shares . . . . .	Wednesday, July 26, 2023
Despatch of certificates for fully-paid H Rights Shares . . . . .	Thursday, July 27, 2023
Despatch of refund cheques in respect of not accepted or partially accepted applications for excess H Rights Shares . . . . .	Thursday, July 27, 2023
Commencement of dealings in fully-paid H Rights Shares . . . . .	9:00 a.m. on Friday, July 28, 2023

*All dates and times herein refer to Hong Kong local time and dates. Shareholders should note that the dates specified in the expected timetable of the H Share Rights Issue as set out above, and in other parts of this prospectus, are indicative only and may be changed by the Board. In the event any special circumstances arise, the Board or the authorized person(s) by the Board may extend or make adjustments to the timetable if it considers appropriate. Any such change to the expected timetables will be published or notified to the Shareholders accordingly.*

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## EXPECTED TIMETABLE

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### **EFFECT OF BAD WEATHER ON LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR H RIGHTS SHARES AND APPLICATION AND PAYMENT FOR EXCESS H RIGHTS SHARES**

The latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares will not take place if a tropical cyclone warning signal number 8 or above, or an “extreme conditions” caused by super typhoons or “black” rainstorm warning is issued by the Hong Kong Observatory:

1. in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. Instead, the latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares will be extended to 5:00 p.m. on the same business day; or
2. in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead, the latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares does not take place on the Latest Acceptance Date, the dates mentioned in the paragraph headed “Expected H Share Rights Issue Timetable” above may be affected. An announcement will be made by the Bank in such event as soon as practicable.

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## SUMMARY OF THE RIGHTS ISSUE

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The following information is derived from this prospectus, and should be read in conjunction with the full text of this prospectus.

### H Share Rights Issue Statistics

Basis of the H Share Rights Issue:	Three (3) H Rights Shares for every ten (10) existing H Shares held by the Qualified H Shareholders on the H Share Rights Issue Record Date
Number of H Shares in issue as at the Latest Practicable Date:	4,554,000,000 H Shares
Number of H Rights Shares proposed to be issued (assuming the number of H Shares in issue on the H Share Rights Issue Record Date remains the same as at the Latest Practicable Date):	1,366,200,000 H Shares
Aggregate nominal value of H Rights Shares:	RMB1,366,200,000
Subscription Price:	HK\$2.23 per H Rights Share
Sole Global Coordinator:	CLSA Limited
Underwriter:	CLSA Limited

### A Share Rights Issue Statistics

Basis of A Share Rights Issue:	Three (3) A Rights Shares for every ten (10) existing A Shares held by the Qualified A Shareholders on the A Share Rights Issue Record Date
Number of A Shares in issue as at the Latest Practicable Date:	16,714,696,778 A Shares
Number of A Rights Shares proposed to be issued:	5,014,409,033 A Shares
Subscription Price:	RMB2.02 per A Rights Share
Sponsor:	CITIC Securities Co., Ltd.
Joint Lead Underwriters:	CITIC Securities Co., Ltd., China International Capital Corporation Limited, CSC Financial Co., Ltd., Huatai United Securities Company Limited, Shenwan Hongyuan Financing Services Co., Ltd., Guotai Junan Securities Co., Ltd., China Industrial Securities Co., Ltd. and Caitong Securities Co., Ltd.

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## RISK FACTORS

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*You should carefully consider the risks described below and other information contained in this prospectus before making an investment decision. The occurrence of any of the following events could harm the Group. If these events occur, the trading price of the H Shares and the nil-paid H Rights Shares could decline, and you may lose all or part of your investment. Additional risks not currently known to the Bank or that the Group now considers immaterial may also cause the Group to incur losses and affect your investment.*

### **I. RISKS RELATING TO THE GROUP'S BUSINESS**

#### **(I) Credit risk**

Credit risk refers to the uncertainty of the loss or gain that may be caused to a bank due to the default of customer in a transaction or the decline of credit rating when a commercial bank engages in banking business. Credit risk is one of the major risks faced by commercial banks. The concentration of the Group's credit risk is mainly from loan business, inter-bank lending and borrowing business, debt instruments investment business and off-balance sheet business.

##### ***1. Risks relating to the loan business***

Credit risk relating to the loan business is a major component of the Group's credit risk exposure. Loan business is an important source of income for the Group, and loans and advances to customers account for a relatively high proportion of the Group's total assets. As of 31 December 2020, 2021 and 2022, the Group's total loans and advances to customers amounted to RMB1.20 trillion, RMB1.35 trillion and RMB1.53 trillion, respectively. The Group may suffer losses if the loan customers fail to repay principal and interest in full when due.

##### ***(1) Risks relating to the loan portfolio***

The Group's continued growth depends largely on its ability to effectively manage its credit risk and maintain and improve the quality of its loan portfolio. As of 31 December 2020, 2021 and 2022, the non-performing loan ratio of the Group were 1.42%, 1.53% and 1.47%, respectively.

Although the Group has taken various measures to strengthen the loan quality control in recent years, the Group cannot assure you that the quality of its existing or future loan portfolio will not deteriorate. Factors such as slowdown in China's economic growth and other adverse macroeconomic trends could negatively affect the daily operations, financial conditions and liquidity of the Group's borrowers. As a result, it may reduce their ability to repay the Group's indebtedness and the quality of the loan portfolio may decline.

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## RISK FACTORS

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At the same time, the Group also grants loans to small and micro enterprises. Small and micro enterprises business is one of the businesses the Group focuses on. Small and micro enterprises are relatively small in scale, low in risk-resistance capacity and transparency of financial information. Therefore, the Group cannot fully rely on the information disclosed in the financial statements with respect to the loans to small and micro enterprises, and shall also take factors such as the personal integrity and creditworthiness of the business owner into account. The Group's non-performing loans may increase if the operating conditions of the above small and micro enterprises deteriorate significantly due to national policies or market factors, or if the personal credibility of the business owner changes significantly, or if the Group makes inaccurate assessment of the credit risk of the small and micro enterprises borrowers.

In addition, although the Group is committed to continuously improving the credit risk management policies, procedures and systems, the Group cannot assure you that the actual operation of the credit risk management policies, procedures and systems can meet the expectations. Failure to effectively operate the credit risk management policies, procedures and systems could result in a deterioration in the quality of the Group's loan portfolio. It may lead to an increase in the balance of the non-performing loans, which may adversely affect the Group's financial conditions and results of operations.

*(2) Risks relating to allowance for expected credit losses (“ECLs”) on loans*

As of 31 December 2020, 2021 and 2022, the allowances for ECLs for gross amount of loans and advances to customers of the Group were RMB32.559 billion, RMB36.087 billion and RMB40.725 billion, respectively. As of the same dates, allowance to total loans of the Group were 2.72%, 2.68% and 2.67%, respectively, and allowance to non-performing loans, which is the balance of the Group's allowance for ECLs as a percentage of the balance of the Group's non-performing loans, was 191.01%, 174.61% and 182.19%, respectively. The amount of the Group's allowance for ECLs on loans is determined in accordance with various factors that affect the quality of the Group's loan portfolio, including, among other things, the operating conditions, repayment ability, willingness to repay, probability of default, loss given default, realizable value of collaterals of debtors, the ability of guarantors to fulfil their obligations, the implementation of the Group's credit policies, as well as domestic and international economic environment, macroeconomic policies, interest rates, exchange rates and legal and regulatory environment. Many of the above factors are beyond the Group's control, and therefore actual circumstances in the future may differ from the Group's assessment and forecast of the above factors. Changes to any of these factors may reduce the Group's profit. As a result, the Group's asset quality, financial condition and results of operations may be materially and adversely affected.

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## RISK FACTORS

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Moreover, the sufficiency of the Group's allowance for ECLs also depends on the effectiveness of its risk evaluation system for potential losses and its ability to accurately collect, process and analyze the relevant statistical data. If the Group's evaluation results are inaccurate, the Group's evaluation system is not fully applied or the Group's ability to collect relevant statistical data is defective, the Group's allowance for ECLs may be insufficient to cover any actual loss, which may reduce its profit and materially and adversely affect its asset quality, financial condition and results of operations.

### *(3) Risks related to loan collaterals*

As of 31 December 2020, 2021 and 2022, the Group's total loans and advances to customers amounted to RMB1.20 trillion, RMB1.35 trillion and RMB1.53 trillion, respectively. A significant portion of the Group's loans are secured by collateral, pledges or guarantees. As of 31 December 2020, 2021 and 2022, 68.80%, 66.80% and 68.04% of the Group's loans and advances to customers were secured by collateral, pledges and guarantees.

The collateral and pledges securing our loans to customers primarily comprise real estate, commercial assets and financial instruments. Due to the fluctuations in macroeconomic conditions, changes in legal environment, changes in austerity policies on the real estate market and other factors beyond the Group's control, the value of such collaterals or pledges may fluctuate or decline, resulting in difficulties in the realization of collaterals or pledges and decreases in the recoverable amount, which may adversely affect the Group's operating conditions and financial conditions.

As of 31 December 2020, 2021 and 2022, the total amount of unsecured loans granted by the Group was RMB297,201 million, RMB364,570 million and RMB367,312 million, accounting for 24.81%, 27.06% and 24.09% of the total loans and advances to customers, respectively. The Group grants unsecured loans primarily based on credit evaluations of borrowers. However, if the borrower's repayment ability falls rapidly due to its severe deterioration in its operating conditions or if the borrower is unable to repay the loan principal and interest due to other factors, the Group will suffer losses given those loans are not secured, which will in turn affect the results of operations and financial conditions of the Group.

### *(4) Risks relating to loan concentration*

#### *① Risks relating to concentration of loan customers*

As of 31 December 2020, 2021 and 2022, the loan balance of the single largest borrower of the Group was RMB4.000 billion, RMB3.960 billion and RMB6.300 billion, accounting for 2.33%, 2.04% and 3.22% of the net capital of the Group; the loan balance of the top ten single borrowers was RMB33.358 billion, RMB29.587 billion and RMB33.087 billion in aggregate, accounting for 19.40%, 15.22% and 16.89% of the net capital of the Group and 2.79%, 2.19% and 2.16% of the total loans and advances to the customers of the Group.

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If the quality of loans to the Group's ten single largest loan customers deteriorates, the Group's non-performing loans may increase significantly, which may also adversely affect the Group's ability to extend new loans or roll over loans to these borrowers, and the Group's asset quality, results of operations and financial conditions may be materially and adversely affected.

### ② Risks relating to concentration of the lending industry

As of 31 December 2020, 2021 and 2022, corporate loans of the Group accounted for 65.80%, 65.54%, and 64.73% of total loans and advances to customers of the Group, respectively. As of 31 December 2022, the top four industries of the Group's corporate loans were manufacturing, leasing and commercial services, wholesale and retail trade, and real estate industries, accounting for 21.98%, 21.21%, 17.00% and 16.90% of the Group's corporate loan balances, respectively, and the above-mentioned top four industries' loans accounted for 77.09% of the total corporate loan balances. Non-performing loans for these industries accounted for 2.59%, 2.46%, 0.88% and 1.66%, respectively, of the Group's total corporate loans to such industries. A significant downturn in any of these industries could deteriorate the quality of the Group's loans in these industries and the non-performing loans may significantly increase, which could materially and adversely affect the asset quality, results of operations and financial conditions of the Group.

In response to the industry concentration risk, the Group continued to optimize the full-process management of credit extension and strengthened risk management and control in key areas. The Group actively adopted various measures to reduce industry concentration risk. Firstly, the Group continuously strengthened credit granting management in key industries, monitored credit risk status and prevented excessive credit expansion. Secondly, the Group established credit policies for key industries with specific credit granting conditions and management requirements. The Group set high entry barriers and limited access for high-risk industries, implemented unified concentration management, optimized the structure of industrial investment, and conducted special management and control on customers in industries included in the negative list with high credit risk exposure. Thirdly, the Group continued to monitor and analyze the industry concentration risk, strengthened the capability of industry analysis, and improved its forecasting ability of specific industries.

### ③ Risks relating to concentration of the Group's business regions

Although the Group is a nationwide joint-stock commercial bank, the Group's deposits, loan business and operations are mainly concentrated in the Yangtze River Delta Area, and in particular in Zhejiang province. As of 31 December 2022, 32.93% of the Group's loans were extended to customers in Zhejiang province, 28.99% of the Group's deposits were attributable to customers in Zhejiang province, and most of the branches and sub-branches were located in Zhejiang province. The Group currently benefits from favorable policies adopted by the central and local governments to boost the economic development of the Yangtze River Delta Area.

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In the near term, most of the Group's loans, income and profit will continue to be sourced from Yangtze River Delta Area. If there is a significant decrease in the pace of economic growth in Yangtze River Delta Area or a significant change in the regional economic environment, the operations and credit status of the Group's customers may deteriorate, which may materially and adversely affect the asset quality, financial conditions and results of operations of the Group.

In response to the risk of concentration of the loan regions, the Group mainly adopts the countermeasures principally including: the Group reasonably plans the regional layout of credit business and optimizes the regional allocation of credit resources based on the current overall operating conditions of the Group and the regional distribution of branches and sub-branches; the Group establishes a dynamic monitoring and early warning reporting system for regional risk status, and adjusts business structure in a timely manner according to the risk development trend; the Group focuses on optimizing the investment structure of the sectors and industries of its credit customers to reduce the potential credit risk from regional concentration.

*(5) Risks relating to loans in the real estate industry*

The Group is exposed to risks associated with the PRC real estate market, especially from corporate loans to the real estate industry, personal residential mortgage loans and other loans secured by real estate. As of 31 December 2022, the balance of real estate loans to corporate customers of the Group accounted for 10.94% of the total loans and advances to customers, with a non-performing loan ratio of 1.66%; the balance of personal residential mortgage loans accounted for 7.03% of the total loans and advances to customers, with a non-performing loan ratio of 0.34%.

If there are any changes in the PRC's macroeconomic conditions, national laws and regulations, relevant policies or other factors that may cause adverse changes to the real estate industry in the future, the real estate market experiences significant adjustments or changes, or the Group encounters problems in real estate credit management, the quality of the Group's real estate-related loans may be adversely affected, which may in turn adversely affect the results of operations and financial conditions of the Group.

*(6) Risks relating to loans to local government financing vehicles*

According to the Notice of the General Office of China Banking Regulatory Commission on the Issuance of Notice on Issues Related to the Supervision of Local Government Financing Platform Loans (《中國銀監會辦公廳關於印發地方政府融資平台貸款監管有關問題說明的通知》), local government financing vehicles include three types of legal entities (government entities, public institutions and business enterprises) which are funded and established by, and whose repayment obligations are jointly and severally borne by, local governments. The Group provides loans to local government financing vehicles which belong to government entities at the prefecture level and county level, and such loans are secured primarily by collateral and guarantees. The loans to local government financing vehicles provided by the Group are mainly used to invest in the water conservancy, environment and public facilities administration

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industries and leasing and commercial services industries. As of 31 December 2022, the balance of the Group's loans to local government financing vehicles was RMB69.109 billion, accounting for 4.53% of the total loans and advances to customers, and there was no non-performing loan.

If certain borrowers are unable to repay their loans due to changes in national macro-economy, changes in national laws and regulations and policies and other factors, the asset quality, financial conditions and results of operations of the Group may be adversely affected.

### **2. *Risks relating to inter-bank lending business***

Inter-bank lending business refers to the short-term borrowing and lending of funds between the Group and other financial institutions for the purpose of adjusting fund surplus and deficit. The Group's inter-bank loans are mainly targeted at domestic commercial banks and non-bank financial institutions. The credit levels of domestic commercial banks and non-bank financial institutions are relatively high, and the Group has established a relatively comprehensive risk control mechanism for the inter-bank lending business. Nevertheless, if there are significant changes in the macro or micro environment faced by the borrowers of the Group's inter-bank loans, which may result in their failure to repay the principal and accrued interest of the Group's inter-bank loans on time, the financial conditions and results of operations of the Group will be adversely affected.

### **3. *Risks relating to financial investment business***

As of 31 December 2022, the balance of the Group's financial investment was RMB546.824 billion, RMB126.128 billion and RMB84.114 billion, respectively, for bond and ABS investments, fund investments, and trust schemes and asset management plans.

Investments in debt instruments classified as receivables, which typically have predetermined rates of return and fixed terms, carry certain credit risks. The Group relies on the issuers and ultimate borrowers for such products to make investment decisions to achieve the agreed-upon rates of return. If the agreed-upon rates of return cannot be achieved or the principal of the Group's investments cannot be maintained, the Group relies on the issuers to reduce its losses and exercise its rights under the related contracts and guarantees to recover losses from the issuers and any guaranteeing entities.

PRC regulatory authorities have not prohibited commercial banks from investing in debt instruments classified as receivables. However, there can be no assurance that future changes in regulatory policies will not restrict the Group or its counterparties with respect to investments in debt instruments classified as receivables. Any adverse regulatory developments relating to these types of investments could cause a significant decline in the value of the Group's investments and, as a result, may materially and adversely affect the Group's profitability.

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### **4. *Risks relating to off-balance sheet business***

The Group's off-balance sheet business mainly includes bank acceptance bills, loan commitments, letters of guarantee, letters of credit and unused credit card limits. As of 31 December 2020, 2021 and 2022, the credit commitments and other off-balance sheet exposures of the Group were RMB682,473 million, RMB735,646 million and RMB723,086 million, respectively.

The credit commitments and other off-balance sheet items expose the Group to credit risk, and the financial conditions and results of operations of the Group may be adversely affected if the Group is unable to obtain repayment from the customers for these commitments after the Group has fulfilled its commitments on behalf of the customers in advance.

### **(II) Market risk**

The Group is exposed to market risk, which is the risk of loss of the Group's business arising from adverse movements in market prices including interest rates, exchange rates, commodity prices and stock prices. Market risk exists in the trading and non-trading businesses of the Group.

#### **1. *Interest rate risk***

The operating income of commercial banks in China is mainly derived from interest spread income, and changes in interest rates will have a direct impact on the operations of commercial banks. Different market judgments on the risk level of financial instruments and intense competition among financial institutions may lead to different movements of interest rates of deposits and loans and further affect the net interest spread of the Group. Like most domestic commercial banks in China, the Group's income from principal operations is largely dependent on net interest income, and changes in interest rates pose certain risks to the Group's future earnings.

With the fluctuation of interest rates, banks may be exposed to interest rate risk as customers exercise their options regarding deposit or loan terms. In particular, for fixed interest rate business, changes in interest rates may lead to potential risks of early repayment of loan principal and interest and early withdrawal of deposits by customers. When the interest rate increases, the deposit customers may withdraw low-interest deposits in advance and place them as new term deposits at higher interest rates, thereby increasing the cost of interest expense of the Group. When the interest rate decreases, the loan customers may repay high-interest rate loans in advance and re-apply for new loans at low interest rates, resulting in a decrease in the interest income of the Group.

In addition to the changes in net interest income of the Group, changes in interest rates may also cause fluctuations in the market value of the Group's assets, liabilities and off-balance sheet financial products. If the structure of assets and liabilities is not balanced, and the value of interest rate-sensitive assets and interest rate-sensitive liabilities change

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differently, it will bring risk of uncertainty to the Group's profitability and capital adequacy level. In addition, fluctuations in interest rates affect the value of the debt instruments portfolio of the Group. An increase in market interest rates or investors' expectation of an increase in market interest rates generally results in a decrease in the price of debt instruments and a decrease in the appraised market value of the debt instruments portfolio of the Group, which in turn will adversely affect the results of operations and financial conditions of the Group.

### **2. *Exchange rate risk***

Substantially all of the Bank's revenues are denominated in RMB, which is currently not a freely convertible currency. A portion of this revenue must be converted into other currencies in order to meet our foreign currency obligations. For example, the Bank needs to obtain foreign currency to make payments of declared dividends on its H shares. the PRC government may, at its discretion, take measures to restrict access to foreign currencies for capital-account and current-account transactions, which could result in the Bank's being unable to pay dividends in foreign currencies to holders of its H Shares.

The value of the Renminbi against the U.S. dollar and other currencies fluctuates from time to time and is affected by a number of factors which include, among other things, changes to the PRC and international political and economic conditions and the fiscal and currency policies prescribed by the PRC government. Any appreciation of the Renminbi against the U.S. dollar or any other foreign currencies may result in a decrease in the value of the Bank's foreign currency-denominated assets. Conversely, any depreciation of the Renminbi may cause the value of the H Shares of the Bank and dividends paid on H Shares of the Bank to decrease in foreign currency terms. As of 31 December 2022, the Group's net foreign currency position was RMB31.579 billion. The Group cannot assure you that it will be able to reduce its foreign exchange risk exposure by way of foreign exchange derivatives or otherwise. In addition, there are limited instruments available for the Group to reduce its exposure to foreign currency risk at reasonable costs. Any appreciation of the Renminbi against the U.S. dollar or any other foreign currencies may also materially and adversely affect the financial condition of certain of the Group's customers, particularly those who derive substantial income from product exporting or related businesses, which, in turn, may impair their abilities to fulfill their obligations to the Group. In addition, the Group is required to obtain the SAFE's prior approval when converting substantial amounts of foreign currencies into Renminbi. All of these factors could materially and adversely affect the Group's financial condition, results of operations and compliance with capital adequacy and operating ratios.

### **(III) Liquidity risk**

Liquidity risk is the risk that a commercial bank is unable to obtain funds on a timely basis or obtain sufficient funds at a reasonable cost to sustain its asset growth or pay debts due despite its solvency. There are two types of liquidity risks, namely, financing liquidity risk and market liquidity risk. Financing liquidity risk refers to the risk that a commercial bank is

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unable to meet its capital needs in a timely and effective manner without affecting its daily operations or financial conditions. Market liquidity risk refers to the risk that a commercial bank is unable to sell assets at a reasonable market price to obtain funds due to lack of market depth or market volatility.

Customer deposits are a major source of funding for the Group. From December 31, 2020 to December 31, 2022, total deposits taken by the Group increased from RMB1,335.636 billion to RMB1,681.443 billion, representing a CAGR of 12.20%. There are numerous factors affecting the growth of customer deposits, including the macroeconomic and political environment, the popularity of alternative investment vehicles (such as wealth management products) and retail banking customers' savings preferences. Therefore, there is no guarantee that the Group will be able to maintain the growth of customer deposits to sustain its business growth. In addition, in terms of customer deposits, the Group faces increased competition from other banks, asset management companies and other financial institutions, which will result in the Group being potentially subject to liquidity risk arising therefrom.

Unexpected withdrawals of deposits may result in liquidity needs that the Group may not be able to cover without incurring additional expenses, if at all. If short and long-term funding is not available at reasonable costs, or if maturity mismatches between the Group's assets and liabilities worsen significantly, the Group's business, financial condition, results of operations and/or prospects could be materially and adversely affected.

### **(IV) Operational risk**

The Group has established internal control and risk management measures in place for all of its major business areas and business segments. However, every control system has inherent limitations. Changes in the internal and external environment, insufficient awareness among concerned parties and inadequate implementation of the existing system, may limit the function of the internal control mechanism or even render it ineffective, which in turn may give rise to operational risk.

#### ***1. Risk of the Group being penalized due to its failure to completely prevent or timely discover relevant illegal or improper activities***

The Group is subject to laws, administrative regulations, departmental rules and other regulatory documents applicable to the banking industry operations, including laws and regulations on anti-money laundering and anti-terrorism. These laws and regulations require the Group to adopt, implement and improve relevant policies and procedures and to report suspicious and large-sum transactions to the relevant regulatory authorities.

Although the Group has established policies and procedures that are intended to detect and prevent the use of its banking networks for money-laundering activities and by terrorists and terrorist related organizations and individuals, the Group may not be able to completely prevent such organizations or individuals from using the Group to engage in money laundering or other improper activities due to the inherent limitations of these relevant policies and

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procedures and the increasing complexity and concealment of money laundering criminal activities. If the Group fails to fully comply with these applicable laws and regulations, the relevant regulatory authorities have the power to impose fines or other penalties on the Group, which could harm the business, financial conditions and reputation of the Group.

**2. *Risk of the Group being penalized or bearing loss due to its failure to fully detect and prevent fraud or other misconduct committed by employees or other third parties***

Fraud or other misconduct by the Group's employees or other third parties may subject the Group to economic losses, regulatory sanctions and reputational damage. Misconduct of the Group's employees includes, but is not limited to, improper credit extension, fraudulent deposit taking, violation operations, improper accounting treatment, theft, embezzlement of customer funds, fraud and bribery. Misconduct by third parties against the Group includes, but is not limited to, fraud, theft and robbery.

The Group takes measures to continuously strengthen the inspection and prevention of misconduct by the employees and other third parties, but fraud or other misconduct by the Group's employees or third parties is difficult to be fully detected and prevented, and the precautions the Group takes may not be effective in all circumstances. There can also be no assurance by the Group that such fraud and other misconduct committed against the Group, whether involving past acts that have gone undetected or future acts, will not have a material adverse effect on the business, financial conditions and results of operations of the Group.

**3. *Risk of failure of the Group's information technology systems to operate properly on the Group's business***

The Group's business operations depend, to a large extent, on the ability of the Group's information technology systems to accurately process its transactions on a timely basis, and to store and process its business and operating data.

The proper functioning of the Group's core banking system, credit management system, financial management system and other information technology systems, as well as the communication networks between its branches and sub-branches and its main data processing centers, is critical to its business and competitiveness. The Group's business could be affected by a partial or complete failure of its information technology system or communication network due to natural disasters, power or communication failures, key hardware or system deficiencies and computer viruses.

The smooth operation of the Group's information technology system also depends on the accuracy and reliability of the input data of the system, which is subject to personnel factors, and any incorrect input or error in transaction data records and delays in processing may subject the Group to claims for losses and regulatory penalties.

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The security of the Group's transmission of confidential information is critical to the operations of the Group. The Group's networks and systems may be subject to unauthorized access and other security concerns. The Group cannot assure you that its existing security measures will be sufficient to protect its systems from unforeseeable security vulnerability (including intrusion by unauthorized users and viruses) or other interference (such as interference caused by hardware or software defects and operator error or misconduct). Any significant security breach or other disruptions could adversely affect the business, financial conditions and results of operations of the Group.

The Group's ability to maintain its competitiveness depends, to a certain extent, on its ability to upgrade and optimize the information technology systems in a timely and cost-effective manner. The Group may not be able to timely and adequately obtain information from the existing information technology systems to manage risks and respond accordingly to market changes and other changes in the prevailing operating environment. As a result, the Group has made, and will continue to make, investments to improve and upgrade the information technology systems of the Group. The Group's failure to improve and upgrade the information technology systems in a correct and timely manner could adversely affect the competitiveness of the Group.

#### ***4. Risks relating to the management of branches***

As of 31 December 2022, the Bank had 310 operating branch outlets in 22 provinces (autonomous regions or municipalities) and Hong Kong in China, including 72 branches (30 of them are tier-one branches), two branch-level specialized institutions and 236 sub-branches. Each of its branches has certain autonomy in its operation, which increases the difficulty of the Bank to effectively avoid or timely detect management and risk control errors in its branches. The Bank has adopted various measures for centralized management and risk control, and has established a "vertical" management system between its head office and branches. The Bank may suffer losses and its business and reputation may be adversely affected if the measures fail to prevent management and control risks of all branches.

#### **(V) Risk of capital adequacy ratio**

Pursuant to the Regulation Governing Capital of Commercial Banks (Provisional) (《商業銀行資本管理辦法(試行)》) implemented by the CBRC on 1 January 2013, the core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio of commercial banks shall not be lower than 5%, 6% and 8%, respectively. Meanwhile, commercial banks are required to set aside reserve capital on the basis of minimum capital requirements. The capital reserve requirements should be 2.5% of risk-weighted assets. Under certain circumstances, commercial banks are required to set aside countercyclical capital in addition to the minimum capital requirements and the capital reserve requirements. The countercyclical capital requirements should be 0-2.5% of risk-weighted assets. The capital adequacy ratios of systematically important banks and non-systematically important banks under normal conditions are no less than 11.5% and 10.5%, respectively. Pursuant to the Additional Regulatory Rules on Systemically Important Banks (Trial Implementation) (《系統重要性銀行

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附加監管規定(試行)》) issued by the People's Bank of China and the CBIRC in September 2021, domestic banks of systematic importance will be subject to additional capital requirements ranging from 0.25% to 1.5% based on the group by score.

As of 31 December 2022, the Group's capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio were 11.60%, 9.54% and 8.05%, respectively, which were all in compliance with the relevant requirements of the above regulatory requirements. If the Group is unable to replenish or increase the capital in a timely manner in the future, the quality of the Group's assets will deteriorate, and the regulatory authorities may impose higher requirements on capital adequacy ratios or adjust the guidelines on the calculation of capital adequacy ratios, the Group may not be able to meet the regulatory authorities' requirements on capital adequacy ratios of commercial banks, which may adversely affect the business development and profitability of the Group.

## **II. RISKS RELATING TO THE BANKING INDUSTRY IN CHINA**

### **(I) Risk of changes in the economic environment in China**

The operation and development of the banking industry is closely related to factors such as the overall national economic situation, the growth rate of the domestic economy, the growth rate of residents' income, the progress of social welfare system reform and changes in population. Changes in the above factors will have a significant impact on the Group's business.

Substantially all of the Group's business, assets and operations are located in the PRC. Therefore, the Group's results of operations, financial conditions and business prospects are, to a large extent, subject to the economic growth, macroeconomic policies and industrial restructuring in the PRC. If the operating conditions of enterprises in certain industries deteriorate due to the national economic environment, the non-performing assets of banks will increase, which will in turn increase the credit risk of the banking industry.

At present, the domestic and international environment for China's economic growth is still complicated, unstable and uncertain, and there are certain uncertainties as to whether China's economic growth rate can rebound or maintain a higher economic growth rate. The external economic environment in which the Group operates in the future will still face many uncertainties. Adverse changes in the external economic environment may materially and adversely affect the business, financial conditions and results of operations of the Group. In addition, any future calamities, including acts of war, natural disasters, epidemics, regional outbreaks of violence, and adverse changes in the economies of other major countries in the world, may adversely affect the economic growth of the PRC, which in turn may affect the asset quality, results of operations and financial conditions of the Group, and may result in a significant decrease in the results of operations of the Group.

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### **(II) Risk of intensified competition among commercial banks**

At present, China has formed a financial system consisting of large commercial banks, joint-stock commercial banks, city commercial banks, rural commercial banks, foreign banks and other financial institutions. The competitors of the Group primarily include large commercial banks and joint-stock commercial banks in the regions where the Group operates, and branches of foreign commercial banks. In addition, with the continuous deepening of China's market-oriented economic reform, the banking industry has also gradually opened up to foreign investment, and foreign banks have gradually entered the financial market of China. China's commercial banking system has presented a market competition layout of financial diversity and openness, and competition among financial institutions has gradually intensified.

The increasingly fierce competition may reduce the market share of the Group's principal products and services, delay the growth of loans, deposit portfolios and other products and services, reduce interest income or non-interest income, increase interest expenses and non-interest expenses, reduce fees and commissions income, and result in deterioration of asset quality, which will adversely affect the implementation of the Group's strategies, business development, results of operations and financial conditions.

### **(III) Risk of changes in regulatory policies**

The business of the Group is directly affected by changes in the PRC laws and regulations and regulatory policies in the PRC banking industry. The CBIRC, as the primary banking industry regulator, has issued a series of rules, regulations and guidelines. These laws, regulations and regulatory systems may change in the future, and the Group cannot assure you that such changes will not materially and adversely affect the business, financial conditions and results of operations of the Group. In addition, some of the laws, regulations or policies relating to the banking industry are still evolving and being revised. The Group cannot assure you that the Group will be able to adapt to these changes in a timely manner. The Group's failure to fully comply with these laws, regulations or policies may subject the Group to penalties or restrictions on the business activities of the Group, which may adversely affect the Group.

At present, the business policy of separation of banking, securities and insurance industries is adopted in China, and the scope of business of commercial banks is strictly bound. Commercial banks must have the corresponding business license qualifications to engage in banking business. If the regulatory policies are adjusted in the future, the scope of business of the banking business may change or new types of business be added. If the Group fails to obtain the operating qualifications for new businesses in a timely manner, it may face loss of customers, which may reduce its competitiveness in the industry and adversely affect the results of operations of the Group.

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### **(IV) Risk of the quality and scope validity of accessible information**

As commercial banks have very limited access to information, for example, sometimes they are unable to obtain relevant information from government departments such as environmental protection, public security, judiciary and power supply in a timely and effective manner. As a result, the Group may not be able to fully assess the credit risk of a particular customer based on complete, accurate or reliable information. The Group currently relies primarily on its internal resources and external public information to assess the credit risk of its customers or counterparties, which may adversely affect its ability to effectively manage its credit risk, and as a result, the asset quality, results of operations and financial conditions of the Group may be adversely affected.

### **(V) Risk of adjustment of monetary policies**

Monetary policies are an important means for the People's Bank of China to manage macro financial operations and micro financial business activities. The People's Bank of China may adjust the money supply by using the statutory reserve ratio, re-discount rate and open market operations, which may affect the credit business, profitability and liquidity of commercial banks. Under the background of global economic integration, the development of China's economy is to a certain extent affected by the changes in the global economy. In order to timely adapt to the changes in the economy, the domestic monetary policies are subject to adjustment from time to time.

The adjustment of monetary policies may affect the credit extension of commercial banks, which may in turn affect the results of operations of commercial banks. Under the stimulus of monetary easing policies, banks may increase the volume of credit granting and thus the credit risk exposure may also increase. Under the influence of the tightening monetary policies, the People's Bank of China may increase the reserve requirement ratio, increase the issuance of the central bank's bills, and implement window guidance, which may reduce the share of credit granting and thus lower the profit of the banks.

In the face of the complicated economic landscape and capital trend in the future, the People's Bank of China will pay more attention to the intensity and pace of monetary policy adjustment, and pay more attention to improve the foresight, flexibility and effectiveness of policies, so as to effectively guide the market expectations. If the People's Bank of China adjusts its monetary policies in response to future changes in macroeconomic conditions, and the Group fails to timely respond to changes in monetary policies and adjust its operating strategies, the business development and results of operations of the Group may be directly and adversely affected.

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### **(VI) Risk of interest rate liberalization**

The Group's financial performance depends to a large extent on its net interest income, and its net interest income is sensitive to adjustments in the benchmark interest rates set by the People's Bank of China. Interest rates in the PRC are regulated by the People's Bank of China, commercial banks are subject to ceiling and floor restrictions on RMB-denominated loans and deposits, respectively, and the loan-to-deposit spread is still significantly affected by changes in benchmark interest rates. The People's Bank of China has gradually liberalized the restrictions on interest rates on loans and deposits over the years. Since 20 July 2013, the regulation of lending rates of financial institutions has been fully liberalized, the minimum lending rate of financial institutions of 0.7 time has been cancelled, and the lending rate is determined by financial institutions at their own discretion based on commercial principles. Since 24 October 2015, the regulation of deposit interest rates of financial institutions has been fully liberalized, and the maximum deposit interest rate of 1.5 times of the People's Bank of China benchmark rate has been removed. The deposit interest rate is determined by financial institutions independently based on commercial principles, which also marks the basic completion of the interest rate liberalization reform.

The liberalization of interest rates will, to a certain extent, reduce the net interest spread of commercial banks and have a significant impact on the profitability of the banking industry. If the Group is unable to maintain its customer base for deposits and loans and maintain its net interest spread in the course of interest rate liberalization, the business development and profitability of the Group will be materially and adversely affected.

### **III. OTHER RISKS**

#### **(I) Reputational risk**

In the course of its operations, the Group's business operations and economic value may be adversely affected as a result of negative comments from stakeholders regarding the Group's operations, management and other activities or external events.

Due to the diverse sources of reputational risk, prevention is more difficult. Any material reputational incident that causes significant losses to the Group, triggers systematic risks or affects the stability of the social and economic order may adversely affect the business development and economic value of the Group.

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### **(II) Risks arising from cross-regional operations**

As of 31 December 2022, the Bank has established 310 branch outlets or sub-branches in various cities in the PRC, including Hangzhou, Beijing, Shanghai, Guangzhou, Shenzhen, Chongqing, Chengdu, Tianjin, Nanjing and Suzhou. Subject to the approval of the regulatory authorities, the Bank may seek to establish branches or sub-branches in other regions in the future. However, in the course of implementing cross-regional operations, it takes time for the Bank to obtain approval from regulatory authorities, and the approval from regulatory authorities is also subject to other factors such as regulatory policies.

As the Group may not have sufficient understanding of the economic and social environment in other regions, its products and services may not meet the needs of local customers or may not be accepted by them, and it may not be able to recruit employees who are familiar with the local economy, culture and customers, or recruit employees on reasonable commercial terms, whether the management capabilities and experience of the Group can meet its needs for further cross-regional business expansion is also required to be examined in future practice. As a result, the Group cannot assure you that it will be able to establish or achieve stable and sustainable development in other regions in the future. If the Group incurs losses in pursuing cross-regional operations, the results of operations, financial conditions and business prospects of the Group may be adversely affected.

### **(III) Litigation risks arising from business operations**

The Group is involved in legal and other disputes from time to time for a variety of reasons. Such disputes generally comprise loan disputes and claims arising out of the Group's banking business. The majority of these cases arise in the ordinary course of business of the Group. When the Group assesses and discovers a risk of potential loss, it makes allowance for such loss according to its policies. The Group cannot guarantee that the outcome of any of the litigation in which it is involved will be favorable to us. The Group may have to manage various legal, administrative or other disputes and proceedings in the future, which may result in damage to the Group's reputation, additional operational costs and a diversion of its resources and management's attention from the core business operations of the Group.

### **(IV) Legal and compliance Risk**

The Group must comply with the relevant operational requirements and guidelines of the regulatory authorities in the ordinary course of its daily operations. The regulatory authorities such as the People's Bank of China, the CBIRC and the SAFE conduct regular and ad hoc inspections, examinations and inquiries in respect of the Group's compliance with regulatory requirements. If the Group fails to meet the regulatory requirements and guidelines of the relevant regulatory authorities, or fails to fully comply with all relevant rules, the Group may be subject to penalties such as fines, which may adversely affect the business, financial conditions, results of operations and reputation of the Group.

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The Group cannot assure you that it will not be subject to penalties such as fines for non-compliance in the future. If the Group is subject to penalties such as fines due to its non-compliance with regulatory requirements and guidelines, the financial conditions, results of operations and reputation of the Group may be adversely affected.

**(V) Risk of changes in principles, systems and regulations of PRC regulatory authorities and financial tax policies**

As a commercial bank established in PRC, the Bank is subject to the unified regulations of the MOF and is required to be in compliance with the relevant regulations of the People's Bank of China, the CBIRC and the CSRC. Any adjustments to the above principles, systems and regulations will directly lead to changes in the financial results of the Group.

Currently, the tax policies implemented by the Group are uniformly regulated by the tax authorities, and the major types of taxes currently paid to the tax authorities include income tax, value-added tax, urban maintenance and construction tax and education surcharge. If there is any material adjustment to the tax policies, the increase in tax items or tax burden will directly affect the after-tax profit level of the Group, and the financial conditions and results of operations of the Group may be adversely affected.

#### **IV. RISKS RELATING TO THE PRC**

**(I) The Group's operations and prospects may be affected by China's economic, political and social conditions as well as government policies**

The vast majority of the Group's assets are located in the PRC and substantially all revenues are derived from its operations in the PRC and, as a result, the financial conditions, results of operations and business prospects of the Group are subject, to a significant degree, to the economic, political, social and regulatory environment in the PRC. The PRC government regulates the economy and related industries by imposing industrial policies and regulating the PRC's macro-economy through fiscal and monetary policies.

The PRC economy has undergone a transition from a planned economy to a market-oriented economy. The PRC government has taken various actions to introduce free market forces, to reduce state ownership of productive assets and to promote the establishment of sound corporate governance in business entities. However, a substantial portion of productive assets in the PRC are still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating the economy and related industries by issuing industrial policies. The PRC government still retains significant control over the PRC's economic growth through the allocation of resources, its monetary policies and preferential treatment of particular industries or enterprises.

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The Group's performance has been and will continue to be affected by China's economy, which in turn is influenced by the global economy. The uncertainties relating to the global economy as well as the political environment in various regions of the world will continue to affect China's economic growth.

The Group is unable to predict all the risks and uncertainties that it faces as a result of the current economic, political, social and regulatory development, and many of these risks are beyond the Group's control. All such factors may adversely affect the business, financial conditions and results of operations of the Group.

**(II) The legal protections available to you under relevant laws and regulations in the PRC legal system may be limited**

The Bank is incorporated under the laws of the PRC. The PRC legal system is based on written statutes. Prior court decisions may receive consideration but have limited precedential value. Since 1979, the PRC government has promulgated laws and regulations dealing with various economic matters in line with its economic development, such as the issuance and trading of securities, shareholders' rights, foreign investment, corporate organization and governance, commerce, taxation and trade, with a view to developing a comprehensive system of commercial law. However, as many of these laws and regulations are relatively new and the PRC banking industry continues to evolve, the effect of these laws and regulations on the rights and obligations of the parties concerned may involve uncertainty. As a result, the legal protections available to you under the PRC legal system may be limited.

The Articles of Association provide that any disputes between holders of H Shares and the Bank, its Directors, Supervisors or senior officers, or claims against the Bank, its Directors, Supervisors or senior officers, in relation to matters arising out of the Articles of Association, the rights and obligations under the PRC Company Law or other relevant laws or administrative regulations, shall be submitted to arbitration. The ruling of such arbitration shall be final. A claimant may elect for arbitration to be carried out at the China International Economic and Trade Arbitration Commission in accordance with its rules or the Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules. Hong Kong arbitration awards may be recognized and enforced by PRC courts, subject to certain conditions. However, the Group cannot assure you that such an action would succeed. For these reasons, the legal protections available to you as a holder of H Shares of the Bank may be limited.

**(III) Investors may experience difficulties in effecting service of legal process and enforcing judgments against the Bank and the Directors, Supervisors and management of the Bank**

The Bank is a company incorporated under the laws of the PRC, and as at the Latest Practicable Date, most of its assets and all of its subsidiaries were located in the PRC. In addition, the majority of the Directors, Supervisors and executive officers of the Bank reside within the PRC, and the assets of the Directors and executive officers may also be located

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within the PRC. As a result, it may not be possible to effect service of process within the United States or elsewhere outside of the PRC upon most of the Directors, Supervisors and executive officers of the Bank, including with respect to matters arising under the U.S. Federal securities laws or applicable state securities laws. Moreover, the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan or most other western countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments of courts with the United States. As a result, recognition and enforcement in the PRC or Hong Kong of judgments of a court in the United States or any of the other jurisdictions mentioned above in relation to any matter that is not subject to a binding arbitration provision may be difficult or impossible.

Moreover, although the Group is subject to the Hong Kong Listing Rules and Takeovers Code, the holders of H Shares of the Bank will not be able to bring actions for violations of the Hong Kong Listing Rules but must rely on the Hong Kong Stock Exchange to enforce its rules. Furthermore, the Hong Kong Listing Rules and Takeovers Code do not have the force of law in Hong Kong.

**(IV) The Bank is subject to the PRC laws and regulations on currency conversion, and the fluctuation of the Renminbi exchange rate may materially and adversely affect its ability to pay dividends to H Shareholders**

Under China's existing laws and regulations on foreign exchange, the Bank will be able to make dividend payments in foreign currencies by complying with certain procedural requirements and without prior approval from the SAFE. However, in the future, the PRC government may, at its discretion, take measures to restrict access to foreign currencies for capital account and current account transactions under certain circumstances, which would limit the Bank's ability to exchange Renminbi for other currencies. Therefore, the Bank may not be able to pay dividends in foreign currencies to the H Shareholder.

From time to time, the value of the Renminbi against the U.S. dollar and other currencies fluctuates, and is affected by a number of factors, such as changes in China's and the international community's political and economic conditions and the fiscal and foreign exchange policies prescribed by the PRC government. On 21 July 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollar so that the Renminbi is now permitted to fluctuate in a regulated band that is based on reference to a basket of currencies determined by the People's Bank of China. The PRC government further reformed the Renminbi exchange rate regime in the following years. With the development of foreign exchange markets and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further reforms to the exchange rate regime. It is difficult to predict how market forces or the PRC or U.S. government policies, including any adjustment of the U.S. dollar interest rate by the U.S. Federal Reserve System, will impact the exchange rate between the Renminbi and the U.S. dollar in the future.

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As substantially all of the Group's revenue is denominated in Renminbi, and the proceeds from the H Rights Issue will be received in Hong Kong dollars, any appreciation of the Renminbi against the U.S. dollar, the Hong Kong dollar or any other currencies may result in the decrease in the value of the Bank's foreign currency denominated assets and the proceeds from the H Rights Issue. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, the H Shares in foreign currency. In addition, there are limited instruments available for the Group to reduce its foreign exchange exposure at reasonable costs. The Group cannot assure you that it will be able to minimize or reduce its foreign currency risk exposure relating to its foreign currency denominated assets. Furthermore, the Group is also currently required to obtain the approval from SAFE before converting significant amounts of foreign currencies into Renminbi. All of these factors could adversely affect the financial conditions and results of operations of the Group.

**(V) H Shareholders may be subject to PRC taxation on dividends paid by the Bank and gains realized through their disposal of the H Shares**

Under applicable PRC tax laws, regulations, and statutory documents, non-resident individuals and enterprises are subject to different tax obligations with respect to dividends received from the Bank or gains realized upon the sale or other disposition of the H Shares. Non-PRC resident individuals are generally subject to PRC individual income tax under the Individual Income Tax Law of the PRC at a rate of 20% on their dividends and gains sourced from the PRC unless specifically exempted by the finance authority of the State Council or reduced or eliminated by an applicable income tax treaty or arrangement. The Bank is required to withhold and settle such tax on behalf of the non-resident individuals from dividend payments made to them. According to relevant applicable regulations, domestic non-foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividends, withhold individual income tax at the rate of 10% in general, unless a different rate applies under an applicable tax treaty or arrangement or where the non-resident individuals reside in a jurisdiction that does not have a tax treaty or arrangement with the PRC. Hong Kong investors are not required to pay individual income tax in the PRC on gains realized from public trading of H shares purchased on the same exchange pursuant to the Fourth Protocol of the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion signed on 1 April 2015, effective on 29 December 2015. However, as at the Latest Practicable Date, there remains uncertainty in the interpretation and application of relevant current Chinese tax laws and regulations as to whether gains realized upon disposal of H Shares by non-resident individuals in other jurisdictions are subject to PRC individual income tax if such tax is not exempted pursuant to a tax treaty/arrangement with the PRC.

Non-resident enterprises that do not have establishments or places in the PRC, or have establishments or places in the PRC but their income is not effectively connected to such establishments or places are subject to PRC enterprise income tax at the rate of 10% on dividends received from PRC resident enterprises and gains realized upon disposal of equity interests in PRC resident enterprises pursuant to the Enterprise Income Tax Law of the PRC and its implementation regulations, which may be further reduced or exempted under an

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applicable income tax treaty or arrangement between the PRC and the jurisdiction where the non-PRC resident enterprise resides. As at the Latest Practicable Date, there are no explicit rules about how to levy tax on gains realized by non-resident enterprise H Shareholders through the sale or transfer by other means of H Shares.

There remains uncertainty as to how the PRC tax laws, regulations and statutory documents are interpreted and implemented by the PRC tax authorities. PRC tax laws, regulations and statutory documents may also change. If there are any unfavorable changes to applicable tax laws or interpretations or application with respect to such laws, the value of your investment in the H Shares may be materially affected.

### **(VI) Payment of dividends is subject to restrictions under the PRC laws**

Under the PRC law and the Articles of Association of the Bank, dividends may be paid only out of distributable profits. The profit distribution plan of the Bank is subject to approval by a Shareholders' general meeting. In addition to the financial statements prepared in accordance with PRC accounting standards and regulations, the Bank will also prepare the financial statements of the Group in accordance with the International Financial Reporting Standards. The Bank's profit after tax available for distribution for a particular financial year shall be the lower of profit after tax as shown in the financial statements prepared under either of the two accounting standards mentioned above. The Bank is prohibited from paying dividends for a given year out of its profit after tax to the Shareholders in proportion to their respective shareholdings before making up any accumulated losses of previous years and making appropriations to the statutory surplus reserve and general reserve as well as discretionary reserve as approved by the Shareholders' meeting. As a result, the Bank may not have distributable profits to make dividend distributions to the Shareholders of the Bank, including in respect to periods where the Bank has recorded an accounting profit. Any distributable profits not distributed in a given year may be retained and remain available for distribution in subsequent years. In addition, the CBIRC has the right to restrict dividend payments and other distributions by any bank that has failed to meet statutory capital adequacy ratio requirements or that has violated certain other PRC banking regulations.

### **(VII) Natural disasters, epidemics, acts of war or terrorism or other factors beyond the Group's control may have a material adverse effect on its business operations, financial conditions and results of operations**

Natural disasters, epidemics, acts of war or terrorism or other factors beyond the Group's control may adversely affect the economy, infrastructure and livelihood of the people in the regions where the Group conducts its business. These regions may be under the threat of flood, earthquake, sandstorm, snowstorm, fire or drought, power shortages or failures, or are susceptible to epidemics, potential wars or terrorist attacks. Serious natural disasters may result in a tremendous loss of life, injury and destruction of assets and may disrupt the business and operations of the Group. Severe communicable disease outbreaks, including the COVID-19,

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could lead to widespread health crises which may materially and adversely affect the financial markets and the national economy. Acts of war or terrorism may also injure the Group's employees, cause loss of life, or disrupt the business operations of the Group.

### **V. RISKS RELATING TO THE RIGHTS ISSUE**

**(I) Unless you take up all of the Nil-paid H Rights and subscribe for the H Rights Shares provisionally allotted to you, this offering will dilute your investment and proportionate ownership interest in the Bank**

If you choose not to take up your Nil-paid H Rights fully, your proportionate ownership and voting interest in the Bank will be diluted. Even if you elect to sell your Nil-paid H Rights prior to the expiration of the applicable trading period, or such Nil-paid H Rights are sold on your behalf, the consideration you receive may not be sufficient to compensate you fully for such dilution of your proportionate ownership and voting interest in the Bank.

**(II) The market prices of H Shares may fluctuate and may fall below the Subscription Price prior to the expiration of the subscription period**

Once you take up your Nil-paid H Rights pursuant to the Rights Issue, you may not revoke such take up. Although the Subscription Price of HK\$2.23 for the H Rights Shares represented a discount of approximately 15.2% to the closing price of HK\$2.63 per H Share on June 9, 2023 (being the business day immediately preceding the date of the Underwriting Agreement), the market prices of the H Shares may fall below the Subscription Price prior to the expiration of the subscription period as a result of, among other things, global or the PRC's economic or political conditions, the market's perception of the likelihood of completion of the Rights Issue, regulatory changes affecting the Group's operations and variations in the Group's financial results. Many of these factors are beyond the Group's control. If you take up your Nil-paid H Rights and the market price of the Bank's H Shares trades below the Subscription Price on the date the H Rights Shares are issued to you in respect of such Nil-paid H Rights, you will have purchased the H Rights Shares at a price higher than the market price. Any decrease in market prices may continue after the completion of the Rights Issue and, as a result, you may not be able to sell such H Rights Shares at a price equal to or greater than the Subscription Price.

**(III) Trading characteristics of the A Share and H Share markets may differ**

The Bank's H Shares have been listed and have traded on the Hong Kong Stock Exchange since 2016 and the Bank's A Shares have been listed and have traded on the Shanghai Stock Exchange since 2019. The Rights Issue consists of both the A Share Rights Issue and the H Share Rights Issue. Without approval from the relevant regulatory authorities, the A Shares and H Shares are neither interchangeable nor fungible, and there is no trading or settlement between the A share and the H share markets. The A share and H share markets have different

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trading characteristics (including trading volume and liquidity) and investor bases, including different levels of individual and institutional participation. As a result of these differences, the trading prices of the A Shares and H Shares may not be the same.

Moreover, fluctuations in the A Share price may affect the H Share price, and vice versa. Because of the different characteristics of the A share and H share markets, the changes in the prices of the A Shares may not be indicative of the price trend of the H Shares performance. You should therefore not place undue reliance on the recent trading history of the A Shares and the progress or results of the A Share Rights Issue when evaluating the H Share Rights Issue.

**(IV) An active trading market for the Nil-paid H Rights may not develop on the Hong Kong Stock Exchange or any over-the-counter trading market and, even if a market does develop, the trading price of the Nil-paid H Rights may fluctuate**

A trading period has been set for the Nil-paid H Rights from 9:00 a.m., Friday, 7 July 2023 to 4:00 p.m., Friday, 14 July 2023 (both days inclusive). The Bank cannot assure you that an active trading market in the Nil-paid H Rights on the Hong Kong Stock Exchange will develop during the applicable trading period for Nil-paid H Rights or that any over-the-counter trading market in the Nil-paid H Rights will develop. Even if an active market develops, the trading price of the Nil-paid H Rights may be volatile and subject to the same factors affecting the price of the Bank's H Shares.

**(V) The Subscription Price is not an indication of the Bank's underlying value**

The Subscription Price was determined on the Price Determination Date with reference to valuation indicators including the stock price, P/E ratio and P/B ratio of the Bank in the secondary market, taking into account factors such as the development of the Bank and the interests of the Shareholders, as well as the core tier-one capital needs of the Bank for the next three years and following the principles negotiated and determined between the Bank and the underwriter. Consistent with the customary practice for a rights issue, the Subscription Price was set at a discount to the market price of the H Shares at the recent closing prices of the H Shares. The Subscription Price does not bear a direct relationship to past operations, cash flow, earnings, financial conditions or any other established criteria for value and you should not consider the Subscription Price to be any indication of the Bank's underlying value.

**(VI) Future sales or perceived sales of substantial amounts of the H Shares in the public market or the conversion of the A Shares into H Shares could have a material adverse effect on the prevailing market price of the H Shares and the Bank's ability to raise additional capital in the future**

The market price of the H Shares could decline as a result of substantial future sales of the H Shares or other securities relating to the Shares in the public market. Such a decline could also occur with the issuance of new Shares or other securities relating to the Shares, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of the Shares could materially adversely affect the prevailing market price

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of the H Shares and the Bank's ability to raise future capital at a favorable time and price. The Shareholders would experience a dilution in proportion of their holdings upon the issuance or sale of additional securities for any purpose.

In addition, subject to the approval of the CSRC or the authorized securities regulatory authorities of the State Council, the A Shares may be transferred to overseas investors and such transferred shares may be listed or traded on an overseas stock exchange provided certain conditions are met and certain procedures are completed. In the event of the conversion of A Shares into H Shares for listing and trading on the Hong Kong Stock Exchange, the Bank must obtain prior approval from the CSRC and other relevant PRC regulatory authorities and the Hong Kong Stock Exchange. Approvals from holders of the A Shares and H Shares as separate classes are not required for the listing and trading of the converted H Shares. Conversion of a substantial number of the A Shares into H Shares, or the perception that such conversion may occur, could materially and adversely affect the market price of the H Shares.

**(VII) Dividends distributed in the past may not be indicative of the Bank's dividend policy in the future**

Any future declaration of dividends will be proposed by the Board of the Bank and the amount of dividends will depend on various factors, including the operating results, profitability, financial conditions, future business prospects of the Bank and other factors that the Board of the Bank may consider to be important. The Bank cannot guarantee if and when it will pay dividends in the future.

**(VIII) The Bank's corporate disclosure standards may differ from those in other jurisdictions**

The Bank is subject to the disclosure requirements under the Hong Kong Listing Rules. These disclosure requirements differ in certain respects from those applicable to companies in certain other countries, including the United States. There may be less publicly available information about public companies listed in Hong Kong, such as the Bank, than is regularly made available by public companies in other countries, including the United States.

**(IX) You may not be able to participate in future rights issues and may experience dilution of your shareholdings**

The Bank may, from time to time, distribute rights to the Shareholders of the Bank, including rights to acquire securities. The Bank will not distribute the securities to which these rights relate to holders of the H Shares in the U.S. unless such securities are either exempt from registration under the U.S. Securities Act or are registered under the U.S. Securities Act. There can be no assurance that the Bank will be able to establish an exemption from registration under the U.S. Securities Act with respect to these securities, and the Bank is under no obligation to file a registration statement with respect to these securities or to endeavor to have a registration statement declared effective under the U.S. Securities Act. Accordingly, holders of the Bank's H Shares may be unable to participate in rights issues and may experience

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dilution of their holdings as a result. Non-U.S. holders of the Bank's H Shares (except for those in Hong Kong) may also be unable to participate in future rights offerings, depending on the securities laws of the local jurisdictions, and as a result may also experience dilution. In addition, if the Bank is unable to sell rights that are not exercised or not distributed or if the sale is not lawful or reasonably practicable, the Bank will allow the rights to lapse, in which case holders of the Bank's H Shares will receive no value for these rights.

### **(X) Risks related to Use of Proceeds**

According to the development strategies and actual conditions of the Group, the Rights Issue will raise gross proceeds in an aggregate of approximately RMB12,516 million (with reference to the announcement of the Bank dated June 26, 2023, the subscription level of the A Share Rights Issue is 96.32%), which will be used to replenish the core tier-one capital, improve the capital adequacy ratio of the Group, support the sustainable and healthy development of future business and enhance the capital strength and competitiveness of the Group. As the revenue arising from use of proceeds is closely related to the business climate of the securities market in China, the Group's analysis of the macro-economy of China, the ability to capture opportunities in the securities market and the business capabilities of the Group, the proceeds carry some uncertainty.

### **(XI) Risks of dilution of current returns due to the Rights Issue**

Upon completion of the Rights Issue, the core tier-one capital of the Group will increase, and the profit realization and Shareholders' returns of the Bank will still rely mainly on the Group's existing business, which will lead to a certain degree of decline in the short run in indicators such as the Group's earnings per share. Thus, there are risks of dilution of current returns upon the Bank's issuance of Shares pursuant to the Rights Issue. In addition, if the proceeds from the issuance cannot achieve the expected benefits, it may also result in a dilution of the Group's earnings per share, thereby reducing the Shareholders' return of the Bank.

## **VI. ACTIVITIES BY THE UNDERWRITER**

The Underwriter of the H Share Rights Issue and its affiliates may each individually undertakes a variety of activities (as further described below) which do not form part of the underwriting in respect of the H Share Rights Issue. The Underwriter and its affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking business, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Underwriter and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of the Bank and/or persons and entities with relationships with the Bank and may also include swaps and other financial instruments entered into for hedging purposes in connection with the

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Bank's activities. In relation to the H Share Rights Issue, the activities of the Underwriter and its affiliates could include acting as agent for buyers and sellers of the Nil-paid H Rights and/or H Rights Shares, or entering into transactions with those buyers and sellers in a principal capacity and proprietary trading in the Nil-paid H Rights and/or H Rights Shares. These activities may require the Underwriter and its affiliates to enter into transactions involving the buying and selling of the H Shares, directly or indirectly, as soon as trading in Nil-paid H Rights commences, hedging, buying and selling and entering into over-the-counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) whose underlying assets include H Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties.

These activities may have a negative impact on the trading price of the H Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Underwriter or its affiliates holding long positions of H Rights Shares and/or H Shares, and/or short positions in the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing. In relation to issues by the Underwriter or its affiliates of any listed securities having H Shares as their underlying securities, whether on the Hong Kong Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in H Shares in most cases. All such activities may occur both during and after the end of the trading period of the Nil-paid H Rights. Such activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares and the volatility of the price of the H Shares, and the extent to which this occurs from day to day cannot be estimated.

**I. OVERVIEW**

The Bank, as one of the twelve nationwide joint-stock commercial banks, officially commenced business in August 2004 and is headquartered in Hangzhou, Zhejiang Province. Having experienced several years of steady development, the Bank has developed into a high-quality commercial bank with a solid foundation, strong profitability and prudent risk control. In March 2016, the Bank's H Shares were listed on the Hong Kong Stock Exchange, and in November 2019, the Bank's A Shares were listed on the Shanghai Stock Exchange, and became the 13th "A+H" listed bank in China.

Under the overall development plan of being "a first-class commercial bank", the Bank has developed into five major business segments, namely "great retail, great corporate, great investment banking, great asset management and great cross border", and mainly offers several services and products such as corporate and personal deposits, loans, payment, settlement and asset management to its customers. Since the commencement of the business of the Bank in 2004, the Bank has always gained a toehold in Zhejiang and steadily developed its business nationwide. As of 31 December 2022, the Bank has established 310 branch outlets in 22 provinces, autonomous regions, municipalities directly under the Central Government and Kong Hong, effectively cover the Yangtze River Delta, Bohai Rim, Pearl River Delta, Economic Zone on the Western Coast of the Taiwan Straits and certain areas in Midwestern China. As of 31 December 2022, the Group had more than 19,900 employees (including dispatched employees, outsourced technicians and employees of the subsidiary of the Bank).

As of 31 December 2022, the Bank had (i) total assets of RMB2.62 trillion, representing an increase of 14.66% compared with that as of 31 December 2021, (ii) total loans and advances to customers of RMB1.53 trillion, representing an increase of 13.20% compared with that as of 31 December 2021, (iii) the total liabilities of RMB2.46 trillion, representing an increase of 15.86% compared with that as of 31 December 2021, and (iv) balance of customer deposits of RMB1.68 trillion, representing an increase of 18.77% compared with that as of 31 December 2021. As of the same date, the Bank had (i) non-performing loan ratio of 1.47% and allowance to non-performing loans of 182.19%, (ii) the capital adequacy ratio of 11.60%, (iii) the tier-one capital adequacy ratio of 9.54%, and (iv) the core tier-one capital adequacy ratio of 8.05%, all of which maintained at a reasonable level. In 2022, the Bank's operating income was RMB61.152 billion, representing an increase of 12.03% as compared with that of 2021; net profit attributable to shareholders of the Bank was RMB13.618 billion, representing an increase of 7.67% as compared with that of 2021.

## **II. OVERVIEW OF BUSINESS DEVELOPMENT**

### **(I) Great Retail Segment**

#### ***1. Retail business***

The Group actively created the new development pattern for the synergistic development of the five major business segments and positioned the great retail segment as the “first segment”. In 2022, the Group completed department set-up and reform on management mechanism for its retail business, which was divided into five level-one departments, namely retail financial department, credit card (consumer finance) department, wealth management department, private banking department and retail credit department, enabling more segmenting and professional management of segment businesses. The Group continued to increase various resource investments, proactively advanced digital reform and made careful plan for the rebuilding of retail business operation system. It actively embraced the new financial wealth era to expedite a brand new start of wealth management. It upheld and implemented the operating strategy of “taking the assets with low sensitivity to economic circle as ballast stone” to effectively promote the steady development of its agent sales business and retail asset business.

As of 31 December 2022, the Group had 8,733.6 thousand personal customers (including debit and credit card customers), representing an increase of 4.51% as compared with that as of 31 December 2021.

#### ***(i) Personal deposits and loans business***

In 2022, the Group made great efforts to expand the base of individual customers, actively broadened the sources of low-cost funds, further optimized the structure of personal deposits and reduced the interest payment cost of personal deposits. As of 31 December 2022, the Group’s personal deposits balance was RMB213.491 billion, representing an increase of 15.12% from the beginning of 2022, and the average cost of personal deposits was 2.54%, representing a year-on-year decrease of 82 BPS, thus the cost structure of personal deposits was significantly improved.

In 2022, in respect of three loans including personal mortgage, security and credit, the Group re-created the “cloud series” (cloud mortgage, cloud housing loan and cloud credit) online products, innovated the loan business mode, optimized the loan process, expanded the customer base, and made new progress in customer acquisition platform, online operation and intelligent risk control, continuously strengthening the self-operation and self-control ability in retail internet loans and achieving good performance in personal credit business. As of 31 December 2022, the balance of personal credit (including residential mortgage loans and consumer loans) amounted to RMB229.527 billion, representing an increase of 8.36% from the beginning of 2022.

### *(ii) Wealth management*

In 2022, the Group continued to strengthen the foundation for the development of its wealth business, introduced outstanding talents to set up the wealth management department, persisted in expanding the retail customer base with high-quality products and professional services, built the value chain of “customer contracting – asset construction – product sales”, strengthened the construction of the product screening ability and the professional ability in investment research and investment consultation, continuously enriched the portfolio of agency products, promoted the construction of customer-oriented comprehensive financial service system, and gradually established the “digital intelligent wealth” system. In 2022, the Group continued to launch many net-value wealth management products, including “Yongying Tianli Anxiang” (湧盈添利安享) and “Xinze Wenjian Tongxiang” (昕澤穩健同享).

As of 31 December 2022, the Group’s net-value wealth management balance of individuals was RMB144.737 billion, and its share in personal wealth management products increased by 5 percentage points over the beginning of 2022, with continuous optimization seen in the structure of banking wealth management business. Actively identifying new business growth points, the Group newly launched the business of selling wealth management products of its banking wealth management subsidiaries and intensified the promotion of agency trust business. As of 31 December 2022, the scale of the agency wealth business amounted to RMB141.799 billion, representing an increase of 18.87% as compared with that as of 31 December 2021. Driven by the increased scale of the agency wealth business, the Group’s income of commission charges from the agency business increased significantly, representing an increase of 66.88% as compared with that of 2021.

### *(iii) Private banking*

In 2022, by adhering to the philosophy of “passing of wealth and wisdom for sustainable development”, the Group’s private banking business provided three-dimensional financial services and featured value-added services for individuals and their family of private banking customers as well as their career development. The Group established the private banking department in November 2022 to continuously optimize the staffing of private banking, improve various systems and policies, formulate development framework, and build private banking system and digital intelligent system. With the vision of building a first-class commercial bank, the Group established a set of advanced private banking operation mode and built a leading digital intelligent private banking mode.

The Group developed the core competitiveness of private banking business by constantly improving its three major serving capabilities, namely investment consultation, asset allocation and wealth inheritance, as well as continuously enriching its three main serving systems, namely featured products, value-added service and professional team. While expanding the exclusive portfolio of investment products for private banking customers, the Group enhanced customer assets allocation and strongly promoted family trusts, insurance trust and charitable trust businesses to cater

for the needs of private banking customers in wealth inheritance. Additionally, the Group developed five major non-financial service segments, namely healthcare, education inheritance, shared platform, high quality life and worry-free travel, aiming at providing featured value-added services for private banking customers.

As of 31 December 2022, the Group had 10,933 private banking customers, representing an increase of 5.13% from the beginning of 2022; the balance of financial assets of the private banking customers amounted to RMB164.177 billion, representing an increase of 5.28% from the beginning of 2022; the Group had 26 family trust businesses with a scale of about RMB300 million.

*(iv) Credit card (consumer finance) business*

The credit card (consumer finance) business of the Group has always adhered to the “customer-oriented” business philosophy, sped up the pace of digital transformation, focused on product process optimization, promoted the upgrading of business development mode, strengthened the construction of consumption scenarios and promoted diversified and coordinated development. In terms of customer expansion, the Group has constantly enriched the channels for customer acquisition, and formed a new situation of bulk customer acquisition and improved the efficiency of customer acquisition with the help of online platforms such as “CZBank Promotion Officer (浙銀推介官)”. In terms of customer group operation, the Group has deeply cultivated scenario marketing, provided customers with high-quality consumption rights and interests around the high-frequency categories contacted by customers so as to enhance customers’ loyalty. In terms of risk management and control, the Group has improved the risk control mechanism, continuously iterated the specialized risk control policy, carried out risk management throughout the whole life cycle of credit, and continuously consolidated the asset quality.

As of 31 December 2022, the Group had issued a total of 3,933.7 thousand credit cards, representing an increase of 63.6 thousand credit cards from the beginning of 2022; a balance of credit card (consumer finance) loans amounted to RMB21.374 billion, representing an increase of RMB3.592 billion from the beginning of 2022. In 2022, the Group achieved the income from credit card (consumer finance) business of RMB1.242 billion, representing an increase of 4.79% as compared with last year.

## **2. *Small Enterprises Business***

In 2022, the Group focused on key areas in real economy, and further intensified the differentiated and specialized financial service for the small and micro enterprises. As of 31 December 2022, the Group had 210 specialized institutions for small enterprises, with a balance of RMB277.286 billion in the small and micro enterprise loans under inclusive finance<sup>1</sup>, representing an increase of RMB40.733 billion from the beginning of 2022, and a growth rate of 17.22%, being higher than the growth rate of various loans denominated in RMB by 5.93 percentage points; while the number of customers in the small and micro enterprise loans under inclusive finance was 119.3 thousand, representing an increase of 13.5 thousand from the beginning of 2022, successfully reaching the regulatory target of “two increasing”. Interest rates on newly-issued small and micro enterprise loans under inclusive finance fell by 66 BPS year-on-year (according to the CBIRC); and the non-performing ratio of small and micro enterprise loans under inclusive finance was 0.98%, thus the asset quality remained excellent.

The Group focused on key areas and strived to improve service quality and efficiency. It actively promoted the “5+N Comprehensive Financial Service Scheme for Small and Micro Parks (5+N小微園區綜合金融服務方案)” to meet the medium and long-term credit needs of small and micro enterprises in advanced manufacturing and strategic emerging industries. As of 31 December 2022, the Group had been granted a total of RMB67.146 billion of loans in small and micro parks, serving more than 10,000 customers in the parks. The Group intensified its cooperation with government-managed financing guarantee institutions and actively promoted “state-guaranteed guarantee loans (國擔擔保貸)” to enhance the financing availability for small and micro enterprises. As of 31 December 2022, the balance of business in cooperation with guarantee companies under state-guaranteed system amounted to RMB16.138 billion, representing an increase of RMB9.703 billion from the beginning of 2022, up by 151%.

The Group made further development in its base camp of Zhejiang Province to boost the construction of common prosperity demonstration zone. The Group conducted in-depth research on the industrial characteristics of 26 counties in mountainous areas of Zhejiang Province and launched 26 customized products such as “digital intelligent common prosperity loans (數智共富貸)” for Longyou pigs, Sanmen green crabs in accordance with the principles of “one policy for one county (一縣一策)” and “one product in one industry (一業一品)”, so as to provide farmers and new agricultural business entities with convenient financing experience of “online loan application, paperless contract, automatic review, package matching, online self-service withdrawal and recycling loan” and promote the expansion of “CZBank’s common prosperity loans (浙銀共富貸)”. As of 31 December 2022, the balance of “CZBank’s common prosperity loan” amounted to RMB8.415 billion, representing an increase of RMB1.377 billion compared with the beginning of 2022.

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<sup>1</sup> According to information on small and micro enterprise loans under inclusive finance from the CBIRC, the “small and micro enterprise loans under inclusive finance” and “loans” exclude the discounted and inter-bank discounted bills business.

The Group strengthened the digital empowerment of science and technology and improved the digitalization and intelligence level of small and micro enterprises. The Group deepened the non-contact service capability, promoted the application of pure online loan application process, and built a high-standard innovative remote video investigation system for small enterprises to realize the transformation of business application and investigation from “site handling” to “online handling”. As of 31 December 2022, the online loan application rate of small and micro customers exceeded 80%, and both the online signing rate and the online withdrawal rate of small and micro businesses reached 97%.

### (II) Great Corporate Segment

#### 1. Corporate Business

The Group is fully committed to promoting the development strategy of great corporate business segment and paying close attention to key customers, key businesses, key regions and key persons to continue to improve the quality and efficiency of serving the real economy.

**Steadily growing scale and continuously optimizing structure.** As of 31 December 2022, the balance of the Group’s corporate deposits was RMB1,444.601 billion, with an increase of RMB233.124 billion from the beginning of 2022, up by 19.24%; and the balance of RMB corporate assets on the balance sheet was RMB832.9 billion, with an increase of RMB79.7 billion from the beginning of 2022, up by 10.6%. At the same time, various measures were taken simultaneously to promote the asset construction in weak-cycle industries and realize the promotion of customer base and investment in weak-cycle industries. As of 31 December 2022, 4,592 customers in weak-cycle industries were served with a loan balance of RMB142.8 billion.

**Deeply cultivating the entity customer group and helping to transform and upgrade.** The Group has always been sticking to serving the real economy by intensifying the development of manufacturing industries and vigorously boosting the quality of financial service. As of 31 December 2022, the balance of loans to manufacturing industries was RMB238.3 billion, representing an increase of 21.5% over the beginning of 2022, and the completion rate of regulatory targets was 422%; the balance of medium – and long-term loans in manufacturing industries was RMB86.675 billion, representing an increase of 57% over the beginning of 2022.

At the same time, the Bank continued to leverage on its featured advantages as a smart manufacturing service bank to help manufacturing enterprises with transformation and upgrading. As of 31 December 2022, it had established cooperation with 2,075 smart manufacturing enterprises and accumulatively disbursed a total of RMB706.8 billion in financing. On this basis, the Bank has launched a comprehensive strategic cooperation with the Department of Economy and Information Technology of Zhejiang to advance the “Zhejiang Smart Manufacturing Financing Project (浙江智造融通工程)” and accurately support the high-quality development of the manufacturing industries in Zhejiang Province. As of 31 December 2022, the Bank had served more than 1,730 manufacturing enterprises in the provincial key list of “Zhejiang Smart Manufacturing Financing Project”, with a financing balance of over RMB63.0 billion, overfulfilling the target of “financial assistance of RMB100 billion in three years (三年金融助力千億)”.

**Deepening the construction of Zhejiang base camp to expand and improve the Group's business.** Relying on the “Three Priorities (三個優先)” to give priority to resource allocation, supporting policies and business guidance, the Group has done a lot of work relating to the construction of the base camp under “Intensified Development in Zhejiang (深耕浙江)”, and greatly increased the investment support for major projects. As of 31 December 2022, it served 597 customers in the list of four major projects in Zhejiang Province, including major projects, provincial key construction, major manufacturing industry and RMB100 billion technological transformation, with a financing balance of RMB39 billion. It realized the rapid growth of the number of important qualified accounts in the base camp and added 31 important qualified accounts; it has signed strategic cooperation agreements with provincial enterprises such as Wuchan Zhongda (物產中大), Zhejiang Tourism Investment (省旅投) and Provincial Financial Holdings (省金控).

**Continuing to deepen supply chain finance to help differentiated development.** In order to further expedite innovation and transformation and high-quality development, the Group actively carried out digital supply chain financing business. By utilizing financial technologies and methods and controlling order flow, logistics, capital flow and data flow, the Group provided various on – and off-balance sheet financing services to supply chain customers in a data-driven manner and taking into account the features of business operation and transaction settlement in supply chain. At present, it has formed characteristic and differentiated supply chain finance solutions in nearly 30 industries, including steel, construction, energy, electricity, food, grain, storage and logistics, automobile, home appliances and farming. As of 31 December 2022, the Group served over 1,200 digital supply chain projects, with a financing balance of over RMB100.0 billion, serving over 18,200 upstream and downstream customers, of which more than 75% were small and micro enterprises under inclusive finance, effectively helping upstream and downstream small and micro enterprises to alleviate the problems of being difficult, costly and time-consuming to finance.

**Intensifying the professional construction of the industry and laying out key areas in advance.** The Group focuses on two major areas, namely energy finance and science and innovation finance, and reinforces advancing the development of professional capability in industry, to build a distinctive service brand. In the field of energy finance, the Group actively implements the national strategy of “carbon peak and carbon neutralization”, takes the electric energy industrial chain and new energy industrial chain as the core, and mainly focuses on power production, power transmission and distribution, power consumption and other aspects to promote the name list system marketing management; the Group continues to deepen the green financial business and accelerate the innovation pilot of carbon finance products. As of 31 December 2022, it had established strategic cooperation with key customers such as State Grid, Southern Power Grid, Datang Corporation, China Power Investment Corporation, Zhejiang Energy (浙江能源), Chint Group (正泰集團) and Jinko Solar (晶科能源). In the field of science and innovation finance, the Group launched the “Spark Plan (星火計劃)” special action on financial services for science and innovation enterprises, actively assisted in the construction of a pilot zone for science and innovation financial reform, focused on key customer groups such as specialized and innovative enterprises, high-tech enterprises, small

and medium-sized scientific and technological enterprises, and listed companies/companies proposed to be listed, issued special credit authorization policies, and strived to provide “whole-cycle, three-dimensional and whole-chain” comprehensive financial services for scientific and technological innovative enterprises. As of 31 December 2022, the Group has provided services for 5,204 science and innovation enterprises of company type, with a financing balance of RMB77.1 billion.

## **2. *International Business***

Adhering to the tenet of “serving customers and giving back to the society” and the concept of “technologies empower digital intelligent innovation, and sticking closely to the physical scenarios service”, the Group continues to enhance foreign exchange business and cross-border financial diversified products innovation from the perspective of customers and provides enterprises with a full ecological chain of services covering settlement, financing and transactions, fully supporting the development of the real economy of foreign-funded or foreign trade industries and helping the construction of a common prosperity demonstration zone. In 2022, the Group maintained a rapid growth trend in the scale of international business services, continued to improve its social influence and industrial competitiveness, and provided a total of US\$301.4 billion in international settlement service on an accumulative basis, representing a year-on-year increase of 38.13%.

The Group actively advocated the concept of “risk neutrality”, provided enterprises with efficient and convenient exchange rate hedging services, continued to enrich “Zheshang Huiliying (浙商匯利盈)”, a product providing agency services for foreign exchange transactions, continuously optimized “Zheshang Trading Treasure (浙商交易寶)”, a multi-functional comprehensive foreign exchange trading platform, and provided support to foreign trade enterprises, allowing them to handle foreign exchange transactions conveniently and fast and respond to exchange rate fluctuation risks effectively. In 2022, the amount of foreign exchange transaction services provided by the Group to its customers reached US\$125.9 billion, of which the transaction amount of “Zheshang Trading Treasure (浙商交易寶)” was US\$58.8 billion.

The Group fully utilized various new technologies, such as big data, platform direct link, blockchain and artificial intelligence, to launch export data loans based on the export collection data of the Administration of Foreign Exchange, continuously extend the “pooling (池化)” and “chaining (鏈式)” scenario applications, launch the FT customer asset pool function, add the direct link to the export credit insurance financing application scenario of the blockchain platform of the Administration of Foreign Exchange and other matters, and continue to improve the international business liquidity service supports that integrate local and foreign currencies, domestic and foreign trades and domestic and foreign businesses. As of 31 December 2022, the balance of international business liquidity services was RMB74.4 billion.

The Group conducts in-depth research on the needs and application scenarios of the new foreign-funded or foreign trade industries, and creates a personalized service model with one-point access and comprehensive services by applying the direct connection method between banks and enterprises around such sub-sectors as foreign comprehensive platform, centralized operation of cross-border funds, cross-border e-commerce, market procurement and freight forwarding.

### **(III) Great Investment Banking Segment**

#### ***1. Investment banking business***

The Group's investment banking business offers a wide range of investment banking products for both the direct and indirect financing markets to meet the multi-level financing needs of different types of customers. By participating in interbank, stock exchange and Beijing Financial Assets Exchange bond underwriting, we provide market-oriented direct financing services to our customers, helping them to reduce financing costs and optimize their debt structure. We provide customized and differentiated innovative services to customers through asset securitization, bond loading credit risk mitigation instruments or portfolio models, thereby enabling customers to tackle the problem of being difficult and costly to finance. We provide customers with integrated financing solutions and services through M&A loans and syndicated loans to help their industry consolidation and transformation and upgrading. By creating various products in the equity capital market, we provide customers with key financing. By integrating financial resources, building an ecosystem and carrying out customer-oriented facilitation business, we also provide comprehensive financial services.

In 2022, the total underwriting amount of non-financial corporate bonds of the Group was RMB120.443 billion, which exhibited positive growth despite a substantial reduction in transaction volume, ranking 24th in the market (according to NAFMII). In terms of credit assets that were securitized, RMB2.283 billion of small and micro enterprise loans backed securities and RMB1.345 billion of non-performing assets backed securities were issued in 2022. In terms of syndicated and M&A businesses, the syndicated and M&A loans amounted to RMB21.333 billion in 2022.

In 2022, the Group was awarded the “Eighth Jiefu Award for Asset Securitization and Bonds – Outstanding ABN Lead Underwriter” (第八屆資產證券化與債券介甫獎–優秀ABN主承銷商), the “Eighth Jiefu Award for Asset Securitization and Bonds – Outstanding Microfinance ABS Product” (第八屆資產證券化與債券介甫獎–優秀小額貸款ABS產品獎), the “CSF – Annual New Promotion Award for Credit Asset Securitization” (CSF–信貸資產證券化年度新銳嘉勉獎) and other honors for its investment banking business.

## **2. *Financial market business***

The capital operation center of the Group was approved for opening in October 2022. In terms of financial market business, the Group continued to build a comprehensive FICC trading platform which integrates proprietary investment and financing, proprietary trading and trading agency, obtained weak sensitive assets as the ballast stone, continuously strengthened its capabilities of business innovation and its abilities to serve customers, and actively promoted business development. All kinds of licenses are available for the financial market business of the Group, including domestic and foreign markets for fixed income, foreign exchange, precious metal, and there are various products. The Group also provided relevant agency and commissioned services for customers, such as Bond Trading Connect (債券通), foreign exchange transaction agency (代客外匯), precious metal transaction agency (代客貴金屬). In 2022, various financial markets experienced ups and downs, while the Group managed to control risks and grasp market opportunities, making it among the most active banks in the trading market. In 2022, the Group was approved to become a Class A ordinary clearing member of Shanghai Clearing House, further enhancing the Bank's competitiveness in the core factor market, thus further expanding the room for the development of financial market businesses.

For the local currency transactions, in 2022, the Group strengthened the research on local currency market, continuously strengthened the digital reform of transaction management system, earnestly explored and made positive progress in quantitative market making, accurate customer acquisition, AI algorithm, portfolio management and data visualization and other areas. The Group fully independently developed the fixed income quantitative market-making system and conducted independent research on the market-making strategy. In 2022, the Group won the 2021 Annual Market Influence Award for Inter-bank Local Currency Market (2021年度銀行間本幣市場年度市場影響力獎), Market Innovation Award for Local Currency Market (本幣市場市場創新獎) and other awards. In line with the Group's strategy of deepening development in Zhejiang, annual underwriting volume of Zhejiang bonds increased by 54.66% year-on-year, ranking fourth in terms of total annual underwriting volume.

For the foreign currency transactions, in 2022, the Group followed the market trend to grasp the two-way fluctuation of RMB exchange rate, accurately predicted the more-than-expected adjustment of United States inflation, flexibly used the transactions of USD-RMB spot, USD-RMB swap and non-US currency exchange, and maintained a good profitability momentum of foreign exchange trading while improving the trading activity. By providing efficient quotation and trading services and professional trading strategy recommendation and consulting services, the Group improved clients' understanding of derivative products trading, and helped customers cope with and manage exchange rate risks in the rapidly changing foreign exchange market. In 2022, the Bank won the Best RMB Foreign Exchange Attempted Market Maker in the Inter-bank Foreign Exchange Market (銀行間外匯市場最佳人民幣外匯嘗試做市機構) and the Best Technical Service Support Institution Award in the Inter-bank Foreign Exchange Market (銀行間外匯市場最佳技術服務支持機構獎) in 2021.

For precious metal transactions, in 2022, the Group gradually formed a risk-controllable market-making strategy in practice. Through the implementation of cross-market market making, cross-term market making and other strategies, the Group continuously provided market liquidity to the futures market and improved the continuity of futures contracts. The Group supported the development of the real economy through innovation and improvement of precious metal service programs. Through remote swaps and options of agency precious metals, the Group reduced the corporate hedging cost and satisfied the transaction and hedging needs of customers. In 2022, the Bank won awards such as Excellent Financial Member (金融類優秀會員), Best Inquiry Trading Institution (最佳詢價交易機構), and Best Bidding Trading Member (最佳競價交易會員) of Shanghai Gold Exchange, Excellent Member Award of Shanghai Futures Trading (上海期貨交易優秀會員獎), Precious Metal Industry Service Award (貴金屬產業服務獎), Diamond Award for Market Making Business (做市業務鑽石獎), Special Contribution Award for Market Making Business Industry (做市業務行業特別貢獻獎) in 2021.

### **3. *Financial institution business***

In terms of customer base construction of financial institutions, the Bank further promoted the construction of “customer-oriented comprehensive service system”, actively built a sound financial inter-bank cooperation ecosystem, continuously deepened transformation and development, pursued “complementary advantages and win-win cooperation”, and made great efforts to enhance the comprehensive contribution of financial institution customers to the Bank.

In terms of inter-bank assets and liabilities, the Group improved the investment research capability in standardized asset investment and strengthened market research and judgment. The Group expanded low-cost inter-bank deposits. In 2022, the weighted average cost of new inter-bank time deposits of the Group decreased by about 0.4 percentage point year-on-year.

In terms of the inter-bank comprehensive service platform, the Group accelerated the digital reform, continuously optimized the series functions of the inter-bank comprehensive service platform, and improved the return rate of unit risk assets based on the strong functions of pledge and guarantee. In 2022, the Group cooperated with China Central Depository & Clearing Co., Ltd. to launch the business of “interbank collateral”, the first batch of green bond in the market, allowing the customers to activate their existing green bond.

Focusing on the assets with weak sensitivity to economic cycle, the sales service volume of the full-range products increased significantly in 2022. The issuance of financial bonds of the Bank was accelerated, effectively supplementing medium-and long-term stable capital sources and providing low-cost, large-amount, and long-term capital support for the Group to serve the real economy.

#### **4. *Bill business***

The bill business covers the whole life cycle of bill from acceptance and credit enhancement to direct discounting or inter-bank discounting and investing and financing. Focusing on serving the demand of real economy, the Group has given full play to the advantages of operation mechanism and digital technology, fully releasing the operation efficiency of the whole chain of bills, and steadily promoting the high-quality development of bill business.

In 2022, the Bank had RMB600 billion of acceptance business volume, provided over RMB250 billion of discounted financing funds to corporate customers, and served over 10,000 customers, of which small, medium and micro enterprises under the standard set accounted for over 85%. The Bank's bill transaction volume reached RMB5.16 trillion, increasing by 75.93% year-on-year, covering more than 800 counterparties. In the annual appraisal of Shanghai Commercial Paper Exchange, the Bank won many honors such as "Excellent Market Institution" (優秀市場機構), "Excellent Acceptance Institution" (優秀承兌機構) and "Excellent Bill Business Publicity and Promotion Institution" (優秀票據業務宣傳推廣機構), thus comprehensively establishing the bill brand of CZBank.

#### **5. *Asset custodian business***

In 2022, the Bank's asset custodian business developed in a sound manner. As of 31 December 2022, the balance of assets held in custody by the Bank reached RMB1.94 trillion, representing an increase of 12.75% from the beginning of 2022. In 2022, the Group's income from the asset custodian business was RMB531 million, representing an increase of 9.05% as compared with that of 2021.

Since the beginning of 2022, the Group's asset custodian business has focused on strengthening the marketing of key products such as funds, securities, insurance and trust, continuously strengthened the efficient coordination of the five business segments, and always adhered to the comprehensive and coordinated development of efficiency, quality and scale. As of 31 December 2022, the number of public funds under custodian of the Group exceeded 230, representing an increase of 30% from the beginning of 2022, and the custodian scale exceeded RMB330 billion, with a growth rate of nearly 50%. In 2022, 56 new custodian funds were added, with a new custodian scale of RMB84.160 billion, ranking seventh among the custodian institutions in terms of the scale of new public funds under custodian.

In the meantime, the Group was committed to serving the real economy, following up the transformation of asset management industry, exploring business innovation mode, constantly enriching and improving the custodian product line, providing various licensed financial institutions with integrated comprehensive financial solutions of "investment, custodian, sales and collection" (投、托、銷、撮), and building a diversified service platform for custodian business with characteristics of the Bank.

**(IV) Great Asset Management Segment**

The asset management business of the Group was committed to building the asset management business brand featured by “professional management, customer first, differentiated competition and efficiency in priority”, constantly consolidating the investment and research ability, enriching the product system, improving risk management and strengthening the financial technology support. In 2022, the asset management brand of the Group was recognized by all sectors of the society, and won the “Golden Bull Award for Wealth Management Bank” (理財銀行金牛獎) by China Securities Journal and the “Gamma Award of Golden Bank Wealth Management Product” (金質銀行理財產品天璣獎) by Securities Times. The Shengxin Win (升鑫贏) No. C-1 Wealth Management Product in RMB won the “Golden Reputation Award” (金譽獎) by PY Standard (普益標準), and the Juxinying (聚鑫贏) B-270 Days No.1 Wealth Management Product in RMB won the “2022 Lianhe Zhiping – Fengyun Award for Wealth Management” (2022聯合智評–理財風雲獎) in the selection of Golden Toad Award (金蟾獎) by Lianhe Zhiping (聯合智評).

The Group continued to improve the net-value product system, and continuously enriched the series of wealth management products such as “Shengxin Win” (升鑫贏), “Juxin Win” (聚鑫贏), “Yongxin” (湧薪), “Yongying” (湧盈) and “Xinze” (昕澤), covering cash management, fixed income, “Fixed Income Plus”, Hybrid and other types. As of 31 December 2022, the balance of the Group’s wealth management products amounted to RMB210.705 billion, of which 87.92% and 12.08% were funds of individual and institutional clients respectively. As of the same date, the balance of net-value wealth management products of the Group amounted to RMB164.458 billion, accounting for 78.05% of wealth management. In 2022, the Group issued a total of RMB790.091 billion of wealth management products and realized income from asset management services fee of RMB676 million.

**(V) Great Cross-border Segment**

The Group actively responded to the “Belt and Road Initiative” and actively integrated into the new pattern of domestic and international double-cycle development. Relying on the two platforms, namely the sub-accounting unit in free trade zone and Hong Kong branch, utilizing both the domestic and overseas markets and integrating the employment of cross-border guaranteed financing, overseas bond investment, international syndicated loan, cross-border financial advisory and other financial products, the Group was to provide all-around, one-stop and comprehensive service for domestic and overseas enterprises to conduct investing and financing, M&A, listing and other businesses. As of 31 December 2022, the Group’s cross-border business assets amounted to RMB59.7 billion, increasing by 83% over the beginning of 2022, and its service scale amounted to RMB189.6 billion, increasing by 294% as compared with that of 2021, including RMB26.8 billion in cross-border guaranteed financing and RMB26.5 billion in overseas bond investment, which strongly supported the corporate global operation and development. Hong Kong branch of the Bank ranked 20th in the market in terms of the underwriting scale of Chinese-funded offshore bonds, among which it ranked second in terms of the underwriting of standby bonds, ranked fourth in terms of the underwriting of free trade bonds, and ranked fifth in terms of the underwriting of urban investment bonds. The cross-border comprehensive service capability and market reputation continued to improve.

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LETTER FROM THE BOARD

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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)*  
**(H Shares Stock Code: 2016)**

***Executive Directors***

Zhang Rongsen  
Ma Hong  
Chen Haiqiang

***Non-executive Directors***

Hou Xingchuan  
Ren Zhixiang  
Gao Qinhong  
Hu Tiangao  
Zhu Weiming

***Independent Non-executive Directors***

Zheng Jindu  
Zhou Zhifang  
Wang Guocai  
Wang Wei  
Xu Yongbin  
Fu Tingmei

***Registered Office***

No. 1788, Hongning Road  
Xiaoshan District  
Hangzhou  
Zhejiang  
the PRC

***Principal place of business  
in Hong Kong***

15/F, Three Exchange Square  
No. 8 Connaught Place  
Central  
Hong Kong

*To the Qualified H Shareholders and, for information purposes only, the Excluded H Shareholders*

Dear Sirs/Madams,

**H SHARE RIGHTS ISSUE OF 1,366,200,000 H SHARES ON THE BASIS OF  
THREE (3) H RIGHTS SHARES FOR EVERY TEN (10) EXISTING H SHARES  
AT HK\$2.23 PER H RIGHTS SHARE  
PAYABLE IN FULL ON ACCEPTANCE**

**A SHARE RIGHTS ISSUE OF 5,014,409,033 A SHARES ON THE BASIS OF  
THREE (3) A RIGHTS SHARES FOR EVERY TEN (10) EXISTING A SHARES  
AT RMB2.02 PER A RIGHTS SHARE  
PAYABLE IN FULL ON ACCEPTANCE**

**INTRODUCTION**

We refer to (i) the announcement of the Bank dated October 28, 2021 and the circular of the Bank dated November 3, 2021 in relation to, among others, the proposed issue of A Shares and H Shares by way of Rights Issue; (ii) the poll results announcement of the Bank dated November 23, 2021 in relation to, among others, the 2021 Third EGM, the 2021 First A Share

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## LETTER FROM THE BOARD

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Class Meeting and the 2021 First H Share Class Meeting at which the resolutions on the Rights Issue and related matters were considered and approved; (iii) the announcement of the Bank dated October 14, 2022 and the circular of the Bank dated November 1, 2022 in relation to, among others, the proposed extension of validity period of the proposal for the Rights Issue and the proposed extension of validity period of the authorization to the Board and its authorized person(s) to deal with matters related to the Rights Issue; and (iv) the poll results announcement of the Bank dated November 21, 2022 in relation to, among others, the 2022 Second EGM, the 2022 First A Share Class Meeting and the 2022 First H Share Class Meeting at which the resolutions on the proposed extension of validity period for the Rights Issue and the proposed extension of validity period of the authorization to the Board and its authorized person(s) to deal with matters related to the Rights Issue were considered and approved. To the best knowledge of the Bank, no Shareholders or their associates were deemed to have a material interest in any of the resolutions at the 2021 Third EGM and the 2021 First Class Meeting for H Shareholders, and therefore no Shareholders were required to abstain from voting on any resolutions.

The Bank received the written approval for the Rights Issue from CBIRC, i.e. the Approval on the Proposal for Rights Issue of Zheshang Bank from CBIRC (Yin Bao Jian Fu [2022] No. 163) (《中國銀保監會關於浙商銀行配股方案的批覆》(銀保監覆[2022]163號)) dated March 10, 2022. The Bank received the written approval for the A Share Rights Issue, i.e. the Reply on Approval for Rights Issue by China Zheshang Bank Co., Ltd. (Zheng Jian Xu Ke [2023] No.339) (《關於核准浙商銀行股份有限公司配股的批覆》(證監許可[2023]339號)) dated February 16, 2023 and the written approval for the H Share Rights Issue, i.e. the Reply on Approval for Issuance of Overseas Listed Foreign Shares by China Zheshang Bank Co., Ltd. (Zheng Jian Xu Ke [2023] No.717) (《關於核准浙商銀行股份有限公司發行境外上市外資股的批覆》(證監許可[2023]717號)) from the CSRC dated March 30, 2023. For details, please refer to the announcements of the Bank dated March 14, 2022, February 17, 2023 and April 3, 2023, respectively.

A summary of the major terms of the H Share Rights Issue and the expected timetable of the H Share Rights Issue are set forth in this prospectus. The H-share register was closed from Wednesday, June 28, 2023 to Tuesday, July 4, 2023 (both days inclusive). The last day of dealings in the H Shares on a cum-rights basis was Friday, June 23, 2023 and the H Shares were dealt with on an ex-rights basis from Monday, June 26, 2023. To qualify for the H Share Rights Issue, an H Shareholder must be registered as a member of the Bank at the close of business on Tuesday, July 4, 2023 and must not be an Excluded H Shareholder.

The H Share Rights Issue will be fully underwritten by the Underwriter on the terms and conditions set out in the Underwriting Agreement.

The Chinese version of the A Share Rights Issue Prospectus is available for public inspection on the HKEXnews website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) from Monday, June 12, 2023. Neither the A Share Rights Issue Prospectus nor any other information on the above websites is incorporated in this prospectus. A summary of the major terms of the A Share Rights Issue and the timetable of the A Share Rights Issue are included herein for information purposes only.

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## LETTER FROM THE BOARD

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The H Share Rights Issue is conditional upon the fulfilment of the conditions set out under the paragraph headed “Conditions of the H Share Rights Issue” below and is subject to the terms and conditions of the Underwriting Agreement. If any of the conditions of the H Share Rights Issue are not fulfilled, the H Share Rights Issue will not proceed. The Underwriting Agreement contains provisions entitling the Underwriter by notice in writing to terminate the Underwriting Agreement upon the occurrence of certain events. In the event that the Underwriting Agreement does not become unconditional or if it is terminated in accordance with the terms thereof, the H Share Rights Issue will not proceed. Shareholders’ and potential investors’ attention is drawn to the paragraph headed “Warning of the Risks of Dealing in the H Shares and Nil-paid H Rights” below. It should also be noted that the H Shares have been dealt in on an ex-rights basis from Monday, June 26, 2023 and that dealings in the H Rights Shares in nil-paid form will take place from Friday, July 7, 2023 to Friday, July 14, 2023 (both days inclusive). Such dealings will take place when the conditions of the H Share Rights Issue remain unfulfilled, and the Underwriting Agreement does not become unconditional or is subject to termination in accordance with the terms thereof. Any person dealing in the securities of the Bank up to the date on which such condition is fulfilled or waived and up to the Latest Time for Termination and any person dealing in the Nil-paid H Rights from Friday, July 7, 2023 to Friday, July 14, 2023 (being the first and last day of dealings in the Nil-paid H Rights, respectively) will accordingly bear the risk that the H Share Rights Issue may not become unconditional and may not proceed. Any person dealing or contemplating any dealing in the securities of the Bank, the Nil-paid H Rights and/or the H Rights Shares during this period who is in any doubt about his or her or its position is recommended to consult his or her or its own professional adviser.

The purpose of this prospectus is to provide you with, among others, details of the H Share Rights Issue as well as certain financial and other information in respect of the Bank.

### **H SHARE RIGHTS ISSUE**

The H Share Rights Issue is proposed to be conducted on the basis of three (3) H Rights Shares for every ten (10) existing H Shares held by Qualified H Shareholders on the H Share Rights Issue Record Date at the Subscription Price of HK\$2.23 per H Rights Share. The A Share Rights Issue is conducted on the basis of three (3) A Rights Shares for every ten (10) existing A Shares held by Qualified A Shareholders on the A Share Rights Issue Record Date at the Subscription Price of RMB2.02 per A Rights Share. The Subscription Price of HK\$2.23 per H Rights Share and RMB2.02 per A Rights Share were determined by the Bank with reference to valuation indicators including the stock prices, P/E ratios and P/B ratios of the Bank in the secondary market, taking into account factors such as the development of the Bank and the interests of the Shareholders, the core tier-one capital needs of the Bank for the next three years and following the principles negotiated and determined between the Bank and the Underwriter. A market discount method with a discount of approximately 15% was adopted in determining the Subscription Price, with reference to (i) the last closing price of the H Shares before pricing; (ii) discount ranges of similar transactions of the PRC financial institutions; and (iii) market conditions. The H Share Rights Issue will proceed on a fully-underwritten basis on the terms and conditions set out in the Underwriting Agreement.

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## LETTER FROM THE BOARD

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The Rights Issue, comprising the A Share Rights Issue and the H Share Rights Issue, is estimated to raise gross proceeds in an aggregate of approximately RMB12,889 million (assuming full subscription for the A Rights Shares) or RMB9,850 million (assuming 70% subscription for the A Rights Shares).

The H Share Rights Issue is conditional upon the fulfilment of the conditions set out under the paragraph headed “Conditions of the H Share Rights Issue” below.

Details of the H Share Rights Issue are as follows:

### **H Shares Rights Issue Statistics**

Basis of the H Share Rights Issue:	Three (3) H Rights Shares for every ten (10) existing H Shares held by the Qualified H Shareholders on the H Share Rights Issue Record Date
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Number of H Shares in issue as at the Latest Practicable Date:	4,554,000,000 H Shares
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Number of H Rights Shares proposed to be issued (assuming the number of H Shares in issue on the H Share Rights Issue Record Date remains the same as at the Latest Practicable Date):	1,366,200,000 H Shares
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Aggregate nominal value of H Rights Shares:	RMB1,366,200,000
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Subscription Price:	HK\$2.23 per H Rights Share
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Sole Global Coordinator:	CLSA Limited
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Underwriter:	CLSA Limited
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Assuming no change in the number of issued H Shares on or before the H Share Rights Issue Record Date, the 1,366,200,000 H Rights Shares proposed to be issued pursuant to the terms of the H Share Rights Issue represent: (i) 30% of the existing issued H Share capital of the Bank as at the Latest Practicable Date; and (ii) 23.08% of the issued H Share capital of the Bank as enlarged by the allotment and issuance of the H Rights Shares (assuming there is no other change in the shareholding structure of the Bank since the Latest Practicable Date).

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## LETTER FROM THE BOARD

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### ***Basis of Entitlement***

Subject to fulfilment of the conditions set out in the paragraph headed “Conditions of the H Share Rights Issue” below, the Qualified H Shareholders will be provisionally allotted three (3) H Rights Shares for every ten (10) existing H Shares held by the Qualified H Shareholders at the close of business on the H Share Rights Issue Record Date at the Subscription Price, being HK\$2.23, for each H Rights Share. Application for all or any part of a Qualified H Shareholder’s provisional allotment should be made by lodging the completed Provisional Allotment Letter with the H Share Registrar with a cheque or banker’s cashier order for the sum payable for the H Rights Shares being applied for on or before the Latest Acceptance Date.

### ***Qualified H Shareholders***

The Bank is dispatching the Prospectus Documents comprising this prospectus, the Provisional Allotment Letter(s) and the Excess Application Form(s), to the Qualified H Shareholders only. To qualify for the subscription of the H Rights Shares, an H Shareholder must be registered as a member of the Bank at the close of business on the H Share Rights Issue Record Date and must not be an Excluded H Shareholder.

The last day of dealings in the H Shares on a cum-rights basis for the H Share Rights Issue was Friday, June 23, 2023. The H Shares have been dealt in on an ex-rights basis from Monday, June 26, 2023. In order to be a Qualified H Shareholder, H Shareholders must lodge all transfer documents accompanied by the relevant share certificates with the H Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, June 27, 2023.

Qualified H Shareholders who take up their pro-rata entitlement in full will not suffer any dilution to their interests in the Bank (except in relation to any dilution resulting from the subscription by third parties of any H Rights Shares for odd lots/fractional Shares aggregated). If a Qualified H Shareholder does not subscribe for any of his/her/its entitlement in full under the H Share Rights Issue, his/her/its shareholding in the Bank will be diluted.

### ***PRC Southbound Trading Investors***

The Directors have made the relevant enquiries and were advised that the PRC Southbound Trading Investors may participate in the H Share Rights Issue through CSDCC. CSDCC will provide nominee services for the PRC Southbound Trading Investors to (i) sell (in full or in part) their Nil-paid H Rights on the Hong Kong Stock Exchange under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect; and/or (ii) subscribe (in full or in part) for their pro-rata entitlement in respect of the H Shares held on the H Share Rights Issue Record Date at the Subscription Price under the H Share Rights Issue in accordance with the relevant laws and regulations. However, CSDCC will not support applications by such PRC Southbound Trading Investors for excess H Rights Shares under the H Share Rights Issue through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. In addition, according to the legal advice from the PRC legal adviser of the

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## LETTER FROM THE BOARD

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Bank, the PRC Southbound Trading Investors (or the relevant CSDCC participants as the case may be) whose stock accounts in CSDCC are credited with Nil-paid H Rights can only sell those Nil-paid H Rights on the Hong Kong Stock Exchange via CSDCC under Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect and can neither purchase any Nil-paid H Rights nor transfer such Nil-paid H Rights to other PRC Southbound Trading Investors.

According to the legal advice from the PRC legal adviser of the Bank, the PRC Southbound Trading Investors and H Shareholders who have been exempted by or have obtained the necessary and appropriate approvals from the relevant PRC authorities in accordance with the applicable PRC laws and regulations are entitled to participate in the H Share Rights Issue. Save as to the above, other H Shareholders in the PRC are not entitled to participate in the H Share Rights Issue.

**The PRC Southbound Trading Investors should seek advice from their intermediaries (including brokers, custodians, nominees or CSDCC participants) and/or other professional advisers for details of the logistical arrangements as required by CSDCC, and provide instructions for such intermediaries in relation to the acceptance and/or sale of the Nil-Paid H Rights. Such instructions should be given in advance of the latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares in the section headed “Expected Timetable” in this prospectus and otherwise in accordance with the requirements of the intermediaries of the PRC Southbound Trading Investors and/or CSDCC in order to allow sufficient time to ensure that such instructions are given effect.**

According to the legal advice of the PRC legal adviser of the Bank, as the Prospectus Documents have not been and are not intended to be filed with or approved by the CSRC other than in accordance with the CSRC Announcement, the H Rights Shares (in both their nil-paid and fully-paid forms) shall not be offered and may not be offered or sold directly or indirectly in the PRC to any person or entity, unless such person or entity is a PRC Southbound Trading Investor (subject to certain limitations in relation to its rights to participate in the H Share Rights Issue as explained in this prospectus) or a Qualified H Shareholder in the PRC, or it has otherwise been exempted by or has obtained the necessary and appropriate approvals from the relevant PRC authorities in accordance with the applicable PRC laws and regulations.

As such, the Prospectus Documents may not be distributed in or forwarded to the PRC or used in connection with any offer for subscription or sale of the H Rights Shares (in nil-paid and fully-paid forms) in the PRC, except that the same may be despatched to CSDCC in the PRC or the Qualified H Shareholder in the PRC or to the extent in compliance with applicable PRC laws and regulations, and the Prospectus Documents may not be made publicly available in the PRC.

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## LETTER FROM THE BOARD

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### **Distribution of this prospectus and the other Prospectus Documents**

This prospectus accompanied by the other Prospectus Documents will be despatched to the Qualified H Shareholders only. For the Excluded H Shareholders, the Bank will, to the extent reasonably practicable and legally permitted, send this prospectus to them for their information purposes only. The Bank will not send any Provisional Allotment Letter or Excess Application Form to the Excluded H Shareholders.

This prospectus will not be sent to any H Shareholders or Beneficial H Shareholders in the Specified Territories except to those H Shareholders or Beneficial H Shareholders who satisfy relevant requirements to the satisfaction of the Bank.

Distribution of this prospectus and the other Prospectus Documents into jurisdictions other than Hong Kong may be restricted by laws. Persons who come into possession of the Prospectus Documents (including, but not limited to, agents, custodians, nominees and trustees) should inform themselves of and observe any such restriction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. Any H Shareholder or Beneficial H Shareholder who is in any doubt as to his/her/its position should consult an appropriate professional adviser without delay. In particular, subject to certain exceptions as determined by the Bank, persons in possession of this prospectus should not distribute, forward or transmit into or from any Specified Territories, this prospectus, whether with or without the Provisional Allotment Letter or the Excess Application Form.

It is the full responsibility of any person (including, but not limited to, any agent, custodian, nominee and trustee) outside Hong Kong wishing to accept and/or make an application for the H Rights Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any governmental or other consents and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. Any acceptance of the offer of the H Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Bank that those local laws and requirements have been fully complied with. H Shareholders should consult their professional advisers if in doubt. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees is subject to any of the representations and warranties above.

### **Excluded H Shareholders**

Excluded H Shareholders are those H Shareholders with registered addresses in, or who are otherwise known by the Bank to be residents of, places outside Hong Kong and in respect of whom the Directors, based on enquiries made by the Directors, consider it necessary or expedient not to offer the H Rights Shares on account either of the legal restrictions under the laws of the relevant place in which the H Shareholder is located or the requirements of the relevant regulatory body or stock exchange in that place.

## LETTER FROM THE BOARD

The Board has made enquiries regarding the legal restrictions under the applicable securities legislation of the relevant jurisdictions (including but not limited to the Specified Territories) and the requirements of the relevant regulatory bodies or stock exchanges with respect to the offer of the H Rights Shares to the H Shareholders in those territories. Having considered the circumstances, the Directors have formed the view that, other than subject to certain limited exceptions as described below, it is necessary or expedient to restrict the ability of H Shareholders in the Specified Territories to take up their rights under the H Share Rights Issue due to the time and costs involved in the registration or filing of this prospectus and/or approval required by the relevant authorities in those territories and/or additional steps the Bank and the H Shareholders need to take to comply with the local legal requirements and/or other requirements to be satisfied in order to comply with relevant local legal or regulatory requirements in those territories.

Accordingly, for the purposes of the H Share Rights Issue, the Excluded H Shareholders are:

- (i) H Shareholders whose name(s) appear in the H-share register at the close of the business on the H Share Rights Issue Record Date and whose address(es) as shown in such register is/are in any of the Specified Territories, except for those H Shareholders with addresses in the PRC, Singapore, Denmark, the United Kingdom, Ireland and Australia who fulfil the relevant requirements to the satisfaction of the Bank; and
- (ii) any H Shareholders or Beneficial H Shareholders at that time who are otherwise known by the Bank to be resident in any of the Specified Territories, except for those H Shareholders or Beneficial H Shareholders with addresses in the PRC, Singapore, Denmark, the United Kingdom, Ireland and Australia who fulfil the relevant requirements to the satisfaction of the Bank.

As at May 3, 2023, to the best information and belief of the Bank having made all reasonable enquiries, 29 of the H Shareholders with the addresses located in the Specified Territories were identified, and the relevant shareholding structures were as follows:

<b>Jurisdiction</b>	<b>Number of overseas Shareholder(s)</b>	<b>Aggregate number of H Shares held by overseas Shareholder(s)</b>	<b>Approximate percentage of the total shareholdings<sup>(1)</sup></b>
PRC	12	2,550,188,000	11.99%
Singapore	4	25,565,000	0.12%
United States	6	3,430,187	0.02%
United Kingdom	3	2,406,535	0.01%
Ireland	1	47,533	0.00%
Denmark	1	12,000	0.00%
South Korea	1	6,000	0.00%
Australia	1	2,000	0.00%

- (1) As at May 3, 2023, the Bank issued 21,268,696,778 Shares in total, including 16,714,696,778 A Shares and 4,554,000,000 H Shares.

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## LETTER FROM THE BOARD

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The Prospectus Documents will not be registered or filed under the applicable securities or equivalent legislation of any jurisdictions other than (a) Hong Kong; and (b) the PRC, in accordance with the CSRC Announcement.

In respect of the Excluded H Shareholders, the Bank will, to the extent reasonably practicable and legally permitted, send this prospectus to them for their information purposes only, but the Bank will not send the Provisional Allotment Letter(s) and the Excess Application Form(s) to the Excluded H Shareholders.

This prospectus will not be sent to any H Shareholders or Beneficial H Shareholders in the Specified Territories except to those H Shareholders or Beneficial H Shareholders who satisfy relevant requirements to the satisfaction of the Bank.

Notwithstanding any other provision in this prospectus or the Provisional Allotment Letter or the Excess Application Form, the Bank reserves the right to permit any H Shareholder or Beneficial H Shareholder to participate in the H Share Rights Issue and take up his/her/its rights if the Bank, in its absolute discretion, is satisfied that the offer under the H Share Rights Issue is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question.

The Bank also reserves the right to treat as invalid, and will not be bound to allot or issue any H Rights Shares in respect of, any acceptance or purported acceptance of the offer of Nil-paid H Rights or the H Rights Shares which:

- (i) appears to the Bank or its agents to have been executed, effected or despatched in a manner which may involve a breach of the laws or regulations of any jurisdiction; or
- (ii) in the case of a Provisional Allotment Letter, provides for an address for delivery of the share certificates in, or, in the case of a credit of H Rights Shares in CCASS, a CCASS Participant whose address is in, or is otherwise a resident of, any Specified Territories or any other jurisdiction in which it would be unlawful to deliver such share certificates or make such a credit or if the Bank believes or its agents believe that the same may violate applicable legal or regulatory requirements.

Receipt of this prospectus and/or a Provisional Allotment Letter and/or an Excess Application Form or the crediting of Nil-paid H Rights to a stock account in CCASS does not and will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this prospectus and/or a Provisional Allotment Letter and/or an Excess Application Form must be treated as sent for information purpose only and should not be copied or redistributed. Persons (including, but not limited to, agents, custodians, nominees and trustees) who receive a copy of this prospectus and/or a Provisional Allotment Letter and/or an Excess Application Form or whose stock account in CCASS is credited with Nil-paid H Rights should not, in connection with the H Share Rights Issue, distribute or send the same in, into or from, or transfer Nil-paid H Rights to any person in, into or from, any of the Specified Territories. If a Provisional Allotment Letter or an Excess Application Form or

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## LETTER FROM THE BOARD

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any credits of Nil-paid H Rights to a stock account in CCASS are received by any person in any Specified Territories, or by his/her/its agent, custodian, nominee or trustee, he/she/it should not seek to take up the rights referred to in the Provisional Allotment Letter or transfer the Provisional Allotment Letter (or apply for any excess H Rights Shares under the Excess Application Form) or transfer the Nil-paid H Rights in CCASS unless such person is able to demonstrate to the satisfaction of the Bank, or the Bank determines that such actions would not violate applicable legal or regulatory requirements. Any person (including, but not limited to, agents, custodians, nominees and trustees) who does forward this prospectus or a Provisional Allotment Letter or an Excess Application Form in, into or from any Specified Territories (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

Arrangements will be made for the H Rights Shares, which would otherwise have been provisionally allotted to the Excluded H Shareholders, to be sold in the market in their nil-paid form, as soon as practicable after the commencement of the dealings in the Nil-paid H Rights, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be paid on a pro-rata basis to the Excluded H Shareholders, which means the Bank will pay individual amounts of more than HK\$100 to the relevant Excluded H Shareholders, provided that the Bank will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlements of the Excluded H Shareholders will be made available for excess application by the Qualified H Shareholders.

With respect to the Excluded H Shareholders who hold interests in H Shares through CCASS, their nominees (excluding HKSCC Nominees), custodians or other intermediaries may sell, on such Excluded H Shareholders' behalf, their entitlements to the Nil-paid H Rights in compliance with applicable securities laws and distribute the proceeds thereof as appropriate. Any H Rights Shares in respect of unsold entitlements of the Excluded H Shareholders and any unsold fractional entitlements to the H Rights Shares together with any H Rights Shares in respect of Nil-paid H Rights not taken up by the Qualified H Shareholders or otherwise not subscribed for by transferees of Nil-paid H Rights, will be made available for excess application on Excess Application Form(s) by Qualified H Shareholders.

### **Limited categories of persons in the Specified Territories who may be able to take up their Nil-paid H Rights to subscribe for the H Rights Shares under the H Share Rights Issue**

Notwithstanding what is said in the paragraph headed "Excluded H Shareholders" above, the following limited categories of persons in the Specified Territories may be able to take up their rights under the H Share Rights Issue:

- (i) H Shareholders or Beneficial H Shareholders (other than the PRC Southbound Trading Investor) in the PRC are generally Excluded H Shareholders, however, QDIIs and Beneficial H Shareholders who hold interests in H Shares through QDIIs may be able to take up their Nil-paid H Rights to subscribe for H Rights Shares being offered in the H Share Rights Issue, provided that they fulfil the requirements under the relevant PRC laws and regulations to the satisfaction of the Bank.

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## LETTER FROM THE BOARD

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- (ii) H Shareholders or Beneficial H Shareholders in the Kingdom of Denmark are generally Excluded H Shareholders, however, a limited number of H Shareholders and Beneficial H Shareholders in the Kingdom of Denmark who can be considered (i) “qualified investors” as defined in the Prospectus Regulation; (ii) fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation); (iii) investors who acquire securities for a total consideration of at least EUR 100,000 per investor, for each separate offer; or (iv) in any other circumstances falling within Article 1(4) of the Prospectus Regulation may be able to take up their Nil-paid H Rights to subscribe for H Rights Shares being offered in the H Share Rights Issue, provided that no such offer of Rights Shares shall result in a requirement for the publication by the Bank of a prospectus pursuant to Article 3 of the Prospectus Regulation or a supplementary prospectus pursuant to Article 23 of the Prospectus Regulation, and they fulfil the relevant requirements to the satisfaction of the Bank.
- (iii) H Shareholders or Beneficial H Shareholders in the United Kingdom are generally Excluded H Shareholders, however, a limited number of H Shareholders and Beneficial H Shareholders in the United Kingdom who the Bank reasonably believes are “qualified investors” within the meaning of article 2(e) of the United Kingdom Prospectus Regulation and who are also persons who: (i) have professional experience in matters relating to investments falling within Article 19(5) of the Order; (ii) fall within Article 49(2)(a) to (d) of the Order; or (iii) otherwise are persons to whom an invitation or inducement to engage in an investment activity (within the meaning of section 21 of the FSMA) may otherwise be lawfully communicated, may be able to take up their Nil-paid H Rights to subscribe for H Rights Shares being offered in the H Share Rights Issue in transactions exempt from registration or prospectus disclosure requirements pursuant to the FSMA, the United Kingdom Prospectus Regulation and other applicable laws and regulations, provided that they fulfil the relevant requirements to the satisfaction of the Bank.
- (iv) H Shareholders or Beneficial H Shareholders in Ireland are generally Excluded H Shareholders. However, a limited number of H Shareholders and Beneficial H Shareholders in Ireland who the Bank reasonably believes are (i) “qualified investors” as defined in Article 2 of the Prospectus Regulation; (ii) fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation); or (iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation, may be able to take up their Nil-paid H Rights to subscribe for H Rights Shares being offered in the H Share Rights Issue, provided that (i) no such offer of Rights Shares shall result in a requirement for the publication by the Bank of a prospectus, or a supplement to a prospectus, pursuant to the Prospectus Regulation, and (ii) they fulfil the relevant requirements to the satisfaction of the Bank.

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## LETTER FROM THE BOARD

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- (v) If the ASIC Instrument does not apply, then H Shareholders or Beneficial H Shareholders in Australia are generally Excluded H Shareholders. However, a limited number of H Shareholders and Beneficial H Shareholders in Australia who the Bank reasonably believes are “sophisticated investors” or “professional investors” within the meaning of section 708 of the Australian Corporations Act may be able to take up their Nil-paid H Rights to subscribe for H Rights Shares being offered in the H Share Rights Issue in transactions exempt from registration or prospectus disclosure requirement pursuant to the Australian Corporations Act and other Australian applicable laws and regulations, provided that they fulfil the relevant requirements to the satisfaction of the Bank.

In each case, the Bank reserves the absolute discretion in determining whether to allow such participation as well as the identity of the persons who may be allowed to do so.

### **Procedures for acceptance or transfer and splitting of Provisional Allotments of the H Rights Shares**

#### ***General***

Any person (including, but not limited to, any agent, nominee and trustee) wishing to take up his/her/its rights under the H Share Rights Issue must satisfy himself/herself/itself as to full observance of the applicable laws of any relevant territories, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. The attention of H Shareholders with registered addresses in any of the Specified Territories or holding H Shares on behalf of persons with such addresses is drawn to the paragraphs headed “Excluded H Shareholders” and “Limited categories of persons in the Specified Territories who may be able to take up their Nil-paid H Rights to subscribe for the H Rights Shares under the H Share Rights Issue” above.

Each subscriber (including, but not limited to, any agent, nominee and trustee) of H Rights Shares being offered and sold outside the United States will be deemed (by accepting delivery of this prospectus) to have given each of the following representations and warranties to the Bank and the Underwriter and to any person acting on their behalf (unless, in their sole discretion, the Bank and the Underwriter waive such requirement expressly in writing):

- (i) he/she/it was an H Shareholder at the H Share Rights Issue Record Date, or he/she/it lawfully acquired or may lawfully acquire the Nil-paid H Rights, directly or indirectly, from such a person;
- (ii) he/she/it is not located in any other jurisdiction in which it is unlawful to purchase or take up the Nil-paid H Rights or subscribe for or accept H Rights Shares;
- (iii) he/she/it is not resident or located in, or a citizen of, the United States or otherwise a “U.S. person” as defined in Regulation S under the U.S. Securities Act;

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## LETTER FROM THE BOARD

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- (iv) he/she/it is not accepting an offer to purchase or take up the Nil-paid H Rights or subscribe for or accept H Rights Shares on a non-discretionary basis for a person who is resident or located in, or a citizen of, the United States or otherwise a “U.S. person” as defined in Regulation S under the U.S. Securities Act at the time the instruction to accept was given;
- (v) he/she/it is not doing so for the account of any person who is located in the United States, unless:
  - (a) the instruction to purchase or take up the Nil-paid H Rights or to subscribe for or accept H Rights Shares was received from a person outside the United States; and
  - (b) the person giving such instruction has confirmed that he/she/it (x) has the authority to give such instruction and (y) either (A) has investment discretion over such account or (B) is an investment manager or investment company that is acquiring the H Rights Shares in an “offshore transaction” within the meaning of Regulation S under the U.S. Securities Act;
- (vi) he/she/it is acquiring the Nil-paid H Rights and/or the H Rights Shares in an “offshore transaction” as defined in Regulation S under the U.S. Securities Act;
- (vii) he/she/it has not been offered the H Rights Shares by means of any “directed selling efforts” as defined in Regulation S under the U.S. Securities Act;
- (viii) he/she/it is not purchasing or taking up the Nil-paid H Rights or subscribing for or accepting the H Rights Shares with a view to the offer, sale, allotment, take up, exercise, resale, renouncement, pledge, transfer, delivery or distribution, directly or indirectly, of any such Nil-paid H Rights or H Rights Shares into the United States or any other jurisdiction referred to in paragraph (ii) above;
- (ix) he/she/it understands that neither the Nil-paid H Rights nor the H Rights Shares have been or will be registered under the U.S. Securities Act or with any securities regulatory authority of any state, territory, or possession of the United States and the Nil-paid H Rights or H Rights Shares are being distributed and offered outside the United States in reliance on Regulation S under the U.S. Securities Act. Consequently, he/she/it understands the Nil-paid H Rights or H Rights Shares may not be offered, sold, pledged or otherwise transferred in or into the United States, except in reliance on an exemption from, or in transactions not subject to, the registration requirements of the U.S. Securities Act;
- (x) if in the United Kingdom, he/she/it are persons who are “qualified investors” within the meaning of article 2(e) of the United Kingdom Prospectus Regulation who are also persons who: (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000

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## LETTER FROM THE BOARD

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(Financial Promotion) Order 2005, as amended (the “**Order**”); (ii) fall within Article 49(2)(a) to (d) of the Order; or (iii) otherwise are persons to whom an invitation or inducement to engage in an investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any H Rights Shares and/or Nil paid H Rights may otherwise lawfully be communicated or caused to be communicated; and

(xi) If in Australia, and:

- (a) the ASIC Corporations (Foreign Rights Issues) Instrument 2015/356 (the “**ASIC Instrument**”) applies, he/she/it are persons who are Australian residents determined by reference to the address of the beneficial owner (as included in publicly available reports that have been given to a relevant regulator or market operator of the approved foreign market) or as otherwise known to the Bank, or the address of the registered holder as recorded in the Bank’s register of members (if the address of the beneficial owner is not included in publicly available reports or otherwise known to the foreign company); or
- (b) if the ASIC Instrument does not apply, he/she/it are persons who are able to demonstrate, to the satisfaction of the Bank, they fall within one or more of the following categories: (i) “sophisticated investors” who meet the criteria set out in section 708(8) of the Australian Corporations Act; or (ii) “professional investors” who meet the criteria set out in section 708(11) and as defined in section 9 of the Australian Corporations Act.

For the avoidance of doubt, neither HKSCC nor HKSCC Nominees is subject to any of the representations and warranties above.

### ***Actions to be taken by Qualified H Shareholders***

#### ***Subscription for all H Rights Shares provisionally allotted***

For each Qualified H Shareholder, a Provisional Allotment Letter is enclosed with this prospectus which entitles the Qualified H Shareholder(s) to whom it is addressed to subscribe for the number of the H Rights Shares shown thereon. If a Qualified H Shareholder wishes to take up his/her/its right to subscribe for any or all of the H Rights Shares provisionally allotted to him/her/it as specified in the Provisional Allotment Letter, he/she/it must lodge the Provisional Allotment Letter in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance with the H Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, by no later than 4:00 p.m. on Wednesday, July 19, 2023.

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## LETTER FROM THE BOARD

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All remittances must be made in Hong Kong dollars and by cheque or cashier's order. Cheques must be drawn on an account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to **"China Zheshang Bank Co Ltd – Provisional Allotment Account"** and crossed **"Account Payee Only"**. Qualifying H Shareholders should note that they may apply for a number of H Rights Shares equal to or less than the number set out in the Provisional Allotment Letter (by following the instructions in the paragraph below headed "Transfers and "splitting" of Nil-paid H Rights").

It should be noted that, unless the duly completed Provisional Allotment Letter, together with the appropriate remittance, has been lodged with the H Share Registrar at Shops 1712- 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by 4:00 p.m. on the Latest Acceptance Date, whether by the original allottee or any person in whose favor the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Bank may, at its absolute discretion, treat a Provisional Allotment Letter as valid and binding on the person(s) by whom or on whose behalf it is lodged, even if it is not completed in accordance with the relevant instructions. The Bank may require such incomplete Provisional Allotment Letter to be completed by the relevant applicants at a later stage.

All cheques and cashier's orders together with the Provisional Allotment Letter(s) will be presented for payments immediately following receipt and all interest earned on such monies will be retained for the benefit of the Bank. Any Provisional Allotment Letter in respect of which the cheque or cashier's order is dishonored on first presentation is liable to be rejected and, in that event, the provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. No receipt will be issued in respect of any application monies received. If the Underwriter terminate the Underwriting Agreement before the Latest Time for Termination in accordance with the terms thereof and the H Share Rights Issue does not proceed, the monies received in respect of the relevant provisional allotments will be returned to the relevant persons or, in the case of joint applicants, the first-named person in the H-share register or transfer form, without interest and by means of cheques despatched by ordinary post to their respective registered addresses at the risk of such persons on or about Thursday, July 27, 2023.

### *Transfers and "splitting" of Nil-paid H Rights*

The Nil-paid H Rights can be traded on the Hong Kong Stock Exchange. A Qualified H Shareholder can accept all of his/her/its provisional allotment of H Rights Shares, or sell all of his/her/its provisional allotment on the Hong Kong Stock Exchange, or accept only part of his/her/its provisional allotment and sell the remaining part on the Hong Kong Stock Exchange.

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## LETTER FROM THE BOARD

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If a Qualified H Shareholder wishes to accept only part of his/her/its provisional allotment or transfer a part of his/her/its Nil-paid H Rights provisionally allotted to him/her/it under the Provisional Allotment Letter or transfer his/her/its Nil-paid H Rights to more than one person, the entire Provisional Allotment Letter must be surrendered and lodged for cancelation, together with a covering letter stating clearly the number of split Provisional Allotment Letter(s) required and the number of Nil-paid H Rights to be comprised in each split Provisional Allotment Letter (which, in aggregate, should be equal to the number of H Rights Shares provisionally allotted to such holder as stated in Box B of the original Provisional Allotment Letter), by no later than 4:30 p.m. on Tuesday, July 11, 2023 to the H Share Registrar, Computershare Hong Kong Investor Services Limited, who will cancel the original Provisional Allotment Letter and issue new Provisional Allotment Letter(s) in the denominations required which will be available for collection at the H Share Registrar after 9:00 a.m. on the second business day after the day of surrendering the original Provisional Allotment Letter(s). This process is commonly known as “splitting” the Nil-paid H Rights. Hong Kong ad valorem stamp duty will be payable upon transfer of the Qualified H Shareholder’s rights to subscribe for the relevant H Rights Shares to the transferee and on acceptance of those rights by the transferee.

Having “split” the Nil-paid H Rights, a Qualified H Shareholder who wishes to accept the provisional allotment of H Rights Shares represented by a new Provisional Allotment Letter should do so in accordance with the instructions given above in relation to the subscription for all the H Rights Shares provisionally allotted.

If a Qualified H Shareholder wishes to transfer all of his/her/its Nil-paid H Rights under a Provisional Allotment Letter (or a split Provisional Allotment Letter, as the case may be) to another person, he/she/it should complete and sign the “Form of Transfer and Nomination” (Form B) in the Provisional Allotment Letter and hand the Provisional Allotment Letter to the person(s) to or through whom he/she/it is transferring his/her/its Nil-paid H Rights. The transferee must then complete and sign the “Registration Application Form” (Form C) in the Provisional Allotment Letter and lodge the Provisional Allotment Letter intact, together with a remittance for the full amount payable on acceptance with the H Share Registrar by no later than 4:00 p.m. on the Latest Acceptance Date.

It should be noted that Hong Kong stamp duty is payable in connection with the transfer of your Nil-paid H Rights to the transferee(s) and the acceptance by the transferee(s) of such rights.

The Bank reserves the right to refuse to register any transfer in favor of any person in respect of which the Bank believes such transfer may violate applicable legal or regulatory requirements.

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## LETTER FROM THE BOARD

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*Important notice and representations and warranties relating to the Qualified H Shareholders in any of the Specified Territories*

As described above, H Shareholders with registered addresses in the Specified Territories are only permitted to take up their rights under the H Share Rights Issue if they fulfil relevant requirements to the satisfaction of the Bank.

Any Qualified H Shareholder accepting and/or transferring a Provisional Allotment Letter or requesting registration of the H Rights Shares comprised therein represents and warrants to the Bank that, except where proof has been provided to the satisfaction of the Bank that such person's use of the Provisional Allotment Letter will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) such person is not accepting and/or transferring the Provisional Allotment Letter to, or requesting registration of the relevant Nil-paid H Rights or the H Rights Shares from, any of the Specified Territories; (ii) such person is not in any of the Specified Territories or in any territory in which it is otherwise unlawful to make or accept an offer to acquire the Nil-paid H Rights or the H Rights Shares or to use the Provisional Allotment Letter in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person resident in any of the Specified Territories at the time the instruction to accept or transfer was given; and (iv) such person is not acquiring the Nil-paid H Rights or the H Rights Shares with a view to the offer, sale, allotment, take up, exercise, resale, renouncement, pledge, transfer, delivery or distribution, directly or indirectly, of any such Nil-paid H Rights or H Rights Shares into any of the Specified Territories. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees is subject to any of the above representations and warranties.

The Bank may treat as invalid any acceptance or purported acceptance of the allotment of H Rights Shares comprised in, or transfer or purported transfer of, a Provisional Allotment Letter if it: (a) appears to the Bank to have been executed in, or despatched from, any of the Specified Territories and the acceptance may involve a breach of the laws of the relevant Specified Territory or the acceptance is otherwise in a manner which may involve a breach of the laws of any jurisdiction or if it or its agents believe the same may violate any applicable legal or regulatory requirement; (b) provides an address in any of the Specified Territories for delivery of definitive share certificates for H Rights Shares and such delivery would be unlawful or provides an address for delivery of definitive share certificates in any other jurisdiction outside Hong Kong in which it would be unlawful to deliver such certificates; or (c) purports to exclude the representation and/or warranty required by the paragraph immediately above.

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## LETTER FROM THE BOARD

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***Action to be taken by Beneficial H Shareholders holding interests in H Shares which are held by a registered H Shareholder (other than H Shares deposited in CCASS)***

***Subscription for H Rights Shares provisionally allotted and transfers and “splitting” of Nil-paid H Rights***

If you are a Beneficial H Shareholder whose H Shares are registered in the name of a registered H Shareholder and you wish to subscribe for the H Rights Shares provisionally allotted to you, or sell all of your Nil-paid H Rights, or “split” your Nil-paid H Rights and accept part of your provisional allotment and sell the remaining part, you should contact the registered H Shareholder and provide the registered H Shareholder with instructions or make arrangements with the registered H Shareholder in relation to the acceptance, transfer and/or “splitting” of the rights to subscribe for the H Rights Shares which have been provisionally allotted in respect of the H Shares in which you are beneficially interested.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed “Expected Timetable” in this prospectus and otherwise in accordance with the requirements of the registered H Shareholder in order to allow the registered H Shareholder sufficient time to ensure that your instructions are given effect.

***Important notice and representations and warranties relating to the Beneficial H Shareholders in any of the Specified Territories whose H Share are held by a registered H Shareholder (other than CCASS)***

As described above, Beneficial H Shareholders who are residents in the Specified Territories are only permitted to take up their rights under the H Share Rights Issue if they fulfil relevant requirements to the satisfaction of the Bank.

Any Beneficial H Shareholder accepting and/or transferring a Provisional Allotment Letter or requesting registration of the H Rights Shares comprised therein represents and warrants to the Bank that, except where proof has been provided to the satisfaction of the Bank that such person’s use of the Provisional Allotment Letter will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) such person is not accepting and/or renouncing the Provisional Allotment Letter, or requesting registration of the relevant Nil-paid H Rights or the H Rights Shares from within any of the Specified Territories; (ii) such person is not in any of the Specified Territories or in any territory in which it is otherwise unlawful to make or accept an offer to acquire the Nil-paid H Rights or the H Rights Shares or to use the Provisional Allotment Letter in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person resident in any of the Specified Territories at the time the instruction to accept or transfer was given; and such person is not acquiring the

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## LETTER FROM THE BOARD

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Nil-paid H Rights or the H Rights Shares with a view to the offer, sale, allotment, take up, exercise, resale, renouncement, pledge, transfer, delivery or distribution, directly or indirectly, of any such Nil-Paid H Rights or H Rights Shares into any of the Specified Territories.

The Bank may treat as invalid any acceptance or purported acceptance of the allotment of H Rights Shares comprised in, or transfer or purported transfer of, a Provisional Allotment Letter if it: (a) appears to the Bank to have been executed in, or despatched from, any of the Specified Territories and the acceptance may involve a breach of the laws of the relevant Specified Territory or the acceptance is otherwise in a manner which may involve a breach of the laws of any jurisdiction or if it or its agents believe the same may violate any applicable legal or regulatory requirement; (b) provides an address in any of the Specified Territories for delivery of definitive share certificates for H Rights Shares and such delivery would be unlawful or provides an address for delivery of definitive share certificates in any other jurisdiction outside Hong Kong in which it would be unlawful to deliver such certificates; or (c) purports to exclude the representation and/or warranty required by the paragraph immediately above.

### ***Action to be taken by Beneficial H Shareholders holding interests in H Shares through CCASS***

#### *Subscription for H Rights Shares provisionally allotted and transfers and “splitting” of Nil-paid H Rights*

If you are a Beneficial H Shareholder whose H Shares are deposited in CCASS and registered in the name of HKSCC Nominees, and you wish to subscribe for the H Rights Shares provisionally allotted to you, or sell all of your Nil-paid H Rights, or “split” your Nil-paid H Rights and accept part of your provisional allotment and sell the remaining part, you should (unless you are a CCASS Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the acceptance, transfer and/or “splitting” of your Nil-paid H Rights. Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed “Expected Timetable” in this prospectus and otherwise in accordance with the requirements of your Intermediary in order to allow your Intermediary sufficient time to ensure that your instructions are given effect. The procedure for acceptance, transfer and/or “splitting” by CCASS Participants of the H Rights Shares provisionally allotted to CCASS stock accounts in respect of the H Shares registered in the name of HKSCC Nominees shall be in accordance with the General Rules of CCASS, the CCASS Operational Procedures and any other requirements of CCASS.

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## LETTER FROM THE BOARD

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Beneficial H Shareholders who are CCASS Investor Participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to the manner in which such Beneficial H Shareholders' interests in H Rights Shares should be dealt with. The procedure for acceptance, transfer and/or "splitting" of Rights Shares provisionally allotted to Beneficial H Shareholders who have been admitted to participate in CCASS as CCASS Investor Participants shall be in accordance with "Operating Guide for Investor Participants" in effect from time to time and any other requirements of CCASS.

*Important notice and representations and warranties relating to the Beneficial H Shareholders in any of the Specified Territories holding interests in H Shares through CCASS*

As described above, Beneficial H Shareholders who are residents in the Specified Territories are only permitted to take up their rights under the H Share Rights Issue if they fulfil relevant requirements to the satisfaction of the Bank.

Any Beneficial H Shareholder holding interests in H Shares through CCASS and any CCASS Participant who makes a valid acceptance and/or transfer in accordance with the procedures set out above represents and warrants to the Bank that, except where proof has been provided to the satisfaction of the Bank that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) such person is not in any of the Specified Territories or in any territory in which it is otherwise unlawful to make or accept an offer to acquire the Nil-paid H Rights or the H Rights Shares; (ii) such person is not acting on a non-discretionary basis for a person located within any of the Specified Territories at the time the instruction to accept was given; and (iii) such person is not acquiring the Nil-paid H Rights or the H Rights Shares with a view to the offer, sale, allotment, take up, exercise, resale, renouncement, pledge, transfer, delivery or distribution, directly or indirectly, of any such Nil-paid H Rights or the H Rights Shares into any of the Specified Territories. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees is subject to any of the above representations and warranties.

The Bank may treat as invalid any instruction which appears to the Bank to have been despatched from any of the Specified Territories and which may involve a breach of the laws of the relevant Specified Territory or any instruction which otherwise appears to the Bank may involve a breach of the laws of any jurisdiction; or if the Bank or its agents believe(s) the same may violate any applicable legal or regulatory requirement; or which purports to exclude the representation and/or warranty required by the paragraph immediately above.

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## LETTER FROM THE BOARD

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### *Effect of bad weather on the latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares*

The latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares will not take place if the Hong Kong Observatory announces that a tropical cyclone warning signal number 8 or above, or an “extreme conditions” caused by super typhoons or “black” rainstorm warning signal is:

- i. in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. Instead, the latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares will be extended to 5:00 p.m. on the same business day;
- ii. in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead, the latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares does not take place on Latest Acceptance Date, the dates mentioned in the paragraph headed “Expected H Share Rights Issue Timetable” above may be affected. An announcement will be made by the Bank in such event as soon as practicable.

### **Subscription Price for the H Rights Shares**

The Subscription Price of HK\$2.23 per H Rights Share is payable in full when a Qualified H Shareholder accepts the relevant provisional allotment of H Rights Shares or applies for excess H Rights Shares or when a transferee of Nil-paid H Rights accepts the H Rights Shares.

The Subscription Price of HK\$2.23 per H Rights Share represents:

1. a discount of approximately 15.2% to the closing price of HK\$2.63 per H Share as quoted on the Hong Kong Stock Exchange on June 9, 2023 (being the date of the business day immediately preceding the date of the Underwriting Agreement);
2. a discount of approximately 15.2% to the closing price of HK\$2.63 per H Share as quoted on the Hong Kong Stock Exchange on June 9, 2023 (being the Price Determination Date);
3. a discount of approximately 14.4% to the average closing price of HK\$2.61 per H Share as quoted on the Hong Kong Stock Exchange for the 5 consecutive trading days up to and including June 9, 2023 (being the Price Determination Date);

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## LETTER FROM THE BOARD

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4. a discount of approximately 14.7% to the average closing price of HK\$2.62 per H Share as quoted on the Hong Kong Stock Exchange for the 10 consecutive trading days up to and including June 9, 2023 (being the Price Determination Date);
5. a discount of approximately 16.4% to the average closing price of HK\$2.67 per H Share as quoted on the Hong Kong Stock Exchange for the 20 consecutive trading days up to and including June 9, 2023 (being the Price Determination Date);
6. a discount of approximately 12.1% to the theoretical ex-rights price of HK\$2.54 per H Share based on the closing price of HK\$2.63 per H Share as quoted on the Hong Kong Stock Exchange on June 9, 2023 (being the Price Determination Date); and
7. Assuming A Rights Shares are 100% subscribed, a theoretical dilution effect (as defined under Rule 7.27B of the Hong Kong Listing Rules) represented by:
  - (i) a discount of approximately 6.3% to all the existing Shareholders, which is calculated based on the weighted theoretical diluted price of approximately HK\$2.87 per Rights Share to the weighted benchmarked price of approximately HK\$3.06 per Rights Share;
  - (ii) a discount of approximately 3.5% to all the existing H Shareholders, which is calculated based on the theoretical diluted price of approximately HK\$2.54 per H Rights Share to the benchmarked price of approximately HK\$2.63 per H Rights Share; and
  - (iii) a discount of approximately 6.9% to all the existing A Shareholders, which is calculated based on the theoretical diluted price of approximately HK\$2.96 per A Rights Share to the benchmarked price of approximately HK\$3.18 per A Rights Share.

All of the abovementioned theoretical diluted price and benchmarked price, as defined under Rule 7.27B of the Hong Kong Listing Rules, have taken into account the closing price of the H Shares and/or A Shares on the date of the Underwriting Agreement and the average of the closing prices of the H Shares and/or A Shares as quoted on the Hong Kong Stock Exchange and/or SSE for the last five (5) consecutive trading days up to and including the Price Determination Date. Accordingly, the Rights Issue will not result in a theoretical dilution effect of 25% or more under Rule 7.27B of the Hong Kong Listing Rules.

The Subscription Price of HK\$2.23 per H Rights Share was determined by the Bank with reference to valuation indicators including the stock prices, P/E ratios and P/B ratios of the Bank in the secondary market, taking into account factors such as the development of the Bank and the interests of the Shareholders, the core tier-one capital needs of the Bank for the next three years and following the principles negotiated and determined between the Bank and the

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## LETTER FROM THE BOARD

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Underwriter. A market discount method with a discount of approximately 15% was adopted in determining the Subscription Price, with reference to (i) the last closing price of the H Shares before pricing; (ii) discount ranges of similar transactions of the PRC financial institutions; and (iii) market conditions.

The net price per H Rights Share (i.e. the Subscription Price less estimated cost and expense incurred in the H Share Rights Issue) upon full acceptance of the relevant provisional allotment of the H Rights Shares will be approximately HK\$2.21 (assuming the number of H Shares in issue on the H Share Rights Issue Record Date remains the same as at the Latest Practicable Date).

After taking into account the reasons for the Rights Issue as stated in the paragraph headed “Reasons for the Rights Issue and Use of Proceeds” below, the Directors (including the independent non-executive Directors) consider that the terms of the H Share Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Bank and the H Shareholders as a whole.

### **Status of the H Rights Shares**

The H Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the H Shares then in issue. Holders of fully-paid H Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment and issue of the H Rights Shares.

### **H Share Rights Issue Fractional Entitlements**

The Bank will neither provisionally allot fractional entitlements to H Rights Shares nor accept any application for fractional entitlements to H Rights Shares. Qualified H Shareholders’ entitlements will be rounded down to the nearest whole number. Nil-paid H Rights representing the aggregate of all the fractional entitlements to H Rights Shares (rounded down to the nearest whole number) will be provisionally allotted to a nominee appointed by the Bank and, if a premium (net of expenses) can reasonably be obtained, will be sold by the Bank or its appointed nominee in the market in their nil-paid form after dealing in the Nil-paid H Rights commences and the net proceeds of sale will be retained by the Bank for its own benefit. Any unsold fractions of H Rights Shares will be available for excess application by Qualified H Shareholders. No odd lot matching services will be provided for the H Share Rights Issue by the Bank.

### **Application for Excess H Rights Shares**

Qualified H Shareholders (other than the PRC Southbound Trading Investors) may apply, by way of excess application, for: (i) any H Rights Shares to which unsold entitlements of the Excluded H Shareholders relate; (ii) any unsold fractional entitlements to the H Rights Shares; and (iii) any H Rights Shares provisionally allotted to but not accepted by the Qualified H Shareholders or otherwise not subscribed for by transferees of Nil-paid H Rights.

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## LETTER FROM THE BOARD

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### *Action to be taken by Qualified H Shareholders who wish to apply for excess H Rights Shares*

#### *Excess H Rights Shares application procedures*

Application for excess H Rights Shares shall be made only by Qualified H Shareholders (other than PRC Southbound Trading Investors) by completing and signing an Excess Application Form in accordance with the instructions printed thereon and lodging the same with a separate remittance for the amount payable on application in respect of the excess H Rights Shares being applied for with the H Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:00 p.m. on Wednesday, July 19, 2023.

All remittances must be made in Hong Kong dollars and by cheque or cashier's order. Cheques must be drawn on an account with, and cashier's order must be issued by, a licensed bank in Hong Kong and made payable to **"China Zheshang Bank Co Ltd – Excess Application Account"** and crossed **"Account Payee Only"**.

The Board will allocate the excess H Rights Shares (if any) at its sole and absolute discretion on a fair and equitable basis, and no preference will be given to applications for topping up odd-lot holdings to whole-lot holdings. All excess H Rights Shares will be allocated to Qualified H Shareholders (other than the PRC Southbound Trading Investors) who have applied for excess H Rights Shares on a pro-rata basis with reference to their number of excess H Rights Shares applied for.

If the aggregate number of H Rights Shares not taken up by the Qualified H Shareholders under the Provisional Allotment Letter(s) is greater than the aggregate number of excess H Rights Shares applied for through the Excess Application Form(s), the Directors will allocate excess H Rights Shares to each Qualified H Shareholder who applies for excess H Rights Shares in full. No preference will be given to topping up odd lots to whole board lots. There is no guarantee that Qualified H Shareholders with odd lots of H Rights Shares will be topped up to whole board lots pursuant to their applications for excess H Rights Shares.

If no excess H Rights Shares are allotted and issued to a Qualified H Shareholder, the amount tendered on application is expected to be refunded to that Qualified H Shareholder in full without any interest by means of cheque(s) despatched by ordinary post to the applicant's registered address and at the risk of such Qualified H Shareholder on or about Thursday, July 27, 2023. If the number of excess H Rights Shares allotted and issued to a Qualified H Shareholder is less than the number applied for, the surplus application monies are also expected to be refunded to such Qualified H Shareholder without any interest by means of cheque(s) despatched by ordinary post to such Qualified H Shareholder's registered address and at the risk of such Qualified H Shareholder on or about Thursday, July 27, 2023.

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## LETTER FROM THE BOARD

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If the Sole Global Coordinator exercises the right to terminate the Underwriting Agreement in accordance with the terms thereof or if the conditions precedent under the Underwriting Agreement are not fulfilled before the Latest Time for Termination and the H Share Rights Issue does not proceed, the monies received in respect of relevant applications for excess H Rights Shares will be returned to the relevant persons without interest, by means of cheque(s) to be despatched by ordinary post to such persons' registered addresses at the risk of such persons on or about Thursday, July 27, 2023.

The Excess Application Form is for use only by the person(s) to whom it is addressed and is not transferable. All enquiries in connection with the Excess Application Form should be addressed to the H Share Registrar.

H Shareholders whose H Shares are held by a nominee company (including HKSCC Nominees) should note that for the purpose of the H Share Rights Issue, the Board will regard the nominee company (including HKSCC Nominees) as a single Shareholder according to the H-share register. Accordingly, the H Shareholders should note that the aforesaid arrangement in relation to the allocation of excess H Rights Shares will not be extended to Beneficial H Shareholder(s) individually. H Shareholders whose H Shares are held by a nominee company (including HKSCC Nominees) are advised to consider whether they would like to arrange for the registration of the relevant H Shares in the name of the Beneficial H Shareholder(s) prior to the H Share Rights Issue Record Date.

If the Sole Global Coordinator exercises the right to terminate the Underwriting Agreement in accordance with the terms thereof or if the conditions precedent under the Underwriting Agreement are not fulfilled before the Latest Time for Termination and the H Share Rights Issue does not proceed, the monies received in respect of relevant applications for excess H Rights Shares will be returned to the relevant persons without interest, by means of cheque(s) to be despatched by ordinary post to the registered addresses at the risk of such persons on or about Thursday, July 27, 2023.

All cheques or cashier's orders will be presented for payments immediately following receipt and all interest earned on such monies will be retained for the benefit of the Bank. Any Excess Application Form in respect of which the cheque or cashier's order is dishonored on first presentation is liable to be rejected. No receipt will be issued in respect of any application monies received. An applicant must pay the exact amount payable upon application for the H Rights Shares, and any underpaid application will be rejected. In the event of an overpaid application, a refund cheque will be made out to the applicant only if the overpaid amount is HK\$100 or above. The Excess Application Form is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or cashier's orders for amounts due, will be sent at the risk of the persons entitled thereto to their registered addresses by the H Share Registrar. The Bank may, at its sole discretion, treat an Excess Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions. The Bank may require such incomplete Excess Application Form to be completed by the relevant applicants at a later stage.

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## LETTER FROM THE BOARD

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*Important notice and representations and warranties relating to the Qualified H Shareholders in any of the Specified Territories*

What is set out under the heading “Important notice and representations and warranties relating to the Qualified H Shareholders in any of the Specified Territories” above in the paragraph headed “Procedure for acceptance or transfer” also applies to applications for excess H Rights Shares, with appropriate changes to reflect that the context is an application for excess H Rights Shares.

***Action to be taken by Beneficial H Shareholders holding interests in H Shares which are held by a registered H Shareholder (other than H Shares deposited in CCASS) who wish to apply for excess H Rights Shares***

*Excess H Rights Shares application procedures*

If you are a Beneficial H Shareholder whose H Shares are registered in the name of a registered H Shareholder and you wish to apply for excess H Rights Shares, you should contact the registered H Shareholder and provide the registered H Shareholder with instructions or make arrangements with the registered H Shareholder in relation to such application. Such instructions and/or arrangements should be given or made in advance of the latest time for application and payment for excess H Rights Shares in the section headed “Expected Timetable” in this prospectus and otherwise in accordance with the requirements of the registered H Shareholder, in order to allow the registered H Shareholder sufficient time to ensure that your instructions are given effect.

*Important notice and representations and warranties relating to the Beneficial H Shareholders in any of the Specified Territories whose H Share are held by a registered H Share (other than CCASS)*

What is set out under the heading “Important notice and representations and warranties relating to the Beneficial H Shareholders in any of the Specified Territories whose H Share are held by a registered H Share (other than CCASS)” above in the paragraph headed “Procedure for acceptance or transfer” also applies to applications for excess H Rights Shares, with appropriate changes to reflect that the context is an application for excess H Rights Shares.

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## LETTER FROM THE BOARD

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### ***Action to be taken by Beneficial H Shareholders holding interests in H Shares through CCASS who wish to apply for excess H Rights Shares***

#### ***Excess H Rights Shares application procedures***

If you are a Beneficial H Shareholder whose H Shares are deposited in CCASS and registered in the name of HKSCC Nominees, and you wish to apply for excess H Rights Shares, you should (unless you are a CCASS Investor Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the application for excess H Rights Shares. Such instructions and/or arrangements should be given or made in advance of the latest time for application and payment for excess H Rights Shares in the section headed “Expected Timetable” in this prospectus and otherwise in accordance with the requirements of your Intermediary, in order to allow your Intermediary sufficient time to ensure that your instructions are given effect. The procedures for application for excess H Rights Shares by Beneficial H Shareholders who are CCASS Participants shall be in accordance with the General Rules of CCASS, the CCASS Operational Procedures and any other requirements of CCASS. Beneficial H Shareholders who are CCASS Investor Participants should contact CCASS to provide CCASS with instructions or make arrangements with CCASS in relation to any applications for excess H Rights Shares. The procedure for acceptance, transfer and/or “splitting” of H Rights Shares provisionally allotted to Beneficial H Shareholders who have been admitted to participate in CCASS as CCASS Investor Participants shall be in accordance with “Operating Guide for Investor Participants” in effect from time to time and any other requirements of CCASS.

#### ***Important notice and representations and warranties relating to the Beneficial H Shareholders in any of the Specified Territories holding interests in H Shares through CCASS***

What is set out under the heading “Important notice and representations and warranties relating to the Beneficial H Shareholders in any of the Specified Territories holding interests in H Shares through CCASS” above in the paragraph headed “Procedure for acceptance or transfer” also applies to applications for excess H Rights Shares, with appropriate changes to reflect that the context is an application for excess H Rights Shares.

### **Conditions of the H Share Rights Issue**

The H Share Rights Issue will be conditional upon the fulfilment of the following matters:

1. the approval of the Rights Issue by the Shareholders at the EGM;
2. the approval of the Rights Issue at the H Share Class Meeting by H Shareholders and the A Share Class Meeting by A Shareholders, respectively;

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## LETTER FROM THE BOARD

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3. the approval of the Rights Issue by the CSRC and other relevant regulatory authorities;
4. the Listing Committee of the Hong Kong Stock Exchange agreeing to grant the listing of, and permission to deal in, the H Rights Shares in their nil-paid and fully-paid forms on the Hong Kong Stock Exchange, either unconditionally or subject to such conditions which the Bank accepts and the satisfaction of such conditions (if any) by no later than the date of the delivery of this prospectus; and
5. the delivery to the Hong Kong Stock Exchange and filing and registration of all documents in relation to the H Share Rights Issue as required by laws to be filed and registered with the Registrar of Companies in Hong Kong.

None of the above conditions for completion of the H Share Rights Issue may be waived by the Bank. As at the date of the Latest Practicable Date, the conditions under 1 to 3 above have been fulfilled. In connection with condition 3, the Bank has also received the written approval for the Rights Issue from CBIRC, i.e. the Approval on the Proposal for Rights Issue of Zheshang Bank from CBIRC (Yin Bao Jian Fu [2022] No. 163) (《中國銀保監會關於浙商銀行配股方案的批覆》(銀保監覆[2022]163號)) dated March 10, 2022. **If any of the above conditions is not fulfilled, the H Share Rights Issue will not proceed.**

Furthermore, it should be noted that the H Share Rights Issue will proceed on a fully-underwritten basis in accordance with Rule 7.19(1)(a) of the Hong Kong Listing Rules. Please refer to the paragraph headed “H Share Rights Issue Underwriting Arrangement” below for details of the underwriting arrangement. The H Share Rights Issue and the A Share Rights Issue are inter-conditional upon each other. Pursuant to the Underwriting Agreement, the underwriting obligations of the Underwriter under the Underwriting Agreement are conditional upon, among other things, the A Share Rights Issue having become unconditional, including but not limited to, at least 70% of the A Rights Shares having been validly subscribed for at or prior to the date of this prospectus. With reference to the announcement of the Bank dated June 26, 2023, the subscription level of the A Share Rights Issue is 96.32%. **In the event that the Underwriting Agreement does not become unconditional or if it is terminated in accordance with the terms thereof, the H Share Rights Issue may not proceed.**

### H Shareholders’ Undertakings

Zhejiang Seaport (Hong Kong) Co., Limited, which directly held 925,700,000 H Shares, representing approximately 4.35% of the total issued share capital of the Bank as at the Latest Practicable Date, has irrevocably undertaken to subscribe in cash for all the offered H Rights Shares which will be allotted to it in proportion to its shareholding in the Bank as of the H Share Record Date based on the Subscription Price and according to the relevant procedures and requirements as prescribed in this prospectus.

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## LETTER FROM THE BOARD

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Zhejiang Provincial Seaport Investment & Operation Group Co., Ltd., which directly held 135,300,000 H Shares, representing approximately 0.64% of the total issued share capital of the Bank as at the date of the Latest Practicable Date, has irrevocably undertaken to subscribe in cash for all the offered H Rights Shares which will be allotted to it in proportion to its shareholding in the Bank as of the H Share Record Date based on the Subscription Price and according to the relevant procedures and requirements as prescribed in this prospectus.

### **Application for Listing/Dealing Arrangements**

Application has been made by the Bank to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the H Rights Shares, in both nil-paid and fully-paid forms. Dealings in the nil-paid and fully-paid H Rights Shares will be subject to the payment of Hong Kong stamp duty, Hong Kong Stock Exchange trading fee, Securities and Futures Commission transaction levy, the Accounting and Financial Reporting Council of Hong Kong transaction levy and any other applicable fees and charges in Hong Kong. The board lot size of Nil-paid H Rights and H Rights Shares is 1,000 Nil-paid H Rights and 1,000 H Rights Shares, respectively.

### **H Rights Shares will be Eligible for Admission into CCASS**

Subject to the granting of listing of, and permission to deal in, the H Rights Shares in both their nil-paid and fully-paid forms on the Hong Kong Stock Exchange, and subject to compliance with the stock admission requirements of HKSCC, the H Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the H Rights Shares in both their nil-paid and fully-paid forms on the Hong Kong Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. H Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

### **Registration of subscription, purchase and transfer of H Rights Shares**

Each acquirer of the H Rights Shares agrees with the Bank and each of the Shareholders, and the Bank agrees with each of the Shareholders, to observe and comply with the PRC Company Law, the Companies Ordinance, the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies and the Articles of Association.

Each acquirer of the H Rights Shares agrees with the Bank, each of the Shareholders, Directors, Supervisors, managers and officers, and the Bank (acting for itself and for each of its Directors, Supervisors, managers and officers) agrees with each of the Shareholders, to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative

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## LETTER FROM THE BOARD

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regulations concerning its affairs to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award. Such arbitration shall be final and conclusive.

Each acquirer of the H Rights Shares agrees with the Bank and each of the Shareholders that the H Rights Shares are freely transferable by the holders thereof. Each acquirer of the H Rights Shares authorizes the Bank to enter into a contract on his/her/its behalf with each of the Bank's Directors and officers whereby such Directors and officers undertake to observe and comply with their obligations to the Shareholders as stipulated in the Articles of Association.

### **H Share Rights Issue to Proceed on a Fully-Underwritten basis**

The H Share Rights Issue will proceed on a fully-underwritten basis in accordance with Rule 7.19(1)(a) of the Hong Kong Listing Rules. Details of the underwriting arrangement in relation to the H Share Rights Issue are set out below:

### **H Share Rights Issue Underwriting Arrangement**

#### ***The Underwriting Agreement***

Date:	June 11, 2023
Sole Global Coordinator:	CLSA Limited
Underwriter:	CLSA Limited

The Underwriter is licensed or registered under the SFO for Type 1 regulated activity and their ordinary course of business includes underwriting of securities. To the best of the Directors' knowledge and information and having made all reasonable enquiries, as at the Latest Practicable Date, the above Underwriter and its ultimate beneficial owner(s) are third parties independent of the Bank and connected persons (as defined in the Hong Kong Listing Rules) of the Bank.

Total number of underwritten H Rights Shares:	1,366,200,000 shares
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Underwriting Fee:	1.0% of a sum which is equal to the Subscription Price multiplied by the total number of 1,366,200,000 H Rights Shares
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## LETTER FROM THE BOARD

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The terms of the Underwriting Agreement (including the commission rate) were determined after arm's length negotiations between the Bank and the Underwriter with reference to the existing financial position of the Group, the relatively large size of the Rights Issue compared with similar transactions, the current and expected market condition, the market price of the Shares, the prevailing market rate of similar transactions and the number of H Rights Shares the H Share Committed Shareholders have irrevocably undertaken to subscribe for. The Board (including the independent non-executive Directors) considers that the terms of the Underwriting Agreement (including the commission rate) are fair and reasonable and in the interests of the Bank and the Shareholders as a whole. None of the Directors has a material interest in the transaction contemplated under the Underwriting Agreement.

### *Conditions of the Underwriting Agreement*

The underwriting obligations of the Underwriter under the Underwriting Agreement are conditional upon:

- (i) all the respective representations and warranties and other statements referred to in the Underwriting Agreement on the part of the Bank being true, accurate and not misleading at and as of the date of the Underwriting Agreement, the date of the H Share Rights Issue Prospectus and the date of any supplementary rights issue prospectus (if applicable), as of the time of sale, as at the Latest Time for Termination and at the time of delivery, as if they had been repeated by reference to the facts and circumstances then existing;
- (ii) the H Rights Shares being duly issued and provisionally allotted by the authorized representatives of the Board on the terms set out in the Prospectus Documents to the Qualified H Shareholders;
- (iii) the Sole Global Coordinator and the Underwriter having received from the Bank certain documents and, if applicable, certain documents in relation to supplementary rights issue prospectus as specified in the Underwriting Agreement in accordance with the timing set out therein;
- (iv) the approvals of the Rights Issue granted by the CBIRC, the CSRC and other relevant PRC authorities (if any) being valid and not having been withdrawn, amended or revoked;
- (v) the approvals of the Rights Issue granted by the Shareholders at (i) the 2021 Third EGM, the 2021 First A Share Class Meeting and the 2021 First H Share Class Meeting held on 23 November 2021 and (ii) the 2022 Second EGM, the 2022 First A Share Class Meeting and the 2022 First H Share Class Meeting held on 21 November 2022 being valid and not having been withdrawn or revoked;

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## LETTER FROM THE BOARD

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- (vi) the Hong Kong Stock Exchange issuing a certificate authorizing the registration of the Prospectus Documents with the Registrar of Companies under section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance on or before the date of this prospectus;
- (vii) duly certified copy of the Prospectus Documents (and all other required documents) having been lodged with the Registrar of Companies, and the Registrar of Companies having duly registered the Prospectus Documents pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance on or before the date of this prospectus;
- (viii) the grant of listing of and permission to deal in the Nil-paid H Rights and the H Rights Shares by the Hong Kong Stock Exchange and dealings in the Nil-paid H Rights and the H Rights Shares being allowed by the Hong Kong Stock Exchange (and such listing and permission not subsequently being withdrawn or revoked);
- (ix) posting of the Prospectus Documents to the Qualified H Shareholders on or before Monday, July 3, 2023 (or such later time and/or date as the Bank and the Sole Global Coordinator may agree in writing) and the posting, to the extent reasonably practicable and legally permitted, of this prospectus for information purposes only to the Excluded H Shareholders; provided that this prospectus shall not be posted to Excluded H Shareholders who are known by the Bank to be resident in the jurisdictions which restrict the posting of the Prospectus Documents, including but not limited to the United States, if any;
- (x) the compliance with and performance by the H Share Committed Shareholders with all of obligations and undertakings under the Irrevocable Undertakings by the times specified therein;
- (xi) the A Share Rights Issue having become unconditional, including but not limited to, at least 70% of the A Rights Shares having been validly subscribed for at or prior to the date of this prospectus;
- (xii) the compliance with and performance by the Bank of all of its undertakings and obligations under the Underwriting Agreement and the Prospectus Documents in all material respects;
- (xiii) the execution and delivery of the sub-underwriting agreement between the Underwriter and CMB International Capital Limited (the “**Sub-Underwriter**”) in connection with the sub-undertaking by the Sub-Underwriter and such agreement not subsequently having been terminated, the obligations of the Sub-underwriter under the sub-underwriting agreement having become unconditional in accordance with its terms, save for the condition therein relating to the obligations of the Underwriter under the Underwriting

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## LETTER FROM THE BOARD

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Agreement (and any condition for the Underwriting Agreement to become unconditional), and the sub-underwriting agreement not having been terminated in accordance with its terms or otherwise, prior to the Latest Time for Termination;

- (xiv) the consummation of the H Share Rights Issue and the performance of obligations of the Sole Global Coordinator and/or the Underwriter under the Underwriting Agreement not being prohibited by any statute, order, rule, regulation or directive issued by any legislative, executive or regulatory body or authority;
- (xv) no stop order or similar order having been issued by any court or other judicial, governmental or regulatory authority in relation to the H Share Rights Issue nor the sale and subscription and/or purchase of the H Rights Shares (in their nil-paid and fully-paid forms, respectively); and
- (xvi) no matter having arisen prior to the Latest Time for Termination which might reasonably be expected to give rise to a claim under “Termination of the Underwriting Agreement” and which, in any such case, the Sole Global Coordinator considers in its absolute discretion, as applicable, to be material in the context of the H Share Rights Issue or the underwriting of the H Share Rights Issue.

The Sole Global Coordinator may at any time in writing waive any of the conditions specified above (except the conditions specified in (ii), (iv) to (ix), (xi), (xiv) and (xv)) or extend time or date for fulfilment of any of the above conditions (in which case a reference in the Underwriting Agreement to the satisfaction of such condition shall be to its fulfilment by the time or date as so extended) and such waiver or extension may be made subject to such terms and conditions as are determined by the Sole Global Coordinator. As of the Latest Practicable Date, the conditions specified in (iv), (v) and (xi) above have been fulfilled.

As to the condition specified in (xiii) above, the Underwriter confirmed to the Bank that as at the Latest Practicable Date, it has entered into the sub-underwriting agreement with the Sub-Underwriter in respect of the Underwriter's obligations under the Underwriting Agreement. The Sub-Underwriter is licensed or registered under the Securities and Futures Ordinance for Type 1 regulated activity and their ordinary course of business includes underwriting of securities. To the best of the Directors' knowledge and information and having made all reasonable enquiries, the Sub-Underwriter and its ultimate beneficial owners are third parties independent of the Bank and connected persons (as defined in the Hong Kong Listing Rules) of the Bank.

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## LETTER FROM THE BOARD

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### *Termination of the Underwriting Agreement*

If at any time prior to the Latest Time for Termination:

- (i) any matter or circumstance arises as a result of which any of the conditions set out in “Conditions of the Underwriting Agreement” has become incapable of satisfaction as at the required time (unless otherwise waived or modified by the Sole Global Coordinator);
- (ii) there shall have developed, occurred, happened or come into effect any change, or any development involving a prospective change, or any event or circumstance likely to result in a material adverse change or a development involving a prospective material adverse change, in or affecting the assets, liabilities, business, operations, general affairs, management, prospects, Shareholders’ equity, profits, losses, results of operations, position or condition, financial, trading position or otherwise, or performance of the Bank and the other members of the Group, taken as a whole; or
- (iii) any breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Sole Global Coordinator or the Underwriter, or there has been a breach on the part of the Bank of any other provision of the Underwriting Agreement or the Sole Global Coordinator has cause to believe that any such breach has occurred; or
- (iv) there shall have developed, occurred, happened or come into effect any of the following: (A) a suspension or material limitation (including, without limitation, any minimum or maximum price limit or range) in or on trading in securities generally on the Hong Kong Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shenzhen Stock Exchange or the Shanghai Stock Exchange; (B) a suspension or material limitation (including, without limitation, any minimum or maximum price limit or range) in or on trading in any securities of the Bank listed or quoted on a stock exchange; (C) any downgrading or any notice or announcement of any intended or potential downgrading or of any watch, review or possible change that does not indicate an affirmation or improvement in the rating accorded any securities of or guaranteed by the Bank or any other member of the Group by any national or international rating agency; (D) a general moratorium on commercial banking activities declared by relevant authorities in Hong Kong, the PRC, the United States, the U.K. or the European Union (or any member thereof) (each a “**Relevant Jurisdiction**”) or a disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any Relevant Jurisdiction; (E) any change, or any development involving a prospective change, or any event or circumstance likely to result in a change or a development involving a prospective change, in or affecting any taxation,

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## LETTER FROM THE BOARD

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exchange controls or currency exchange rates in any Relevant Jurisdiction; (F) any new laws or any change, or any development involving a prospective change, or any event or circumstance likely to result in a change or a development involving a prospective change, in or affecting existing laws or the interpretation or application of existing laws by any court or other competent Authority in any Relevant Jurisdiction; (G) any event or circumstance in the nature of force majeure, including, without limitation, any act of government, economic sanctions, strike or lock-out (whether or not covered by insurance), riot, fire, explosion, flooding, earthquake, civil commotion, act or declaration of war, outbreak or escalation of hostilities (whether or not war is or has been declared), act of terrorism (whether or not responsibility has been claimed), act of God, pandemic, epidemic, outbreak of infectious disease, declaration of a state of emergency or calamity or crisis, in each case, involving or affecting any Relevant Jurisdiction; or (H) any change or development or any event or series of events involving a prospective change or any event or series of events or circumstance likely to result in a change or a development involving a prospective change (whether or not permanent) in any local, national or international financial, political, economic, legal, military, industrial, fiscal, regulatory, currency or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets and credit markets) in or affecting any Relevant Jurisdiction; or

- (v) any statement contained in any of the Offer Documents (or any supplement or amendment thereto) was or has become untrue or incorrect in any material respect or misleading; or
- (vi) any matter has arisen or been discovered which would, if the Offer Documents (or any supplement or amendment thereto) had been issued at that time, constitute a material omission therefrom if it had not been disclosed in the Offer Documents (or any supplement or amendment thereto); or
- (vii) the Bank is required to issue a supplementary prospectus in connection with the H Share Rights Issue; or
- (viii) the permission to deal in and the listing of the H Rights Shares (in their nil-paid and fully-paid forms) has been withdrawn by the Hong Kong Stock Exchange; or
- (ix) an authority or a political body or organization in any Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of the Group; or

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## LETTER FROM THE BOARD

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- (x) any change or prospective change in the condition, results of operations, prospects, management, business, Shareholders' equity or in the financial or trading position of any member of the Group; or
- (xi) any Director of the Bank committing any act of fraud or other indictable offense,

which, individually or in the aggregate, and in the sole and absolute opinion of the Sole Global Coordinator:

- (a) is or will be, or is likely to be, materially adverse to the general affairs, management, business, financial, trading or other condition or prospects of the Group;
- (b) has or will have or is likely to have a material adverse impact on the success of the Rights Issue or dealings in the H Rights Shares in the secondary market; or
- (c) makes it impracticable, inadvisable or inexpedient to proceed with the H Shares Rights Issue on the terms and in the manner contemplated in the Prospectus Documents,

then and in any such case, the Sole Global Coordinator may terminate the Underwriting Agreement with immediate effect without liability in writing, provided that such notice is received at or prior to the Latest Time for Termination.

If prior to the Latest Time for Termination, any notice is given by the Sole Global Coordinator in accordance with above conditions, the obligations of all parties under the Underwriting Agreement shall terminate forthwith (save in respect of certain rights and obligations under the Underwriting Agreement) and no party will have any claim against any other for costs, damages, compensation or otherwise, provided that such termination shall be without prejudice to the rights of the parties thereto in respect of any breach of the Underwriting Agreement occurring prior to such termination.

### *Lock-up Undertakings*

Pursuant to the Underwriting Agreement, the Bank undertakes to the Sole Global Coordinator and the Underwriter that, unless with the prior written consent of the Sole Global Coordinator (such consent not to be unreasonably withheld or delayed), for the period from the date of the Underwriting Agreement and ending on the date which is 90 days after the first day of trading of the H Rights Shares on the Hong Kong Stock Exchange, it shall not (except in relation to the Nil-paid H Rights, the H Rights Shares, the A Rights Shares and the Rights Issue as a whole):

- (a) allot or issue or sell, or offer to allot or issue or sell, accept subscription for, pledge, lend, mortgage, assign, charge, purchase any option or contract to sell, or grant any option, right or warrant to subscribe for or purchase or lend or

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## LETTER FROM THE BOARD

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otherwise dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or other equity securities of the Bank or any interests therein (including but not limited to any securities convertible into or exercisable or exchangeable for any Shares or which carry rights to subscribe for or purchase or receive Shares), or deposit Shares with a depositary in connection with the issue of depositary receipts;

- (b) enter into a transaction (including, without limitation, a swap or other derivative transaction) that transfers, in whole or in part, any of the economic consequences of ownership of any Shares or such equity securities of the Bank or any interest therein or has an effect on the market in the Shares similar to that of a sale of interest in Shares or repurchase of any Shares;
- (c) enter into any transaction with the same economic effect as any transaction described in (a) or (b) above;
- (d) offer or agree or contract or announce any intention to enter into or effect any such transaction described in (a), (b) or (c) above whether any of the foregoing transactions described in (a), (b) or (c) above is to be settled by delivery of Shares or such other securities, in cash or otherwise,

provided that the above restrictions (a) shall not apply to any issuance of stock dividends, and (b) shall cease to apply if the Underwriting Agreement (i) does not become unconditional and is terminated; or (ii) is terminated by the Sole Global Coordinator pursuant to the termination events set out in “Termination of the Underwriting Agreement”.

### **Warning of the Risks of Dealing in the H Shares and Nil-paid H Rights**

Existing H Shares have been dealt in on an ex-rights basis from Monday, June 26, 2023. Dealings in the Nil-paid H Rights are expected to take place from Friday, July 7, 2023 to Friday, July 14, 2023 (both days inclusive). **If the conditions of the H Share Rights Issue (please see the paragraph headed “Conditions of the H Share Rights Issue” above) are not fulfilled, the H Share Rights Issue will not proceed.**

**Furthermore, in the event that the Underwriting Agreement does not become unconditional or if it is terminated in accordance with the terms thereof, the H Share Rights Issue may not proceed.**

**Any dealing in the H Shares or the Nil-paid H Rights is at the investor’s own risk. If in any doubt, investors are recommended to consult their professional advisers.**

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## LETTER FROM THE BOARD

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### **Despatch of H Share Certificates and Refund Cheques**

Subject to fulfilment of the conditions of the H Share Rights Issue, it is expected that the certificates for the H Rights Shares will be despatched by ordinary post to the Shareholders entitled to receive share certificates, at their own risk, to their registered addresses by the H Share Registrar on or about Thursday, July 27, 2023. If the Underwriting Agreement is terminated or not becoming unconditional, refund cheques are expected to be despatched by ordinary post to the relevant Shareholders, at their own risk, to their registered addresses by the H Share Registrar on or about Thursday, July 27, 2023. Refund cheques in respect of wholly or partially unsuccessful applications for excess H Rights Shares (if any) are expected to be despatched by ordinary post to the applicants, at their own risk, to their registered addresses by the H Share Registrar on or about Thursday, July 27, 2023.

### **Taxation**

Qualified H Shareholders are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holding, disposing of or dealing in the H Rights Shares (in their nil-paid and/or fully-paid forms) and, as regards the Excluded H Shareholders, their receipt of the net proceeds of the Nil-paid H Rights otherwise falling to be issued to them under the H Share Rights Issue. It is emphasized that neither the Bank, the Directors nor any other party involved in the H Share Rights Issue accept responsibility for any tax effects or liabilities of holders of the H Rights Shares resulting from the purchase, holding, disposal of, or dealing in the H Rights Shares (in their nil-paid and/or fully-paid forms).

### **A SHARE RIGHTS ISSUE**

The A Share Rights Issue is conducted on the basis of three (3) A Rights Shares for every ten (10) existing A Shares held by Qualified A Shareholders on the A Share Rights Issue Record Date at the Subscription Price of RMB2.02 per A Rights Share. Details of the A Share Rights Issue are as follows:

#### **A Share Rights Issue statistics**

Basis of A Share Rights Issue:	Three (3) A Rights Shares for every ten (10) existing A Shares held by the Qualified A Shareholders on the A Share Rights Issue Record Date
Number of A Shares in issue as at the Latest Practicable Date:	16,714,696,778 A Shares
Number of A Rights Shares proposed to be issued:	5,014,409,033 A Shares

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Subscription Price:	RMB2.02 per A Rights Share
Sponsor:	CITIC Securities Co., Ltd.
Joint Lead Underwriters:	CITIC Securities Co., Ltd., China International Capital Corporation Limited, CSC Financial Co., Ltd., Huatai United Securities Company Limited, Shenwan Hongyuan Financing Services Co., Ltd., Guotai Junan Securities Co., Ltd., China Industrial Securities Co., Ltd. and Caitong Securities Co., Ltd.

### **Basis of Entitlement**

Subject to fulfilment of the conditions set out below in the paragraph headed “Conditions of the A Share Rights Issue”, Qualified A Shareholders will be provisionally allotted three (3) A Rights Shares for every ten (10) existing A Shares held by Qualified A Shareholders on the A Share Rights Issue Record Date at the Subscription Price, being RMB2.02, for each A Rights Share payable in full on acceptance.

### **Qualified A Shareholders**

To qualify for the A Share Rights Issue, an A Shareholder must be registered on the register of the Bank at the CSDCC Shanghai branch on the A Share Rights Issue Record Date.

### **Subscription Price for the A Rights Shares**

The Subscription Price of RMB2.02 per A Rights Share is payable in full when a Qualified A Shareholder accepts the relevant provisional allotment of A Rights Shares.

The Subscription Price of RMB2.02 per A Rights Share, equivalent with the Subscription Price of HK\$2.23 per H Rights Share with an exchange rate of HK\$1 to RMB0.90678, represents a discount of approximately 29.9% to the closing price of RMB2.88 per A Share as quoted on the Shanghai Stock Exchange on June 9, 2023 (being the Price Determination Date).

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## LETTER FROM THE BOARD

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### A Share Rights Issue Timetable

Publication of A Share Rights Issue Prospectus . . . . .	Monday, June 12, 2023
On-line Roadshow . . . . .	Tuesday, June 13, 2023
A Share Rights Issue Record Date . . . . .	Wednesday, June 14, 2023
Commencement of the A Share Rights Issue and first day for acceptance of and payment for the A Rights Shares . . . . .	Thursday, June 15, 2023
Suspension of trading in the A Shares . . . . .	Thursday, June 15, 2023 to Wednesday, June 21, 2023 (both days inclusive)
Close of the A Share Rights Issue and last day for payment for the A Rights Shares . . . . .	Wednesday, June 21, 2023
Verification of payment for subscription for the A Rights Shares . . . . .	Monday, June 26, 2023
Announcement of results of the A Share Rights Issue and resumption of trading in the A Shares. . . . .	Tuesday, June 27, 2023

### Conditions of the A Share Rights Issue

It is expected that the A Share Rights Issue will be conditional upon the fulfilment of the following matters:

1. the approval of the Rights Issue by the Shareholders at the EGM;
2. the approval of the Rights Issue at the A Share Class Meeting by A Shareholders and the H Share Class Meeting by H Shareholders, respectively;
3. the approval of the Rights Issue by the CSRC and other relevant regulatory authorities; and
4. the subscription of the A Rights Shares by the A Shareholders being at least 70% of the A Share Rights Issue.

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## LETTER FROM THE BOARD

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None of the above conditions for completion of the A Share Rights Issue may be waived by the Bank. As at the Latest Practicable Date, all the conditions above have been fulfilled. In connection with condition 3, the Bank has also received the written approval for the Rights Issue from CBIRC, i.e. the Approval on the Proposal for Rights Issue of Zheshang Bank from CBIRC (Yin Bao Jian Fu [2022] No. 163) (《中國銀保監會關於浙商銀行配股方案的批覆》(銀保監覆[2022]163號)) dated March 10, 2022.

The H Share Rights Issue and the A Share Rights Issue are inter-conditional upon each other. Pursuant to the Underwriting Agreement, the underwriting obligations of the Underwriter under the Underwriting Agreement are conditional upon, among other things, the A Share Rights Issue having become unconditional, including but not limited to, at least 70% of the A Rights Shares having been validly subscribed for at or prior to the date of this prospectus. With reference to the announcement of the Bank dated June 26, 2023, the subscription level of the A Share Rights Issue is 96.32%.

### **A Share Rights Issue to Proceed on a Non-Fully-Underwritten Basis**

The A Share Rights Issue will proceed on a non-fully-underwritten basis as required under the applicable PRC laws and regulations. Under the applicable PRC laws and regulations and as classified by the CSRC, the A Share Rights Issue may only proceed if the subscription level of the A Rights Shares is at least 70% of the A Share Rights Issue. The rights to subscribe for the A Shares which are not taken up will lapse and no new A Shares will be issued or allotted pursuant to such rights. With reference to the announcement of the Bank dated June 26, 2023, the subscription level of the A Share Rights Issue is 96.32%.

### **A Shareholders' Undertaking**

Zhejiang Provincial Financial Holdings Co., Ltd., which directly held 2,655,443,774 A Shares, representing approximately 12.49% of the total issued share capital of the Bank, as at the date of the Latest Practicable Date, has irrevocably undertaken, among other things, to fully subscribe in cash for the A Rights Shares to be provisionally allotted to it under the A Share Rights Issue based on its shareholding in the Bank after the trading hours on the A Share Rights Issue Record Date on the basis of the A Share Rights Issue (i.e. three (3) A Rights Shares for every (10) existing A Shares) and the Subscription Price as prescribed in the A Share Rights Issue Prospectus.

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## LETTER FROM THE BOARD

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### **Application for Listing**

Application has been made to the Shanghai Stock Exchange for the listing of the A Rights Shares.

### **Net Proceeds**

The A Share Rights Issue (on the basis that the subscription level of the A Rights Shares is 96.32% as disclosed in the announcement of the Bank dated June 26, 2023) has raised net proceeds in an aggregate amount of approximately RMB9,722 million.

### **A Share Rights Issue Prospectus**

The Chinese version of the A Share Rights Issue Prospectus is available for public inspection on the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) and HKEXnews website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) from Monday, June 12, 2023.

The A Share Rights Issue Prospectus in respect of the A Share Rights Issue has been distributed to the HK Northbound Trading Investors. The A Share Rights Issue Prospectus (together with a wrapper containing the disclosures required under the Companies (Winding Up and Miscellaneous Provisions) Ordinance) was registered with the Registrar of Companies in Hong Kong on Friday, June 9, 2023.

### **CHANGES OF THE SHAREHOLDING OF THE BANK AS A RESULT OF THE RIGHTS ISSUE**

With reference to the announcement of the Bank dated June 26, 2023, the subscription level of the A Share Rights Issue is 96.32%. The following tables sets out (i) the Bank's shareholding structure as at the Latest Practicable Date, and its shareholding structure immediately following completion of the Rights Issue (assuming that the H Rights Shares under the H Share Rights Issue are fully subscribed by all Qualified H Shareholders); and (ii) the Bank's shareholding structure as at the Latest Practicable Date, and its shareholding structure immediately following completion of the Rights Issue (assuming that none of the H Rights Shares is taken up by Qualified H Shareholders except for H Rights Shares taken up by H Share Committed Shareholders pursuant to their Irrevocable Undertakings).

- (i) the Bank's shareholding structure as at the Latest Practicable Date, and its shareholding structure immediately following completion of the Rights Issue (assuming that the H Rights Shares under the H Share Rights Issue are fully subscribed by all Qualified H Shareholders); and

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## LETTER FROM THE BOARD

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Class of Shares	As at the Latest Practicable Date <sup>(1)</sup>		Immediately following completion of the Rights Issue (assuming that the H Rights Shares under the H Share Rights Issue are fully subscribed by all Qualified H Shareholders)		
	Number of Shares	Approximate Percentage of the total number of issued Shares of the Bank	Number of Shares to be issued under the Rights Issue	Number of Shares	Approximate Percentage of the total number of issued Shares of the Bank
<b>A Shares</b>					
<i>Non-public A Shareholders</i>					
“Zhejiang Provincial Financial Holdings Co., Ltd.” <sup>(2)</sup>	2,655,443,774	12.49%	796,633,132	3,452,076,906	12.57%
“Directors, Supervisors and senior management of the Bank” <sup>(3)</sup>	3,329,700	0.02%	998,910	4,328,610	0.02%
<i>Public A Shareholders</i>	14,055,923,304	66.08%	4,032,107,143	18,088,030,447	65.86%
<b>Total Number of A Shares</b>	16,714,696,778	78.59%	4,829,739,185	21,544,435,963	78.44%
<b>H Shares</b>					
“Zhejiang Seaport (Hong Kong) Co., Limited” <sup>(4)</sup>	925,700,000	4.35%	277,710,000	1,203,410,000	4.38%
“Zhejiang Provincial Seaport Investment & Operation Group Co., Ltd.” <sup>(4)</sup>	135,300,000	0.64%	40,590,000	175,890,000	0.64%
“Other Public H Shareholders”	3,493,000,000	16.42%	1,047,900,000	4,540,900,000	16.53%
<b>Total Number of H Shares</b>	4,554,000,000	21.41%	1,366,200,000	5,920,200,000	21.56%
<b>Total</b>	21,268,696,778	100.00%	6,195,939,185	27,464,635,963	100.00%

## LETTER FROM THE BOARD

- (ii) the Bank's shareholding structure as at the Latest Practicable Date, and its shareholding structure immediately following completion of the Rights Issue (assuming that none of the H Rights Shares is taken up by Qualified H Shareholders except for H Rights Shares taken up by H Share Committed Shareholders pursuant to their Irrevocable Undertakings).

Class of Shares	As at the Latest Practicable Date <sup>(1)</sup>			Immediately following completion of the Rights Issue (assuming that none of the H Rights Shares is taken up by Qualified H Shareholders except for H Rights Shares taken up by H Share Committed Shareholders pursuant to their Irrevocable Undertakings)	
	Number of Shares	Approximate Percentage of the total number of issued Shares of the Bank	Number of Shares to be issued under the Rights Issue	Number of Shares	Approximate Percentage of the total number of issued Shares of the Bank
<b>A Shares</b>					
<i>Non-public A Shareholders</i>					
"Zhejiang Provincial Financial Holdings Co., Ltd." <sup>(2)</sup>	2,655,443,774	12.49%	796,633,132	3,452,076,906	12.57%
"Directors, Supervisors and senior management of the Bank" <sup>(3)</sup>	3,329,700	0.02%	998,910	4,328,610	0.02%
<i>Public A Shareholders</i>	14,055,923,304	66.08%	4,032,107,143	18,088,030,447	65.86%
<b>Total Number of A Shares</b>	<b>16,714,696,778</b>	<b>78.59%</b>	<b>4,829,739,185</b>	<b>21,544,435,963</b>	<b>78.44%</b>
<b>H Shares</b>					
"Zhejiang Seaport (Hong Kong) Co., Limited" <sup>(4)</sup>	925,700,000	4.35%	277,710,000	1,203,410,000	4.38%
"Zhejiang Provincial Seaport Investment & Operation Group Co., Ltd." <sup>(4)</sup>	135,300,000	0.64%	40,590,000	175,890,000	0.64%
"Underwriter" <sup>(5)</sup>	0	0.00%	1,047,900,000	1,047,900,000	3.82%
"Other Public H Shareholders"	3,493,000,000	16.42%	0	3,493,000,000	12.72%
<b>Total Number of H Shares</b>	<b>4,554,000,000</b>	<b>21.41%</b>	<b>1,366,200,000</b>	<b>5,920,200,000</b>	<b>21.56%</b>
<b>Total</b>	<b>21,268,696,778</b>	<b>100.00%</b>	<b>6,195,939,185</b>	<b>27,464,635,963</b>	<b>100.0%</b>

*Notes:*

- (1) All the A Rights Share successfully subscribed for by the Qualified A Shareholders have not yet been issued and registered as at the Latest Practicable Date, hence are not included in the issued share capital of the Bank as at the Latest Practicable Date.
- (2) As at the Latest Practicable Date, Zhejiang Provincial Financial Holdings Co., Ltd. directly held 2,655,443,774 A Shares of the Bank, representing approximately 12.49% of the total issued share capital of the Bank.
- (3) As at the Latest Practicable Date, Directors, Supervisors and senior management of the Bank directly held 3,329,700 A Shares of the Bank, representing approximately 0.02% of the total issued share capital of the Bank. None of the Directors, Supervisors and senior management of the Bank held any H Shares of the Bank as at the Latest Practicable Date.
- (4) As at the Latest Practicable Date, the H Share Committed Shareholders, namely Zhejiang Seaport (Hong Kong) Co., Limited and Zhejiang Provincial Seaport Investment & Operation Group Co., Ltd., held 925,700,000 H Shares and 135,300,000 H Shares, representing approximately 4.35% and 0.64% of the total issued share capital of the Bank, respectively.
- (5) Pursuant to the Underwriter's underwriting obligations under the Underwriting Agreement.

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## LETTER FROM THE BOARD

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Based on publicly available information, as at the Latest Practicable Date, the public float percentage of the Bank was in compliance with Rule 8.08 of the Hong Kong Listing Rules. Upon completion of the Rights Issue, the public float percentage of the Bank will continue to comply with the requirements under Rule 8.08 of the Hong Kong Listing Rules.

### **FUND RAISING ACTIVITIES INVOLVING ISSUE OF EQUITY SECURITIES IN THE PAST 12 MONTHS**

The Bank has not engaged in any equity fund raising activity in the 12 months immediately before the Latest Practicable Date.

### **REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS**

Reasons for the Rights Issue of the Bank are as follows:

#### **1. Better Meeting the Capital Supervision Requirements and Enhancing the Capability of Risk Resilience**

In recent years, the CBIRC has been continuously tightening the capital supervision of commercial banks. The Administrative Measures for the Capital of Commercial Banks (for Trial Implementation) (《商業銀行資本管理辦法(試行)》) issued by the former CBRC in 2012 imposed strict and prudent regulations on the qualification standards and measurement requirements of various types of capital. Since 2016, the People's Bank of China has been implementing a “macro and discreet assessment system” to guide financial institutions of the banking industry to strengthen self-restrain and self-discipline management from seven aspects including capital and leverage, assets and liabilities, liquidity, pricing behavior, asset quality, cross-border financing risks and credit policy implementation. As at December 31, 2022, the Bank's consolidated capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio were 11.60%, 9.54% and 8.05%, respectively.

In order to better meet regulatory requirements and enhance the capacity of risk resilience, it is necessary for the Bank to further increase the core tier-one capital adequacy ratio through Rights Issue, leave space for the possible increase of regulatory requirements and ensure the implementation of the long-term strategic development target of the Bank, while satisfying the needs of future business development. In recent years, the CBIRC has been stepping up its capital regulation on commercial banks.

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## LETTER FROM THE BOARD

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### **2. Supporting the Steady Business Development of the Bank and Better Serving the Real Economy**

With the steady development of the national economy and the acceleration of financial market reforms, the operating environment of banks is undergoing a profound change. At the same time, the domestic economy is in the stage of industrial restructuring. To support the transformation and upgrading of the real economy, the domestic banks need to maintain a stable and reasonable growth in the scale of credit grants. However, the increase in the risk-weighted assets will cause the Bank to continue facing capital pressures as its business develops. As at the end of 2022, the total assets of the Bank is RMB2.6 trillion, representing an increase of 14.66% from the end of 2021; the total amount of loan and advances issued was RMB1.5 trillion, representing an increase of 13.20% from the end of 2021, showing a steady growth trend.

To maintain a healthy and rapid development trend and effectively respond to the rapid changes and challenges of the industry environment, the Bank needs to replenish the capital required for business development, realize steady operation and better serve the real economy through Rights Issue.

In summary, the Rights Issue will effectively replenish the Bank's core tier-one capital, which is of great significance to the Bank in meeting increasingly stringent capital regulatory requirements, supporting the sustainable and healthy development of its business, and further serving the real economy.

### **ADDITIONAL INFORMATION**

Your attention is also drawn to the additional information set out in the appendices to this prospectus and in the 2020, 2021 and 2022 annual reports of the Bank.

By order of the Board  
**China Zheshang Bank Co., Ltd.**  
**Zhang Rongsen**  
*Executive Director,*  
*President of the Bank*

Hangzhou, the PRC  
Wednesday, July 5 2023

**FINANCIAL INFORMATION OF THE GROUP**

Financial information of the Group for each of the three financial years ended December 31, 2020, 2021 and 2022 is disclosed in the following documents which have been published on the HKExnews website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the website of the Bank (<http://www.czbank.com>):

- annual report of the Bank for the year ended December 31, 2020 published on April 21, 2021 (pages 164 to 300) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0421/2021042100404.pdf>);
- annual report of the Bank for the year ended December 31, 2021 published on April 25, 2022 (pages 150 to 300) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0425/2022042501966.pdf>); and
- annual report of the Bank for the year ended December 31, 2022 published on April 12, 2023 (pages 152 to 308) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0412/2023041200507.pdf>).

**STATEMENT OF INDEBTEDNESS**

As at the close of business on May 31, 2023, being the latest practicable date for the purpose of this indebtedness statement of the Bank prior to the printing of this prospectus, the total indebtedness of the Bank was as follows:

- certificates of deposit – unsecured and unguaranteed, in an aggregate principal amount of RMB253,062 million;
- tier-two capital bonds – unsecured and unguaranteed, in an aggregate principal amount of RMB35,000 million;
- small and micro businesses financial bonds – unsecured and unguaranteed, in an aggregate principal amount of RMB50,000 million;
- financial bonds – unsecured and unguaranteed, in an aggregate principal amount of RMB17,900 million;
- USD notes – unsecured and unguaranteed, in an aggregate principal amount of RMB3,555 million; and
- lease liabilities – secured (Note) and unguaranteed, in an amount of RMB3,721 million.

*Note:* Secured by rental deposits

In addition to the indebtedness disclosed above, as at May 31, 2023, the Bank had borrowings from the central bank, deposits and placements from banks and other financial institutions, deposits from customers, financial assets sold under repurchase agreement, credit commitments, acceptances, issued letters of guarantee and letters of credit, financial lease commitments and other commitments and contingencies that arise from ordinary course of business.

Except as disclosed above, and apart from normal trade payables in the normal course of business, as at May 31, 2023, the Bank did not have any outstanding mortgages, charges, debentures, other debt capital (issued or agreed to be issued), bank overdrafts, loans, liabilities under acceptance or other similar indebtedness, any guarantees or other contingent liabilities.

The Directors have confirmed that there has not been any material change in the indebtedness or contingent liabilities of the Bank since May 31, 2023 up to the date of the prospectus.

#### WORKING CAPITAL SUFFICIENCY

Paragraph 30 of Part B of Appendix 1 to the Hong Kong Listing Rules requires this prospectus to include a statement by the Directors that, in their opinion, the working capital available to us is sufficient for at least 12 months from the publication of this prospectus and, if not, how it is proposed to provide the additional working capital the Directors consider to be necessary (the “**Working Capital Statement**”). We believe that the traditional concept of “working capital” does not apply to banking businesses such as ours. We are regulated in the PRC by, among others, the People’s Bank of China and the CBIRC (currently known as the National Administration of Financial Regulation). These regulatory authorities impose minimum capital adequacy and liquidity requirements on commercial banks operating in China. Rule 11.09A and paragraph 30 of Part B of Appendix 1 to the Hong Kong Listing Rules provide that, if the issuer is a company engaging in banking business or an insurer, such working capital statement will not be required to be made by an issuer provided that the inclusion of such statement would not provide significant information for investors and the issuer’s solvency and capital adequacy levels are carefully supervised by another regulatory authority. In view of the above, we are not required by Rule 11.09A of the Hong Kong Listing Rules to include a working capital statement from the Directors in this document.

The following table sets forth information relating to the Bank’s capital adequacy ratio and liquidity indicators calculated in accordance with Regulation Governing Capital of Commercial Banks (Provisional) (《商業銀行資本管理辦法(試行)》), Administrative Measures for Liquidity Risk of Commercial Banks (《商業銀行流動性風險管理辦法》) and relevant regulatory requirements for the dates indicated.

Item	December 31, 2020	December 31, 2021	December 31, 2022
<b>Capital adequacy ratio indicator (%)</b>			
Core tier-one capital adequacy ratio <sup>1</sup>	8.75	8.13	8.05
Tier-one capital adequacy ratio <sup>2</sup>	9.88	10.80	9.54
Capital adequacy ratio <sup>3</sup>	12.93	12.89	11.60
<b>Liquidity indicators (%)</b>			
Liquidity coverage ratio <sup>4</sup>	111.49	163.50	148.11
Net stable funding ratio <sup>5</sup>	110.43	105.38	106.79
Liquidity ratio <sup>6</sup>	42.52	54.36	58.46

*Notes:*

1. Core tier-one capital adequacy ratio = (core tier-one capital – corresponding capital deductions)/risk-weighted assets\* 100%. According to the provisions of the Regulation Governing Capital of Commercial Banks (Provisional) (《商業銀行資本管理辦法(試行)》), core tier-one capital adequacy ratio shall not be lower than 7.5%.
2. Tier-one capital adequacy ratio = (tier-one capital – corresponding capital deductions)/risk-weighted assets \* 100%. According to the provisions of the Regulation Governing Capital of Commercial Banks (Provisional) (《商業銀行資本管理辦法(試行)》), tier-one capital adequacy ratio shall not be lower than 8.5%.
3. Capital adequacy ratio = (total capital – corresponding capital deductions)/risk-weighted assets\* 100%. According to the provisions of the Regulation Governing Capital of Commercial Banks (Provisional) (《商業銀行資本管理辦法(試行)》), capital adequacy ratio shall not be lower than 10.5%.
4. Liquidity coverage ratio = qualified high-quality liquid assets/net cash outflow for the next 30 days. According to the provisions of the Administrative Measures for Liquidity Risk of Commercial Banks (《商業銀行流動性風險管理辦法》), commercial banks' liquidity coverage ratio must reach 100% by the end of 2018.
5. Net stable funding ratio = available and stable funds/required stable funds. According to the provisions of the Administrative Measures for Liquidity Risk of Commercial Banks (《商業銀行流動性風險管理辦法》), commercial banks' net stable funding ratio shall not be lower than 100%.
6. Liquidity ratio = balance of current assets/balance of current liabilities. According to the provisions of the Administrative Measures for Liquidity Risk of Commercial Banks (《商業銀行流動性風險管理辦法》), commercial banks' liquidity ratio shall not be lower than 25%.

**FINANCIAL AND TRADING PROSPECTS OF THE BANK**

In 2022, from the global perspective, under various impact from escalated geopolitical conflicts and trade protectionism, global economic growth slowed down. The operation of industrial and supply chain was hampered, and investment activities remained sluggish, which showed an overall trend of “high inflation, high interest rate, high debt and low growth”. In 2022, the People's Bank of China intensified the implementation of a prudent monetary policy, utilized the dual functions of monetary policy tools in terms of total size and structure, maintained reasonably sufficient liquidity and steady growth of the total amount of money and credit, managed market expectations scientifically, effectively served the real economy, and

helped reduce the comprehensive finance costs of the real economy. In the same year, the banking industry focused on improving the quality and efficiency of services for the real economy and strengthening credit support for key fields and weak points.

The year 2023 is the first year for the full implementation of the spirit of the 20th Party Congress of the Chinese Communist Party and a critical year connecting the past and initiating the future of the “14th Five-Year” plan. China’s economic work will continue to adhere to the general principle of “prioritizing stability while pursuing progress”. The Bank understands that the prudent monetary policy of the central bank in 2023 will focus on expanding effective demand and deepening supply-side structural reform, taking into account both short-term and long-term, economic growth and price stability, internal balance and external balance. The Bank also understands that the National Administration of Financial Regulation will further promote the reform and opening up of the banking and insurance industry, continue to improve the effectiveness of supervision, bring all kinds of financial activities under supervision according to law, safeguard the bottom line of preventing the occurrence of systemic financial risk, strive to promote the normal circulation of finance and real estate, steadily promote the risk response of small and medium-sized financial institutions, deal with the risk of rebound of non-performing assets in a forward-looking manner, and work together to defuse hidden debt risks of local governments. In 2023, the Bank’s main task for operation and management is to maintain strategic focus, improve basic capacity and stimulate striving vitality. The Bank will fully implement the spirit of the 20th Party Congress of the CPC, stick to the vision of becoming “a first-class commercial bank”, deepen the implementation of the four strategic priorities of “introducing systematic digital transformation, deepening comprehensive development, seeking integrated and synergetic development of five major business segments and launching new wealth management business” and the twelve-word operation approach of “consolidating corporate foundation, adjusting corporate structure, controlling corporate risks, increasing corporate profitability”, focus on stability, insist on practicing the concept of financial goodwill, take consolidating customer base as the first task, improving talent team as the first strategy, cultural values as the first criterion, consciously improve initiative, accuracy and orientation, comprehensively upgrade development strategy and effectiveness, deepen the construction of a five-word ecosystem, i.e., “integrity, simplicity, professionalism, cooperation and honesty (正、簡、專、協、廉)”, carry forward a “Four Dos” spirit of “do it, do good, do it well and do well in it (幹、幹好、好好幹、好好幹好)”, lay the assets less sensitive to the economic cycle as a ballast stone, and accelerate the formation of new advantages for the integrated and synergetic development of the five major business segments. The Bank will work hard and bravely, and strive to further promote its vision and target of “first-class influence, first-class competitiveness and first-class cohesion”, and drive its high-quality development to a new level.

*For illustrative purposes, the following unaudited pro forma statement of adjusted net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is set out here to provide prospective investors with further information about how the financial information of the Group might be affected by the completion of the H Share Rights Issue as if the H Share Rights Issue had been completed on December 31, 2022. The statement has been prepared for illustrative purposes only and, because of its nature, it may not give a true picture of the Group's financial position on the completion of the H Share Rights Issue.*

#### A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is the unaudited pro forma statement of adjusted net tangible assets of the Group attributable to shareholders of the Bank as if the H Share Rights Issue had been completed on December 31, 2022, which has been prepared by the Directors in accordance with Rule 4.29 of the Hong Kong Listing Rules to illustrate the effects of the H Share Rights Issue on the consolidated net tangible assets of the Group attributable to shareholders of the Bank as if the H Share Rights Issue had taken place on December 31, 2022.

The unaudited pro forma statement of adjusted net tangible assets of the Group is prepared based on the consolidated net tangible assets of the Group attributable to shareholders of the Bank as of December 31, 2022 as derived from the Group's published consolidated financial statements for the year ended December 31, 2022 after incorporating the unaudited pro forma adjustments described in the accompanying notes.

As it is prepared for illustrative purpose only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the H Shares Rights Issue had been completed as of December 31, 2022 or any future date.

	Consolidated net tangible assets attributable to shareholders of the Bank as of December 31, 2022 RMB Million Note(1)	Estimated net proceeds from the H Share Rights Issue RMB Million Note(2)	Unaudited pro forma adjusted net tangible assets attributable to shareholders of the Bank as of December 31, 2022 RMB Million Note(3)	Unaudited pro forma adjusted net tangible assets per share after H Share Rights Issue as of December 31, 2022 RMB Note(4)	HK\$
Based on 1,366,200,000 H Rights Shares to be issued at subscription price of HK\$2.23 per H Rights Share	162,316	2,732	165,048	7.29	8.04

*Notes:*

- (1) The consolidated net tangible assets attributable to shareholders of the Bank as of December 31, 2022 is based on the consolidated total equity attributable to shareholders of the Bank as of December 31, 2022 of RMB162,933 million, after deducting intangible assets attributable to shareholders of the Bank of RMB617 million as derived from the Group's published consolidated financial statements for the year ended December 31, 2022.
- (2) The estimated net proceeds from the H Share Rights Issue are based on 1,366,200,000 H Share Rights Shares to be issued at subscription price of HK\$2.23 per H Rights Share, after deduction of estimated underwriting fees and other related expenses related to the H Share Rights Issue of approximately RMB31 million.
- (3) The unaudited pro forma adjusted net tangible assets per share as of December 31, 2022 after completion of the H Share Rights Issue is determined based on the unaudited pro forma adjusted net tangible assets attributable to shareholders of the Bank of approximately RMB165,048 million divided by 22,634,896,778 Shares (being the outstanding 21,268,696,778 shares as of December 31, 2022 and 1,366,200,000 H Rights Shares to be issued pursuant to the H Share Rights Issue) in issue after completion of the H Share Rights Issue.
- (4) For the purpose of the unaudited pro forma financial information, conversion of RMB and HK\$ is calculated at the exchange rate of RMB0.90678 to HK\$1. The exchange rate is for illustrative purpose only and does not constitute a representation that any amount has been, could have been, may be exchanged at this or any other rate or at all.
- (5) No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2022, including the A Share Rights Issue completed on June 27, 2023. Had the A Share Rights Issue been completed on December 31, 2022, 4,829,739,185 A Rights Shares would be issued at subscription price of RMB2.02 per A Rights Share, raising net proceed of RMB9,722 million. The A Share Rights Issue would have increased the total share in issue assumption stated in Note 3 by 4,829,739,185 A Rights Shares to a total of 27,464,635,963 shares in issue. The adjustment to the unaudited pro forma adjusted net tangible assets attributable to shareholders of the Bank after the A Share Rights Issue would be as follows:

Unaudited pro forma adjusted net tangible assets attributable to shareholders of the Bank as of December 31, 2022 after H Share Rights Issue <i>RMB Million</i>	Net proceeds from the A Share Rights Issue <i>RMB Million</i>	Unaudited pro forma adjusted net tangible assets attributable to shareholders of the Bank after A Share Rights Issue and H Share Rights Issue as of December 31, 2022 <i>RMB Million</i>	Unaudited pro forma adjusted net tangible assets per share as of December 31, 2022 after H Share Rights Issue <i>RMB</i>	Unaudited pro forma adjusted net tangible assets per share after A Share Rights Issue and H Share Rights Issue as of December 31, 2022 <i>RMB</i>	<i>HK\$</i>
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Based on 1,366,200,000  
H Rights Shares to be  
issued at subscription  
price of HK\$2.23 per  
H Rights Share and  
4,829,739,185 A Rights  
Shares issued at  
subscription price of  
RMB2.02 per A Rights  
Share

165,048	9,722	174,770	7.29	6.36	7.02
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**B. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this prospectus.*

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF CHINA ZHESHANG BANK CO., LTD.**

We have completed our assurance engagement to report on the compilation of pro forma financial information of China Zheshang Bank Co., Ltd. (the "Bank") and its subsidiaries (collectively the "Group") by the directors of the Bank (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets as of December 31, 2022 and related notes as set out in Part A of Appendix II to the prospectus dated July 5, 2023 (the "Prospectus") issued by the Bank. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed H Share Rights Issue on the basis of three (3) shares for every ten (10) existing H shares held by the Qualified H Shareholders (the "H Share Rights Issue") on the Group's financial position as of December 31, 2022 as if the H Share Rights Issue had taken place at December 31, 2022. As part of this process, information about the Group's financial position as of December 31, 2022 has been extracted by the Directors from the Group's consolidated financial statements for the year ended December 31, 2022 on which an auditor's report has been published.

**Directors' Responsibilities for the Pro Forma Financial Information**

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

**Our Independence and Quality Management**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Management 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements”, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountants’ Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“HKSAE”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of events or transactions as of December 31, 2022 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Bank's shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed "Reasons for the Rights Issue and Use of Proceeds" in the Prospectus.

### **Opinion**

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group, and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**KPMG**

*Certified Public Accountants*

Hong Kong

July 5, 2023

**RESPONSIBILITY STATEMENT**

This prospectus, for which the Directors collectively and individually accept full responsibility for, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Bank. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

**Particulars of the Directors, Supervisors and senior management of the Bank**

<b>Name</b>	<b>Address</b>
<i>Executive Directors</i>	
<b>Mr. Zhang Rongsen (張榮森)</b>	No. 1 Minxin Road, Shangcheng District, Hangzhou, Zhejiang, the PRC
<b>Ms. Ma Hong (馬紅)</b>	No. 1 Minxin Road, Shangcheng District, Hangzhou, Zhejiang, the PRC
<b>Mr. Chen Haiqiang (陳海強)</b>	No. 1 Minxin Road, Shangcheng District, Hangzhou, Zhejiang, the PRC
<i>Non-executive Directors</i>	
<b>Mr. Hou Xingchuan (侯興釗)</b>	No. 1 Minxin Road, Shangcheng District, Hangzhou, Zhejiang, the PRC
<b>Mr. Ren Zhixiang (任志祥)</b>	No. 1 Minxin Road, Shangcheng District, Hangzhou, Zhejiang, the PRC
<b>Ms. Gao Qinhong (高勤紅)</b>	No. 1 Minxin Road, Shangcheng District, Hangzhou, Zhejiang, the PRC
<b>Mr. Hu Tiangao (胡天高)</b>	No. 1 Minxin Road, Shangcheng District, Hangzhou, Zhejiang, the PRC
<b>Mr. Zhu Weiming (朱瑋明)</b>	No. 1 Minxin Road, Shangcheng District, Hangzhou, Zhejiang, the PRC

*Independent non-executive Directors*

<b>Mr. Zheng Jindu (鄭金都)</b>	No. 1 Minxin Road, Shangcheng District, Hangzhou, Zhejiang, the PRC
<b>Mr. Zhou Zhifang (周志方)</b>	No. 1 Minxin Road, Shangcheng District, Hangzhou, Zhejiang, the PRC
<b>Mr. Wang Guocai (王國才)</b>	No. 1 Minxin Road, Shangcheng District, Hangzhou, Zhejiang, the PRC
<b>Mr. Wang Wei (汪煒)</b>	No. 1 Minxin Road, Shangcheng District, Hangzhou, Zhejiang, the PRC
<b>Mr. Xu Yongbin (許永斌)</b>	No. 1 Minxin Road, Shangcheng District, Hangzhou, Zhejiang, the PRC
<b>Mr. Fu Tingmei (傅廷美)</b>	No. 1 Minxin Road, Shangcheng District, Hangzhou, Zhejiang, the PRC

*Supervisors*

<b>Mr. Guo Dingfang (郭定方)</b>	No. 1 Minxin Road, Shangcheng District, Hangzhou, Zhejiang, the PRC
<b>Mr. Wu Fanghua (吳方華)</b>	No. 1 Minxin Road, Shangcheng District, Hangzhou, Zhejiang, the PRC
<b>Mr. Peng Zhiyuan (彭志遠)</b>	No. 1 Minxin Road, Shangcheng District, Hangzhou, Zhejiang, the PRC
<b>Mr. Chen Zhongwei (陳忠偉)</b>	No. 1 Minxin Road, Shangcheng District, Hangzhou, Zhejiang, the PRC
<b>Mr. Gao Qiang (高強)</b>	No. 1 Minxin Road, Shangcheng District, Hangzhou, Zhejiang, the PRC
<b>Mr. Zhang Fanquan (張范全)</b>	No. 1 Minxin Road, Shangcheng District, Hangzhou, Zhejiang, the PRC
<b>Mr. Song Qinghua (宋清華)</b>	No. 1 Minxin Road, Shangcheng District, Hangzhou, Zhejiang, the PRC
<b>Mr. Chen Sanlian (陳三聯)</b>	No. 1 Minxin Road, Shangcheng District, Hangzhou, Zhejiang, the PRC

*Senior management***Mr. Zhang Rongsen (張榮森)**No. 1 Minxin Road, Shangcheng District,  
Hangzhou, Zhejiang, the PRC**Mr. Chen Haiqiang (陳海強)**No. 1 Minxin Road, Shangcheng District,  
Hangzhou, Zhejiang, the PRC**Mr. Jing Feng (景峰)**No. 1 Minxin Road, Shangcheng District,  
Hangzhou, Zhejiang, the PRC**Mr. Luo Feng (駱峰)**No. 1 Minxin Road, Shangcheng District,  
Hangzhou, Zhejiang, the PRC**Mr. Jiang Rong (姜戎)**No. 1 Minxin Road, Shangcheng District,  
Hangzhou, Zhejiang, the PRC

**Biographies of the Directors, Supervisors and senior management of the Bank*****Executive Directors***

**Mr. Zhang Rongsen**, aged 54, is currently the deputy secretary of the CPC committee, executive Director and President of the Bank. He holds a Doctoral degree and is a senior economist. Mr. Zhang served as President of Hangtianqiao Sub-branch, Beijing Branch, China Guangfa Bank, member of the CPC committee and assistant to President of Beijing Branch, China Guangfa Bank; director of the preparations, secretary of the CPC committee and President of Beijing Branch, Bank of Jiangsu, and member of the CPC committee, Vice President and executive director of Bank of Jiangsu; member of the CPC committee and Vice President of the Bank, and secretary of the CPC committee and President of Beijing Branch of the Bank.

**Ms. Ma Hong**, aged 49, is currently the deputy secretary of the CPC committee, executive Director and director of the Labor Union of the Bank. She holds a postgraduate degree. Ms. Ma Hong was deputy chief of the hygiene section of the logistics department of the Qingdao Garrison (青島警備區); deputy director and director of the hygiene section of the logistics department of Zhejiang Army Reserve Infantry Division (浙江陸軍預備役步兵師), associate consultant of the General Office of Cadres of the Organization Department of the Zhejiang Provincial Committee (浙江省委組織部幹部綜合處); associate consultant, deputy division chief, consultant and division chief of the Civil Servant Management Office of the Organization Department of the Zhejiang Provincial Committee (浙江省委組織部公務員管理處); and division chief and primary consultant of the First-division of Civil Servant of the Organization Department of the Zhejiang Provincial Committee (浙江省委組織部公務員一處).

**Mr. Chen Haiqiang**, aged 48, is currently a member of the CPC committee, executive Director, Vice President and CRO of the Bank. He holds a master degree and is a senior economist, with a university degree. Mr. Chen worked as deputy principal staff member at Zhejiang Branch, China Development Bank; deputy director (in charge of relevant work) of Ningbo Beilun Banking Office, President of Ningbo Beilun Branch, member of the CPC committee, assistant to President, and Vice President of Ningbo Branch, China Merchants Bank; secretary of the CPC committee and President of Ningbo Branch, China Zheshang Bank, the assistant to President of China Zheshang Bank, and secretary of the CPC committee and President of Hangzhou Branch of China Zheshang Bank.

***Non-executive Directors***

**Mr. Hou Xingchuan**, aged 46, is currently a non-executive Director of the Bank. He holds a postgraduate degree and is an economist. Mr. Hou used to serve as a cadre of the Information Center (信息中心), associate chief officer of the Planning and Finance Division (計劃財務處) and chief officer of the Planning and Finance Division of Zhejiang Provincial Tax Service (浙江省地方稅務局), the deputy director general (temporary position) of Jinhua Municipal Taxation Bureau, Jiangbei Branch (金華市地方稅務局江北分局); chief officer of the Office (辦公室), deputy director general of the Planning and Finance Division and deputy

director of the Office of Zhejiang Provincial Tax Service; member of the CPC committee and deputy general manager (temporary position) of Zhejiang Development Asset Operations Co., Ltd. (浙江省發展資產經營有限公司); Level 6 management post of Zhejiang Financial Development Co., Ltd. (浙江省財務開發公司) and general manager of the Strategic Development (戰略發展部) of Zhejiang Provincial Financial Holdings Co., Ltd.. He is currently a member of the CPC committee and deputy general manager of Zhejiang Provincial Financial Holdings Co., Ltd.

**Mr. Ren Zhixiang**, aged 54, is currently a non-executive Director of the Bank. He holds a Doctoral degree and is a senior economist. Mr. Ren worked as the deputy General Manager of Investment Banking Department of Zhejiang International Trust and Investment Co., Ltd. (浙江省國際信託投資有限責任公司), senior director of Asset Management Department and chief economist, deputy director and director of Strategic Management and Legal Department of Zhejiang Provincial Energy Group Co., Ltd. (浙江省能源集團有限公司). He currently serves as the General Manager and deputy secretary of the CPC committee of Zhejiang Energy Capital Holdings Co., Ltd. (浙能資本控股有限公司).

**Ms. Gao Qinhong**, aged 59, is currently a non-executive Director of the Bank. She holds a postgraduate degree and is a senior economist. Ms. Gao worked as accountant and credit manager of Xiaoshan branch of Industrial and Commercial Bank of China. She also served as accountant and credit manager of Zhejiang provincial branch of Industrial and Commercial Bank of China; section chief of credit and loan section and division-level inspector of Hangzhou branch and Vice President of Wulin sub-branch, Shanghai Pudong Development Bank Co., Ltd.; vice General Manager and chief financial officer and director of Zhejiang Hengyi Group Co., Ltd. and director of Hengyi Petrochemical Co., Ltd. (恒逸石化股份有限公司). She currently serves as chief financial advisor of Zhejiang Hengyi Group Co., Ltd..

**Mr. Hu Tiangao**, aged 57, is currently a non-executive Director of the Bank. He holds an EMBA degree and is a senior economist. Mr. Hu served as Vice President of Dongyang sub-branch, Bank of China. He is currently a director and senior Vice President of Hengdian Group Holdings Limited; director of Hengdian Group DMEGC Magnetics Co., Ltd. (橫店集團東磁股份有限公司); director of Apelo Pharmaceutical Co., Ltd. (普洛藥業股份有限公司); director of Innovo Technology Co., Ltd. (英洛華科技股份有限公司); director of Hengdian Group Tospo Lighting Co., Ltd. (橫店集團得邦照明股份有限公司); director of Hengdian Entertainment Co., Ltd. (橫店影視股份有限公司) and director of Nanhua Futures Co., Ltd. (南華期貨股份有限公司).

**Mr. Zhu Weiming**, aged 54, is currently a non-executive Director of the Bank. He holds a postgraduate degree. Mr. Zhu successively held the positions of vice director and director of the General Manager service department at Jiaxing Power Generation Co., Ltd.; vice general manager and secretary of the board for Zhejiang Southeast Electric Power Company Limited; vice General Manager at Zhoushan Marine Comprehensive Development and Investment Co., Ltd.; vice director of the investment and development department at Zhejiang Marine Development & Investment Group Co., Ltd.; vice director of the investment and development department, vice director and director of the finance and asset management department as well

as director of Financial Affairs Department at Zhejiang Provincial Seaport Investment & Operation Group Co., Ltd.. He is currently the chairman and General Manager of Zhejiang Seaport Asset Management Co., Limited (浙江海港資產管理有限公司); as well as a director of Zhejiang Seaport Bulk Commodity Exchange Co., Ltd. (浙江海港大宗商品交易中心有限公司) and Zhejiang Seaport Asset Finance Investment Management Co., Ltd. (浙江海港產融投資管理有限公司).

*Independent non-executive Directors*

**Mr. Zheng Jindu**, aged 58, is currently an independent non-executive Director of the Bank. He holds a postgraduate degree and is a qualified first grade lawyer. Mr. Zheng was a lecturer at the Faculty of Law of Hangzhou University (now known as Zhejiang University), a vice director and partner of Zhejiang Guoqiang Law Firm (浙江國強律師事務所) and an independent director of Changjiang & Jinggong Steel Building (Group) Co., Ltd. (長江精工鋼結構(集團)股份有限公司) and Sundy Land Investment Co., Ltd. (宋都基業投資股份有限公司). Mr. Zheng is currently a director and partner of Zhejiang L&H Law Firm (浙江六和律師事務所), the vice President of Tenth Council of All China Lawyers Association (中華全國律師協會), the President of Tenth Council of Zhejiang Lawyers Association (浙江省律師協會), the vice President of Eighth Council of Zhejiang Law Society, the President of Sanmen Chamber of Commerce in Hangzhou and an independent director of Hangzhou United Rural Commercial Bank Co. Ltd.

**Mr. Zhou Zhifang**, aged 66, is currently an independent non-executive Director of the Bank. He is a senior economist, with an undergraduate degree. Mr. Zhou held the posts of deputy unit chief at People's Bank of China, Jiangshan Sub-branch; deputy unit chief at Industrial and Commercial Bank of China, Jiangshan Sub-branch; director at the business department and the savings department, Vice President, member of the CPC committee, leader of the discipline inspection team, deputy secretary of the CPC committee, Vice President (in charge), secretary of the CPC committee and President of Industrial and Commercial Bank of China, Quzhou Branch; Vice President and member of the CPC committee of Industrial and Commercial Bank of China, Jiangxi Branch; Vice President, member of the CPC committee, and General Manager and secretary of the CPC committee of the business department of Guangdong Branch of Industrial and Commercial Bank of China; President and secretary of the CPC committee of Ningbo Branch of Industrial and Commercial Bank of China; director of Shanghai Branch of the Internal Audit Bureau of Industrial and Commercial Bank of China; and senior expert (at President level) of Zhejiang Branch of Industrial and Commercial Bank of China of during which he acted as leader of the third inspection team in the head office of Industrial and Commercial Bank of China.

**Mr. Wang Guocai**, aged 66, is currently an independent non-executive Director of the Bank. He is a senior economist, with an undergraduate degree. Mr. Wang held the posts of Vice President and President of Yuhuan Sub-branch of Industrial and Commercial Bank of China; President of Wenling Sub-branch of Industrial and Commercial Bank of China; Vice President and President of Taizhou Branch of Industrial and Commercial Bank of China; and expert of Zhejiang Provincial Branch of Industrial and Commercial Bank of China.

**Mr. Wang Wei**, aged 55, is currently an independent non-executive Director of the Bank. He holds a doctoral degree and is a professor. Mr. Wang has been teaching at School of Economics, Zhejiang University, being a lecturer, associate professor, professor successively. He served as the deputy dean and deputy director of the Academic Committee of School of Economics, Zhejiang University and the executive dean of Institute of Finance, Zhejiang University. He currently serves as a professor of School of Economics, Zhejiang University; the chief expert of Institute of Finance, Zhejiang University; the executive Vice President of Zhejiang Financial Association (浙江省金融業發展促進會); the Dean of Financial Institute of Zhejiang Province (浙江省金融研究院); and an independent Director of Zhejiang E-Commerce Bank Co., Ltd. (浙江網商銀行股份有限公司), Betta Pharmaceutical Co., Ltd. (貝達藥業股份有限公司), Sunwave Communications Co., Ltd. (三維通信股份有限公司), ZhongWang Fabric Co., Ltd. and Wanxiang Trust Co., Ltd. (萬向信託股份公司).

**Mr. Xu Yongbin**, aged 60, is currently an independent non-executive Director of the Bank. He holds a doctor's degree and is a Level-2 professor and doctoral supervisor. Mr. Xu has been teaching at the Zhejiang Gongshang University (浙江工商大學), and served as a lecturer, associate professor, professor and deputy dean of the Accounting Department of Hangzhou Business College (杭州商學院) successively. He served as a professor and dean of the Accounting College of Zhejiang Gongshang University. He also served as the vice president of the Accounting Society of Zhejiang Province (浙江省會計學會) and the vice president of the Auditing Society of Zhejiang Province (浙江省審計學會). He is currently a member of the Accounting Society of China (中國會計學會), the vice president of Zhejiang Association of CFO (浙江省總會計師協會), a standing member of China Business Accounting Institute (中國商業會計學會), as well as an independent non-executive director of Zheshang Development Group Co., Ltd. (浙商中拓集團股份有限公司), Zhejiang Yongtai Technology Co., Ltd. (浙江永太科技股份有限公司), Hangzhou United Rural Commercial Bank Co., Ltd. (杭州聯合農村商業銀行股份有限公司) and Hangzhou Steam Turbine Company Limited (杭州汽輪機股份有限公司).

**Mr. Fu Tingmei**, aged 57, is currently an independent non-executive Director of the Bank. He holds a doctor's degree. Mr. Fu has previously served as the vice president and deputy managing director of Peregrine Capital (China) Limited, Hong Kong Branch, a director of Peregrine Capital Limited as well as the deputy managing director and the managing director of BNP Paribas Peregrine Capital Limited, Hong Kong Branch. Mr. Fu is currently engaged in private family investment business and also serves as an independent director of Guotai Junan International Holdings Limited, COFCO Joycome Foods Limited, China Resources Pharmaceutical Group Limited and Postal Savings Bank of China Co., Ltd.

*Supervisors*

**Mr. Guo Dingfang**, aged 53, is currently an employee Supervisor of the Bank. He holds a master's degree and the title of senior accountant. He is currently a member of the CPC committee and the Chairman of the Board of Supervisors of the Bank. Mr. Guo previously served as an officer at vice-director level and an officer at director level of the infrastructure division, an officer at director level and the deputy division chief of the economic construction division (during which he served as a member of the CPC committee and deputy director of the Finance Bureau of Xihu District, Hangzhou under temporary assignment), the director of the Government Procurement Supervision Division (政府採購監管處), and the director of the Budget Enforcement Bureau (預算執行局) of Zhejiang Provincial Department of Finance.

**Mr. Wu Fanghua**, aged 50, serves as an employee Supervisor of the Bank. Mr. Wu holds a master's degree and is a senior economist. Mr. Wu is currently the executive office director of the Board of Supervisors of the Bank. Mr. Wu has previously served as a loan officer of Industrial and Commercial Bank of China, Shaoxing Branch, the deputy manager of the personnel and administration department, the manager of the business department and the manager of the marketing department of Shaoxing central sub-branch, a general manager assistant of Huzhou central sub-branch, the deputy general manager of Xiaoshan sub-branch, the general manager of Huzhou central sub-branch, the general manager of Shaoxing central sub-branch and the deputy general manager of Zhejiang Branch of Ping An Property & Casualty Insurance Company of China, Ltd. as well as the deputy general manager of Ping An Annuity Insurance Company of China, Ltd., Zhejiang Branch. Mr. Wu successively served as the deputy general manager of the Asset Management Department, the deputy general manager (headquarters) of the Interbank Business Department, the general manager of the Interbank Business Department, the deputy general manager of the Financial Institutions Department (in charge of relevant work) and the general manager of the Interbank Business Department of China Zheshang Bank, and the secretary of the CPC committee and the president of Lanzhou Branch of China Zheshang Bank.

**Mr. Peng Zhiyuan**, aged 47, is currently an employee Supervisor of the Bank. He holds a master's degree. He is currently the leading officer of the Bank's planning and finance department (the asset and liability management department). He once served as an accountant of the fund organization department of the business department of Yingtian branch, a clerk and deputy chief clerk of the financial accounting department, the chief of the financial infrastructure section of Jiangxi branch, a member of the Party committee and vice president of Ganzhou branch, the deputy general manager (in charge of work) and general manager of the financial accounting department of Jiangxi branch, the secretary of the Party committee and president of Ganzhou branch, a member of Party committee and vice president of Dalian branch of the Agricultural Bank of China. He successively served as the general manager of Nanchang business department, the secretary of Party committee and president of Nanchang branch of CZBank.

**Mr. Chen Zhongwei**, aged 52, is currently an employee Supervisor of the Bank. He holds an undergraduate degree and is an economist. Mr. Chen currently works as General Manager of the internal control, compliance and legal affairs department of the Bank and supervisor of Zhejiang Zheyin Financial Leasing Co., Ltd. (浙江浙銀金融租賃股份有限公司). Mr. Chen used to work as chief of the business and system sections at the credit division at Zhejiang Branch of Industrial and Commercial Bank of China; General Manager of the risk management department and the corporate department at Hangzhou Branch, risk director (assistant to President) and member of the CPC committee at Shanghai Branch, as well as risk director (Vice President) and member of the CPC committee at Suzhou Branch of China Everbright Bank. He also served as deputy General Manager of the credit review department of China Zheshang Bank (in charge of relevant work).

**Mr. Gao Qiang**, aged 62, is an external Supervisor of the Bank. He holds a postgraduate degree and is a senior economist. He currently serves as the chairman of Hangzhou Jiusheng Private Equity Fund Management Co., Ltd. and an independent director of Caitong Securities Co., Ltd. (財通證券股份有限公司). He has previously held various posts in China Construction Bank Corporation, including the deputy general manager of the operation department of Zhejiang Branch, the president and the secretary of the CPC committee of Hangzhou Zhijiang Sub-branch, the assistant to the general manager, the deputy general manager and a member of the CPC committee of the operation department of Zhejiang Branch, the general manager of the Hangzhou corporate client department and concurrently the general manager of the operation department of Zhejiang Branch, the general manager of the corporate business management department and concurrently the general manager of the operation department of Zhejiang Branch, the general manager of the corporate business department; the risk director, the deputy president and a member of the CPC committee of Anhui Branch; the president and the secretary of the CPC committee of Shanxi Branch; the president and the secretary of the CPC committee of Zhejiang Branch; and he also served as the chairman of Yijia Life and Health Management (Zhejiang) Co., Ltd.

**Mr. Zhang Fanquan**, aged 62, is an external Supervisor of the Bank. He holds a master's degree and the title of senior accountant. Mr. Zhang previously served as the deputy director of the credit card department, the vice division chief of the funds raising division and deposit division and the deputy General Manager of the market development department of Hangzhou Branch of Agricultural Bank of China; the division chief of the finance division of Hangzhou office and a Party member, deputy General Manager, secretary of the commission of discipline inspection of Shenzhen office of China Great Wall Asset Management Corporation; the director and deputy General Manager of Shenzhen Great Wall Guosheng Investment Holding Co., Ltd. (深圳長城國盛投資控股有限公司); the secretary of CPC committee and General Manager of Hangzhou office, and the secretary of CPC committee and General Manager of Zhejiang Branch (formerly Hangzhou office) of China Great Wall Asset Management Corporation; the chief operation officer of China Great Wall Asset Management Co., Ltd.; the secretary of CPC committee and chairman of Great Wall Guofu Real Estate Co., Ltd. (長城國富置業有限公司).

**Mr. Song Qinghua**, aged 57, is an external Supervisor of the Bank. He is currently a doctor, professor and an expert receiving Special Government Allowances from the State Council. He is currently a professor and doctoral advisor of the School of Finance of Zhongnan University of Economics and Law and serves as a committee member of China Society for Finance and Banking and a committee member of the Finance Professional Education Steering Committee of Higher College of the Ministry of Education; an independent director of Chongqing Rural Commercial Bank Co., Ltd; a supervisor of Guangzhou Ruimao Management Consulting Co., Ltd. (廣州睿茂管理諮詢有限公司); an independent director of Hubei Bank Corporation Limited. Mr. Song was successively a visiting scholar at Saint Mary's University in Canada, University of Rhode Island in the United States, and University of Cincinnati in the United States. He served as the Vice President and President of the School of Finance of Zhongnan University of Economics and Law.

**Mr. Chen Sanlian**, aged 58, is an external Supervisor of the Bank. He holds a postgraduate degree. He is currently a vice chairman of Zhejiang Lawyers Association, an arbitrator of China International Economic and Trade Arbitration Commission, a member of Zhejiang Chinese People's Political Consultative Conference, a think tank expert, an expert committee member of the Judge and Prosecutor Selection and Disciplinary Committee of Zhejiang Province, etc.; and also an independent director of China Calxon Group Co., Ltd., an independent director of Zheshang Development Group Co., Ltd., a director of Zhejiang Humanities Landscape Co., Ltd. (浙江人文園林股份有限公司), an independent director of Hengyi Petrochemical Co., Ltd. (恒逸石化股份有限公司), and an independent director of Zhejiang Jingong Science & Technology Co., Ltd. Mr. Chen served as a cadre of the lawyer administration division of the Ministry of Justice of Zhejiang Province; an associate editor-in-chief of Lawyer and Legality 《(律師與法制)》; and the general secretary of Zhejiang Lawyers Association.

#### *Senior management*

**Mr. Zhang Rongsen**, please refer to the paragraph headed "Executive Directors" above for his biography.

**Mr. Chen Haiqiang**, please refer to the paragraph headed "Executive Directors" above for his biography.

**Mr. Jing Feng**, aged 43, is currently a CPC committee member, the Vice President and chief financial officer of the Bank. He is a certified public accountant in the US, with a postgraduate degree. Mr. Jing worked as the deputy General Manager and General Manager of planning and finance department of Suzhou Branch, China Minsheng Bank, finance specialist of corporate financial business department of China Minsheng Bank; deputy General Manager of Jiangsu business department of China Zheshang Bank, member of the CPC committee and Vice President of Nanjing Branch, China Zheshang Bank; deputy General Manager (in charge of relevant work) and General Manager of finance and accounting department, and also

General Manager of finance and accounting department and General Manager of asset and liability management department of China Zheshang Bank, CFO of China Zheshang Bank and General Manager of the planning & finance department (asset and liability management department) of the bank.

**Mr. Luo Feng**, aged 43, is currently a member of the CPC committee and the Vice President of the Bank. He holds a doctoral degree. Mr. Luo worked as manager assistant of financial market research center of treasury department, manager assistant of business management center, deputy manager and manager of business management center (research center) of treasury department, risk monitoring officer and General Manager assistant of treasury department, manager of risk management center, deputy General Manager and deputy General Manager (in charge of relevant work) of treasury department of China Zheshang Bank, and assistant to President and General Manager of Financial Market Department of China Zheshang Bank.

**Mr. Jiang Rong**, aged 53, is the Chief Audit Officer of the Bank. He holds an undergraduate degree and is an accountant. Mr. Jiang served as an assistant to division chief and vice division chief at the finance division in Shanghai Electric Tool Research Institute of the Ministry of Machine-Building and Electronics Industry. In addition, he successively served as a director-level section member and assistant to division chief at the commerce and trade audit division of the commissioner's office in Shanghai of the National Audit Office, vice division chief at the financial audit division of the commissioner's office in Shanghai of the National Audit Office, the division chief at the first financial audit division of the commissioner's office in Shanghai of the National Audit Office, division chief at the resources and environmental protection audit division, the audit principal and General Manager of audit department at Dazhong Insurance Co., Ltd. and General Manager of the audit department of China Zheshang Bank.

#### ***Company Secretary***

**Ms. Chan Yin Wah**, aged 47, is an associate director of SWCS Corporate Services Group (Hong Kong) Limited ("SWCS"). Ms. Chan joined SWCS in 2011 and has extensive professional experience as company secretary. Ms. Chan holds a bachelor's degree in economics and a master's degree in professional accounting. She is a fellow member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Chan is also a fellow member of the Association of Chartered Certified Accountants.

**DIRECTORS' AND SUPERVISORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDERS**

As at the Latest Practicable Date, the following Directors and Supervisors were in the employment of those companies which had interests or short positions in the Shares or underlying Shares of the Bank which are required to be notified to the Bank pursuant to Divisions 2 and 3 of Part XV of the SFO:

<b>Name of Director and Supervisor</b>	<b>Name of Shareholder</b>	<b>Position held</b>
Hou Xingchuan	Zhejiang Provincial Financial Holdings Co., Ltd.	member of the CPC committee and deputy general manager

As at the Latest Practicable Date, the interests in the Shares owned by Zhejiang Provincial Financial Holdings Co., Ltd., which are required to be disclosed to the Bank pursuant to Divisions 2 and 3 of Part XV of the SFO, have been recorded in the register required to be kept by the Bank pursuant to Section 336 of the SFO.

**Sole Global Coordinator  
(H Share Rights Issue)**

**CLSA Limited**  
18/F One Pacific Place  
88 Queensway  
Hong Kong

**Underwriter (H Share Rights Issue)**

**CLSA Limited**  
18/F One Pacific Place  
88 Queensway  
Hong Kong

**Sub-Underwriter**

**CMB International Capital Limited**  
45/F, Champion Tower  
3 Garden Road  
Central, Hong Kong

**Sponsor (A Share Rights Issue)**

**CITIC Securities Co., Ltd.**  
North Tower  
Excellence Times Square II  
No. 8 Zhongxin 3rd Road  
Futian, Shenzhen  
Guangdong Province, the PRC

**Joint Lead Underwriters  
(A Share Rights Issue)**

**CITIC Securities Co., Ltd.**  
North Tower  
Excellence Times Square II  
No. 8 Zhongxin 3rd Road  
Futian, Shenzhen  
Guangdong Province, the PRC

**China International Capital  
Corporation Limited**  
27th and 28th Floors, Tower 2  
China World Trade Center  
No. 1 Jianguomenwai Avenue  
Chaoyang District  
Beijing, the PRC

**CSC Financial Co., Ltd.**  
Building 4, No. 66 Anli Road  
Chaoyang District  
Beijing, the PRC

**Huatai United Securities  
Company Limited**

Block B7, Unit 401, Qianhai  
Shenzhen-Hong Kong Fund Town  
No. 128 Guiwan 5th Road  
Nanshan Street  
Qianhai Shenzhen-Hong Kong  
Cooperation Zone, Shenzhen  
Guangdong Province, the PRC

**Shenwan Hongyuan  
Financing Services Co., Ltd.**

Room 2004, 20th Floor,  
Dacheng International Building  
No. 358 Beijing South Road  
High-tech Zone (Xinshi District), Urumqi  
Xinjiang, the PRC

**Guotai Junan Securities Co., Ltd.**

No. 618 Shangcheng Road  
China (Shanghai) Pilot Free  
Trade Zone  
Shanghai, the PRC

**China Industrial Securities Co., Ltd.**

268 Hudong Road  
Fuzhou City  
Fujian Province, the PRC

**Caitong Securities Co., Ltd.**

West Building, Caitong  
Shuangguan Mansion  
No. 198 Tianmushan Road  
Xihu District  
Hangzhou City  
Zhejiang Province, the PRC

**Legal Advisers to the Bank***as to Hong Kong and U.S. laws:***Freshfields Bruckhaus Deringer**

55/F, One Island East, Taikoo Place  
Quarry Bay  
Hong Kong

*as to PRC law:***Zhejiang T&C Law Firm**

11/F, Block A, Dragon Century Square  
No. 1 Hangda Road  
Hangzhou, Zhejiang  
the PRC

**Legal Advisers to the Underwriter***as to Hong Kong and U.S. laws:***Clifford Chance**

27th Floor, Jardine House  
1 Connaught Place  
Hong Kong

*as to PRC law:***JunHe LLP**

20/F, China Resources Building  
8 Jianguomenbei Avenue  
Beijing, the PRC

**Auditors and Reporting Accountants****KPMG**

Certified Public Accountants  
Public Interest Entity Auditor  
registered in accordance  
with the Accounting and  
Financial Reporting Council Ordinance  
8th Floor, Prince's Building  
10 Chater Road  
Central  
Hong Kong

**H Share Registrar****Computershare Hong Kong Investor Services Limited**

Shops 1712-1716  
17th Floor Hopewell Centre  
183 Queen's Road East Wanchai  
Hong Kong

**Address of the registered office of the Bank**

No. 1788, Hongning Road  
Xiaoshan District  
Hangzhou  
Zhejiang Province  
the PRC

**Address of the registered office of the Bank in Hong Kong**

15/F, Three Exchange Square  
No. 8 Connaught Place  
Central  
Hong Kong

**Company Secretary of the Bank**

**Chan Yin Wah (陳燕華)**  
40th Floor, Dah Sing Financial Centre  
No. 248 Queen's Road East  
Wanchai, Hong Kong

**Authorized Representatives of the Bank**

**Zhang Rongsen (張榮森)**  
No. 1 Minxin Road  
Shangcheng District  
Hangzhou, Zhejiang  
the PRC

**Chan Yin Wah (陳燕華)**  
40th Floor, Dah Sing Financial Centre  
No. 248 Queen's Road East  
Wanchai, Hong Kong

**Principal Bank of the Bank**

**CMB Wing Lung Bank Limited**  
Room 1207–1209, 12/F  
CMB Wing Lung Bank Centre  
636 Nathan Road, Kowloon

## SHARE CAPITAL

The registered share capital of the Bank as at the Latest Practicable Date is RMB21,268,696,778. As announced by the Bank, subscriptions under the A Share Rights Issue were completed on June 26, 2023 with a subscription level of 96.32%. All the A Rights Shares successfully subscribed for by the Qualified A Shareholders have not yet been issued and registered as at the Latest Practicable Date, hence are not included in the issued share capital of the Bank as at the Latest Practicable Date.

The following table sets out the Bank's current shareholding structure and its proposed shareholding structure upon completion of the Rights Issue:

Share class	Total number of issued Shares as at the Latest Practicable Date	Percentage of the total number of issued Shares	Number of Shares to be issued under the Rights Issue	Total number of issued Shares immediately after the Rights Issue	Percentage of the total number of issued Shares immediately after the Rights Issue
H Shares	4,554,000,000	21.41%	1,366,200,000 (Note 1)	5,920,200,000 (Note 1)	21.56%
A Shares	16,714,696,778	78.59%	4,829,739,185 (Note 2)	21,544,435,963 (Note 2)	78.44%
Total	21,268,696,778	100.00%	6,195,939,185	27,464,635,963	100.0%

## Notes:

1. Assuming the H Share Rights Issue becomes unconditional and the H Rights Shares are fully subscribed for and no further H Rights Shares are issued by the Bank.
2. Such figures are calculated with reference to the subscription level of the A Share Rights Issue as announced by the Bank on June 26, 2023.

All H Shares and A Shares presently in issue rank *pari passu* in all respects as regards voting, dividends, distribution and return of capital.

The H Rights Shares to be allotted and issued pursuant to the H Share Rights Issue will, when issued and fully paid, rank *pari passu* in all respects with the H Shares then in issue as regards voting, dividends, distributions and return of capital.

The H Shares in issue are listed on the Hong Kong Stock Exchange. The A Shares in issue are listed on the Shanghai Stock Exchange. Save as disclosed, no part of the share capital or any other securities of the Bank is listed or dealt in on any other stock exchanges and no application is being made or is currently proposed or sought for the Shares or any other securities of the Bank to be listed or dealt in on any other stock exchanges.

As at the Latest Practicable Date, the Bank is not a party to any agreements to issue new Shares and none of the members of the Bank had any other outstanding options or convertible securities. As at the Latest Practicable Date, there is no arrangement entered into under which future dividends are waived or agreed to be waived.

#### DISCLOSURE OF INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND THE CHIEF EXECUTIVE OF THE BANK

As at the Latest Practicable Date (without taking into account the effect of the A Share Rights Issue), the Directors, Supervisors or the chief executive of the Bank who had interests or short positions in the Shares, underlying Shares and debentures of the Bank or any of its associated corporations (within the meaning of Part XV of the SFO): (i) which were required to be notified to the Bank and the Hong Kong Stock Exchange, pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules, to be notified to the Bank and the Hong Kong Stock Exchange are as follows:

Name of Directors/ Supervisors/ the chief executive	Position	Share class	Nature of interests and capacity	Long/short position	Number of Shares held	Percentage of the total number of Shares (%)	Percentage of the total number of A Shares (%)
Zhang Rongsen (張榮森)	Executive Director, President	A Share	Beneficial Owner	Long position	1,341,100	0.0063	0.0080
Ma Hong (馬紅)	Executive Director	A Share	Beneficial Owner	Long position	63,900	0.0003	0.0004
Chen Haiqiang (陳海強)	Executive Director, Vice President, CRO	A Share	Beneficial Owner	Long position	580,000	0.0027	0.0035
Wu Fanghua (吳方華)	Employee Supervisor	A Share	Beneficial Owner	Long Position	40,000	0.0002	0.0002

*Note:* The above-mentioned percentages are calculated based on the total number of Shares of 21,268,696,778 and the total number of A Shares of 16,714,696,778 of the Bank as at the Latest Practicable Date.

## DISCLOSURE OF INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, as at the Latest Practicable Date (without taking into account the effect of the A Share Rights Issue), the persons other than a Director, a Supervisor or chief executive of the Bank who had interests or short positions in the Shares and underlying Shares which are disclosable under Divisions 2 and 3 of Part XV of the SFO are as follows:

Name of Shareholder	Share class	Nature of interests and capacity	Long/short position	Number of Shares held	Percentage of the total number of Shares (%) (Note 2)	Percentage of the total number of A Shares (%) (Note 2)	Percentage of the total number of H Shares (%) (Note 2)
Zhejiang Provincial Financial Holdings Co., Ltd.	A Shares	Beneficial owner	Long position	2,655,443,774	12.49	15.89	–
Zhejiang Hengyi Group Co., Ltd.	A Shares	Beneficial owner and Interest of controlled corporation	Long position	1,242,724,913	5.84	7.43	–
Qiu Jianlin (邱建林)	A Shares	Interest of controlled corporation	Long position	1,242,724,913	5.84	7.43	–
Hengdian Group Holdings Limited	A Shares	Beneficial owner	Long position	1,242,724,913	5.84	7.43	–
Hengdian Association For Economics Corporation	A Shares	Interest of controlled corporation	Long position	1,242,724,913	5.84	7.43	–
Zhejiang Provincial Energy Group Co., Ltd.	A Shares	Beneficial owner	Long position	841,177,752	3.96	5.03	–
Zhejiang Provincial Energy Group Co., Ltd.	H Shares	Interest of controlled corporation	Long position	645,708,000	3.04	–	14.18
Zhejiang Energy Capital Holdings Co., Ltd.	H Shares	Interest of controlled corporation	Long position	645,708,000	3.04	–	14.18
Zheneng Capital Investment (Hong Kong) Limited	H Shares	Beneficial owner	Long position	365,633,000	1.72	–	8.03

**APPENDIX III**
**STATUTORY AND GENERAL INFORMATION**

Name of Shareholder	Share class	Nature of interests and capacity	Long/short position	Number of Shares held	Percentage of the total number of Shares	Percentage of the total number of A Shares	Percentage of the total number of H Shares
					(%) (Note 2)	(%) (Note 2)	(%) (Note 2)
Zhejiang Energy International Co., Ltd.	H Shares	Beneficial owner	Long position	280,075,000	1.32	–	6.15
Zhejiang Provincial Seaport Investment & Operation Group Co., Ltd.	H Shares	Beneficial owner and Interest of controlled corporation	Long position	1,061,000,000	4.99	–	23.30
Zhejiang Seaport (Hong Kong) Co., Limited	H Shares	Beneficial owner	Long position	925,700,000	4.35	–	20.33
Zhejiang Seaport Asset Management Co., Limited	H Shares	Interest of controlled corporation	Long position	925,700,000	4.35	–	20.33
Yancoal International (Holding) Company Limited	H Shares	Beneficial owner	Long position	934,000,000	4.39	–	20.51
Yanzhou Coal Mining Company Limited	H Shares	Interest of controlled corporation	Long position	934,000,000	4.39	–	20.51
Yankuang Group Company Limited	H Shares	Interest of controlled corporation	Long position	934,000,000	4.39	–	20.51
FTLIFE INSURANCE COMPANY LIMITED	H Shares	Beneficial owner	Long position	256,282,000	1.20	–	5.63
EARNING STAR LIMITED	H Shares	Interest of controlled corporation	Long position	256,282,000	1.20	–	5.63
SUCCESS IDEA GLOBAL LIMITED	H Shares	Interest of controlled corporation	Long position	256,282,000	1.20	–	5.63
NWS SERVICE MANAGEMENT LIMITED (Note 1)	H Shares	Interest of controlled corporation	Long position	256,282,000	1.20	–	5.63

**APPENDIX III**
**STATUTORY AND GENERAL INFORMATION**

Name of Shareholder	Share class	Nature of interests and capacity	Long/short position	Number of Shares held	Percentage of the total number of Shares	Percentage of the total number of A Shares	Percentage of the total number of H Shares
					(%) (Note 2)	(%) (Note 2)	(%) (Note 2)
NWS SERVICE MANAGEMENT LIMITED (Note 1)	H Shares	Interest of controlled corporation	Long position	256,282,000	1.20	–	5.63
NWS HOLDINGS LIMITED	H Shares	Interest of controlled corporation	Long position	256,282,000	1.20	–	5.63
NEW WORLD DEVELOPMENT COMPANY LIMITED	H Shares	Interest of controlled corporation	Long position	256,282,000	1.20	–	5.63
CHOW TAI FOOK ENTERPRISES LIMITED	H Shares	Interest of controlled corporation	Long position	256,282,000	1.20	–	5.63
CHOW TAI FOOK (HOLDING) LIMITED	H Shares	Interest of controlled corporation	Long position	256,282,000	1.20	–	5.63
CHOW TAI FOOK CAPITAL LIMITED	H Shares	Interest of controlled corporation	Long position	256,282,000	1.20	–	5.63
CHENG YU TUNG FAMILY (HOLDINGS) LIMITED	H Shares	Interest of controlled corporation	Long position	256,282,000	1.20	–	5.63
CHENG YU TUNG FAMILY (HOLDINGS II) LIMITED	H Shares	Interest of controlled corporation	Long position	256,282,000	1.20	–	5.63
Shaoxing Lingyan Equity Investment Fund Partnerships (Limited Partnership)	H Shares	Beneficial owner	Long position	250,000,000	1.18	–	5.49
Zhejiang Lingyan Capital Management Co., Ltd.	H Shares	Interest of controlled corporation	Long position	250,000,000	1.18	–	5.49

Name of Shareholder	Share class	Nature of interests and capacity	Long/short position	Number of Shares held	Percentage of the total number of Shares (%) (Note 2)	Percentage of the total number of A Shares (%) (Note 2)	Percentage of the total number of H Shares (%) (Note 2)
Shanghai Run Kuan Investment Management Co., Ltd.	H Shares	Interest of controlled corporation	Long position	250,000,000	1.18	–	5.49
Liu Yaozhong (劉耀中)	H Shares	Interest of controlled corporation	Long position	250,000,000	1.18	–	5.49
Great Wall Securities Co., Ltd.	H Shares	Interest of controlled corporation	Long position	250,000,000	1.18	–	5.49
Jiaxing Credit Lingxin Investment Partnership Enterprise (Limited Partnership) (嘉興信業領信投資合夥企業(有限合夥))	H Shares	Interest of controlled corporation	Long position	250,000,000	1.18	–	5.49
Aeon Life Insurance Co. Ltd.	H Shares	Beneficial owner	Long position	228,651,000	1.08	–	5.02

## Notes:

- (1) These two companies that have the same name have different addresses of registration. For the details, please refer to the relevant information about disclosure of interests, which was published on the website of the Hong Kong Stock Exchange.
- (2) The above-mentioned percentages are calculated based on the total number of Shares of 21,268,696,778, the total number of A Shares of 16,714,696,778 and the total number of H Shares of 4,554,000,000 of the Bank as at the Latest Practicable Date.

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Bank, persons or companies (other than Directors or chief executives of the Bank) who were, directly or indirectly, interested in 10% or more of the total issued share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group (other than the Bank), were as follows:

<b>Member of the Bank</b>	<b>Name of Shareholder with 10% or more equity interest (other than us)</b>	<b>Approximate percentage of shareholding of the substantial Shareholder</b>
Zhejiang Zheyin Financial Leasing Co., Ltd. (浙江浙 銀金融租賃股份有限公司)	Zhejiang Provincial Financial Holdings Co., Ltd. (浙江省金融控 股有限公司)	29%
	Zhoushan Marine Comprehensive Development and Investment Co., Ltd. (舟山海洋綜合開發投資有 限公司)	20%

Save as disclosed above, as at the Latest Practicable Date, the Directors or chief executive of the Bank were not aware of any other person who had an interest or short position in the Shares or underlying Shares of the Bank which would fall to be disclosed to the Bank under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Bank under Section 336 of the SFO, or who had a direct or indirect interest in 10% or more of the total issued share capital carrying rights to vote in in all circumstances at general meetings of any other member of the Group.

## EXPERT

The following is the qualification of the expert who has given its opinion or advice which is contained in this prospectus:

<b>Name</b>	<b>Qualification</b>	<b>Nature of report/advice</b>	<b>Date of report/advice</b>
KPMG	Certified Public Accountants Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance	Report on the unaudited pro forma financial information of the Group	July 5, 2023

KPMG has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and references to its name in the form and context in which they are included.

As at the Latest Practicable Date, KPMG did not have any shareholding in any member of the Bank, or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Bank.

As at the Latest Practicable Date, the above expert did not have interest in any assets which have been acquired or disposed of by, or leased to any member of the Bank, or are proposed to be acquired or disposed of by, or leased to any member of the Bank since 31 December 2022, being the date to which the latest published audited consolidated accounts of the Bank were made up.

#### **DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors or Supervisors had any existing or proposed service contract with any member of the Bank (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

#### **DIRECTORS' AND SUPERVISORS' INTERESTS IN ASSETS AND/OR CONTRACTS**

As at the Latest Practicable Date, none of the Directors or Supervisors had interest in any assets which have been acquired or disposed of by or leased to any member of the Bank, or have been proposed to be acquired or disposed of by or leased to any member of the Bank since 31 December 2022, being the date to which the latest published audited consolidated accounts of the Bank were made up.

As at the Latest Practicable Date, none of the Directors, Supervisors or their respective associates was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Bank.

#### **MATERIAL ADVERSE CHANGE**

There was no material adverse change in the financial or trading positions of the Bank since 31 December 2022, being the date to which the latest published audited consolidated accounts of the Bank were made up.

#### **DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

The Prospectus Documents and the written consent of KPMG as referred to under the paragraph headed "Expert" in this appendix have been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance.

**MATERIAL LITIGATION**

As at the Latest Practicable Date, no member of the Bank was involved in any material litigation or arbitration and there was no material litigation or claim known to the Directors to be pending or threatened by or against any member of the Bank.

**MATERIAL CONTRACT**

Set out below is the information on the material contract, not being contract entered into during the ordinary course of business, which was entered into by the Bank during the two years immediately preceding the date of this prospectus and up to the Latest Practicable Date:

- (a) the Underwriting Agreement.

**RESTRICTION AFFECTING REMITTANCE OF PROFIT AND CAPITAL**

A significant part of the Bank's turnover and operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of Mainland China. Under the PRC existing foreign exchange regulations, the foreign exchange disbursements under current accounts (including payment of dividends, trade and service-related foreign exchange) can be paid with self-owned foreign exchange or foreign exchange bought from designated financial institutions for foreign exchange operations without prior approval from PRC foreign exchange administrative department by complying with certain procedural requirements. However, for the foreign exchange disbursements under capital account (such as the repayment of foreign debts and foreign investments), which are required to be registered with or approved by the competent bank or governmental authority according to applicable PRC laws and regulations, such registration or approval shall be obtained before paying the foreign exchange disbursements with self-owned foreign exchange or foreign exchange bought from designated financial institutions for foreign exchange operations.

Save as disclosed above, the Directors are not aware of any other restriction affecting the remittance of profits or repatriation of capital of the Bank into Hong Kong from outside Hong Kong.

**GENERAL**

- (a) The expenses in connection with the H Share Rights Issue and the A Share Rights Issue, including the underwriting fee, financial advisory fee, printing, registration, legal and accounting charges and other fees, are estimated to amount to approximately RMB64.81 million and will be payable by the Bank.
- (b) The expenses in connection with the A Share Rights Issue, including the underwriting fee, legal fee, accounting fee, information disclosure fee, rights issue registration and other fees, are estimated to amount to approximately RMB34.23 million and will be payable by the Bank.
- (c) In any event of any inconsistency, the English language text of this document shall prevail over the Chinese language text.

**DOCUMENTS ON DISPLAY**

Copies of the following documents will be published at the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Bank ([www.czbank.com](http://www.czbank.com)) for a period of 14 days from the date of this prospectus:

- (1) the report from KPMG on the unaudited pro forma financial information of the Group, the full text of which is set out in Appendix II to this prospectus;
- (2) the written consent referred to in the paragraph headed “Expert” in this appendix;  
and
- (3) the material contract referred to in the paragraph headed “Material Contract” in this appendix.