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CHINA ZHESHANG BANK CO., LTD.
浙商銀行股份有限公司

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

(Stock Code: 2016)

CONNECTED TRANSACTION

ENTERING INTO THE CAPITAL INCREASE AND SUBSCRIPTION AGREEMENT

We refer to the announcements of China Zheshang Bank Co., Ltd. (the "**Bank**") dated December 27, 2024 and June 27, 2025 (collectively, the "**Announcements**") in relation to the Proposed Capital Increase in a subsidiary and Potential Connected Transactions. Unless otherwise specified herein, the capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

ENTERING INTO THE CAPITAL INCREASE AND SUBSCRIPTION AGREEMENT

The Board is pleased to announce that on September 1, 2025, the Bank entered into a capital increase and subscription agreement (the "**Capital Increase and Subscription Agreement**") with Zheyin Financial Leasing. Pursuant to the Capital Increase and Subscription Agreement, Zheyin Financial Leasing will issue 700 million newly issued shares (the "**Newly Issued Shares**") at a subscription price (the "**Subscription Price**") of RMB1.9875 per Newly Issued Share, and the Bank will subscribe for 500 million Newly Issued Shares in a total subscription consideration of RMB993.75 million (the "**Capital Increase and Subscription**"). Zhoushan Marine Comprehensive Development and Investment Co., Ltd. ("**Zhoushan Marine Investment**") (a shareholder of Zheyin Financial Leasing) will also subscribe for 200 million Newly Issued Shares at the same Subscription Price. Zhejiang Provincial Innovation Investment Group Co., Ltd. (浙江省創新投資集團有限公司) ("**Provincial Innovation Investment Group**", formerly known as Zhejiang Provincial Financial Holdings Co., Ltd. (浙江省金融控股有限公司)) (a shareholder of Zheyin Financial Leasing) will not participate in this Capital Increase and Subscription.

Prior to the completion of the Capital Increase and Subscription, the Bank, Provincial Innovation Investment Group and Zhoushan Marine Investment held 51.00%, 29.00% and 20.00% shares of Zheyin Financial Leasing, respectively. After the completion of the Capital Increase and Subscription, the Bank, Provincial Innovation Investment Group and Zhoushan Marine Investment are expected to hold 54.04%, 24.68% and 21.28% shares of Zheyin Financial Leasing, respectively. The equity ratio after the completion of Capital Increase and Subscription shall be subject to the final actual subscription situation and the actual approval results of the regulatory authorities. Following the completion of the Capital Increase and Subscription, Zheyin Financial Leasing will remain a controlled subsidiary of the Bank, and its financial results will continue to be consolidated into the financial statements of the Bank.

LISTING RULES IMPLICATIONS

Prior to the completion of the Capital Increase and Subscription, the Bank held 51.00% of the total issued shares of Zheyin Financial Leasing. Provincial Innovation Investment Group, as a substantial Shareholder of the Bank, held approximately 12.57% of the total issued shares of the Bank and, prior to the completion of the Capital Increase and Subscription, 29.00% of the total issued shares of Zheyin Financial Leasing. Therefore, Zheyin Financial Leasing is a connected subsidiary of the Bank. Accordingly, the Capital Increase and Subscription constitutes a connected transaction of the Bank under Chapter 14A of the Listing Rules. As the maximum applicable percentage ratio calculated under the Listing Rules in respect of the transaction under the Capital Increase and Subscription Agreement exceeds 0.1% but is below 5%, such transaction is subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules. To the best of the Directors' knowledge and belief, having made all reasonable enquiries, as at the date of this announcement, the other party participating in the Capital Increase and Subscription (i.e., Zhoushan Marine Investment) and its ultimate beneficial owner(s) are independent third parties of the Bank and its connected persons.

INTRODUCTION

The Board is pleased to announce that on September 1, 2025, the Bank entered into the Capital Increase and Subscription Agreement with Zheyin Financial Leasing. Pursuant to the Capital Increase and Subscription Agreement, Zheyin Financial Leasing will issue 700 million Newly Issued Shares at the Subscription Price of RMB1.9875 per Newly Issued Share, and the Bank will subscribe for 500 million Newly Issued Shares in a total subscription consideration of RMB993.75 million. Zhoushan Marine Investment (a shareholder of Zheyin Financial Leasing) will also subscribe for 200 million Newly Issued Shares at the same Subscription Price. Provincial Innovation Investment Group (a shareholder of Zheyin Financial Leasing) will not participate in this Capital Increase and Subscription.

Prior to the completion of the Capital Increase and Subscription, the Bank, Provincial Innovation Investment Group and Zhoushan Marine Investment held 51.00%, 29.00% and 20.00% shares of Zheyin Financial Leasing, respectively. After the completion of the Capital Increase and Subscription, the Bank, Provincial Innovation Investment Group and Zhoushan Marine Investment are expected to hold 54.04%, 24.68% and 21.28% shares of Zheyin Financial Leasing, respectively. The equity ratio after the completion of Capital Increase and Subscription shall be subject to the final actual subscription situation and the actual approval results of the regulatory authorities. Following the completion of the Capital Increase and Subscription, Zheyin Financial Leasing will remain a controlled subsidiary of the Bank, and its financial results will continue to be consolidated into the financial statements of the Bank.

CAPITAL INCREASE AND SUBSCRIPTION AGREEMENT

The principal terms of the Capital Increase and Subscription Agreement are summarized as follows:

Date:	September 1, 2025
Parties:	(i) Zheyin Financial Leasing; and (ii) the Bank
Total Number of Newly Issued Shares and Number of Newly Issued Shares to be Subscribed by the Bank:	Zheyin Financial Leasing will issue an aggregate of 700 million Newly Issued Shares, among which the Bank will subscribe for 500 million of such Newly Issued Shares.
Subscription Price and Basis of Determination:	The Subscription Price is RMB1.9875 per Newly Issued Share. The Subscription Price is determined based on the evaluated net asset value per share of Zheyin Financial Leasing as at the end of 2024.
Subscription Consideration:	RMB993.75 million
Approval:	The Capital Increase and Subscription under the Capital Increase and Subscription Agreement is subject to approval by the regulatory authorities. If the Bank fails to obtain approval from the regulatory authorities for the Capital Increase and Subscription (including but not limited to reasons such as failure to meet the eligibility criteria for investing in financial institutions), it shall automatically withdraw from this Capital Increase and Subscription, and the Capital Increase and Subscription Agreement shall be terminated automatically. The proceeds from this Capital Increase and Subscription are subject to the actual approval result of the regulatory authorities.
Payment of Subscription Consideration:	The Bank shall pay the subscription consideration to Zheyin Financial Leasing in full within ten working days after the Capital Increase and Subscription Agreement becomes effective. If the Bank fails to obtain approval from the regulatory authorities for the Capital Increase and Subscription, Zheyin Financial Leasing shall refund the subscription consideration paid by the Bank within seven days upon receiving the non-approval decision from the regulatory authorities (without interest).

BASIC INFORMATION ABOUT THE BANK AND ZHEYIN FINANCIAL LEASING

The Bank

China Zheshang Bank Co., Ltd. (浙商銀行股份有限公司), a nationwide joint-stock commercial bank, the predecessor of which is a sino-foreign joint venture incorporated in the PRC on April 16, 1993 in accordance with the PRC laws, and reorganized to a joint-stock company with approval of the China Banking Regulatory Commission on June 30, 2004.

Zheyin Financial Leasing

Zheyin Financial Leasing was established on January 18, 2017, with the unified social credit code of 91330900MA28KA6292 and a registered capital of RMB4 billion prior to the completion of the Capital Increase and Subscription. Its registered address is 23rd Floor, No. 111 Yingbin Avenue, the Zhoushan Economic Development Zone, Zhejiang Province, the PRC (within the Free Trade Pilot Zone) (中國浙江省舟山經濟開發區迎賓大道 111 號 23 層(自貿試驗區內)), and Wang Guoping (汪國平) is the legal representative. Its business scope includes the following domestic and foreign currency businesses: financial leasing, transfer and acceptance of financial leasing assets, borrowing with a maturity of three months or more from non-bank shareholders, interbank lending, borrowing from financial institutions, issuing non-capital bonds, acceptance of leasing margin, selling and disposal of leased items, establishment of project companies domestically to carry out financial leasing business, granting shareholder loans to project companies, provision of financing and performance guarantee for project companies, fixed income investment business, asset securitization business, provision of financial leasing-related consultation service, and other businesses prescribed by laws and regulations or approved by the national financial regulatory authorities. As of December 31, 2024, Zheyin Financial Leasing had total assets of RMB78,327 million, with operating revenue of RMB2,361 million and net profit of RMB1,034 million (audited) in 2024. As of the date of this announcement, Zheyin Financial Leasing is not a subject in the list of judgement defaulters. Prior to the completion of the Capital Increase and Subscription, the Bank, Provincial Innovation Investment Group and Zhoushan Marine Investment held 51.00%, 29.00% and 20.00% shares of Zheyin Financial Leasing, respectively. After the completion of the Capital Increase and Subscription, the Bank, Provincial Innovation Investment Group and Zhoushan Marine Investment are expected to hold 54.04%, 24.68% and 21.28% shares of Zheyin Financial Leasing, respectively. The equity ratio after the completion of Capital Increase and Subscription shall be subject to the final actual subscription situation and the actual approval results of the regulatory authorities. Following the completion of the Capital Increase and Subscription, Zheyin Financial Leasing will remain a controlled subsidiary of the Bank, and its financial results will continue to be consolidated into the financial statements of the Bank.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CAPITAL INCREASE AND SUBSCRIPTION AGREEMENT

The Capital Increase and Subscription will further replenish the core capital of Zheyin Financial Leasing to enhance its capital adequacy ratio, and support its sustainable business development. Moreover, it is expected to enhance the Bank's return on capital and strategic synergies with its subsidiary. It is expected that the entering into of the Capital Increase and Subscription Agreement and the Capital Increase and Subscription thereunder will not be detrimental to the interests of the Bank and its shareholders as a whole, and will not have a material impact on the Bank's normal operating activities and financial conditions.

OPINION OF THE DIRECTORS

We refer to the announcement of the Bank dated June 27, 2025 regarding the updates in relation to Proposed Capital Increase in a subsidiary and Potential Connected Transactions. The Updated Proposed Capital Increase and the Updated Potential Connected Transactions were considered and approved at the 2025 fifth extraordinary meeting of the seventh session of the Board. As Mr. Hou Xingchuan holds office at Provincial Innovation Investment Group, he has abstained from voting on the Board resolutions approving the Updated Proposed Capital Increase and the Updated Potential Connected Transactions. The remaining Directors have voted for, and unanimously considered and approved the Board resolutions approving the Updated Proposed Capital Increase and the Updated Potential Connected Transactions. Save as aforesaid, no other Directors have a material interest in the Updated Proposed Capital Increase or the Updated Potential Connected Transactions, and therefore no other Directors are required to abstain from voting on the relevant board resolutions.

The Directors (including all independent non-executive Directors) consider that the Capital Increase and Subscription under the Capital Increase and Subscription agreement is (i) conducted in the ordinary and usual course of business of the Group and on normal commercial terms; (ii) on terms that are fair and reasonable; and (iii) in the interests of the Bank and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Prior to the completion of the Capital Increase and Subscription, the Bank held 51.00% of the total issued shares of Zheyin Financial Leasing. Provincial Innovation Investment Group, as a substantial Shareholder of the Bank, held approximately 12.57% of the total issued shares of the Bank and, prior to the completion of the Capital Increase and Subscription, 29.00% of the total issued shares of Zheyin Financial Leasing. Therefore, Zheyin Financial Leasing is a connected subsidiary of the Bank. Accordingly, the Capital Increase and Subscription constitutes a connected transaction of the Bank under Chapter 14A of the Listing Rules. As the maximum applicable percentage ratio calculated under the Listing Rules in respect of the transaction under the Capital Increase and Subscription Agreement exceeds 0.1% but is below 5%, such transaction is subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules. To the best of the Directors' knowledge and belief, having made all reasonable enquiries, as at the date of this announcement, the other party participating in the Capital Increase and Subscription (i.e., Zhoushan Marine Investment) and its ultimate beneficial owner(s) are independent third parties of the Bank and its connected persons.

The Capital Increase and Subscription under the Capital Increase and Subscription Agreement is subject to approval by the regulatory authorities. Investors are advised to pay attention to the investment risks thereof.

By order of the Board
China Zheshang Bank Co., Ltd.
Chen Haiqiang
Executive Director, President of the Bank

Hangzhou, the PRC
September 1, 2025

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