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**晋商银行**  
**Jinshang Bank**

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

**晉商銀行股份有限公司\***

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

**(Stock Code: 2558)**

## **CONNECTED TRANSACTION ASSETS TRANSFER AGREEMENT**

### **ASSETS TRANSFER AGREEMENT**

The Bank entered into the Assets Transfer Agreement with Jinyang AMC on August 27, 2025, pursuant to which the Bank agreed to transfer its Underlying Assets as set out in the Assets Transfer Agreement and Jinyang AMC agreed to accept the Underlying Assets at a consideration of RMB310.33 million.

### **LISTING RULES IMPLICATIONS**

Jinyang AMC is a non-wholly owned subsidiary of SSCO, which is a substantial Shareholder of the Bank, indirectly holding approximately 20.76% interest in the total issued share capital of the Bank as at the date of this announcement. Therefore, Jinyang AMC is a connected person of the Bank under Chapter 14A of the Listing Rules. Accordingly, the transaction contemplated under the Assets Transfer Agreement constitutes a connected transaction of the Bank under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the transaction contemplated under the Assets Transfer Agreement exceeds 0.1% but is less than 5%, the transaction contemplated under the Assets Transfer Agreement (i) does not constitute a discloseable transaction under Chapter 14 of the Listing Rules, and (ii) is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

The Bank entered into the Assets Transfer Agreement with Jinyang AMC on August 27, 2025, pursuant to which the Bank agreed to transfer the Underlying Assets as set out in the Assets Transfer Agreement and Jinyang AMC agreed to accept the Underlying Assets at a consideration of RMB310.33 million.

## **ASSETS TRANSFER AGREEMENT**

The main terms of the Assets Transfer Agreement are set out below:

### **Date**

August 27, 2025

### **Parties**

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

### **Subject matter**

Subject to the terms and conditions of the Assets Transfer Agreement, the Bank agreed to transfer and Jinyang AMC agreed to accept, the Bank's non-performing assets involving eight corporate customers, including the principal and interests derived therefrom as of the benchmark date (i.e. March 5, 2025), liquidated damages and the disbursements incurred before the benchmark date (including legal costs and other expenses incurred to realize the creditor's rights), which amounted to approximately RMB1,421.44 million. After payment of the first installment of RMB93.10 million, representing 30% of the total consideration, Jinyang AMC will obtain all the rights and interest of the Underlying Assets. Upon closing, Jinyang AMC shall bear all losses, liabilities and risks of the Underlying Assets and the reasonable expenses incurred in the management and disposal of the Underlying Assets. Jinyang AMC acknowledges and confirms that the Underlying Assets are the Bank's non-performing assets and the Bank does not guarantee the recoverability and/or timeliness of the Underlying Assets.

## **Consideration and payment terms**

The total consideration for the Underlying Assets under the Assets Transfer Agreement is RMB310.33 million, which was determined through public tender based on the base price set up by the Bank. The base price was determined by the Bank's non-performing assets valuation and pricing team by reference to the valuation analysis of such assets by an independent valuer of not less than approximately RMB302.50 million. Jinyang AMC should pay the first installment of RMB93.10 million, representing 30% of the total consideration, within 10 business days after the execution of the Assets Transfer Agreement to the designated account of the Bank, and pay the remaining consideration within one year after the execution of the Assets Transfer Agreement, to the designated account of the Bank.

## **Conditions precedent**

The transfer of the Underlying Assets shall be conditional on the fulfillment of the following conditions:

- (i) the Bank has received the first instalment of the consideration; and
- (ii) Jinyang AMC has provided copies of its business license and its corporate qualification documents allowing it to execute this transaction (if necessary) to the Bank.

## **Closing**

The closing shall take place within 10 business days after the fulfillment of the conditions precedent. At the closing, the Bank should deliver the documents in relation to the Underlying Assets that prove the existence and ownership of the Underlying Assets to Jinyang AMC including but not limited to contracts, certificates of rights and settlement agreements. The Bank and Jinyang AMC should submit in advance to each other the identification and power of attorney of the person designated in charge of the delivery of documents in relation to the Underlying Assets. The closing should be deemed to be completed when both the Bank and Jinyang AMC confirm with their seals on the letter of confirmation.

## **Assets management during the transition period**

During the transition period from the execution of the Assets Transfer Agreement to the closing date, the Bank shall continue to manage and maintain the Underlying Assets according to the management method and management standard adopted by the Bank before the execution of the Assets Transfer Agreement.

Jinyang AMC should give the Bank clear written instructions if it requires the Bank to dispose of or provide services in relation to the Underlying Assets during the transition period. The Bank is entitled to receive service fees pursuant to the Assets Transfer Agreement, if any reasonable costs were incurred when carrying out the instructions of Jinyang AMC.

## REASONS FOR AND BENEFITS OF THE ASSETS TRANSFER AGREEMENT

The Underlying Assets under the Assets Transfer Agreement involve single fund trust business with one corporate customer and loans made by the Group to seven corporate customers in the ordinary course of business of the Bank and constitute the Bank's non-performing assets. The corporate customers are companies established in the PRC with limited liability and mainly engaged in software and information technology services, construction industry and wholesale and retail industry. All such single fund trust business and loans were secured by collateral, pledges and/or guarantees, had been overdue for more than two years and were categorized as non-performing loans according to Due Diligence Guidelines for Disposal of Non-performing Financial Assets (《不良金融資產處置盡職指引》) and Guidelines for Classification of Loan Risks (《貸款風險分類指引》) issued by former China Banking Regulatory Commission (“**former CBRC**”) and Administrative Measures for the Write-off of Bad Debts of Financial Enterprises (《金融企業呆賬核銷管理辦法》) issued by Ministry of Finance. Through the disposal of such non-performing assets, the Group can reduce the amount of its non-performing loans.

According to the relevant regulations regarding the asset evaluation issued by national authorities and the Guidelines on the Valuation of Financial Non-performing Assets (《金融不良資產評估指導意見》) issued by China Appraisal Society (中國資產評估協會), an independent valuer was engaged by the Bank to conduct a value analysis of the Underlying Assets as of March 5, 2025, which provides the reference value for the disposal of the Underlying Assets. The value derived from the independent valuer's valuation analysis is the liquidation value (清算價值), which refers to the value that can be reasonably obtained from the liquidation of the Underlying Assets in the event of compulsory liquidation, which amounted to approximately RMB302.50 million.

To derive the liquidation value of the Underlying Assets, the independent valuer adopted (i) the comprehensive analysis method (綜合分析法) when the borrowers or the related-parties exist and cooperate and are able to provide basic information of the assets and the latest financial information and (ii) experts scoring analysis method (專家打分法) when the borrowers or the related-parties do not cooperate or are not able to provide the relevant information. When using the comprehensive analysis method, the independent valuer would conduct on-site investigations, consultations and comprehensive analysis of the borrower enterprises, the guarantors and collaterals to analyze and study factors including the status and the form of the assets, the status of the debts and the repayment capacity so as to determine the potential value of the borrower enterprises' recoverable debts, and then take into account factors including the cost of realizing the debts and discounts on the sale of the debts to determine the disposal value of the debts. When using the experts scoring analysis method, the independent valuer would conduct comprehensive analysis on the value of the non-performing assets based on the materials obtained by the lender, and through market investigation, comparison with similar transaction precedents and experts estimates.

As a part of the Group's efforts to dispose of non-performing loans and alleviate the Group's pressure of non-performing loans and in order to increase the proceeds from disposal of the Underlying Assets under the Assets Transfer Agreement, the Group transferred such assets through public tender held by Shanxi Property Exchange Market following its procedures according to Measures for the Administration of Batch Transfer of Non-performing Assets of Financial Enterprises (《金融企業不良資產批量轉讓管理辦法》) jointly issued by Ministry of Finance and former CBRC, Notice of CBRC on Adjusting the Regulatory Requirements for Loan Loss Allowances of Commercial Banks (《中國銀監會關於調整商業銀行貸款損失準備監管要求的通知》) and other applicable laws and regulations. A total of four qualified companies participated the public tender and Jinyang AMC offered the highest price for the Underlying Assets.

The proceeds from the transfer of the Underlying Assets were used to make up for the Group's losses on such non-performing assets so as to decrease the amount of the Group's non-performing loans and to promote the high-quality and sustainable development of the Group.

Considering the valuation amount, the market-based method adopted to dispose of such non-performing loans, and the alleviation of pressure on non-performing loans of the Group through transferring the Underlying Assets, the Directors (including the independent non-executive Directors) are of the view that the terms of the Assets Transfer Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group, 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 Assets Transfer Agreement.

The original impairment loss allowance made by the Bank for the Underlying Assets amounted to approximately RMB744.99 million. Based on the difference between the consideration for the transfer of the Underlying Assets of approximately RMB310.33 million and the carrying amount of the Underlying Assets as of the benchmark date of the Assets Transfer Agreement of approximately RMB1,421.44 million, the Group recorded a loss of approximately RMB1,111.11 million (unaudited) as a result of the disposal of the Underlying Assets. The Bank made additional impairment loss allowance for the difference between the original impairment loss allowance and the actual losses of approximately RMB366.12 million.

## **INFORMATION ON THE PARTIES**

### **The Bank**

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

## **Jinyang AMC**

Jinyang AMC is a joint stock company with limited liability established in the PRC on March 30, 2017. Jinyang AMC was directly owned by SSCO as to 74.23%, by Jinshang Credit Enhancement Investment Co., Ltd.\* (晉商信用增進投資股份有限公司) as to 11.85%, by Jinchuang Investment Co., Ltd.\* (晉創投資有限公司) as to 8.76%, and by Jinneng Holding Coal Industry Group Co., Ltd.\* (晉能控股煤業集團有限公司) as to 5.15%. Jinchuang Investment Co., Ltd.\* (晉創投資有限公司) is directly wholly-owned by SSCO. Jinshang Credit Enhancement Investment Co., Ltd.\* (晉商信用增進投資股份有限公司) and Jinneng Holding Coal Industry Group Co., Ltd.\* (晉能控股煤業集團有限公司) are indirectly controlled by SSCO. The business scope of Jinyang AMC mainly includes acquisition and management as a trustee of non-performing assets of financial institutions and non-financial institutions, managing, investing and disposing all kinds of non-performing assets; change of creditor's rights to equity interest, managing, investing and disposing of equity assets; external investments; sale and purchase of securities; assets securitization business and issue of bonds; inter-bank transactions and commercial financing for financial institutions; assets management, wealth management, private equity investments; financial, investments, legal and risk management consultation; assets and projects evaluation; bankruptcy management, custody and liquidation of financial institutions and other business activities as approved by regulatory authorities.

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

## **LISTING RULES IMPLICATIONS**

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## DEFINITIONS

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

“Assets Transfer Agreement”	the assets transfer agreement dated August 27, 2025 entered into by the Bank and Jinyang AMC
“Bank”	Jinshang Bank Co., Ltd.* (晉商銀行股份有限公司), a joint stock company established in China on October 16, 1998 with limited liability in accordance with relevant PRC laws and regulations, and (if the context requires) includes its predecessor, branches and sub-branches (excluding its subsidiary)
“Board” or “Board of Directors”	the board of Directors
“business days”	a day excluding Saturday, Sunday and public holiday in the PRC but including Saturday and Sunday that are designated as business day(s) according to the State Council’s holiday arrangement for the year
“China” or “PRC”	the People’s Republic of China
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Bank
“Group”	the Bank and its subsidiary
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jinyang AMC”	Jinyang Assets Management Co., Ltd. (晉陽資產管理股份有限公司), a joint stock company with limited liability established in the PRC on March 30, 2017
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC

“Shanxi Property Exchange Market”	Shanxi Property Exchange Market Co., Ltd. (山西省產權交易市場股份有限公司) through which the public tender in relation to the transfer of the Underlying Assets was held
“Shareholder(s)”	holder of Shares in the share capital of the Bank with a nominal value of RMB1.00 each
“Shares”	the ordinary shares issued by the Bank with a nominal value of RMB1.00 each, including the domestic shares of the Bank which are subscribed for or credited as paid up in Renminbi and H shares of the Bank which are subscribed for and traded in Hong Kong dollars and listed and traded on the Stock Exchange
“SSCO”	Shanxi State-owned Capital Operation Co., Ltd. (山西省國有資本運營有限公司), which was formerly named as Shanxi State-owned Capital Investment and Operation Co., Ltd. (山西省國有資本投資運營有限公司)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Underlying Assets”	the non-performing assets of the Bank to be transferred to Jinyang AMC pursuant to the Assets Transfer Agreement
“%”	percentage

By order of the Board  
**Jinshang Bank Co., Ltd.\***  
**Hao Qiang**  
*Executive Director and Chairwoman*

Taiyuan, August 27, 2025

*As at the date of this announcement, the Board of Directors of the Bank comprises Ms. HAO Qiang, Mr. ZHANG Yunfei and Mr. WANG Qi as executive Directors; Mr. WU Canming, Mr. MA Hongchao, Mr. LIU Chenhang, Mr. LI Yang and Mr. WANG Jianjun as non-executive Directors; Mr. WANG Liyan, Mr. DUAN Qingshan, Mr. SAI Zhiyi, Ms. HU Zhihong and Mr. CHAN Ngai Sang Kenny as independent non-executive Directors.*

\* *Jinshang Bank Co., Ltd. is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry on banking/deposit-taking business in Hong Kong.*