

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.



BANK OF GANSU CO., LTD.*
甘肅銀行股份有限公司*

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

(Stock Code: 2139)

CONNECTED TRANSACTION
PROPOSED SUBSCRIPTION OF DOMESTIC SHARES BY
SUBSTANTIAL SHAREHOLDER SUBSCRIBERS

Reference is made to the Bank's Announcement on Share Issuance dated March 30, 2020 in relation to, among other things, the Issuance and the potential connected transaction of proposed subscription of Domestic Shares by the Substantial Shareholder Subscribers.

THE SUBSCRIPTION

The Board is pleased to announce that the Bank has recently received Letters of Intent from Gansu State-owned Assets Investment, Gansu Highway Aviation Tourism, Jiuquan Iron & Steel and Jinchuan Group, respectively. According to which, Gansu State-owned Assets Investment, Gansu Highway Aviation Tourism, Jiuquan Iron & Steel and Jinchuan Group (or their respective designated subsidiaries) have expressed their intention to subscribe for approximately 41.33%, 40.00%, 9.33% and 9.33% of the total number of Domestic Shares to be issued, respectively, subject to the approval for the Issuance by domestic and overseas regulatory authorities and fulfilment of necessary procedures. The subscription terms of the Substantial Shareholder Subscribers' participation in the Issuance, including but not limited to the number of Domestic Shares subscribed and the subscription price, will be finalised in accordance with the definitive subscription agreement then signed, provided that relevant terms of the definitive subscription agreement will conform with the issuance plan of the Domestic Shares (for details, please refer to the Announcement on Share Issuance).

LISTING RULES IMPLICATIONS

As of the date of this announcement, Gansu State-owned Assets Investment and Gansu Highway Aviation Tourism are substantial shareholders of the Bank. Gansu State-owned Assets Investment and its controlled corporations hold 1,627,195,578 Domestic Shares in total, representing approximately 16.16% of the total number of the Bank's issued shares. Gansu State-owned Assets Investment holds 48.67% equity interests and 31.58% equity interests in Jinchuan Group and Jiuquan Iron & Steel, respectively. Therefore, Jinchuan Group and Jiuquan Iron & Steel are associates of Gansu State-owned Assets Investment. Gansu Highway Aviation Tourism and its controlled corporations hold 1,257,696,100 Domestic Shares in total, representing approximately 12.49% of the total number of the Bank's issued shares. Accordingly, Gansu State-owned Assets Investment, Gansu Highway Aviation Tourism, Jiuquan Iron & Steel and Jinchuan Group and their respective subsidiaries are connected persons of the Bank. The Subscription will constitute a connected transaction of the Bank pursuant to the Listing Rules and is subject to the disclosure, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Bank will convene an EGM to seek Shareholders' approval for the Subscription. The Substantial Shareholders and their respective associates shall abstain from voting on the proposals in relation to the Subscription considered at the EGM and the Class Meetings.

The Bank has established the Independent Board Committee comprising all independent non-executive Directors to advise Independent Shareholders on the Subscription. The Bank has appointed Caitong International Capital Co., Limited as independent financial adviser to advise the Independent Board Committee and Independent Shareholders on the Subscription.

The Bank expects to dispatch a circular containing, among other things, details of the Subscription and other related matters, and a notice of the EGM in due course in accordance with the requirements of the Listing Rules.

This announcement is only for the purposes of providing information in connection with the Issuance and the Subscription to the Shareholders and potential investors, and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Bank. As the Issuance and the Subscription are subject to the satisfaction of certain conditions, they may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Bank's securities.

Reference is made to the Bank's Announcement on Share Issuance dated March 30, 2020 in relation to, among other things, the Issuance and the potential connected transaction of proposed subscription of Domestic Shares by the Substantial Shareholder Subscribers.

I. THE SUBSCRIPTION

The Board is pleased to announce that the Bank has recently received Letters of Intent from Gansu State-owned Assets Investment, Gansu Highway Aviation Tourism, Jiuquan Iron & Steel and Jinchuan Group, respectively. According to which, Gansu State-owned Assets Investment, Gansu Highway Aviation Tourism, Jiuquan Iron & Steel and Jinchuan Group (or their respective designated subsidiaries) have expressed their intention to subscribe for approximately 41.33%, 40.00%, 9.33% and 9.33% of the total number of Domestic Shares to be issued, respectively, subject to the approval for the Issuance by domestic and overseas regulatory authorities and fulfilment of necessary procedures. The subscription terms of the Substantial Shareholder Subscribers' participation in the Issuance, including but not limited to the number of shares subscribed and the subscription price, will be finalised in accordance with the definitive subscription agreement then signed, provided that relevant terms of the definitive subscription agreement will conform with the issuance plan of the Domestic Shares (for details, please refer to the Announcement on Share Issuance).

II. METHOD OF PRICING

As disclosed in the Announcement on Share Issuance, according to the plan of the Domestic Share Issuance, the issue price of the Domestic Share Issuance will be determined by reference to market practice and regulatory requirements, and the capital market condition and the price of the H Shares, with regard to factors such as interest of the Shareholders, acceptability to the investors and issuance risk. The exchange rate of the final issue price will be the exchange rate of Hong Kong dollars against Renminbi quoted by the People's Bank of China on the date when the issue price of the Issuance is determined. The subscription price of the Substantial Shareholders' participation in the Issuance will be determined in accordance with the subscription agreement then signed.

III. REASONS FOR THE SUBSCRIPTION

The Issuance is launched mainly to replenish the Bank's Core Tier 1 Capital, to ensure the continuing compliance with regulatory requirements, to enhance the Bank's resilience to shocks, to shore up market confidence and to optimize the Bank's equity structure.

The Substantial Shareholder Subscribers' intention to subscribe for Domestic Shares pursuant to the proposed Domestic Share Issuance indicates their confidence in the Bank's future and their support for the Bank's long-term development, which is conducive for the Bank to optimize its capital structure, reduce financial risks and enhance the core competitiveness of its main businesses. The Directors (excluding the independent non-executive Directors, whose opinions will be published in the letter of the Independent Board Committee after taking into account the advice provided by the independent financial adviser) are of the view that the Subscription is consistent with the plan of the Domestic Share Issuance, which is fair and reasonable and in the interests of the Bank and its Shareholders as a whole.

IV. INFORMATION ON THE BANK AND THE SUBSTANTIAL SHAREHOLDER SUBSCRIBERS

The Bank

The Bank is the only provincial city commercial bank in Gansu province of China, and has established a comprehensive business network across Gansu. The Bank principally engages in corporate banking, retail banking and financial market businesses.

Gansu State-owned Assets Investment

A company established in the PRC on November 23, 2007, and is 83.54% and 16.46% owned by Gansu SASAC and Jiuquan Iron & Steel (酒鋼集團), respectively. It principally engages in state-owned capital (equity) management and financing business, industry consolidation and investment business, fund investment and venture capital business, listed equity management and operation business, wholesale and retail of non-ferrous materials, and other businesses as approved by competent authorities (business activities requiring administrative licenses or qualifications shall be carried out under valid licenses or qualifications, except for those that are prohibited by national laws and regulations). As of the date of this announcement, Gansu State-owned Assets Investment directly holds approximately 3.57% equity interests in the Bank and indirectly holds approximately 12.59% equity interests in the Bank through its controlled corporations, Gansu Electric Power Investment and Jinchuan Group (金川集團).

Gansu Highway Aviation Tourism

A company incorporated in the PRC on December 24, 1999 and a wholly-owned subsidiary of the Department of Transportation of Gansu Province (甘肅省交通運輸廳). Its principal business is the operation of high-grade highways and civil aviation airports of Gansu Province, development of major tourism resources, investment and financing of major tourism projects, financial insurance, trade development, construction and operational management and construction and operation of transportation ancillary facilities. As of the date of this announcement, Gansu Highway Aviation Tourism directly holds approximately 11.49% equity interests in the Bank and indirectly holds approximately 1% equity interests in the Bank through its controlled corporation Gansu Financial Capital Management Co., Ltd. (甘肅金融資本管理有限公司).

Jiuquan Iron & Steel

A company incorporated in the PRC on May 26, 1998, and is 68.42% owned by Gansu SASAC and 31.58% by Gansu State-owned Assets Investment. It principally engages in manufacturing, mining, agriculture, forestry, animal husbandry, fishery, production and supply of electricity, gas and water, construction, transportation, warehousing, information transmission, computer services and software, wholesale and retail, accommodation and catering, real estate, leasing and business services, scientific research, technical services and geological exploration, water conservancy, environmental and public facilities management, residential services and other services, education, healthcare, culture, sports and entertainment and others. As of the date of this announcement, Jiuquan Iron & Steel holds approximately 6.30% equity interests in the Bank.

Jinchuan Group

A company incorporated in the PRC on September 28, 2001, of which Gansu State-owned Assets Investments is its largest shareholder, holding 48.67% of its equity interests. It principally engages in the production and sale of nickel, copper, cobalt, platinum precious metals and sulfuric acid and other chemical products. As of the date of this announcement, Jinchuan Group holds approximately 6.30% equity interests in the Bank.

V. EFFECT OF THE SUBSCRIPTIONS ON THE SHAREHOLDING STRUCTURE OF THE BANK

Assuming that there are no other changes to the total issued share capital of the Bank other than the Issuance from the date of this announcement to the date of the completion of the Issuance, the shareholding structure of the Bank (1) as at the date of this announcement; (2) immediately after the completion of the proposed Issuance (assuming the number of Domestic Shares to be issued is 3.75 billion shares and the number of H Shares to be issued is 1.25 billion shares pursuant to the Issuance) is set out below:

	As at the date of this announcement		Immediately after the completion of the proposed Issuance	
	Number of Shares	Approximate percentage of total issued shares of the Bank	Number of Shares	Approximate percentage of total issued shares of the Bank
Domestic Shares	7,525,991,330	74.74%	11,275,991,330	74.83%
Including:				
Domestic Shares held by core connected person	<u>3,758,923,720</u>	<u>37.33%</u>	<u>7,508,923,720</u>	<u>49.83%</u>
Gansu State-owned Assets Investment ⁽²⁾	359,250,972	3.57%	1,909,250,972	12.67%
Jinchuan Group ⁽²⁾	633,972,303	6.30%	983,972,303	6.53%
Gansu Electric Power Investment ⁽²⁾	633,972,303	6.30%	633,972,303	4.21%
Gansu Highway Aviation Tourism ⁽³⁾	1,257,696,100	12.49%	2,757,696,100	18.30%
Jiuquan Iron & Steel	633,972,303	6.30%	983,972,303	6.53%
Mr. LIU Qing, a Director	301,714	0.00%	301,714	0.00%
Mr. XU Yongfeng, a Supervisor	225,514	0.00%	225,514	0.00%
Mr. LUO Zhenxia, a Supervisor	205,711	0.00%	205,711	0.00%
Mr. LI Yongjun ⁽⁴⁾ , a Supervisor	239,326,800	2.38%	239,326,800	1.59%
Domestic Shares held by other non-connected holders of Domestic Shares	<u>3,767,067,610</u>	<u>37.41%</u>	<u>3,767,067,610</u>	<u>25.00%</u>
H Shares (held by public Shareholders)	<u>2,543,800,000</u>	<u>25.26%</u>	<u>3,793,800,000</u>	<u>25.17%</u>
Total	<u><u>10,069,791,330</u></u>	<u><u>100.00%</u></u>	<u><u>15,069,791,330</u></u>	<u><u>100.00%</u></u>

Notes:

- (1) Certain amounts and percentage figures included in the table above have been subject to rounding adjustments, any discrepancy between the total amount and the arithmetical sum of the amounts listed is due to rounding.
- (2) Gansu State-owned Assets Investment directly holds 359,250,972 Domestic Shares, representing approximately 3.57% of the total issued Shares. Gansu State-owned Assets Investment also holds 100% of the equity interest in Gansu Electric Power Investment and 48.67% of the equity interest in Jinchuan Group. Therefore, Gansu Electric Power Investment and Jinchuan Group are controlled corporations of Gansu State-owned Assets Investment. Pursuant to the SFO, Gansu State-owned Assets Investment is deemed to be interested in the Shares held by Gansu Electric Power Investment and Jinchuan Group.
- (3) Gansu Highway Aviation Tourism holds 1,157,154,433 shares of the Bank, representing approximately 11.49% of the total issued share capital of the Bank; Gansu Highway Aviation Tourism holds 100% of the equity interests in Gansu Financial Capital Management Co., Ltd. (甘肅省金融資本管理有限公司), and Gansu Financial Capital Management Co., Ltd. holds 100,541,667 shares of the Bank, representing approximately 1% of the total issued share capital of the Bank. Therefore, Gansu Financial Capital Management Co., Ltd. is the controlled corporation of Gansu Highway Aviation Tourism. Pursuant to the SFO, Gansu Highway Aviation Tourism is deemed to be interested in the Shares held by Gansu Financial Capital Management Co., Ltd.
- (4) Mr. LI Yongjun, a Supervisor, and his spouse collectively hold 2.0% equity interest in Yong Xin Hua Holdings Co., Ltd. (永新華控股有限公司). Gansu Yong Xin Construction and Installation Engineering Company Limited (甘肅永新建築安裝工程有限公司) and Gansu Huanghai Electronic and Mechanical Devices Engineering Company Limited (甘肅黃海電子機電設備工程有限公司) hold 33.0% and 65.0% equity interest in Yong Xin Hua Holdings Co., Ltd., respectively. Mr. Li Yongjun and his spouse collectively hold 100.0% equity interest in Gansu Yong Xin Construction and Installation Engineering Company Limited and Gansu Huanghai Electronic and Mechanical Devices Engineering Company Limited. Yong Xin Hua Holdings Co., Ltd. holds 239,326,800 Domestic Shares of the Bank as at the date of this announcement. Pursuant to the SFO, Mr. LI Yongjun is deemed to be interested in the Shares of the Bank held by Yong Xin Hua Holdings Co., Ltd..

VI. LISTING RULES IMPLICATIONS

As of the date of this announcement, Gansu State-owned Assets Investment and Gansu Highway Aviation Tourism are substantial shareholders of the Bank. Gansu State-owned Assets Investment and its controlled corporations hold 1,627,195,578 Domestic Shares in total, representing approximately 16.16% of the total number of the Bank's issued shares. Gansu State-owned Assets Investment holds 48.67% equity interests and 31.58% equity interests in Jinchuan Group and Jiuquan Iron & Steel, respectively. Therefore, Jinchuan Group and Jiuquan Iron & Steel are associates of Gansu State-owned Assets Investment. Gansu Highway Aviation Tourism and its controlled corporations hold 1,257,696,100 Domestic Shares in total, representing approximately 12.49% of the total number of issued shares of the Bank. Accordingly, Gansu State-owned Assets Investment, Gansu Highway

Aviation Tourism, Jiuquan Iron & Steel and Jinchuan Group and their respective subsidiaries are connected persons of the Bank. The Subscription will constitute a connected transaction of the Bank pursuant to the Listing Rules and is subject to the disclosure, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Bank will convene an EGM to seek Shareholders' approval for the Subscription.

As Ms. WU Changhong, Mr. GUO Jirong and Mr. ZHANG Youda, all of whom Directors, hold certain positions in Gansu Highway Aviation Tourism, Jiuquan Iron & Steel and Jinchuan Group, respectively, they are deemed to have a material interest in the Subscription. Therefore, they shall abstain from voting on the Board's resolutions pertaining to the consideration and approval for the Subscription. Save as disclosed, no other Shareholder has been or is deemed to have a material interest in consideration and approval for the Subscription.

The Substantial Shareholders and their respective associates shall abstain from voting on the proposals in relation to the Subscription considered at the EGM.

As disclosed in the Announcement on Share Issuance, the Bank has established an Independent Board Committee comprising all independent non-executive Directors to advise the Independent Shareholders on the Subscription. The Bank has appointed Caitong International Capital Co. Limited (a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO) as the independent financial adviser to advise the Independent Board Committee and Independent Shareholders on the Subscription.

The Bank expects to dispatch a circular containing, among other things, the Subscription and other related matters, and the notice of the EGM in due course in accordance with the requirements of the Listing Rules.

This announcement is only for the purposes of providing information in connection with the Issuance and the Subscription to the Shareholders and potential investors, and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Bank. As the Issuance and the Subscription are subject to the satisfaction of certain conditions, they may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Bank's securities.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings, unless the context otherwise requires:

“Announcement on Share Issuance”	the announcement of the Bank dated March 30, 2020 headed “Inside Information (1) Proposed Non-Public Domestic Share Issuance and H Shares under Specific Mandate; (2) Potential Connected Transaction of Proposed Subscription of Domestic Shares by Substantial Shareholder Subscriber(s); and (3) Proposed Amendments to the Articles of Association
“Articles of Association”	the articles of association of the Bank, as amended from time to time
“associate”	has the meaning as ascribed to it in the Listing Rules
“Bank”	Bank of Gansu Co., Ltd. (甘肅銀行股份有限公司), a joint stock company incorporated in the PRC with limited liability and whose H Shares are listed on the Main Board of the Stock Exchange (Stock Code: 2139)
“Board” or “Board of Directors”	the board of directors of the Bank
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Domestic Share(s)”	the ordinary shares issued by the Bank, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid in Renminbi
“Director(s)”	the director(s) of the Bank
“EGM”	the first Extraordinary General Meeting in 2020 of the Bank to be held on June 3, 2020, for the purposes of considering and if thought fit, approving, inter alia, the Subscription
“Gansu Electric Power Investment”	Gansu Province Electric Power Investment Group Co., Ltd. (甘肅省電力投資集團有限責任公司), a company incorporated in the PRC on July 15, 1990, a wholly-owned subsidiary of Gansu State-owned Assets Investment, and a connected person of the Bank

“Gansu Highway Aviation Tourism”	Gansu Highway Aviation Tourism Investment Group Co., Ltd (甘肅省公路航空旅遊投資集團有限公司), a company incorporated in the PRC on December 24, 1999, and a substantial Shareholder and connected person of the Bank
“Gansu State-owned Assets Investment”	Gansu Provincial State-Owned Asset Investment Group Company Limited, a company established in the PRC on November 23, 2007, and a substantial Shareholder and connected person of the Bank
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“H Share(s)”	the overseas listed foreign shares of the Bank which are issued in Hong Kong, subscribed in Hong Kong dollars and listed on the Stock Exchange
“Independent Board Committee”	an independent board committee consisting of all independent non-executive Directors (namely Ms. TANG Xiuli, Ms. LUO Mei, Mr. WONG Sincere, Mr. DONG Ximiao)
“Independent Shareholders”	Shareholders other than the Substantial Shareholders Subscriber(s) and their associates
“Issuance”	the Domestic Share Issuance and the H Share Issuance
“Domestic Shares Issuance”	the Bank’s proposed non-public issuance of not more than 3.75 billion Domestic Shares to eligible subscribers (including Substantial Shareholder Subscribers) under Specific Mandate
“H Share Issuances”	the Bank’s proposed non-public issuance of not more than 1.25 billion H Shares to eligible subscribers under Specific Mandate
“Jinchuan Group”	Jinchuan Group Co., Ltd. (金川集團股份有限公司), a company incorporated in the PRC on September 28, 2001 and a connected person of the Bank

“Jiuquan Iron & Steel”	Jiuquan Iron & Steel (Group) Co., Ltd. (酒泉鋼鐵(集團)有限責任公司), a company incorporated in the PRC on May 26, 1998, and a connected person of the Bank
“Letters of Intent”	the letters of intent issued by Gansu State-owned Assets Investment, Gansu Highway Aviation Tourism, Jiuquan Iron & Steel and Jinchuan Group on April 17, 2020 respectively to the Bank in connection with the subscription of the Domestic Shares pursuant to the Domestic Share Issuance
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan region
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	the State-owned Assets Supervision and Administration Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the shares in the issued share capital of the Bank
“Shareholder(s)”	holder(s) of the Shares
“Specific Mandate”	a specific mandate for the Issuance granted by the Shareholders at the EGM and the Class Meetings
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder Subscriber(s)”	Gansu State-owned Assets Investment, Gansu Highway Aviation Tourism, Jiuquan Iron & Steel and Jinchuan Group and/or their designated subsidiaries participating in the subscription of Domestic Shares

“Subscription” the proposed subscription of Domestic Shares to be issued pursuant to the Issuance by the Substantial Shareholders Subscribers

“Supervisor(s)” the supervisor(s) of the Bank

“%” percent

By Order of the Board
Bank of Gansu Co., Ltd.*
Chairman
LIU Qing

Lanzhou, Gansu
April 17, 2020

*As of the date of this announcement, the Board comprises Mr. LIU Qing and Mr. WANG Wenyong as executive Directors; Ms. WU Changhong, Ms. ZHANG Hongxia, Mr. GUO Jirong, Mr. ZHANG Youda and Mr. LIU Wanxiang ** as non-executive Directors; and Ms. TANG Xiuli, Ms. LUO Mei, Mr. WONG Sincere and Mr. DONG Ximiao as independent non-executive Directors.*

* *Bank of Gansu 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 and/or deposit-taking business in Hong Kong.*

** *The qualification of Mr. Liu Wanxiang as a director is subject to approval of the competent regulatory authority.*